Second quarter 2008 results

July 17, 2008

Forward looking statements

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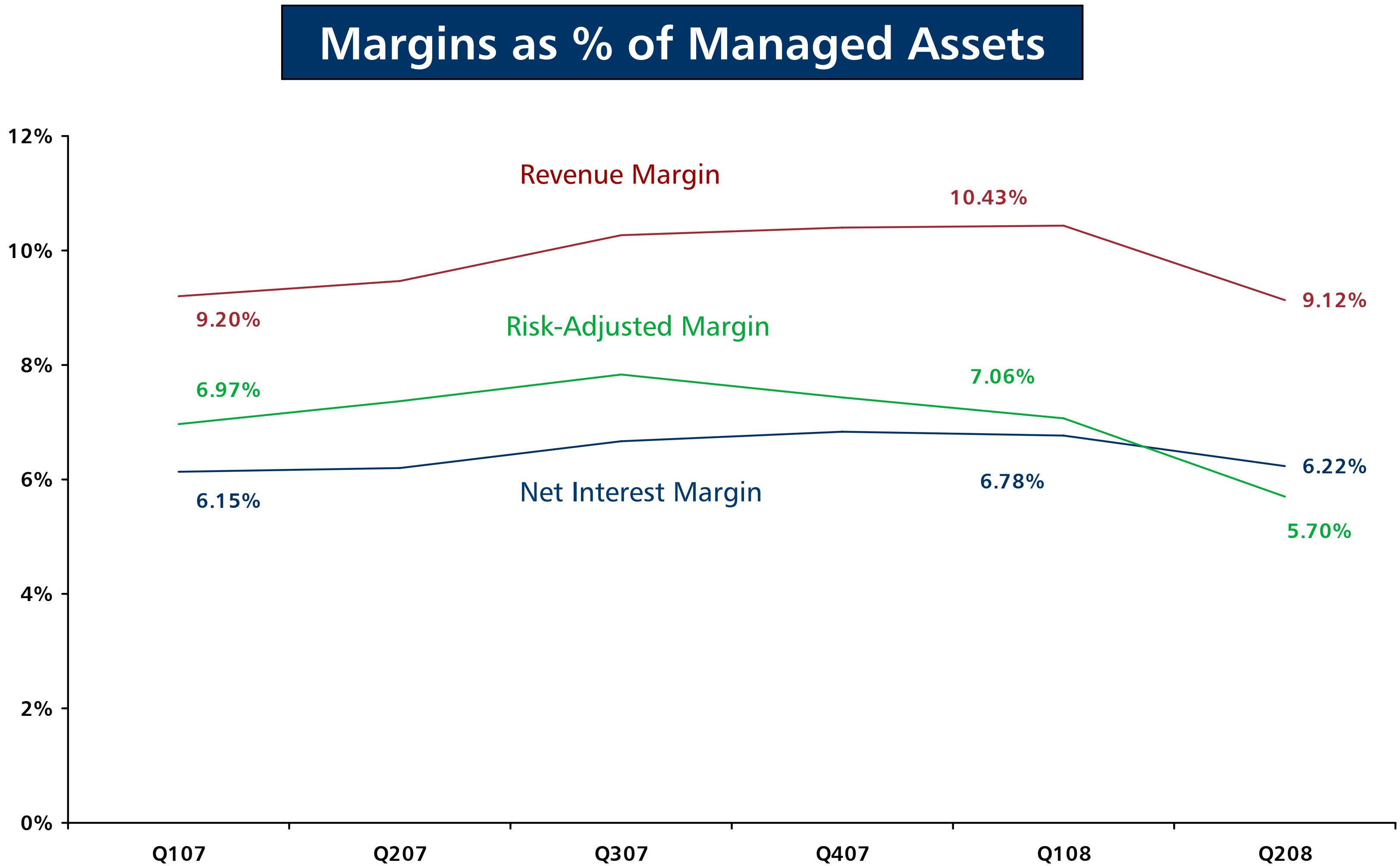
Second quarter 2008 highlights

- **Diluted EPS of $1.21; EPS from Continuing Operations of $1.24**
  - Continuing Operations EPS down $0.72 from Q207, and down $0.46 from Q108
  - Higher provision expense drove decline from prior year
  - Lower revenue drove decline from prior quarter
  - Non-interest expense decreased $54M from Q108, adjusting for one-time effects
- **Credit performance in the quarter largely in line with previous expectations**
  - Managed chargeoff rate up 19bp from Q108 to 4.15%
  - Managed delinquency rate up 8bp from Q108 to 3.56%
- **Results reflect expectations for continued weakening in US economy**
  - Increased delinquency coverage ratios
  - Increased uncollectible revenue assumption
- **Tighter underwriting in recent quarters resulting in portfolio contraction**
  - Managed loans declined $0.8B from Q108
- **Balance sheet remains a source of strength**
  - Deposits increased $4.7B from Q108 to $92.4B
  - Increased immediately available liquidity by $3B to $33B
  - Internally generated capital increased TCE ratio 15bp to 6.18% after dividends

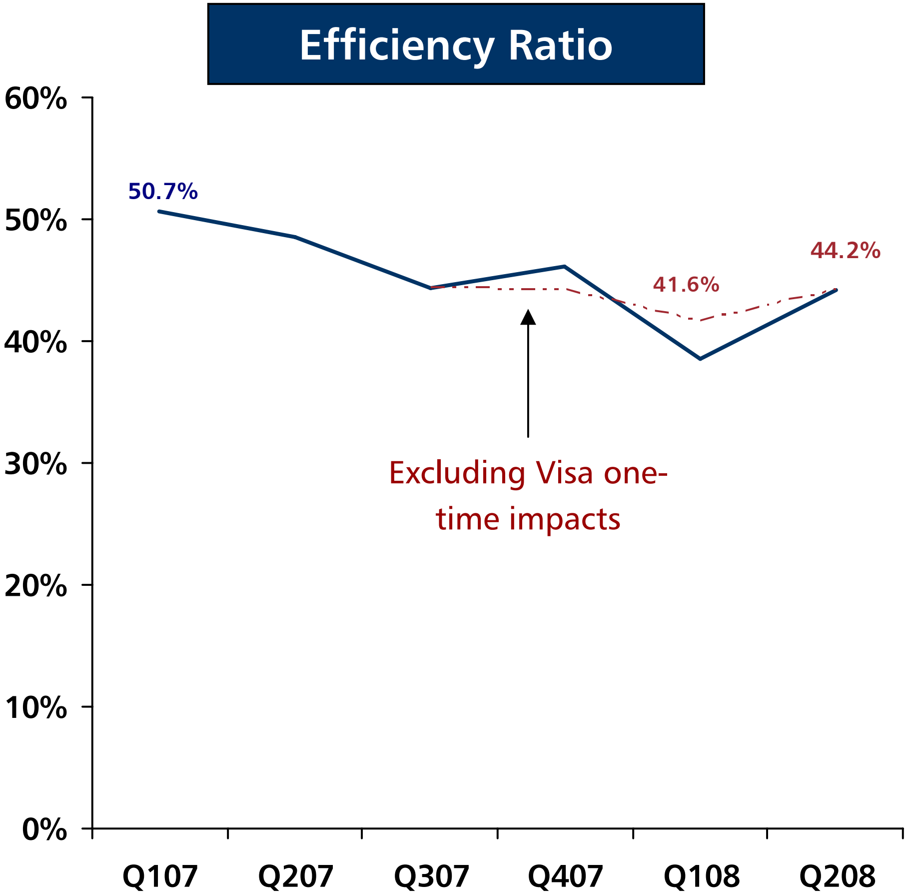
Margins declined in the quarter



Revenue margin declined from Q1 highs due to a variety of factors

Revenue Margin Driver	Estimated Impact Q1 to Q2	Comments
Factors which drove Q1 margin higher		
Interest Rates	**(30 bp)**	Timing benefit from 200bp Q1 drop in rates
Seasonality	**(15 bp)**	Higher fees and lower suppression in Q1
One-time items	**(25 bp)**	Q1 gains from Visa IPO & debt extinguishment
Factors pressuring Q2 margin		
Increased investment portfolio	**(25 bp)**	Strengthens liquidity position, positive carry
Higher late stage delinquency flow rates	**(35 bp)**	Increased suppression
Lower early delinquencies & overlimits		
- Consumer behavior		Consumer caution; adapting to 2007 policy changes
- Tightened underwriting		Originating only in the most resilient segments
- Increased collections intensity		Focused on curing early delinquencies
- Economic stimulus payments		Difficult to quantify impact

We continue to drive efficiency gains

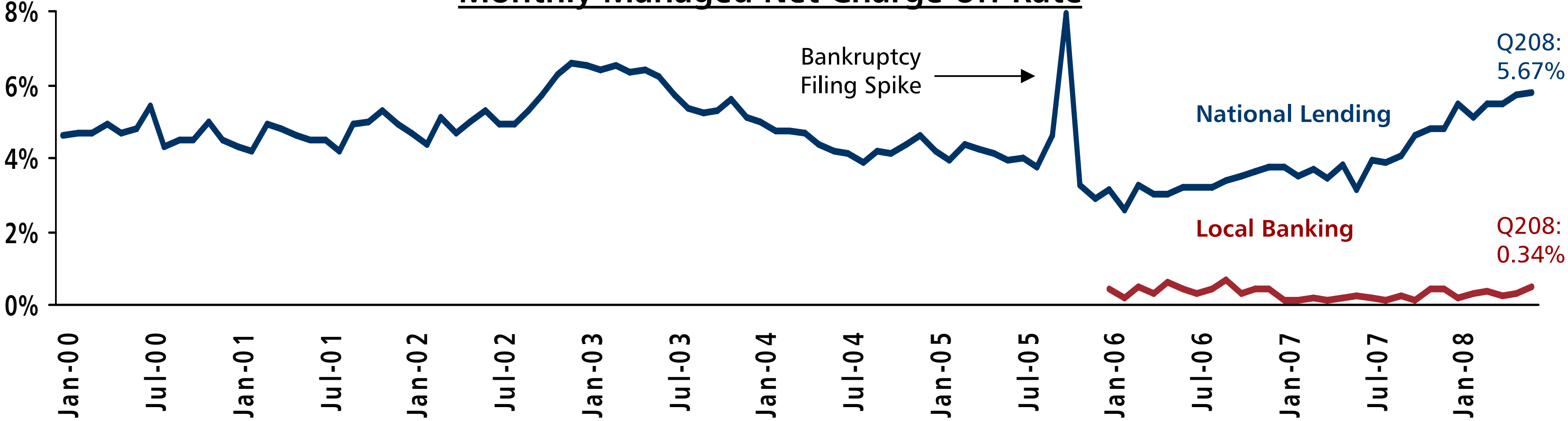


Q208 Summary

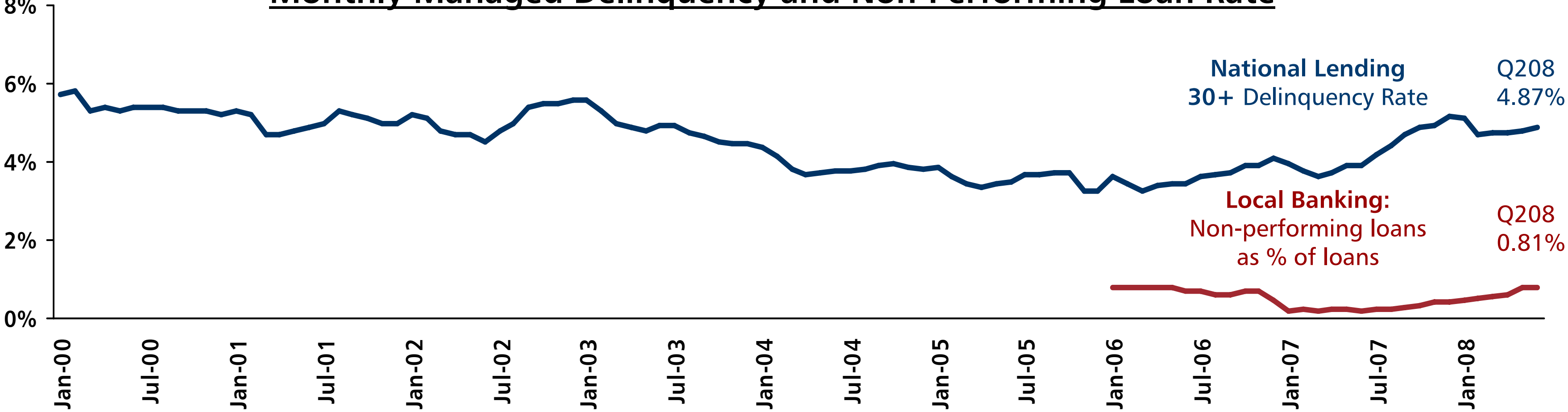
- Operating expenses down $45M from Q108, adjusted for $91M legal reserve release in Q108
- Marketing down $10M from Q108, due to cautious view of loan growth
- Lower revenue drove increase to efficiency ratio

Credit performance is largely in-line with expectations

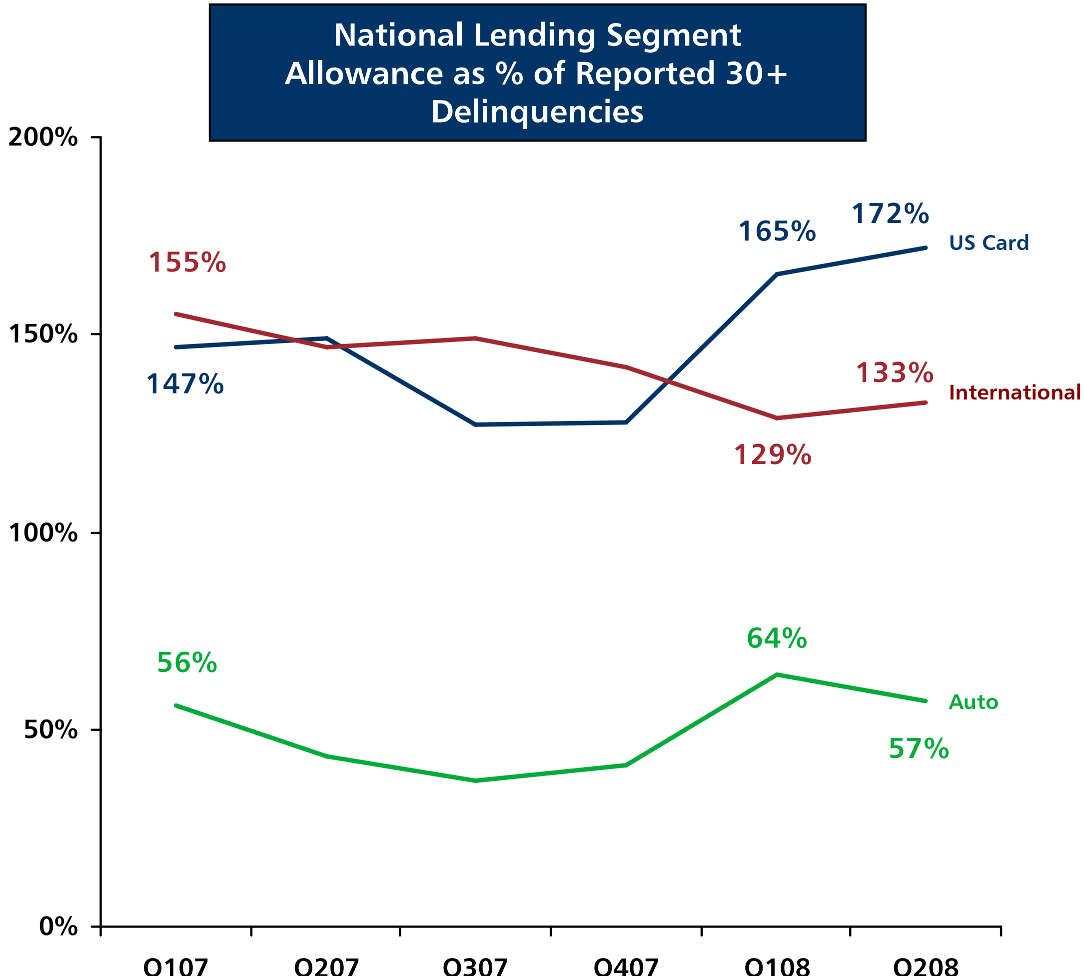
Monthly Managed Net Charge-off Rate



Monthly Managed Delinquency and Non-Performing Loan Rate



We have increased loan-loss allowance coverage ratios in-line with indications of a weaker US economy

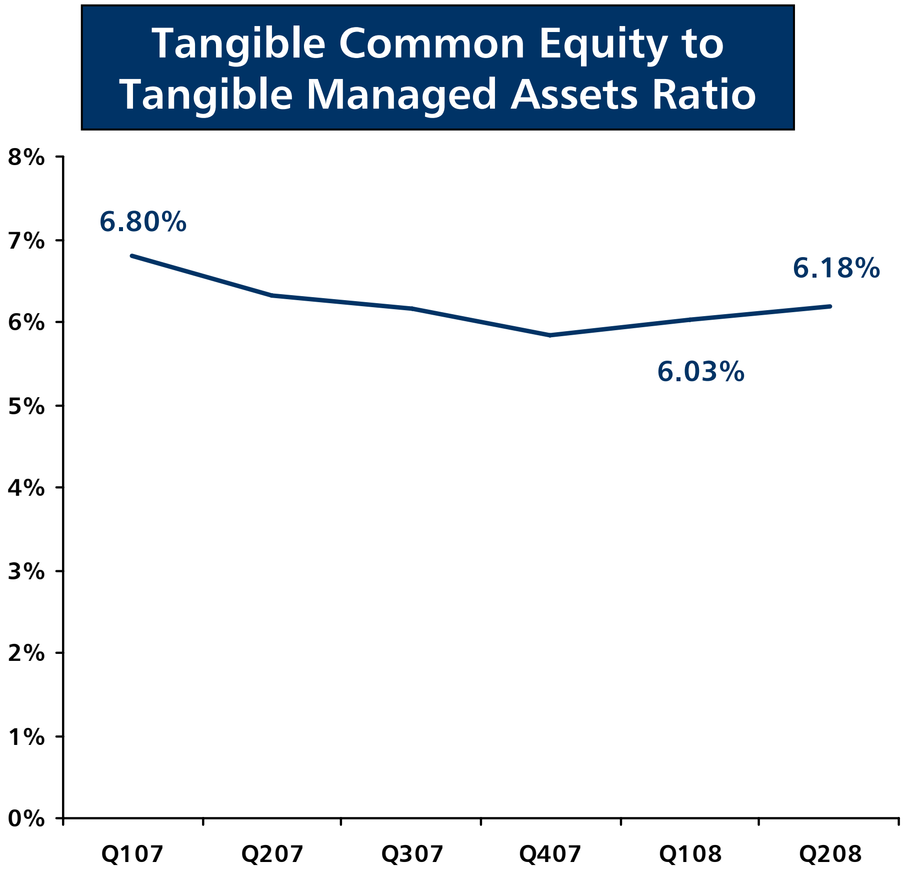


	Q107	Q207	Q307	Q407	Q108	Q208
Allowance as % of Reported Loans	2.3%	2.3%	2.4%	2.9%	3.3%	3.4%

Quarterly Highlights

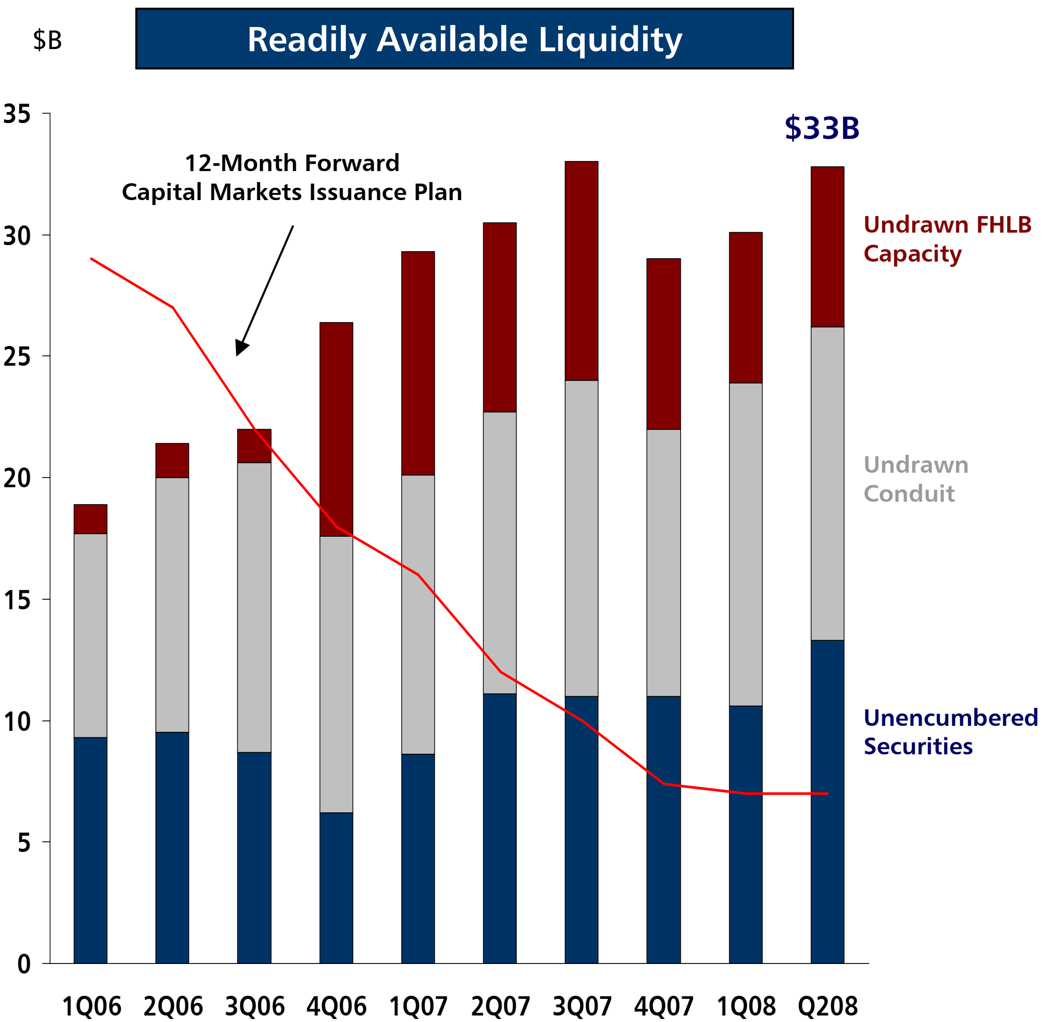
- Observed delinquency trends and portfolio contraction reduced base allowance requirement by more than $100M
- Weakening economic indicators suggest further credit pressure likely, resulting in $38M allowance build
- Allowance has capacity to absorb the equivalent of $7B of managed charge-offs over the next 12 months

Despite economic headwinds, we remain capital generative



- Continue $0.375 quarterly dividend
- Share buybacks unlikely until economic outlook improves
- Expect TCE ratio to remain above target range of 5.5%-6.0%
- Tier 1 risk-based capital ratio of 11.4% (estimated)

We continue to maintain ample liquidity



Quarterly Highlights

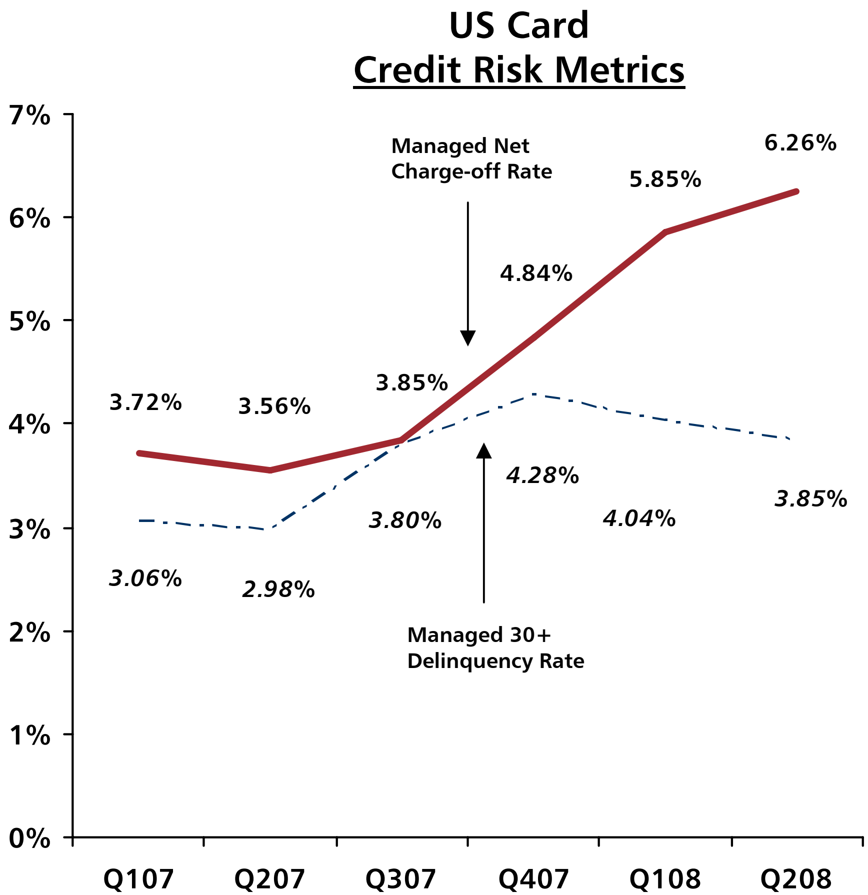
- Liquidity of 5x next 12 months of capital markets funding plan
- $5.5B Holding Company cash covers parent obligations for over 2 years, including current dividend
- Quarterly funding favored deposits
  - $4.7B net deposit growth
  - $2.6B AAA US Card ABS
- Increased investment portfolio by $3B to $25B
  - Highly liquid, low risk assets
  - No SIV's, CDO's, leveraged loans
  - No exposure to equity or hybrids

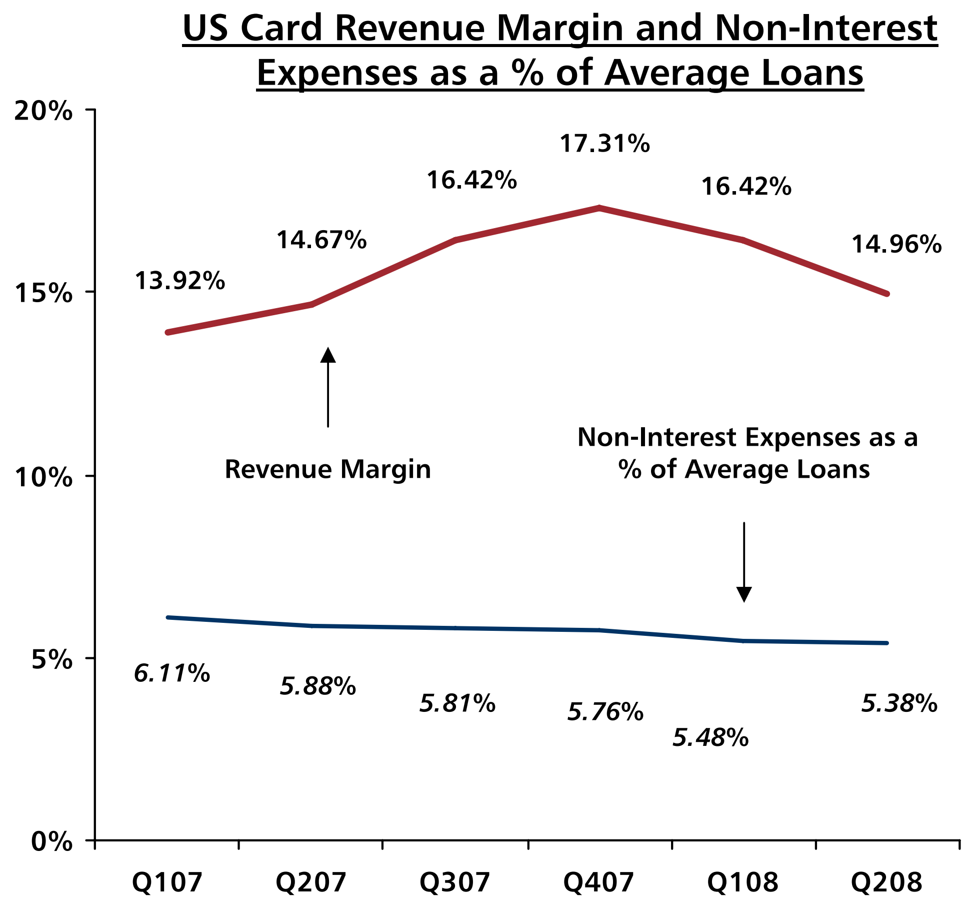
Capital One delivered an operating profit of $463M despite significant cyclical credit headwinds

Net Income from Continuing Operations ($Millions)

	Q208	Q108	Q407	Q307	Q207
National Lending					
US Card	$ 340.4	$ 491.1	$ 498.7	$ 626.8	$ 592.9
Auto Finance	33.6	(82.4)	(112.4)	(3.8)	38.0
International	33.7	33.3	54.7	47.4	18.2
SUBTOTAL	407.6	442.0	441.0	670.5	649.1
Local Banking	67.1	75.8	103.6	195.5	154.8
Other	(12.2)	114.6	(223.0)	(49.6)	(36.3)
Total Company	$ 462.5	$ 632.6	$ 321.6	$ 816.4	$ 767.6

Our US Card business continues to deliver profits and generate capital despite a deteriorating economic environment





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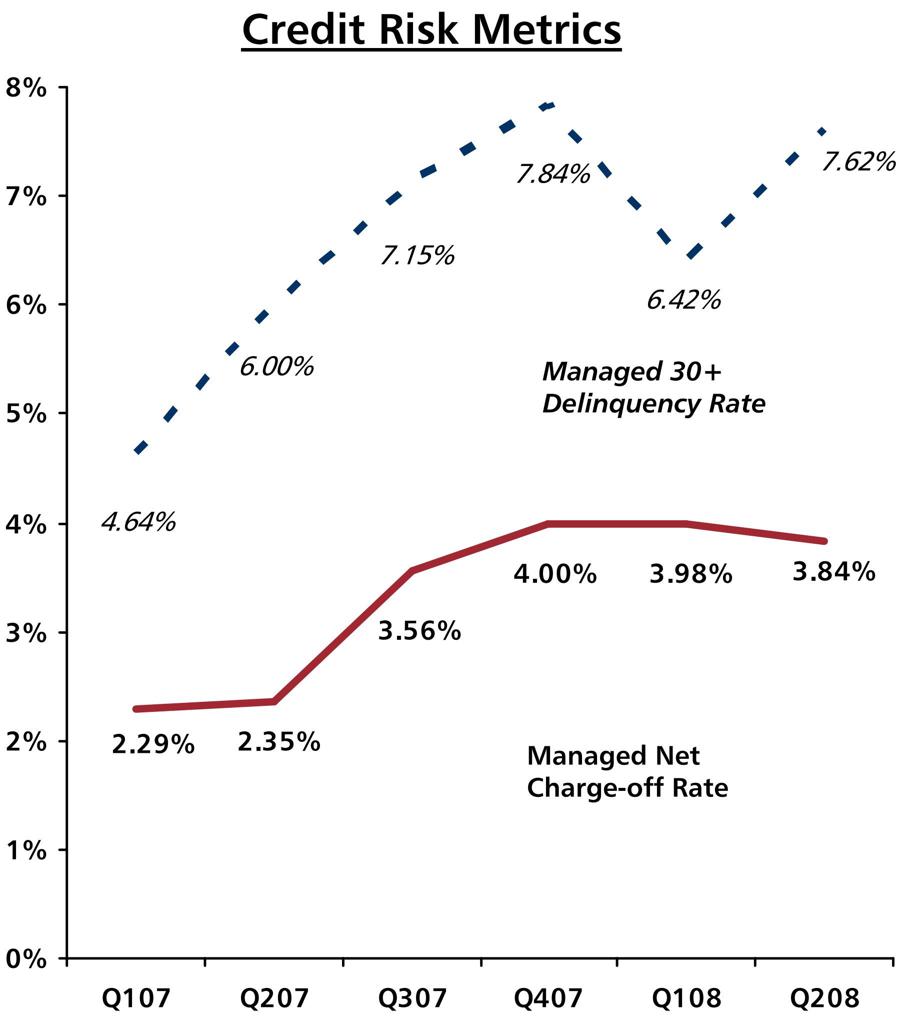
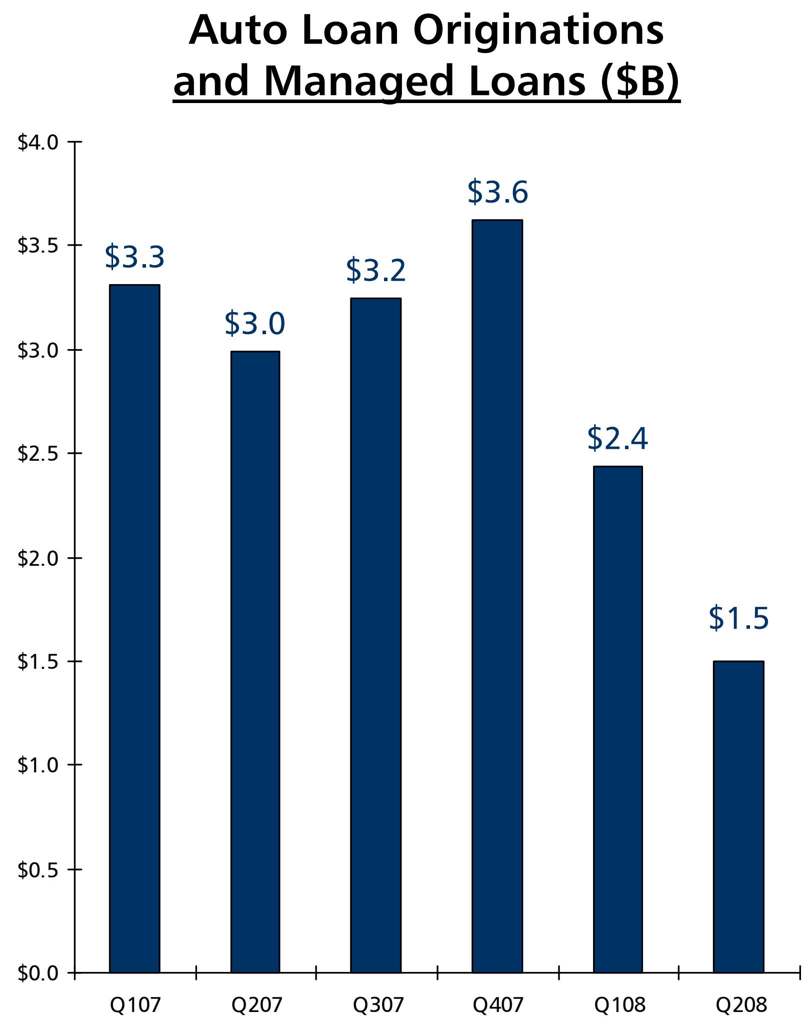
We continue to aggressively retrench and reposition our auto business for resilience

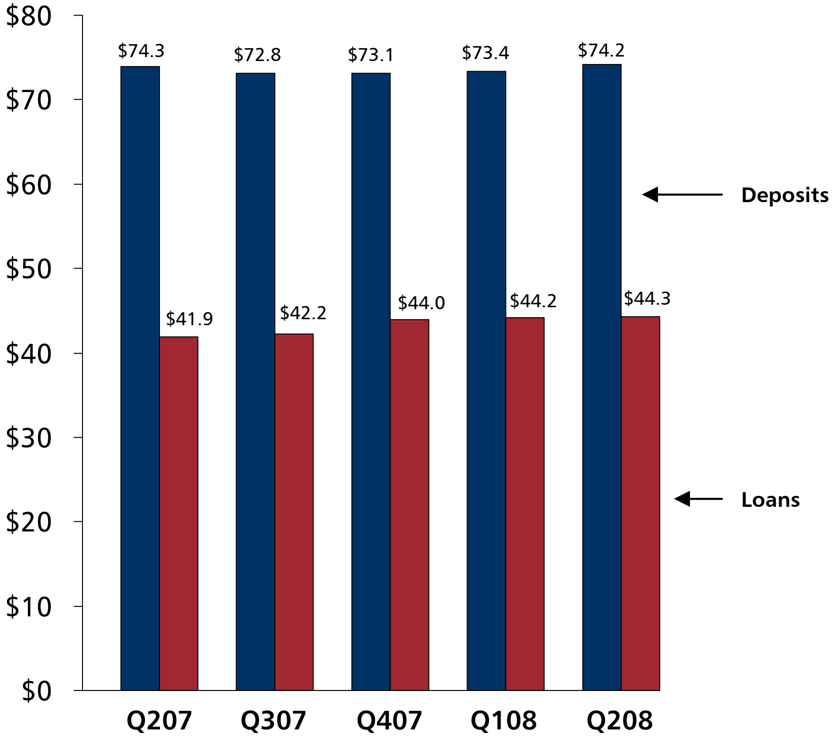




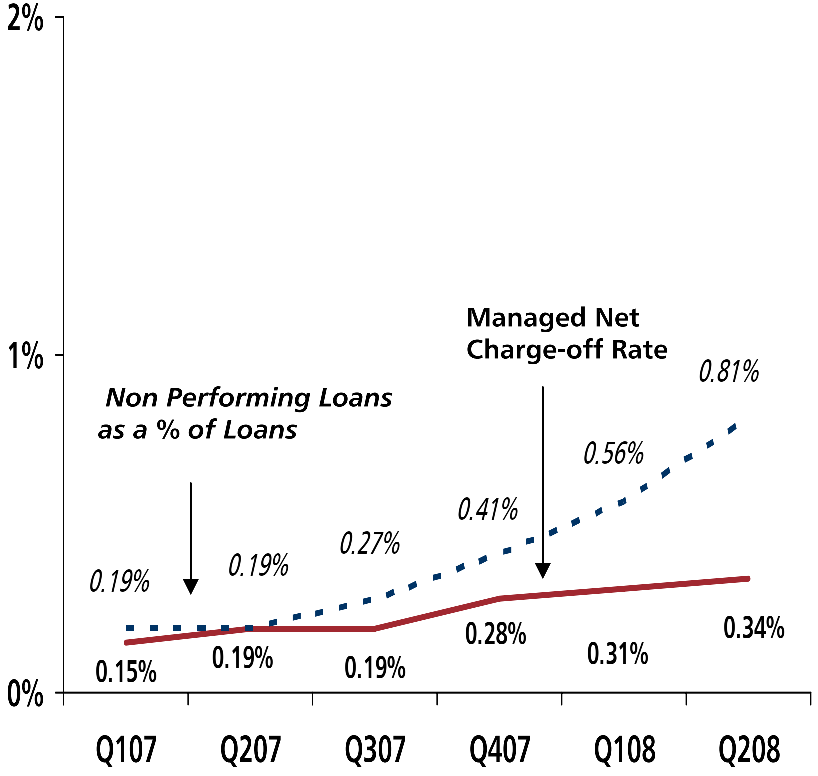
Total Outstandings ($B)	$23.9	$24.1	$24.3	$25.1	$24.6	$23.4

Our banking team is focused on aggressively managing credit exposures, growing deposits, and investing for the long-term

Deposit and Loan Portfolio ($B)



Credit Risk Metrics



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We expect sound operating metrics in 2008, despite continued credit headwinds

	2008 Outlook	Commentary
Loan/Deposit Growth	Low single-digit decline in ending loans Double-digit growth in ending deposits	Flat growth in average loans High single-digit growth in average deposits
Revenue Growth	Low-to-mid single digits	Revenue growth towards lower end of range if Q2 trends persist
Cost Management	Low-to mid-40%'s efficiency ratio; At least $200M Y/Y OpEx reduction vs. 2007	Revenue trends will drive efficiency ratio
Credit Expectations	Continued economic weakness	Allowance at 6/30/08 has capacity to absorb up to the equivalent of $7B in managed charge-offs over the next 12 months
Capital Management	TCE ratio above 5.5-6.0% target	Continue $0.375 quarterly dividend No share repurchases until economic outlook improves

Despite continuing economic headwinds, Capital One remains well positioned to deliver value through the cycle

Strong Position

- Resilient businesses
- Conservatism imbedded in underwriting decisions
- Banking transformation
  - Fortified funding and liquidity
  - Strong capital position
  - Broad funding flexibility

Decisive Actions

- Pulled back on loan growth across lending businesses
  - Tightened underwriting across lending businesses
- Retrenching and repositioning Auto Finance
- Pulled back or exited least resilient businesses
- Recalibrated underwriting models and approaches
- Increased collections intensity
- Enhancing and leveraging strong balance sheet
- Managing capital with discipline

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