



Third Quarter 2023 Results

October 26, 2023

Forward-Looking Statements



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You should carefully consider the factors referred to above in evaluating these forward-looking statements. All information in these slides is based on the consolidated results of Capital One, unless otherwise noted. This presentation includes certain non-GAAP financial measures as defined by SEC rules. These non-GAAP financial measures may be useful to investors but should not be viewed in isolation from, or as a substitute for, GAAP results, nor are they necessarily comparably to non-GAAP measures that may be presented by other companies. A reconciliation of any non-GAAP financial measures included in this presentation to the comparative GAAP measure can be found in Capital One's Current Report on Form 8-K filed with the SEC on October 26, 2023, available on its website at www.capitalone.com under "Investors."

Q3 2023 Company Highlights⁽¹⁾



- Net income of \$1.8 billion, or \$4.45 per diluted common share
- Pre-provision earnings⁽²⁾ increased 7% to \$4.5 billion
- Provision for credit losses of \$2.3 billion
- Efficiency ratio of 51.89%
- Operating efficiency ratio of 41.51%
- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 13.0% at September 30, 2023
- Period-end loans held for investment increased 1% or \$3.5 billion to \$314.8 billion
- Average loans held for investment increased 1% or \$3.1 billion to \$312.8 billion
- Period-end total deposits increased \$2.3 billion to \$346.0 billion
 - Period-end insured deposits of \$277.7 billion, 80% of total deposits
- Average total deposits increased \$1.3 billion to \$345.0 billion

⁽¹⁾ All comparisons are for the third quarter of 2023 compared with the second quarter of 2023 unless otherwise noted. Regulatory capital metrics and capital ratios as of September 30, 2023 are preliminary and therefore subject to change.

⁽²⁾ Pre-provision earnings is a non-GAAP metric calculated based on total net revenue less non-interest expense for the period. Management believes that this financial metric is useful in assessing the ability of a lending institution to generate income in excess of its provision for credit losses. See appendix slides for the reconciliation of non-GAAP measures to our reported results.

Allowance for Credit Losses

<i>(Dollars in millions)</i>	Credit Card		Consumer Banking		Commercial Banking		Total
Allowance for credit losses:							
Balance as of June 30, 2023	\$	10,976	\$	2,185	\$	1,485	\$ 14,646
Charge-offs		(1,925)		(596)		(60)	(2,581)
Recoveries		333		247		2	582
Net charge-offs		(1,592)		(349)		(58)	(1,999)
Provision for credit losses ⁽¹⁾⁽²⁾		1,953		213		155	2,321
Allowance build (release) for credit losses		361		(136)		97	322
Other changes ⁽³⁾		(13)		—		—	(13)
Balance as of September 30, 2023	\$	11,324	\$	2,049	\$	1,582	\$ 14,955
Allowance coverage ratio as of September 30, 2023		7.71%		2.67%		1.74%	4.75%

Third Quarter 2023 Highlights

- Allowance build of \$322 million primarily driven by growth in Domestic Credit Card loans
- Allowance coverage ratio of 4.75% at September 30, 2023, compared to 4.70% at June 30, 2023

⁽¹⁾ Does not include \$(39) million of provision (benefit) related to unfunded lending commitments that is recorded in other liabilities in Commercial Banking.

⁽²⁾ Does not include \$2 million of provision related to available for sale securities.

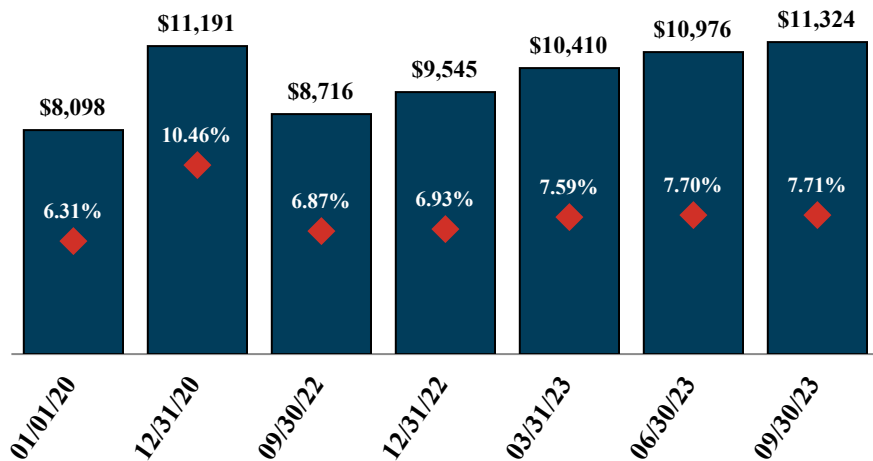
⁽³⁾ Primarily represents foreign currency translation adjustments.

Allowance Coverage Ratios by Segment

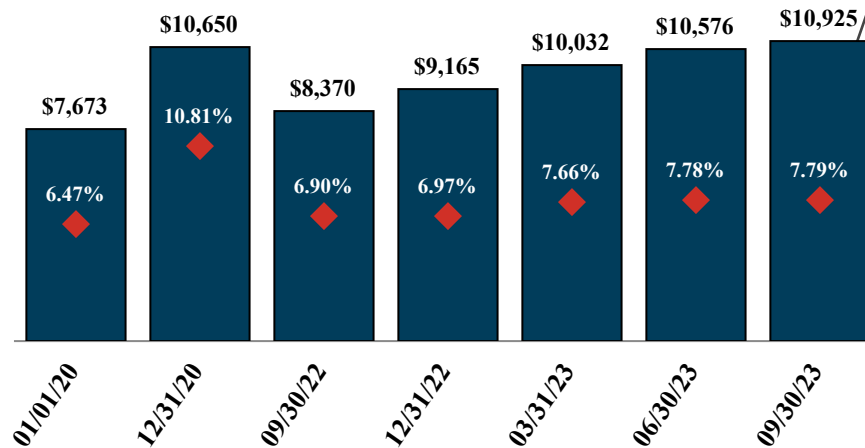


- Allowance for credit losses (\$M)
- ◆ Allowance Coverage Ratio

Credit Card

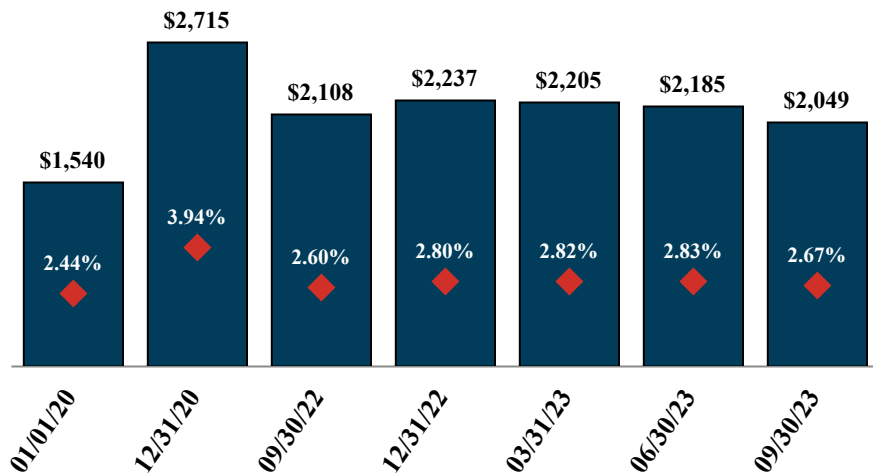


Domestic Card

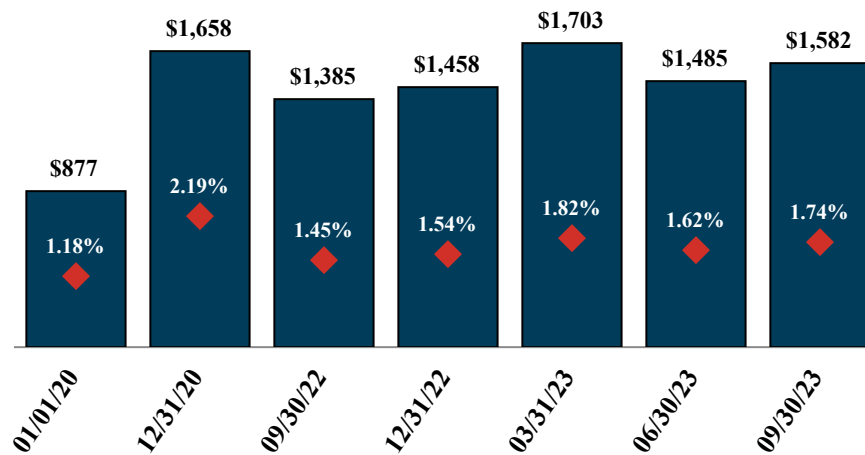


Branded Card 8.7%

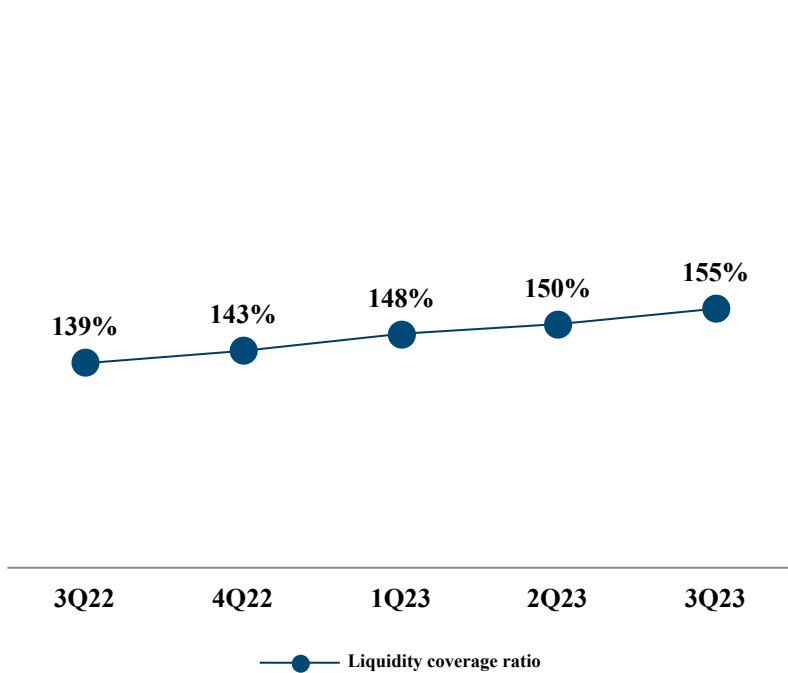
Consumer Banking



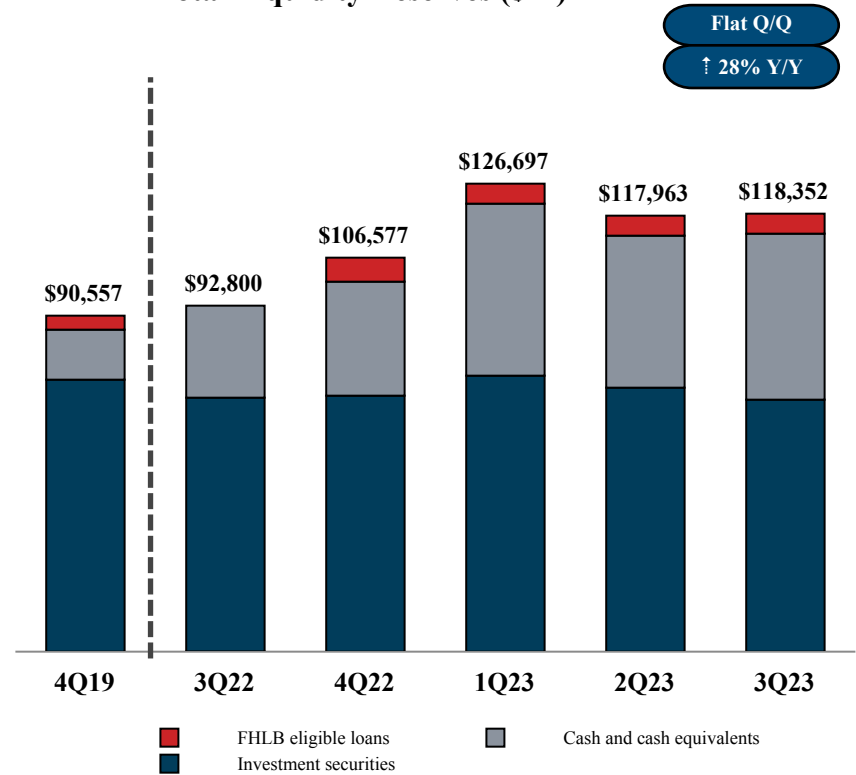
Commercial Banking



Average Quarterly Liquidity Coverage Ratio ("LCR")



Total Liquidity Reserves (\$M)⁽¹⁾



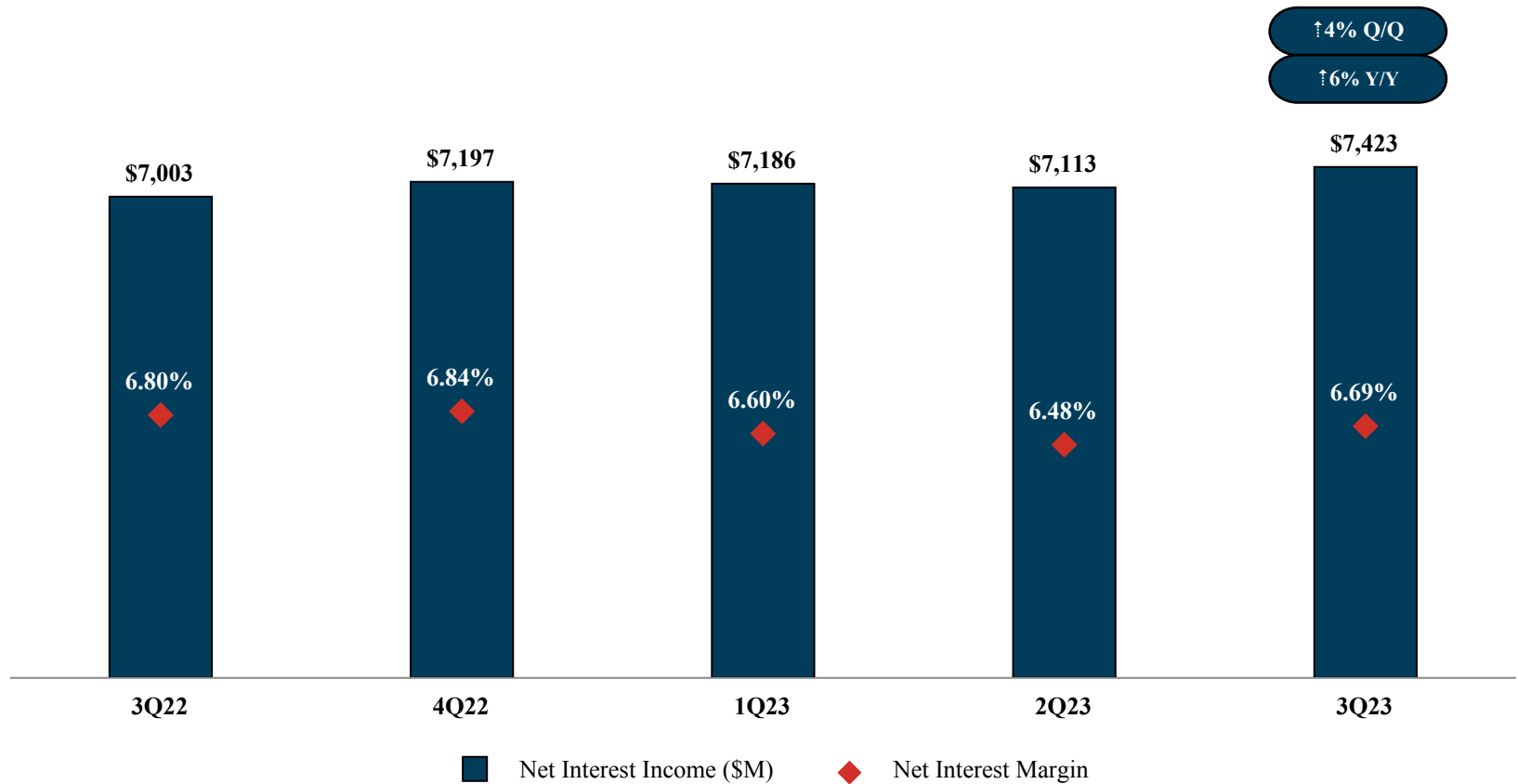
Third Quarter 2023 Highlights

- Average quarterly Liquidity Coverage Ratio of 155%
- Total liquidity reserves of \$118.4 billion as of September 30, 2023
 - \$44.9 billion in cash and cash equivalents

Note: The 3Q23 LCR is preliminary and therefore subject to change.

⁽¹⁾ Amount above represents unencumbered liquidity reserves. Securities pledged and eligible to secure FHLB borrowing capacity are presented within investment securities above.

Net Interest Income and Net Interest Margin

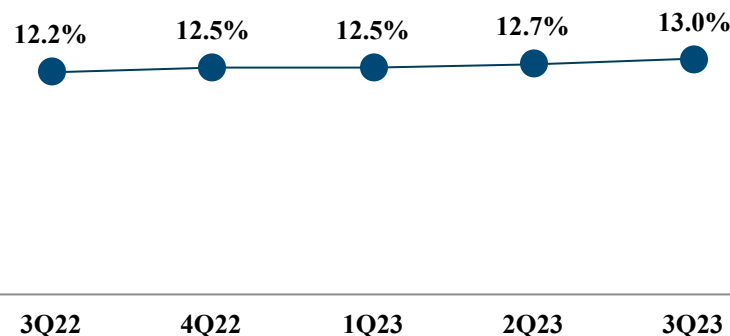


Third Quarter 2023 Highlights

- Net interest margin increased 21 basis points quarter-over-quarter driven by higher yields and growth in our Credit Card loan portfolio and higher day count, partially offset by higher rates paid on interest-bearing deposits
- Net interest margin decreased 11 basis points year-over-year driven by higher rates paid on interest-bearing deposits partially offset by higher asset yields and growth in our Credit Card loan portfolio

<i>(Dollars in millions)</i>	Amount	Ratio
Common equity Tier 1 (CET1) as of June 30, 2023	\$ 45,589	12.7%
Q3 2023 Net income	1,790	50 bps
Common & Preferred Stock Dividends	(290)	(8)bps
Share Repurchases	(150)	(4)bps
Other quarterly activities ⁽¹⁾	167	4 bps
Risk Weighted Assets changes	N/A	(12)bps
CET1 as of September 30, 2023	\$ 47,106	13.0%

Common Equity Tier 1 Capital Ratio



Third Quarter 2023 Highlights

- Well-capitalized with CET1 capital ratio of 13.0% as of September 30, 2023
- Stress Capital Buffer of 4.8% effective October 1, 2023
- Repurchased 1.4 million common shares for \$150 million in the third quarter of 2023; YTD repurchases of \$450 million

Note: Regulatory capital metrics and capital ratios as of September 30, 2023 are preliminary and therefore subject to change.

⁽¹⁾ Primarily represents net issuances of employee stock, after taking into account deductions for goodwill and intangibles net of deferred taxes.

Financial Summary—Business Segment Results



<i>(Dollars in millions)</i>	Three Months Ended September 30, 2023				
	Credit Card	Consumer Banking	Commercial Banking	Other	Total
Net interest income (loss)	\$ 5,114	\$ 2,133	\$ 621	\$ (445)	\$ 7,423
Non-interest income (loss)	1,513	142	288	—	1,943
Total net revenue (loss)	6,627	2,275	909	(445)	9,366
Provision for credit losses	1,953	213	116	2	2,284
Non-interest expense	3,015	1,262	512	71	4,860
Income (loss) from continuing operations before income taxes	1,659	800	281	(518)	2,222
Income tax provision (benefit)	393	189	67	(217)	432
Income (loss) from continuing operations, net of tax	\$ 1,266	\$ 611	\$ 214	\$ (301)	\$ 1,790

Credit Card



				2023 Q3	
	2023	2023	2022	2023	2022
<i>(Dollars in millions, except as noted)</i>	Q3	Q2	Q3	Q2	Q3
Earnings:					
Net interest income	\$ 5,114	\$ 4,727	\$ 4,313	8%	19%
Non-interest income	1,513	1,499	1,454	1	4
Total net revenue	6,627	6,226	5,767	6	15
Provision for credit losses	1,953	2,084	1,261	(6)	55
Non-interest expense	3,015	3,020	3,004	—	—
Pre-tax income	1,659	1,122	1,502	48	10
Selected performance metrics:					
Period-end loans held for investment	\$ 146,783	\$ 142,491	\$ 126,913	3%	16%
Average loans held for investment	144,049	138,762	123,357	4	17
Total net revenue margin	18.40%	17.95%	18.70%	45 bps	(30)bps
Net charge-off rate	4.42	4.41	2.25	1	217
Purchase volume	\$ 158,640	\$ 157,937	\$ 149,497	—	6%

Third Quarter 2023 Highlights

- Ending loans held for investment up \$19.9 billion, or 16%, year-over-year; average loans held for investment up \$20.7 billion, or 17%, year-over-year
- Purchase volume up 6% year-over-year
- Revenue up \$860 million, or 15%, year-over-year
- Revenue margin of 18.40%
- Non-interest expense substantially flat year-over-year
- Provision for credit losses up \$692 million year-over-year
- Net charge-off rate of 4.42%

Domestic Card



<i>(Dollars in millions, except as noted)</i>				2023 Q3	
	2023	2023	2022	2023	2022
	Q3	Q2	Q3	Q2	Q3
Earnings:					
Net interest income	\$ 4,827	\$ 4,453	\$ 4,065	8%	19%
Non-interest income	1,445	1,431	1,383	1	4
Total net revenue	6,272	5,884	5,448	7	15
Provision for credit losses	1,861	1,995	1,167	(7)	59
Non-interest expense	2,810	2,805	2,803	—	—
Pre-tax income	1,601	1,084	1,478	48	8
Selected performance metrics:					
Period-end loans held for investment	\$ 140,320	\$ 135,975	\$ 121,279	3%	16%
Average loans held for investment	137,500	132,505	117,467	4	17
Total net revenue margin	18.24%	17.76%	18.55%	48 bps	(31)bps
Net charge-off rate	4.40	4.38	2.20	2	220
30+ day performing delinquency rate	4.31	3.74	2.97	57	134
Purchase volume	\$ 154,880	\$ 154,184	\$ 145,805	—	6%

Third Quarter 2023 Highlights

- Ending loans held for investment up \$19.0 billion, or 16%, year-over-year; average loans held for investment up \$20.0 billion, or 17%, year-over-year
- Purchase volume up 6% year-over-year
- Revenue up \$824 million, or 15%, year-over-year
- Revenue margin of 18.24%
- Non-interest expense substantially flat year-over-year
- Provision for credit losses up \$694 million year-over-year
- Net charge-off rate of 4.40%

(Dollars in millions, except as noted)

	2023		2022	2023 Q3	
	Q3	Q2	Q3	Q2	Q3
Earnings:					
Net interest income	\$ 2,133	\$ 2,269	\$ 2,311	(6)%	(8)%
Non-interest income	142	149	129	(5)	10
Total net revenue	2,275	2,418	2,440	(6)	(7)
Provision for credit losses	213	259	285	(18)	(25)
Non-interest expense	1,262	1,231	1,340	3	(6)
Pre-tax income	800	928	815	(14)	(2)
Selected performance metrics:					
Period-end loans held for investment	\$ 76,844	\$ 77,280	\$ 81,199	(1)%	(5)%
Average loans held for investment	77,154	77,698	81,339	(1)	(5)
Auto loan originations	7,452	7,160	8,289	4	(10)
Period-end deposits	290,789	286,174	256,661	2	13
Average deposits	287,457	285,647	255,843	1	12
Average deposits interest rate	2.85%	2.46%	0.79%	39 bps	206 bps
Net charge-off rate	1.81	1.43	1.10	38	71

Third Quarter 2023 Highlights

- Ending loans held for investment down \$4.4 billion, or 5%, year-over-year; average loans held for investment down \$4.2 billion, or 5%, year-over-year
- Ending deposits up \$34.1 billion, or 13%, year-over-year
- Auto loan originations down \$837 million, or 10%, year-over-year
- Revenue down \$165 million, or 7%, year-over-year
- Non-interest expense down \$78 million, or 6%, year-over-year
- Provision for credit losses down \$72 million year-over-year
- Net charge-off rate of 1.81%

Commercial Banking



				2023 Q3	
	2023 Q3	2023 Q2	2022 Q3	2023 Q2	2022 Q3
<i>(Dollars in millions, except as noted)</i>					
Earnings:					
Net interest income	\$ 621	\$ 632	\$ 699	(2)%	(11)%
Non-interest income	288	257	319	12	(10)
Total net revenue	909	889	1,018	2	(11)
Provision for credit losses	116	146	123	(21)	(6)
Non-interest expense	512	482	542	6	(6)
Pre-tax income	281	261	353	8	(20)
Selected performance metrics:					
Period-end loans held for investment	\$ 91,153	\$ 91,552	\$ 95,831	—	(5)%
Average loans held for investment	91,556	93,195	95,490	(2)%	(4)
Period-end deposits	36,035	36,793	41,058	(2)	(12)
Average deposits	37,279	37,960	39,799	(2)	(6)
Average deposits interest rate	2.93%	2.68%	0.83%	25 bps	210 bps
Net charge-off rate	0.25	1.62	0.05	(137)	20
Risk category as a percentage of period-end loans held for investment:⁽¹⁾					
Criticized performing	8.08%	6.73%	5.97%	135 bps	211 bps
Criticized nonperforming	0.90	0.89	0.57	1	33

Third Quarter 2023 Highlights

- Ending loans held for investment substantially flat quarter-over-quarter; average loans held for investment down \$1.6 billion, or 2%, quarter-over-quarter
- Ending deposits down \$758 million, or 2%, quarter-over-quarter; average deposits down \$681 million, or 2%, quarter-over-quarter
- Revenue up \$20 million, or 2%, quarter-over-quarter
- Non-interest expense up \$30 million, or 6%, quarter-over-quarter
- Provision for credit losses down \$30 million quarter-over-quarter
- Net charge-off rate of 0.25%
- Criticized performing loan rate of 8.08% and criticized nonperforming loan rate of 0.90%

(1) Criticized exposures correspond to the “Special Mention,” “Substandard” and “Doubtful” asset categories defined by bank regulatory authorities.

Appendix

Reconciliation of Non-GAAP Measures

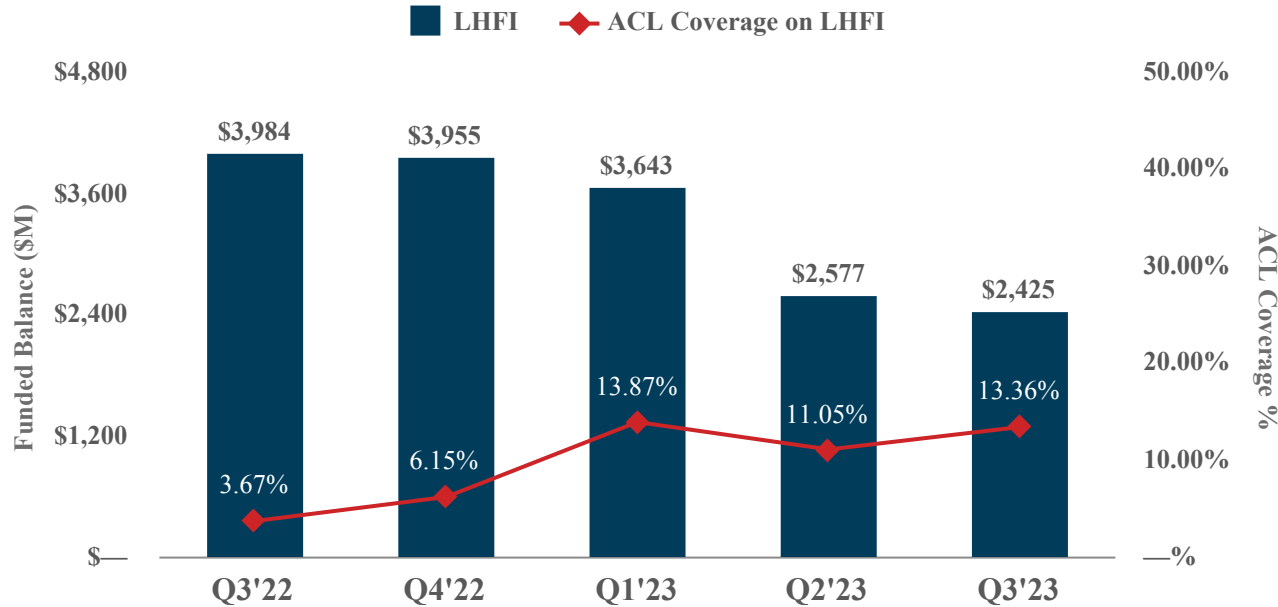


	2023		2022		Nine Months Ended September 30,		
	Q3	Q2	Q1	Q4	Q3	2023	2022
<i>(Dollars in millions, except per share data and as noted)</i>							
Adjusted diluted earnings per share ("EPS"):							
Net income available to common stockholders (GAAP)	\$ 1,705	\$ 1,351	\$ 887	\$ 1,161	\$ 1,616	\$ 3,943	\$ 5,883
Insurance recoveries and legal reserve activity	—	—	—	(177)	—	—	—
Restructuring charges	—	—	—	72	—	—	—
Adjusted net income available to common stockholders before income tax impacts (non-GAAP)	1,705	1,351	887	1,056	1,616	3,943	5,883
Income tax impacts	—	—	—	25	—	—	—
Adjusted net income available to common stockholders (non-GAAP)	<u>\$ 1,705</u>	<u>\$ 1,351</u>	<u>\$ 887</u>	<u>\$ 1,081</u>	<u>\$ 1,616</u>	<u>\$ 3,943</u>	<u>\$ 5,883</u>
Diluted weighted-average common shares outstanding (in millions) (GAAP)	383.3	383.7	383.8	383.7	384.6	383.6	396.4
Diluted EPS (GAAP)	\$ 4.45	\$ 3.52	\$ 2.31	\$ 3.03	\$ 4.20	\$ 10.28	\$ 14.84
Impact of adjustments noted above	—	—	—	(0.21)	—	—	—
Adjusted diluted EPS (non-GAAP)	<u>\$ 4.45</u>	<u>\$ 3.52</u>	<u>\$ 2.31</u>	<u>\$ 2.82</u>	<u>\$ 4.20</u>	<u>\$ 10.28</u>	<u>\$ 14.84</u>
Adjusted efficiency ratio:							
Non-interest expense (GAAP)	\$ 4,860	\$ 4,794	\$ 4,945	\$ 5,080	\$ 4,949	\$ 14,599	\$ 14,083
Insurance recoveries and legal reserve activity	—	—	—	177	—	—	—
Restructuring charges	—	—	—	(72)	—	—	—
Adjusted non-interest expense (non-GAAP)	<u>\$ 4,860</u>	<u>\$ 4,794</u>	<u>\$ 4,945</u>	<u>\$ 5,185</u>	<u>\$ 4,949</u>	<u>\$ 14,599</u>	<u>\$ 14,083</u>
Total net revenue (GAAP)	\$ 9,366	\$ 9,012	\$ 8,903	\$ 9,040	\$ 8,805	\$ 27,281	\$ 25,210
Efficiency ratio (GAAP)	51.89%	53.20%	55.54%	56.19%	56.21%	53.51%	55.86%
Impact of adjustments noted above	—	—	—	117bps	—	—	—
Adjusted efficiency ratio (non-GAAP)	<u>51.89%</u>	<u>53.20%</u>	<u>55.54%</u>	<u>57.36%</u>	<u>56.21%</u>	<u>53.51%</u>	<u>55.86%</u>
Adjusted operating efficiency ratio:							
Operating expense (GAAP)	\$ 3,888	\$ 3,908	\$ 4,048	\$ 3,962	\$ 3,971	\$ 11,844	\$ 11,184
Legal reserve activity, including insurance recoveries	—	—	—	177	—	—	—
Restructuring charges	—	—	—	(72)	—	—	—
Adjusted operating expense (non-GAAP)	<u>\$ 3,888</u>	<u>\$ 3,908</u>	<u>\$ 4,048</u>	<u>\$ 4,067</u>	<u>\$ 3,971</u>	<u>\$ 11,844</u>	<u>\$ 11,184</u>

Reconciliation of Non-GAAP Measures



<i>(Dollars in millions)</i>	2023	2023	2023	2022	2022	Nine Months Ended September 30,	
	Q3	Q2	Q1	Q4	Q3	2023	2022
Total net revenue (GAAP)	\$ 9,366	\$ 9,012	\$ 8,903	\$ 9,040	\$ 8,805	\$ 27,281	\$ 25,210
Operating efficiency ratio (GAAP)	41.51%	43.36%	45.47%	43.83%	45.10%	43.41%	44.36%
Impact of adjustments noted above	—	—	—	116 bps	—	—	—
Adjusted operating efficiency ratio (non-GAAP)	41.51%	43.36%	45.47%	44.99%	45.10%	43.41%	44.36%
Pre- Provision Earnings							
Total net revenue	\$ 9,366	\$ 9,012	\$ 8,903	\$ 9,040	\$ 8,805		
Non-interest expense	(4,860)	(4,794)	(4,945)	(5,080)	(4,949)		
Pre-provision earnings	\$ 4,506	\$ 4,218	\$ 3,958	\$ 3,960	\$ 3,856		



Annualized Net charge-off rate for LHFY⁽¹⁾	— %	0.37 %	1.84 %	46.38 %	3.73 %
Total criticized rate for LHFY	27.8 %	35.40 %	43.30 %	32.80 %	39.70 %
Nonperforming loan rate for LHFY	2.60 %	3.00 %	5.50 %	11.30 %	9.70 %
Office Real Estate LHFY as a % of Total LHFY	1.3 %	1.3 %	1.2 %	0.8 %	0.8 %

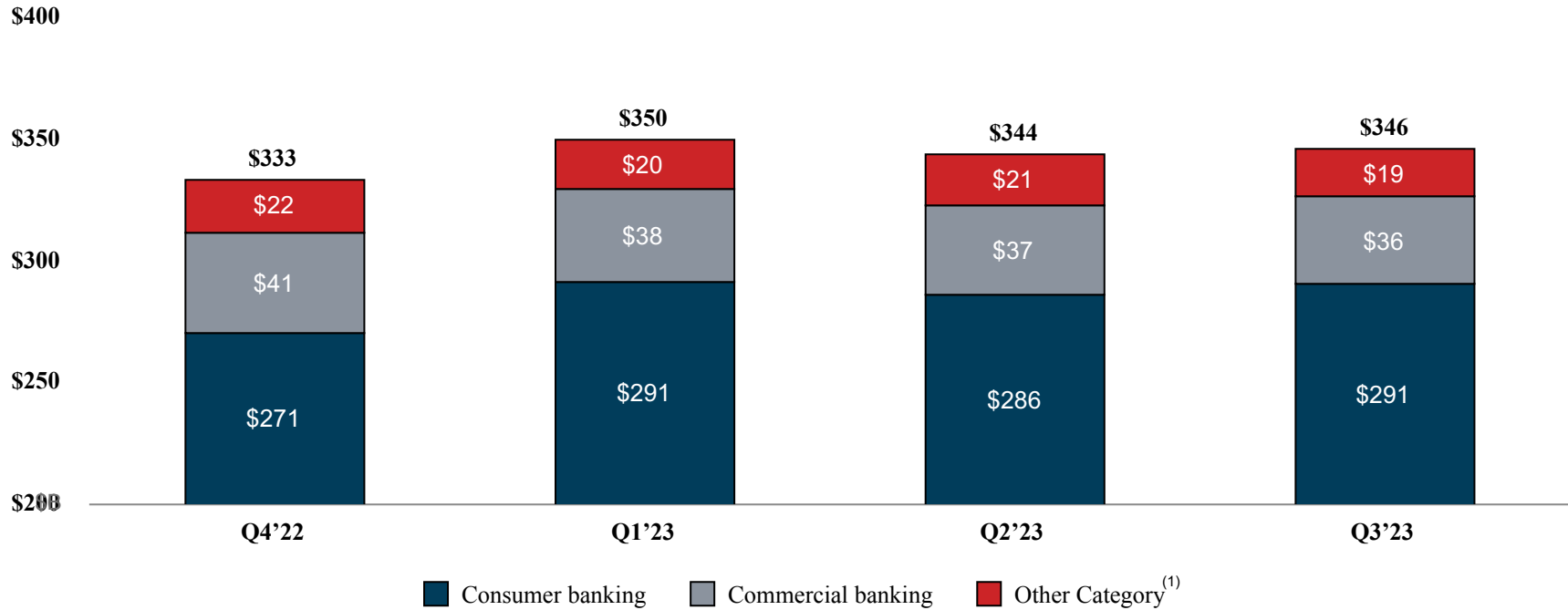
Third Quarter 2023 Highlights

- Office Real Estate represented 2.7% of our Commercial Banking LHFY portfolio and 0.8% of total LHFY
- The \$888M Office Real Estate loan portfolio that was moved to LHFS in Q2'23 was sold in Q3'23, with seller financing provided. This financing had a balance of \$363M at 9/30/23 and is classified as REIT/REIF exposure and is therefore excluded from the balances and metrics above

Note: Excludes loans in our Healthcare Real Estate business secured by Medical Office properties and loans to office real estate investment trusts (REIT) and real estate investment funds (REIF).

⁽¹⁾ Net charge-off rate is calculated based on annualized net charge-offs for the period divided by average loans held for investment for the period.

Period-end Deposits by Segment



Third Quarter 2023 Highlights

- Period-end insured deposits were \$277.7 billion or 80% of total deposits

⁽¹⁾ Includes brokered deposits of \$18.1 billion, \$19.7 billion, \$19.2 billion and \$20.6 billion as of September 30, 2023, June 30, 2023, March 31, 2023 and December 31, 2022, respectively.