

News Release



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Capital One Reports Third Quarter 2021 Net Income of \$3.1 billion, or \$6.78 per share

Excluding adjusting items, Third Quarter 2021 Net Income of \$6.86 per share⁽¹⁾

McLean, Va. (October 26, 2021) – Capital One Financial Corporation (NYSE: COF) today announced net income for the third quarter of 2021 of \$3.1 billion, or \$6.78 per diluted common share, compared with net income of \$3.5 billion, or \$7.62 per diluted common share in the second quarter of 2021, and with a net income of \$2.4 billion, or \$5.06 per diluted common share in the third quarter of 2020. Excluding adjusting items, net income for the third quarter of 2021 was \$6.86 per diluted common share.⁽¹⁾

“Our modern technology stack is powering our performance and our opportunity,” said Richard D. Fairbank, Founder, Chairman and Chief Executive Officer. “It’s setting us up to capitalize on the accelerating digital revolution in banking, and it’s the engine that drives enduring value creation over the long-term.”

The quarter included the following adjusting item:

<i>(Dollars in millions, except per share data)</i>	Pre-Tax Impact	Diluted EPS Impact
Legal reserve activity	\$ 45	\$ 0.08

All comparisons below are for the third quarter of 2021 compared with the second quarter of 2021 unless otherwise noted.

Third Quarter 2021 Income Statement Summary:

- Total net revenue increased 6 percent to \$7.8 billion.
- Total non-interest expense increased 6 percent to \$4.2 billion:
 - 21 percent increase in marketing.
 - 3 percent increase in operating expenses.

⁽¹⁾ Amounts excluding adjusting items are non-GAAP measures that we believe help investors and users of our financial information understand the effect of adjusting items on our selected reported results and provide alternate measurements of our performance, both in the current period and across periods. See Table 15 in Exhibit 99.2 for a reconciliation of our selected reported results to these non-GAAP measures.

- Pre-provision earnings increased 7 percent to \$3.6 billion.⁽²⁾
- Provision (benefit) for credit losses increased \$818.0 million to \$(342.0) million:
 - Net charge-offs of \$426.0 million.
 - \$770.0 million loan reserve release.
- Net interest margin of 6.35 percent, an increase of 46 basis points.
- Efficiency ratio of 53.46 percent.
 - Efficiency ratio excluding adjusting items of 52.89 percent.⁽¹⁾
- Operating efficiency ratio of 43.87 percent.
 - Operating efficiency ratio excluding adjusting items of 43.30 percent.⁽¹⁾

Third Quarter 2021 Balance Sheet Summary:

- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 13.8 percent at September 30, 2021.
- Period-end loans held for investment in the quarter increased \$11.8 billion, or 5 percent, to \$261.4 billion.
 - Credit Card period-end loans increased \$4.0 billion, or 4 percent, to \$105.0 billion.
 - Domestic Card period-end loans increased \$3.9 billion, or 4 percent, to \$99.3 billion.
 - Consumer Banking period-end loans increased \$2.4 billion, or 3 percent, to \$77.1 billion.
 - Auto period-end loans increased \$3.0 billion, or 4 percent, to \$74.7 billion.
 - Commercial Banking period-end loans increased \$5.4 billion, or 7 percent, to \$79.2 billion.
- Average loans held for investment in the quarter increased \$6.6 billion, or 3 percent, to \$253.1 billion.
 - Credit Card average loans increased \$2.4 billion, or 2 percent, to \$102.0 billion.
 - Domestic Card average loans increased \$4.8 billion, or 5 percent, to \$96.3 billion.
 - Consumer Banking average loans increased \$3.3 billion, or 5 percent, to \$76.0 billion.
 - Auto average loans increased \$3.8 billion, or 5 percent, to \$73.3 billion.
 - Commercial Banking average loans increased \$1.0 billion, or 1 percent, to \$75.1 billion.
- Period-end total deposits decreased \$370 million, or less than 1 percent, to \$305.9 billion, while average deposits decreased \$3.2 billion, or 1 percent, to \$305.0 billion.
- Interest-bearing deposits rate paid decreased 1 basis point to 0.34 percent.

⁽¹⁾ Amounts excluding adjusting items are non-GAAP measures that we believe help investors and users of our financial information understand the effect of adjusting items on our selected reported results and provide alternate measurements of our performance, both in the current period and across periods. See Table 15 in Exhibit 99.2 for a reconciliation of our selected reported results to these non-GAAP measures.

⁽²⁾ Pre-provision earnings is calculated based on the sum of net interest income and non-interest income, less non-interest expense for the period. Management believes that this financial metric is useful in enabling investors and others to assess the Company's ability to generate income to cover credit losses through a credit cycle, which can vary significantly between periods.

Earnings Conference Call Webcast Information

The company will hold an earnings conference call on October 26, 2021 at 5:00 PM Eastern Time. The conference call will be accessible through live webcast. Interested investors and other individuals can access the webcast via the company's home page (www.capitalone.com). Under "About," choose "Investors" to access the Investor Center and view and/or download the earnings press release, the financial supplement, including a reconciliation of non-GAAP financial measures, and the earnings release presentation. The replay of the webcast will be archived on the company's website through November 9, 2021 at 5:00 PM Eastern Time.

Forward-Looking Statements

Certain statements in this release may constitute forward-looking statements, which involve a number of risks and uncertainties. Capital One cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information due to a number of factors, including those listed from time to time in reports that Capital One files with the Securities and Exchange Commission, including, but not limited to, the Annual Report on Form 10-K for the year ended December 31, 2020.

About Capital One

Capital One Financial Corporation (www.capitalone.com) is a financial holding company whose subsidiaries, which include Capital One, N.A., and Capital One Bank (USA), N.A., had \$305.9 billion in deposits and \$425.4 billion in total assets as of September 30, 2021. Headquartered in McLean, Virginia, Capital One offers a broad spectrum of financial products and services to consumers, small businesses and commercial clients through a variety of channels. Capital One, N.A. has branches located primarily in New York, Louisiana, Texas, Maryland, Virginia, New Jersey and the District of Columbia. A Fortune 500 company, Capital One trades on the New York Stock Exchange under the symbol "COF" and is included in the S&P 100 index.

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