Fourth Quarter 2024 Results

January 21, 2025

Forward-Looking Statements

This presentation and related communications should be read in conjunction with the financial statements, notes, and other information contained in Capital One's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. Please note that the following materials containing information regarding Capital One's financial performance is preliminary and based on Capital One's data available at the time of the earnings presentation. It speaks only as of the particular date or dates indicated in these materials. Capital One does not undertake any obligation to update or revise any of the information contained herein whether as a result of new information, and future events or otherwise.

Certain statements in this presentation and other oral and written statements made by Capital One from time to time are forward-looking statements, including those that discuss, among other things: strategies, goals, outlook or other non-historical matters; projections, revenues, income, returns, expenses, assets, liabilities, capital and liquidity measures, capital allocation plans, accruals for claims in litigation and for other claims against Capital One, earnings per share, efficiency ratio, operating efficiency ratio or other financial measures for Capital One; future financial and operating results; Capital One's plans, objectives, expectations and intentions; and the assumptions that underlie these matters. To the extent that any such information is forward-looking, it is intended to fit within the safe harbor for forward-looking information provided by the Private Securities Litigation Reform Act of 1995. 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. Numerous factors could cause Capital One's actual results to differ materially from those described in such forward-looking statements, including, among other things: risks relating to the pending acquisition of Discover Financial Services by Capital One (the "Transaction"), including the risk that the cost savings and any revenue synergies and other anticipated benefits from the Transaction may not be fully realized or may take longer than anticipated to be realized; disruption to Capital One's business and to Discover's business as a result of the announcement and pendency of the Transaction; the risk that the integration of Discover's business and operations into Capital One's, including into Capital One's compliance management program, will be materially delayed or will be more costly or difficult than expected, or that Capital One is otherwise unable to successfully integrate Discover's business into Capital One's, including as a result of unexpected factors or events; the possibility that the requisite regulatory, stockholder or other approvals are not received or other conditions to the closing are not satisfied on a timely basis or at all, or are obtained subject to conditions that are not anticipated (and the risk that requisite regulatory approvals may result in the imposition of conditions that could adversely affect Capital One or the expected benefits of the Transaction following the closing of the Transaction); reputational risk and the reaction of customers, suppliers, employees or other business partners of Capital One or of Discover to the Transaction; the failure of the closing conditions in the merger agreement to be satisfied, or any unexpected delay in completing the Transaction or the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement; the dilution caused by Capital One's issuance of additional shares of its common stock in connection with the Transaction; the possibility that the Transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events; risks related to management and oversight of Capital One's expanded business and operations following the Transaction due to the increased size and complexity of its business; the possibility of increased scrutiny by, and/or additional regulatory requirements of, governmental authorities as a result of the Transaction or the size, scope and complexity of Capital One's business operations following the Transaction; the outcome of any legal or regulatory proceedings that may be currently pending or later instituted against Capital One (before or after the Transaction) or against Discover; the risk that expectations regarding the timing, completion and accounting and tax treatments of the Transaction are not met; the risk that any announcements relating to the Transaction could have adverse effects on the market price of Capital One's common stock; certain restrictions during the pendency of the Transaction; the diversion of management's attention from ongoing business operations and opportunities; the risk that revenues following the Transaction may be lower than expected and/or the risk that certain expenses, such as the provision for credit losses, of Discover or the surviving entity may be greater than expected; Capital One's and Discover's success in executing their respective business plans and strategies and managing the risks involved in the foregoing; effects of the announcement, pendency or completion of the Transaction on Capital One's or Discover's ability to retain customers and retain and hire key personnel and maintain relationships with Capital One's and Discover's suppliers and other business partners, and on Capital One's and Discover's operating results and businesses generally; and other factors that may affect Capital One's future results or the future results of Discover; changes and instability in the macroeconomic environment, resulting from factors that include, but are not limited to monetary and fiscal policy actions, geopolitical conflicts or instability, such as the war between Ukraine and Russia and the conflict in the Middle East, labor shortages, government shutdowns, inflation and deflation, potential recessions, technology-driven disruption of certain industries, lower demand for credit, changes in deposit practices and payment patterns; increases in credit losses and delinquencies and the impact of incorrectly estimated expected losses, which could result in inadequate reserves; compliance with new and existing domestic and foreign laws, regulations and regulatory expectations; limitations on Capital One's ability to receive dividends from its subsidiaries; Capital One's ability to maintain adequate capital or liquidity levels or to comply with revised capital or liquidity requirements, which could have a negative impact on its financial results and its ability to return capital to its stockholders; the use, reliability, and accuracy of the models, artificial intelligence, and data on which Capital One relies; Capital One's ability to manage fraudulent activity risks; increased costs, reductions in revenue, reputational damage, legal exposure and business disruptions that can result from a cyber-attack or other security incident on Capital One or third parties (including their supply chains) with which Capital One conduct business, including an incident that results in the theft, loss, manipulation or misuse of information, or the disabling of systems and access to information critical to business operations; developments, changes or actions relating to any litigation, governmental investigation or regulatory enforcement action or matter involving Capital One; the amount and rate of deposit growth and changes in deposit costs; Capital One's ability to execute on its strategic initiatives and operational plans; Capital One's response to competitive pressures; Capital One's business, financial condition and results of operations may be adversely affected by legislation, regulation and merchants' efforts to reduce the interchange fees charged by credit and debit card networks to facilitate card transactions, and by legislation and regulation impacting such fees; Capital One's success in integrating acquired businesses and loan portfolios, and its ability to realize anticipated benefits from announced transactions and strategic partnerships; Capital One's ability to develop, operate, and adapt its operational, technology and organizational infrastructure suitable for the nature of its business; the success of Capital One's marketing efforts in attracting and retaining customers; Capital One's risk management strategies; changes in the reputation of, or expectations regarding, Capital One or the financial services industry with respect to practices, products, services or financial condition; fluctuations in interest rates; Capital One's ability to maintain adequate sources of funding and liquidity to operate its business; Capital One's ability to attract, develop, retain and motivate key senior leaders and skilled employees; climate change manifesting as physical or transition risks; Capital One's assumptions or estimates in its financial statements; the soundness of other financial institutions and other third parties, actual or perceived; Capital One's ability to invest successfully in and introduce digital and other technological developments across all its businesses; a downgrade in Capital One's credit ratings; Capital One's ability to manage risks from catastrophic events; compliance with applicable laws and regulations related to privacy, data protection and data security, in addition to compliance with Capital One's own privacy policies and contractual obligations to third parties; Capital One's ability to protect its intellectual property rights; and other risk factors identified from time to time in Capital One's public disclosures, including in the reports that it files with the U.S. Securities and Exchange Commission (the "SEC").

You should carefully consider the factors referred to above in evaluating these forward-looking statements. All information in these slides is based on the consolidated results of Capital One, unless otherwise noted. This presentation includes certain non-GAAP financial measures as defined by SEC rules. These non-GAAP financial measures may be useful to investors but should not be viewed in isolation from, or as a substitute for, GAAP results, nor are they necessarily comparably to non-GAAP measures that may be presented by other companies. A reconciliation of any non-GAAP financial measures included in this presentation to the comparative GAAP measure can be found in Capital One's Current Report on Form 8-K filed with the SEC on January 21, 2025, available on its website at www.capitalone.com under "Investors."

Q4 2024 Company Highlights

- Net income of $1.1 billion, or $2.67 per diluted common share for the fourth quarter of 2024; net income of $4.8 billion, or $11.59 per diluted common share for full year 2024
    - Adjusted net income per diluted common share[(1)] of $3.09 for the fourth quarter of 2024 and $13.96 for full year 2024
- Pre-provision earnings[(1)] decreased 13% to $4.1 billion for the fourth quarter of 2024 and increased 7% to $17.6 billion for full year 2024
- Provision for credit losses of $2.6 billion for the fourth quarter of 2024 and $11.7 billion for full year 2024
- Efficiency ratio of 59.75% for the fourth quarter of 2024 and 54.93% for full year 2024
    - Adjusted efficiency ratio[(1)] of 57.64% for the fourth quarter of 2024 and 54.00% for full year 2024
- Operating efficiency ratio of 46.26% for the fourth quarter of 2024 and 43.27% for full year 2024
    - Adjusted operating efficiency ratio[(1)] of 44.15% for the fourth quarter of 2024 and 42.35% for full year 2024
- The quarter included the following adjusting items:

(Dollars in millions, except per share data)	Pre-Tax Impact	After-Tax Diluted EPS Impact
Discover integration expenses	$ 140	$ 0.27
Legal reserve activity	$ 75	$ 0.15

- The quarter included the following notable item:

(Dollars in millions, except per share data)	Pre-Tax Impact	After-Tax Diluted EPS Impact
Accelerated philanthropy contributions	$ 100	$ 0.20

- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 13.5% at December 31, 2024
- Tangible book value per share[(1)] decreased 5% to $106.97
- Period-end loans held for investment increased 2%, or $7.5 billion, to $327.8 billion
- Average loans held for investment increased 1%, or $3.6 billion, to $321.9 billion
- Period-end total deposits increased $9.1 billion to $362.7 billion
    - Period-end insured deposits of $297.8 billion, 82% of total deposits
- Average total deposits increased $7.2 billion to $358.3 billion

Note: All comparisons are for the fourth quarter of 2024 compared with the third quarter of 2024 unless otherwise noted. Regulatory capital metrics and capital ratios as of December 31, 2024 are preliminary and therefore subject to change.

(1) This is a non-GAAP measure. See appendix slides for the reconciliation of non-GAAP measures to our reported results.

Allowance for Credit Losses

(Dollars in millions)	Credit Card	Consumer Banking	Commercial Banking	Total
Allowance for credit losses:				
Balance as of September 30, 2024	$ 12,989	$ 2,015	$ 1,530	$ 16,534
Charge-offs	**(2,865)**	**(755)**	**(68)**	**(3,688)**
Recoveries	**497**	**296**	**11**	**804**
Net charge-offs	**(2,368)**	**(459)**	**(57)**	**(2,884)**
Provision (benefit) for credit losses[1][2]	**2,384**	**328**	**(73)**	**2,639**
Allowance build/(release) for credit losses	**16**	**(131)**	**(130)**	**(245)**
Other changes[3]	**(31)**	**—**	**—**	**(31)**
Balance as of December 31, 2024	**$ 12,974**	**$ 1,884**	**$ 1,400**	**$ 16,258**
Allowance coverage ratio as of December 31, 2024	**7.98%**	**2.41%**	**1.61%**	**4.96%**

Fourth Quarter 2024 Highlights

- Allowance release of $245 million primarily driven by Consumer and Commercial
- Allowance coverage ratio of 4.96% at December 31, 2024, compared to 5.16% at September 30, 2024

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

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

(3) Primarily represents foreign currency translation adjustments.

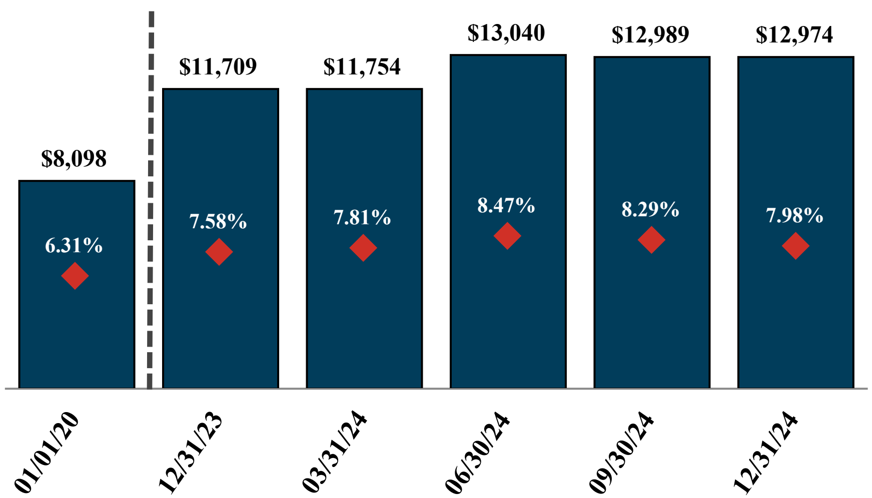
Allowance Coverage Ratios by Segment

Capital One

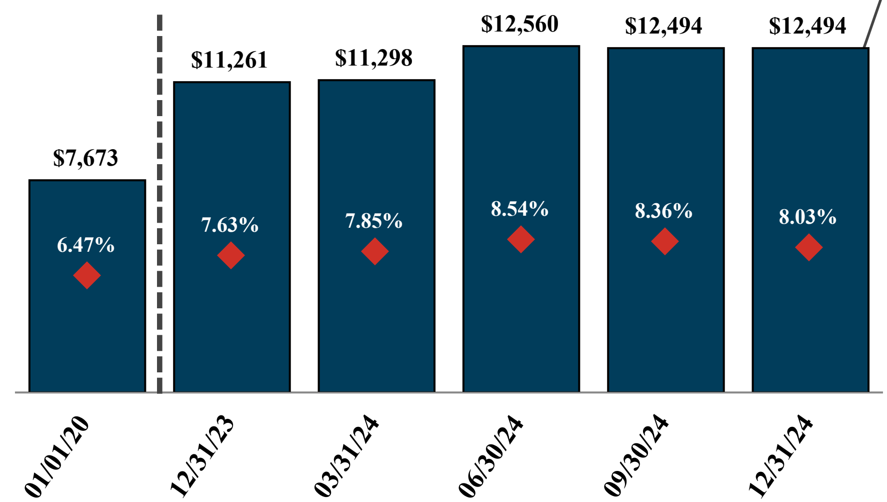
- Allowance for credit losses ($M)
- Allowance Coverage Ratio

Branded Card 8.8%

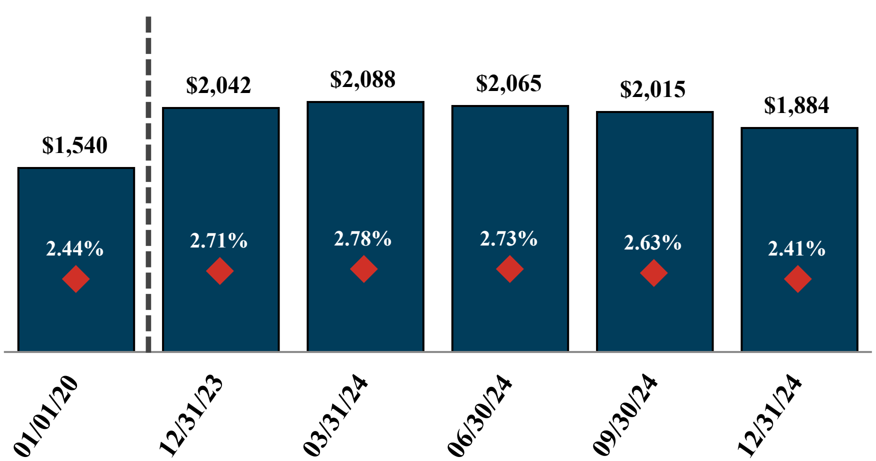
Credit Card



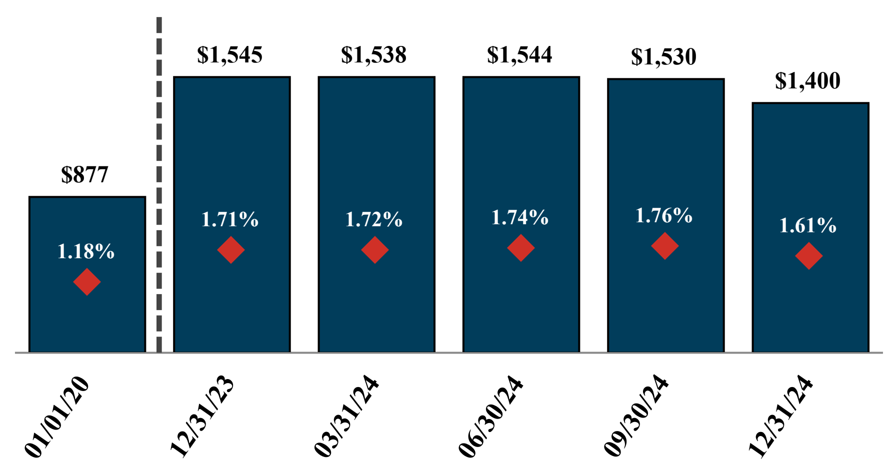
Domestic Card



Consumer Banking

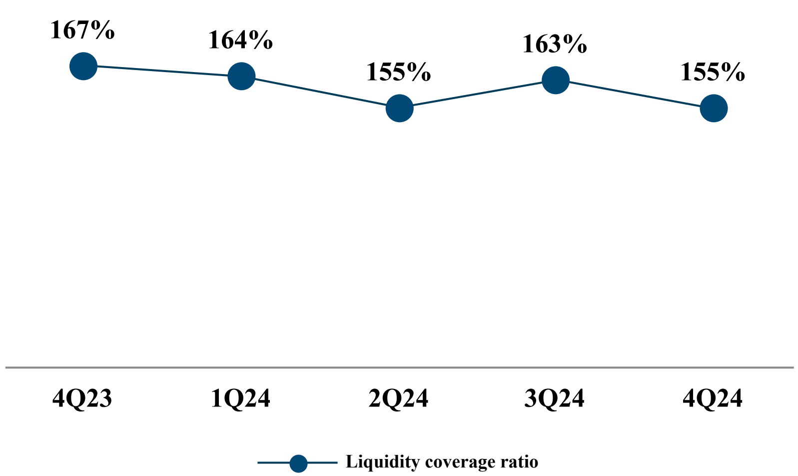


Commercial Banking

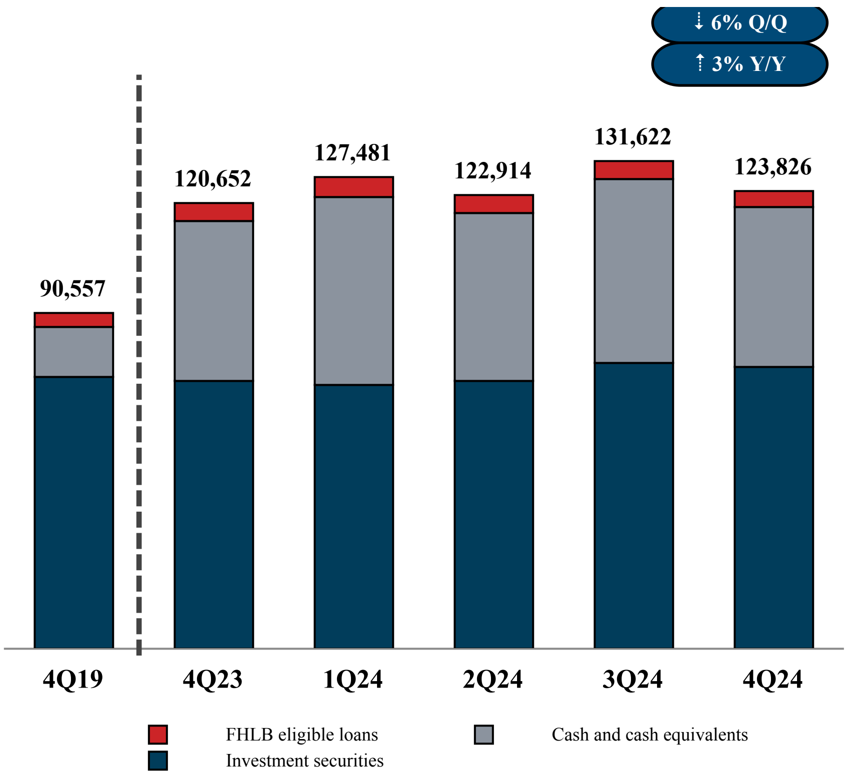


Liquidity

Average Quarterly Liquidity Coverage Ratio ("LCR")



Total Liquidity Reserves ($M)[1]



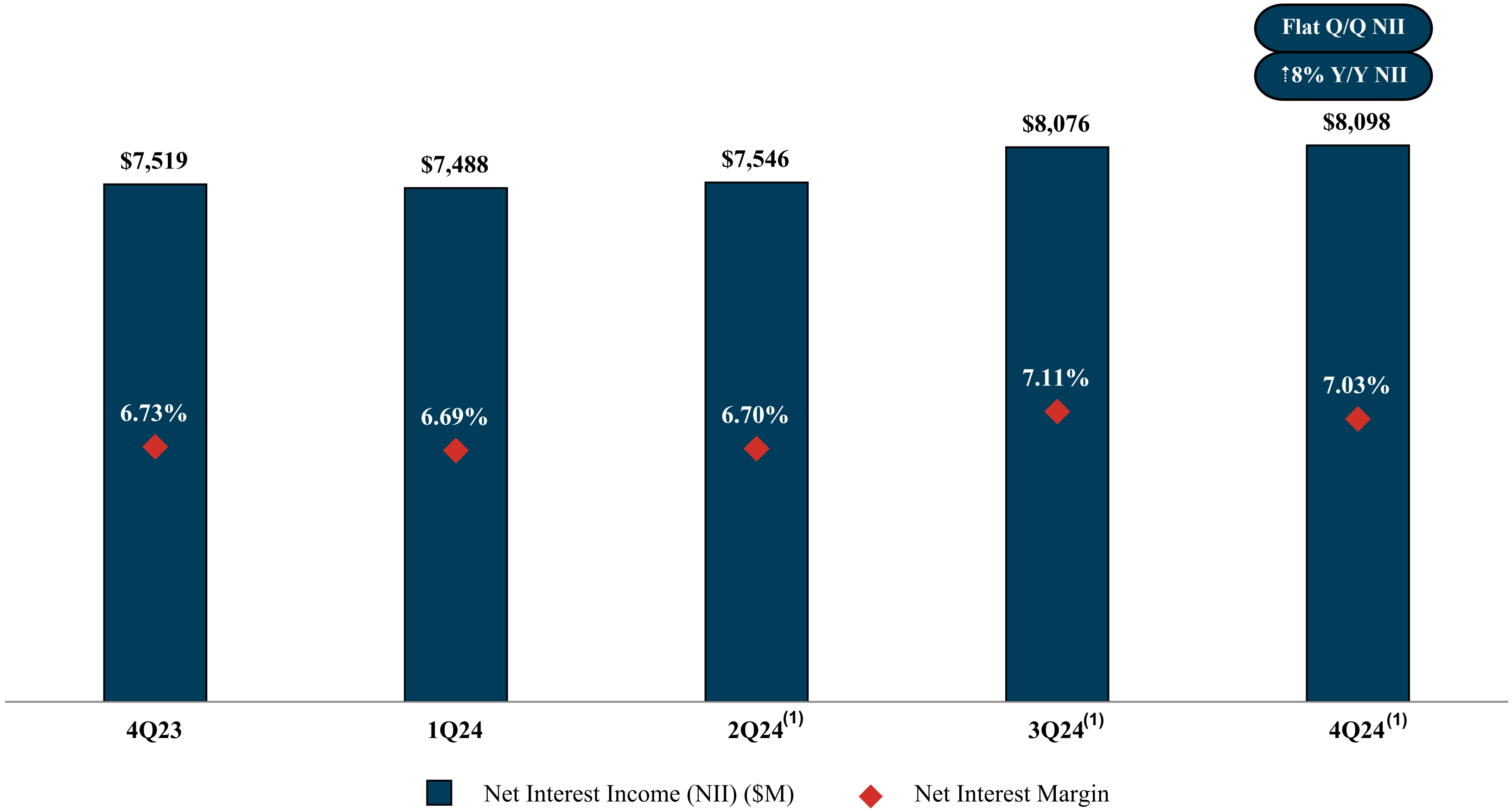
Fourth Quarter 2024 Highlights

- Average quarterly Liquidity Coverage Ratio of 155%
- Average quarterly Net Stable Funding Ratio ("NSFR") of 135%
- Total liquidity reserves of $123.8 billion as of December 31, 2024
    - $43.2 billion in cash and cash equivalents

Note: The Q4'24 LCR and NSFR are preliminary and therefore subject to change.

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

Net Interest Income and Net Interest Margin



Fourth Quarter 2024 Highlights

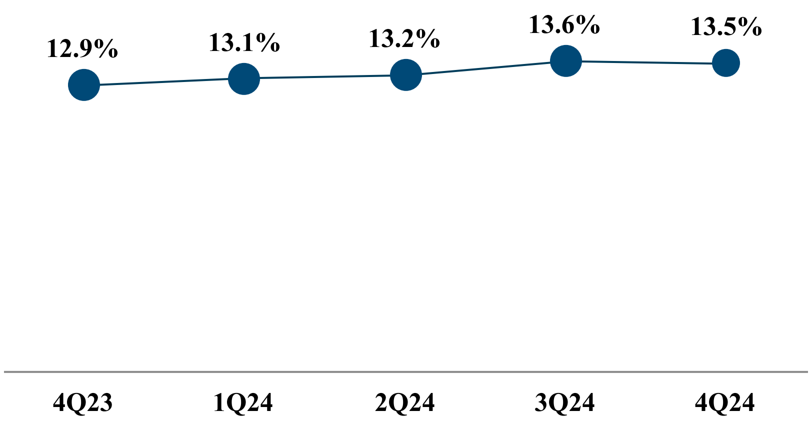
- Net interest margin decreased 8 basis points quarter-over-quarter driven by lower asset yields in our credit card and commercial loan portfolios, partially offset by lower rates paid on interest-bearing deposits
- Net interest margin increased 30 basis points year-over-year driven by higher asset yields and growth in our credit card loan portfolio, partially offset by higher rates paid on deposits

(1) The termination of our Walmart program agreement, effective May 21, 2024, ("Walmart Program Termination") increased net interest margin by 21 basis points, 22 basis points and 10 basis points in the fourth, third and second quarter of 2024, respectively. Excluding this impact, the net interest margin would have been 6.82%, 6.89% and 6.60% in the fourth, third and second quarter of 2024, respectively.

Capital

(Dollars in millions)	Amount		Ratio
Common equity Tier 1 ("CET1") as of September 30, 2024	$	49,956	13.6%
Q4 2024 Net income (loss)		**1,096**	**30 bps**
Common & Preferred Stock Dividends[1]		**(290)**	**(8)bps**
Share Repurchases		**(150)**	**(4)bps**
Other quarterly activities[2]		**195**	**5 bps**
Risk Weighted Assets changes		**N/A**	**(33)bps**
CET1 as of December 31, 2024	**$**	**50,807**	**13.5%**

Common Equity Tier 1 Capital Ratio



Fourth Quarter 2024 Highlights

- Well-capitalized with CET1 capital ratio of 13.5% as of December 31, 2024
- Stress Capital Buffer of 5.5% effective October 1, 2024
- Repurchased 877 thousand common shares for $150 million in the fourth quarter of 2024; Full year repurchases of $553 million

Note: Regulatory capital metrics and capital ratios as of December 31, 2024 are preliminary and therefore subject to change.

(1) Includes $286 million of cash dividends and $4 million of dividend-equivalents associated with employee stock awards.

(2) Primarily represents net issuances of employee stock, AOCI included in our capital ratios and adjustments for goodwill and intangibles, net of deferred taxes.

Financial Summary—Business Segment Results

(Dollars in millions)	Credit Card	Consumer Banking	Commercial Banking	Other	Total
	Three Months Ended December 31, 2024				
Net interest income (loss)	$ 5,779	$ 1,959	$ 587	$ (227)	$ 8,098
Non-interest income (loss)	1,585	182	366	(41)	2,092
Total net revenue (loss)	7,364	2,141	953	(268)	10,190
Provision (benefit) for credit losses	2,384	328	(72)	2	2,642
Non-interest expense	3,846	1,545	518	180	6,089
Income (loss) from continuing operations before income taxes	1,134	268	507	(450)	1,459
Income tax provision (benefit)	268	63	119	(84)	366
Income (loss) from continuing operations, net of tax	$ 866	$ 205	$ 388	$ (366)	$ 1,093

Credit Card

(Dollars in millions, except as noted)	2024 Q4	2024 Q3	2023 Q4	2024 Q4 vs. 2024 Q3	2024 Q4 vs. 2023 Q4
Earnings:					
Net interest income	**$ 5,779**	$ 5,743	$ 5,231	1%	10%
Non-interest income	**1,585**	1,509	1,565	5	1
Total net revenue	**7,364**	7,252	6,796	2	8
Provision for credit losses	**2,384**	2,084	2,353	14	1
Non-interest expense	**3,846**	3,367	3,417	14	13
Pre-tax income	**1,134**	1,801	1,026	(37)	11
Selected performance metrics:					
Period-end loans held for investment	**$ 162,508**	$ 156,651	$ 154,547	4%	5%
Average loans held for investment	**157,326**	153,972	148,627	2	6
Total net revenue margin	**18.72%**	18.82%	18.24%	(10)bps	48 bps
Net charge-off rate	**6.02**	5.60	5.33	42	69
Purchase volume	**$ 172,919**	$ 166,203	$ 162,055	4%	7%

Fourth Quarter 2024 Highlights

- Ending loans held for investment up \$8.0 billion, or 5%, year-over-year; average loans held for investment up \$8.7 billion, or 6%, year-over-year
- Purchase volume up 7% year-over-year
- Revenue up \$568 million, or 8%, year-over-year
- Revenue margin of 18.72%
- Non-interest expense up \$429 million or 13% year-over-year
- Provision for credit losses up \$31 million year-over-year
- Net charge-off rate of 6.02%

Domestic Card

(Dollars in millions, except as noted)	2024 Q4	2024 Q3	2023 Q4	2024 Q4 vs. 2024 Q3	2024 Q4 vs. 2023 Q4
Earnings:					
Net interest income	**$5,474**	$5,434	$4,940	1%	11%
Non-interest income	**1,522**	1,438	1,498	6	2
Total net revenue	**6,996**	6,872	6,438	2	9
Provision for credit losses	**2,278**	1,997	2,238	14	2
Non-interest expense	**3,607**	3,149	3,186	15	13
Pre-tax income	**1,111**	1,726	1,014	(36)	10
Selected performance metrics:					
Period-end loans held for investment	**$155,618**	$149,400	$147,666	4%	5%
Average loans held for investment	**150,290**	147,021	142,112	2	6
Total net revenue margin(1)	**18.62%**	18.67%	18.07%	(5)bps	55bps
Net charge-off rate(2)	**6.06**	5.61	5.35	45	71
30+ day performing delinquency rate	**4.53**	4.53	4.61	—	(8)
Purchase volume	**$168,994**	$162,281	$158,290	4%	7%

Fourth Quarter 2024 Highlights

- Ending loans held for investment up $8.0 billion, or 5%, year-over-year; average loans held for investment up $8.2 billion, or 6%, year-over-year
- Purchase volume up 7% year-over-year
- Revenue up $558 million, or 9%, year-over-year
- Revenue margin of 18.62%(1)
- Non-interest expense up $421 million, or 13%, year-over-year
- Provision for credit losses up $40 million year-over-year
- Net charge-off rate of 6.06%(2)

(1) The Walmart Program Termination increased Domestic Card net revenue margin by 55 basis points and 51 basis points in the fourth and third quarter of 2024, respectively. Excluding this impact, the Domestic Card net revenue margin would have been 18.07% and 18.16% in the fourth and third quarter of 2024, respectively.

(2) The Walmart Program Termination increased the Domestic Card net charge-off rate by 40 basis points and 38 basis points in the fourth and third quarter of 2024, respectively. Excluding this impact, the Domestic Card net charge-off rate would have been 5.66% and 5.23% in the fourth and third quarter of 2024, respectively.

Consumer Banking

(Dollars in millions, except as noted)	2024 Q4	2024 Q3	2023 Q4	2024 Q4 vs 2024 Q3	2024 Q4 vs 2023 Q4
Earnings:					
Net interest income	**$ 1,959**	$ 2,028	$ 1,951	(3)%	—
Non-interest income	**182**	182	163	—	12%
Total net revenue	**2,141**	2,210	2,114	(3)	1
Provision for credit losses	**328**	351	422	(7)	(22)
Non-interest expense	**1,545**	1,331	1,402	16	10
Pre-tax income	**268**	528	290	(49)	(8)
Selected performance metrics:					
Period-end loans held for investment	**$ 78,092**	$ 76,758	$ 75,437	2%	4%
Average loans held for investment	**77,221**	76,182	76,238	1	1
Auto loan originations	**9,399**	9,158	6,157	3	53
Period-end deposits	**318,329**	309,569	296,171	3	7
Average deposits	**313,992**	306,121	291,486	3	8
Average deposits interest rate	**3.21%**	3.33%	3.06%	(12)bps	15 bps
Net charge-off rate	**2.38**	2.11	2.25	27	13

Fourth Quarter 2024 Highlights

- Ending loans held for investment up $2.7 billion or 4% year-over-year; average loans held for investment up $983 million, or 1%, year-over-year
- Ending deposits up $22.2 billion, or 7%, year-over-year
- Auto loan originations up $3.2 billion, or 53%, year-over-year
- Revenue up $27 million, or 1%, year-over-year
- Non-interest expense up $143 million, or 10%, year-over-year
- Provision for credit losses down $94 million year-over-year
- Average deposits interest rate of 3.21%
- Net charge-off rate of 2.38%

Commercial Banking

(Dollars in millions, except as noted)	2024 Q4	2024 Q3	2023 Q4	2024 Q4 vs. 2024 Q3	2024 Q4 vs. 2023 Q4
Earnings:					
Net interest income	**$ 587**	$ 596	$ 617	(2)%	(5)%
Non-interest income	**366**	292	245	25	49
Total net revenue	**953**	888	862	7	11
Provision (benefit) for credit losses	**(72)**	48	84	**	**
Non-interest expense	**518**	495	487	5	6
Pre-tax income	**507**	345	291	47	74
Selected performance metrics:					
Period-end loans held for investment	**$ 87,175**	$ 86,834	$ 90,488	—	(4)%
Average loans held for investment	**87,324**	88,101	91,025	(1)%	(4)
Period-end deposits	**31,691**	30,598	32,712	4	(3)
Average deposits	**31,545**	30,365	34,525	4	(9)
Average deposits interest rate	**2.28%**	2.55%	2.79%	(27)bps	(51)bps
Net charge-off rate	**0.26**	0.22	0.53	4	(27)
Risk category as a percentage of period-end loans held for investment:[1]					
Criticized performing	**6.35%**	7.66%	8.81%	(131)bps	(246)bps
Criticized nonperforming	**1.39**	1.55	0.84	(16)	55

Fourth Quarter 2024 Highlights

- Ending loans held for investment substantially flat quarter-over-quarter; average loans held for investment down $777 million, or 1%, quarter-over-quarter
- Ending deposits up $1.1 billion, or 4%, quarter-over-quarter; average deposits up $1.2 billion, or 4%, quarter-over-quarter
- Revenue up $65 million or 7% quarter-over-quarter
- Non-interest expense up $23 million, or 5%, quarter-over-quarter
- Provision for credit losses down $120 million quarter-over-quarter
- Net charge-off rate of 0.26%
- Criticized performing loan rate of 6.35% and criticized nonperforming loan rate of 1.39%

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

Appendix

Reconciliation of Non-GAAP Measures

The following non-GAAP measures consist of our adjusted results that we believe help investors and users of our financial information understand the effect of adjusting items on our selected reported results, however, they may not be comparable to similarly-titled measures reported by other companies. These adjusted results provide alternate measurements of our operating performance, both for the current period and trends across multiple periods. The following tables present reconciliations of these non-GAAP measures to the applicable amounts measured in accordance with GAAP.

	2024	2024	2024	2024	2023	Year Ended December 31,	
(Dollars in millions, except per share data and as noted)	Q4	Q3	Q2	Q1	Q4	2024	2023
Adjusted diluted earnings per share ("EPS"):							
Net income available to common stockholders (GAAP)	**$ 1,022**	$ 1,692	$ 531	$ 1,200	$ 639	**$ 4,445**	$ 4,582
Allowance build for Walmart program agreement loss sharing termination	**—**	—	826	—	—	**826**	—
Walmart program agreement termination contra revenue impact	**—**	—	27	—	—	**27**	—
Discover integration expenses	**140**	63	31	—	—	**234**	—
Legal reserve activity	**75**	—	—	—	—	**75**	—
FDIC special assessment	**—**	(9)	8	42	289	**41**	289
Adjusted net income available to common stockholders before income tax impacts (non-GAAP)	**1,237**	1,746	1,423	1,242	928	**5,648**	4,871
Income tax impacts	**(52)**	(13)	(218)	(10)	(70)	**(293)**	(70)
Adjusted net income available to common stockholders (non-GAAP)	**$ 1,185**	$ 1,733	$ 1,205	$ 1,232	$ 858	**$ 5,355**	$ 4,801
Diluted weighted-average common shares outstanding (in millions) (GAAP)	**383.4**	383.7	383.9	383.4	382.8	**383.6**	383.4
Diluted EPS (GAAP)	**$ 2.67**	$ 4.41	$ 1.38	$ 3.13	$ 1.67	**$ 11.59**	$ 11.95
Impact of adjustments noted above	**0.42**	0.10	1.76	0.08	0.57	**2.37**	0.57
Adjusted diluted EPS (non-GAAP)	**$ 3.09**	$ 4.51	$ 3.14	$ 3.21	$ 2.24	**$ 13.96**	$ 12.52
Adjusted efficiency ratio:							
Non-interest expense (GAAP)	**$ 6,089**	$ 5,314	$ 4,946	$ 5,137	$ 5,717	**$ 21,486**	$ 20,316
Discover integration expenses	**(140)**	(63)	(31)	—	—	**(234)**	—
Legal reserve activity	**(75)**	—	—	—	—	**(75)**	—
FDIC special assessment	**—**	9	(8)	(42)	(289)	**(41)**	(289)
Adjusted non-interest expense (non-GAAP)	**$ 5,874**	$ 5,260	$ 4,907	$ 5,095	$ 5,428	**$ 21,136**	$ 20,027
Total net revenue (GAAP)	**$ 10,190**	$ 10,014	$ 9,506	$ 9,402	$ 9,506	**$ 39,112**	$ 36,787
Walmart program agreement termination contra revenue impact	**—**	—	27	—	—	**27**	—
Adjusted net revenue (non-GAAP)	**$ 10,190**	$ 10,014	$ 9,533	$ 9,402	$ 9,506	**$ 39,139**	$ 36,787
Efficiency ratio (GAAP)	**59.75%**	53.07%	52.03%	54.64%	60.14%	**54.93%**	55.23%
Impact of adjustments noted above	**(211)bps**	(54)bps	(56)bps	(45)bps	(304)bps	**(93)bps**	(79)bps
Adjusted efficiency ratio (non-GAAP)	**57.64%**	52.53%	51.47%	54.19%	57.10%	**54.00%**	54.44%

Reconciliation of Non-GAAP Measures

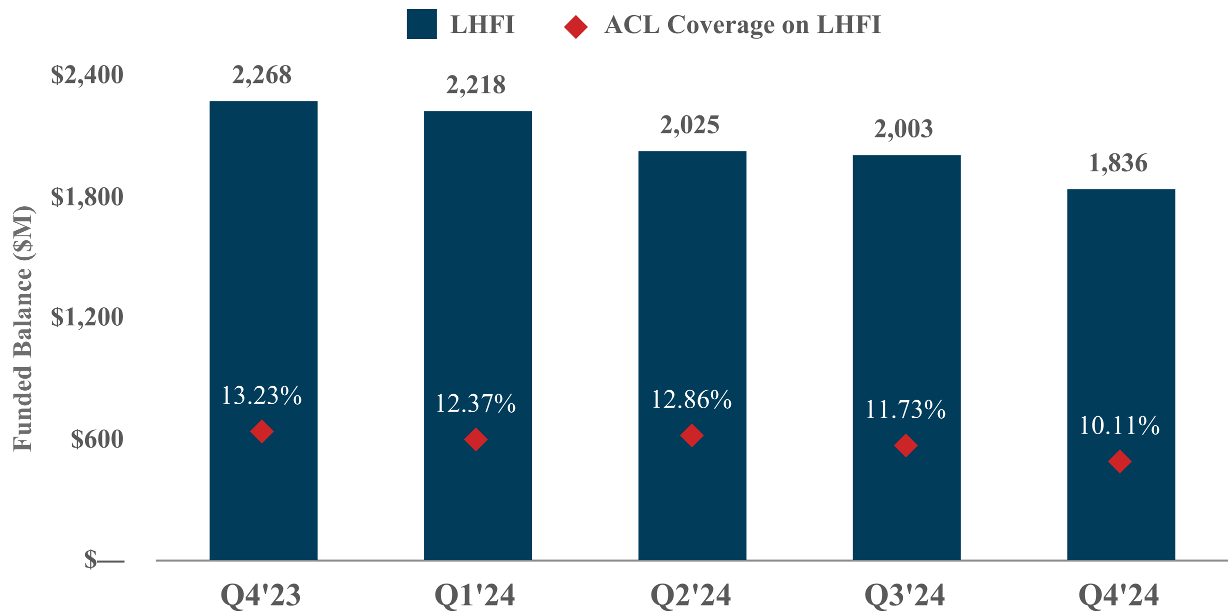
(Dollars in millions)	2024 Q4	2024 Q3	2024 Q2	2024 Q1	2023 Q4	Year Ended December 31, 2024	Year Ended December 31, 2023
Adjusted operating efficiency ratio:							
Operating expense (GAAP)	**$ 4,714**	$ 4,201	$ 3,882	$ 4,127	$ 4,463	**$ 16,924**	$ 16,307
Discover integration expenses	**(140)**	(63)	(31)	—	—	**(234)**	—
Legal reserve activity	**(75)**	—	—	—	—	**(75)**	—
FDIC special assessment	**—**	9	(8)	(42)	(289)	**(41)**	(289)
Adjusted operating expense (non-GAAP)	**$ 4,499**	$ 4,147	$ 3,843	$ 4,085	$ 4,174	**$ 16,574**	$ 16,018
Total net revenue (GAAP)	**$ 10,190**	$ 10,014	$ 9,506	$ 9,402	$ 9,506	**$ 39,112**	$ 36,787
Walmart program agreement termination contra revenue impact	**—**	—	27	—	—	**27**	—
Adjusted net revenue (non-GAAP)	**$ 10,190**	$ 10,014	$ 9,533	$ 9,402	$ 9,506	**$ 39,139**	$ 36,787
Operating efficiency ratio (GAAP)	**46.26%**	41.95%	40.84%	43.89%	46.95%	**43.27%**	44.33%
Impact of adjustments noted above	**(211)bps**	(54)bps	(53)bps	(44)bps	(304)bps	**(92)bps**	(79)bps
Adjusted operating efficiency ratio (non-GAAP)	**44.15%**	41.41%	40.31%	43.45%	43.91%	**42.35%**	43.54%

The following summarizes our non-GAAP measures. While these non-GAAP measures are widely used by investors, analysts and bank regulatory agencies to assess the operating performance and capital position of financial services companies, they may not be comparable to similarly-titled measures reported by other companies. The following table presents reconciliations of these non-GAAP measures to the applicable amounts measured in accordance with GAAP.

(Dollars in millions)	2024 Q4	2024 Q3	2024 Q2	2024 Q1	2023 Q4
Pre- Provision Earnings					
Total net revenue	**$ 10,190**	$ 10,014	$ 9,506	$ 9,402	$ 9,506
Non-interest expense	**(6,089)**	(5,314)	(4,946)	(5,137)	(5,717)
Pre-provision earnings[1]	**$ 4,101**	$ 4,700	$ 4,560	$ 4,265	$ 3,789
Tangible Book Value per Common Share					
Tangible common equity (Period-end)	**$ 40,782**	$ 42,866	$ 37,910	$ 37,699	$ 37,955
Outstanding Common Shares	**381.2**	381.5	381.9	382.1	380.4
Tangible book value per common share[2]	**$ 106.97**	$ 112.36	$ 99.28	$ 98.67	$ 99.78

(1) Management believes that this financial metric is useful in assessing the ability of a lending institution to generate income in excess of its provision for credit losses.
(2) Management believes that this financial metric is useful in assessing capital adequacy and the level of returns generated.

Commercial Office Real Estate



	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
Annualized Net charge-off rate for LHFI[(1)]	15.50 %	3.55 %	1.64 %	0.71 %	8.43 %
Total criticized rate for LHFI	48.5 %	44.9 %	45.2 %	50.8 %	37.3 %
Nonperforming loan rate for LHFI	12.2 %	17.2 %	14.1 %	19.1 %	13.8 %
Office Real Estate LHFI as a % of Total LHFI	0.7 %	0.7 %	0.6 %	0.6 %	0.6 %

Fourth Quarter 2024 Highlights

- Office Real Estate represented 2.1% of our Commercial Banking LHFI portfolio and 0.6% of total LHFI
- The allowance coverage ratio decreased from 11.73% in Q3’24 to 10.11% in Q4’24, while the annualized net charge-off rate increased from 0.71% to 8.43%

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

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