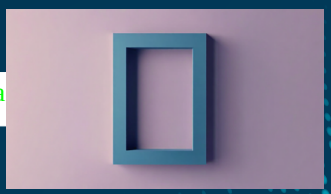
Capital One

Annual Report

2023

The secret shape is a



The secret object #3 is a

Shareholders and Friends,

Three decades ago, we believed that information and technology would transform banking. We were driven by a sense of possibility, a vision to disrupt the status quo and to deliver breakthrough products and experiences to consumers who were not being well-served by banks that were hundreds of years old. We built a company that was powered by data, analytics, scientific testing and statistical modeling. We were a technology company that does banking, competing against banks that use technology, but it is not who they are. Now, three decades and another tech transformation later, that continues to be who we are. And the revolution in banking is accelerating.

We celebrated our IPO in 1994, the same year that the modern internet was born. In the late 2000s, three revolutions crashed onto the scene at once: the cloud, the smartphone, and machine learning. I call this the triple revolution. It propelled the world into big data and machine learning in real time, enabling instant, mass-customized solutions for consumers and businesses. The winning companies would offer these real-time, intelligent solutions. The rest would risk becoming also-rans.

Eleven years on which we l time—was not made for the world of real-time, int solutions. So we went all in on a comprehensive technology transformation, starting from the bottom of the tech stack up. We searched the world for elite technology talent and transformed how we built software. We migrated entirely to the public cloud. We transformed our data ecosystem. We rebuilt the

1,300 applications that run the company. We standardized on enterprise platforms. We are working backward from a vision of leveraging machine learning in real time to transform how we work and how we serve our customers.

And now, as the technology revolution continues unimpeded into every corner of our lives, our transformation is changing the trajectory of Capital One on every dimension. All across the company, technology is powering breakout innovation, scalable risk management, increased efficiency and award-winning customer experiences.

Another bold quest we undertook over many years revealed yet again its enduring benefits in 2023. Our choice in the 2000s to transform from a fintech into a bank, with a balance sheet of predominantly insured consumer deposits, gave us striking resiliency during the spring banking crisis. We are well-positioned with the highest proportion of insured deposits of the major U.S. banks.

2023 was a strong year of financial performance for Capital One. Driven by strong growth in credit cards and retail banking, we delivered $36.8 billion in net revenue in 2023, a 7.4% increase from 2022. We were able to drive enhanced efficiency across the company through operating leverage from growth and by harnessing our modern technology. Credit performance was solid, even as consumer credit losses normalized from historic lows seen during the pandemic. Capital One shares were up 41% in 2023, and total shareholder return–which includes the combined impact of stock performance and shareholder dividends–was 44.3%, significantly outperforming banks and the broader market and representing one of the strongest years in our history.

Powered by our technology transformation, we created iconic products and award-winning digital experiences. Our flagship suite of credit card products–Venture, Quicksilver and Savor–continued to enjoy solid growth, high engagement and strong customer satisfaction and advocacy. We expanded our capabilities for customers who love to travel, including our awarding-winning travel portal. We opened two new airport lounges in 2023–in Denver, CO, and Dulles, VA–modern can relax and recharge as they re. And we acquired Velocity tal concierge that uses cutting- man expertise to transform how people discover and experience the world. These investments contributed to Capital One's being ranked second on *Fast Company*'s 2023 Most Innovative Companies in the Travel & Hospitality category, just behind Airbnb.

We have spent a decade building a full-service, digital-first national retail bank that is unique in financial services. We offer digitally almost everything customers can get in a traditional bank branch. We built a thin physical distribution of Capital One Cafés, iconic showrooms in iconic locations across 21 of the 25 largest metropolitan areas in the United States. Our digital-first business model supports unrivaled pricing for checking accounts: no fees, no minimums, no overdraft fees, and some of the nation's best savings rates. Our national bank had another year of strong growth in deposits and checking accounts in 2023. Two decades ago we weren't even a retail bank. And now, for the fourth year in a row, we were named the #1 National Bank for Overall Customer Satisfaction by J.D. Power.

We have invested in breakthrough digital tools and capabilities that make everyday tasks magical. Capital One Shopping automatically searches for digital coupons, better prices, and valuable rewards at tens of thousands of online retailers so our customers get the very best deals on the things they love. Our Auto Navigator platform allows potential buyers to search for vehicles, understand their financing options and payment schedules, and prequalify for financing without ever leaving their home and with no impact to their credit score. Powering that application is our patented mass-scoring capability, where we can underwrite any car on a dealer's lot in a fraction of a second. Capital One's patented Airkey technology allows debit and credit

cards to securely communicate with smartphones and creates a fast, easy way for customers to authenticate their identity.

The secret kitchen appliance is a

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create an environment eat. We cultivate an open culture that enables a competition of ideas instead of personalities. Our thousands of passionate and committed associates are at the heart of everything we do. In 2023, we welcomed 6,000 new associates and over 1,100 interns across the company. Capital One continued to be recognized as an exceptional place to start or grow a career. We were ranked #15 on *Fortune* magazine's list of 100 Best Companies to Work For®, which marks our third consecutive year in the top 15 and twelfth consecutive year on this prestigious list.

Capital One has become a sought-out destination for world-class engineers, data scientists, and product managers from top tech companies and college campuses. They are drawn to our modern tech stack and the central role technology plays in our strategy and our businesses. And all across the company, associates are innovating. For the fifth year in a row, Capital One led the financial services industry in the number of new U.S. patents granted. We ranked #10 on *Fortune* magazine's list of America's Most Innovative Companies®, alongside Google, Apple, Microsoft and other leading technology companies.

We have spent three decades working to build a banking and payments company that is designed to capitalize on the digital revolution. Payments are the tip of the spear of that revolution. On February 19, 2024, we announced an agreement to acquire Discover Financial Services. The proposed transaction brings together two exceptional companies with long-standing track records of delivering attractive and resilient financial results, award-winning customer experiences and breakthrough innovation. Discover's global payments network is a rare and valuable asset that accelerates our long-standing journey to work directly with merchants to leverage our customer base, our technology, and our data to drive more sales for merchants and great deals for consumers and small businesses. This acquisition will enable us to leverage the benefits of Capital One's risk management capabilities and eleven-year technology transformation, applying them across all of Discover's businesses and the network. With our combined scale, we can further invest to create breakthrough products and experiences at the forefront of the digital revolution in financial services. Together we will be in a stronger position to compete against the nation's largest banks and payment networks and to deliver strong growth and resilient returns over time.

This is an exciting time at Capital One. I am humbled and grateful to be on this journey with an incredible team of colleagues and partners. And I am excited about what's next.

Richard D. Fairbank
Chairman and CEO

Capital One Financial Corporation
Directors and Executive Officers

Board of Directors

Richard D. Fairbank
Chairman and CEO

Ime Archibong [C]
Vice President, Product Management and Head of Product at Messenger, Meta

Christine Detrick [A, R]
Former Director, Head of the Americas Financial Services Practice; Former Senior Advisor, Bain & Company

Ann Fritz Hackett [C, G, R]
Former Strategy Consulting Partner

Suni P. Harford* [A, R]
Former President, UBS Asset Management

Peter Thomas Killalea [C, R]
Former Vice President of Technology, Amazon.com

Cornelis Petrus Adrianus Joseph "Eli" Leenaars [A, C, R]
Former Group Chief Operating Officer, Quintet Private Bank

François Locoh-Donou [C, G]
President, CEO and Director, F5 Networks, Inc.

Peter E. Raskind [G, R]
Former Chairman, President and CEO, National City Corporation

Eileen Serra [A, R]
Former Senior Advisor, JP Morgan Chase & Co.; Former CEO, Chase Card Services

Mayo A. Shattuck III [C, G]
Former Chairman, Exelon Corporation; Former Chairman, President and CEO, Constellation Energy Group

Bradford H. Warner [A, R]
Former President of Premier and Small Business Banking, Bank of America Corporation

Craig Anthony Williams [A, C]
President, Geographies and Marketplace, Nike, Inc.

[A] Audit Committee
[C] Compensation Committee
[G] Governance and Nominating Committee
[R] Risk Committee

Executive Officers

Richard D. Fairbank
Chairman and CEO

Robert M. Alexander
Chief Information Officer

Neal A. Blinde
President, Commercial Banking

Kevin S. Borgmann
Senior Advisor to the CEO

Matthew W. Cooper
General Counsel and Corporate Secretary

Lia N. Dean
President, Banking and Premium Products

Kaitlin Haggerty
Chief Human Resources Officer

Sheldon "Trip" Hall
Senior Advisor to the CEO

Celia S. Karam
President, Retail Bank

Frank G. LaPrade, III
Chief Enterprise Services Officer and Chief of Staff to the CEO

Mark Daniel Mouadeb
President, U.S. Card

Ravi Raghu
President, Capital One Software, International, and Small Business Products

Kara West
Chief Enterprise Risk Officer

Sanjiv Yajnik
P

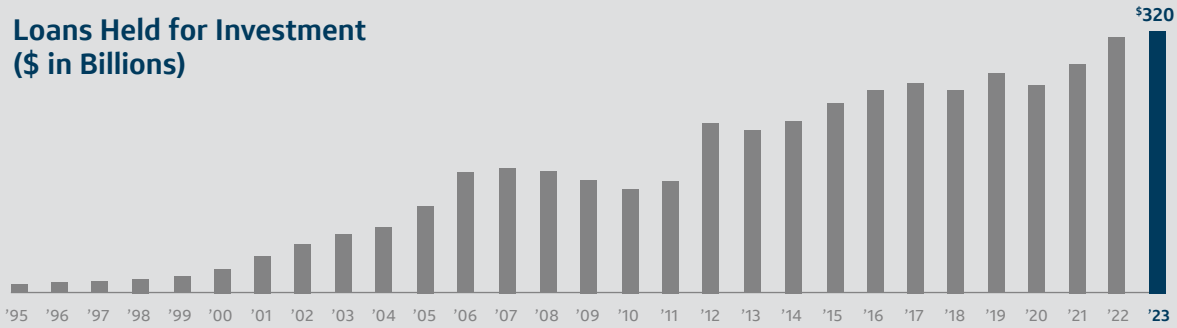
Andrew M. Young
Chief Financial Officer

Michael Zamsky
Chief Credit and Financial Risk Officer

*Ms. Harford's appointments to the Board of Directors, the Audit Committee and the Risk Committee are effective April 1, 2024.

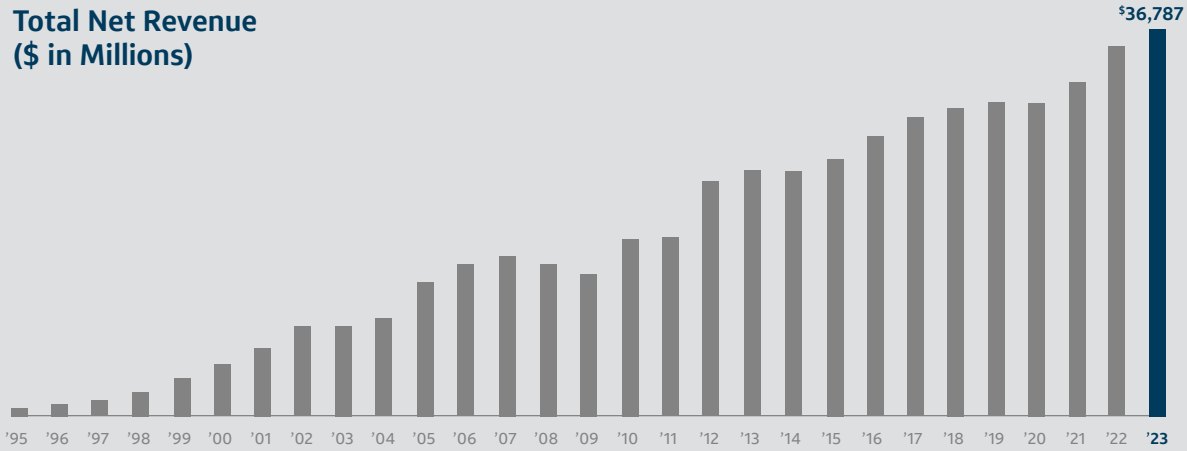
Financial Summary

Loans Held for Investment ($ in Billions)



Source: COF Forms 10-K published at sec.gov

Total Net Revenue ($ in Millions)



Source: COF Forms 10-K published at sec.gov
Note: Figures prior to 2005 do not include the effects of securitization transactions qualifying as sales under GAAP.

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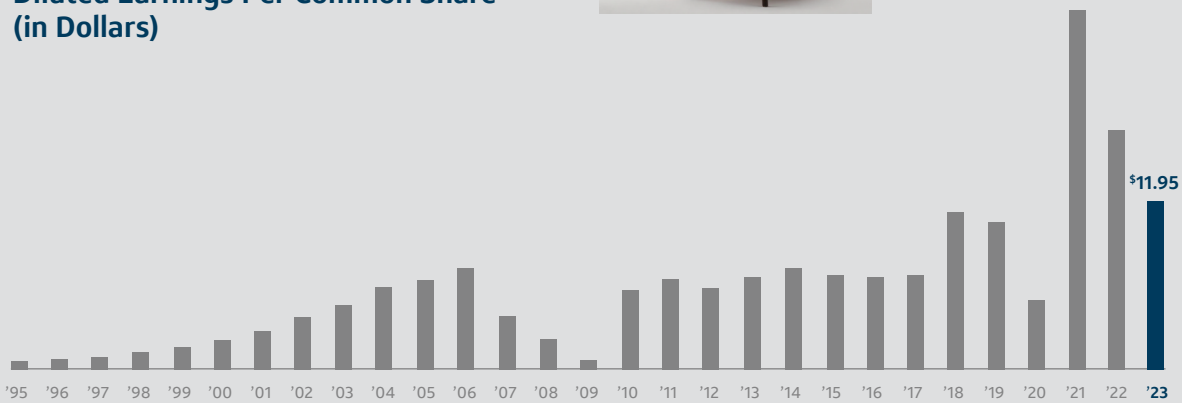
Diluted Earnings Per Common Share (in Dollars)



Source: COF Forms 10-K and earnings release materials published at sec.gov
Note: 2017 net income per diluted share as reported under GAAP was $3.49 per share. The amount above has been adjusted to exclude the $1.77 billion ($3.59 per share) non-cash impact of U.S. tax reform, which reflected our estimate as of December 31, 2017. 2008 loss as reported under GAAP was $0.21 per share. The amount above has been adjusted to exclude an $811 million ($2.14 per share) non-cash goodwill impairment, and the associated $7 million tax effect of the impairment ($0.01 per share), related to our auto finance business.

Income Statement *(Dollars in millions, except per-share data as noted)*

	2023	2022
Net interest income	**$ 29,241**	$ 27,114
Non-interest income	**7,546**	7,136
Total revenue	**36,787**	34,250
Provision for credit losses	**10,426**	5,847
Non-interest expense	**20,316**	19,163
Income from continuing operations before income taxes	**6,045**	9,240
Income tax provision	**1,158**	1,880
Net income	**4,887**	7,360
Dividends and undistributed earnings allocated to participating securities	**(77)**	(88)
Preferred stock dividends	**(228)**	(228)
Net income available to common stockholders	**4,582**	7,044

Common Share Statistics

Basic earnings per common share:

	2023	2022
Net income per basic common share	**11.98**	17.98

Diluted earnings per common share:

	2023	2022
Net income per diluted common share	**11.95**	17.91

	2023	2022
Dividends declared and paid per common share	**$ 2.40**	$ 2.40

Balance Sheet *(Dollars in millions)*

	2023	2022
Loans held for investment	**$ 320,472**	$ 312,331
Interest-earning assets	**449,701**	427,248
Total assets	**478,464**	455,249
Interest-bearing deposits	**320,389**	300,789
Total deposits	**348,413**	332,992
Borrowings	**49,856**	48,715
Common equity	**53,244**	47,737
Total stockholders' equity	**58,089**	52,582

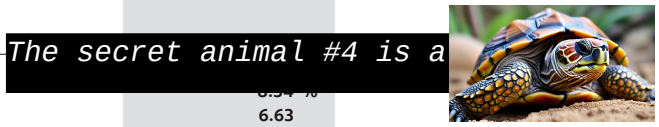
Average Balances *(Dollars in millions)*

	2023	2022
Loans held for investment	**$ 311,541**	$ 292,238
Interest-earning assets	**441,238**	406,646
Total assets	**467,807**	440,538
Interest-bearing deposits	**313,737**	277,208
Total deposits	**343,554**	313,551
Borrowings	**49,332**	51,006
Common equity	**50,349**	50,279
Total stockholders' equity	**55,195**	55,125

Credit Quality Metrics *(Dollars in millions, except per-share data as noted)*

	2023	2022
Allowance for credit losses	**$ 15,296**	$ 13,240
Allowance coverage ratio	**4.77 %**	4.24 %
Net charge-offs	**$ 8,414**	$ 3,973
Net charge-off rate	**2.70 %**	1.36 %
30+ day performing delinquency rate	**3.71**	2.96
30+ day delinquency rate	**3.99**	3.21

Performance Metrics



Purchase volume		
Total net revenue margin	**[illegible] %**	
Net interest margin	**6.63**	
Return on average assets	**1.04**	1.67
Return on average common equity	**9.10**	14.01
Return on average tangible common equity	**13.04**	19.91
Efficiency ratio	**55.23**	55.95
Operating efficiency ratio	**44.33**	44.22
Effective income tax rate for continuing operations	**19.2**	20.3
Employees (period end, in thousands)	**52.0**	56.0

Capital Ratios

	2023	2022
Common equity Tier 1 capital	**12.9 %**	12.5 %
Tier 1 capital	**14.2**	13.9
Total capital	**16.0**	15.8
Tier 1 leverage	**11.2**	11.1
Tangible common equity	**8.2**	7.5

A digital version of our 2023 Form 10-K is made available by the Securities and Exchange Commission on its public database at https://www.sec.gov/Archives/edgar/data/927628/000092762824000094/cof-20231231.htm

The secret tool is a 

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 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

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

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Se
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15
Indicate by check mark whether the registrant (1) has filed all re of 1934 during the preceding 12 months
(or for such shorter period that the registrant was required to file 0 days. Yes ☒ No ☐
Indicate by check mark whether the registrant has submitted ele 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 su
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-acce ny, 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant as of the close of business on June 30, 2023 was approximately $41.3 billion. As of January 31, 2024, there were 380,212,220 shares of the registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of the Proxy Statement for the annual meeting of stockholders to be held on May 2, 2024, are incorporated by reference into Part III.

TABLE OF CONTENTS

		Page
PART I		4
Item 1.	Business	4
	Overview	4
	Operations and Business Segments	6
	Competition	7
	Supervision and Regulation	7
	Human Capital Resour	18
	Technology and Intellectual Property	19
	Forward-Looking Statements	20
Item 1A.	Risk Factors	22
Item 1B.	Unresolved Staff Comments	43
Item 1C.	Cybersecurity	43
Item 2.	Properties	45
Item 3.	Legal Proceedings	45
Item 4.	Mine Safety Disclosures	45
PART II		**46**
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	46
Item 6.	[Reserved]	49
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")	49
	Selected Financial Data	50
	Executive Summary	53
	Consolidated Results of Operations	54
	Consolidated Balance Sheets Analysis	59
	Off-Balance Sheet Arrangements	61
	Business Segment Financial Performance	62
	Critical Accounting Policies and Estimates	72
	Accounting Changes and Developments	77
	Capital Management	78
	Risk Management	83
	Credit Risk Profile	89
	Liquidity Risk Profile	100
	Market Risk Profile	105
	Supplemental Tables	110
	Glossary and Acronyms	112
Item 7A.	Quantitative and Qualitative Disclosures about Market Risk	120
Item 8.	Financial Statements and Supplementary Data	121
	Consolidated Statements of Income	127
	Consolidated Statements of Comprehensive Income	128
	Consolidated Balance Sheets	129

Consolidated Statements of Changes in Stockholders' Equity . . . 130
Consolidated Statements of Cash Flows . . . 131

Notes to Consolidated Financial Statements . . . 133
Note 1—Summary of Significant Accounting Policies . . . 133
Note 2—Investment Securities . . . 148
Note 3—Loans . . . 151
Note 4—Allowance for Credit Losses and Reserve for Unfunded Lending Commitments . . . 164
Note 5—Variable Interest Entities and Securitizations . . . 168
Note 6—Goodwill and Other Intangible Assets . . . 172
Note 7—Premises, Equipment and Leases . . . 175
Note 8—Deposits and Borrowings . . . 177
Note 9—Derivative Instruments and Hedging Activities . . . 179
Note 10—Stockholders' Equity . . . 188
Note 11—Regulatory and Capital Adequacy . . . 191
Note 12—Earnings Per Common Share . . . 193
Note 13—Stock-Based Compensation Plans . . . 194
Note 14—Employee Benefit Plans . . . 196
Note 15—Income Taxes . . . 198
Note 16—Fair Value Measurement . . . 202
Note 17—Business Segments and Revenue from Contracts with Customers . . . 211
Note 18—Commitments, Contingencies, Guarantees and Others . . . 216
Note 19—Capital One Financial Corporation (Parent Company Only) . . . 220
Note 20—Related Party Transactions . . . 222
Note 21—Subsequent Events . . . 222

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure . . . 223
Item 9A. Controls and Procedures . . . 223
Item 9B. Other Information . . . 223
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections . . . 223

PART III **224**
Item 10. Directors, Executive Officers and Corporate Governance . . . 224
Item 11. Executive Compensation . . . 224
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters . . . 224
Item 13. Certain Relationships and Related Transactions, and Director Independence . . . 224
Item 14. Principal Accountant Fees and Services . . . 224

PART IV **225**
Item 15. Exhibits and Financial Statement Schedules . . . 225
Item 16. Form 10-K Summary . . . 225

EXHIBIT INDEX . . . **226**
SIGNATURES . . . **230**

INDEX OF MD&A AND SUPPLEMENTAL TABLES

MD&A Tables:		Page
1	Average Balances, Net Interest Income and Net Interest Margin	55
2	Rate/Volume Analysis of Net Interest Income	56
3	Non-Interest Income	57
4	Non-Interest Expense	58
5	Loans Held for Investment	60
6	Funding Sources Composition	60
7	Business Segment Results	63
8	Credit Card Business Results	64
8.1	Domestic Card Business Results	66
9	Consumer Banking Business Results	67
10	Commercial Banking Business Results	69
11	Other Category Results	71
12	Capital Ratios Under Basel III	80
13	Regulatory Risk-Based Capital Components and Regulatory Capital Metrics	81
14	Preferred Stock Dividends Paid Per Share	82
15	Portfolio Composition of Loans Held for Investment	90
16	Loan Maturity Schedule	91
17	Credit Card Portfolio by Geographic Region	91
18	Consumer Banking Portfolio by Geographic Region	92
19	Commercial Real Estate Portfolio by Region	93
20	Commercial Loans by Industry	93
21	Credit Score Distribution	94
22	30+ Day Delinquencies	94
23	Aging and Geography of 30+ Day Delinquent Loans	95
24	90+ Day Delinquent Loans Accruing Interest	96
25	Nonperforming Loans and Other Nonperforming Assets	96
26	Net Charge-Offs (Recoveries)	97
27	Allowance for Credit Losses and Reserve for Unfunded Lending Commitments Activity	99
28	Liquidity Reserves	100
29	Deposits Composition and Average Deposits Interest Rates	102
30	Amount of Time Deposits in Excess of $250,000 by Contractual Maturity	103
31	Long-Term Debt Funding Activities	104
32	Senior Unsecured Long-Term Debt Credit Ratings	104
33	Interest Rate Sensitivity Analysis	108

Supplemental Tables:		
A	Net Charge-Offs	110
B	Reconciliation of Non-GAAP Measures	110

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PART I

Item 1. Business

OVERVIEW

General

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 December 31, 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.

References to "this Report" or our "2023 Form 10-K" or "2023 Annual Report" are to our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. All references to 2023, 2022 and 2021, refer to our fiscal years ended, or the dates, as the context requires, December 31, 2023, December 31, 2022 and December 31, 2021, respectively. Certain business terms used in this document are defined in "Part II—Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")—Glossary and Acronyms" and should be read in conjunction with the Consolidated Financial Statements included in this Report.

We were the third largest issuer of Visa® ("Visa") and MasterCard® ("MasterCard") credit cards in the U.S. based on the outstanding balance of credit card loans as of December 31, 2023. In addition to credit cards, we also offer debit cards, bank lending, treasury management and depository services, auto loans and other consumer lending products in markets across the U.S. As one of the nation's largest banks based on deposits as of December 31, 2023, we service banking customer accounts through digital channels and our network of branch locations, cafés, call centers and automated teller machines ("ATMs").

We also offer products and services outside of the 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.

Agreement to Acquire Discover

On February 19, 2024, the Company entered into an agreement and plan of merger (the "Merger Agreement"), by and among Capital One, Discover Financial Services, a Delaware corporation ("Discover") and Vega Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of the Company ("Merger Sub"), pursuant to which (a) Merger Sub will merge with and into Discover, with Discover as the surviving entity in the merger (the "Merger"); (b) immediately following the Merger, Discover, as the surviving entity, will merge with and into Capital One, with Capital One as the surviving entity in the second-step merger (the "Second Step Merger"); and (c) immediately following the Second Step Merger, Discover Bank, a Delaware-chartered and wholly owned subsidiary of Discover, will merge with and into CONA, with CONA as the surviving entity in the merger (the "CONA Bank Merger," and collectively with the Merger and the Second Step Merger, the "Transaction"). The Merger Agreement was unanimously approved by the Boards of Directors of each of Capital One and Discover.

At the effective time of the Merger, each share of common stock of Discover outstanding immediately prior to the effective time of the Merger, other than certain shares held by Discover or Capital One, will be converted into the right to receive 1.0192 shares of common stock of Capital One. Holders of Discover common stock will receive cash in lieu of fractional shares. At the effective time of the Second Step Merger, each share of Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series C, of Discover, and each share of 6.125% Fixed-Rate Reset Non-Cumulative Perpetual Preferred Stock, Series D, of Discover, in each case outstanding immediately prior to the effective time of the Second Step Merger, will be converted into the right to receive a share of newly created series of preferred stock of Capital One having terms that are not materially less favorable than the applicable series of Discover preferred stock. The closing of the Transaction is subject to the satisfaction of

customary closing conditions, including receipt of required regulatory approvals and approval by the stockholders of each of Capital One and Discover.

Other 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.

Additional Information

Our common stock trades on the New York Stock Exchange ("NYSE") under the symbol "COF" and is included in the Standard & Poor's ("S&P") 100 Index. We maintain a website at www.capitalone.com. Documents available under "Governance & Leadership" in the Investor Relations section of our website include:

- our Certificate of Incorporation, Bylaws, Corporate Governance Guidelines, and Code of Conduct; and
- charters for the Audit, Compensation, Governance and Nominating, and Risk Committees of the Board of Directors.

These documents also are available in print to any stockholder who requests a copy. We intend to disclose any future amendments to, or waivers from, our Code of Conduct on the website following the date of any such amendment or waiver.

In addition, we make available free of charge through our website all of our U.S. Securities and Exchange Commission ("SEC") filings, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after electronically filing or furnishing such material to the SEC at www.sec.gov. We also routinely post financial and other information, which could be deemed to be material to investors, on our investor relations website. Information regarding our corporate social responsibility and environmental sustainability initiatives is also available on our website. The content of any of our websites referred to in this Report is not incorporated by reference into this Report or any other filings with the SEC.

OPERATIONS AND BUSINESS SEGMENTS

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

- *Credit Card:* Consists of our domestic consumer and
the United Kingdom 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.

Customer usage and payment patterns, estimates of future expected credit losses, levels of marketing expense and operating efficiency all affect our profitability. In our Credit Card business, we generally experience fluctuations in purchase volume and the level of outstanding loan receivables from seasonal variances in consumer spending and payment patterns which, for example, have historically been the highest around the winter holiday season. Net charge-off rates for our credit card loan portfolio also have historically exhibited seasonal patterns as well and generally tend to be the highest in the first quarter of the year.

For additional information on our business segments, including the financial performance of each business, see “Part II—Item 7. MD&A—Executive Summary,” “Part II—Item 7. MD&A—Business Segment Financial Performance” and “Part II—Item 8. Financial Statements and Supplementary Data—Note 17—Business Segments and Revenue from Contracts with Customers” of this Report.

COMPETITION

Each of our business segments operates in a highly competitive environment, and we face competition in all aspects of our business from numerous bank and non-bank providers of financial servic

Our Credit Card business competes with international, national, regional and local issuers of Visa and MasterCard credit cards, as well as with American Express®, Discover Card®, private-label card brands, and, to a certain extent, issuers of debit cards. In general, customers are attracted to credit card issuers largely on the basis of price, credit limit, reward programs, customer experience and other product features.

Our Consumer Banking and Commercial Banking businesses compete with national, state and direct banks for deposits, commercial and auto loans, as well as with savings and loan associations and credit unions for loans and deposits. Our competitors also include automotive finance companies, commercial banking companies and other financial services providers that provide loans, deposits, and other similar services and products. In addition, we compete against non-depository institutions that are able to offer these products and services.

We also consider new and emerging companies in digital and mobile payments and other financial technology providers among our competitors. We compete with many forms of payment mechanisms, systems and products, offered by both bank and non-bank providers.

Our businesses generally compete on the basis of the quality and range of their products and services, transaction execution, innovation and price. Competition varies based on the types of clients, customers, industries and geographies served. Our ability to compete depends, in part, on our ability to attract and retain our associates and on our reputation as well as our ability to keep pace with innovation, in particular in the development of new technology platforms. There can be no assurance, however, that our ability to market products and services successfully or to obtain adequate returns on our products and services will not be impacted by the nature of the competition that now exists or may later develop, or by the broader economic environment. For a discussion of the risks related to our competitive environment, see "Item 1A. Risk Factors."

SUPERVISION AND REGULATION

General

The regulatory framework applicable to banking organizations is intended primarily for the protection of depositors and the stability of the U.S. financial system, rather than for the protection of stockholders and creditors.

As a banking organization, we are subject to extensive regulation and supervision. In addition to banking laws and regulations, we are subject to various other laws and regulations, all of which directly or indirectly affect our operations, management and ability to make distributions to stockholders. We and our subsidiaries are also subject to supervision and examination by multiple regulators. In addition to laws and regulations, state and federal bank regulatory agencies may issue policy statements, interpretive letters and similar written guidance applicable to us and our subsidiaries. Any change in the statutes, regulations or regulatory policies applicable to us, including changes in their interpretation or implementation, could have a material effect on our business or organization.

Both the scope of the laws and regulations and the intensity of the supervision to which we are subject have increased, initially in response to the 2007-2008 financial crisis, and more recently in light of other factors such as technological, political and market changes, as well as the 2023 regional bank failures. Regulatory enforcement and fines have also increased across the banking and financial services sector.

The descriptions below summarize certain significant federal and state laws, as well as international laws, to which we are subject. The descriptions are qualified in their entirety by reference to the particular statutory or regulatory provisions summarized. They do not summarize all possible or proposed changes in current laws or regulations and are not intended to be a substitute for the related statutes or regulatory provisions.

Prudential Regulation of Banking

Capital One Financial Corporation is a bank holding company ("BHC") and a financial holding company ("FHC") under the Bank Holding Company Act of 1956, as amended ("BHC Act"), and is subject to the requirements of the BHC Act, including

approval requirements for investments in or acquisitions of banking organizations, capital adequacy standards and limitations on non-banking activities. As a BHC and FHC, we are subject to supervision, examination and regulation by the Board of Governors of the Federal Reserve System ("Federal Reserve"). Permissible activities for a BHC include those activities that are so closely related to banking as to be a proper incident thereto. In addition, an F ge in activities considered to be financial in nature (including, for examp rchant banking activities), incidental to financial activities or, if the Feder the safety or soundness of depositories institutions or the financial system in general, activities compl vities.

To become and remain eligible for FHC status, a BHC and its subsidiary depository institutions must meet certain criteria, including capital, management and Community Reinvestment Act ("CRA") requirements. Failure to meet such criteria could result, depending on which requirements were not met, in restrictions on new financial activities or acquisitions or being required to discontinue existing activities that are not generally permissible for BHCs.

The Bank is a national association chartered under the National Bank Act, the deposits of which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to applicable limits. The Bank is subject to comprehensive regulation and periodic examination by the Office of the Comptroller of the Currency ("OCC"), the FDIC and the Consumer Financial Protection Bureau ("CFPB").

We also are registered as a financial institution holding company under the laws of the Commonwealth of Virginia and, as such, we are subject to periodic examination by the Virginia Bureau of Financial Institutions. We also face regulation in the international jurisdictions in which we conduct business. See "Regulation by Authorities Outside the United States" below for additional details.

Capital and Stress Testing Regulation

The Company and the Bank are subject to capital adequacy guidelines adopted by the Federal Reserve and OCC, respectively. For a further discussion of the capital adequacy guidelines, see "Part II—Item 7. MD&A—Capital Management" and "Part II—Item 8. Financial Statements and Supplementary Data—Note 11—Regulatory and Capital Adequacy."

Basel III and U.S. Capital Rules

The Company and the Bank are subject to the regulatory capital requirements established by the Federal Reserve and the OCC, respectively ("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 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, as described below.

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. See "Basel III Finalization Proposal" below for information on the recognition of AOCI in regulatory capital under the proposed changes to the Basel III Capital Rules.

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, ("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 FDIC (collectively, "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, as discussed below. 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 2023 supervisory stress test results, the Company's 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 9.3%, 10.8% and 12.8%, respectively, for the period from October 1, 2023 through September 30, 2024.

The Stress Capital Buffer Rule does not apply to the Bank. Pursuant to the OCC's capital regulations, which are only applicable 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. See "Part II—Item 7. MD&A—Capital Management" and "Part II—Item 8. Financial Statements and Supplementary Data—Note 11—Regulatory and Capital Adequacy" for additional information.

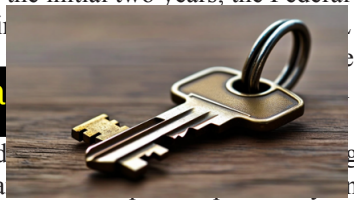
If the Company or the Bank fails to maintain its capital ratios above the minimum capital requirements plus the applicable capital conservation buffer requirements, it will face increasingly strict automatic limitations on capital distributions and discretionary bonus payments to certain executive officers.

See also "Capital Planning and Stress Testing" below for more information about the stress capital buffer determination process.

CECL Transition Rule

The Federal Banking Agencies adopted a final rule ("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 ("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.

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 i standard compared to the prior incurred loss methodology. Accordingly, from January 1, 2020 ecting banking institutions were permitted to add back to th "day 1" CECL adoption impact and 25% of the increase i January 1, 2022 through December 31, 2024, the after-tax "day 1" CECL adoption impact and g impact are being phased in to regulatory capital at 25% per year. The following table summa nd phase in period on our regulatory capital from years 2020 to 2025.



	Capital Impact Delayed		Phase In Period			
	2020	2021	2022	2023	2024	2025
"Day 1" CECL adoption impact	Capital impact delayed to 2022		25% Phased In	50% Phased In	75% Phased In	Fully Phased In
Cumulative "day 2" ongoing impact	25% scaling factor as an approximation of the increase in allowance under CECL					

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 December 31, 2023, the Company and the Bank are subject to the Market Risk Rule. See "Part II—Item 7. MD&A—Market Risk Profile" for additional information.

Basel III Finalization Proposal

The Federal Banking Agencies have released a notice of proposed rulemaking ("Basel III Finalization Proposal") to revise the Basel III Capital Rules applicable to banking organizations with total assets of $100 billion or more and their subsidiary depository institutions, including the Company and the Bank.

The Basel III Finalization Proposal would introduce a new framework for calculating risk-weighted assets ("Expanded Risk-Based Approach"). An institution subject to the proposal would be required to calculate its risk-weighted assets under both the Expanded Risk-Based Approach and the existing Basel III standardized approach and, for each risk-based capital ratio, would be bound by the calculation that produces the lower ratio. All capital buffer requirements, including the stress capital buffer requirement, would apply regardless of whether the Expanded Risk-Based Approach or the existing Basel III standardized approach produces the lower ratio. The proposal would also replace the existing approach for calculating market risk with a new approach based on both internal models and standardized methodologies.

The Basel III Finalization Proposal would also make certain changes to the calculation of regulatory capital for Category III and IV institutions. Under the proposal, these institutions would be required to begin recognizing certain elements of AOCI in CET1 capital, including unrealized gains and losses on available for sale securities. The proposal would also generally reduce the threshold above which these institutions must deduct certain assets from their CET1 capital, including certain deferred tax assets, mortgage servicing assets and investments in unconsolidated financial institutions.

The Basel III Finalization Proposal includes a proposed effective date of July 1, 2025, subject to a three-year transition period ending July 1, 2028, over which risk-weighted assets calculated under the Expanded Risk-Based Approach and the recognition of AOCI in CET1 capital would be phased in.

FDICIA and Prompt Corrective Action

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") requires the Federal Banking Agencies to take PCA for banks that do not meet minimum capital requirements. FDICIA establishes five capital ratio levels: well capitalized; adequately capitalized; undercapitalized; significantly undercapitalized; and critically undercapitalized. The three undercapitalized categories are based upon the amount by which a bank falls below the ratios applicable to an adequately capitalized institution. The capital categories relate to FDICIA's PCA provisions, and such capital categories may not constitute an accurate representation of the Bank's overall financial condition or prospects.

The Basel III Capital Rules updated the PCA framework to reflect new, higher regulatory capital minimums. For an insured depository institution to be well capitalized, it must maintain a total risk-based capital ratio of 10% or more; a Tier 1 capital ratio of 8% or more; a CET1 capital ratio of 6.5% or more; a leverage ratio of 5% or more. An adequately capitalized depository institution must maintain a total risk-based capital ratio of 8% or more; a Tier 1 capital ratio of 6% or more; a CET1 capital ratio of 4.5% or more; a leverage ratio of 4% or more; and, for Category III and certain other institutions, a supplementary leverage ratio of 3% or more. The PCA provisions also authorize the Federal Banking Agencies to reclassify a bank's capital category or take other action against banks that are determined to be in an unsafe or unsound condition or to have engaged in unsafe or unsound banking practices.

Capital Planning and Stress Testing

Under the Federal Reserve's capital planning rules and related supervisory process (commonly referred to as Comprehensive Capital Analysis and Review or "CCAR" requirements), a "covered BHC," such as the Company, must submit a capital plan to the Federal Reserve on an annual basis that contains a description of all planned capital actions, including dividends or stock repurchases, over a nine-quarter planning horizon beginning with the first quarter of the calendar year the capital plan is submitted.

Pursuant to the capital planning rules, the Company must file its capital plan with the Federal Reserve by April 5 of each year (unless the Federal Reserve designates a later date), using data as of the end of the prior calendar year. The Federal Reserve will release the results of the supervisory stress test and notify the Company of its preliminary stress capital buffer requirement by June 30 of that year, and final stress capital buffer requirement by August 31 of that year. The Company's final stress capital buffer requirement will be effective from October 1 of the year in which the capital plan is submitted through September 30 of the following year.

The Company may make capital distributions in excess of those included in its capital plan without the prior approval of the Federal Reserve so long as the Company is otherwise in compliance with the capital rule's automatic limitations on capital distributions.

We are also subject to supervisory and company-run stress testing requirements (also known as the Dodd-Frank Act stress tests ("DFAST"), which are a complementary exercise to CCAR. DFAST is a forward-looking exercise conducted by the Federal Reserve and each covered company to help assess whether a company has sufficient capital to absorb losses and continue operations during adverse economic conditions. In particular, the Federal Reserve is required to conduct annual stress tests on certain covered companies, including us, to ensure that the covered companies have sufficient capital to absorb losses and continue operations during adverse economic conditions, as well as to determine the Company's stress capital buffer requirement as described above. As a Category III institution, we are also required to conduct our own stress tests and publish the results of such tests on our website or other public forum. The Company must disclose the results of its company-run stress test on a biennial basis. Under the OCC's stress test rule, a bank with at least $250 billion in assets, including the Bank, must conduct its own company-run stress tests. The Bank must also disclose the results of its stress test on a biennial basis.

Funding and Dividends from Subsidiaries

Dividends from the Company's direct and indirect subsidiaries represent a major source of the funds we use to pay dividends on our capital stock, make payments on our corporate debt securities and meet our other obligations. There are various federal law limitations on the extent to which the Bank can finance or otherwise supply funds to the Company through dividends and loans. These limitations include minimum regulatory capital and capital buffer requirements, federal banking law requirements concerning the payment of dividends out of net profits or surplus, provisions of Sections 23A and 23B of the Federal Reserve Act and Regulation W governing transactions between an insured depository institution and its affiliates, as well as general federal regulatory oversight to prevent unsafe or unsound practices. In general, federal and applicable state banking laws prohibit insured depository institutions, such as the Bank, from making dividend distributions without first obtaining regulatory approval if such distributions are not paid out of available earnings or would cause the institution to fail to meet applicable capital adequacy standards.

Liquidity Regulation

The Company and the Bank are subject to minimum liquidity standards as adopted by the Federal Reserve and OCC, respectively. For a further discussion of the minimum liquidity standards, see "Part II—Item 7. MD&A—Liquidity Risk Profile."

The Basel Committee has published a liquidity framework that includes two standards for liquidity risk supervision. One standard, the liquidity coverage ratio ("LCR"), seeks to promote short-term resilience by requiring organizations to hold sufficient high-quality liquid assets ("HQLAs") to survive a stress scenario lasting for 30 days. The other standard, the net stable funding ratio ("NSFR"), seeks to promote l  t stable funding over a one-year period based on the liquidity characteristics of the o

The Company and the Bank are subject to the LCR standard as implemented by the Federal Reserve and OCC, respectively ("LCR Rule"). The LCR Rule requires each of the Company and the Bank to hold an amount of eligible HQLA that equals or exceeds 100% of its respective projected adjusted net cash outflows over a 30-day period, each as calculated in accordance with

the LCR Rule. The LCR Rule requires each of the Company and the Bank to calculate its respective LCR daily. In addition, the Company is required to make quarterly public disclosures of its LCR and certain related quantitative liquidity metrics, along with a qualitative discussion of its LCR.

As a Category III institution with less than $75 billion in weighted average short-term wholesale funding, the Company's and the Bank's total net cash outflows are multiplied by an outflow adjustment percentage of 85%. Although the Bank may hold more HQLA than it needs to meet its LCR requirements, the LCR Rule restricts the amount of such excess HQLA held at the Bank (referred to as "Trapped Liquidity") that can be included in the Company's HQLA amount. Because we typically manage the Bank's LCR to levels well above 100%, the result is additional Trapped Liquidity as the F[illegible] outflows are reduced by the outflow adjustment percentage of 85%.

The Company and the Bank are subject to the NSFR standard as implemented by the Federal Reserve and OCC, respectively ("NSFR Rule"). The NSFR Rule requires each of the Company and the Bank to maintain an amount of available stable funding, which is a weighted measure of a company's funding sources over a one-year time horizon, calculated by applying standardized weightings to equity and liabilities based on their expected stability, that is no less than a specified percentage of its required stable funding, which is calculated by applying standardized weightings to assets, derivatives exposures and certain other items based on their liquidity characteristics. As a Category III institution, the Company and the Bank are each required to maintain available stable funding in an amount at least equal to 85% of its required stable funding. The Company is required to make public disclosures of its NSFR every second and fourth quarter, including certain quantitative metrics and a qualitative discussion of its NSFR drivers and results.

In addition to the LCR and NSFR requirements discussed above, the Company is required to meet liquidity risk management standards, conduct internal liquidity stress tests and maintain a 30-day buffer of highly liquid assets, in each case, consistent with Federal Reserve regulations.

Deposit Funding and Brokered Deposits

Under FDICIA, only well capitalized and adequately capitalized institutions may accept "brokered deposits," as defined by FDIC regulations. Adequately capitalized institutions, however, must obtain a waiver from the FDIC before accepting brokered deposits, and such institutions may not pay rates that significantly exceed the rates paid on deposits of similar maturity obtained from the institution's normal market area or, for deposits obtained from outside the institution's normal market area, the national rate on deposits of comparable maturity. See "Part II— Item 7. MD&A— Liquidity Risk Profile" for additional information.

The FDIC is authorized to terminate a bank's deposit insurance upon a finding by the FDIC that the bank's financial condition is unsafe or unsound or that the institution has engaged in unsafe or unsound practices or has violated any applicable rule, regulation, order or condition enacted or imposed by the bank's regulatory agency.

Resolution and Recovery Planning Requirements and Related Authorities

Resolution and Recovery Planning

The Company is required to implement resolution planning for orderly resolution in the event it faces material financial distress or failure. The FDIC issued, and has proposed to significantly amend, similar rules regarding resolution planning applicable to the Bank. If adopted as proposed, the amendments proposed by the FDIC would require the Bank to file its resolution plan more frequently, increase the content requirements for plan submissions and introduce a new credibility standard for the FDIC's evaluation of the Bank's resolution plan. In addition, the OCC has issued rules requiring banks with assets of $250 billion or more to develop recovery plans detailing the actions they would take to remain a going concern when they experience considerable financial or operational stress, but have not deteriorated to the point that resolution is imminent.

Long-Term Debt and Clean Holding Company Proposal

The Federal Banking Agencies have proposed a rule that would require banking organizations with $100 billion or more in total assets, including the Company, to comply with certain long-term debt requirements and so-called "clean holding company" requirements that are designed to improve the resolvability of covered organizations ("LTD Proposal"). If adopted as proposed, the LTD Proposal would require the Company and the Bank to each maintain a minimum outstanding eligible long-term debt amount of no less than the greatest of (i) 6% of total risk-weighted assets, (ii) 2.5% of total leverage exposure and (iii) 3.5% of average total consolidated assets. To qualify as eligible long-term debt, a debt instrument would be required to meet the

requirements currently applicable under the rules that apply to U.S. G-SIBs, as well as certain additional requirements. Additionally, the clean holding company requirements included in the LTD Proposal would limit or prohibit the Company from entering into certain transactions that could impede its orderly resolution.

Source of Strength

The Federal Reserve's Regulation Y requires a BHC to serve as a source of financial and managerial strength to its subsidiary banks (this is known as the "source of strength doctrine"). In addition, the Dodd-Frank Act requires a BHC to serve as a source of financial strength to its subsidiary banks and further requires the Federal Banking Agencies to jointly adopt rules implementing this requirement. The Federal Banking Agencies have yet to propose rules as required by the Dodd-Frank Act, but they may do so in the future.

FDIC Orderly Liquidation Authority

The Dodd-Frank Act provides the FDIC with liquidation authority that may be used to liquidate non-bank financial companies and BHCs if the Treasury Secretary, in consultation with the President and based on the recommendation of the Federal Reserve and other appropriate Federal Banking Agencies, determines that doing so is necessary, among other criteria, to mitigate serious adverse effects on U.S. financial stability. Upon such a determination, the FDIC would be appointed receiver and must liquidate the company in a way that mitigates significant risks to financial stability and minimizes moral hazard. The costs of a liquidation of the company would be borne by shareholders and unsecured creditors and then, if necessary, by risk-based assessments on large financial companies. The FDIC has issued rules implementing certain provisions of its liquidation authority.

FDIC Deposit Insurance Assessments

The Bank, as an insured depository institution, is a member of the Deposit Insurance Fund ("DIF") maintained by the FDIC. Through the DIF, the FDIC insures the deposits of insured depository institutions up to prescribed limits for each depositor. The FDIC sets a Designated Reserve Ratio ("DRR") for the DIF. To maintain the DIF, member institutions may be assessed an insurance premium, and the FDIC may take action to increase insurance premiums if the DRR falls below its required level.

The FDIC, as required under the Federal Deposit Insurance Act, established a plan in September 2020, to restore the DIF reserve ratio to meet or exceed 1.35 percent within eight years. On October 18, 2022, the FDIC finalized a rule that increases the initial base deposit insurance assessment rate schedules by 2 basis points ("bps") for all insured depository institutions to improve the likelihood that the DIF reserve ratio reaches 1.35 percent by the statutory deadline of September 30, 2028. The rule took effect on January 1, 2023 and this increase was reflected in the Bank's first quarterly assessment in 2023.

On November 16, 2023, the FDIC finalized a rule to implement a special assessment to recover the loss to the DIF 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 will collect the special assessment at an annual rate of approximately 13.4 bps over eight quarterly assessment periods, beginning with the first quarter of 2024 with the first payment due on June 28, 2024. For additional information, see "Part II—Item 8. Financial Statements and Supplementary Data —Note 18—Commitments, Contingencies, Guarantees and Others."

Investment in the Company and the Bank

Certain acquisitions of our capital stock may be subject to regulatory approval or notice under federal or state law. Investors are responsible for ensuring that they do not, directly or indirectly, acquire shares of our capital stock in excess of the amount that can be acquired without regulatory approval, including under the BHC Act and the Change in Bank Control Act ("CIBC Act").

Federal law and regulations prohibit any person or company from acquiring control of the Company or the Bank without, in most cases, prior written approval of the Federal Reserve or the OCC, as applicable. Control under the BHC Act exists if, among other things, a person or company acquires more than 25% of any class of our voting stock or otherwise has a controlling influence over us. A rebuttable presumption of control arises under the CIBC Act for a publicly traded BHC such as ourselves if a person or company acquires more than 10% of any class of our voting stock.

Additionally, the Bank is a "bank" within the meaning of Chapter 7 of Title 6.2 of the Code of Virginia governing the acquisition of interests in Virginia financial institutions ("Virginia Financial Institution Holding Company Act"). The Virginia Financial Institution Holding Company Act prohibits any person or entity from acquiring, or making any public offer to

acquire, control of a Virginia financial institution or its holding company without making application to, and receiving prior approval from, the Virginia Bureau of Financial Institutions.

Transactions with Affiliates

There are various legal restrictions on the extent to which we and our non-bank subsidiaries may borrow or otherwise engage in certain types of transactions with the Bank. Under the Federal Reserve Act and Federal Reserve regulations, the Bank and its subsidiaries are subject to quantitative and qualitative limits on extensions of credit, purchases of assets and certain other transactions involving non-bank affiliates. In addition, transactions between the Bank and its non-bank affiliates are required to be on arm's length terms and must be consistent with standards of safety and soundness.

Volcker Rule

We and each of our subsidiaries, including the Bank, are subject to the "Volcker Rule," a provision of the Dodd-Frank Act that contains prohibitions on proprietary trading and certain investments in, and relationships with, covered funds (hedge funds, private equity funds and similar funds), subject to certain exemptions, in each case as the applicable terms are defined in the Volcker Rule and the implementing regulations.

Regulation of Business Activities

The business activities of the Company and the Bank, as well as certain of the Company's non-bank subsidiaries, are subject to regulation and supervision under various other laws and regulations.

Regulation of Consumer Lending Activities

The activities of the Bank as a consumer lender are subject to regulation under various federal laws, including, for example, the Truth in Lending Act ("TILA"), the Equal Credit Opportunity Act, the Fair Credit Reporting Act ("FCRA"), the CRA, the Servicemembers Civil Relief Act and the Military Lending Act, as well as under various state laws. TILA, as amended, and together with its implementing rule, Regulation Z, imposes a number of restrictions on credit card practices impacting rates and fees, requires that a consumer's ability to pay be taken into account before issuing credit or increasing credit limits, and imposes revised disclosures required for open-end credit.

The CFPB proposed, but has not yet finalized, a

lower the safe harbor amount for past due fees that a credit card issuer may charge to the amounts that are currently permitted, among other changes that could impact the amount of a past due fee charged.

Depending on the underlying issue and applicable law, regulators may be authorized to impose penalties for violations of these statutes and, in certain cases, to order banks to compensate customers. Borrowers may also have a private right of action for certain violations. Federal bankruptcy and state debtor relief and collection laws may also affect the ability of a bank, including the Bank, to collect outstanding balances owed by borrowers.

Debit Card Interchange Fees and Transaction Processing

The Bank is subject to the Federal Reserve's Regulation II, which limits the amount of interchange fees that can be charged per debit card transaction for debit card issuers with over $10 billion in assets and places certain prohibitions on payment routing restrictions and network exclusivity. The Federal Reserve has proposed, but not yet finalized, amendments to Regulation II that would lower the cap on debit interchange fees and institute a process for automatically recalculating the debit interchange fee cap every two years based upon a biennial survey of large debit card issuers.

Privacy, Data Protection and Data Security

We are subject to a variety of continuously evolving and developing laws and regulations regarding privacy, data protection and data security, including those related to the collection, storage, handling, use, disclosure, transfer, security and other processing of personal information. These areas have seen a considerable increase in legislative and regulatory activity over the past several years. At the federal level, we are subject to the Gramm-Leach-Bliley Act ("GLBA"), among other laws and regulations. Moreover, the U.S. Congress is currently considering various proposals for more comprehensive privacy, data protection and data security legislation, to which we may be subject if passed. For example, in 2022, Congress and the federal agencies sought to institute mandatory reporting of cyber incidents that materially disrupt or degrade operations and systems or might otherwise impact U.S. critical infrastructure or national security. This resulted in enactment of the Cyber Incident

Reporting for Critical Infrastructure Act ("CIRCIA"), which, once rulemaking is complete, will require, among other things, certain companies, including Capital One, to report significant cyber incidents to the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency ("CISA") within 72 hours from the time the company reasonably believes the incident occurred.

At the state level, we are subject to a number of laws and regulations, such as the California Consumer Privacy Act and its implementing regulations (as amended by the California Privacy Rights Act, collectively, the "CPRA"), which creates obligations on covered companies to, among other things, share certain information they have collected about California residents with those individuals, subject to certain exceptions. Many other states also have enacted or are in the process of enacting state-level privacy, data protection and/or data security laws and regulations, with which we may be required to comply. In addition, state laws require businesses to provide notice under certain circumstances to consumers whose personal information has been disclosed as a result of a data breach. Significant uncertainty exists as federal and state privacy, data protection and data security laws may be interpreted and applied differently and may create inconsistent or conflicting requirements.

For more information on privacy, data protection and data security laws and regulations at the international level, please see "Regulation by Authorities Outside the United States."

For further discussion of privacy, data protection and data security, and related risks for our business, see "Item 1A. Risk Factors" under the headings "*We face risks related to our operational, technological and organizational infrastructure*," "*A cyber-attack or other security incident on us or third parties (including their supply chains) with which we conduct business, including an incident that results in the theft, loss, manipulation or misuse of information (including personal information), or the disabling of systems and access to information critical to business operations, may result in increased costs, reductions in revenue, reputational damage, legal exposure and business disruptions*." and "*Our required compliance with applicable laws and regulations related to privacy, data protection and data security, in addition to compliance with other legal and contractual obligations to third parties, may increase our costs, reduce our revenue, increase our liability, and limit our ability to pursue business opportunities.*"

Anti-Money Laundering, Combating the Financing of Terrorism and Economic Sanctions

The Bank Secrecy Act ("BSA"), as amended by the USA PATRIOT Act of 2001 ("Patriot Act"), and its implementing regulations require financial institutions, among other things, to implement a risk-based program reasonably designed to prevent money laundering and to combat the financing of terrorism, including through suspicious activity and currency transaction reporting, the implementation of policies, procedures, and internal controls, record-keeping and customer due diligence.

The Patriot Act provides enhanced information collection tools and enforcement mechanisms to the U.S. government and expanded certain requirements for financial institutions, including due diligence and record-keeping requirements for private banking and correspondent accounts; standards for verifying customer identification at account opening; rules to produce certain records upon request of a regulator or law enforcement agency; and rules to promote cooperation among financial institutions, regulators and law enforcement agencies in identifying parties that may be involved in terrorism, money laundering and other crimes.

The Anti-Money Laundering Act of 2020 ("AML Act"), enacted as part of the National Defense Authorization Act, requires the U.S. Treasury Department's Financial Crimes Enforcement Network ("FinCEN") to issue a number of rules that will update and expand the BSA's regulatory requirements. For example, the AML Act requires FinCEN to issue National Anti-Money Laundering and Countering the Financing of Terrorism Priorities (the "National Priorities"), which the agency did in June 2021, and to conduct studies and issue regulations that may alter some of the due diligence, record-keeping and reporting requirements that the BSA and Patriot Act impose on banks. FinCEN has yet to issue a final rule that establishes the compliance obligations of financial institutions with respect to the National Priorities, and several other mandatory rulemakings under the AML Act remain outstanding. The AML Act also promotes increased information-sharing and use of technology and increases penalties for violations of the BSA and includes whistleblower incentives, both of which could increase the prospect of regulatory enforcement.

We are also required to comply with sanctions laws and regulations administered and imposed by the United States government, including the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") and the Department of State, as well as comparable sanctions programs imposed by foreign governments and multilateral bodies. Sanctions can be