



**Resolution Plans for Capital One Financial Corporation,  
Capital One Bank (USA), N.A., and Capital One, N.A.**

**Section 1: Public Section**

**December 2015**

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**I. SUMMARY OF RESOLUTION PLANS**

**Introduction**

The final resolution plan rule (the “Joint 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”), pursuant to Title I, Section 165(d), of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), requires Capital One Financial Corporation (“COFC”, and together with its subsidiaries “Capital One” or the “Company”), as well as all large banking organizations, to prepare a resolution plan for COFC (the “COFC Resolution Plan”). Section 165(d) requires that all bank holding companies with total consolidated assets of \$50 billion or more and certain non-bank financial companies (“covered companies”) develop a contingency plan for orderly liquidation. The purpose of this provision is to provide regulators with a better understanding of a covered company’s structure and relative level of complexity as well as its resolution strategies and processes. The plan also assists regulators in their supervisory efforts to ensure that each covered company operates in a safe and sound manner and does not pose undue risks to the financial system, generally.

The FDIC’s Resolution Plan Rule for Covered Insured Depository Institutions (the “Bank Rule”) requires Capital One to prepare resolution plans (the “Bank Plans”) for each of Capital One Bank (USA), N.A. (“COBNA”) and Capital One, N.A. (“CONA”) as well. The Bank Rule requires that each insured depository institution with \$50 billion or more in total assets prepare a plan demonstrating how the institution could be resolved in an orderly and timely manner in the event of receivership.

As required under applicable regulations and supervisory guidance, the plans consider strategies for the resolution of COFC, COBNA, and CONA under the assumption that an idiosyncratic event of failure has occurred at these entities under baseline, adverse, and severely adverse economic conditions established by the Federal Reserve under 12 U.S.C. § 5365(i)(1)(B) for capital stress testing purposes. These plans have been submitted to the Federal Reserve and the FDIC, in the case of the COFC plan, and to the FDIC, in the case of the COBNA and CONA plans, and provide detailed roadmaps for the orderly resolution of COFC, COBNA, and CONA under such a hypothetical scenario. In the event that resolution of COFC, COBNA, and CONA were required, the fact that the vast majority of Capital One’s core business lines are operated through the Company’s national bank subsidiaries, COBNA and CONA, contributes to the resolvability of COFC, COBNA, and CONA under the U.S. Bankruptcy Code and the Federal Deposit Insurance Act.

More information on the strategy for the resolution of these entities is found below in Section K of this Public Section.

## A. Material Entities

Capital One has identified four “material entities” for purposes of resolution planning: COBNA, CONA, Capital One Services, LLC (“COSL”), and Capital One Services II, LLC (“COSL II”). A “material entity” of COFC under the Joint Resolution Plan Rule is a subsidiary or foreign office of COFC that is significant to the activities of a critical operation or core business line of COFC. 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 subsidiaries, offers a broad array of financial products and services to consumers, small businesses, and commercial clients through branches, the internet, and other distribution channels. COFC is the “covered company” for purposes of the Joint Resolution Plan Rule. A “material entity” under the Bank Rule is a company that is significant to the activities of a critical service of COBNA or CONA. Capital One does not have any critical operations for resolution planning purposes.

**Capital One Bank (USA), National Association.** COBNA is a national association headquartered in Glen Allen, Virginia. COBNA offers credit and debit card products, other lending products, and deposit products. COBNA is wholly owned by COFC. COBNA is a material entity for purposes of the COFC Resolution Plan and the Bank Plans.

**Capital One, National Association.** CONA is a national association headquartered in McLean, Virginia. CONA offers a broad spectrum of banking products and financial services to consumers, small businesses, and commercial clients. CONA is wholly owned by COFC. CONA is a material entity for purposes of the COFC Resolution Plan and the Bank Plans.

**Capital One Services, LLC.** COSL is a Delaware limited liability company wholly owned by CONA. COSL provides services to COFC, COBNA, CONA, and their subsidiaries, including account management, creative design, database management, legal, accounting, audit, treasury, human resources, and other operational and managerial services. COSL is a material entity for purposes of the COFC Resolution Plan and the Bank Plans.

**Capital One Services II, LLC.** COSL II is a Delaware limited liability company wholly owned by COSL, through which COSL provides certain services to COFC, COBNA, CONA, and their subsidiaries. COSL II is a material entity for purposes of the COFC Resolution Plan and the Bank Plans.

### Exhibit A.1: Material Entities (by Each Entity Required to File a Resolution Plan)

	COFC	COBNA	CONA
Material Entities	Capital One Bank (USA), N.A. Capital One, N.A. Capital One Services, LLC Capital One Services II LLC	Capital One Bank (USA), N.A. Capital One, N.A. Capital One Services, LLC Capital One Services II LLC	Capital One Bank (USA), N.A. Capital One, N.A. Capital One Services, LLC Capital One Services II LLC

## B. Description of Core Business Lines

Capital One has identified five core business lines for purposes of resolution planning. For purposes of the Joint Resolution Plan Rule, a “core business line” is a business, including its associated operations, services, functions, and support, that upon failure would result in a material loss of revenue, profit, or franchise value to COFC. For purposes of the Bank Rule, a “core business line” of COBNA or CONA is a business line of the bank, including associated operations, services, functions, and support, that, in the view of the bank, upon failure would result in a material loss of revenue, profit, or franchise value to the bank.

**Domestic Card.** Capital One provides domestic consumer and small business card lending and other lending products through the Domestic Card business.

**Retail Banking.** Capital One provides branch-based lending and deposit services for consumers and small businesses and national deposit services through the Retail Banking business. Capital One services banking customer accounts through branch locations primarily in New York, New Jersey, Texas, Louisiana, Maryland, Virginia, and the District of Columbia and through the internet.

**Auto Finance.** Capital One’s Auto Finance business offers a wide range of automobile finance products through both indirect (dealer originated) and direct channels.

**Home Loans.** Capital One offers new home buyers and existing home owners a variety of mortgage products to finance new home purchases or refinance existing loans through its Home Loans business. Home Loans provides servicing for its loans designated as held for investment as well as loans that have been sold and are owned by other entities.

**Commercial Banking.** Capital One provides commercial real estate and commercial and industrial customers with lending, deposit gathering, and treasury management services through the Commercial Banking business. Commercial Banking customers typically include companies with annual revenues between \$10 million and \$1 billion.

### Exhibit B.1: Core Business Lines (by Each Entity Required to File a Resolution Plan)

	COFC	COBNA	CONA
Core Business Lines	Domestic Card Retail Banking Auto Finance Home Loans Commercial Banking	Domestic Card Retail Banking	Domestic Card Retail Banking Auto Finance Home Loans Commercial Banking

Capital One organizes its principal operations for management reporting purposes in COFC’s periodic reports filed with the Securities and Exchange Commission (“SEC”) into three primary business segments, defined primarily based on the products and services provided or the type of customer served: Credit Card, Consumer Banking, and Commercial Banking. The core business lines that Capital One has identified for purposes of these resolution plans and the business segments that Capital One uses for purposes of COFC’s periodic reports filed with the SEC are prepared for these different purposes and, as such, information included in these plans for core business lines do not, and are not intended to, correlate to business segments used for management reporting purposes, and vice versa.

## C. Summary of Financial Information Regarding Assets, Liabilities, Capital, and Major Funding Sources

The following tables present (a) consolidated balance sheets for COFC, as of December 31, 2014 and December 31, 2013, from the Company’s Annual Report on Form 10-K for the period ended December 31, 2014, filed with the

SEC; and (b) consolidated balance sheets for COBNA and CONA, respectively, as of December 31, 2014 and December 31, 2013, from each bank's respective call reports.

**CAPITAL ONE FINANCIAL CORPORATION**  
**CONSOLIDATED BALANCE SHEET**

(Dollars in millions, except per share data)	December 31, 2014	December 31, 2013
<b>Assets:</b>		
Cash and cash equivalents:		
Cash and due from banks	\$ 3,147	\$ 2,821
Interest-bearing deposits with banks	4,095	3,131
Federal funds sold and securities purchased under agreements to resell	—	339
Total cash and cash equivalents	7,242	6,291
Restricted cash for securitization investors	234	874
Securities available for sale, at fair value	39,508	41,800
Securities held to maturity at carrying value	22,500	19,132
Loans held for investment:		
Unsecuritized loans held for investment, at amortized cost	171,771	157,651
Restricted loans for securitization investors	36,545	39,548
Total loans held for investment	208,316	197,199
Allowance for loan and lease losses	(4,383)	(4,315)
Net loans held for investment	203,933	192,884
Loans held for sale, at lower of cost or fair value	626	218
Premises and equipment, net	3,685	3,839
Interest receivable	1,435	1,418
Goodwill	13,978	13,978
Other	15,713	16,499
<b>Total assets</b>	<b>\$ 308,854</b>	<b>\$ 296,933</b>
<b>Liabilities:</b>		
Interest payable	\$ 317	\$ 307
Customer deposits:		
Non-interest bearing deposits	25,081	22,643
Interest bearing deposits	180,467	181,880
Total customer deposits	205,548	204,523
Securitized debt obligations	11,624	10,289
Other debt:		
Federal funds purchased and securities loaned or sold under agreements to repurchase	880	915
Senior and subordinated notes	18,684	13,134
Other borrowings	17,269	16,316
Total other debt	36,833	30,365
Other liabilities	9,479	9,817
<b>Total liabilities</b>	<b>263,801</b>	<b>255,301</b>
Commitments, contingencies and guarantees		
Stockholders' equity:		
Preferred stock (par value \$.01 per share; 50,000,000 shares authorized; 1,875,000 and 875,000 shares issued and outstanding as of December 31, 2014 and 2013, respectively)	—	—
Common stock (par value \$.01 per share; 1,000,000,000 shares authorized; 643,557,048 and 637,151,800 shares issued as of December 31, 2014 and 2013, respectively, and 553,391,311 and 572,675,375 shares outstanding as of December 31, 2014 and 2013, respectively)	6	6
Additional paid-in capital, net	27,869	26,526
Retained earnings	23,973	20,292
Accumulated other comprehensive income	(430)	(872)
Treasury stock at cost (par value \$.01 per share; 90,165,737 and 64,476,425 shares as of December 31, 2014 and 2013, respectively)	(6,365)	(4,320)
Total stockholders' equity	45,053	41,632
<b>Total liabilities and stockholders' equity</b>	<b>\$ 308,854</b>	<b>\$ 296,933</b>

**CAPITAL ONE BANK (USA), NATIONAL ASSOCIATION  
CONSOLIDATED BALANCE SHEET**

(Dollars in millions)	<u>December 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
<b>Assets:</b>		
Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coin	937	747
Interest-bearing balances	859	735
Securities:		
Held-to-maturity securities	6,565	5,603
Available-for-sale securities	9,502	6,507
Federal funds sold and securities purchased under agreements to resell		
Federal funds sold in domestic offices	—	—
Securities purchased under agreements to resell	—	—
Loans and lease financing receivables:		
Loans and leases held for sale	—	—
Loans and leases, net of unearned income	68,774	63,671
Less: Allowance for loan and lease losses	2,763	2,703
Loans and leases, net of unearned income and allowance	66,011	60,968
Trading assets	—	—
Premises and fixed assets	964	1,056
Other real estate owned	—	—
Investments in unconsolidated subsidiaries and associated companies	1,361	1,198
Direct and indirect investments in real estate ventures	—	—
Intangible assets:		
Goodwill	310	316
Other intangible assets	629	892
Other assets	3,517	3,883
<b>Total assets</b>	<b>90,653</b>	<b>81,906</b>
<b>Liabilities:</b>		
Deposits:		
In domestic offices:	53,695	36,693
Noninterest-bearing	320	267
Interest bearing	53,374	36,425
In foreign offices, Edge and Agreement subsidiaries, and IBFs:	115	111
Noninterest-bearing	115	111
Interest bearing	—	—
Federal funds purchased and securities sold under agreements to repurchase:		
Federal funds purchased in domestic offices	5,041	10,622
Securities sold under agreements to repurchase	—	—
Trading liabilities	—	—
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	16,914	20,408
Subordinated notes and debentures	1,553	1,447
Other liabilities	4,629	4,423
<b>Total liabilities</b>	<b>81,947</b>	<b>73,703</b>
<b>Equity Capital:</b>		
Perpetual preferred stock and related surplus	—	—
Common stock	100	100
Surplus (excludes all surplus related to preferred stock)	5,007	5,007
Retained earnings	3,838	3,373

Accumulated other comprehensive income	(244)	(281)
Other equity capital components	—	—
Total bank equity capital	8,701	8,199
Non-controlling (minority) interests in consolidated subsidiaries	5	4
Total equity capital	8,705	8,203
<b>Total liabilities and equity capital</b>	<b>90,653</b>	<b>81,906</b>

**CAPITAL ONE, NATIONAL ASSOCIATION  
CONSOLIDATED BALANCE SHEET**

(Dollars in millions)	<u>December 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
<b>Assets:</b>		
Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coin	2,493	2,373
Interest-bearing balances	35,224	15,628
Securities:		
Held-to-maturity securities	15,936	13,528
Available-for-sale securities	29,044	34,484
Federal funds sold and securities purchased under agreements to resell		
Federal funds sold in domestic offices	5,041	10,622
Securities purchased under agreements to resell	—	—
Loans and lease financing receivables:		
Loans and leases held for sale	626	218
Loans and leases, net of unearned income	140,138	134,500
Less: Allowance for loan and lease losses	1,620	1,611
Loans and leases, net of unearned income and allowance	138,518	132,889
Trading assets	593	599
Premises and fixed assets	2,143	2,135
Other real estate owned	140	112
Investments in unconsolidated subsidiaries and associated companies	1,970	1,809
Direct and indirect investments in real estate ventures	—	—
Intangible assets:		
Goodwill	13,665	13,659
Other intangible assets	828	1,093
Other assets	8,789	9,333
<b>Total assets</b>	<b>255,011</b>	<b>238,483</b>
<b>Liabilities:</b>		
Deposits:		
In domestic offices:	191,528	187,153
Noninterest-bearing	25,376	22,945
Interest bearing	166,152	164,208
In foreign offices, Edge and Agreement subsidiaries, and IBFs:	1,001	1,194
Noninterest-bearing	—	—
Interest bearing	1,001	1,194
Federal funds purchased and securities sold under agreements to repurchase:		
Federal funds purchased in domestic offices	10	7
Securities sold under agreements to repurchase	869	907
Trading liabilities	217	204
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases)	22,159	10,386
Subordinated notes and debentures	—	—
Other liabilities	4,632	4,971
<b>Total liabilities</b>	<b>220,416</b>	<b>204,821</b>

<b>Equity Capital:</b>		
Perpetual preferred stock and related surplus	—	—
Common stock	23,630	24
Surplus (excludes all surplus related to preferred stock)	34,116	34,117
Retained earnings	694	165
Accumulated other comprehensive income	(239)	(646)
Other equity capital components	—	—
<b>Total bank equity capital</b>	<b>34,594</b>	<b>33,660</b>
Non-controlling (minority) interests in consolidated subsidiaries	2	2
<b>Total equity capital</b>	<b>34,595</b>	<b>33,662</b>
<b>Total liabilities and equity capital</b>	<b>255,011</b>	<b>238,483</b>

The following table presents COFC's capital ratios under the capital adequacy standards of the Federal Reserve and the capital ratios of COBNA and CONA under the capital adequacy standards of the Office of the Comptroller of the Currency (the "OCC"), as of December 31, 2014 and December 31, 2013:

### CAPITAL RATIOS UNDER BASEL I

	December 31, 2014			December 31, 2013		
	Capital Ratio	Minimum Capital Adequacy	Well Capitalized	Capital Ratio	Minimum Capital Adequacy	Well Capitalized
<b>Capital One Financial Corporation</b>						
Tier 1 common	12.46 %	4.0 %	N/A	12.23 %	N/A	N/A
Tier 1 risk-based capital	13.23	5.5	6.0 %	12.61	4.0 %	6.0 %
Total risk-based capital	15.14	8.0	10.0	14.73	8.0	10.0
Tier 1 leverage	10.77	4.0	N/A	10.10	4.0	N/A
<b>Capital One Bank (USA), N.A.</b>						
Tier 1 risk-based capital	11.33 %	5.5 %	6.0 %	11.52 %	4.0 %	6.0 %
Total risk-based capital	14.57	8.0	10.0	14.95	8.0	10.0
Tier 1 leverage	9.64	4.0	5.0	10.26	4.0	5.0
<b>Capital One, N.A.</b>						
Tier 1 risk-based capital	12.53 %	5.5 %	6.0 %	12.73 %	4.0 %	6.0 %
Total risk-based capital	13.57	8.0	10.0	13.82	8.0	10.0
Tier 1 leverage	8.90	4.0	5.0	9.00	4.0	5.0

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

## C.1. Major Funding Sources

The Company has established liquidity practices that are intended to ensure that it has sufficient asset-based liquidity to withstand the potential impact of deposit attrition or diminished liquidity in the funding markets. These practices are intended to maintain adequate liquidity reserves to cover potential funding requirements which could be impacted under adverse market conditions as well as any potential deposit run-off. The practices also focus on maintaining diversified funding sources to best position the Company's liquidity flexibility in normal and adverse market conditions. The Company's liquidity reserves consist of readily-marketable or pledgable assets which can be used as a source of liquidity, if needed.

The Company's primary source of funding comes from deposits, which provide us with a stable and relatively low cost of funds. In addition to deposits, the Company raises funding through the purchase of federal funds, the issuance of brokered deposits, FHLB advances secured by certain portions of our loan and securities portfolios, the issuance of senior and subordinated notes, the issuance of securitized debt obligations and other borrowings. A key objective in our use of these markets is to maintain access to a diversified mix of wholesale funding sources.

CONA gathers core consumer and commercial deposits through branch locations and the internet. CONA also accesses secured funding through advances from the FHLB of Atlanta. CONA has access to other funding sources through a variety of financial instruments and sourcing channels, including brokered deposits, unsecured debt in the form of senior or subordinated notes, asset-backed securities, and securities loaned or sold under agreements to repurchase.

Like CONA, COBNA uses customer deposits as a source of funding. COBNA also accesses funding through the issuance of asset-backed securities and through FHLB advances and has access to other funding sources 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. COBNA also receives funding through intercompany loans and deposits, principally from CONA.

Additional information related to Capital One's major funding sources is contained in COFC's periodic reports filed with the SEC. Additional information related to COBNA's and CONA's major funding sources is contained in each respective bank's call report.

## D. Description of Derivative Activities and Hedging Activities

The Company manages its asset and liability position and market risk exposure in accordance with risk management policies and limits established in Capital One's Market and Liquidity Risk Policy, which is 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 of changes in interest rates and changes in foreign exchange rates. Capital One employs several techniques to manage interest rate sensitivity, which include changing the duration and re-pricing characteristics of various assets and liabilities by using interest rate derivatives. The current asset and liability management policy also includes the use of 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 the over-the-counter ("OTC") and exchange-traded derivative markets. The majority of the derivatives are interest rate swaps. 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.

Capital One also enters into derivative transactions with its customers. Capital One engages in these transactions as a service to commercial banking customers to facilitate their risk management objectives. The Company typically offsets the market risk exposure to customer-accommodation derivatives through derivative transactions with other counterparties.

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

## E. List of Memberships in Material Payment, Clearing, and Settlement Systems

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

Clearing House Automated Payments System ("CHAPS") is 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 also is subject to BoE oversight.

FedACH Services ("FedACH") is 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") is a wire transfer services provider that is owned and operated by the Federal Reserve. Fedwire Funds is a real-time gross settlement system. 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.

## **E.2. Clearing Houses and Depositories**

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. Fedwire Securities conducts issuance, transfer, and settlement for all marketable Treasury securities, for many federal government agency and government-sponsored enterprise securities, and for certain international organizations' securities. It also 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") is a central counterparty and 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 Fixed Income Clearing Corporation ("FICC"), a U.S. securities clearing agency, which itself is a subsidiary of the Depository Trust and Clearing Corporation ("DTCC"). DTCC is owned by its users, including major banks, broker-dealers, and other financial institutions.

LCH.Clearnet Limited ("LCH Ltd") is a central counterparty incorporated under the laws of England and Wales. It also is 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 very wide range of products including commodities, equities, fixed income, swaps, and forex contracts.

Mortgage Backed Securities Division ("MBSD") is a central counterparty and provides real-time trade matching, netting, and clearing services for the mortgage-backed securities market. MBSD is a subdivision of FICC.

Small Value Payments Company (SVPCo) is 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, Société Coopérative à Responsabilité Limitée (limited co-operative society) ("SWIFT") is a member-owned co-operative 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. Description of Foreign Operations

Capital One has limited international operations, principally its card businesses in the United Kingdom and Canada. Capital One's international credit card operations had approximately \$8.2 billion in loans outstanding as of December 31, 2014, which constituted approximately 10% of the total card loans outstanding for Capital One on a consolidated basis as of that date.

- **United Kingdom.** Capital One (Europe) plc ("COEP") is an indirect subsidiary of COBNA organized and located in the United Kingdom that is licensed as an authorized payment institution. COEP has authority, among other things, 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 COBNA.

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. COBNA and CONA, as national banks the deposits of which are insured by the FDIC Deposit Insurance Fund (subject to applicable limits), are regulated, supervised, and examined by the OCC. Additionally, the FDIC has supervisory and enforcement authority over COBNA and CONA as insured depository institutions. The Consumer Financial Protection Bureau has regulatory, supervision, examination, and enforcement authority over COBNA and CONA with respect to applicable federal consumer financial protection laws.

Certain COFC, COBNA, and 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 COFC, COBNA, and CONA:

- Richard D. Fairbank, Chairman, Chief Executive Officer and President
- Robert M. Alexander, Chief Information Officer
- Jory A. Berson, Chief Human Resources Officer
- Kevin S. Borgmann, Chief Risk Officer
- Stephen S. Crawford, Chief Financial Officer
- John G. Finneran, Jr., General Counsel and Corporate Secretary
- Frank G. LaPrade, III, Chief Enterprise Services Officer, Chief of Staff to the CEO
- Ryan M. Schneider, President, Card and President, COBNA
- Michael C. Slocum, President, Commercial Banking
- Jonathan W. Witter, President, Retail and Direct Banking
- Sanjiv Yajnik, President, Financial Services and President, CONA

## I. Corporate Governance Structure and Processes Related to Resolution Planning

Capital One is committed to strong corporate governance. Capital One's governance practices comply with applicable laws, rules, and regulations and incorporate key components of Capital One's established controls and governance program. The Boards of Directors of COFC, COBNA, and CONA believe that these practices are important to the proper oversight of Capital One.

Capital One believes that sound corporate governance creates a foundation for the ethical and effective functioning of the Boards of Directors of COFC, COBNA, and CONA, and their respective committees and Capital One as a whole. It also is critical to preserving the trust of Capital One's stakeholders, including stockholders, associates,

customers, suppliers, governmental entities, and the general public. Preparation of these resolution plans has been incorporated into Capital One's corporate governance structure and processes, as will preparation of subsequent plans.

## I.1. Preparation and Approval of Capital One's Resolution Plans

Governance of resolution planning is incorporated into Capital One's existing governance processes and procedures. Ultimate responsibility for review and approval of the resolution plans resides with the respective Boards of Directors of COFC, COBNA, and CONA, with the Risk Committee continuing in its role as the primary Board committee designated to oversee resolution planning. The Operational and Compliance Risk Committee is the most senior management committee responsible for resolution planning. Capital One's Treasurer is the accountable executive at Capital One responsible for resolution planning development, maintenance, implementation, filing, and compliance for COFC, COBNA, and CONA. The Treasurer oversees a Resolution Planning Office, which is tasked with managing and overseeing the resolution planning, supported by representatives and senior executives from lines of business, staff groups, and material entities.

Below is a summary of Capital One's resolution governance structure, together with a brief explanation:

- **Boards of Directors:** Each of the Boards of Directors of COFC, COBNA, and CONA reviewed and approved the resolution plan for each such entity prior to submission to the regulators and ensured management had sufficient resources to perform resolution planning.
- **Risk Committee:** The Risk Committee of the Boards of Directors of COFC, COBNA, and CONA reviewed the resolution plans for each of COFC, COBNA, and CONA, recommended approval of the plans to the respective Board of Directors, and performed certain oversight activities delegated to it by the respective Boards.
- **Operational and Compliance Risk Committee:** In its capacity as a senior management committee of Capital One, the OCRC monitored the development of the 2015 resolution plans.
- **Resolution Planning Office:** The Resolution Planning Office managed and implemented the planning and development of the 2015 resolution plans. The Resolution Planning Office is part of the Corporate Treasury organization and its partners with senior individuals from Corporate Development, Finance, Information Technology, Legal, and Regulatory Relations to achieve its goals. The Resolution Planning Office is also supported by representatives and senior executives from lines of business, staff groups, and material entities.

The Boards of Directors of COFC, COBNA, and CONA reviewed and approved the resolution plans for COFC, COBNA, and CONA, respectively, at meetings held on [October 29, 2015].

## J. Material Management Information Systems

Capital One uses management information systems ("MIS") throughout the Company to capture and aggregate relevant information and 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 at Capital One generally take the form of technologies and user interfaces that enable business users to perform analytics and generate reports. Capital One has established standard contracts, policies, and procedures that govern implementation and use of MIS, and risk assessments are performed prior to contract execution. Capital One has highlighted in the resolution plans the key MIS associated with risk management, accounting, and financial and regulatory reporting and has described key internal reports.

Capital One has established a Business Continuity Program and maintains business continuity plans for Capital One's business operations, applications, and systems to ensure continuity of operations in the event of a business interruption. The Business Continuity Management team is responsible for managing Capital One's Business Continuity Program and ensures that detailed and comprehensive continuity plans are in place for all core business lines and key MIS.

## K. Description of Resolution Strategy

As required by the Joint Resolution Plan Rule and the Bank Rule, the Capital One resolution plans contain strategies for the resolution of COFC and Capital One's material entities under a hypothetical failure scenario. The Joint Resolution Plan Rule requires that Capital One's operations be resolved in a manner that substantially mitigates the risk that the failure of Capital One would have serious adverse effects on the financial stability of the United States. The Bank Rule requires that COBNA and CONA be resolved in a manner that is least costly to the FDIC Deposit Insurance Fund. In addition, the Bank Rule generally requires that COBNA and CONA be resolved in a way that ensures depositors have access to their insured deposits within one business day of failure (or two business days if COBNA or CONA fail on a day other than a Friday), maximizes the value of COBNA's and CONA's assets, and minimizes the amount of any loss realized by creditors in the resolution. Capital One believes that the resolution strategies described in the resolution plans achieve these goals and allow for the orderly resolution of Capital One's operations.

As required by the Joint Resolution Plan Rule and the Bank Rule, the resolution plans have been developed assuming that the hypothetical failure occurs under the Baseline, Adverse, and Severely Adverse economic conditions established by the Federal Reserve under 12 U.S.C. § 5365(i)(1)(B) for capital stress testing purposes. The resolution plans have been developed assuming that there has been a sudden, idiosyncratic event of failure at Capital One and that no extraordinary governmental support is provided during resolution under each economic scenario. Under the Baseline scenario the strategy assumes no previous disruption to the markets; that markets are functioning normally and other market participants are in good financial condition. Under the Adverse and Severely Adverse scenario, Capital One assumes markets may be impaired or otherwise restricted, and certain other financial institutions may have limited access to capital markets.

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 resolution strategy for Capital One's banking operations would involve sales of both COBNA and CONA either through immediate purchase and assumption transactions, or the transfer of the assets and substantially all of the liabilities of COBNA and CONA 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. Consistent with guidance provided by the FDIC in support of the development of 2015 Resolution Plans, Capital One assumes the sale of the Banks' businesses could involve a single acquirer, multiple acquirers, a sale of certain Bank businesses in conjunction with a recapitalization by Initial Public Offering ("IPO"), or the liquidation of the banks assets and immediate repayment of insured deposits.

As dedicated service companies funded by service fees received from the affiliates that receive their services, it is highly unlikely that COSL or COSL II would fail even in the case of a hypothetical failure of COFC, COBNA, and CONA. Assuming they do not fail, the purchaser of COBNA and CONA or their bridge banks, as the case may be, likely would acquire COSL and COSL II as going-concern subsidiaries.

Alternatively, in the event of failure of COSL and COSL II, which the Joint Resolution Plan Rule requires the COFC resolution plan to assume, these entities would be resolved in proceedings under Chapter 11. It is anticipated that management would remain in place as "debtors in possession" and that COSL and COSL II would continue to provide services to COBNA and CONA, 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 COBNA and CONA or their bridge banks likely would purchase substantially all of the assets of COSL and COSL II; any remaining assets would be liquidated by the COSL or COSL II estates, as applicable.