



**Capital One, N.A.
Resolution Plan**

**Section 1: Public Section
November 2022**

Table of Contents

- I. **SUMMARY OF RESOLUTION PLAN**..... [2](#)
- A. Material Entities..... [2](#)
- B. Core Business Lines..... [2](#)
- C. Summary of Financial Information..... [3](#)
 - C.1. Capital Ratios Under Basel III..... [4](#)
 - C.2. Major Funding Sources..... [5](#)
- D. Derivative Activities and Hedging Activities..... [5](#)
- E. Financial Market Utilities..... [6](#)
- F. Foreign Operations..... [8](#)
- G. Material Supervisory Authorities..... [8](#)
- H. Principal Officers..... [8](#)
- I. Corporate Governance..... [9](#)
- J. Material Management Information Systems..... [10](#)

I. SUMMARY OF RESOLUTION PLAN

Capital One, National Association ("CONA" or the "Bank") is submitting a plan for resolution in the event of its failure (the "Resolution Plan") as required by 12 C.F.R. § 360.10 (the "Bank Rule"). Under the Bank Rule, the Federal Deposit Insurance Corporation ("FDIC") requires a covered insured depository institution ("CIDI") with \$50 billion or more in total assets to submit a plan that provides the FDIC with a better understanding of the IDI's structure and relative level of complexity as well as its resolution strategies and processes. CONA is a wholly owned subsidiary of Capital One Financial Corporation ("COFC", together with its subsidiaries is referred to as "Capital One" or the "Company").

The structure of this Public Section follows the requirements of the Bank Rule and includes the following informational elements:

- A. Material Entities
- B. Description of Core Business Lines
- C. Financial Information regarding Assets, Liabilities, Capital, and Major Funding Sources
- D. Description of Derivatives and Hedging Activities
- E. Membership in Material Payments, Clearing, and Settlement Systems (Financial Market Utilities)
- F. Description of Foreign Operations
- G. Identities of Material Supervisory Authorities
- H. Identities of Principal Officers
- I. Description of Corporate Governance and Processes related to Resolution Planning
- J. Description of Material Management Information Systems

As required under the Bank Rule and supervisory guidance, the 2022 CIDI Resolution Plan considers strategies that provide for the sale or disposition of the deposit franchise, including branches, core business lines and major assets of the CIDI in the manner specified by the Rule.

A. Material Entities

The Bank Rule defines a "material entity" as a company that is significant to the activities of a critical service or Core Business Line ("CBL"). There are two material entities in the CONA Resolution Plan:

- Capital One, National Association: CONA is a national bank headquartered in McLean, Virginia and is wholly owned by COFC. It offers banking products and financial services to consumers, small businesses, and commercial clients.
- Capital One Services, LLC ("COSL"): COSL is a Delaware limited liability company wholly owned by CONA. It provides services to CONA and its subsidiaries, including account management, creative design, database management, legal, accounting, audit, treasury, human resources, and other operational and managerial services.

B. Core Business Lines

The Bank Rule defines a CBL as a business line, including its associated operations, services, functions, and support that, upon failure, would result in a material loss of revenue, profit, or franchise value. There are four CBLs in the CONA Resolution Plan:

- Domestic Card: CONA provides card lending and other related products through its Domestic Card business.
- Auto Finance: CONA offers a wide range of automobile finance products via both indirect (dealer originated) and direct channels through its Auto Finance business.

- **Retail Banking:** Capital One provides Retail Banking services. This includes branch-based lending and related services provided by CONA primarily in New York, New Jersey, Texas, Louisiana, Maryland, Virginia, and the District of Columbia. It also includes deposit services for consumers and small businesses and national deposit services provided by CONA. CONA also services banking customer accounts through the internet.
- **Commercial Banking:** CONA provides commercial real estate ("CRE") and commercial & industrial ("C&I") customers with lending, capital markets, and treasury management services through its Commercial Banking business.

For management reporting purposes, principal operations are segmented into three primary business segments for periodic reports filed with the Securities and Exchange Commission ("SEC"). These are defined primarily based on the products and services provided or the type of customer served: Credit Card, Consumer Banking, and Commercial Banking. The CBLs identified for this resolution plan and the business segments used for periodic reports filed with the SEC are prepared for different purposes and, as such, information included in this plan for CBLs is not intended to be the exact same as the information used for management reporting purposes, and vice versa.

C. Summary of Financial Information

Capital One combined its two banks on October 1, 2022, when Capital One Banking, National Association ("COBNA") was merged into CONA. All subsidiaries of COBNA are newly consolidated under and wholly owned by CONA. The financial information included in this document is a pro forma of the merged entity CONA as of December 31, 2021.

The following table presents a consolidated balance sheet for CONA, as of December 31, 2021, adjusted on a pro forma basis to account for the merger of COBNA and CONA.

Exhibit I.C.1: Capital One, National Association Consolidated Balance Sheet

Capital One, National Association (consolidated)	
Balance Sheet (\$M)	
Assets:	
Cash and Balances Due from Depository Institutions:	
Noninterest-bearing Balances and Currency and Coin	4,592
Interest-Bearing Balances	17,136
Securities:	
Held to Maturity Securities	—
Available for Sale Securities	94,747
Equity Securities with Readily Determinable Fair Values	495
Federal Funds Sold and Securities Purchased Under Agreements to Resell:	
Federal Funds Sold in Domestic Offices	—
Securities Purchased Under Agreements to Resell	—
Loans Financing Receivables:	
Loans Held for Sale	5,887
Loans Held for Investment	277,347
Allowance for Credit Losses	(11,430)
Loans Held for Investment, Net of Allowance	265,917
Trading Assets	2,128
Premises and Fixed Assets (Including Leases)	4,444
Other Real Estate Owned	51
Investments in Unconsolidated Subsidiaries and Associated Companies	5,326
Direct and Indirect Investments in Real Estate Ventures	—

Intangible Assets	15,264
Other Assets	15,447
Total Assets	431,434
Liabilities:	
Deposits:	
In Domestic Offices	327,803
Noninterest-Bearing	38,859
Interest-Bearing	288,944
In Foreign Offices, Edge and Agreement Subsidiaries, and International Banking Facilities ("IBFs")	162
Noninterest-Bearing	162
Interest-Bearing	—
Federal Funds Purchased and Securities Sold Under Agreements to Repurchase:	
Federal Funds Purchased in Domestic Offices	—
Securities Sold Under Agreements to Repurchase	820
Trading Liabilities	1,315
Other Borrowed Money (includes Mortgage Indebtedness and Obligations Under Capitalized Leases)	25,858
Subordinated Notes and Debentures	1,434
Other Liabilities	17,383
Total Liabilities	374,775
Equity Capital:	
Perpetual Preferred Stock and Related Surplus	—
Common Stock	124
Surplus (Excludes All Surplus Related to Preferred Stock)	43,580
Retained Earnings	12,674
Accumulated Other Comprehensive Income	273
Other Equity Capital Components	—
Noncontrolling (Minority) Interests in Consolidated Subsidiaries	8
Total Equity Capital	56,659
Total Liabilities and Equity Capital	431,434

C.1. Capital Ratios Under Basel III

CONA is subject to capital adequacy standards adopted by the Office of the Comptroller of the Currency ("OCC") and other federal bank regulatory agencies, including the capital rules that implemented the Basel III capital framework developed by the Basel Committee on Banking Supervision. Moreover, the Bank, as an insured depository institution, is subject to prompt corrective action ("PCA") capital regulations. The following table provides a comparison of the Bank's regulatory capital ratios under the Basel III Standardized Approach subject to the applicable transition provisions, the regulatory minimum capital adequacy ratios, and the PCA well-capitalized level for each ratio, where applicable, as of December 31, 2021.

Exhibit I.C.2: Capital Ratios Under Basel III¹

	Capital Ratio	Minimum Capital Adequacy	Well Capitalized
Capital One, N.A.			
Common equity Tier 1 ²	13.3%	4.5%	6.5%
Tier 1 capital ³	13.3%	6.0%	8.0%
Total capital ⁴	14.6%	8.0%	10.0%
Tier 1 leverage	10.8%	4.0%	5.0%
Supplementary leverage ratio ⁵	9.2%	3.0%	N/A

Additional information related to CONA's assets, liabilities, and capital is contained in CONA and COBNA's Call Reports as of December 31, 2021.

C.2. Major Funding Sources

CONA has established liquidity practices that are intended to ensure sufficient liquidity reserves to withstand the potential impact of deposit attrition or diminished liquidity under severely adverse market conditions. CONA has liquidity reserves consisting of cash and cash-equivalents and readily-marketable or pledgeable assets, which can be used as a source of liquidity if needed. The liquidity practices also focus on maintaining diversified funding sources to best position CONA in normal and severely adverse market conditions.

CONA gathers core consumer and commercial deposits through branch locations and digital channels. CONA also accesses funding through advances from the Federal Home Loan Bank ("FHLB") of Atlanta and through a variety of financial instruments and sourcing channels, including asset-backed securities, brokered deposits, unsecured debt in the form of senior or subordinated notes, and securities loaned or sold under agreements to repurchase. CONA also occasionally receives intercompany funding from COFC.

Additional information related to CONA's major funding sources is contained in its Call Report.

D. Derivative Activities and Hedging Activities

CONA's market risk exposure is managed in accordance with risk management policies and limits, which are approved by the Boards of Directors of COFC and CONA. CONA's primary market risk stems from the impact on earnings and economic value of equity due to changes in interest rates, and, to a lesser extent, changes in foreign exchange ("FX") rates. CONA employs several techniques to manage interest rate sensitivity, such as changing the duration and re-pricing characteristics of various assets and liabilities by using interest rate derivatives. CONA also employs derivatives to hedge foreign-currency-denominated exposures to limit earnings and capital ratio exposure to foreign exchange risk. CONA executes derivative contracts in both over-the-counter ("OTC") and exchange-traded derivative markets, the majority of which are interest rate swaps, FX swaps, and FX forwards. In addition, CONA may use a variety of other derivative instruments, including caps, floors, options, futures, and forward contracts, to manage interest rate risks.

CONA also enters into derivative transactions with its customers. CONA engages in these transactions as a service to Commercial Banking customers to facilitate their risk management objectives. CONA typically

¹ Capital ratios are calculated based on the Basel III Standardized Approach framework, subject to applicable transition provisions, such as the five-year transition period to phase in the impact of the current expected credit loss standard. This transitional impact is being phased-in at 25% for 2022, 50% for 2023, 75% for 2024, and 100% for 2025.

² Common Equity Tier 1 capital ratio is a regulatory capital measure calculated based on common equity Tier 1 capital divided by risk-weighted assets.

³ Tier 1 capital ratio is a regulatory capital measure calculated based on Tier 1 capital divided by risk-weighted assets.

⁴ Total capital ratio is a regulatory capital measure calculated based on total capital divided by risk-weighted assets.

⁵ Supplementary leverage ratio is a regulatory capital measure calculated based on Tier 1 capital divided by total leverage exposure.

offsets the market risk exposure from its customer-accommodating derivatives through derivative transactions with other counterparties.

Additional information related to CONA's derivatives and hedging activities is contained in periodic reports filed with the SEC.

E. Financial Market Utilities

The Company maintains memberships in a number of third-party clearing and settlement systems to facilitate the transmission of payments. CONA is a participant member in the Federal Reserve Bank's automated clearinghouse ("ACH") and the Fedwire Funds Service ("Fedwire"). In addition, CONA is a participant member of Fedwire Securities Service, which provides securities custody services for Commercial Banking. CONA is also a member of the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") through which it executes international payments.⁶

The Company utilizes a payments system called Real Time Payments ("RTP"), which is owned and operated by The Clearing House ("TCH"). The RTP network provides consumers and businesses with the ability to send payments directly from their accounts at federally insured depository institutions 24/7, and to receive and access funds sent to them over the RTP network immediately. Payments sent over the RTP network are irrevocable, enabling immediate, final settlement to the payee, which is the key element of real-time payments. RTP only processes domestic payments.

CONA maintains two participant accounts at the Fixed Income Clearing Corporation ("FICC"), one each in the Government Securities Division ("GSD") and the Mortgage-Backed Securities Division ("MBSD") to facilitate trades in government securities and mortgage-backed securities, respectively.⁷

CONA maintains a relationship with the Small Value Payments Company ("SVPCo", a subsidiary of the Clearing House) for the purpose of clearing checks (Image Cash Letters or "ICLs") with a number of financial institutions.

In addition, the Company's UK entity utilizes Barclays and HSBC to connect to the Clearing House Automated Payment System ("CHAPS"), which is managed by the Chaps Clearing Company, for settlement of card obligations through a correspondent in the United Kingdom.

CONA has made arrangements to use the services of two clearinghouses, LCH Clearnet and the Chicago Mercantile Exchange, to clear OTC derivative transactions. CONA is not a member and does not interact directly with the exchanges, but rather utilizes them through the services of four designated futures commission merchants: Barclays, JP Morgan, Citigroup, and Wells Fargo.

E.1. Payment, Clearing and Settlement Systems

Capital One leverages several key payment processing systems:

- FedACH Services ("FedACH") is an electronic payment system providing ACH services that is owned and operated by the Federal Reserve. The ACH system exchanges batched debit and credit payments among business, consumer, and government accounts. The system processes pre-authorized recurring payments such as payroll, Social Security, mortgage, and utility payments; and non-recurring payments such as telephone-initiated payments and the conversion of checks into ACH payments at lockboxes and points of sale. Through its FedGlobal service, the Federal Reserve also processes cross-border ACH payments for participants. CONA does not initiate such cross-border ACH payments, but does process payments that are received on behalf of its customers.
- The Fedwire is a wire transfer services provider that is owned and operated by the Federal

⁶ CONA purchased an ownership stake in The Clearing House Payments Company, L.L.C. in 2010, but is not currently utilizing the Clearing House InterBank Payments System ("CHIPS"), or Electronic Payments Network ("EPN").

⁷ CONA maintains a modest amount of cash in clearing fund accounts at both the Government Securities Division ("GSD") and the Mortgage-Backed Securities Division ("MBSD"). As of December 31, 2021, CONA's balances in the GSD and MBSD were \$1 million and \$23 million, respectively.

Reserve. Fedwire Funds is a real-time gross settlement system, and payments are continuously settled on an individual, order-by-order basis without netting. Fedwire Funds processes the purchase and sale of federal funds; the purchase, sale, and financing of securities transactions; the disbursement or repayment of loans; the settlement of cross-border U.S. dollar commercial transactions; the settlement of real estate transactions; and other high-value, time-critical payments.

- Real Time Payments (“RTP”) is a payments system owned and operated by The Clearing House. The RTP network provides consumers and businesses with the ability to send payments directly from their accounts at federally insured depository institutions 24/7, and to receive and access funds sent to them over the RTP network immediately. Payments sent over the RTP network are irrevocable, enabling immediate and final settlement to the payee, which is the key element of real-time payments. RTP only processes domestic payments.
- Capital One utilizes the Federal Reserve’s National Settlement Service product for net settlement of the SVPCo ICL exchange. Capital One also utilizes the Federal Reserve’s check clearing services.
- Wells Fargo, JPM Chase, and Bank of America provide standard correspondent banking accounts and services for Capital One which also includes a Direct Send relationship for ACH payments made to our US Card division. Direct Send is a process in which Capital One sends a daily debit file directly to the other bank, going outside of a traditional clearing house.
- Capital One UK uses third party banks to connect to CHAPS, the Banker's Automated Clearing System (“BACS”) and Faster Payments. The latter two are operated by Pay.UK; BACS is the UK analog to ACH and Faster Payments is the UK analog to RTP.

E.2. Clearing Houses and Depositories

Capital One utilizes multiple clearing houses:

- Chicago Mercantile Exchange (“CME”) provides clearing and settlement services for futures, options, and OTC derivatives products. These clearing and settlement services are provided by the CME Clearing division of CME’s wholly owned subsidiary, Chicago Mercantile Exchange Inc. CME Clearing clears and settles futures and options contracts traded on the Chicago Mercantile Exchange Inc. and five other futures and options exchanges: Board of Trade of the City of Chicago, Inc.; New York Mercantile Exchange, Inc.; Commodity Exchange, Inc.; the Dubai Mercantile Exchange; and the Global Emissions Exchange. CME Clearing backs the clearing and settlement services for OTC derivatives transactions.
- Fedwire Securities Service (“Fedwire Securities”) is a national securities book entry system that is owned and operated by the Federal Reserve. Fedwire Securities conducts real-time transfers of securities and related funds on an individual and gross basis. It also conducts issuance, transfer, and settlement for all marketable treasury securities, many federal government agency and government-sponsored enterprise securities, and certain international organization’s securities. In addition, it offers a safekeeping function (electronic storage of securities holding records in custody accounts) and a transfer and settlement function (electronic transfer of securities between parties with or without a settlement payment).
- GSD is a central counterparty that provides real-time trade matching, netting, and clearing services for trades in U.S. government debt issues, including repurchase agreements. Securities transactions processed by GSD include Treasury bills, bonds, notes, and government agency securities. GSD is a subdivision of FICC, a U.S. securities clearing agency, which itself is a subsidiary of Depository Trust and Clearing Corporation (“DTCC”). DTCC is owned by its users, including major banks, broker-dealers, and other financial institutions.
- LCH Clearent Limited (“LCH Ltd”) is a central counterparty incorporated under the laws of England and Wales. It is also a derivatives clearing organization in the United States and is subject to Commodity Futures Trading Commission (“CFTC”) rules and the U.S. Commodity

Exchange Act. LCH Ltd provides central counterparty clearing for a wide range of products including commodities, equities, fixed income, swaps, and forex contracts.

- Mortgage Backed Securities Division (“MBSD”) is a central counterparty that provides real-time trade matching, netting, and clearing services for the mortgage-backed securities market. MBSD is a subdivision of FICC.
- SVPCo is a subsidiary of The Clearing House and provides check clearing (Image Cash Letters or “ICLs”) with many financial institutions.

The SWIFT is a member-owned cooperative that provides a telecommunication platform for the exchange of standardized financial messages between financial institutions and corporations. SWIFT is neither a payment system nor a settlement system, though the SWIFT messaging standard is used in many payment and settlement systems. SWIFT’s customers include banks, market infrastructures, broker-dealers, custodians, investment managers, and other companies. SWIFT is subject to oversight by the central banks of the G-10.

F. Foreign Operations

CONA has limited international operations, principally its card businesses in the United Kingdom and Canada. The International Card business, as a whole, has approximately \$8.8 billion in loans, representing 3% of the total outstanding loans for the Company as of December 31, 2021. Capital One also has a card servicing center located in Alabang, Philippines.

- United Kingdom - Capital One (Europe) plc (“COEP”) is an indirect subsidiary of CONA that is organized and located in the United Kingdom and licensed as an authorized payment institution. COEP has authority to provide credit card and installment loans.
- Canada - Capital One provides credit card loans in Canada through Capital One Bank (Canada Branch), the Canadian branch of CONA.
- Philippines - The Domestic Card Servicing Center located in Alabang, Philippines is operated by Capital One Philippines Support Services Corporation, an indirect subsidiary of COFC, and supports the core card business lines of CONA.

Additional information related to Capital One’s international operations is contained in periodic reports filed with the SEC.

G. Material Supervisory Authorities

CONA is a national bank that has its deposits insured by the FDIC Deposit Insurance Fund (subject to applicable limits), and is regulated, supervised, and examined by the OCC. Additionally, the FDIC has supervisory and enforcement authority over CONA as an insured depository institution. The Consumer Financial Protection Bureau has regulatory, supervision, examination, and enforcement authority over CONA with respect to applicable federal consumer financial protection laws. The CFTC and the National Futures Association (“NFA”) have supervisory and enforcement authority over CONA, a CFTC registered swap dealer, with respect to its swaps and other derivatives activities.

CONA subsidiaries are subject to examination and supervision by other supervisory authorities, including the SEC and Financial Industry Regulatory Authority.

H. Principal Officers

Principal Officers of CONA:

- Richard D. Fairbank - President and Chief Executive Officer
- Celia Edwards Karam - President, Retail Bank
- Frank G. LaPrade, III - Chief Enterprise Services Officer
- Kaitlin Haggerty - Chief Human Resources Officer

- Kevin S. Borgmann - Senior Advisor
- Lia Dean - President, Banking and Premium Products
- Mark Daniel Mouadeb - President, U.S. Card
- Matthew W. Cooper - General Counsel and Corporate Secretary
- Michael Zamsky - Chief Consumer Credit Officer
- Neal Blinde - President, Commercial Banking
- Ravi S. Raghu - President, Capital One Software, International, and Small Business Products
- Robert M. Alexander - Chief Information Officer
- Sanjiv Yajnik - President, Financial Services
- Sheldon F. Hall - Chief Risk Officer
- Thomas A. Feil - Treasurer
- Timothy Golden - Controller and Principal Accounting Officer

I. Corporate Governance

Sound corporate governance creates a foundation for the ethical and effective functioning of the Boards, their respective committees, and Capital One as a whole. It is also critical to preserving the trust of stakeholders. Preparation of the Resolution Plan has been incorporated into Capital One's corporate governance structure and processes.

I.1. Preparation and Approval of CONA Resolution Plan

The Board of Directors of CONA adopted a Resolution Plan Policy, which establishes the requirements and governance processes necessary to ensure adherence by CONA to applicable resolution planning requirements.

Key governance roles and responsibilities related to oversight and development of the Resolution Plan are:

- Board of Directors: The Board of Directors of CONA is responsible for the approval of the CONA Resolution Plan.
- Risk Committee: The Risk Committee of the Board of Directors of CONA oversees preparation of the Resolution Plan, including the recommendation of the plan for approval to the Board of Directors.
- Asset Liability Committee ("ALCO"): ALCO is the most senior management committee responsible for the oversight of resolution planning processes and the development of a complete and credible plan. ALCO reviews periodic reports on the progress of resolution planning.
- Resolution and Recovery Planning Committee ("RRPC"): RRPC was established as a subcommittee of ALCO to enhance the oversight of resolution planning processes and development of a complete and credible plan. The RRPC advises and assists the RRPC Chair and Accountable Executive regarding decisions and strategies required to develop the resolution plan. Specifically, the committee is responsible for: (1) reviewing the resolution planning framework to help ensure alignment with existing capital and liquidity management programs; (2) discussing detailed issues presented by the Resolution and Recovery Planning Office ("RRPO") as needed; and (3) notifying ALCO of key issues and outcomes.
- Accountable Executive: Capital One's Treasurer is the Accountable Executive responsible for overseeing the day-to-day resolution planning processes for Capital One. Specifically, the Treasurer is responsible for overseeing the development, maintenance, implementation, and filing of the resolution plan in accordance with applicable regulations, as well as overseeing the RRPO and related resolution planning processes.

- RRPO: The RRPO manages and oversees the resolution plan development process at the direction of the Treasurer. The team's responsibilities include: (1) coordinating with business lines and staff functions to develop the resolution plan; (2) preparing periodic reports on the progress of resolution planning for the RRPC, ALCO, the Risk Committee of the Boards, and the Boards of Directors of COFC and CONA; and (3) establishing and maintaining a data repository for the resolution plan and related documentation submitted to the Federal Reserve and the FDIC.
- Lines of Business and Staff Functions: Each CBL and critical staff function supports resolution planning, as identified and directed by the RRPO, including the development, review, and approval of the sections of the plan for which they are responsible for, based on the defined scope of the plan each year. The Technology organization develops and manages the overall information technology infrastructure and data delivery to support resolution planning.

The Risk Committee of the Board of Directors of CONA reviewed the Resolution Plan at a meeting of the Risk Committee held on November 2, 2022, and recommended approval of the Plan to the Board of Directors of CONA. The Board of Directors of CONA reviewed and approved the submission of the CONA Resolution Plan at a meeting on November 3, 2022.

J. Material Management Information Systems

Management Information Systems ("MIS") capture and aggregate relevant information to generate standard and ad hoc reports that are used by management to inform decisions regarding day-to-day operations and the overall management of CONA's business. MIS generally take the form of technologies and user interfaces that enable business users to perform analytics and generate reports. Standard contracts, policies, and procedures exist to govern the implementation and use of MIS. The Resolution Plan describes key MIS associated with risk management, accounting, financial, and regulatory reporting.

CONA has a Business Continuity Program and maintains business continuity plans for business operations, applications, and systems to ensure continuity of operations in the event of a business interruption. The Business Continuity Risk Management team ("BCRM") provides oversight to the enterprise for meeting CONA's Business Continuity Program requirements, and ensures that detailed and comprehensive continuity plans are in place for all CBLs and key MIS.