



**Capital One Financial Corporation  
Resolution Plan**

**Section 1: Public Section  
December 2021**

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## I. SUMMARY OF RESOLUTION PLAN

Capital One Financial Corporation ("COFC" or the "Company") and certain non-bank financial companies (together "covered companies") are required to prepare a resolution plan ("COFC Resolution Plan") pursuant to Title I, Section 165(d), of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "165(d) Rule") and the implementing final resolution plan rule (the "Resolution Plan Rule") issued jointly by the Board of Governors of the Federal Reserve System (the "Federal Reserve") and the Federal Deposit Insurance Corporation (the "FDIC"). The purpose of this COFC Resolution Plan is to provide the Federal Reserve and FDIC information about COFC's structure and relative level of complexity, as well as its resolution strategy and processes.

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

- A. Material Entities
- B. Core Business Lines
- C. Summary of Financial Information (e.g., assets, liabilities, capital, and major funding sources)
- D. Derivatives and Hedging
- E. Financial Market Utilities (e.g., membership in material payments, clearing, and settlement systems)
- F. Foreign Operations
- G. Material Supervisory Authorities
- H. Principal Officers
- I. Corporate Governance (related to resolution planning)
- J. Material Management Information Systems
- K. Resolution Strategy

As required under the Federal Reserve and FDIC Letter to COFC, dated March 19, 2019, the COFC Resolution Plan describes a strategy for the resolution of COFC that assumes an idiosyncratic failure event has occurred in a severely adverse economic stress environment. The plan provides a detailed road map for the orderly resolution of COFC under this hypothetical failure scenario.

More information on the strategy for the resolution is included in Section K of this Public Section.

### A. Material Entities

Under the 165(d) Rule, a "material entity" is defined as a "subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or a core business line" for resolution planning purposes. Capital One has identified three "material entities" for the COFC Resolution Plan, all significant to the activities of Core Business Lines: Capital One, National Association ("CONA"), Capital One Bank (USA), National Association ("COBNA"), and Capital One Services, LLC ("COSL"). COFC, a Delaware corporation headquartered in McLean, Virginia, is a publicly traded bank holding company that has made an effective election to be treated as a financial holding company. COFC, through its material entities described below, offers a broad array of financial products and services to consumers, small businesses, and commercial clients through branches, the internet, and other distribution channels.

- 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 Bank (USA), National Association: COBNA is a national bank headquartered in Glen Allen, Virginia and is wholly owned by COFC. It offers credit and debit card products, other lending products, and deposit products.

- Capital One Services, LLC: COSL is a Delaware limited liability company wholly owned by CONA. It provides services to CONA, COBNA, and their 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 165(d) Rule defines a core business line ("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 that operate in COFC's national banks, CONA and COBNA, referenced in COFC's Resolution Plan:

- Domestic Card: Capital One provides card lending and other related products through the Domestic Card business.
- Retail Banking: Capital One provides retail banking services. These include branch-based lending and related services, primarily in New York, New Jersey, Texas, Louisiana, Maryland, Virginia, and the District of Columbia; deposit-taking activities for consumers and small business customers; and national deposit-taking via direct banking activities (e.g., internet) and the retail brokerage business.
- Auto Finance: Capital One offers a wide range of automobile finance products via both indirect (dealer originated) and direct channels through the Auto Finance business.
- Commercial Banking: Capital One provides commercial real estate ("CRE") and commercial & industrial ("C&I") customers with lending, deposit gathering, and treasury management services through the 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 in the COFC 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 do not, and are not intended to, correlate to business segments used for management reporting purposes, and vice versa.

## C. Summary of Financial Information

The following tables present the consolidated balance sheet for COFC, as of December 31, 2020, from the Company's Annual Report on Form 10-K filed with the SEC and the consolidated balance sheets for CONA and COBNA, from each bank's respective Call Report for the period ended December 31, 2020.

**Exhibit I.C.1: Capital One Financial Corporation Consolidated Balance Sheet**

<b>Capital One Financial Corporation (Consolidated)</b>	
<b>Balance Sheet</b>	
(\$M)	12/31/2020
<b>Assets</b>	
Cash and Cash Equivalents:	
Cash and Due from Banks	4,708
Interest-bearing Deposits and Other Short-Term Investments	35,801
Total Cash and Cash Equivalents	40,509
Restricted Cash for Securitization Investors	262
Securities Available for Sale	100,445
Securities Held to Maturity	—
Loans Held for Investment:	

Unsecuritized Loans Held for Investment	225,698
Loans Held in Consolidated Trusts	25,926
Total Loans Held for Investment	251,624
Allowance for Credit Losses	(15,564)
Net Loans Held for Investment	236,060
Loans Held for Sale, at Lower of Cost or Fair Value	2,710
Premises and Equipment, Net	4,287
Interest Receivable	1,471
Goodwill	14,653
Other Assets	21,205
<b>Total Assets</b>	<b>421,602</b>
<b>Liabilities</b>	
Interest Payable	352
Deposits:	
Non-interest Bearing Deposits	31,142
Interest-bearing Deposits	274,300
Total Deposits	305,442
Securitized Debt Obligations	12,414
Other Debt:	
Federal Funds Purchased and Securities Loaned or Sold Under Agreements to Repurchase	668
Senior and Subordinated Notes	27,382
Other Borrowings	75
Total Other Debt	28,125
Other Liabilities	15,065
<b>Total Liabilities</b>	<b>361,398</b>
<b>Stockholders' Equity</b>	
Preferred Stock (par value \$0.01 per share; 50,000,000 shares authorized; 4,975,000 shares issued and outstanding as of both December 31, 2020 and 2019)	—
Common Stock (par value \$0.01 per share; 1,000,000,000 shares authorized; 679,932,837 and 672,969,391 shares issued as of December 31, 2020 and 2019, respectively; 458,972,202 and 456,562,399 shares outstanding as of December 31, 2020 and 2019, respectively)	7
Additional Paid-in Capital, net	33,480
Retained Earnings	40,088
Accumulated Other Comprehensive Income	3,494
Treasury Stock, at Cost (par value \$0.01 per share; 220,960,635 and 216,406,992 shares as of December 31, 2020 and 2019, respectively)	(16,865)
<b>Total Stockholders' Equity</b>	<b>60,204</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>421,602</b>

Source: Capital One Financial Corporation EOY 2020 10-K

### Exhibit I.C.2: Capital One, National Association Consolidated Balance Sheet

<b>Capital One, National Association (Consolidated)</b>	
<b>Balance Sheet</b>	
(\$M)	12/31/2020
<b>Assets</b>	

Cash and Balances Due from Depository Institutions:	
Noninterest-bearing Balances and Currency and Coin	3,323
Interest-bearing Balances	81,081
Securities:	
Held to Maturity Securities	-
Available for Sale Securities	86,000
Equity Securities with Readily Determinable Fair Values	414
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	2,710
Loans Held for Investment	161,650
Allowance for Credit Losses	(5,103)
Loans and Held for Investment, Net of Allowance	156,547
Trading Assets	2,128
Premises and Fixed Assets (Including Leases)	3,588
Other Real Estate Owned	94
Investments in Unconsolidated Subsidiaries and Associated Companies	4,039
Direct and Indirect Investments in Real Estate Ventures	—
Intangible Assets	14,730
Other Assets	8,869
<b>Total Assets</b>	<b>363,522</b>
<b>Liabilities</b>	
Deposits:	
In Domestic Offices	303,536
Noninterest-bearing	31,280
Interest-bearing	272,257
In Foreign Offices, Edge and Agreement Subsidiaries, and IBFs	—
Noninterest-bearing	—
Interest-bearing	—
Federal Funds Purchased and Securities Sold Under Agreements to Repurchase:	
Federal Funds Purchased in Domestic Offices	—
Securities Sold Under Agreements to Repurchase	668
Trading Liabilities	795
Other Borrowed Money (includes Mortgage Indebtedness and Obligations Under Capitalized Leases)	7,519
Subordinated Notes and Debentures	—
Other Liabilities	8,770
<b>Total Liabilities</b>	<b>321,289</b>
<b>Equity Capital</b>	
Perpetual Preferred Stock and Related Surplus	—
Common Stock	24
Surplus (Excludes All Surplus Related to Preferred Stock)	36,070
Retained Earnings	3,555

Accumulated Other Comprehensive Income	2,584
Other Equity Capital Components	—
Noncontrolling (Minority) Interests in Consolidated Subsidiaries	0
<b>Total Equity Capital</b>	<b>42,233</b>
<b>Total Liabilities and Equity Capital</b>	<b>363,522</b>

Source: Capital One N.A. December 2020 Call Report

### Exhibit I.C.3: Capital One Bank (USA), National Association Consolidated Balance Sheet

<b>Capital One Bank (USA), National Association (Consolidated)</b>	
<b>Balance Sheet</b>	
(\$M)	12/31/2020
<b>Assets</b>	
Cash and Balances due from Depository Institutions:	
Noninterest-bearing Balances and Currency and Coin	1,706
Interest-bearing Balances	5,354
Securities:	
Held to Maturity Securities	-
Available for Sale Securities	13,823
Equity Securities with Readily Determinable Fair Values	—
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	—
Loans Held for Investment	90,671
Allowance for Credit Losses	(10,461)
Loans Held for Investment, Net of Allowance	80,210
Trading Assets	—
Premises and Fixed Assets (Including Leases)	1,254
Other Real Estate Owned	—
Investments in Unconsolidated Subsidiaries and Associated Companies	1,057
Direct and Indirect Investments in Real Estate Ventures	—
Intangible Assets	316
Other Assets	4,667
<b>Total Assets</b>	<b>108,388</b>
<b>Liabilities</b>	
Deposits:	
In Domestic Offices	65,787
Noninterest-bearing	588
Interest-bearing	65,198
In Foreign Offices, Edge and Agreement Subsidiaries, and IBFs	154
Noninterest-bearing	154
Interest-bearing	—
Federal Funds Purchased and Securities Sold Under Agreements to Repurchase:	
Federal Funds Purchased in Domestic Offices	—

Securities Sold Under Agreements to Repurchase	—
Trading Liabilities	—
Other Borrowed Money (includes Mortgage Indebtedness and Obligations Under Leases)	15,582
Subordinated Notes and Debentures	1,438
Other Liabilities	6,564
<b>Total Liabilities</b>	<b>89,526</b>
<b>Equity Capital</b>	
Perpetual Preferred Stock and Related Surplus	—
Common Stock	100
Surplus (Excludes All Surplus Related to Preferred Stock)	7,510
Retained Earnings	10,427
Accumulated Other Comprehensive Income	818
Other Equity Capital Components	—
Noncontrolling (Minority) Interests in Consolidated Subsidiaries	8
<b>Total Equity Capital</b>	<b>18,862</b>
<b>Total Liabilities and Equity Capital</b>	<b>108,388</b>

Source: Capital One Bank (USA), N.A. December 2020 Call Report

### C.1. Capital Ratios Under Basel III

The following table presents COFC's capital ratios under the capital adequacy standards of the Federal Reserve and the capital ratios of CONA and COBNA under the capital adequacy standards of the Office of the Comptroller of the Currency (the "OCC"), as of December 31, 2020.

### Exhibit I.C.4: Capital Ratios Under Basel III

	Capital Ratio	Minimum Capital Adequacy	Well-Capitalized
<b>Capital One Financial Corporation</b>			
Common equity Tier 1	13.7%	4.5%	N/A
Tier 1 capital	15.3%	6.0%	6.0%
Total capital	17.7%	8.0%	10.0%
Tier 1 leverage	11.2%	4.0%	N/A
Supplementary leverage ratio	10.7%	3.0%	N/A
<b>Capital One Bank (USA), N.A.</b>			
Common equity Tier 1	21.5%	4.5%	6.5%
Tier 1 capital	21.5%	6.0%	8.0%
Total capital	23.4%	8.0%	10.0%
Tier 1 leverage	18.3%	4.0%	5.0%
Supplementary leverage ratio	14.7%	3.0%	N/A
<b>Capital One, N.A.</b>			
Common equity Tier 1	12.4%	4.5%	6.5%
Tier 1 capital	12.4%	6.0%	8.0%
Total capital	13.7%	8.0%	10.0%
Tier 1 leverage	7.6%	4.0%	5.0%
Supplementary leverage ratio	6.9%	3.0%	N/A

Source: Capital One Financial Corporation EOY 2020 10-K

Additional information related to Capital One's assets, liabilities, and capital is contained in COFC's periodic reports filed with the SEC and in each respective bank's Call Report.

## C.2. Major Funding Sources

The Company has established liquidity practices that are intended to ensure that it has sufficient asset-based liquidity to cover its funding requirements and maintain adequate reserves to withstand the potential impact of deposit attrition or diminished liquidity in the funding markets. In addition to Capital One's cash and cash equivalents, The Company maintains reserves in the form of investment securities and certain loans that are either readily-marketable or pledgeable.

Capital One's primary source of funding comes from deposits, as they are a stable and relatively low cost source of funding. In addition to deposits, the Company raises funding through the issuance of senior and subordinated notes and securitized debt obligations, federal funds purchased, securities loaned or sold under agreements to repurchase and Federal Home Loan Bank ("FHLB") advances secured by certain portions of its loan and securities portfolios. A key objective in Capital One's use of these markets is to maintain access to a diversified mix of wholesale funding sources.

COFC's primary funding sources are the dividends from its bank subsidiaries and the issuance of unsecured funding in the form of senior and subordinated notes, in addition to preferred and common stock. CONA and COBNA, as subsidiaries of COFC, gather deposits, which provide stable and relatively low-cost funding. In addition to deposits, the Company accesses secured funding through a variety of financial instruments and sourcing channels, including brokered deposits, unsecured debt in the form of senior or subordinated notes, and securities loaned or sold under agreements to repurchase as well as through advances from the FHLB of Atlanta. Additionally, CONA and COBNA access funding through the issuance of asset-backed securities.

Additional information related to Capital One's major funding sources is contained in each respective bank's call report.

## **D. Derivative Activities and Hedging Activities**

The Company manages its market risk exposure in accordance with risk management policies and limits, which are approved by the Board of Directors of COFC. Capital One'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 rates. Capital One 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. Capital One also employs derivatives to hedge foreign-currency-denominated exposures to limit earnings and capital ratio exposure to foreign exchange risk. Capital One executes derivative contracts in both over-the-counter ("OTC") and exchange-traded derivative markets, the majority of which are interest rate swaps, Foreign Exchange ("FX") swaps, and FX forwards. In addition, Capital One may use a variety of other derivative instruments, including caps, floors, options, futures, and forward contracts, to manage interest rate, and foreign exchange risks.

## **E. Financial Market Utilities**

Capital One maintains membership and/or participates in the following payment, clearing, and settlement systems, also known as financial market utilities ("FMUs"):

### **E.1. Payment Processing and Cash Settlement Systems**

Capital One leverages the following payment processing systems:

- Real Time Payments ("RTP"): 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, final settlement to the payee, which is the key element of real-time payments. RTP only processes domestic payments.
- FedACH Services ("FedACH"): An electronic payment system providing Automated Clearing House ("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. It also processes outbound cross-border ACH payments through the FedGlobal service.
- Fedwire Funds Service ("Fedwire Funds"): A wire transfer services provider that is owned and operated by the Federal 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.
- Clearing House Automated Payments System ("CHAPS"): The United Kingdom's interbank payment system for large value sterling payments. CHAPS is operated by CHAPS Clearing Company Limited ("CHAPS Co"). For its normal operation, CHAPS depends on the real-time gross settlement IT infrastructure of the Bank of England (the "BoE"). CHAPS Co is also subject to BoE oversight.

## E.2. Clearing Houses

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”): 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 organizations’ 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).
- Government Securities Division (“GSD”): 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 the Fixed Income Clearing Corporation (“FICC”), a U.S. securities clearing agency, which itself is a subsidiary of the Depository Trust and Clearing Corporation (“DTCC”). The DTCC is owned by its users, including major banks, broker-dealers, and other financial institutions.
- LCH.Clearnet Limited (“LCH Ltd”): 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 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”): A central counterparty that provides real-time trade matching, netting, and clearing services for the mortgage-backed securities market. MBSD is a subdivision of the FICC.
- Small Value Payments Company (“SVPCo”): A subsidiary of The Clearing House and provides check clearing (Image Cash Letters or “ICLs”) with a number of financial institutions.

## E.3. International Messaging Utility

The Society for Worldwide Interbank Financial Telecommunication (“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

Capital One has limited international operations, principally its card businesses in the United Kingdom and Canada. The International Card business, as a whole, has approximately \$8.5 billion in loans, representing 7.8% of total outstanding loans for the Company as of December 31, 2020. Capital One also

has a card servicing center located in Alabang, Philippines. Additional information related to Capital One's international operations is contained in COFC's periodic reports filed with the SEC.

## **G. Material Supervisory Authorities**

COFC, as a bank holding company, is subject to supervision and examination by the Federal Reserve. CONA and COBNA are national banks that have their deposits insured by the FDIC Deposit Insurance Fund (subject to applicable limits), and are regulated, supervised, and examined by the OCC. Additionally, the FDIC has supervisory and enforcement authority over CONA and COBNA as insured depository institutions. The Consumer Financial Protection Bureau has regulatory, supervision, examination, and enforcement authority over CONA and COBNA with respect to applicable federal consumer financial protection laws. The Commodity Futures Trading Commission ("CFTC") and the National Futures Association have supervisory and enforcement authority over CONA, a CFTC registered swap dealer, with respect to its swaps and other derivatives activities.

Certain COFC, CONA, and COBNA 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 COFC:

- Richard D. Fairbank - Chair; Chief Executive Officer
- Andrew M. Young - Chief Financial Officer
- Celia Edwards Karam - Card Chief Operating Officer
- Frank G. LaPrade, III - Chief Enterprise Services Officer
- Heidi M. Andrion - Chief Credit Review Officer
- John G. Finneran, Jr. - Senior Advisor; Corporate Secretary
- John T. Morton - Chief Compliance Officer; Ethics Officer
- Jory A. Berson - Chief Human Resources Officer
- Kara West - Chief Audit Officer
- Kevin S. Borgmann - Senior Advisor
- Lia Dean - President, Retail and Premium Card Products
- Matthew W. Cooper - General Counsel
- Michael C. Slocum - President, Commercial Banking
- Michael J. Wassmer - President, Card
- Robert M. Alexander - Chief Information Officer
- Sanjiv Yajnik - President, Financial Services
- Sheldon F. Hall - Chief Risk Officer
- Thomas A. Feil - Treasurer
- Timothy Golden - Controller; Principal Accounting Officer
- William G. Baker Jr. - Chief Security 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 COFC Resolution Plan has been incorporated into Capital One's corporate governance structure and processes.

## **I.1. Preparation and Approval of COFC's Resolution Plan**

The Board of Directors of COFC adopted a resolution plan policy, which establishes the requirements and governance processes necessary to ensure adherence by COFC to applicable resolution planning requirements.

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

- Board of Directors: The COFC Board of Directors is responsible for the approval of the COFC Resolution Plan.
- Risk Committee: The Risk Committee of the Board of Directors oversees preparation of the COFC Resolution Plan, including recommending approval of the plan to the Board of Directors.
- Asset Liability Committee ("ALCO"): ALCO is the most senior management committee responsible for oversight of the resolution plan processes and the development of complete and credible plans. ALCO reviews periodic reports on the progress of resolution planning.
- Resolution and Recovery Planning Committee ("RRPC"): The RRPC is a subcommittee of ALCO that enhances the oversight of the resolution plan processes and development of complete and credible plan. The RRPC advises and assists the RRPC Chair and Accountable Executive regarding decisions and strategies required to develop the COFC Resolution Plan. Specifically, with regards to resolution planning, 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, the Risk Committee, and the Board of Directors 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, with regard to resolution planning, the Treasurer is responsible for: (1) overseeing the development, maintenance, implementation, and filing of the COFC Resolution Plan in accordance with applicable regulations; (2) overseeing RRPO and related resolution planning processes; and (3) ensuring there are sufficient resources to perform resolution planning.
- Resolution and Recovery Planning Office: RRPO has the following roles and responsibilities: (1) managing and overseeing the COFC Resolution Plan development process at the direction of the Treasurer; (2) educating business lines and staff functions on resolution planning requirements; (3) coordinating with business lines and staff functions to develop the COFC Resolution Plan; (4) coordinating with Regulatory Relations on communications with regulators on resolution planning; (5) developing and maintaining formal review and approval protocols and documentation for the COFC Resolution Plan; (6) monitoring for and identifying changes across the Company that could result in a material effect to the resolution plan, ensuring that such changes are evaluated in order to determine if they trigger a notice to the agencies, and preparing and submitting any notices required; (7) monitoring the status of infrastructure and ex ante action plans as applicable to support resolution planning; (8) preparing periodic reports on the progress of resolution planning for the RRPC and ALCO, the Risk Committee of the Board, and the Board of Directors of COFC; and (9) establishing and maintaining a data repository for the COFC 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: (1) developing, reviewing, and approving the sections of the plan for which they are responsible, as identified by the RRPO and based on the defined scope of the Plan each year; and (2) otherwise supporting resolution

planning processes as requested by the RRPO. The Technology organization develops and manages the overall information technology infrastructure and data delivery to support resolution planning. The Capital Markets and Analytics ("CMA") organization also provides capital and liquidity information to the RRPO.

- Audit: Audit performs a limited scope review of the plan prior to its submission to the Board of Directors. The purpose of the review is to help management identify any significant gaps versus regulatory expectations or inconsistencies in the data presented. Audit leverages the limited scope review as interim procedures for a full scope audit of the COFC Resolution Plan.
- First and Second Line Review: In alignment with Capital One's lines of defense model as defined in the Enterprise Risk Management Policy (5100), a limited-scope review of the plan is also performed by Finance Risk Management and appropriate second lines (including Capital Risk Oversight and Market and Liquidity Risk Oversight).

The Risk Committee of the Board of Directors of COFC reviewed the COFC Resolution Plan at a meeting of the Risk Committee held on November 2, 2021, and recommended approval of the plan to the Board of Directors. The Board of Directors of COFC reviewed and approved the submission of the COFC Resolution Plan at a meeting on November 4, 2021, and will approve subsequent plans before they are submitted.

## **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 the Company'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, and financial and regulatory reporting.

Capital One 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 Capital One's Business Continuity Program requirements, and ensures that detailed and comprehensive continuity plans are in place for all CBLs and key MIS.

## **K. Resolution Strategy**

As required by the Joint Resolution Plan Rule, the Capital One Resolution Plan contains strategies for the resolution of COFC and Capital One's material entities, which enables the resolution of the Banks in an orderly and timely manner in the event of receivership. The resolution strategies described in the resolution plan achieves this goal and allows the orderly resolution of COFC.

The resolution plan has been developed assuming a hypothetical failure scenario. This scenario assumes that a sudden, idiosyncratic event occurs at the same time as Capital One is experiencing the stressed conditions prescribed by the Federal Reserve in the most recent Severely Adverse scenario of the Comprehensive Capital Analysis and Review ("CCAR") exercise. Under this scenario, Capital One assumes that markets may be impaired or otherwise restricted, and that certain other financial institutions may have limited access to capital markets. No extraordinary governmental support is required during resolution.

The strategy to resolve Capital One's operations, in the event of a resolution, is organized around the resolution of COFC and each of Capital One's material entities. COFC would be resolved under the U.S. Bankruptcy Code through a Chapter 11 proceeding, with management remaining in place as "debtors in possession." As a holding company whose principal assets are the equity in its subsidiaries, COFC would be wound down and liquidated in conjunction with the resolution of its subsidiaries.

The primary resolution strategy for Capital One's banking operations would involve the sale of both CONA

and COBNA to a single buyer, either through immediate purchase and assumption transactions, or through the transfer of the assets and substantially all liabilities of CONA and COBNA to separate bridge banks organized by the FDIC pursuant to its bank resolution powers under 12 U.S.C. § 1821(n), followed by purchase and assumption sales of both bridge banks. If this strategy were not viable under the actual resolution circumstances, there are alternate strategies such as the sale of the Banks' businesses to multiple acquirers.

COSL, a subsidiary of CONA, is unlikely to fail even in the case of a hypothetical failure of COFC, CONA, and COBNA because it is a dedicated service company funded by fees received from the serviced affiliates. The purchaser or bridge banks of CONA and COBNA would likely acquire COSL as a going-concern subsidiary. In the event of a failure of COSL, this entity would be resolved in proceedings under Chapter 11, and continue to operate as a debtor in possession. In this regard, COSL would retain its management and continue to provide services to CONA and COBNA, their bridge banks, or their acquirer throughout the resolution process under existing service-level agreements or under cost-plus transition services agreements. The acquirer of CONA and COBNA or their bridge banks would likely purchase all substantial assets of COSL; any remaining assets would be liquidated by COSL where applicable.