



Net Stable Funding Ratio

For the quarterly periods ended
September 30, 2024 and December 31, 2024

TABLE OF CONTENTS

	Page
Introduction	1
Liquidity Risk Management	2
Net Stable Funding Ratio	3
Source of Funds	4
Regulatory Capital	4
Retail and Wholesale Lending	4
Derivative Usage	5
NSFR Quantitative Disclosures	6

INTRODUCTION

Overview

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.

On February 19, 2024, Capital One Financial Corporation entered into an agreement and plan of merger (the “Merger Agreement”) to acquire Discover Financial Services, a Delaware corporation (“Discover”) in an all-stock transaction. The Merger Agreement was unanimously approved by the Boards of Directors of each of Capital One and Discover. On February 18, 2025, Capital One and Discover each held a special meeting of their respective stockholders. During the respective meetings, Capital One stockholders approved by the requisite vote the issuance of Capital One common stock as merger consideration to the holders of Discover common stock, and Discover stockholders adopted by the requisite vote the Merger Agreement. The closing of the transaction remains subject to the satisfaction of other customary closing conditions, including receipt of required regulatory approvals. For additional information related to the the Merger Agreement, see “Part II—Item 8. Financial Statements and Supplementary Data —Note 2—Business Combinations” in our Annual Report on Form 10-K for the year ended December 31, 2024 (the 2024 Form 10-K).

As of December 31, 2024, Capital One Financial Corporation’s principal operating subsidiary was Capital One, National Association (the “Bank”). The Company is hereafter collectively referred to as “we,” “us” or “our.”

Regulatory Framework

The Company and the Bank are subject to the Net Stable Funding Ratio Rule (“NSFR Rule”) published by the Basel Committee on Banking Supervision and as implemented by the Board of Governors of the Federal Reserve System, the Office of the Comptroller of the Currency (“OCC”) and the Federal Deposit Insurance Corporation (“FDIC”) (collectively, the “Federal Banking Agencies”) in the United States. The NSFR Rule requires covered institutions to maintain an amount of available stable funding (“ASF”), which is a weighted measure of a company’s funding sources over a one-year time horizon, calculated by applying standardized weightings to regulatory capital and liabilities based on their expected stability, that is no less than a specified percentage of its required stable funding (“RSF”), which is calculated by applying standardized weightings to assets, derivatives exposures and certain other items based on their liquidity characteristics:

$$\frac{\text{Available Stable Funding}}{\text{Required Stable Funding}} \geq 100\%$$

The NSFR Rule requires semi-annual public disclosure every second and fourth calendar quarter of quantitative information about a covered institution’s Net Stable Funding Ratio (“NSFR”) calculation and a qualitative discussion of its NSFR for the two preceding calendar quarters. The Company and the Bank are both required to maintain an NSFR of 100% on an ongoing basis. Additionally, the Company is required to disclose the quarterly average of its NSFR on a semi-annual basis. For each of the three months ended September 30, 2024 and December 31, 2024, the Company and the Bank exceeded the NSFR requirement.

As a bank holding company 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 NSFR Rule. As such, the Company and the Bank are required to maintain ASF in an amount at least equal to 85% of its RSF. Although the Bank may maintain more ASF than it needs to meet its NSFR requirements, the NSFR Rule restricts the amount of such excess ASF held at the Bank (referred to as “excess ASF”) that can be included in the Company’s Total ASF amount. We typically manage the Bank’s NSFR to levels well above 100% resulting in additional excess ASF as the Bank’s RSF is reduced by the adjustment percentage of 85%.

For additional information about the liquidity guidelines we are subject to, see “Part I—Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”)—Liquidity Risk Profile” in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2024 (the “Q3 2024 Form 10-Q”) and “Part I—Item 1. Business—Supervision and Regulation” and “Part II—Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”)—Liquidity Risk Profile” in our 2024 Form 10-K.

Basis of Preparation

This report contains our NSFR disclosures for the two preceding calendar quarterly periods ended September 30, 2024 and December 31, 2024, and has been prepared in accordance with the regulatory guidance prescribed by the NSFR Rule. It should be read in conjunction with our Q3 2024 Form 10-Q, 2024 Form 10-K and Liquidity Coverage Ratio (“LCR”) disclosures for the quarters ended September 30, 2024 and December 31, 2024.

Forward-Looking Statements

Certain statements in this disclosure are forward-looking statements, which involve a number of risks and uncertainties. Forward-looking statements often use words such as “will,” “anticipate,” “target,” “expect,” “think,” “estimate,” “intend,” “plan,” “goal,” “believe,” “forecast,” “outlook” or other words of similar meaning. We caution 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 we file with the Securities and Exchange Commission (“SEC”), including, but not limited to the Q3 2024 Form 10-Q and 2024 Form 10-K. Any forward-looking statements made by us or on our behalf speak only as of the date they are made or as of the date indicated, and we do not undertake any obligation to update forward-looking statements as a result of new information, future events or otherwise.

Liquidity Risk Management

Our risk appetite defines the Board of Directors’ tolerance for certain risk outcomes at an enterprise level and enables senior management to manage and report within these boundaries. The Board of Directors approves a Risk Appetite Statement for the enterprise to set forth the high-level principles that govern risk taking at the Company.

Liquidity risk is the risk that we will not be able to meet our future financial obligations as they come due or invest in future asset growth because of an inability to obtain funds at a reasonable price within a reasonable time.

We manage liquidity risk by applying our Liquidity Adequacy Framework (the “Liquidity Framework”). The Liquidity Framework uses internal and regulatory stress testing and the evaluation of other balance sheet metrics to confirm that we maintain a fortified balance sheet that is resilient to uncertainties that may arise as a consequence of systemic, idiosyncratic, or combined liquidity events.

We recognize that liquidity risk is embedded within our day-to-day and strategic decisions. Liquidity is essential for banks to meet customer withdrawals, account for balance sheet changes, and provide funding for growth. We have acquired and built deposit gathering businesses and actively monitor our funding concentration. We manage our liquidity risk, which is driven by both internal and external factors, centrally and establish quantitative risk limits to continually assess our liquidity adequacy.

The Chief Credit and Financial Risk Officer, in conjunction with the Head of Liquidity, Market and Capital Risk Oversight, is responsible for the establishment of liquidity risk management policies and standards for governance and monitoring of liquidity risk at a corporate level. We assess liquidity strength by evaluating several different balance sheet metrics under severe stress scenarios to ensure we can withstand significant funding degradation. Results are reported to the Asset Liability Committee monthly and to the Risk Committee no less than quarterly. We also continuously monitor market and economic conditions to evaluate emerging stress conditions and to develop appropriate action plans in accordance with our Contingency Funding Plan (“CFP”) and our Recovery Plan.

We manage our funding and liquidity risk in an integrated manner in support of the current and future cash flow needs of our business. We maintain a stockpile of liquidity reserves including cash and cash equivalents, investment securities, and Federal

Home Loan Bank (“FHLB”) borrowing capacity secured by loans. Our primary source of funding comes from insured retail deposits, as they are a relatively stable and lower cost source of funding. In addition to deposits, we raise 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 FHLB advances secured by certain portions of our loan and securities portfolios.

For additional information on our risk framework and structure and organization of the Liquidity Risk Management function, see “Part I—Item 2. MD&A—Risk Management” in our Q3 2024 Form 10-Q and “Part II—Item 7. MD&A—Risk Management” in our 2024 Form 10-K.

Net Stable Funding Ratio

The NSFR Rule measures the amount of ASF relative to the amount of RSF. The ASF is defined as the portion of capital and liabilities expected to be reliable over the time horizon of one year. RSF is a function of the liquidity characteristics and residual maturities of various assets and off-balance sheet exposures. The NSFR Rule requires the Company to hold enough stable funding that equals or exceeds 100% of the Company’s long-term assets over a one-year time horizon on an ongoing basis.

Table 1 provides a summary of our average weighted daily NSFR for the quarterly periods ended September 30, 2024 and December 31, 2024.

Table 1: Net Stable Funding Ratio

<i>(Dollars in millions)</i>	Three Months Ended	
	September 30, 2024	December 31, 2024
	Average Weighted⁽¹⁾	Average Weighted⁽¹⁾
Total ASF ⁽²⁾	\$ 360,038	\$ 364,407
Total adjusted RSF amount ⁽³⁾	266,094	269,558
NSFR	135 %	135 %

⁽¹⁾ Represents the average weighted amount after applying regulatory prescribed ASF and RSF factors.

⁽²⁾ Excludes excess ASF maintained at the Bank.

⁽³⁾ Total RSF reduced to 85%.

The Company’s average NSFR was driven by:

- ASF, which primarily consists of retail and wholesale funding and regulatory capital elements; and
- RSF, which primarily consists of retail and wholesale lending transactions.

The Company’s average NSFR remained flat at 135% from the third quarter of 2024 to the fourth quarter of 2024. Our NSFR may fluctuate period over period as a result of ongoing business activity. We provide additional information on our components of ASF and RSF as discussed in more detail within this report below.

Source of Funds

The Company's primary source of funding comes from insured retail deposits, as they are a relatively stable and lower cost source of funding. The Company also sources deposits from non-retail customers and counterparties, which primarily consist of commercial deposits. Under the NSFR Rule, these non-retail deposits are generally classified as either operational or non-operational. Finally, the Company sources deposits through the mediation or assistance of deposit brokers. These deposits are segmented and assigned outflows according to the type of account, whether deposit insurance is in place and the maturity date of the deposit agreement.

A significant portion of our retail deposits are fully FDIC-insured and are considered to be stable under the NSFR Rule. Under the NSFR Rule, the Company is required to categorize the full amount of any deposit that is above the FDIC limit as uninsured, even though the portion of that deposit that is within the FDIC limit would be insured. Under the NSFR treatment, uninsured deposits will be higher than the level presented in our SEC filings. Our Q3 2024 Form 10-Q and 2024 Form 10-K provide estimates of the uninsured deposit amounts, which exclude the portions of deposits that are within the FDIC limit and are based on methodologies and assumptions used for our "Consolidated Reports of Condition and Income" (FFIEC 031) filed with the Federal Banking Agencies, adjusted to exclude intercompany balances and cash collateral received on certain derivative contracts which are not presented within deposits on our consolidated balance sheet. Our uninsured deposit amounts disclosed in our Q3 2024 Form 10-Q and 2024 Form 10-K were \$62.1 billion and \$64.9 billion, respectively, which are lower than the uninsured deposit amounts for NSFR purposes as of September 30, 2024 and December 31, 2024 due to the treatment described above.

In addition to deposits, the Company also 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 FHLB advances secured by certain portions of our loan and securities portfolios. A key objective in our use of these markets is to maintain access to a diversified mix of wholesale funding sources.

For additional information on our source of funds and uninsured deposit base, see "Part I—Item 2. MD&A—Consolidated Balance Sheets Analysis—Funding Sources" and "Part I—Item 2. MD&A—Liquidity Risk Profile—Funding" in our Q3 2024 Form 10-Q as well as "Part II—Item 7. MD&A—Consolidated Balance Sheets Analysis—Funding Sources" and "Part II—Item 7. MD&A—Liquidity Risk Profile—Funding" in our 2024 Form 10-K.

Regulatory Capital

The NSFR regulatory capital element is defined as our common equity Tier 1 ("CET1") capital, additional Tier 1 capital, and Tier 2 capital, prior to the application of capital adjustments or deductions.

Our NSFR regulatory capital element consists of common stock plus related surplus, net of treasury stock and unearned Employee Stock Ownership Plan ("ESOP"), retained earnings, accumulated other comprehensive income ("AOCI"), non-cumulative perpetual preferred stock, includable subordinated debt, minority interest and the includable allowance for credit losses.

The level and composition of our capital are determined by multiple factors, including our consolidated regulatory capital requirements and internal risk-based capital assessments such as internal stress testing and economic capital. The level and composition of our capital may also be influenced by rating agency guidelines, subsidiary capital requirements, business environment, conditions in the financial markets and assessments of potential future losses due to adverse changes in our business and market environments.

For additional information on capital management, see "Part I—Item 2. MD&A—Capital Management" in our Q3 2024 Form 10-Q and "Part II—Item 7. MD&A—Capital Management" in our 2024 Form 10-K.

Retail and Wholesale Lending

Our loan portfolio is divided into three portfolio segments: Credit Card, Consumer Banking and Commercial Banking. Credit Card loans consist of domestic and international credit card loans. Consumer Banking loans consist of auto and retail banking

loans. Commercial Banking loans consist of commercial and multifamily real estate loans as well as commercial and industrial loans.

Under the NSFR Rule, RSF factors are assigned to these loan portfolios based on a combination of tenor, encumbrance, counterparty type, credit quality and market characteristics. Our credit card and auto securitization programs encumber our securitized retail card and auto loans, while our access to FHLB advances encumber both eligible commercial loans and securities, only when advances are drawn. Nonperforming loans, which are defined as any loan past due by more than 90 days or nonaccrual status, receive an RSF factor of 100%.

For further information regarding our loan portfolio, see “Part I—Item 1. Financial Statements—Note 3—Loans” in our Q3 2024 Form 10-Q and “Part II—Item 8. Financial Statements and Supplementary Data—Note 4—Loans” in our 2024 Form 10-K.

Derivative Usage

We use derivatives to manage market risk exposures in accordance with market risk management policies and limits that are approved by our Board of Directors. The majority of the derivatives that we use to manage the Company’s market risk exposures are interest rate, commodity and foreign currency swaps. In addition, we may use other derivative instruments, including caps, floors, options, futures and forward contracts, to manage our market risks.

We offer interest rate, commodity, foreign currency derivatives and other contracts as an accommodation to our customers within our Commercial Banking business. We enter into these derivatives with our customers primarily to help them manage their interest rate risks, hedge their energy and other commodities exposures, and manage foreign currency fluctuations. We offset the majority of the market risk exposure of our customer accommodation derivatives through derivative transactions with other counterparties.

For purposes of the NSFR Rule, we calculate the overall NSFR derivative asset amount or NSFR derivative liability amount by calculating the difference between the total derivative asset and liability amounts. If the total derivative asset amount exceeds the total derivative liability amount, we would have an NSFR derivatives asset amount with an RSF factor of 100%. If the total derivative liability amount exceeds the total derivative asset amount, we would have an NSFR derivatives liability amount with an ASF factor of 0%.

For additional information on derivative transactions, see “Part I—Item 1. Financial Statements—Note 8—Derivative Instruments and Hedging Activities in our Q3 2024 Form 10-Q and “Part II—Item 8. Financial Statements and Supplementary Data—Note 10—Derivative Instruments and Hedging Activities” in our 2024 Form 10-K.

NSFR Quantitative Disclosures

The following table provides the average values for our NSFR and related components calculated pursuant to the NSFR Rule for the quarterly period beginning July 1, 2024 and ending September 30, 2024.

Table 2: NSFR Quantitative Disclosure for the Quarter Ended September 30, 2024

Quarter Ended 09/30/2024 In Millions of U.S. Dollars	Average Unweighted Amount					Average Weighted Amount
	Open Maturity	< 6 months	6 months to < 1 year	≥ 1 year	Perpetual	
ASF ITEM						
Capital and Securities:	\$ —	\$ 5,749	\$ 6,159	\$ 35,921	\$ 64,666	\$ 103,666
NSFR regulatory capital elements	—	—	—	1,706	64,666	66,372
Other capital elements and securities	—	5,749	6,159	34,215	—	37,294
Retail funding:	233,563	30,758	33,320	14,551	—	288,096
Stable deposits	167,838	19,689	20,910	4,901	—	202,672
Less stable deposits	64,502	8,969	9,497	2,120	—	76,579
Sweep deposits, brokered reciprocal deposits, and brokered deposits	981	2,100	2,913	7,530	—	8,724
Other retail funding	242	—	—	—	—	121
Wholesale funding:	37,572	1,288	52	39	—	16,929
Operational deposits	14,029	—	—	—	—	7,015
Other wholesale funding	23,543	1,288	52	39	—	9,914
Other liabilities:						
NSFR derivatives liability amount					726	
Total derivatives liability amount					1,494	
All other liabilities not included in above ASF categories of this table	—	18,922	—	—	—	—
TOTAL ASF¹						360,038
RSF ITEM						
Total high-quality liquid assets (HQLA)	40,694	1,087	3,177	74,570	926	7,278
Level 1 liquid assets	40,694	804	2,874	29,278	926	281
Level 2A liquid assets	—	283	303	45,292	—	6,997
Level 2B liquid assets	—	—	—	—	—	—
Zero percent RSF assets that are not level 1 liquid assets or loans to financial sector entities or their consolidated subsidiaries	—	1,883	—	—	762	—
Operational deposits placed at financial sector entities or their consolidated subsidiaries	2,770	—	—	—	—	1,605

Quarter Ended 09/30/2024 In Millions of U.S. Dollars (continued)	Average Unweighted Amount					Average Weighted Amount
	Open Maturity	< 6 months	6 months to < 1 year	≥ 1 year	Perpetual	
Loan and securities:	\$ —	\$ 38,029	\$ 33,943	\$ 245,142	\$ —	\$ 248,148
Loans to financial sector entities secured by Level 1 liquid assets	—	—	—	—	—	—
Loans to financial sector entities secured by assets other than level 1 liquid assets and unsecured loans to financial sector entities	—	5,902	6,845	16,323	—	20,631
Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties	—	32,095	26,972	225,914	—	225,009
Of which: With a risk weight no greater than 20 percent under Regulation Q (12 CFR part 217)	—	3,412	2,213	13,755	—	14,017
Retail mortgages	—	11	20	201	—	146
Of which: With a risk weight of no greater than 50 percent under Regulation Q (12 CFR part 217)	—	11	20	201	—	146
Securities that do not qualify as HQLA	—	21	106	2,704	—	2,362
Other Assets:						
Commodities					—	—
Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements					1,535	1,533
NSFR derivatives asset amount					1	1
Total derivatives asset amount					769	
RSF for potential derivatives portfolio valuation changes					3,946	197
All other assets not included in the above RSF categories of this table, including nonperforming assets	11	2,630	1,160	37,319	11,106	52,161
Undrawn commitments:					42,564	2,128
TOTAL RSF prior to application of required stable funding adjustment percentage						313,051
Required stable funding adjustment percentage						85 %
TOTAL adjusted RSF						\$ 266,094
NET STABLE FUNDING RATIO						135 %

(1) Excludes excess ASF maintained at the Bank.

The following table provides the average values for our NSFR and related components calculated pursuant to the NSFR Rule for the quarterly period beginning October 1, 2024 and ending December 31, 2024.

Table 3: NSFR Quantitative Disclosure for the Quarter Ended December 31, 2024

Quarter Ended 12/31/2024 In Millions of U.S. Dollars	Average Unweighted Amount					Average Weighted Amount
	Open Maturity	< 6 months	6 months to < 1 year	≥ 1 year	Perpetual	
ASF ITEM						
Capital and Securities:	\$ —	\$ 6,581	\$ 4,507	\$ 34,759	\$ 67,180	\$ 104,192
NSFR regulatory capital elements	—	—	—	1,401	67,180	68,580
Other capital elements and securities	—	6,581	4,507	33,358	—	35,612
Retail funding:	239,217	43,993	20,026	14,747	—	294,472
Stable deposits	172,018	29,054	12,358	5,480	—	207,964
Less stable deposits	65,953	13,683	5,093	2,344	—	78,367
Sweep deposits, brokered reciprocal deposits, and brokered deposits	1,001	1,256	2,575	6,923	—	8,019
Other retail funding	245	—	—	—	—	122
Wholesale funding:	38,941	1,445	75	33	—	17,423
Operational deposits	14,641	—	—	—	—	7,321
Other wholesale funding	24,300	1,445	75	33	—	10,102
Other liabilities:						
NSFR derivatives liability amount					840	
Total derivatives liability amount					1,466	
All other liabilities not included in above ASF categories of this table	—	19,556	—	—	—	—
TOTAL ASF¹						364,407
RSF ITEM						
Total high-quality liquid assets (HQLA)	41,309	2,224	1,563	76,013	1,027	7,535
Level 1 liquid assets	41,309	1,979	1,271	29,045	1,027	286
Level 2A liquid assets	—	245	292	46,968	—	7,249
Level 2B liquid assets	—	—	—	—	—	—
Zero percent RSF assets that are not level 1 liquid assets or loans to financial sector entities or their consolidated subsidiaries	—	2,033	—	—	732	—
Operational deposits placed at financial sector entities or their consolidated subsidiaries	2,903	—	—	—	—	1,597

Quarter Ended 12/31/2024 In Millions of U.S. Dollars (continued)	Average Unweighted Amount					Average Weighted Amount
	Open Maturity	< 6 months	6 months to < 1 year	≥ 1 year	Perpetual	
Loan and securities:	\$ —	\$ 38,542	\$ 33,672	\$ 247,772	\$ —	\$ 250,814
Loans to financial sector entities secured by Level 1 liquid assets	—	16	—	—	—	2
Loans to financial sector entities secured by assets other than level 1 liquid assets and unsecured loans to financial sector entities	—	5,993	6,795	18,180	—	22,478
Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties	—	32,521	26,679	226,631	—	225,723
Of which: With a risk weight no greater than 20 percent under Regulation Q (12 CFR part 217)	—	2,541	2,388	14,977	—	15,614
Retail mortgages	—	11	18	207	—	180
Of which: With a risk weight of no greater than 50 percent under Regulation Q (12 CFR part 217)	—	2	5	53	—	38
Securities that do not qualify as HQLA	—	1	180	2,754	—	2,431
Other Assets:						
Commodities					—	—
Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements					1,519	1,519
NSFR derivatives asset amount					—	—
Total derivatives asset amount					625	
RSF for potential derivatives portfolio valuation changes					4,173	209
All other assets not included in the above RSF categories of this table, including nonperforming assets	7	2,688	1,214	38,298	11,211	53,356
Undrawn commitments:					41,957	2,098
TOTAL RSF prior to application of required stable funding adjustment percentage						317,127
Required stable funding adjustment percentage						85 %
TOTAL adjusted RSF						\$ 269,558
NET STABLE FUNDING RATIO						135 %

⁽¹⁾ Excludes excess ASF maintained at the Bank.