Fourth Quarter 2009 Results

January 21, 2010

Forward looking statements

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Q409 earnings were $376MM or $0.83 per share; 2009 earnings were $884MM or $0.75 per share

$MM	Q409	Q309	2009	2008
Revenue excl. Retained Interest & Suppression	4,804	5,065	19,111	18,984
Retained Interests Valuation Changes	55	37	(152)	(225)
Revenue Suppression	(490)	(517)	(2,123)	(1,920)
Revenue	**4,369**	**4,585**	**16,836**	**16,839**
Marketing Expense	188	104	588	1,118
Operating Expense	1,728	1,672	6,709	6,147
Restructuring Expense	32	26	120	134
Non-Interest Expense	**1,948**	**1,802**	**7,417**	**7,399**
Pre-Provision Earnings (before tax)	**2,421**	**2,783**	**9,419**	**9,440**
Net Charge-offs	2,188	2,155	8,421	6,424
Other	45	15	59	63
Allowance Build (Release)	(386)	31	(397)	1,561
Provision Expense	**1,847**	**2,201**	**8,083**	**8,048**
Goodwill Impairment	-	-	-	**811**
Pretax Income	**574**	**582**	**1,336**	**582**
Tax Expense	**170**	**145**	**349**	**497**
Operating Earnings (after tax)	**404**	**437**	**987**	**85**
EPS	$0.90	$0.97	$0.99	$0.14
Discontinued Operations, net of tax	(28)	(44)	(103)	(131)
Total Company (after tax)	**376**	**393**	**884**	**(46)**
EPS Available to Common Shareholders	$0.83	$0.88	$0.75 [1]	($0.21) [2]

[1] includes ($1.31) impact of dividend and repayment expense of the government's preferred share investment

[2] includes ($0.08) impact of dividend expense of the government's preferred share investment

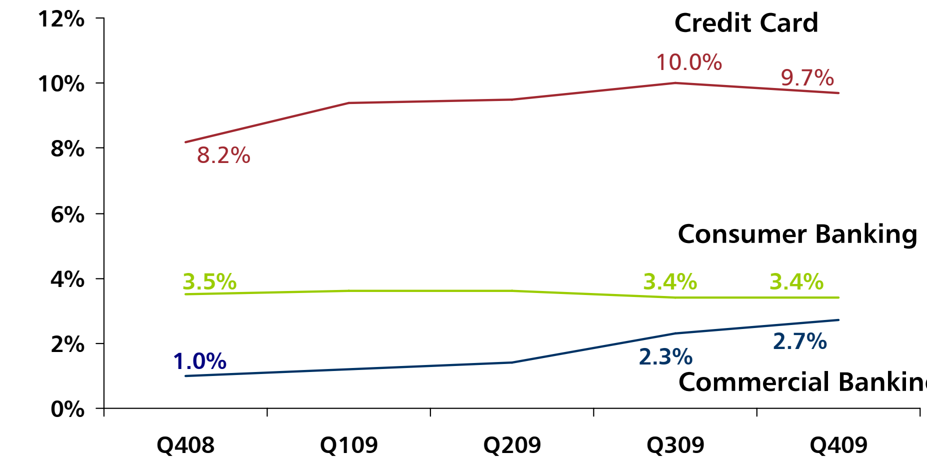
Allowance coverage ratios continue to reflect historically high loss rates and a cautious outlook

Allowance Balance

$MM

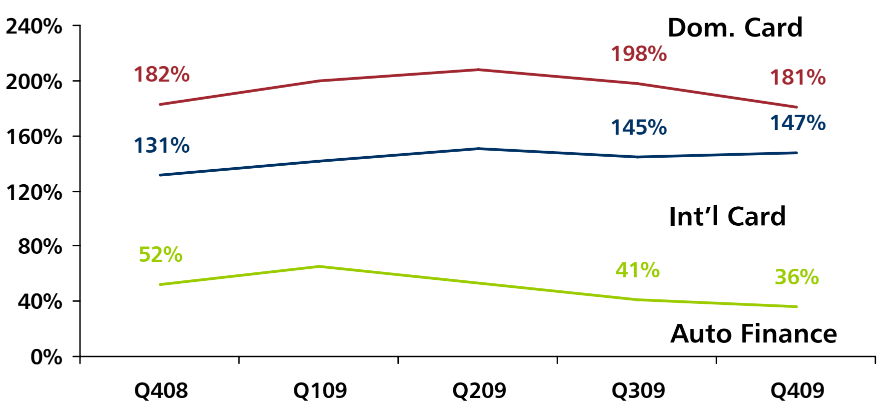
	Q3 '09	Q4 '09	Build/(Release)
Credit Card			
Domestic	$ 2,343	$ 1,927	$ (416)
International	222	199	(23)
Total Credit Card	$ 2,565	$ 2,126	$ (439)
Consumer Banking			
Auto	$ 761	$ 665	$ (96)
Other Consumer Banking	357	411	54
Total Consumer Banking	$ 1,118	$ 1,076	$ (42)
Commercial Banking	$ 671	$ 786	$ 115
Other	$ 160	$ 140	$ (20)
Total Allowance	$ 4,513	$ 4,127	$ (386)
Total Reported Loans	96,714	90,619	

Allowance as % of Reported Loans

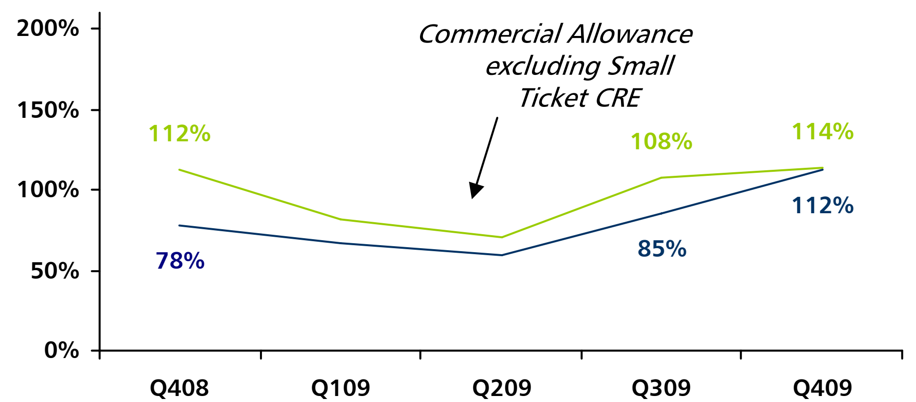


Total Company:	4.48%	4.43%	4.44%	4.67%	4.55%

Allowance as % of Reported 30+ Delinquencies

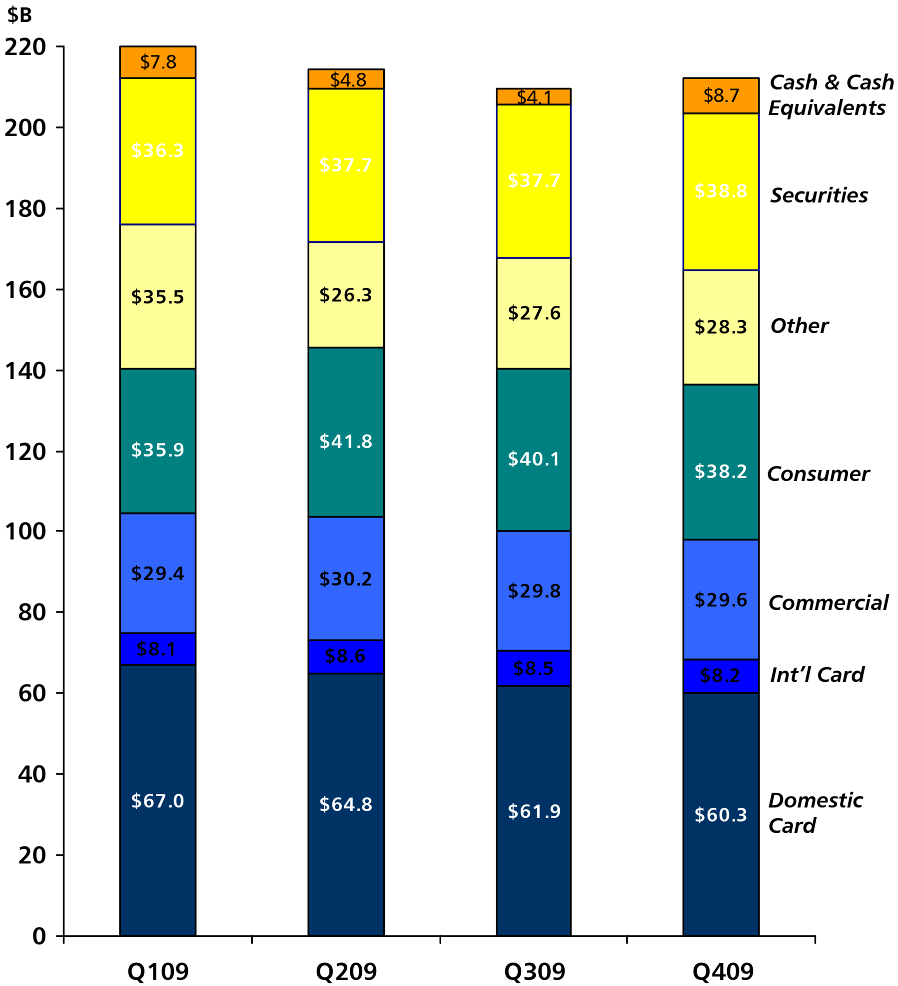


Commercial Lending Allowance as % of Non-Performing Loans

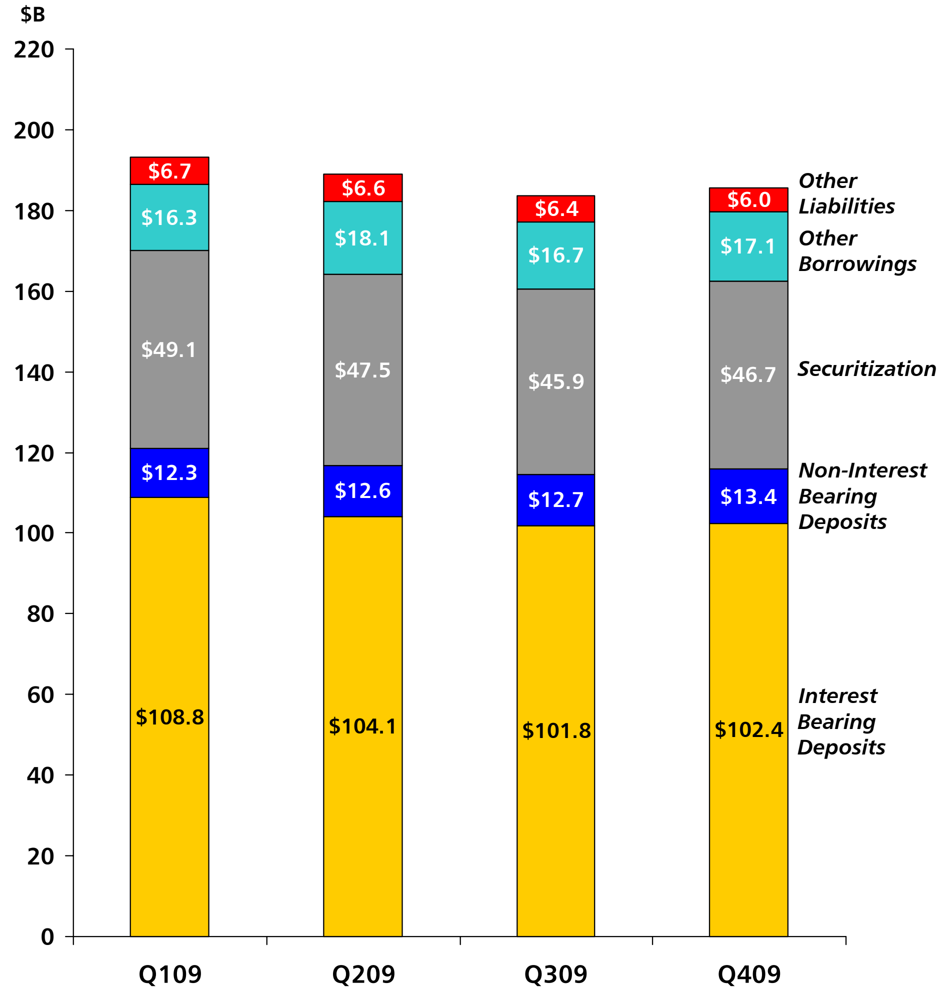


End of period assets were up despite declining loan balances

End of Period Assets

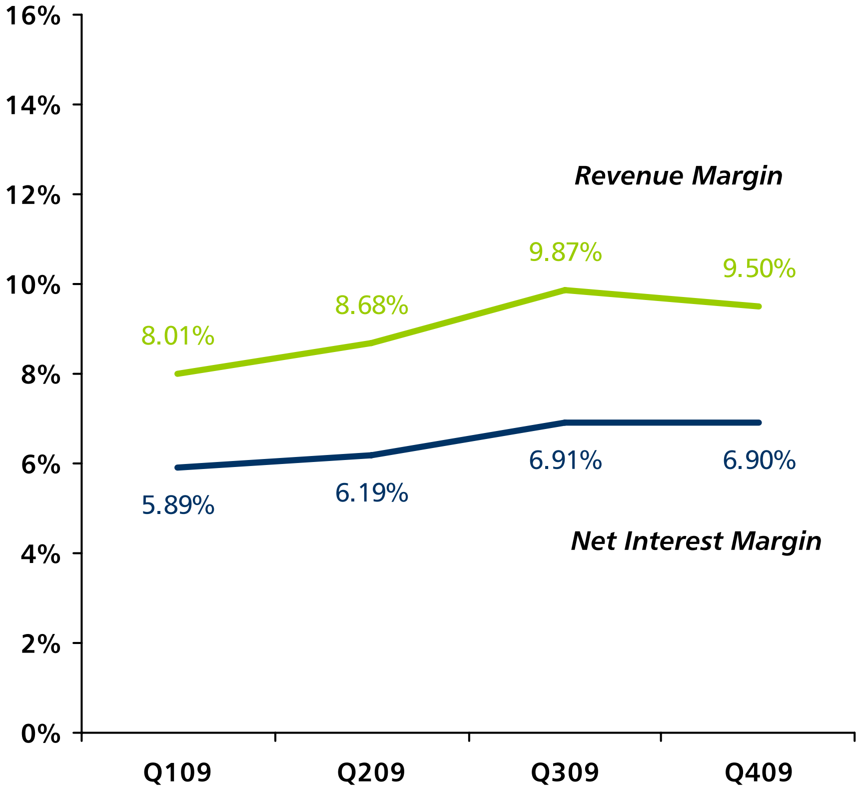


End of Period Liabilities



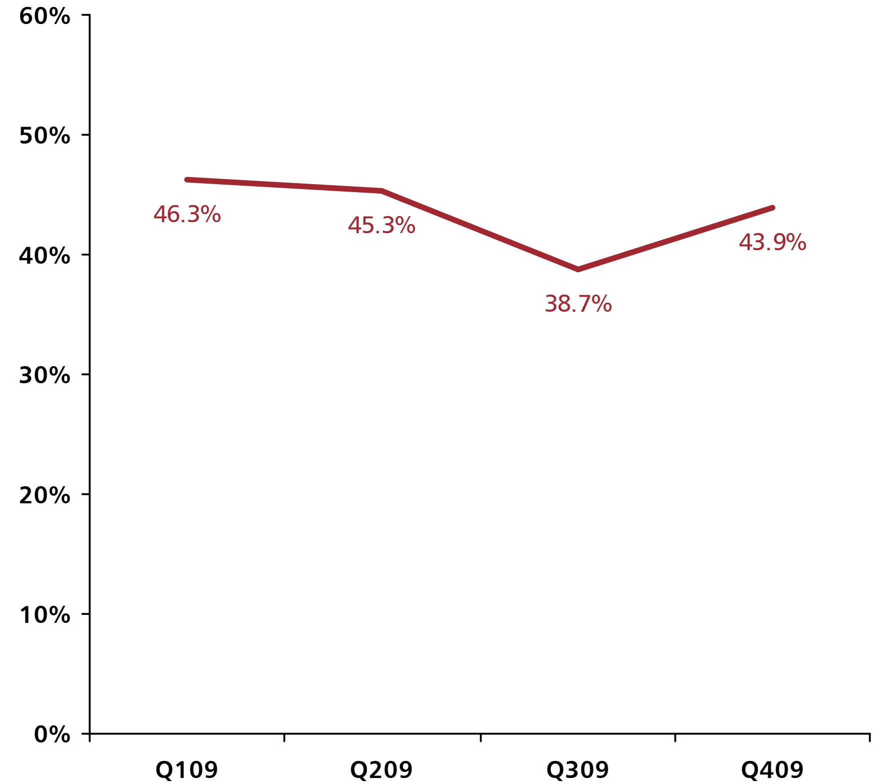
Margins remain relatively stable

Margins as % of Managed Assets



	Q109	Q209	Q309	Q409
Weighted Avg Asset Yield	8.34%	8.36%	8.97%	8.83%
Cost of Interest Bearing Liabilities	2.75%	2.41%	2.28%	2.16%
Total Cost of Funds	2.57%	2.25%	2.12%	2.00%

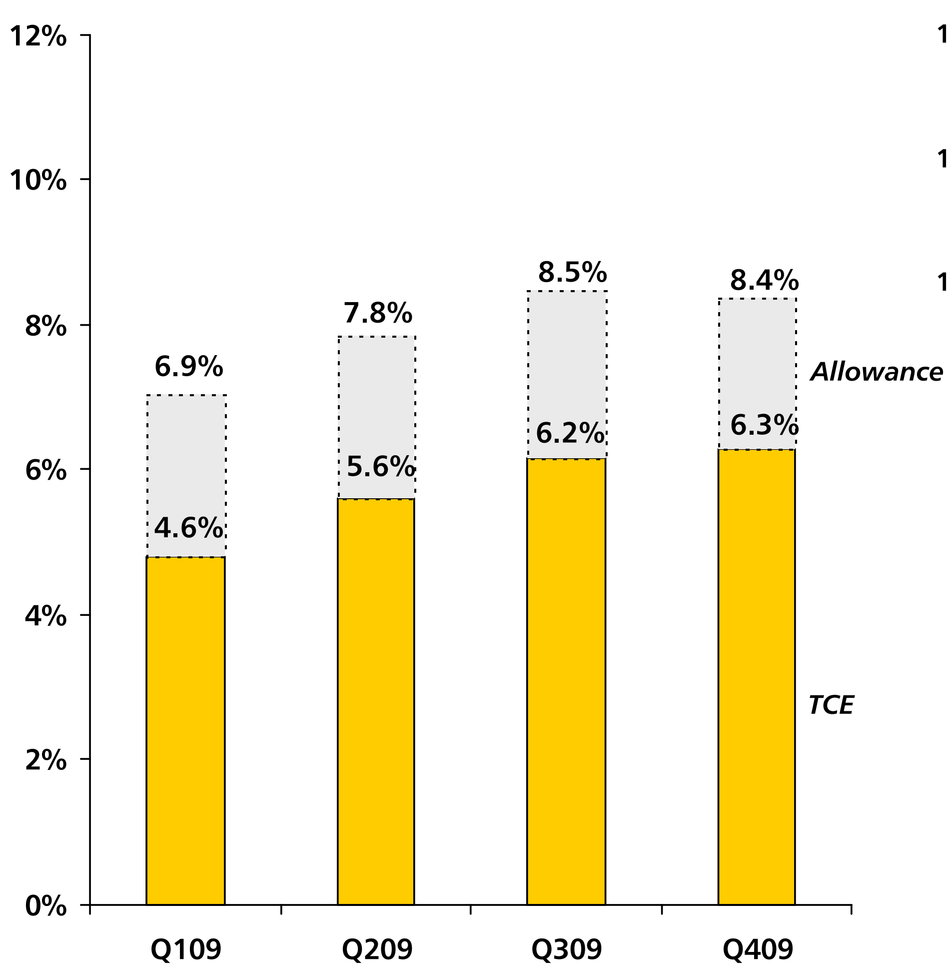
Efficiency Ratio



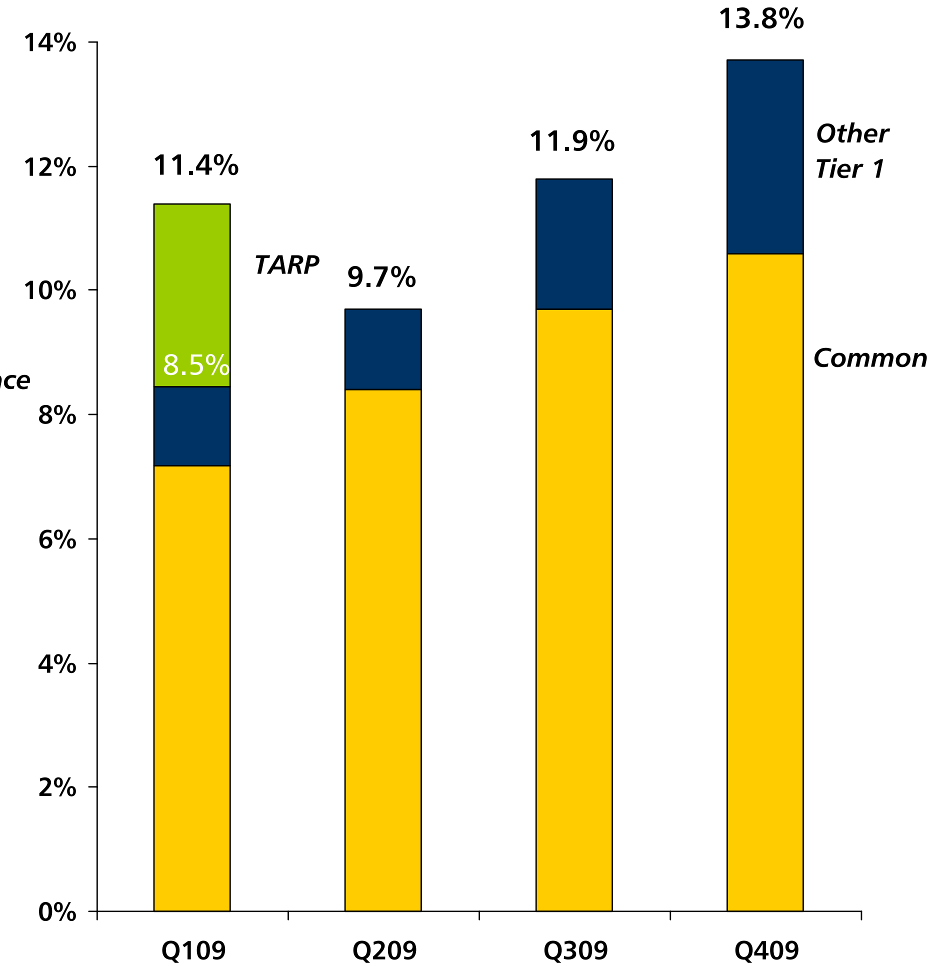
$MM	Q109	Q209	Q309	Q409
Revenue	3,736	4,147	4,585	4,369
Operating Expense	1,565	1,744	1,672	1,728
Marketing Expense	163	134	104	188

Our capacity to absorb risk remains high

Tangible Common Equity + Allowance to Tangible Managed Assets



Tier 1 Capital to Risk Weighted Assets



We are implementing FAS 166/167 at book value in Q1 2010

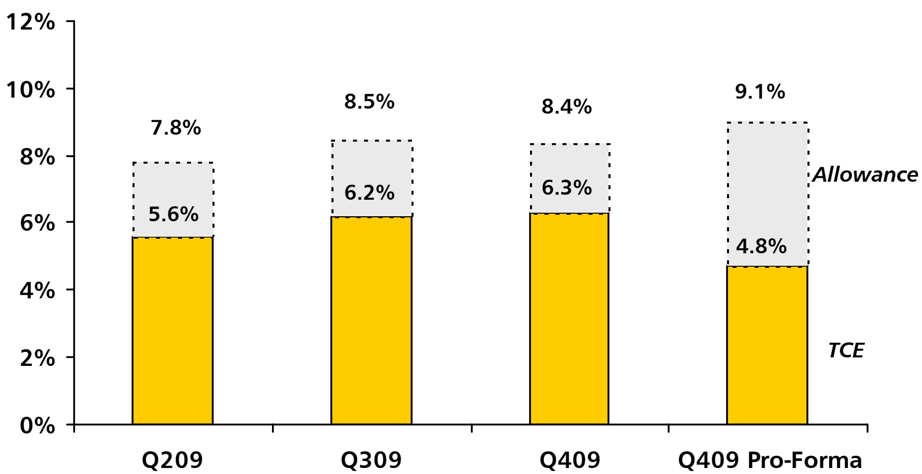
($B)	Reported 12/31/09	Estimated Adjustments for FAS 166/167	Estimated Opening 1/1/10
Assets			
Loans held for investment	90.6	47.8	138.4
Less: Allowance for loan & lease losses	(4.1)	(4.3)	(8.4)
Net loans (HFI)	**86.5**	**43.5**	**130.0**
Accounts receivable from securitizations	7.6	(7.6)	--
Cash and cash equivalents	8.7	4.0	12.7
Other	66.6	2.1	68.7
Total assets	**169.4**	**42.0**	**211.4**
Liabilities			
Securitization liability	4.0	44.5	48.5
Other	138.8	0.6	139.4
Total Liabilities	**142.8**	**45.1**	**187.9**
Stockholders' Equity			
Total stockholders' equity	26.6	(3.1)	23.5
Total liabilities & stockholders' equity	**169.4**	**42.0**	**211.4**

Consolidation will impact both the balance sheet and the income statement

Capital Ratios as of 12/31/09

	Actual	Pro-forma upon Consolidation
TCE:	6.3%	4.8%
Tier 1:	13.8%	9.8%
Tier 1 Common:	10.7%	6.7%
Total RBC:	17.8%	17.5%

Tangible Common Equity + Allowance to Tangible Managed Assets



Income Statement Impact from Securitized Accounts Previously Treated as Off Balance Sheet

	Pre- FAS 166/167	***Post- FAS 166/167***
Allowance:	• N/A	• Initial build through retained earnings • Subsequent ALLL changes through income statement
I/O Strip & Other Retained Interests:	• Upfront gains recognized upon securitization • Changes in expected losses as one input to valuation estimates • Changes in valuation flow through Non Interest Income	• No upfront gains; allowance established at loan origination • Changes in expected losses all flow through provision and allowance; typically much larger impact than previous changes in valuation estimates

Capital One delivered a profit from continuing operations of $403.9 MM in the fourth quarter of 2009

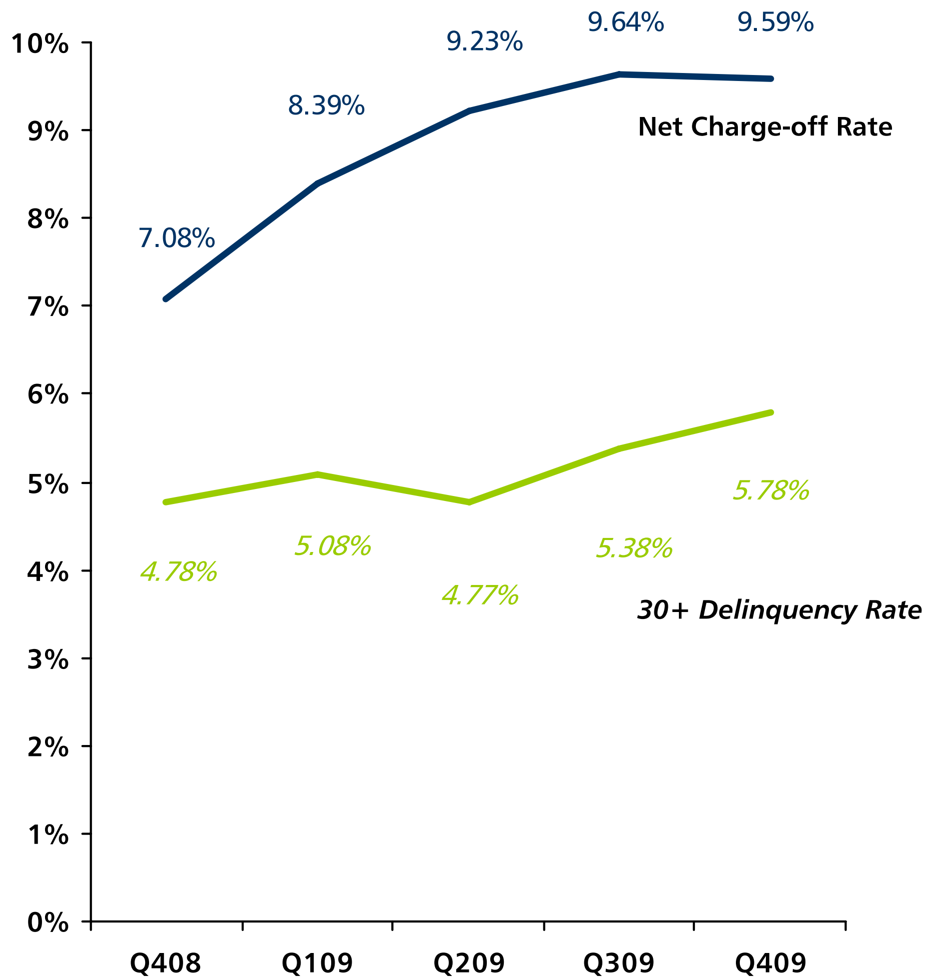
Net Income (Loss) from Continuing Operations ($MM)

	Q409	Q309	Q408
Credit Card			
Domestic	$ 461.0	$ 289.8	$ (176.3)
International	48.9	1.9	(10.9)
SUBTOTAL	509.9	291.7	(187.2)
Commercial Banking	(136.0)	(127.7)	24.1
Consumer Banking	(7.7)	145.2	(952.7)[1]
Other	37.7	127.9	(280.5)
Total Company	$ 403.9	$ 437.1	$ (1,396.3)

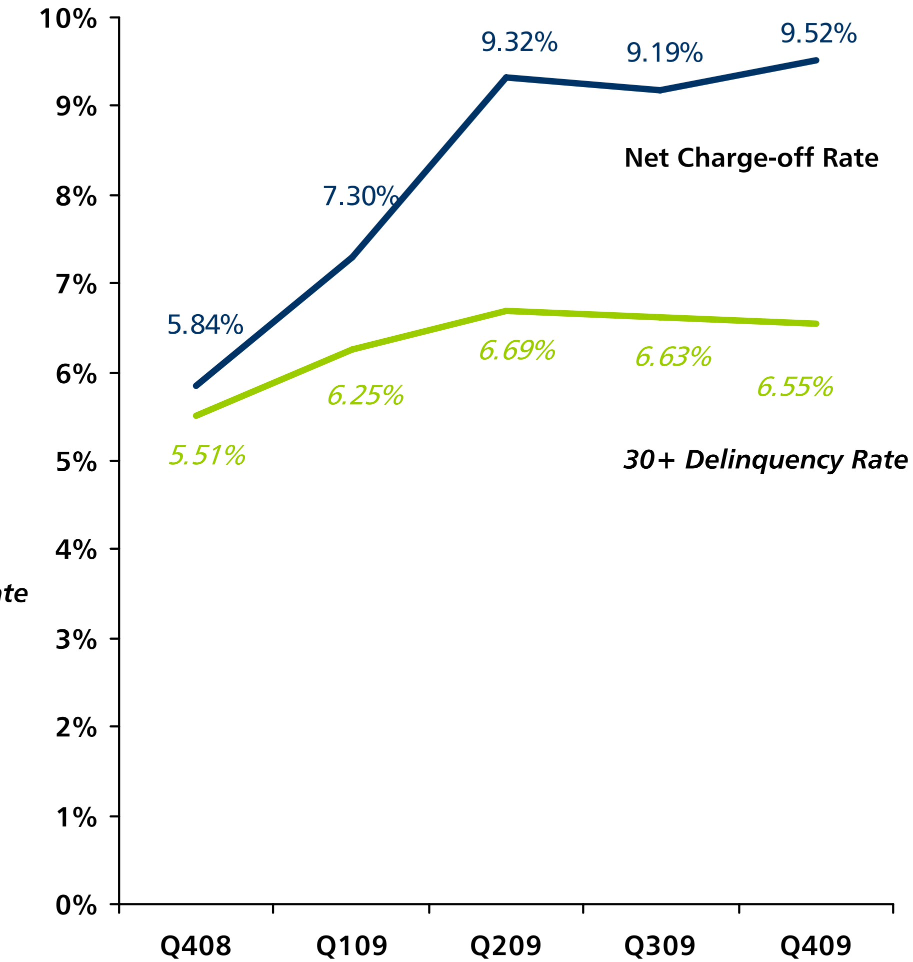
[1] includes $811M goodwill impairment

Domestic Card charge-off rate improved modestly in the fourth quarter, while delinquency rate increased

Domestic Card Credit

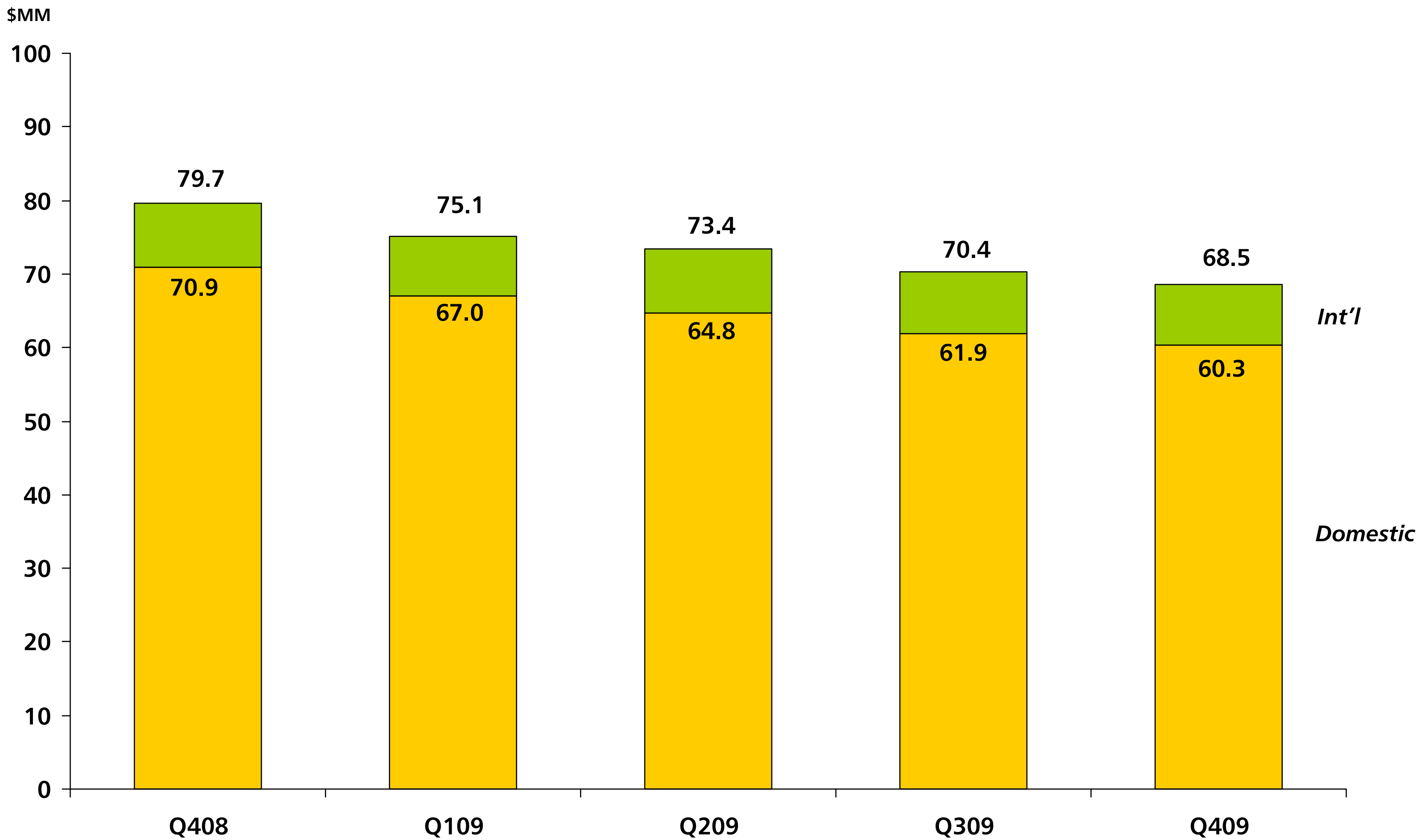


International Card Credit



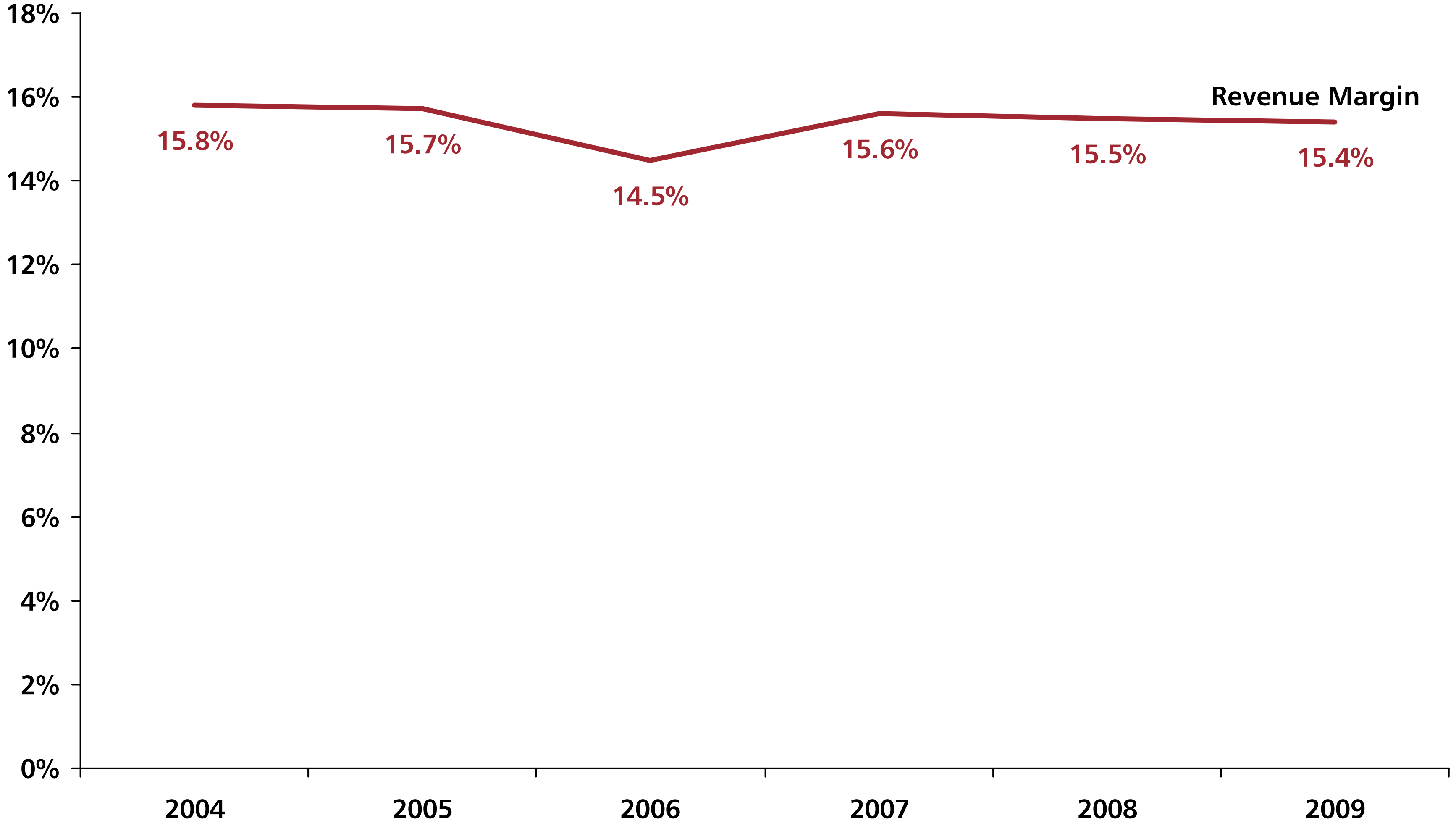
The Domestic Credit Card business delivered strong and resilient profitability, despite elevated charge-offs

Loans Held for Investment



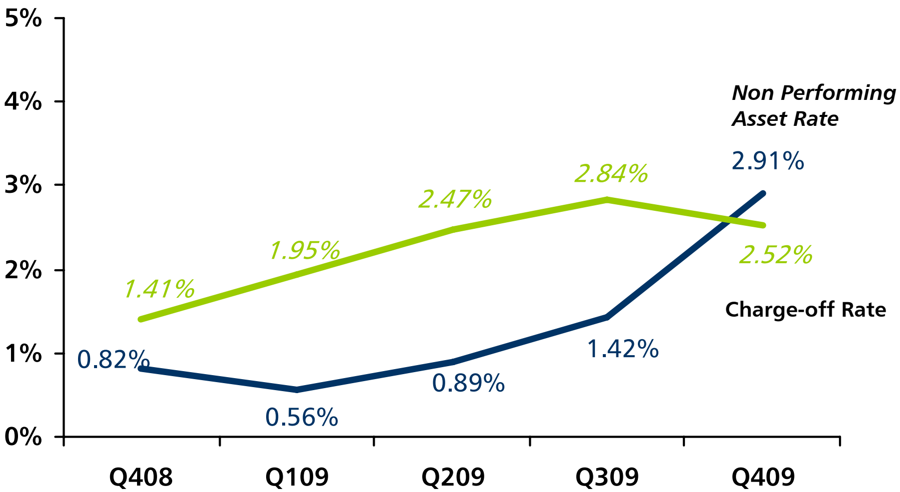
Domestic Card Revenue Margins have been stable in the last 6 years

Domestic Card Annual Revenue Margin and its Components

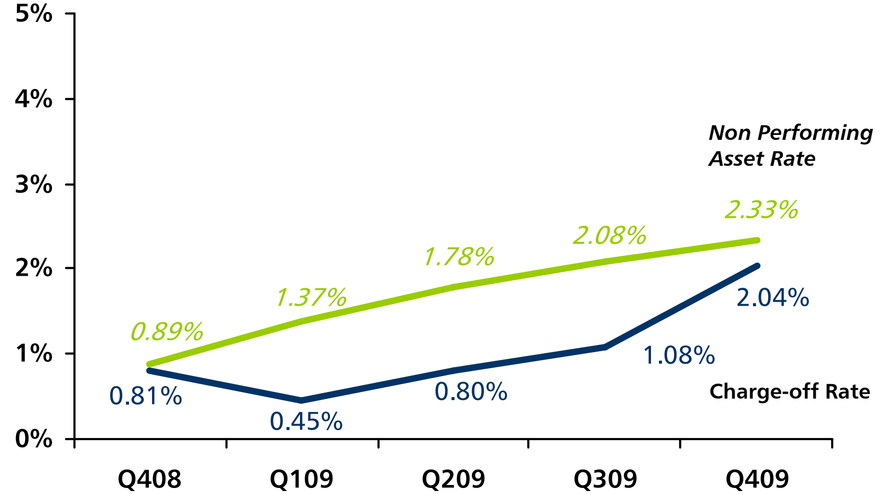


Continuing economic deterioration drove another quarter of worsening credit trends in Commercial Banking

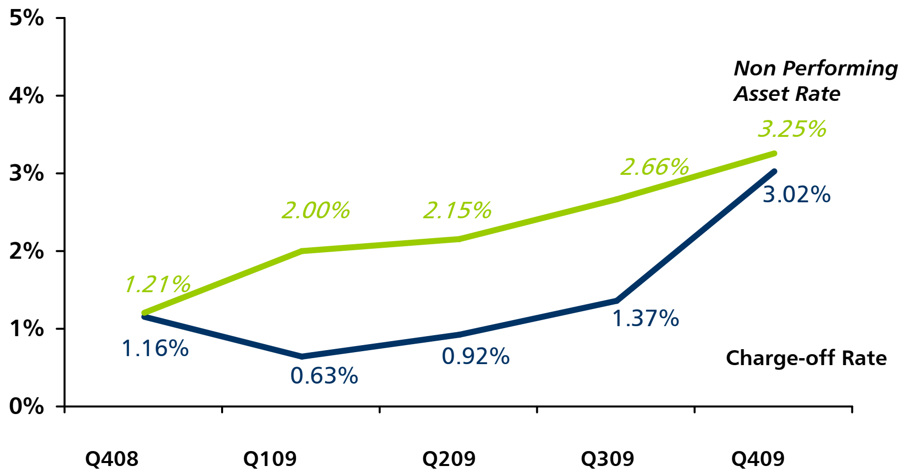
Total Commercial Banking ($29.9 B)



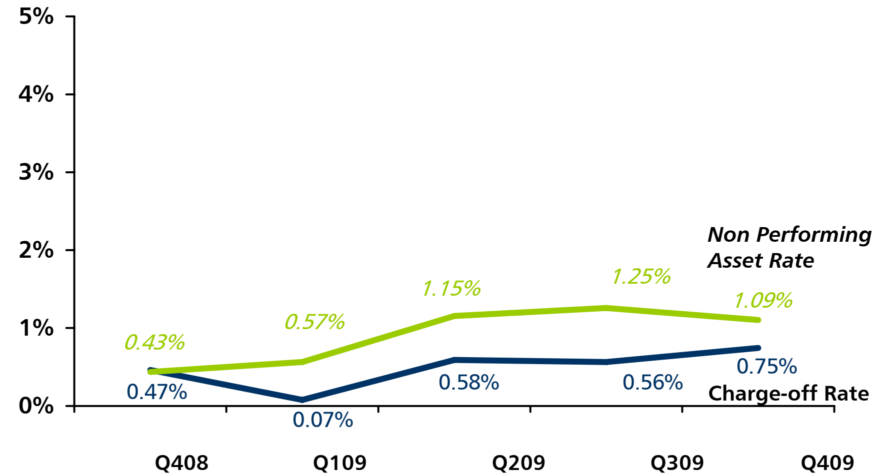
Total Commercial Lending Excluding Small Ticket CRE ($27.5 B)



Commercial & Multi Family ($13.9 B)

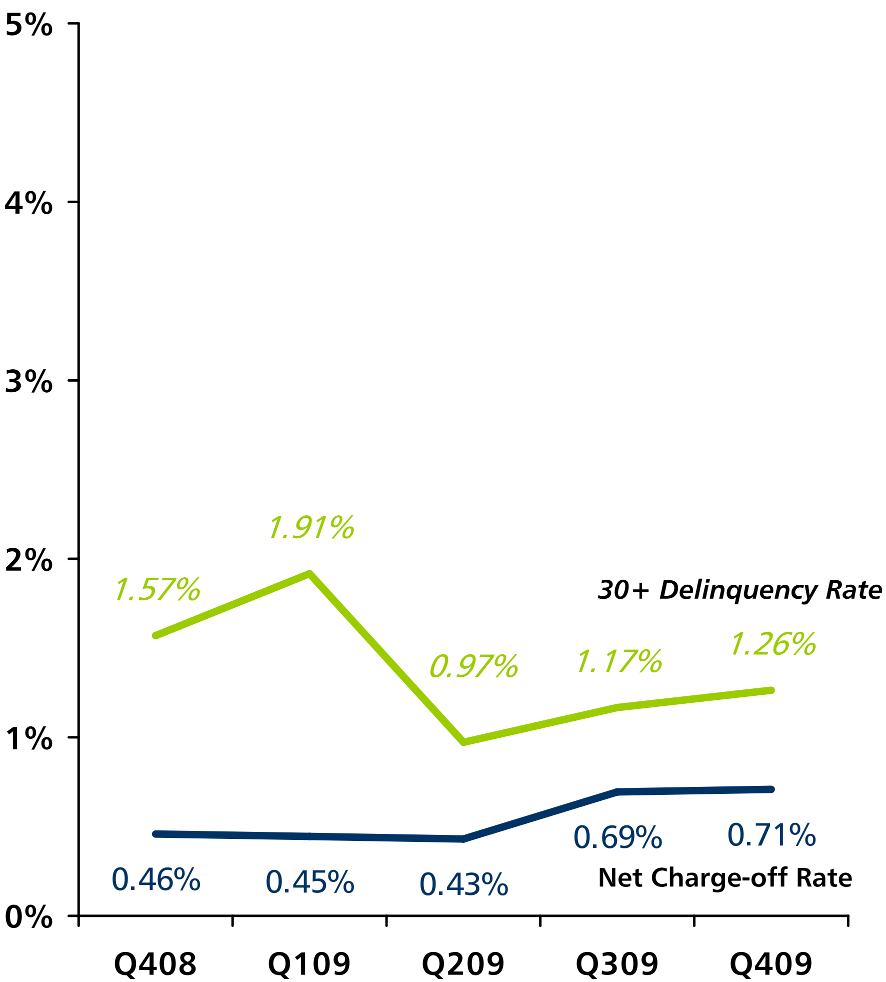


Middle Market ($10.1 B)

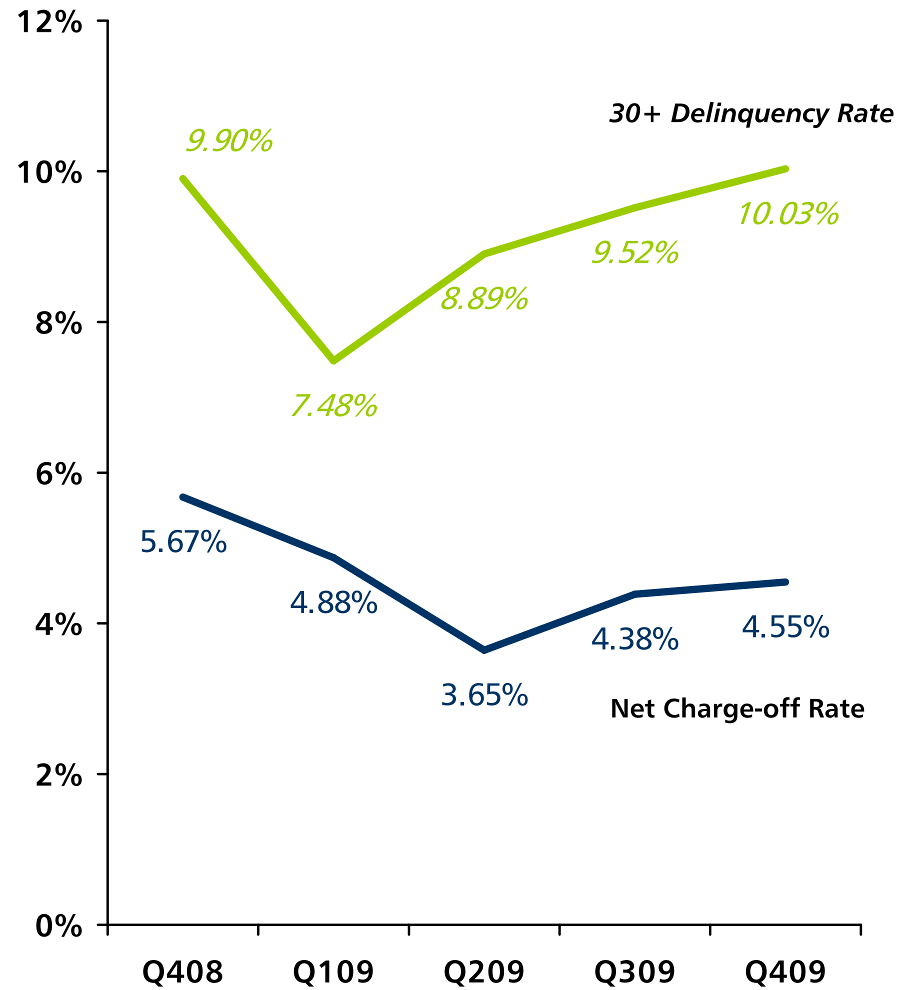


The Mortgage Portfolio and the Auto Finance business were the key drivers of Consumer Banking credit results

Mortgage Credit



Auto Credit



We expect near-term trends to reflect the mechanics of delivering value over the cycle

- Loans continue to decline in 2010 driven largely by continuing run off from businesses we've stopped originating or repositioned

- NIM and Revenue margin for full year 2010 similar to full year 2009

- Domestic card charge-off dollars expected to peak in first quarter 2010

- Potential for significant allowance releases, consistent with decline in loans and moderating charge-off outlook

- Allowance release coincides with investments in future growth and returns
  - Marketing expense begins to ramp toward more normal levels in 2010
  - 2010 Operating expense similar to 2009, as ongoing efficiency improvements are offset by investments in infrastructure

- Growth and returns lag investments, but are attractive and sustainable over the long-term

- Strong and resilient balance sheet to support growth

Capital One[SM]