



Third Quarter 2015 Results

October 22, 2015

Forward-Looking Statements

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You should carefully consider the factors discussed above in evaluating these forward-looking statements. All information in these slides is based on the consolidated results of Capital One Financial Corporation, unless otherwise noted. A reconciliation of any non-GAAP financial measures included in this presentation can be found in Capital One's Current Report on Form 8-K filed October 22, 2015, available on its website at www.capitalone.com under "Investors."

Third Quarter 2015 Results

Income Statement

	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2015 Q3 vs.		Nine Months Ended September 30,		
						2015 Q2	2014 Q3	2015	2014	2015 vs. 2014
<i>(Dollars in millions, except per share data and as noted) (unaudited)</i>										
Income Statement										
Net interest income	\$ 4,760	\$ 4,537	\$ 4,576	\$ 4,656	\$ 4,497	5%	6%	\$ 13,873	\$ 13,162	5%
Non-interest income	1,140	1,135	1,071	1,157	1,142	—	—	3,346	3,315	1
Total net revenue	5,900	5,672	5,647	5,813	5,639	4	5	17,219	16,477	5
Provision for credit losses	1,092	1,129	935	1,109	993	(3)	10	3,156	2,432	30
Non-interest expense:										
Marketing	418	387	375	509	392	8	7	1,180	1,052	12
Amortization of intangibles	106	111	110	123	130	(5)	(18)	327	409	(20)
Operating expenses	2,636	2,809	2,564	2,652	2,463	(6)	7	8,009	7,435	8
Total non-interest expense	3,160	3,307	3,049	3,284	2,985	(4)	6	9,516	8,896	7
Income from continuing operations before income taxes	1,648	1,236	1,663	1,420	1,661	33	(1)	4,547	5,149	(12)
Income tax provision	530	384	529	450	536	38	(1)	1,443	1,696	(15)
Income from continuing operations, net of tax	1,118	852	1,134	970	1,125	31	(1)	3,104	3,453	(10)
(Loss) income from discontinued operations, net of tax	(4)	11	19	29	(44)	**	(91)	26	(24)	**
Net income	1,114	863	1,153	999	1,081	29	3	3,130	3,429	(9)
Dividends and undistributed earnings allocated to participating securities	(6)	(4)	(6)	(4)	(5)	50	20	(16)	(14)	14
Preferred stock dividends	(29)	(29)	(32)	(21)	(20)	—	45	(90)	(46)	96
Net income available to common stockholders	\$ 1,079	\$ 830	\$ 1,115	\$ 974	\$ 1,056	30	2	\$ 3,024	\$ 3,369	(10)
Diluted Earnings Per Common Share										
Net income from continuing operations	\$ 1.99	\$ 1.48	\$ 1.97	\$ 1.68	\$ 1.94	34%	3%	\$ 5.43	\$ 5.90	(8)%
(Loss) income from discontinued operations	(0.01)	0.02	0.03	0.05	(0.08)	**	(88)	0.05	(0.04)	**
Net income per diluted common share	\$ 1.98	\$ 1.50	\$ 2	\$ 1.73	\$ 1.86	32	6	\$ 5.48	\$ 5.86	(6)

Third Quarter 2015 Highlights

- Q3 2015 net income of \$1.1 billion, or \$1.98 per share; pre-provision earnings before tax of \$2.7 billion
- Q3 2015 build in the U.K. PPI reserve of \$69 million: (\$49) million in net revenue and \$20 million in non-interest expense
- Q3 2015 return on average tangible common equity¹ of 14.33%
- Lower provision for credit losses: net charge-offs of \$890 million; \$171 million allowance build

¹ Return on average tangible common equity is a non-GAAP measure and may not be comparable to similarly titled measures reported by other companies. See Table 14: Reconciliation of Non-GAAP Measures and Calculation of Regulatory Capital Measures of Exhibit 99.2 of Capital One's Current Report on Form 8-K filed on October 22, 2015 for additional information.

Net Interest Margin

Average Balances, Net Interest Income and Net Interest Margin

	2015 Q3			2015 Q2			2014 Q3		
	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate
<i>(Dollars in millions) (unaudited)</i>									
Interest-earning assets:									
Loans, including loans held for sale	\$ 212,076	\$ 4,753	8.96%	\$ 207,335	\$ 4,531	8.74%	\$ 200,066	\$ 4,463	8.92%
Investment securities	63,541	386	2.43	63,771	382	2.40	62,582	398	2.54
Cash equivalents and other	7,465	25	1.34	5,479	24	1.75	6,242	26	1.67
Total interest-earning assets	<u>\$ 283,082</u>	<u>\$ 5,164</u>	<u>7.30</u>	<u>\$ 276,585</u>	<u>\$ 4,937</u>	<u>7.14</u>	<u>\$ 268,890</u>	<u>\$ 4,887</u>	<u>7.27</u>
Interest-bearing liabilities:									
Interest-bearing deposits	\$ 185,800	\$ 271	0.58	\$ 183,946	\$ 272	0.59	\$ 179,928	\$ 271	0.60
Securitized debt obligations	14,881	39	1.05	13,219	36	1.09	10,110	32	1.27
Senior and subordinated notes	20,806	82	1.58	20,336	80	1.57	17,267	71	1.64
Other borrowings and liabilities	10,114	12	0.47	8,857	12	0.54	12,937	16	0.49
Total interest-bearing liabilities	<u>\$ 231,601</u>	<u>\$ 404</u>	<u>0.70</u>	<u>\$ 226,358</u>	<u>\$ 400</u>	<u>0.71</u>	<u>\$ 220,242</u>	<u>\$ 390</u>	<u>0.71</u>
Net interest income/spread		<u>\$ 4,760</u>	<u>6.60</u>		<u>\$ 4,537</u>	<u>6.43</u>		<u>\$ 4,497</u>	<u>6.56</u>
Impact of non-interest bearing funding			0.13			0.13			0.13
Net interest margin			<u>6.73%</u>			<u>6.56%</u>			<u>6.69%</u>

Third Quarter 2015 Highlights

- Net interest margin increased by 17 basis points quarter-over-quarter
- Excluding the impact of the build in the U.K. PPI reserve in the quarter, NIM was 2 basis points higher at 6.75%

Capital

- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 12.1% at September 30, 2015
- Estimated common equity Tier 1 capital ratio under Basel III Advanced Approaches remained above 8%¹ target at September 30, 2015
- Reduced net common shares outstanding by 7.6 million shares in Q3 2015 driven by share repurchases

¹ Estimated based on our current interpretation, expectations and understanding of the Basel III Advanced Approaches capital rules and other capital regulations issued by U.S. regulators and the application of such rules to our businesses as currently conducted. Current and future Basel III Advanced Approaches estimated calculations are necessarily subject to change based on, among other things, further changes to final rules and regulations, model calibration, other implementation guidance, changes in our businesses and certain actions of management, including those affecting the composition of our balance sheet. We believe our estimate of this capital ratio provides useful information to investors and others relative to an expected future regulatory capital standard.

Credit Card

Credit Card Performance Metrics

						2015 Q3 vs.		Nine Months Ended September 30,		
	2015	2015	2015	2014	2014	2015	2014	2015	2014	2015 vs.
<i>(Dollars in millions) (unaudited)</i>	Q3	Q2	Q1	Q4	Q3	Q2	Q3	2015	2014	2014
Earnings:										
Net interest income	\$ 2,866	\$ 2,633	\$ 2,666	\$ 2,697	\$ 2,627	9%	9%	\$ 8,165	\$ 7,613	7%
Non-interest income	858	845	816	841	846	2	1	2,519	2,470	2
Total net revenue	3,724	3,478	3,482	3,538	3,473	7	7	10,684	10,083	6
Provision for credit losses	831	895	669	856	787	(7)	6	2,395	1,894	26
Non-interest expense	1,848	1,857	1,776	1,888	1,730	—	7	5,481	5,175	6
Income from continuing operations before taxes	1,045	726	1,037	794	956	44	9	2,808	3,014	(7)
Income tax provision	375	263	369	275	332	43	13	1,007	1,054	(4)
Income from continuing operations, net of tax	\$ 670	\$ 463	\$ 668	\$ 519	\$ 624	45	7	\$ 1,801	\$ 1,960	(8)
Selected performance metrics:										
Period-end loans held for investment	\$ 90,135	\$ 87,203	\$ 81,754	\$ 85,876	\$ 80,631	3%	12%	\$ 90,135	\$ 80,631	12%
Average loans held for investment	88,450	83,901	82,581	81,740	79,494	5	11	84,999	78,005	9
Average yield on loans held for investment	14.39%	13.98%	14.30%	14.61%	14.65%	41bps	(26)bps	14.22%	14.44%	(22)bps
Total net revenue margin	16.84	16.58	16.87	17.31	17.48	26	(64)	16.76	17.24	(48)
Net charge-off rate	2.96	3.35	3.48	3.38	2.88	(39)	8	3.26	3.48	(22)
30+ day performing delinquency rate	3.24	2.82	2.91	3.24	3.22	42	2	3.24	3.22	2
30+ day delinquency rate	3.29	2.88	2.97	3.30	3.29	41	—	3.29	3.29	—
Nonperforming loan rate	0.07	0.08	0.08	0.08	0.09	(1)	(2)	0.07	0.09	(2)
Card loan premium amortization and other intangible accretion	\$ 5	\$ 7	\$ 11	\$ 11	\$ 18	(29)%	(72)%	\$ 23	\$ 86	(73)%
PCCR intangible amortization	78	80	84	87	90	(3)	(13)	242	282	(14)
Purchase volume	69,875	68,559	57,383	63,484	57,474	2	22	195,817	161,266	21

Domestic Card

Domestic Card Performance Metrics

	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2015 Q3 vs.		Nine Months Ended September 30,		
						2015 Q2	2014 Q3	2015	2014	2015 vs. 2014
<i>(Dollars in millions) (unaudited)</i>										
Earnings:										
Net interest income	\$ 2,613	\$ 2,395	\$ 2,421	\$ 2,432	\$ 2,361	9%	11%	\$ 7,429	\$ 6,809	9%
Non-interest income	814	796	743	768	763	2	7	2,353	2,233	5
Total net revenue	3,427	3,191	3,164	3,200	3,124	7	10	9,782	9,042	8
Provision for credit losses	796	853	610	765	738	(7)	8	2,259	1,728	31
Non-interest expense	1,630	1,621	1,580	1,676	1,530	1	7	4,831	4,588	5
Income from continuing operations before taxes	1,001	717	974	759	856	40	17	2,692	2,726	(1)
Income tax provision	362	259	353	272	306	40	18	974	974	—
Income from continuing operations, net of tax	\$ 639	\$ 458	\$ 621	\$ 487	\$ 550	40	16	\$ 1,718	\$ 1,752	(2)
Selected performance metrics:										
Period-end loans held for investment	\$ 82,178	\$ 78,984	\$ 74,131	\$ 77,704	\$ 73,143	4%	12%	\$ 82,178	\$ 73,143	12%
Average loans held for investment	80,402	75,924	74,770	74,026	71,784	6	12	77,053	70,331	10
Average yield on loans held for investment	14.35%	13.95%	14.23%	14.43%	14.46%	40bps	(11)bps	14.17%	14.20%	(3)bps
Total net revenue margin	17.05	16.81	16.93	17.29	17.41	24	(36)	16.93	17.14	(21)
Net charge-off rate	3.08	3.42	3.55	3.39	2.83	(34)	25	3.35	3.45	(10)
30+ day performing delinquency rate	3.28	2.84	2.92	3.27	3.21	44	7	3.28	3.21	7
30+ day delinquency rate	3.28	2.84	2.92	3.27	3.21	44	7	3.28	3.21	7
Purchase volume	\$ 63,777	\$ 62,198	\$ 52,025	\$ 58,234	\$ 53,690	3%	19%	\$ 178,000	\$ 150,482	18%

Third Quarter 2015 Highlights

- Ending and average loans up 12% year-over-year
- Revenue up 10% year-over-year
- Non-interest expense up 7% year-over-year
- Provision for credit losses up 8% year-over-year
- Net charge-off rate up 25 basis points year-over-year to 3.08%

Consumer Banking

Consumer Banking Performance Metrics

<i>(Dollars in millions) (unaudited)</i>	2015	2015	2015	2014	2014	2015 Q3 vs.		Nine Months Ended September 30,		
	Q3	Q2	Q1	Q4	Q3	2015	2014	2015	2014	2015 vs.
	Q3	Q2	Q1	Q4	Q3	Q2	Q3	2015	2014	2014
Earnings:										
Net interest income	\$ 1,443	\$ 1,444	\$ 1,434	\$ 1,459	\$ 1,425	—	1%	\$ 4,321	\$ 4,289	1%
Non-interest income	174	196	158	185	179	(11)%	(3)	528	499	6
Total net revenue	1,617	1,640	1,592	1,644	1,604	(1)	1	4,849	4,788	1
Provision for credit losses	188	185	206	222	198	2	(5)	579	481	20
Non-interest expense	1,001	998	970	1,045	956	—	5	2,969	2,824	5
Income from continuing operations before taxes	428	457	416	377	450	(6)	(5)	1,301	1,483	(12)
Income tax provision	155	166	150	135	161	(7)	(4)	471	530	(11)
Income from continuing operations, net of tax	\$ 273	\$ 291	\$ 266	\$ 242	\$ 289	(6)	(6)	\$ 830	\$ 953	(13)
Selected performance metrics:										
Period-end loans held for investment	\$ 70,990	\$ 71,176	\$ 71,379	\$ 71,439	\$ 71,061	—	—	\$ 70,990	\$ 71,061	—
Average loans held for investment	71,097	71,367	71,441	71,254	71,048	—	—	71,300	70,867	1%
Average yield on loans held for investment	6.25%	6.27%	6.26%	6.45%	6.18%	(2)bps	7bps	6.26%	6.19%	7bps
Auto loan originations	\$ 5,590	\$ 5,433	\$ 5,185	\$ 5,390	\$ 5,410	3%	3%	\$ 16,208	\$ 15,513	4%
Period-end deposits	170,866	170,321	172,502	168,078	167,624	—	2	170,866	167,624	2
Average deposits	170,816	171,076	169,593	167,727	168,407	—	1	170,500	168,925	1
Average deposit interest rate	0.56%	0.57%	0.57%	0.57%	0.58%	(1)bps	(2)bps	0.57%	0.58%	(1)bps
Core deposit intangible amortization	\$ 19	\$ 21	\$ 22	\$ 24	\$ 26	(10)%	(27)%	\$ 62	\$ 84	(26)%
Net charge-off rate	1.14%	0.76%	0.89%	1.20%	1.07%	38bps	7bps	0.93%	0.87%	6bps
30+ day performing delinquency rate	3.62	3.24	2.95	3.60	3.22	38	40	3.62	3.22	40
30+ day delinquency rate	4.22	3.80	3.46	4.23	3.82	42	40	4.22	3.82	40

Third Quarter 2015 Highlights

- Ending and average loans flat compared to prior year
- Revenue up 1% year-over-year
- Non-interest expense up 5% year-over-year
- Provision for credit losses down 5% year-over-year

Commercial Banking

Commercial Banking Performance Metrics

	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2015 Q3 vs.		Nine Months Ended September 30,		
						2015 Q2	2014 Q3	2015	2014	2015 vs. 2014
<i>(Dollars in millions) (unaudited)</i>										
Earnings:										
Net interest income	\$ 454	\$ 466	\$ 461	\$ 455	\$ 439	(3)%	3%	\$ 1,381	\$ 1,296	7%
Non-interest income	108	123	114	132	122	(12)	(11)	345	318	8
Total net revenue	562	589	575	587	561	(5)	—	1,726	1,614	7
Provision for credit losses	75	49	60	32	9	53	733	184	61	202
Non-interest expense	272	270	272	293	268	1	1	814	790	3
Income from continuing operations before taxes	215	270	243	262	284	(20)	(24)	728	763	(5)
Income tax provision	78	98	88	93	102	(20)	(24)	264	273	(3)
Income from continuing operations, net of tax	\$ 137	\$ 172	\$ 155	\$ 169	\$ 182	(20)	(25)	464	\$ 490	(5)
Selected performance metrics:										
Period-end loans held for investment	\$ 52,112	\$ 51,231	\$ 50,741	\$ 50,890	\$ 49,788	2%	5%	\$ 52,112	\$ 49,788	5%
Average loans held for investment	51,592	50,976	51,070	50,339	48,766	1	6	51,215	47,076	9
Average yield on loans held for investment	3.21%	3.26%	3.22%	3.33%	3.39%	(5)bps	(18)bps	3.23%	3.45%	(22)bps
Period-end deposits	\$ 32,751	\$ 32,909	\$ 32,575	\$ 31,954	\$ 31,918	—%	3%	\$ 32,751	\$ 31,918	3%
Average deposits	32,806	32,778	32,845	32,363	31,772	—	3	32,809	31,546	4
Average deposit interest rate	0.25%	0.25%	0.24%	0.24%	0.24%	—bps	1bps	0.25%	0.24%	1bps
Core deposit intangible amortization	\$ 3	\$ 4	\$ 4	\$ 5	\$ 5	(25)%	(40)%	\$ 11	\$ 16	(31)%
Net charge-off (recovery) rate	0.26%	0.05%	0.02%	0.07%	(0.05)%	21bps	31bps	0.11%	0.00%	11bps
Nonperforming loan rate	0.87	0.90	0.31	0.34	0.32	(3)	55	0.87	0.32	55
Nonperforming asset rate	0.87	0.91	0.31	0.36	0.35	(4)	52	0.87	0.35	52

Third Quarter 2015 Highlights

- Ending loans up 5% year-over-year; average loans up 6% year-over-year
- Revenue flat year-over-year
- Non-interest expense up 1% year-over-year
- Provision for credit losses up \$66 million year-over-year
- Net charge-off rate up 31 basis points to 0.26% year-over-year

Third Quarter 2015 Results Adjusted

	QTD Q3 2015			YTD Q3 2015		
	Reported Results	Adjustment ⁽¹⁾	Adjusted Results	Reported Results	Adjustment ⁽¹⁾	Adjusted Results
<i>(Dollars in millions, except per share data and as noted) (unaudited)</i>						
Income Statement						
Net interest income	\$ 4,760	\$ 20	\$ 4,780	\$ 13,873	\$ 36	\$ 13,909
Non-interest income	1,140	29	1,169	3,346	50	3,396
Total net revenue	5,900	49	5,949	17,219	86	17,305
Provision for credit losses	1,092	—	1,092	3,156	—	3,156
Non-interest expense	3,160	(20)	3,140	9,516	(208)	9,308
Income from continuing operations before income taxes	1,648	69	1,717	4,547	294	4,841
Income tax provision	530	—	530	1,443	70	1,513
Income from continuing operations, net of tax	1,118	69	1,187	3,104	224	3,328
(Loss) income from discontinued operations, net of tax	(4)	—	(4)	26	—	26
Net income	1,114	69	1,183	3,130	224	3,354
Net income available to common stockholders	1,079	69	1,148	3,024	224	3,248
Selected performance metrics:						
Diluted EPS	\$ 1.98	\$ 0.12	\$ 2.10	\$ 5.48	\$ 0.41	\$ 5.89
Net interest margin	6.73%	2bps	6.75%	6.62%	2bps	6.64%
Efficiency ratio	53.56	(78)	52.78	55.26	(147)	53.79
Average yield on loans held for investment - Credit Card	14.39	10	14.49	14.22	6	14.28
Average yield on loans held for investment - International Card	14.88	97	15.85	14.70	60	15.30
Net revenue margin - Credit Card	16.84	22	17.06	16.76	13	16.89
Net revenue margin - International Card	14.77	243	17.20	15.14	144	16.58

¹ We recorded a build in the U.K. Payment Protection Insurance customer refund reserve (“U.K. PPI Reserve”) of \$69 million in Q3 2015 and \$78 million in Q2 2015. In Q2 2015, we also recorded restructuring charges of \$147 million under our existing benefit plans as a result of the realignment of our workforce.