



Capital One FP&A Project

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Objective

Track different sources of revenue to understand why net income has suffered a massive drop in 2025 and make financial projections of net income for the next 5 years

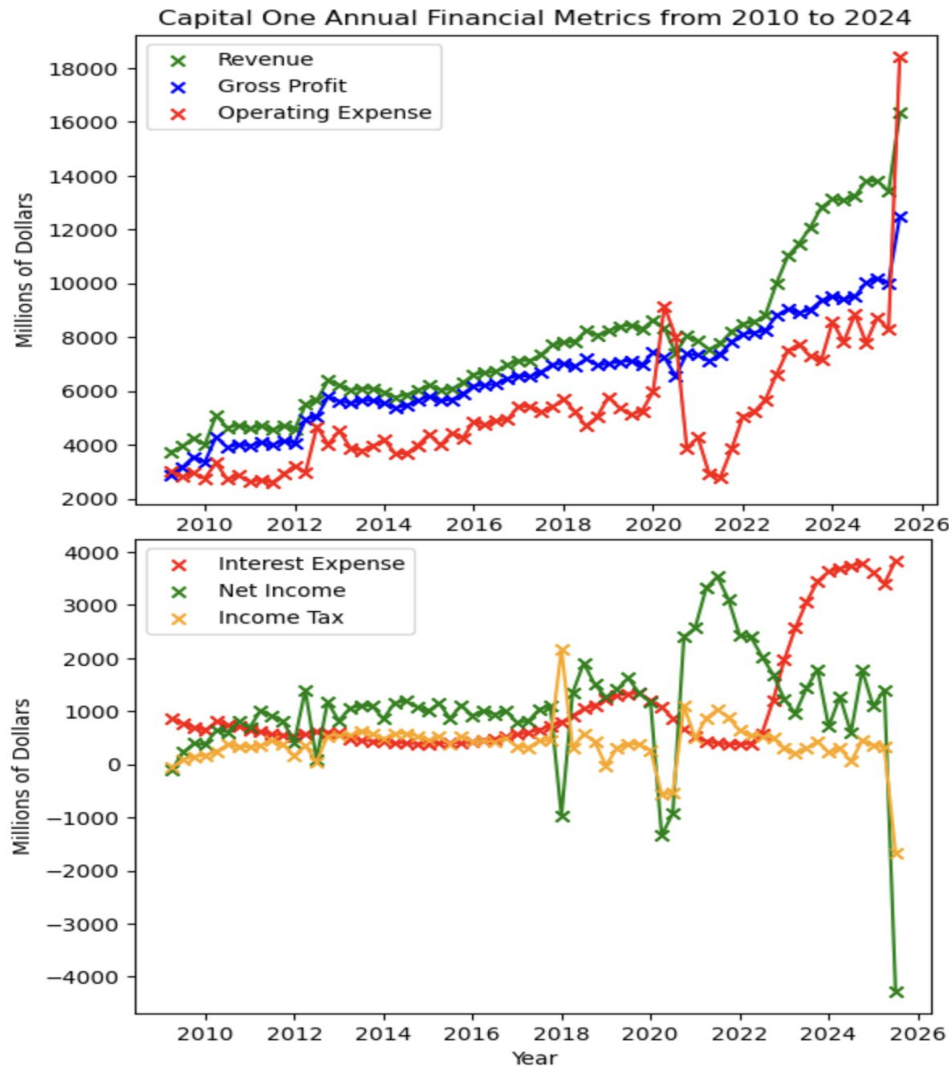
Dataset

- Data taken from Capital One consolidated financial statements of income from 2009 to 2024
- $\text{Gross Profit} = \text{Revenue} - \text{Interest Expense}$
- $\text{Operating Income} = \text{Gross Profit} - \text{Operating Expense}$
- $\text{Net Income} = \text{Operating Income} - \text{Income Tax} + \text{Income from Discontinued Operations}$

Capital One Financial Table in Millions of Dollars (2009 - 2025)												
Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenue	53938	49484	38373	32033	31643	33766	32377	29999	27519	25038	23869	24176
Loans	40894	37410	28910	24263	24074	25862	24728	23388	21203	18785	17662	18222
Investment Securities	2873	2550	1884	1446	1877	2411	2211	1711	1599	1575	1628	1575
Net Interchange Fees	4882	4793	4606	3860	3017	3179	2823	2573	2452	2235	2021	1896
Service charges and other customer-related fees	1976	1667	1625	1578	1243	1330	1585	1597	1646	1715	1867	2118
Other Gains	3348	3098	1357	884	1407	958	1239	665	630	758	715	406
Net securities losses/gains	-35	-34	-9	2	25	26	-209	65	-11	-30	-24	-41
Interest Expense	14826	12697	4123	1598	3120	5173	4301	2762	2018	1625	1579	1792
Deposits	11493	9489	2535	956	2165	3420	2598	1602	1213	1091	1088	1241
Securitized debt obligations	958	959	384	119	232	523	496	327	216	151	145	183
Senior and subordinated notes	2333	2204	1074	488	679	1159	1125	731	476	330	299	315
Other borrowings	42	45	130	35	44	71	82	102	113	53	47	53
Gross Profit	39112	36787	34250	30435	28523	28593	28076	27237	25501	23413	22290	22384
SG&A Expenses	33125	30660	24940	14597	25260	21607	20584	21500	19631	17102	15189	15135
Operating Expenses	33202	30742	25010	14626	25320	21719	20758	21745	20017	17532	15721	15806
Provision for credit losses	11716	10426	5847	1944	10264	6236	5856	7551	6459	4536	3541	3453
Salaries and associate benefits	9398	9302	8425	7421	6805	6388	5727	5899	5202	4975	4593	4480
Occupancy and equipment	2366	2160	2050	2003	2118	2098	2118	1939	1944	1829	1745	1541
Marketing	4562	4009	4017	2871	1610	2274	2174	1670	1811	1744	1561	1373
Professional services	1610	1268	1807	1440	1312	1237	1145	1097	1075	1292	1216	1347
Communications and data processing	1462	1383	1379	1262	1215	1290	1260	1177	1169	883	798	897
Amortization and impairment of intangibles	77	82	70	29	60	112	174	245	386	430	532	671
Other Losses	2011	2112	1415	1544	1936	2084	2304	2167	1971	1843	1735	2044
Operating Income	5910	6045	9240	15809	3203	6874	7318	5492	5484	5881	6569	6578
Total Non-Income Operating Expense	0	0	0	0	0	0	0	0	0	0	0	0
Pre-Tax Income	5910	6045	9240	15809	3203	6874	7318	5492	5484	5881	6569	6578
Income Taxes	1163	1158	1880	3415	486	1341	1293	3375	1714	1869	2146	2224
Income After Taxes/From Continuous Operations	4747	4887	7360	12394	2717	5533	6025	2117	3770	4012	4423	4354
Income/Expense From Discontinued Operations	3	0	0	-4	-3	13	-10	-135	-19	38	5	-233
Net Income	4750	4887	7360	12390	2714	5546	6015	1982	3751	4050	4428	4121
Dividends	305	305	316	425	339	354	305	278	238	178	85	70

Financial Metrics

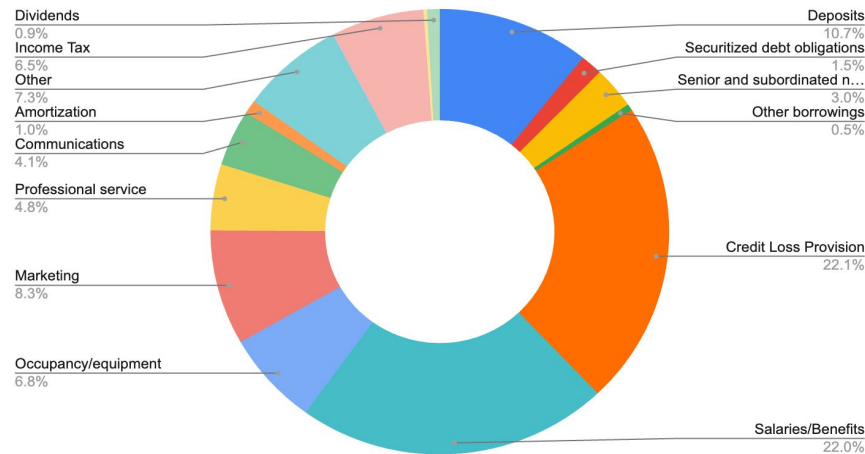
- **Linear Increase:** Revenue, Gross Profit and Operating Expense
- **Gradual Increase:** Net Income
- **Exponential Increase:** Interest Expense from 2023 to 2025
- **No change:** Income Tax
- In 2021, there was a massive increase in net income due to a reduction in interest expense and operating expense
- In 2025, there is a massive increase in revenue but a massive decrease in net income due to high operating and interest expenses.



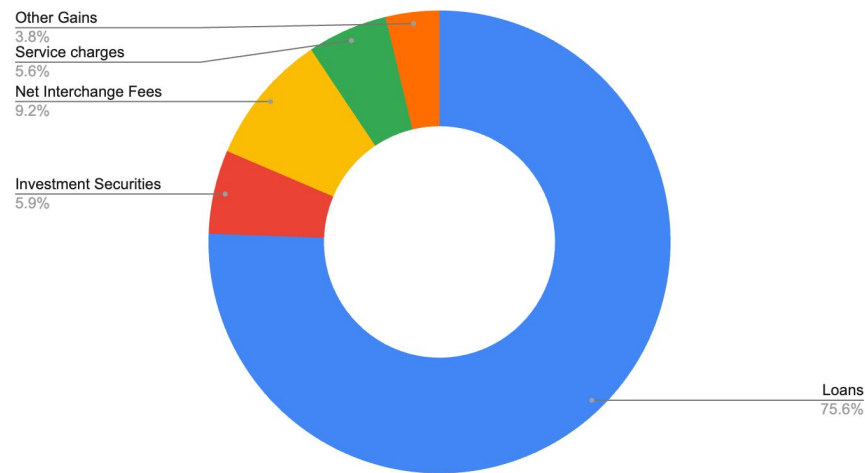
Distribution of Losses and Gains

- Top 3 causes of financial loss from 2010 to 2024:
 1. **credit loss provision**
 2. **salaries/benefits**
 3. **interest expense from deposits**
- Top 3 causes of financial gain from 2010 to 2024:
 1. **interest profit from loans**
 2. **net interchange fees**
 3. **investment securities**

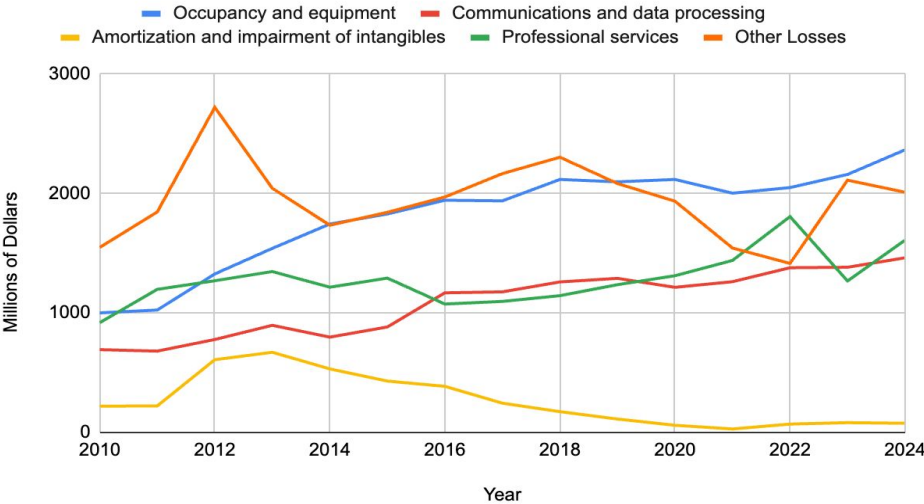
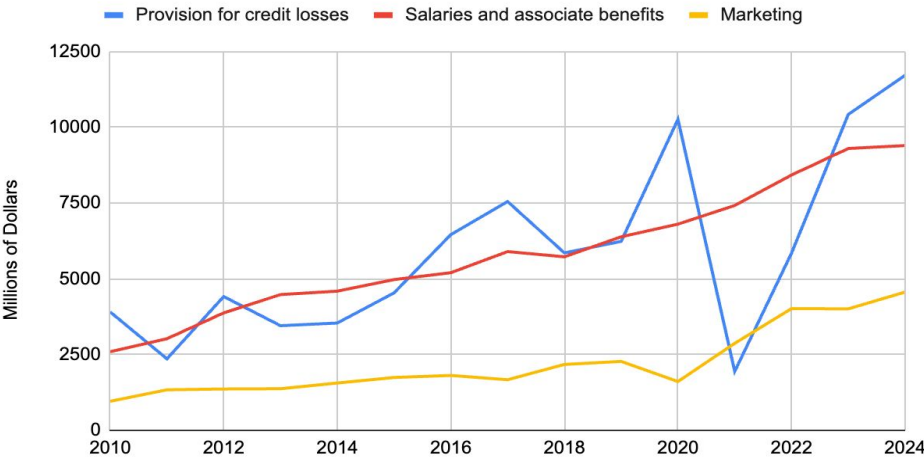
Distribution of Average Losses from 2010 to 2024



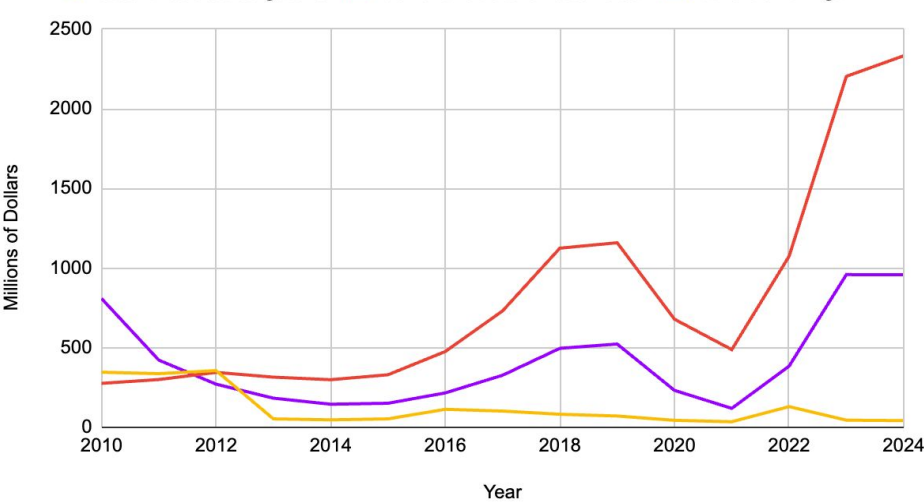
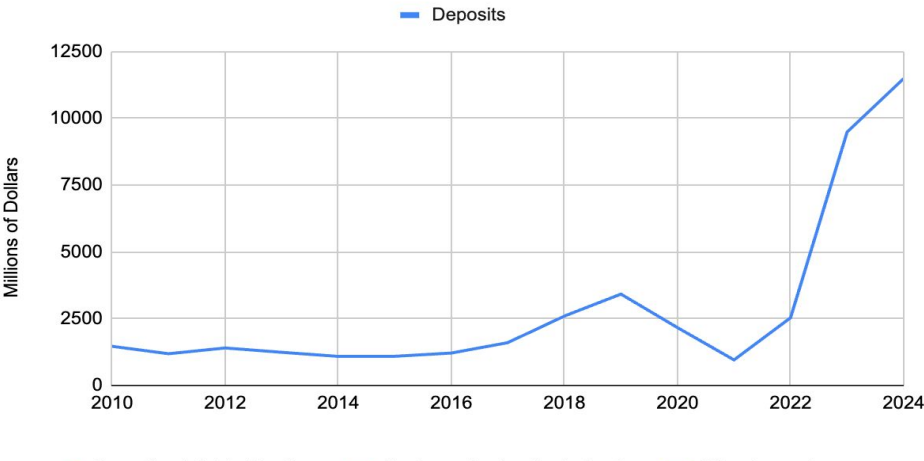
Distribution of Average Gains from 2010 to 2024



Distribution of Operating Expenses from 2010 to 2024



Distribution of Interest Expenses from 2010 to 2024



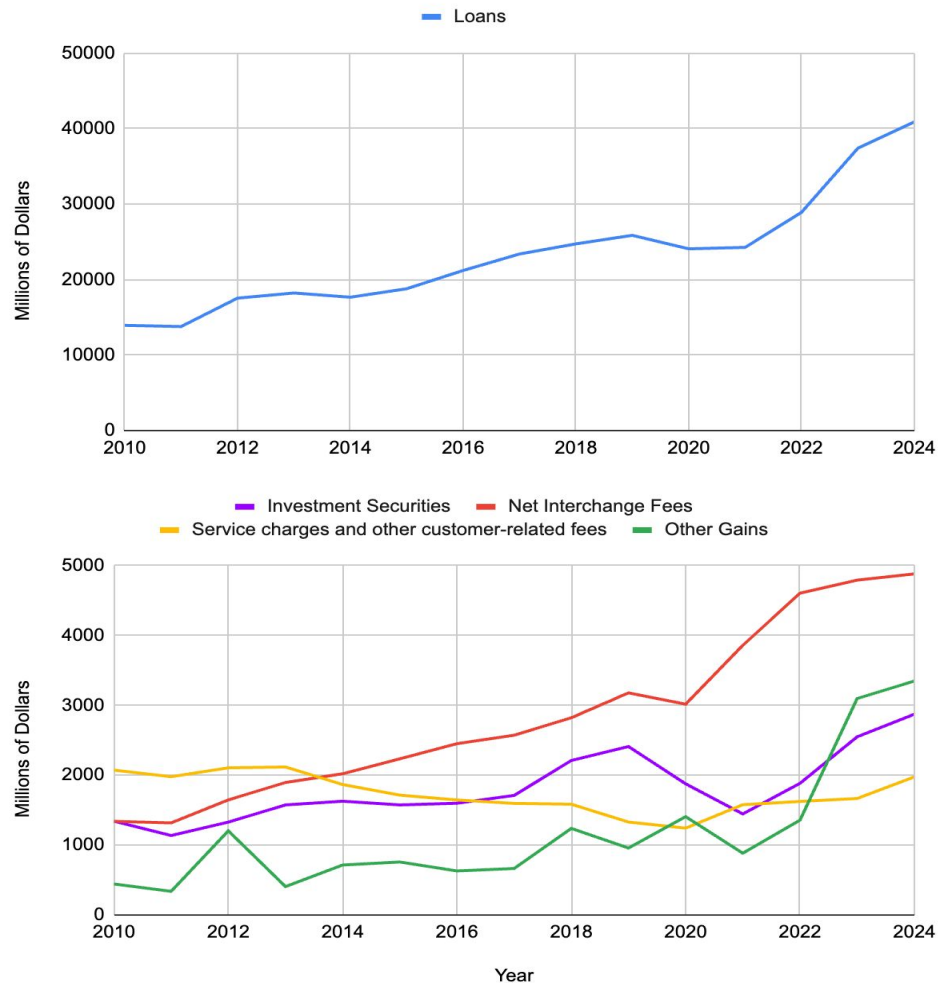
Financial Losses

- **Linear increase:** salaries and associate benefits, marketing prices, occupancy and equipment costs and communications and data processing costs
- Linear increase from 2010 to 2020, rapid drop in 2021 and exponential increase from 2021 to 2025 for provision for credit losses, interest expense from deposits and senior and subordinated notes
- **Linear decrease:** amortization and impairment of intangibles

Financial Gains

- **Linear increase:** interest profit from loans and net interchange fees
- **Gradual increase:** investment securities
- **No change:** service charges and other customer-related fees

Distribution of Revenue from 2010 to 2024

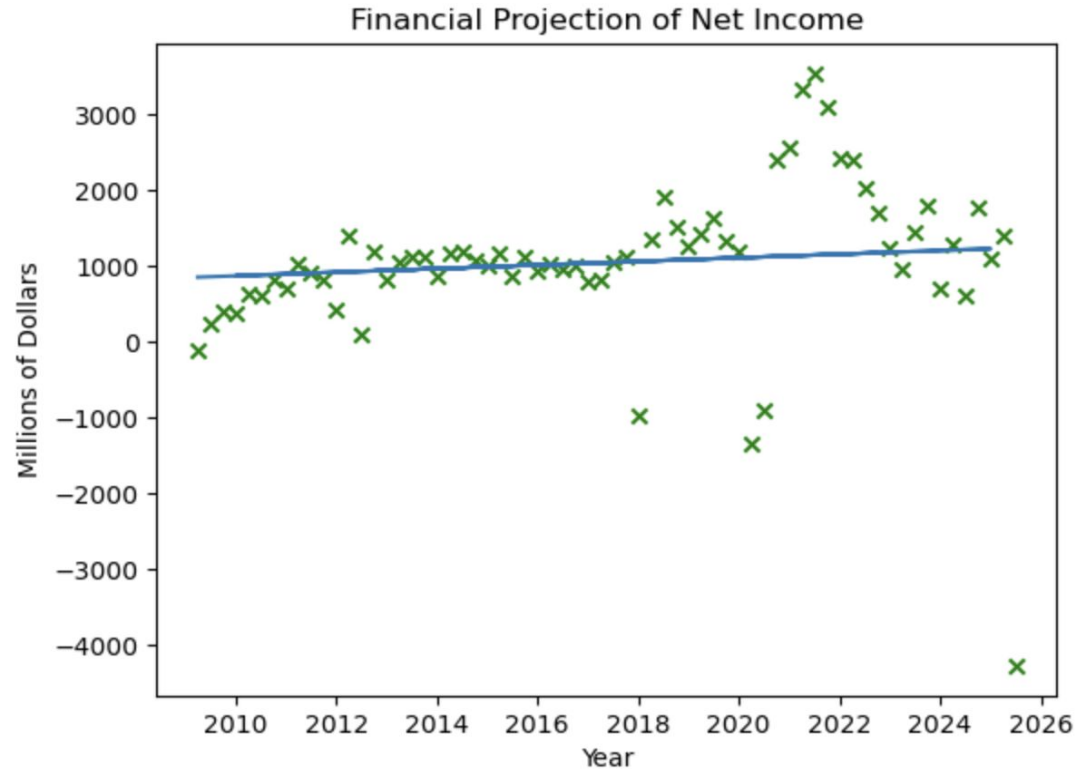


Financial Planning & Analysis Advice

- Revenue has been steadily increasing from 2010 to 2024 whereas net profit has gone into the negatives in the second quarter of 2025 primarily due to provision from credit losses and interest expense from deposits. Focus less on increasing profits and focus more on reducing cost
- Recommend slightly lowering the interest rate for deposits in saving account
- Provision from credit losses can be lowered by providing loans...
 - with lower interest rates
 - to reputable individuals with good credit scores and a good financial history
 - with transparency about the details of the loans and clear payment methods
 - to businesses with large upscale value
- We may be entering a new recession so net income may lower regardless of strategy

Projections

- There is a massive net income loss of \$4 billion in the second quarter of 2025
- According to linear regression model, Capital One will have a \$23.84 million increase in net income every year as long as trends stay the same
- Capital One should have an estimated net income of \$1.35 billion annually by 2030



Regression formula: $y = 23.84x - 47048$

x = year

y = net income in millions of dollars



The End

References

“Capital One Financial Corp Statements.” *EDGAR*, US Securities and Exchange Commission, 20 Feb. 2025, www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=COF&type=10-K&dateb=&owner=exclude&count=100.

“Capital One Financial Financial Statements 2009-2024 | COF | Macrotrends.” *Macrotrends*, Macrotrends LLC, 2025, www.macrotrends.net/stocks/charts/COF/capital-one-financial/financial-statements.