
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

**October 23, 2018
Date of Report (Date of earliest event reported)**

CAPITAL ONE FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-13300
(Commission File Number)

54-1719854
(IRS Employer
Identification No.)

**1680 Capital One Drive,
McLean, Virginia**
(Address of principal executive offices)

22102
(Zip Code)

Registrant's telephone number, including area code: (703) 720-1000

(Former name or former address, if changed since last report)
(Not applicable)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On October 23, 2018, Capital One Financial Corporation (the “Company”) issued a press release announcing its financial results for the third quarter ended September 30, 2018. Copies of the Company’s press release and financial supplement are attached and furnished herewith as Exhibits 99.1 and 99.2 to this Form 8-K and are incorporated herein by reference.

Note: Information in this report (including Exhibits 99.1 and 99.2) furnished pursuant to Item 2.02 shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit No. | Description of Exhibit |
|--------------------|--|
| <u>99.1</u> | Press Release, dated October 23, 2018 – Third Quarter 2018 |
| <u>99.2</u> | Financial Supplement – Third Quarter 2018 |

Earnings Conference Call Webcast Information.

The Company will hold an earnings conference call on October 23, 2018 at 5:00 PM Eastern Time. The conference call will be accessible through live webcast. Interested investors and other individuals can access the webcast via the Company's home page (www.capitalone.com). Choose "About Us," then choose "Investors" to access the Investor Center and view and/or download the earnings press release, the financial supplement, including a reconciliation of non-GAAP financial measures, and the earnings release presentation. A replay of the webcast will be archived on the Company's website through November 6, 2018 at 5:00 PM Eastern Time.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned, hereunto duly authorized.

CAPITAL ONE FINANCIAL CORPORATION

Dated: October 23, 2018

By: /s/ R. SCOTT BLACKLEY

R. Scott Blackley
Chief Financial Officer

EXHIBIT INDEX

| Exhibit | Description |
|----------------|--|
| <u>99.1</u> | Press Release, dated October 23, 2018 – Third Quarter 2018 |
| <u>99.2</u> | Financial Supplement – Third Quarter 2018 |

News Release



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FOR IMMEDIATE RELEASE: October 23, 2018

**Capital One Reports Third Quarter 2018 Net Income of \$1.5 billion,
or \$2.99 per share**

Excluding adjusting items, Third Quarter 2018 Net Income of \$3.12 per share⁽¹⁾

McLean, Va. (October 23, 2018) – Capital One Financial Corporation (NYSE: COF) today announced net income for the third quarter of 2018 of \$1.5 billion, or \$2.99 per diluted common share, compared with net income of \$1.9 billion, or \$3.71 per diluted common share, in the second quarter of 2018, and with net income of \$1.1 billion, or \$2.14 per diluted common share, in the third quarter of 2017. Excluding adjusting items, net income for the third quarter of 2018 was \$3.12 per diluted common share⁽¹⁾.

“Our digital and technology transformation is accelerating, and is powering our ability to grow new customer relationships and deepen engagement with new and existing customers,” said Richard D. Fairbank, Founder, Chairman and Chief Executive Officer. “We continue to build an enduringly great franchise with the scale, brand, capabilities, and infrastructure to succeed as the digital revolution transforms our industry and our society.”

Adjusting items in the third quarter of 2018, which are excluded from diluted EPS and efficiency ratio metrics (see Table 15 in our Financial Supplement for additional information):

| | Pre-Tax | Diluted EPS |
|---|---------|-------------|
| <i>(Dollars in millions, except per share data)</i> | Impact | Impact |
| Net gains on the sales of exited businesses | \$ 141 | \$ 0.22 |
| Legal reserve build | (170) | (0.35) |

Notable item in the third quarter of 2018 included:

| | Pre-Tax | Diluted EPS |
|---|----------|-------------|
| <i>(Dollars in millions, except per share data)</i> | Impact | Impact |
| Investment portfolio impairment charges | \$ (200) | \$ (0.32) |

⁽¹⁾ Amounts excluding adjusting items are non-GAAP measures that we believe help investors and users of our financial information understand the effect of adjusting items on our selected reported results and provide alternate measurements of our performance. See Table 15 in Exhibit 99.2 for a reconciliation of our selected reported results to these non-GAAP measures.

All comparisons below are for the third quarter of 2018 compared with the second quarter of 2018 unless otherwise noted.

Third Quarter 2018 Income Statement Summary:

- Total net revenue decreased 3 percent to \$7.0 billion.
- Recognized net gains of \$141 million on the sales of exited businesses.
- Total non-interest expense increased 10 percent to \$3.8 billion:
 - 9 percent increase in operating expenses.
 - 19 percent increase in marketing.
- Pre-provision earnings decreased 15 percent to \$3.2 billion⁽²⁾.
- Provision for credit losses decreased 1 percent to \$1.3 billion:
 - Net charge-offs of \$1.4 billion.
 - \$157 million reserve release.
- Net interest margin of 7.01 percent, up 35 basis points.
- Efficiency ratio of 54.19 percent.
 - Efficiency ratio excluding adjusting items was 52.70 percent⁽¹⁾.
- Operating efficiency ratio of 46.95 percent.
 - Operating efficiency ratio excluding adjusting items was 45.29 percent⁽¹⁾.

Third Quarter 2018 Balance Sheet Summary:

- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 11.2 percent at September 30, 2018.
- Period-end loans held for investment in the quarter increased \$2.6 billion, or 1 percent, to \$238.8 billion.
 - Credit Card period-end loans increased \$908 million, or 1 percent, to \$110.7 billion.
 - Domestic Card period-end loans increased \$850 million, or 1 percent, to \$101.6 billion.
 - Consumer Banking period-end loans increased \$602 million, or 1 percent, to \$59.3 billion:
 - Auto period-end loans increased \$641 million, or 1 percent, to \$56.4 billion.
 - Commercial Banking period-end loans increased \$1.1 billion, or 2 percent, to \$68.7 billion.
- Average loans held for investment in the quarter decreased \$4.0 billion, or 2 percent, to \$236.8 billion.
 - Credit Card average loans increased \$1.6 billion, or 1 percent, to \$109.5 billion.
 - Domestic Card average loans increased \$1.7 billion, or 2 percent, to \$100.6 billion.
 - Consumer Banking average loans decreased \$7.3 billion, or 11 percent, to \$59.2 billion:
 - Auto average loans increased \$999 million, or 2 percent, to \$56.3 billion.

⁽¹⁾ Amounts excluding adjusting items are non-GAAP measures that we believe help investors and users of our financial information understand the effect of adjusting items on our selected

reported results and provide alternate measurements of our performance. See Table 15 in Exhibit 99.2 for a reconciliation of our selected reported results to these non-GAAP measures.

(2)

Pre-provision earnings is calculated based on the sum of net interest income and non-interest income, less non-interest expense for the period.

- Home loans average loans decreased \$8.1 billion, or 100 percent, driven by the timing of the sale of substantially all of our consumer home loan portfolio.
 - Commercial Banking average loans increased \$1.7 billion, or 3 percent, to \$68.0 billion.
- Period-end total deposits decreased \$1.0 billion, or less than 1 percent, to \$247.2 billion, while average deposits decreased \$2.1 billion, or 1 percent, to \$246.7 billion.
- Interest-bearing deposits rate paid increased 11 basis points to 1.23 percent.

Earnings Conference Call Webcast Information

The company will hold an earnings conference call on October 23, 2018 at 5:00 PM Eastern Time. The conference call will be accessible through live webcast. Interested investors and other individuals can access the webcast via the company's home page (www.capitalone.com). Choose "About Us," then choose "Investors" to access the Investor Center and view and/or download the earnings press release, the financial supplement, including a reconciliation of non-GAAP financial measures, and the earnings release presentation. The replay of the webcast will be archived on the company's website through November 6, 2018 at 5:00 PM Eastern Time.

Forward-Looking Statements

Certain statements in this release may constitute forward-looking statements, which involve a number of risks and uncertainties. Capital One cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information due to a number of factors, including those listed from time to time in reports that Capital One files with the Securities and Exchange Commission, including, but not limited to, the Annual Report on Form 10-K for the year ended December 31, 2017.

About Capital One

Capital One Financial Corporation (www.capitalone.com) is a financial holding company whose subsidiaries, which include Capital One, N.A., and Capital One Bank (USA), N.A., had \$247.2 billion in deposits and \$362.9 billion in total assets as of September 30, 2018. Headquartered in McLean, Virginia, Capital One offers a broad spectrum of financial products and services to consumers, small businesses and commercial clients through a variety of channels. Capital One, N.A. has branches located primarily in New York, Louisiana, Texas, Maryland, Virginia, New Jersey and the District of Columbia. A Fortune 500 company, Capital One trades on the New York Stock Exchange under the symbol "COF" and is included in the S&P 100 index.

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Capital One Financial Corporation
Financial Supplement⁽¹⁾⁽²⁾
Third Quarter 2018
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⁽¹⁾ The information contained in this Financial Supplement is preliminary and based on data available at the time of the earnings presentation. Investors should refer to our Quarterly Report on Form 10-Q for the period ended September 30, 2018 once it is filed with the Securities and Exchange Commission.

⁽²⁾ This Financial Supplement includes non-GAAP measures. We believe these non-GAAP measures are useful to investors and users of our financial information as they provide an alternate measurement of our performance and assist in assessing our capital adequacy and the level of return generated. These non-GAAP measures should not be viewed as a substitute for reported results determined in accordance with generally accepted accounting principles in the U.S. (“GAAP”), nor are they necessarily comparable to non-GAAP measures that may be presented by other companies.

CAPITAL ONE FINANCIAL CORPORATION (COF)
Table 1: Financial Summary—Consolidated

| | | | | | | 2018 Q3 vs. | | Nine Months Ended September 30, | | |
|---|----------|----------|----------|------------|----------|-------------|------|---------------------------------|-----------|----------|
| | 2018 | 2018 | 2018 | 2017 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 vs. |
| <i>(Dollars in millions, except per share data and as noted)</i> | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q3 | 2018 | 2017 | 2017 |
| Income Statement | | | | | | | | | | |
| Net interest income | \$ 5,786 | \$ 5,551 | \$ 5,718 | \$ 5,813 | \$ 5,700 | 4 % | 2 % | \$ 17,055 | \$ 16,647 | 2 % |
| Non-interest income | 1,176 | 1,641 | 1,191 | 1,200 | 1,285 | (28) | (8) | 4,008 | 3,577 | 12 |
| Total net revenue ⁽¹⁾ | 6,962 | 7,192 | 6,909 | 7,013 | 6,985 | (3) | — | 21,063 | 20,224 | 4 |
| Provision for credit losses | 1,268 | 1,276 | 1,674 | 1,926 | 1,833 | (1) | (31) | 4,218 | 5,625 | (25) |
| Non-interest expense: | | | | | | | | | | |
| Marketing | 504 | 425 | 414 | 460 | 379 | 19 | 33 | 1,343 | 1,210 | 11 |
| Operating expenses | 3,269 | 2,999 | 3,159 | 3,319 | 3,188 | 9 | 3 | 9,427 | 9,205 | 2 |
| Total non-interest expense | 3,773 | 3,424 | 3,573 | 3,779 | 3,567 | 10 | 6 | 10,770 | 10,415 | 3 |
| Income from continuing operations before income taxes | 1,921 | 2,492 | 1,662 | 1,308 | 1,585 | (23) | 21 | 6,075 | 4,184 | 45 |
| Income tax provision | 420 | 575 | 319 | 2,170 | 448 | (27) | (6) | 1,314 | 1,205 | 9 |
| Income (loss) from continuing operations, net of tax | 1,501 | 1,917 | 1,343 | (862) | 1,137 | (22) | 32 | 4,761 | 2,979 | 60 |
| Income (loss) from discontinued operations, net of tax | 1 | (11) | 3 | (109) | (30) | ** | ** | (7) | (26) | (73) |
| Net income (loss) | 1,502 | 1,906 | 1,346 | (971) | 1,107 | (21) | 36 | 4,754 | 2,953 | 61 |
| Dividends and undistributed earnings allocated to participating securities ⁽²⁾ | (9) | (12) | (10) | (1) | (8) | (25) | 13 | (32) | (21) | 52 |
| Preferred stock dividends | (53) | (80) | (52) | (80) | (52) | (34) | 2 | (185) | (185) | — |
| Net income (loss) available to common stockholders | \$ 1,440 | \$ 1,814 | \$ 1,284 | \$ (1,052) | \$ 1,047 | (21) | 38 | \$ 4,537 | \$ 2,747 | 65 |
| Common Share Statistics | | | | | | | | | | |
| Basic earnings per common share:⁽²⁾ | | | | | | | | | | |
| Net income (loss) from continuing operations | \$ 3.01 | \$ 3.76 | \$ 2.63 | \$ (1.95) | \$ 2.22 | (20)% | 36 % | \$ 9.40 | \$ 5.73 | 64 % |
| Income (loss) from discontinued operations | — | (0.02) | 0.01 | (0.22) | (0.06) | ** | ** | (0.01) | (0.05) | (80) |
| Net income (loss) per basic common share | \$ 3.01 | \$ 3.74 | \$ 2.64 | \$ (2.17) | \$ 2.16 | (20) | 39 | \$ 9.39 | \$ 5.68 | 65 |
| Diluted earnings per common share:⁽²⁾ | | | | | | | | | | |
| Net income (loss) from continuing operations | \$ 2.99 | \$ 3.73 | \$ 2.61 | \$ (1.95) | \$ 2.20 | (20) | 36 | \$ 9.33 | \$ 5.68 | 64 |
| Income (loss) from discontinued operations | — | (0.02) | 0.01 | (0.22) | (0.06) | ** | ** | (0.01) | (0.05) | (80) |
| Net income (loss) per diluted common share | \$ 2.99 | \$ 3.71 | \$ 2.62 | \$ (2.17) | \$ 2.14 | (19) | 40 | \$ 9.32 | \$ 5.63 | 66 |
| Weighted-average common shares outstanding (in millions): | | | | | | | | | | |
| Basic | 477.8 | 485.1 | 486.9 | 485.7 | 484.9 | (2) | (1) | 483.2 | 483.7 | — |
| Diluted | 480.9 | 488.3 | 490.8 | 485.7 | 489.0 | (2) | (2) | 486.7 | 488.1 | — |
| Common shares outstanding (period-end, in millions) | 473.7 | 478.4 | 485.9 | 485.5 | 484.4 | (1) | (2) | 473.7 | 484.4 | (2) |
| Dividends declared and paid per common share | \$ 0.40 | \$ 0.40 | \$ 0.40 | \$ 0.40 | \$ 0.40 | — | — | \$ 1.20 | \$ 1.20 | — |
| Tangible book value per common share (period-end) ⁽³⁾ | 66.15 | 63.86 | 61.29 | 60.28 | 63.06 | 4 | 5 | 66.15 | 63.06 | 5 |

| | 2018 | 2018 | 2018 | 2017 | 2017 | 2018 Q3 vs. | | Nine Months Ended September 30, | | |
|---|-----------|-----------|-----------|-----------|-----------|-------------|------|---------------------------------|-----------|----------|
| | | | | | | 2018 | 2017 | 2018 | 2017 | 2018 vs. |
| <i>(Dollars in millions)</i> | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q3 | 2018 | 2017 | 2017 |
| Balance Sheet (Period-End) | | | | | | | | | | |
| Loans held for investment | \$238,761 | \$236,124 | \$248,256 | \$254,473 | \$252,422 | 1 % | (5)% | \$238,761 | \$252,422 | (5)% |
| Interest-earning assets | 331,293 | 332,167 | 332,251 | 334,124 | 329,002 | — | 1 | 331,293 | 329,002 | 1 |
| Total assets | 362,909 | 363,989 | 362,857 | 365,693 | 361,402 | — | — | 362,909 | 361,402 | — |
| Interest-bearing deposits | 222,356 | 222,605 | 224,671 | 217,298 | 212,956 | — | 4 | 222,356 | 212,956 | 4 |
| Total deposits | 247,195 | 248,225 | 250,847 | 243,702 | 239,062 | — | 3 | 247,195 | 239,062 | 3 |
| Borrowings | 52,205 | 53,310 | 50,693 | 60,281 | 59,458 | (2) | (12) | 52,205 | 59,458 | (12) |
| Common equity | 46,277 | 45,566 | 44,842 | 44,370 | 45,794 | 2 | 1 | 46,277 | 45,794 | 1 |
| Total stockholders' equity | 50,638 | 49,926 | 49,203 | 48,730 | 50,154 | 1 | 1 | 50,638 | 50,154 | 1 |
| Balance Sheet (Average Balances) | | | | | | | | | | |
| Loans held for investment | \$236,766 | \$240,758 | \$249,726 | \$252,566 | \$245,822 | (2)% | (4)% | \$242,369 | \$243,205 | — |
| Interest-earning assets | 330,272 | 333,495 | 330,183 | 330,742 | 322,015 | (1) | 3 | 331,318 | 319,497 | 4 % |
| Total assets | 360,937 | 363,929 | 362,049 | 363,045 | 355,191 | (1) | 2 | 362,293 | 352,216 | 3 |
| Interest-bearing deposits | 221,431 | 223,079 | 219,670 | 215,258 | 213,137 | (1) | 4 | 221,400 | 213,508 | 4 |
| Total deposits | 246,720 | 248,790 | 245,270 | 241,562 | 238,843 | (1) | 3 | 246,932 | 239,316 | 3 |
| Borrowings | 51,684 | 52,333 | 54,588 | 58,109 | 54,271 | (1) | (5) | 52,858 | 52,159 | 1 |
| Common equity | 46,407 | 45,466 | 44,670 | 46,350 | 45,816 | 2 | 1 | 45,521 | 44,772 | 2 |
| Total stockholders' equity | 50,768 | 49,827 | 49,031 | 50,710 | 50,176 | 2 | 1 | 49,882 | 49,132 | 2 |

CAPITAL ONE FINANCIAL CORPORATION (COF)
Table 2: Selected Metrics—Consolidated

| | | | | | | 2018 Q3 vs. | | Nine Months Ended September 30, | | |
|---|----------|----------|----------|----------|----------|-------------|---------|---------------------------------|----------|----------|
| | 2018 | 2018 | 2018 | 2017 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 vs. |
| <i>(Dollars in millions, except as noted)</i> | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q3 | 2018 | 2017 | 2017 |
| Performance Metrics | | | | | | | | | | |
| Net interest income growth (period over period) | 4 % | (3)% | (2)% | 2 % | 4% | ** | ** | 2% | 8% | ** |
| Non-interest income growth (period over period) | (28) | 38 | (1) | (7) | 4 | ** | ** | 12 | 2 | ** |
| Total net revenue growth (period over period) | (3) | 4 | (1) | — | 4 | ** | ** | 4 | 7 | ** |
| Total net revenue margin ⁽⁴⁾ | 8.43 | 8.63 | 8.37 | 8.48 | 8.68 | (20)bps | (25)bps | 8.48 | 8.44 | 4bps |
| Net interest margin ⁽⁵⁾ | 7.01 | 6.66 | 6.93 | 7.03 | 7.08 | 35 | (7) | 6.86 | 6.95 | (9) |
| Return on average assets | 1.66 | 2.11 | 1.48 | (0.95) | 1.28 | (45) | 38 | 1.75 | 1.13 | 62 |
| Return on average tangible assets ⁽⁶⁾ | 1.74 | 2.20 | 1.55 | (0.99) | 1.34 | (46) | 40 | 1.83 | 1.18 | 65 |
| Return on average common equity ⁽⁷⁾ | 12.40 | 16.06 | 11.47 | (8.14) | 9.40 | (4)% | 3 % | 13.31 | 8.26 | 5 % |
| Return on average tangible common equity ⁽⁸⁾ | 18.32 | 23.99 | 17.32 | (12.12) | 14.11 | (6) | 4 | 19.88 | 12.56 | 7 |
| Non-interest expense as a percentage of average loans held for investment | 6.37 | 5.69 | 5.72 | 5.98 | 5.80 | 68bps | 57bps | 5.92 | 5.71 | 21bps |
| Efficiency ratio ⁽⁹⁾ | 54.19 | 47.61 | 51.72 | 53.89 | 51.07 | 7 % | 3 % | 51.13 | 51.50 | — |
| Operating efficiency ratio ⁽¹⁰⁾ | 46.95 | 41.70 | 45.72 | 47.33 | 45.64 | 5 | 1 | 44.76 | 45.52 | (1)% |
| Effective income tax rate for continuing operations | 21.9 | 23.1 | 19.2 | 165.9 | 28.3 | (1) | (6) | 21.6 | 28.8 | (7) |
| Employees (in thousands), period-end | 47.6 | 47.8 | 47.9 | 49.3 | 50.4 | — | (6) | 47.6 | 50.4 | (6) |
| Credit Quality Metrics | | | | | | | | | | |
| Allowance for loan and lease losses | \$ 7,219 | \$ 7,368 | \$ 7,567 | \$ 7,502 | \$ 7,418 | (2)% | (3)% | \$ 7,219 | \$ 7,418 | (3)% |
| Allowance as a percentage of loans held for investment | 3.02 % | 3.12 % | 3.05 % | 2.95 % | 2.94% | (10)bps | 8bps | 3.02% | 2.94% | 8bps |
| Net charge-offs | \$ 1,425 | \$ 1,459 | \$ 1,618 | \$ 1,828 | \$ 1,606 | (2)% | (11)% | \$ 4,502 | \$ 4,734 | (5)% |
| Net charge-off rate ⁽¹¹⁾ | 2.41 % | 2.42 % | 2.59 % | 2.89 % | 2.61% | (1)bps | (20)bps | 2.48% | 2.60% | (12)bps |
| 30+ day performing delinquency rate | 3.28 | 2.88 | 2.72 | 3.23 | 2.93 | 40 | 35 | 3.28 | 2.93 | 35 |
| 30+ day delinquency rate | 3.48 | 3.05 | 2.91 | 3.48 | 3.24 | 43 | 24 | 3.48 | 3.24 | 24 |
| Capital Ratios⁽¹²⁾ | | | | | | | | | | |
| Common equity Tier 1 capital | 11.2 % | 11.1 % | 10.5 % | 10.3 % | 10.7% | 10bps | 50bps | 11.2% | 10.7% | 50bps |
| Tier 1 capital | 12.8 | 12.6 | 12.0 | 11.8 | 12.2 | 20 | 60 | 12.8 | 12.2 | 60 |
| Total capital | 15.2 | 15.1 | 14.5 | 14.4 | 14.8 | 10 | 40 | 15.2 | 14.8 | 40 |
| Tier 1 leverage | 10.6 | 10.3 | 10.1 | 9.9 | 10.5 | 30 | 10 | 10.6 | 10.5 | 10 |
| Tangible common equity (“TCE”) ⁽¹³⁾ | 9.0 | 8.8 | 8.6 | 8.3 | 8.8 | 20 | 20 | 9.0 | 8.8 | 20 |

CAPITAL ONE FINANCIAL CORPORATION (COF)
Table 3: Consolidated Statements of Income

| | | | | | | 2018 Q3 vs. | | Nine Months Ended September 30, | | |
|---|-----------------|-----------------|-----------------|-------------------|-----------------|-------------|------------|---------------------------------|-----------------|-----------|
| | 2018 | 2018 | 2018 | 2017 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 vs. |
| <i>(Dollars in millions, except per share data and as noted)</i> | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q3 | 2018 | 2017 | 2017 |
| Interest income: | | | | | | | | | | |
| Loans, including loans held for sale | \$ 6,247 | \$ 5,989 | \$ 6,134 | \$ 6,133 | \$ 5,960 | 4 % | 5 % | \$ 18,370 | \$ 17,255 | 6 % |
| Investment securities | 593 | 539 | 452 | 431 | 431 | 10 | 38 | 1,584 | 1,280 | 24 |
| Other | 55 | 68 | 51 | 40 | 29 | (19) | 90 | 174 | 83 | 110 |
| Total interest income | 6,895 | 6,596 | 6,637 | 6,604 | 6,420 | 5 | 7 | 20,128 | 18,618 | 8 |
| Interest expense: | | | | | | | | | | |
| Deposits | 681 | 622 | 539 | 457 | 410 | 9 | 66 | 1,842 | 1,145 | 61 |
| Securitized debt obligations | 127 | 124 | 107 | 91 | 85 | 2 | 49 | 358 | 236 | 52 |
| Senior and subordinated notes | 288 | 289 | 251 | 209 | 194 | — | 48 | 828 | 522 | 59 |
| Other borrowings | 13 | 10 | 22 | 34 | 31 | 30 | (58) | 45 | 68 | (34) |
| Total interest expense | 1,109 | 1,045 | 919 | 791 | 720 | 6 | 54 | 3,073 | 1,971 | 56 |
| Net interest income | 5,786 | 5,551 | 5,718 | 5,813 | 5,700 | 4 | 2 | 17,055 | 16,647 | 2 |
| Provision for credit losses | 1,268 | 1,276 | 1,674 | 1,926 | 1,833 | (1) | (31) | 4,218 | 5,625 | (25) |
| Net interest income after provision for credit losses | 4,518 | 4,275 | 4,044 | 3,887 | 3,867 | 6 | 17 | 12,837 | 11,022 | 16 |
| Non-interest income: | | | | | | | | | | |
| Interchange fees, net | 714 | 723 | 643 | 665 | 662 | (1) | 8 | 2,080 | 1,908 | 9 |
| Service charges and other customer-related fees | 410 | 391 | 432 | 394 | 414 | 5 | (1) | 1,233 | 1,203 | 2 |
| Net securities gains (losses) | (196) | (1) | 8 | 1 | 68 | ** | ** | (189) | 64 | ** |
| Other | 248 | 528 | 108 | 140 | 141 | (53) | 76 | 884 | 402 | 120 |
| Total non-interest income | 1,176 | 1,641 | 1,191 | 1,200 | 1,285 | (28) | (8) | 4,008 | 3,577 | 12 |
| Non-interest expense: | | | | | | | | | | |
| Salaries and associate benefits | 1,432 | 1,430 | 1,520 | 1,521 | 1,524 | — | (6) | 4,382 | 4,378 | — |
| Occupancy and equipment | 515 | 503 | 490 | 523 | 471 | 2 | 9 | 1,508 | 1,416 | 6 |
| Marketing | 504 | 425 | 414 | 460 | 379 | 19 | 33 | 1,343 | 1,210 | 11 |
| Professional services | 275 | 234 | 210 | 274 | 297 | 18 | (7) | 719 | 823 | (13) |
| Communications and data processing | 311 | 317 | 306 | 306 | 294 | (2) | 6 | 934 | 871 | 7 |
| Amortization of intangibles | 44 | 43 | 44 | 61 | 61 | 2 | (28) | 131 | 184 | (29) |
| Other | 692 | 472 | 589 | 634 | 541 | 47 | 28 | 1,753 | 1,533 | 14 |
| Total non-interest expense | 3,773 | 3,424 | 3,573 | 3,779 | 3,567 | 10 | 6 | 10,770 | 10,415 | 3 |
| Income from continuing operations before income taxes | 1,921 | 2,492 | 1,662 | 1,308 | 1,585 | (23) | 21 | 6,075 | 4,184 | 45 |
| Income tax provision | 420 | 575 | 319 | 2,170 | 448 | (27) | (6) | 1,314 | 1,205 | 9 |
| Income (loss) from continuing operations, net of tax | 1,501 | 1,917 | 1,343 | (862) | 1,137 | (22) | 32 | 4,761 | 2,979 | 60 |
| Income (loss) from discontinued operations, net of tax | 1 | (11) | 3 | (109) | (30) | ** | ** | (7) | (26) | (73) |
| Net income (loss) | 1,502 | 1,906 | 1,346 | (971) | 1,107 | (21) | 36 | 4,754 | 2,953 | 61 |
| Dividends and undistributed earnings allocated to participating securities ⁽²⁾ | (9) | (12) | (10) | (1) | (8) | (25) | 13 | (32) | (21) | 52 |
| Preferred stock dividends | (53) | (80) | (52) | (80) | (52) | (34) | 2 | (185) | (185) | — |
| Net income (loss) available to common stockholders | \$ 1,440 | \$ 1,814 | \$ 1,284 | \$ (1,052) | \$ 1,047 | (21) | 38 | \$ 4,537 | \$ 2,747 | 65 |
| Basic earnings per common share:⁽²⁾ | | | | | | | | | | |
| Net income (loss) from continuing operations | \$ 3.01 | \$ 3.76 | \$ 2.63 | \$ (1.95) | \$ 2.22 | (20)% | 36 % | \$ 9.40 | \$ 5.73 | 64 % |
| Income (loss) from discontinued operations | — | (0.02) | 0.01 | (0.22) | (0.06) | ** | ** | (0.01) | (0.05) | (80) |
| Net income (loss) per basic common share | \$ 3.01 | \$ 3.74 | \$ 2.64 | \$ (2.17) | \$ 2.16 | (20) | 39 | \$ 9.39 | \$ 5.68 | 65 |
| Diluted earnings per common share:⁽²⁾ | | | | | | | | | | |
| Net income (loss) from continuing operations | \$ 2.99 | \$ 3.73 | \$ 2.61 | \$ (1.95) | \$ 2.20 | (20) | 36 | \$ 9.33 | \$ 5.68 | 64 |
| Income (loss) from discontinued operations | — | (0.02) | 0.01 | (0.22) | (0.06) | ** | ** | (0.01) | (0.05) | (80) |
| Net income (loss) per diluted common share | \$ 2.99 | \$ 3.71 | \$ 2.62 | \$ (2.17) | \$ 2.14 | (19) | 40 | \$ 9.32 | \$ 5.63 | 66 |
| Weighted-average common shares outstanding (in millions): | | | | | | | | | | |
| Basic common shares | 477.8 | 485.1 | 486.9 | 485.7 | 484.9 | (2) | (1) | 483.2 | 483.7 | — |
| Diluted common shares | 480.9 | 488.3 | 490.8 | 485.7 | 489.0 | (2) | (2) | 486.7 | 488.1 | — |
| Dividends declared and paid per common share | \$ 0.40 | \$ 0.40 | \$ 0.40 | \$ 0.40 | \$ 0.40 | — | — | \$ 1.20 | \$ 1.20 | — |

CAPITAL ONE FINANCIAL CORPORATION (COF)
Table 4: Consolidated Balance Sheets

| | 2018 Q3 vs. | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------|------|
| | 2018 | 2018 | 2018 | 2017 | 2017 | 2018 | 2017 |
| (Dollars in millions) | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q3 |
| Assets: | | | | | | | |
| Cash and cash equivalents: | | | | | | | |
| Cash and due from banks | \$ 4,547 | \$ 4,499 | \$ 4,220 | \$ 4,458 | \$ 4,154 | 1 % | 9 % |
| Interest-bearing deposits and other short-term investments | 6,335 | 7,774 | 9,788 | 9,582 | 4,330 | (19) | 46 |
| Total cash and cash equivalents | 10,882 | 12,273 | 14,008 | 14,040 | 8,484 | (11) | 28 |
| Restricted cash for securitization investors | 746 | 1,023 | 309 | 312 | 304 | (27) | 145 |
| Investment securities: | | | | | | | |
| Securities available for sale | 47,384 | 50,691 | 47,155 | 37,655 | 39,742 | (7) | 19 |
| Securities held to maturity | 34,631 | 33,464 | 23,075 | 28,984 | 28,650 | 3 | 21 |
| Total investment securities | 82,015 | 84,155 | 70,230 | 66,639 | 68,392 | (3) | 20 |
| Loans held for investment: | | | | | | | |
| Unsecuritized loans held for investment | 204,796 | 201,222 | 213,313 | 218,806 | 217,659 | 2 | (6) |
| Loans held in consolidated trusts | 33,965 | 34,902 | 34,943 | 35,667 | 34,763 | (3) | (2) |
| Total loans held for investment | 238,761 | 236,124 | 248,256 | 254,473 | 252,422 | 1 | (5) |
| Allowance for loan and lease losses | (7,219) | (7,368) | (7,567) | (7,502) | (7,418) | (2) | (3) |
| Net loans held for investment | 231,542 | 228,756 | 240,689 | 246,971 | 245,004 | 1 | (5) |
| Loans held for sale, at lower of cost or fair value | 1,402 | 1,480 | 1,498 | 971 | 1,566 | (5) | (10) |
| Premises and equipment, net | 4,149 | 4,095 | 4,055 | 4,033 | 3,955 | 1 | 5 |
| Interest receivable | 1,518 | 1,493 | 1,496 | 1,536 | 1,426 | 2 | 6 |
| Goodwill | 14,513 | 14,531 | 14,536 | 14,533 | 14,532 | — | — |
| Other assets | 16,142 | 16,183 | 16,036 | 16,658 | 17,739 | — | (9) |
| Total assets | \$362,909 | \$363,989 | \$362,857 | \$365,693 | \$361,402 | — | — |

| | 2018 Q3 vs. | | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|------------|------------|
| | 2018 Q3 | 2018 Q2 | 2018 Q1 | 2017 Q4 | 2017 Q3 | 2018 Q2 | 2017 Q3 |
| <i>(Dollars in millions)</i> | | | | | | | |
| Liabilities: | | | | | | | |
| Interest payable | \$ 391 | \$ 450 | \$ 353 | \$ 413 | \$ 301 | (13)% | 30 % |
| Deposits: | | | | | | | |
| Non-interest-bearing deposits | 24,839 | 25,620 | 26,176 | 26,404 | 26,106 | (3) | (5) |
| Interest-bearing deposits | 222,356 | 222,605 | 224,671 | 217,298 | 212,956 | — | 4 |
| Total deposits | 247,195 | 248,225 | 250,847 | 243,702 | 239,062 | — | 3 |
| Securitized debt obligations | 18,649 | 19,649 | 18,665 | 20,010 | 17,087 | (5) | 9 |
| Other debt: | | | | | | | |
| Federal funds purchased and securities loaned or sold under agreements to repurchase | 384 | 553 | 656 | 576 | 767 | (31) | (50) |
| Senior and subordinated notes | 31,291 | 32,920 | 31,051 | 30,755 | 28,420 | (5) | 10 |
| Other borrowings | 1,881 | 188 | 321 | 8,940 | 13,184 | ** | (86) |
| Total other debt | 33,556 | 33,661 | 32,028 | 40,271 | 42,371 | — | (21) |
| Other liabilities | 12,480 | 12,078 | 11,761 | 12,567 | 12,427 | 3 | — |
| Total liabilities | 312,271 | 314,063 | 313,654 | 316,963 | 311,248 | (1) | — |
| Stockholders' equity: | | | | | | | |
| Preferred stock | 0 | 0 | 0 | 0 | 0 | — | — |
| Common stock | 7 | 7 | 7 | 7 | 7 | — | — |
| Additional paid-in capital, net | 31,978 | 31,868 | 31,779 | 31,656 | 31,526 | — | 1 |
| Retained earnings | 34,883 | 33,626 | 31,996 | 30,700 | 31,946 | 4 | 9 |
| Accumulated other comprehensive loss | (1,877) | (1,793) | (1,599) | (926) | (622) | 5 | ** |
| Treasury stock, at cost | (14,353) | (13,782) | (12,980) | (12,707) | (12,703) | 4 | 13 |
| Total stockholders' equity | 50,638 | 49,926 | 49,203 | 48,730 | 50,154 | 1 | 1 |
| Total liabilities and stockholders' equity | \$362,909 | \$363,989 | \$362,857 | \$365,693 | \$361,402 | — | — |

CAPITAL ONE FINANCIAL CORPORATION (COF)

Table 5: Notes to Financial Summary, Selected Metrics and Consolidated Financial Statements (Tables 1—4)

- (1) Total net revenue was reduced by \$305 million in Q3 2018, \$309 million in Q2 2018, \$335 million in Q1 2018, \$377 million in Q4 2017 and \$356 million in Q3 2017 for the estimated uncollectible amount of billed finance charges and fees and related losses.
- (2) Dividends and undistributed earnings allocated to participating securities and earnings per share are computed independently for each period. Accordingly, the sum of each quarterly amount may not agree to the year-to-date total. We also provide adjusted diluted earnings per share, which is a non-GAAP measure. See “Table 15: Calculation of Regulatory Capital Measures and Reconciliation of Non-GAAP Measures” for additional information on our non-GAAP measures.
- (3) Tangible book value per common share is a non-GAAP measure calculated based on tangible common equity divided by common shares outstanding. See “Table 15: Calculation of Regulatory Capital Measures and Reconciliation of Non-GAAP Measures” for additional information on non-GAAP measures.
- (4) Total net revenue margin is calculated based on annualized total net revenue for the period divided by average interest-earning assets for the period.
- (5) Net interest margin is calculated based on annualized net interest income for the period divided by average interest-earning assets for the period.
- (6) Return on average tangible assets is a non-GAAP measure calculated based on annualized income from continuing operations, net of tax, for the period divided by average tangible assets for the period. See “Table 15: Calculation of Regulatory Capital Measures and Reconciliation of Non-GAAP Measures” for additional information on non-GAAP measures.
- (7) Return on average common equity is calculated based on annualized (i) income from continuing operations, net of tax; (ii) less dividends and undistributed earnings allocated to participating securities; (iii) less preferred stock dividends, for the period, divided by average common equity for the period. Our calculation of return on average common equity may not be comparable to similarly-titled measures reported by other companies.
- (8) Return on average tangible common equity (“ROTCE”) is a non-GAAP measure calculated based on annualized (i) income from continuing operations, net of tax; (ii) less dividends and undistributed earnings allocated to participating securities; (iii) less preferred stock dividends, for the period, divided by average tangible common equity for the period. Our calculation of ROTCE may not be comparable to similarly-titled measures reported by other companies. See “Table 15: Calculation of Regulatory Capital Measures and Reconciliation of Non-GAAP Measures” for additional information on non-GAAP measures.
- (9) Efficiency ratio is calculated based on total non-interest expense for the period divided by total net revenue for the period. We also provide an adjusted efficiency ratio, which is a non-GAAP measure. See “Table 15: Calculation of Regulatory Capital Measures and Reconciliation of Non-GAAP Measures” for additional information on our non-GAAP measures.
- (10) Operating efficiency ratio is calculated based on operating expense for the period divided by total net revenue for the period. We also provide an adjusted operating efficiency ratio, which is a non-GAAP measure. See “Table 15: Calculation of Regulatory Capital Measures and Reconciliation of Non-GAAP Measures” for additional information on our non-GAAP measures.
- (11) 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.
- (12) Capital ratios as of the end of Q3 2018 are preliminary and therefore subject to change. See “Table 15: Calculation of Regulatory Capital Measures and Reconciliation of Non-GAAP Measures” for information on the calculation of each of these ratios.
- (13) TCE ratio is a non-GAAP measure calculated based on TCE divided by tangible assets. See “Table 15: Calculation of Regulatory Capital Measures and Reconciliation of Non-GAAP Measures” for additional information on non-GAAP measures.

** Not meaningful.

CAPITAL ONE FINANCIAL CORPORATION (COF)
Table 6: Average Balances, Net Interest Income and Net Interest Margin

| (Dollars in millions, except as noted) | 2018 Q3 | | | 2018 Q2 | | | 2017 Q3 | | |
|---|------------------|--|---------------------------|------------------|--|---------------------------|------------------|--|---------------------------|
| | Average Balance | Interest Income/Expense ⁽¹⁾ | Yield/Rate ⁽¹⁾ | Average Balance | Interest Income/Expense ⁽¹⁾ | Yield/Rate ⁽¹⁾ | Average Balance | Interest Income/Expense ⁽¹⁾ | Yield/Rate ⁽¹⁾ |
| Interest-earning assets: | | | | | | | | | |
| Loans, including loans held for sale | \$238,150 | \$ 6,247 | 10.49% | \$242,043 | \$ 5,989 | 9.90% | \$247,022 | \$ 5,960 | 9.65% |
| Investment securities | 83,894 | 593 | 2.83 | 79,829 | 539 | 2.70 | 69,302 | 431 | 2.49 |
| Cash equivalents and other | 8,228 | 55 | 2.66 | 11,623 | 68 | 2.34 | 5,691 | 29 | 2.04 |
| Total interest-earning assets | \$330,272 | \$ 6,895 | 8.35 | \$333,495 | \$ 6,596 | 7.91 | \$322,015 | \$ 6,420 | 7.97 |
| Interest-bearing liabilities: | | | | | | | | | |
| Interest-bearing deposits | \$221,431 | \$ 681 | 1.23 | \$223,079 | \$ 622 | 1.12 | \$213,137 | \$ 410 | 0.77 |
| Securitized debt obligations | 18,917 | 127 | 2.68 | 19,147 | 124 | 2.59 | 17,598 | 85 | 1.93 |
| Senior and subordinated notes | 31,660 | 288 | 3.63 | 32,250 | 289 | 3.58 | 28,753 | 194 | 2.70 |
| Other borrowings and liabilities | 3,084 | 13 | 1.67 | 4,132 | 10 | 0.97 | 9,320 | 31 | 1.33 |
| Total interest-bearing liabilities | \$275,092 | \$ 1,109 | 1.62 | \$278,608 | \$ 1,045 | 1.50 | \$268,808 | \$ 720 | 1.07 |
| Net interest income/spread | | \$ 5,786 | 6.73 | | \$ 5,551 | 6.41 | | \$ 5,700 | 6.90 |
| Impact of non-interest-bearing funding | | | 0.28 | | | 0.25 | | | 0.18 |
| Net interest margin | | | 7.01% | | | 6.66% | | | 7.08% |

| (Dollars in millions, except as noted) | Nine Months Ended September 30, | | | | | |
|---|---------------------------------|--|---------------------------|------------------|--|---------------------------|
| | 2018 | | | 2017 | | |
| | Average Balance | Interest Income/Expense ⁽¹⁾ | Yield/Rate ⁽¹⁾ | Average Balance | Interest Income/Expense ⁽¹⁾ | Yield/Rate ⁽¹⁾ |
| Interest-earning assets: | | | | | | |
| Loans, including loans held for sale | \$243,653 | \$ 18,370 | 10.05% | \$244,097 | \$ 17,255 | 9.43% |
| Investment securities | 77,819 | 1,584 | 2.71 | 68,862 | 1,280 | 2.48 |
| Cash equivalents and other | 9,846 | 174 | 2.36 | 6,538 | 83 | 1.69 |
| Total interest-earning assets | \$331,318 | \$ 20,128 | 8.10 | \$319,497 | \$ 18,618 | 7.77 |
| Interest-bearing liabilities: | | | | | | |
| Interest-bearing deposits | \$221,400 | \$ 1,842 | 1.11 | \$213,508 | \$ 1,145 | 0.72 |
| Securitized debt obligations | 19,251 | 358 | 2.46 | 17,726 | 236 | 1.78 |
| Senior and subordinated notes | 31,452 | 828 | 3.51 | 27,140 | 522 | 2.56 |
| Other borrowings and liabilities | 4,674 | 45 | 1.28 | 8,434 | 68 | 1.08 |
| Total interest-bearing liabilities | \$276,777 | \$ 3,073 | 1.49 | \$266,808 | \$ 1,971 | 0.98 |
| Net interest income/spread | | \$ 17,055 | 6.61 | | \$ 16,647 | 6.79 |
| Impact of non-interest-bearing funding | | | 0.25 | | | 0.16 |
| Net interest margin | | | 6.86% | | | 6.95% |

⁽¹⁾ Interest income and interest expense and the calculation of average yields on interest-earning assets and average rates on interest-bearing liabilities include the impact of hedge accounting. In the first quarter of 2018, we adopted Accounting Standard Update No. 2017-12, Derivatives and Hedging (Topic 815): *Targeted Improvements to Accounting for Hedging Activities*. As a result, interest income and interest expense amounts shown above include \$2 million and \$10 million for Q3 2018, and \$1 million and \$36 million for the nine months ended September 30, 2018, respectively, related to hedge ineffectiveness that was previously included in other non-interest income.

CAPITAL ONE FINANCIAL CORPORATION (COF)
Table 7: Loan Information and Performance Statistics

| | 2018 Q3 | 2018 Q2 | 2018 Q1 | 2017 Q4 | 2017 Q3 | 2018 Q3 vs. | | Nine Months Ended September 30, | | |
|---|------------------|------------------|------------------|------------------|------------------|-------------|------------|---------------------------------|------------------|------------------|
| | | | | | | 2018 Q2 | 2017 Q3 | 2018 | 2017 | 2018 vs. 2017 |
| <i>(Dollars in millions, except as noted)</i> | | | | | | | | | | |
| Loans Held for Investment (Period-End) | | | | | | | | | | |
| Credit card: | | | | | | | | | | |
| Domestic credit card | \$101,564 | \$100,714 | \$ 98,535 | \$105,293 | \$ 99,981 | 1 % | 2 % | \$101,564 | \$ 99,981 | 2 % |
| International card businesses | 9,121 | 9,063 | 9,041 | 9,469 | 9,149 | 1 | — | 9,121 | 9,149 | — |
| Total credit card | <u>110,685</u> | <u>109,777</u> | <u>107,576</u> | <u>114,762</u> | <u>109,130</u> | 1 | 1 | <u>110,685</u> | <u>109,130</u> | 1 |
| Consumer banking: | | | | | | | | | | |
| Auto | 56,422 | 55,781 | 54,811 | 53,991 | 53,290 | 1 | 6 | 56,422 | 53,290 | 6 |
| Home loan ⁽¹⁾ | — | — | 16,630 | 17,633 | 18,820 | ** | ** | — | 18,820 | ** |
| Retail banking | 2,907 | 2,946 | 3,233 | 3,454 | 3,454 | (1) | (16) | 2,907 | 3,454 | (16) |
| Total consumer banking | <u>59,329</u> | <u>58,727</u> | <u>74,674</u> | <u>75,078</u> | <u>75,564</u> | 1 | (21) | <u>59,329</u> | <u>75,564</u> | (21) |
| Commercial banking: | | | | | | | | | | |
| Commercial and multifamily real estate | 29,064 | 28,292 | 27,360 | 26,150 | 27,944 | 3 | 4 | 29,064 | 27,944 | 4 |
| Commercial and industrial | 39,325 | 38,948 | 38,208 | 38,025 | 39,306 | 1 | — | 39,325 | 39,306 | — |
| Total commercial lending | <u>68,389</u> | <u>67,240</u> | <u>65,568</u> | <u>64,175</u> | <u>67,250</u> | 2 | 2 | <u>68,389</u> | <u>67,250</u> | 2 |
| Small-ticket commercial real estate | 358 | 369 | 385 | 400 | 420 | (3) | (15) | 358 | 420 | (15) |
| Total commercial banking | <u>68,747</u> | <u>67,609</u> | <u>65,953</u> | <u>64,575</u> | <u>67,670</u> | 2 | 2 | <u>68,747</u> | <u>67,670</u> | 2 |
| Other loans | — | 11 | 53 | 58 | 58 | ** | ** | — | 58 | ** |
| Total loans held for investment | <u>\$238,761</u> | <u>\$236,124</u> | <u>\$248,256</u> | <u>\$254,473</u> | <u>\$252,422</u> | 1 | (5) | <u>\$238,761</u> | <u>\$252,422</u> | (5) |
| Loans Held for Investment (Average) | | | | | | | | | | |
| Credit card: | | | | | | | | | | |
| Domestic credit card | \$100,566 | \$ 98,895 | \$100,450 | \$101,087 | \$ 93,729 | 2 % | 7 % | \$ 99,970 | \$ 92,847 | 8 % |
| International card businesses | 8,944 | 8,998 | 9,052 | 8,942 | 8,816 | (1) | 1 | 8,998 | 8,411 | 7 |
| Total credit card | <u>109,510</u> | <u>107,893</u> | <u>109,502</u> | <u>110,029</u> | <u>102,545</u> | 1 | 7 | <u>108,968</u> | <u>101,258</u> | 8 |
| Consumer banking: | | | | | | | | | | |
| Auto | 56,297 | 55,298 | 54,344 | 53,747 | 52,615 | 2 | 7 | 55,320 | 50,711 | 9 |
| Home loan ⁽¹⁾ | — | 8,098 | 17,224 | 18,109 | 19,302 | ** | ** | 8,377 | 20,211 | (59) |
| Retail banking | 2,923 | 3,084 | 3,429 | 3,433 | 3,446 | (5) | (15) | 3,144 | 3,473 | (9) |
| Total consumer banking | <u>59,220</u> | <u>66,480</u> | <u>74,997</u> | <u>75,289</u> | <u>75,363</u> | (11) | (21) | <u>66,841</u> | <u>74,395</u> | (10) |
| Commercial banking: | | | | | | | | | | |
| Commercial and multifamily real estate | 28,354 | 27,302 | 26,542 | 27,770 | 27,703 | 4 | 2 | 27,406 | 27,235 | 1 |
| Commercial and industrial | 39,318 | 38,686 | 38,246 | 39,020 | 39,723 | 2 | (1) | 38,754 | 39,804 | (3) |
| Total commercial lending | <u>67,672</u> | <u>65,988</u> | <u>64,788</u> | <u>66,790</u> | <u>67,426</u> | 3 | — | <u>66,160</u> | <u>67,039</u> | (1) |
| Small-ticket commercial real estate | 364 | 376 | 393 | 410 | 433 | (3) | (16) | 378 | 453 | (17) |
| Total commercial banking | <u>68,036</u> | <u>66,364</u> | <u>65,181</u> | <u>67,200</u> | <u>67,859</u> | 3 | — | <u>66,538</u> | <u>67,492</u> | (1) |
| Other loans | — | 21 | 46 | 48 | 55 | ** | ** | 22 | 60 | (63) |
| Total average loans held for investment | <u>\$236,766</u> | <u>\$240,758</u> | <u>\$249,726</u> | <u>\$252,566</u> | <u>\$245,822</u> | (2) | (4) | <u>\$242,369</u> | <u>\$243,205</u> | — |

| <i>(Dollars in millions, except as noted)</i> | 2018 Q3 | 2018 Q2 | 2018 Q1 | 2017 Q4 | 2017 Q3 | 2018 Q3 vs. | | Nine Months Ended September 30, | | |
|--|------------|------------|------------|------------|------------|-------------|------------|---------------------------------|-------|------------------|
| | | | | | | 2018 Q2 | 2017 Q3 | 2018 | 2017 | 2018 vs. 2017 |
| Net Charge-Off (Recovery) Rates | | | | | | | | | | |
| Credit card: | | | | | | | | | | |
| Domestic credit card ⁽²⁾ | 4.35% | 4.72 % | 5.26 % | 5.08 % | 4.64 % | (37)bps | (29)bps | 4.78 % | 4.96% | (18)bps |
| International card businesses | 1.92 | 4.14 | 2.49 | 3.92 | 3.08 | (222) | (116) | 2.85 | 3.60 | (75) |
| Total credit card ⁽²⁾ | 4.15 | 4.67 | 5.03 | 4.99 | 4.51 | (52) | (36) | 4.62 | 4.85 | (23) |
| Consumer banking: | | | | | | | | | | |
| Auto | 1.73 | 1.32 | 1.53 | 2.12 | 1.96 | 41 | (23) | 1.53 | 1.77 | (24) |
| Home loan ⁽¹⁾ | — | — | (0.03) | 0.23 | 0.02 | ** | ** | (0.02) | 0.03 | ** |
| Retail banking | 2.62 | 2.07 | 1.89 | 1.94 | 2.10 | 55 | 52 | 2.18 | 1.91 | 27 |
| Total consumer banking | 1.77 | 1.19 | 1.19 | 1.66 | 1.47 | 58 | 30 | 1.36 | 1.30 | 6 |
| Commercial banking: | | | | | | | | | | |
| Commercial and multifamily real estate | 0.04 | — | — | (0.01) | (0.01) | 4 | 5 | 0.01 | 0.01 | — |
| Commercial and industrial | 0.25 | (0.07) | 0.20 | 1.47 | 1.64 | 32 | (139) | 0.13 | 1.07 | (94) |
| Total commercial lending | 0.16 | (0.04) | 0.12 | 0.86 | 0.97 | 20 | (81) | 0.08 | 0.64 | (56) |
| Small-ticket commercial real estate | 0.56 | (0.40) | (0.18) | (0.05) | 0.12 | 96 | 44 | (0.02) | 0.33 | (35) |
| Total commercial banking | 0.16 | (0.04) | 0.11 | 0.85 | 0.96 | 20 | (80) | 0.08 | 0.64 | (56) |
| Total net charge-offs | 2.41 | 2.42 | 2.59 | 2.89 | 2.61 | (1) | (20) | 2.48 | 2.60 | (12) |
| 30+ Day Performing Delinquency Rates | | | | | | | | | | |
| Credit card: | | | | | | | | | | |
| Domestic credit card | 3.80% | 3.32 % | 3.57 % | 4.01 % | 3.94 % | 48bps | (14)bps | 3.80 % | 3.94% | (14)bps |
| International card businesses | 3.55 | 3.39 | 3.62 | 3.64 | 3.54 | 16 | 1 | 3.55 | 3.54 | 1 |
| Total credit card | 3.78 | 3.32 | 3.58 | 3.98 | 3.91 | 46 | (13) | 3.78 | 3.91 | (13) |
| Consumer banking: | | | | | | | | | | |
| Auto | 6.27 | 5.57 | 5.15 | 6.51 | 5.71 | 70 | 56 | 6.27 | 5.71 | 56 |
| Home loan ⁽¹⁾ | — | — | 0.20 | 0.20 | 0.17 | ** | ** | — | 0.17 | ** |
| Retail banking | 0.80 | 0.84 | 0.75 | 0.76 | 0.73 | (4) | 7 | 0.80 | 0.73 | 7 |
| Total consumer banking | 6.01 | 5.33 | 3.86 | 4.76 | 4.10 | 68 | 191 | 6.01 | 4.10 | 191 |
| Nonperforming Loans and Nonperforming Assets Rates⁽³⁾⁽⁴⁾ | | | | | | | | | | |
| Credit card: | | | | | | | | | | |
| International card businesses | 0.22% | 0.22 % | 0.25 % | 0.25 % | 0.28 % | — | (6)bps | 0.22 % | 0.28% | (6)bps |
| Total credit card | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | — | — | 0.02 | 0.02 | — |
| Consumer banking: | | | | | | | | | | |
| Auto | 0.70 | 0.55 | 0.50 | 0.70 | 0.65 | 15bps | 5 | 0.70 | 0.65 | 5 |
| Home loan ⁽¹⁾ | — | — | 0.86 | 1.00 | 0.84 | ** | ** | — | 0.84 | ** |
| Retail banking | 1.13 | 1.15 | 1.04 | 1.00 | 0.97 | (2) | 16 | 1.13 | 0.97 | 16 |
| Total consumer banking | 0.72 | 0.58 | 0.61 | 0.78 | 0.71 | 14 | 1 | 0.72 | 0.71 | 1 |
| Commercial banking: | | | | | | | | | | |
| Commercial and multifamily real estate | 0.13 | 0.01 | 0.01 | 0.15 | 0.23 | 12 | (10) | 0.13 | 0.23 | (10) |
| Commercial and industrial | 0.55 | 0.57 | 0.78 | 0.63 | 1.82 | (2) | (127) | 0.55 | 1.82 | (127) |
| Total commercial lending | 0.37 | 0.33 | 0.46 | 0.43 | 1.16 | 4 | (79) | 0.37 | 1.16 | (79) |
| Small-ticket commercial real estate | 1.65 | 1.18 | 1.46 | 1.65 | 1.59 | 47 | 6 | 1.65 | 1.59 | 6 |
| Total commercial banking | 0.38 | 0.34 | 0.47 | 0.44 | 1.16 | 4 | (78) | 0.38 | 1.16 | (78) |
| Total nonperforming loans | 0.30 | 0.25 | 0.32 | 0.35 | 0.54 | 5 | (24) | 0.30 | 0.54 | (24) |
| Total nonperforming assets | 0.33 | 0.30 | 0.35 | 0.41 | 0.60 | 3 | (27) | 0.33 | 0.60 | (27) |

CAPITAL ONE FINANCIAL CORPORATION (COF)
Table 8: Allowance for Loan and Lease Losses and Reserve for Unfunded Lending Commitments Activity

| (Dollars in millions) | Three Months Ended September 30, 2018 | | | | | | | | | |
|--|---------------------------------------|-------------------------------|-------------------|------------------|----------------|------------------------|--------------------|-------------|-----------------|--|
| | Credit Card | | | Consumer Banking | | | Commercial Banking | Other | Total | |
| | Domestic Card | International Card Businesses | Total Credit Card | Auto | Retail Banking | Total Consumer Banking | | | | |
| Allowance for loan and lease losses: | | | | | | | | | | |
| Balance as of June 30, 2018 | \$ 5,260 | \$ 364 | \$ 5,624 | \$ 1,060 | \$ 60 | \$ 1,120 | \$ 624 | — | \$ 7,368 | |
| Charge-offs | (1,403) | (125) | (1,528) | (447) | (22) | (469) | (48) | \$ 1 | (2,044) | |
| Recoveries | 309 | 82 | 391 | 204 | 3 | 207 | 21 | — | 619 | |
| Net charge-offs | (1,094) | (43) | (1,137) | (243) | (19) | (262) | (27) | 1 | (1,425) | |
| Provision (benefit) for loan and lease losses | 950 | 81 | 1,031 | 168 | 17 | 185 | 60 | (1) | 1,275 | |
| Allowance build (release) for loan and lease losses | (144) | 38 | (106) | (75) | (2) | (77) | 33 | — | (150) | |
| Other changes ⁽⁵⁾ | — | 2 | 2 | — | — | — | (1) | — | 1 | |
| Balance as of September 30, 2018 | 5,116 | 404 | 5,520 | 985 | 58 | 1,043 | 656 | — | 7,219 | |
| Reserve for unfunded lending commitments: | | | | | | | | | | |
| Balance as of June 30, 2018 | — | — | — | — | 5 | 5 | 112 | — | 117 | |
| Benefit for losses on unfunded lending commitments | — | — | — | — | (1) | (1) | (6) | — | (7) | |
| Balance as of September 30, 2018 | — | — | — | — | 4 | 4 | 106 | — | 110 | |
| Combined allowance and reserve as of September 30, 2018 | \$ 5,116 | \$ 404 | \$ 5,520 | \$ 985 | \$ 62 | \$ 1,047 | \$ 762 | \$ — | \$ 7,329 | |

| (Dollars in millions) | Nine Months Ended September 30, 2018 | | | | | | | | | |
|--|--------------------------------------|-------------------------------|-------------------|------------------|--------------------------|----------------|--------------------|----------------------|-------------|------------------------|
| | Credit Card | | | Consumer Banking | | | Commercial Banking | Other ⁽¹⁾ | Total | |
| | Domestic Card | International Card Businesses | Total Credit Card | Auto | Home Loan ⁽¹⁾ | Retail Banking | | | | Total Consumer Banking |
| Allowance for loan and lease losses: | | | | | | | | | | |
| Balance as of December 31, 2017 | \$ 5,273 | \$ 375 | \$ 5,648 | \$ 1,119 | \$ 58 | \$ 65 | \$ 1,242 | \$ 611 | \$ 1 | \$ 7,502 |
| Charge-offs | (4,649) | (383) | (5,032) | (1,250) | — | (64) | (1,314) | (76) | (7) | (6,429) |
| Recoveries | 1,068 | 190 | 1,258 | 617 | 1 | 13 | 631 | 37 | 1 | 1,927 |
| Net charge-offs | (3,581) | (193) | (3,774) | (633) | 1 | (51) | (683) | (39) | (6) | (4,502) |
| Provision (benefit) for loan and lease losses | 3,424 | 234 | 3,658 | 499 | (6) | 45 | 538 | 85 | (49) | 4,232 |
| Allowance build (release) for loan and lease losses | (157) | 41 | (116) | (134) | (5) | (6) | (145) | 46 | (55) | (270) |
| Other changes ⁽¹⁾⁽⁵⁾ | — | (12) | (12) | — | (53) | (1) | (54) | (1) | 54 | (13) |
| Balance as of September 30, 2018 | 5,116 | 404 | 5,520 | 985 | — | 58 | 1,043 | 656 | — | 7,219 |
| Reserve for unfunded lending commitments: | | | | | | | | | | |
| Balance as of December 31, 2017 | — | — | — | — | — | 7 | 7 | 117 | — | 124 |
| Benefit for losses on unfunded lending commitments | — | — | — | — | — | (3) | (3) | (11) | — | (14) |
| Balance as of September 30, 2018 | — | — | — | — | — | 4 | 4 | 106 | — | 110 |
| Combined allowance and reserve as of September 30, 2018 | \$ 5,116 | \$ 404 | \$ 5,520 | \$ 985 | \$ — | \$ 62 | \$ 1,047 | \$ 762 | \$ — | \$ 7,329 |

CAPITAL ONE FINANCIAL CORPORATION (COF)
Table 9: Financial Summary—Business Segment Results

| <i>(Dollars in millions)</i> | Three Months Ended September 30, 2018 | | | | | Nine Months Ended September 30, 2018 | | | | |
|--|---------------------------------------|------------------|--------------------------------------|-------------------------|----------|--------------------------------------|------------------|--------------------------------------|-------------------------|-----------|
| | Credit Card | Consumer Banking | Commercial Banking ⁽⁶⁾⁽⁷⁾ | Other ⁽⁶⁾⁽⁷⁾ | Total | Credit Card | Consumer Banking | Commercial Banking ⁽⁶⁾⁽⁷⁾ | Other ⁽⁶⁾⁽⁷⁾ | Total |
| Net interest income | \$ 3,596 | \$ 1,636 | \$ 539 | \$ 15 | \$ 5,786 | \$10,550 | \$ 4,860 | \$ 1,624 | \$ 21 | \$ 17,055 |
| Non-interest income | 893 | 155 | 189 | (61) | 1,176 | 2,634 | 504 | 585 | 285 | 4,008 |
| Total net revenue (loss) | 4,489 | 1,791 | 728 | (46) | 6,962 | 13,184 | 5,364 | 2,209 | 306 | 21,063 |
| Provision (benefit) for credit losses | 1,031 | 184 | 54 | (1) | 1,268 | 3,658 | 535 | 74 | (49) | 4,218 |
| Non-interest expense | 2,103 | 979 | 408 | 283 | 3,773 | 6,046 | 2,942 | 1,220 | 562 | 10,770 |
| Income (loss) from continuing operations before income taxes | 1,355 | 628 | 266 | (328) | 1,921 | 3,480 | 1,887 | 915 | (207) | 6,075 |
| Income tax provision (benefit) | 315 | 146 | 62 | (103) | 420 | 810 | 440 | 213 | (149) | 1,314 |
| Income (loss) from continuing operations, net of tax | \$ 1,040 | \$ 482 | \$ 204 | \$ (225) | \$ 1,501 | \$ 2,670 | \$ 1,447 | \$ 702 | \$ (58) | \$ 4,761 |

| <i>(Dollars in millions)</i> | Three Months Ended June 30, 2018 | | | | |
|---|----------------------------------|------------------|--------------------------------------|-------------------------|----------|
| | Credit Card | Consumer Banking | Commercial Banking ⁽⁶⁾⁽⁷⁾ | Other ⁽⁶⁾⁽⁷⁾ | Total |
| Net interest income | \$ 3,396 | \$ 1,609 | \$ 549 | \$ (3) | \$ 5,551 |
| Non-interest income | 884 | 175 | 209 | 373 | 1,641 |
| Total net revenue | 4,280 | 1,784 | 758 | 370 | 7,192 |
| Provision (benefit) for credit losses | 1,171 | 118 | 34 | (47) | 1,276 |
| Non-interest expense | 1,904 | 963 | 409 | 148 | 3,424 |
| Income from continuing operations before income taxes | 1,205 | 703 | 315 | 269 | 2,492 |
| Income tax provision | 282 | 164 | 73 | 56 | 575 |
| Income from continuing operations, net of tax | \$ 923 | \$ 539 | \$ 242 | \$ 213 | \$ 1,917 |

| <i>(Dollars in millions)</i> | Three Months Ended September 30, 2017 | | | | | Nine Months Ended September 30, 2017 | | | | |
|--|---------------------------------------|------------------|-----------------------------------|----------------------|----------|--------------------------------------|------------------|-----------------------------------|----------------------|-----------|
| | Credit Card | Consumer Banking | Commercial Banking ⁽⁶⁾ | Other ⁽⁶⁾ | Total | Credit Card | Consumer Banking | Commercial Banking ⁽⁶⁾ | Other ⁽⁶⁾ | Total |
| Net interest income | \$ 3,440 | \$ 1,649 | \$ 560 | \$ 51 | \$ 5,700 | \$10,080 | \$ 4,744 | \$ 1,695 | \$ 128 | \$ 16,647 |
| Non-interest income | 865 | 192 | 179 | 49 | 1,285 | 2,478 | 570 | 520 | 9 | 3,577 |
| Total net revenue | 4,305 | 1,841 | 739 | 100 | 6,985 | 12,558 | 5,314 | 2,215 | 137 | 20,224 |
| Provision for credit losses | 1,466 | 293 | 63 | 11 | 1,833 | 4,580 | 840 | 201 | 4 | 5,625 |
| Non-interest expense | 1,961 | 1,051 | 394 | 161 | 3,567 | 5,808 | 3,152 | 1,166 | 289 | 10,415 |
| Income (loss) from continuing operations before income taxes | 878 | 497 | 282 | (72) | 1,585 | 2,170 | 1,322 | 848 | (156) | 4,184 |
| Income tax provision (benefit) | 306 | 181 | 103 | (142) | 448 | 774 | 482 | 310 | (361) | 1,205 |
| Income from continuing operations, net of tax | \$ 572 | \$ 316 | \$ 179 | \$ 70 | \$ 1,137 | \$ 1,396 | \$ 840 | \$ 538 | \$ 205 | \$ 2,979 |

CAPITAL ONE FINANCIAL CORPORATION (COF)
Table 10: Financial & Statistical Summary—Credit Card Business

| | | | | | | 2018 Q3 vs. | | Nine Months Ended September 30, | | |
|---|------------|------------|------------|------------|------------|-------------|------------|---------------------------------|------------|------------------|
| | 2018 Q3 | 2018 Q2 | 2018 Q1 | 2017 Q4 | 2017 Q3 | 2018 Q2 | 2017 Q3 | 2018 | 2017 | 2018 vs. 2017 |
| <i>(Dollars in millions, except as noted)</i> | | | | | | | | | | |
| Credit Card | | | | | | | | | | |
| Earnings: | | | | | | | | | | |
| Net interest income | \$ 3,596 | \$ 3,396 | \$ 3,558 | \$ 3,568 | \$ 3,440 | 6 % | 5 % | \$ 10,550 | \$ 10,080 | 5 % |
| Non-interest income | 893 | 884 | 857 | 847 | 865 | 1 | 3 | 2,634 | 2,478 | 6 |
| Total net revenue | 4,489 | 4,280 | 4,415 | 4,415 | 4,305 | 5 | 4 | 13,184 | 12,558 | 5 |
| Provision for credit losses | 1,031 | 1,171 | 1,456 | 1,486 | 1,466 | (12) | (30) | 3,658 | 4,580 | (20) |
| Non-interest expense | 2,103 | 1,904 | 2,039 | 2,108 | 1,961 | 10 | 7 | 6,046 | 5,808 | 4 |
| Income from continuing operations before income taxes | 1,355 | 1,205 | 920 | 821 | 878 | 12 | 54 | 3,480 | 2,170 | 60 |
| Income tax provision | 315 | 282 | 213 | 297 | 306 | 12 | 3 | 810 | 774 | 5 |
| Income from continuing operations, net of tax | \$ 1,040 | \$ 923 | \$ 707 | \$ 524 | \$ 572 | 13 | 82 | \$ 2,670 | \$ 1,396 | 91 |
| Selected performance metrics: | | | | | | | | | | |
| Period-end loans held for investment | \$ 110,685 | \$ 109,777 | \$ 107,576 | \$ 114,762 | \$ 109,130 | 1 | 1 | \$ 110,685 | \$ 109,130 | 1 |
| Average loans held for investment | 109,510 | 107,893 | 109,502 | 110,029 | 102,545 | 1 | 7 | 108,968 | 101,258 | 8 |
| Average yield on loans held for investment ⁽⁸⁾ | 15.79% | 15.06% | 15.24% | 15.13% | 15.58% | 73bps | 21bps | 15.37% | 15.24% | 13bps |
| Total net revenue margin ⁽⁹⁾ | 16.40 | 15.87 | 16.13 | 16.05 | 16.79 | 53 | (39) | 16.13 | 16.54 | (41) |
| Net charge-off rate ⁽²⁾ | 4.15 | 4.67 | 5.03 | 4.99 | 4.51 | (52) | (36) | 4.62 | 4.85 | (23) |
| 30+ day performing delinquency rate | 3.78 | 3.32 | 3.58 | 3.98 | 3.91 | 46 | (13) | 3.78 | 3.91 | (13) |
| 30+ day delinquency rate | 3.80 | 3.33 | 3.59 | 3.99 | 3.92 | 47 | (12) | 3.80 | 3.92 | (12) |
| Nonperforming loan rate ⁽³⁾ | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | — | — | 0.02 | 0.02 | — |
| Purchase volume ⁽¹⁰⁾ | \$ 97,469 | \$ 97,392 | \$ 86,545 | \$ 95,659 | \$ 84,505 | — | 15 % | \$ 281,406 | \$ 240,781 | 17 % |

| | 2018 | 2018 | 2018 | 2017 | 2017 | 2018 Q3 vs. | | Nine Months Ended September 30, | | |
|---|-----------|-----------|-----------|-----------|-----------|-------------|-------|---------------------------------|-----------|----------|
| | | | | | | 2018 | 2017 | 2018 | 2017 | 2018 vs. |
| (Dollars in millions, except as noted) | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q3 | 2018 | 2017 | 2017 |
| Domestic Card | | | | | | | | | | |
| Earnings: | | | | | | | | | | |
| Net interest income | \$ 3,280 | \$ 3,108 | \$ 3,229 | \$ 3,268 | \$ 3,132 | 6 % | 5 % | \$ 9,617 | \$ 9,236 | 4 % |
| Non-interest income | 819 | 818 | 774 | 781 | 787 | — | 4 | 2,411 | 2,288 | 5 |
| Total net revenue | 4,099 | 3,926 | 4,003 | 4,049 | 3,919 | 4 | 5 | 12,028 | 11,524 | 4 |
| Provision for credit losses | 950 | 1,094 | 1,380 | 1,402 | 1,417 | (13) | (33) | 3,424 | 4,381 | (22) |
| Non-interest expense | 1,890 | 1,683 | 1,832 | 1,880 | 1,754 | 12 | 8 | 5,405 | 5,198 | 4 |
| Income from continuing operations before income taxes | 1,259 | 1,149 | 791 | 767 | 748 | 10 | 68 | 3,199 | 1,945 | 64 |
| Income tax provision | 293 | 268 | 184 | 280 | 273 | 9 | 7 | 745 | 710 | 5 |
| Income from continuing operations, net of tax | \$ 966 | \$ 881 | \$ 607 | \$ 487 | \$ 475 | 10 | 103 | \$ 2,454 | \$ 1,235 | 99 |
| Selected performance metrics: | | | | | | | | | | |
| Period-end loans held for investment | \$101,564 | \$100,714 | \$ 98,535 | \$105,293 | \$ 99,981 | 1 | 2 | \$101,564 | \$ 99,981 | 2 |
| Average loans held for investment | 100,566 | 98,895 | 100,450 | 101,087 | 93,729 | 2 | 7 | 99,970 | 92,847 | 8 |
| Average yield on loans held for investment ⁽⁶⁾ | 15.73% | 15.05% | 15.10% | 15.08% | 15.51% | 68bps | 22bps | 15.29% | 15.20% | 9bps |
| Total net revenue margin ⁽⁹⁾ | 16.30 | 15.88 | 15.94 | 16.03 | 16.72 | 42 | (42) | 16.04 | 16.55 | (51) |
| Net charge-off rate ⁽²⁾ | 4.35 | 4.72 | 5.26 | 5.08 | 4.64 | (37) | (29) | 4.78 | 4.96 | (18) |
| 30+ day delinquency rate | 3.80 | 3.32 | 3.57 | 4.01 | 3.94 | 48 | (14) | 3.80 | 3.94 | (14) |
| Purchase volume ⁽¹⁰⁾ | \$ 89,205 | \$ 88,941 | \$ 79,194 | \$ 87,287 | \$ 76,806 | — | 16 % | \$257,340 | \$219,537 | 17 % |
| Refreshed FICO scores:⁽¹¹⁾ | | | | | | | | | | |
| Greater than 660 | 67% | 68% | 66% | 66% | 65% | (1)% | 2 | 67% | 65% | 2 |
| 660 or below | 33 | 32 | 34 | 34 | 35 | 1 | (2) | 33 | 35 | (2) |
| Total | 100% | 100% | 100% | 100% | 100% | | | 100% | 100% | |

CAPITAL ONE FINANCIAL CORPORATION (COF)
Table 11: Financial & Statistical Summary—Consumer Banking Business

| | | | | | | 2018 Q3 vs. | | Nine Months Ended September 30, | | |
|---|-----------|-----------|-----------|-----------|-----------|-------------|--------|---------------------------------|-----------|----------|
| | 2018 | 2018 | 2018 | 2017 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 vs. |
| (Dollars in millions, except as noted) | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q3 | 2018 | 2017 | 2017 |
| Consumer Banking | | | | | | | | | | |
| Earnings: | | | | | | | | | | |
| Net interest income | \$ 1,636 | \$ 1,609 | \$ 1,615 | \$ 1,636 | \$ 1,649 | 2 % | (1)% | \$ 4,860 | \$ 4,744 | 2 % |
| Non-interest income | 155 | 175 | 174 | 179 | 192 | (11) | (19) | 504 | 570 | (12) |
| Total net revenue | 1,791 | 1,784 | 1,789 | 1,815 | 1,841 | — | (3) | 5,364 | 5,314 | 1 |
| Provision for credit losses | 184 | 118 | 233 | 340 | 293 | 56 | (37) | 535 | 840 | (36) |
| Non-interest expense | 979 | 963 | 1,000 | 1,081 | 1,051 | 2 | (7) | 2,942 | 3,152 | (7) |
| Income from continuing operations before income taxes | 628 | 703 | 556 | 394 | 497 | (11) | 26 | 1,887 | 1,322 | 43 |
| Income tax provision | 146 | 164 | 130 | 144 | 181 | (11) | (19) | 440 | 482 | (9) |
| Income from continuing operations, net of tax | \$ 482 | \$ 539 | \$ 426 | \$ 250 | \$ 316 | (11) | 53 | \$ 1,447 | \$ 840 | 72 |
| Selected performance metrics: | | | | | | | | | | |
| Period-end loans held for investment ⁽¹⁾ | \$ 59,329 | \$ 58,727 | \$ 74,674 | \$ 75,078 | \$ 75,564 | 1 | (21) | \$ 59,329 | \$ 75,564 | (21) |
| Average loans held for investment ⁽¹⁾ | 59,220 | 66,480 | 74,997 | 75,289 | 75,363 | (11) | (21) | 66,841 | 74,395 | (10) |
| Average yield on loans held for investment ⁽⁶⁾ | 8.03% | 7.32% | 6.86% | 6.84% | 6.79% | 71bps | 124bps | 7.36% | 6.61% | 75bps |
| Auto loan originations | \$ 6,643 | \$ 6,994 | \$ 6,707 | \$ 6,215 | \$ 7,043 | (5)% | (6)% | \$ 20,345 | \$ 21,521 | (5)% |
| Period-end deposits | 196,635 | 194,962 | 193,073 | 185,842 | 184,719 | 1 | 6 | 196,635 | 184,719 | 6 |
| Average deposits | 194,687 | 193,278 | 187,785 | 184,799 | 185,072 | 1 | 5 | 191,942 | 185,336 | 4 |
| Average deposits interest rate | 1.00% | 0.88% | 0.80% | 0.69% | 0.62% | 12bps | 38bps | 0.89% | 0.60% | 29bps |
| Net charge-off rate | 1.77 | 1.19 | 1.19 | 1.66 | 1.47 | 58 | 30 | 1.36 | 1.30 | 6 |
| 30+ day performing delinquency rate | 6.01 | 5.33 | 3.86 | 4.76 | 4.10 | 68 | 191 | 6.01 | 4.10 | 191 |
| 30+ day delinquency rate | 6.61 | 5.80 | 4.27 | 5.34 | 4.61 | 81 | 200 | 6.61 | 4.61 | 200 |
| Nonperforming loan rate ⁽³⁾ | 0.72 | 0.58 | 0.61 | 0.78 | 0.71 | 14 | 1 | 0.72 | 0.71 | 1 |
| Nonperforming asset rate ⁽⁴⁾ | 0.82 | 0.73 | 0.70 | 0.91 | 0.88 | 9 | (6) | 0.82 | 0.88 | (6) |
| Auto—At origination FICO scores:⁽¹²⁾ | | | | | | | | | | |
| Greater than 660 | 50% | 50% | 51% | 51% | 51% | — | (1)% | 50% | 51% | (1)% |
| 621-660 | 19 | 19 | 18 | 18 | 18 | — | 1 | 19 | 18 | 1 |
| 620 or below | 31 | 31 | 31 | 31 | 31 | — | — | 31 | 31 | — |
| Total | 100% | 100% | 100% | 100% | 100% | | | 100% | 100% | |

CAPITAL ONE FINANCIAL CORPORATION (COF)
Table 12: Financial & Statistical Summary—Commercial Banking Business

| | | | | | | 2018 Q3 vs. | | Nine Months Ended September 30, | | |
|--|-----------|-----------|-----------|-----------|-----------|-------------|--------|---------------------------------|-----------|----------|
| | 2018 | 2018 | 2018 | 2017 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 vs. |
| (Dollars in millions, except as noted) | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q3 | 2018 | 2017 | 2017 |
| Commercial Banking | | | | | | | | | | |
| Earnings: | | | | | | | | | | |
| Net interest income | \$ 539 | \$ 549 | \$ 536 | \$ 566 | \$ 560 | (2)% | (4)% | \$ 1,624 | \$ 1,695 | (4)% |
| Non-interest income | 189 | 209 | 187 | 188 | 179 | (10) | 6 | 585 | 520 | 13 |
| Total net revenue ⁽⁶⁾⁽⁷⁾ | 728 | 758 | 723 | 754 | 739 | (4) | (1) | 2,209 | 2,215 | — |
| Provision (benefit) for credit losses | 54 | 34 | (14) | 100 | 63 | 59 | (14) | 74 | 201 | (63) |
| Non-interest expense | 408 | 409 | 403 | 437 | 394 | — | 4 | 1,220 | 1,166 | 5 |
| Income from continuing operations before income taxes | 266 | 315 | 334 | 217 | 282 | (16) | (6) | 915 | 848 | 8 |
| Income tax provision | 62 | 73 | 78 | 79 | 103 | (15) | (40) | 213 | 310 | (31) |
| Income from continuing operations, net of tax | \$ 204 | \$ 242 | \$ 256 | \$ 138 | \$ 179 | (16) | 14 | \$ 702 | \$ 538 | 30 |
| Selected performance metrics: | | | | | | | | | | |
| Period-end loans held for investment | \$ 68,747 | \$ 67,609 | \$ 65,953 | \$ 64,575 | \$ 67,670 | 2 | 2 | \$ 68,747 | \$ 67,670 | 2 |
| Average loans held for investment | 68,036 | 66,364 | 65,181 | 67,200 | 67,859 | 3 | — | 66,538 | 67,492 | (1) |
| Average yield on loans held for investment ⁽⁶⁾⁽⁸⁾ | 4.55% | 4.43% | 4.16% | 4.03% | 3.98% | 12bps | 57bps | 4.38% | 3.81% | 57bps |
| Period-end deposits | \$ 30,474 | \$ 31,078 | \$ 34,449 | \$ 33,938 | \$ 32,783 | (2)% | (7)% | \$ 30,474 | \$ 32,783 | (7)% |
| Average deposits | 31,061 | 32,951 | 34,057 | 34,117 | 33,197 | (6) | (6) | 32,679 | 33,890 | (4) |
| Average deposits interest rate | 0.79% | 0.65% | 0.52% | 0.46% | 0.42% | 14bps | 37bps | 0.65% | 0.37% | 28bps |
| Net charge-off (recovery) rate | 0.16 | (0.04) | 0.11 | 0.85 | 0.96 | 20 | (80) | 0.08 | 0.64 | (56) |
| Nonperforming loan rate ⁽³⁾ | 0.38 | 0.34 | 0.47 | 0.44 | 1.16 | 4 | (78) | 0.38 | 1.16 | (78) |
| Nonperforming asset rate ⁽⁴⁾ | 0.41 | 0.37 | 0.49 | 0.52 | 1.22 | 4 | (81) | 0.41 | 1.22 | (81) |
| Risk category:⁽¹³⁾ | | | | | | | | | | |
| Noncriticized | \$ 65,926 | \$ 64,923 | \$ 62,773 | \$ 61,162 | \$ 63,501 | 2% | 4% | \$ 65,926 | \$ 63,501 | 4% |
| Criticized performing | 2,204 | 2,088 | 2,432 | 2,649 | 2,878 | 6 | (23) | 2,204 | 2,878 | (23) |
| Criticized nonperforming | 259 | 229 | 309 | 284 | 788 | 13 | (67) | 259 | 788 | (67) |
| PCI loans | 358 | 369 | 439 | 480 | 503 | (3) | (29) | 358 | 503 | (29) |
| Total commercial loans | \$ 68,747 | \$ 67,609 | \$ 65,953 | \$ 64,575 | \$ 67,670 | 2 | 2 | \$ 68,747 | \$ 67,670 | 2 |
| Risk category as a percentage of period-end loans held for investment:⁽¹³⁾ | | | | | | | | | | |
| Noncriticized | 95.9% | 96.1% | 95.1% | 94.7% | 93.8% | (20)bps | 210bps | 95.9% | 93.8% | 210bps |
| Criticized performing | 3.2 | 3.1 | 3.7 | 4.1 | 4.3 | 10 | (110) | 3.2 | 4.3 | (110) |
| Criticized nonperforming | 0.4 | 0.3 | 0.5 | 0.4 | 1.2 | 10 | (80) | 0.4 | 1.2 | (80) |
| PCI loans | 0.5 | 0.5 | 0.7 | 0.8 | 0.7 | — | (20) | 0.5 | 0.7 | (20) |
| Total commercial loans | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | | | 100.0% | 100.0% | |

CAPITAL ONE FINANCIAL CORPORATION (COF)
Table 13: Financial & Statistical Summary—Other and Total

| | | | | | | 2018 Q3 vs. | | Nine Months Ended September 30, | | |
|--|-----------|-----------|-----------|------------|-----------|-------------|-------|---------------------------------|-----------|----------|
| | 2018 | 2018 | 2018 | 2017 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 vs. |
| (Dollars in millions) | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q3 | 2018 | 2017 | 2017 |
| Other⁽¹⁴⁾ | | | | | | | | | | |
| Earnings: | | | | | | | | | | |
| Net interest income | \$ 15 | \$ (3) | \$ 9 | \$ 43 | \$ 51 | ** | (71)% | \$ 21 | \$ 128 | (84)% |
| Non-interest income | (61) | 373 | (27) | (14) | 49 | ** | ** | 285 | 9 | ** |
| Total net revenue (loss) ⁽⁶⁾⁽⁷⁾ | (46) | 370 | (18) | 29 | 100 | ** | ** | 306 | 137 | 123 |
| Provision (benefit) for credit losses | (1) | (47) | (1) | — | 11 | (98)% | ** | (49) | 4 | ** |
| Non-interest expense ⁽¹⁵⁾ | 283 | 148 | 131 | 153 | 161 | 91 | 76 | 562 | 289 | 94 |
| Income (loss) from continuing operations before income taxes | (328) | 269 | (148) | (124) | (72) | ** | ** | (207) | (156) | 33 |
| Income tax provision (benefit) | (103) | 56 | (102) | 1,650 | (142) | ** | (27) | (149) | (361) | (59) |
| Income (loss) from continuing operations, net of tax | \$ (225) | \$ 213 | \$ (46) | \$ (1,774) | \$ 70 | ** | ** | \$ (58) | \$ 205 | ** |
| Selected performance metrics: | | | | | | | | | | |
| Period-end loans held for investment | — | \$ 11 | \$ 53 | \$ 58 | \$ 58 | ** | ** | — | \$ 58 | ** |
| Average loans held for investment | — | 21 | 46 | 48 | 55 | ** | ** | \$ 22 | 60 | (63) |
| Period-end deposits | \$ 20,086 | 22,185 | 23,325 | 23,922 | 21,560 | (9) | (7) | 20,086 | 21,560 | (7) |
| Average deposits | 20,972 | 22,561 | 23,428 | 22,646 | 20,574 | (7) | 2 | 22,311 | 20,090 | 11 |
| Total | | | | | | | | | | |
| Earnings: | | | | | | | | | | |
| Net interest income | \$ 5,786 | \$ 5,551 | \$ 5,718 | \$ 5,813 | \$ 5,700 | 4 % | 2 % | \$ 17,055 | \$ 16,647 | 2 % |
| Non-interest income | 1,176 | 1,641 | 1,191 | 1,200 | 1,285 | (28) | (8) | 4,008 | 3,577 | 12 |
| Total net revenue | 6,962 | 7,192 | 6,909 | 7,013 | 6,985 | (3) | — | 21,063 | 20,224 | 4 |
| Provision for credit losses | 1,268 | 1,276 | 1,674 | 1,926 | 1,833 | (1) | (31) | 4,218 | 5,625 | (25) |
| Non-interest expense | 3,773 | 3,424 | 3,573 | 3,779 | 3,567 | 10 | 6 | 10,770 | 10,415 | 3 |
| Income from continuing operations before income taxes | 1,921 | 2,492 | 1,662 | 1,308 | 1,585 | (23) | 21 | 6,075 | 4,184 | 45 |
| Income tax provision | 420 | 575 | 319 | 2,170 | 448 | (27) | (6) | 1,314 | 1,205 | 9 |
| Income (loss) from continuing operations, net of tax | \$ 1,501 | \$ 1,917 | \$ 1,343 | \$ (862) | \$ 1,137 | (22) | 32 | \$ 4,761 | \$ 2,979 | 60 |
| Selected performance metrics: | | | | | | | | | | |
| Period-end loans held for investment | \$238,761 | \$236,124 | \$248,256 | \$254,473 | \$252,422 | 1 | (5) | \$238,761 | \$252,422 | (5) |
| Average loans held for investment | 236,766 | 240,758 | 249,726 | 252,566 | 245,822 | (2) | (4) | 242,369 | 243,205 | — |
| Period-end deposits | 247,195 | 248,225 | 250,847 | 243,702 | 239,062 | — | 3 | 247,195 | 239,062 | 3 |
| Average deposits | 246,720 | 248,790 | 245,270 | 241,562 | 238,843 | (1) | 3 | 246,932 | 239,316 | 3 |

CAPITAL ONE FINANCIAL CORPORATION (COF)**Table 14: Notes to Loan, Allowance and Business Segment Disclosures (Tables 7—13)**

- (1) In the second quarter of 2018, we sold the substantial majority of our consumer home loan portfolio and the related servicing. We also transferred the remaining consumer home loan portfolio of \$398 million to loans held for sale as of June 30, 2018. These actions resulted in a net gain of approximately \$400 million in the second quarter of 2018, including a benefit for credit losses of \$46 million, which was reflected in the Other category. In the third quarter of 2018, we sold substantially all of the remaining consumer home loan portfolio and recognized a net gain of \$99 million in the Other category.
- (2) In August 2018, we accelerated charge-off recognition for certain domestic credit card accounts where the cardholder is deceased. This acceleration led to a one-time increase in net charge-offs of approximately \$32 million, increasing the net charge-off rate for total credit card and domestic credit card by approximately 12 basis points and 13 basis points, respectively, for the third quarter of 2018, and 4 basis points for both total credit card and domestic credit card for the first nine months of 2018.
- (3) Nonperforming loan rates are calculated based on nonperforming loans for each category divided by period-end total loans held for investment for each respective category.
- (4) Nonperforming assets consist of nonperforming loans, real estate owned (“REO”) and other foreclosed assets. The total nonperforming asset rate is calculated based on total nonperforming assets divided by the combined period-end total loans held for investment, REO and other foreclosed assets.
- (5) Represents foreign currency translation adjustments and the net impact of loan transfers and sales where applicable.
- (6) Some of our commercial investments generate tax-exempt income, tax credits or other tax benefits. Accordingly, we present our Commercial Banking revenue and yields on a taxable-equivalent basis, calculated using the federal statutory tax rate (21% and 35% for all periods presented in 2018 and 2017, respectively) and state taxes where applicable, with offsetting reductions to the Other category.
- (7) In the first quarter of 2018, we made a change in how revenue is measured in our Commercial Banking business to include the tax benefits of losses on certain tax-advantaged investments. These tax benefits are included in revenue on a taxable-equivalent basis within our Commercial Banking business, with an offsetting reduction to the Other category. In addition, all revenue presented on a taxable-equivalent basis in our Commercial Banking business was impacted by the reduction of the federal tax rate set forth in the Tax Act. The net impact of the measurement change and the reduction of the federal tax rate was a decrease of \$30 million and \$86 million in revenue in our Commercial Banking business in the third quarter and first nine months of 2018, respectively, with an offsetting impact to the Other category.
- (8) Average yield on loans held for investment is calculated based on annualized interest income for the period divided by average loans held for investment during the period for the respective loan category. Annualized interest income is computed based on the effective yield of the respective loan category and does not include any allocations, such as funds transfer pricing.
- (9) Total net revenue margin is calculated based on annualized total net revenue for the period divided by average loans held for investment during the period for the respective loan category.
- (10) Purchase volume consists of purchase transactions, net of returns, for the period, and excludes cash advance and balance transfer transactions.
- (11) Percentages represent period-end loans held for investment in each credit score category. Domestic card credit scores generally represent FICO scores. These scores are obtained from one of the major credit bureaus at origination and are refreshed monthly thereafter. We approximate non-FICO credit scores to comparable FICO scores for consistency purposes. Balances for which no credit score is available or the credit score is invalid are included in the 660 or below category.
- (12) Percentages represent period-end loans held for investment in each credit score category. Auto credit scores generally represent average FICO scores obtained from three credit bureaus at the time of application and are not refreshed thereafter. Balances for which no credit score is available or the credit score is invalid are included in the 620 or below category.
- (13) Criticized exposures correspond to the “Special Mention,” “Substandard” and “Doubtful” asset categories defined by bank regulatory authorities.
- (14) Charges for the impacts of the Tax Act of \$1.77 billion were reflected in the Other category of our business segment results for Q4 2017. This amount was a reasonable estimate as of December 31, 2017, which may be adjusted during the measurement period ending no later than December 2018. The Tax Act refers to the Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on budget for fiscal year 2018 enacted on December 22, 2017.
- (15) Includes charges incurred as a result of restructuring activities.
- ** Not meaningful.

CAPITAL ONE FINANCIAL CORPORATION (COF)
Table 15: Calculation of Regulatory Capital Measures and Reconciliation of Non-GAAP Measures⁽¹⁾

| | Basel III Standardized Approach | | | | |
|---|---------------------------------|------------------|-------------------|----------------------|--------------------------|
| | September 30, 2018 | June 30, 2018 | March 31, 2018 | December 31, 2017 | September 30, 2017 |
| <i>(Dollars in millions, except as noted)</i> | | | | | |
| Regulatory Capital Metrics | | | | | |
| Common equity excluding AOCI | \$ 48,154 | \$ 47,359 | \$ 46,441 | \$ 45,296 | \$ 46,415 |
| Adjustments: | | | | | |
| AOCI ⁽²⁾⁽³⁾ | (1,877) | (1,793) | (1,599) | (808) | (538) |
| Goodwill, net of related deferred tax liabilities | (14,345) | (14,368) | (14,379) | (14,380) | (14,300) |
| Intangible assets, net of related deferred tax liabilities ⁽³⁾ | (284) | (328) | (371) | (330) | (372) |
| Other | 817 | 735 | 620 | 258 | 93 |
| Common equity Tier 1 capital | \$ 32,465 | \$ 31,605 | \$ 30,712 | \$ 30,036 | \$ 31,298 |
| Tier 1 capital | \$ 36,826 | \$ 35,965 | \$ 35,073 | \$ 34,396 | \$ 35,657 |
| Total capital ⁽⁴⁾ | 43,946 | 43,082 | 42,259 | 41,962 | 43,272 |
| Risk-weighted assets | 288,678 | 285,223 | 291,346 | 292,225 | 292,041 |
| Adjusted average assets ⁽⁵⁾ | 346,297 | 349,222 | 347,287 | 348,424 | 340,579 |
| Capital Ratios | | | | | |
| Common equity Tier 1 capital ⁽⁶⁾ | 11.2% | 11.1% | 10.5% | 10.3% | 10.7% |
| Tier 1 capital ⁽⁷⁾ | 12.8 | 12.6 | 12.0 | 11.8 | 12.2 |
| Total capital ⁽⁸⁾ | 15.2 | 15.1 | 14.5 | 14.4 | 14.8 |
| Tier 1 leverage ⁽⁵⁾ | 10.6 | 10.3 | 10.1 | 9.9 | 10.5 |
| Tangible common equity ("TCE") ⁽⁹⁾ | 9.0 | 8.8 | 8.6 | 8.3 | 8.8 |

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 and provide alternate measurements of our performance. The following tables present reconciliations of these non-GAAP measures to the applicable amounts measured in accordance with GAAP.

| | 2018 | | | 2018 | | | 2018 | | | Nine Months Ended | | |
|--|------------------|----------------------|------------------|------------------|----------------------|------------------|------------------|----------------------|------------------|--------------------|----------------------|------------------|
| | Q3 | | | Q2 | | | Q1 | | | September 30, 2018 | | |
| <i>(Dollars in millions, except per share data and as noted)</i> | Reported Results | Adj. ⁽¹⁰⁾ | Adjusted Results | Reported Results | Adj. ⁽¹⁰⁾ | Adjusted Results | Reported Results | Adj. ⁽¹⁰⁾ | Adjusted Results | Reported Results | Adj. ⁽¹⁰⁾ | Adjusted Results |
| Selected income statement data: | | | | | | | | | | | | |
| Net interest income | \$ 5,786 | — | \$ 5,786 | \$ 5,551 | \$ 26 | \$ 5,577 | \$ 5,718 | — | \$ 5,718 | \$ 17,055 | \$ 26 | \$ 17,081 |
| Non-interest income | 1,176 | \$ (155) | 1,021 | 1,641 | (361) | 1,280 | 1,191 | \$ 2 | 1,193 | 4,008 | (514) | 3,494 |
| Total net revenue | 6,962 | (155) | 6,807 | 7,192 | (335) | 6,857 | 6,909 | 2 | 6,911 | 21,063 | (488) | 20,575 |
| Provision for credit losses | 1,268 | 2 | 1,270 | 1,276 | 46 | 1,322 | 1,674 | — | 1,674 | 4,218 | 48 | 4,266 |
| Non-interest expense | 3,773 | (186) | 3,587 | 3,424 | (45) | 3,379 | 3,573 | (17) | 3,556 | 10,770 | (248) | 10,522 |
| Income from continuing operations before income taxes | 1,921 | 29 | 1,950 | 2,492 | (336) | 2,156 | 1,662 | 19 | 1,681 | 6,075 | (288) | 5,787 |
| Income tax provision (benefit) | 420 | (33) | 387 | 575 | (92) | 483 | 319 | 4 | 323 | 1,314 | (121) | 1,193 |
| Income from continuing operations, net of tax | 1,501 | 62 | 1,563 | 1,917 | (244) | 1,673 | 1,343 | 15 | 1,358 | 4,761 | (167) | 4,594 |
| Income (loss) from discontinued operations, net of tax | 1 | — | 1 | (11) | — | (11) | 3 | — | 3 | (7) | — | (7) |
| Net income | 1,502 | 62 | 1,564 | 1,906 | (244) | 1,662 | 1,346 | 15 | 1,361 | 4,754 | (167) | 4,587 |
| Dividends and undistributed earnings allocated to participating securities ⁽¹¹⁾ | (9) | — | (9) | (12) | 2 | (10) | (10) | — | (10) | (32) | 1 | (31) |
| Preferred stock dividends | (53) | — | (53) | (80) | — | (80) | (52) | — | (52) | (185) | — | (185) |
| Net income available to common stockholders | \$ 1,440 | \$ 62 | \$ 1,502 | \$ 1,814 | \$ (242) | \$ 1,572 | \$ 1,284 | \$ 15 | \$ 1,299 | \$ 4,537 | \$ (166) | \$ 4,371 |
| Selected performance metrics: | | | | | | | | | | | | |
| Diluted EPS ⁽¹¹⁾ | \$ 2.99 | \$ 0.13 | \$ 3.12 | \$ 3.71 | \$ (0.49) | \$ 3.22 | \$ 2.62 | \$ 0.03 | \$ 2.65 | \$ 9.32 | \$ (0.34) | \$ 8.98 |
| Efficiency ratio | 54.19% | (149)bps | 52.70% | 47.61% | 167bps | 49.28% | 51.72% | (27)bps | 51.45% | 51.13% | 1bps | 51.14% |
| Operating efficiency ratio | 46.95 | (166) | 45.29 | 41.70 | 138 | 43.08 | 45.72 | (26) | 45.46 | 44.76 | (15) | 44.61 |

| | 2017 | | | 2017 | | | 2017 | | | Nine Months Ended | | |
|--|------------------|----------------------|------------------|------------------|----------------------|------------------|------------------|----------------------|------------------|--------------------|----------------------|------------------|
| | Q3 | | | Q2 | | | Q1 | | | September 30, 2017 | | |
| | Reported Results | Adj. ⁽¹⁰⁾ | Adjusted Results | Reported Results | Adj. ⁽¹⁰⁾ | Adjusted Results | Reported Results | Adj. ⁽¹⁰⁾ | Adjusted Results | Reported Results | Adj. ⁽¹⁰⁾ | Adjusted Results |
| <i>(Dollars in millions, except per share data and as noted)</i> | | | | | | | | | | | | |
| Selected income statement data: | | | | | | | | | | | | |
| Net interest income | \$ 5,700 | — | \$ 5,700 | \$ 5,473 | — | \$ 5,473 | \$ 5,474 | \$ 33 | \$ 5,507 | \$ 16,647 | \$ 33 | \$ 16,680 |
| Non-interest income | 1,285 | — | 1,285 | 1,231 | — | 1,231 | 1,061 | 37 | 1,098 | 3,577 | 37 | 3,614 |
| Total net revenue | 6,985 | — | 6,985 | 6,704 | — | 6,704 | 6,535 | 70 | 6,605 | 20,224 | 70 | 20,294 |
| Provision for credit losses | 1,833 | \$ (88) | 1,745 | 1,800 | — | 1,800 | 1,992 | — | 1,992 | 5,625 | (88) | 5,537 |
| Non-interest expense | 3,567 | (125) | 3,442 | 3,414 | \$ (12) | 3,402 | 3,434 | (29) | 3,405 | 10,415 | (166) | 10,249 |
| Income from continuing operations before income taxes | 1,585 | 213 | 1,798 | 1,490 | 12 | 1,502 | 1,109 | 99 | 1,208 | 4,184 | 324 | 4,508 |
| Income tax provision (benefit) | 448 | 79 | 527 | 443 | 4 | 447 | 314 | (1) | 313 | 1,205 | 82 | 1,287 |
| Income from continuing operations, net of tax | 1,137 | 134 | 1,271 | 1,047 | 8 | 1,055 | 795 | 100 | 895 | 2,979 | 242 | 3,221 |
| Income (loss) from discontinued operations, net of tax | (30) | — | (30) | (11) | — | (11) | 15 | — | 15 | (26) | — | (26) |
| Net income | 1,107 | 134 | 1,241 | 1,036 | 8 | 1,044 | 810 | 100 | 910 | 2,953 | 242 | 3,195 |
| Dividends and undistributed earnings allocated to participating securities ⁽¹¹⁾ | (8) | — | (8) | (8) | — | (8) | (5) | — | (5) | (21) | — | (21) |
| Preferred stock dividends | (52) | — | (52) | (80) | — | (80) | (53) | — | (53) | (185) | — | (185) |
| Net income available to common stockholders | \$ 1,047 | \$ 134 | \$ 1,181 | \$ 948 | \$ 8 | \$ 956 | \$ 752 | \$ 100 | \$ 852 | \$ 2,747 | \$ 242 | \$ 2,989 |
| Selected performance metrics: | | | | | | | | | | | | |
| Diluted EPS ⁽¹¹⁾ | \$ 2.14 | \$ 0.28 | \$ 2.42 | \$ 1.94 | \$ 0.02 | \$ 1.96 | \$ 1.54 | \$ 0.21 | \$ 1.75 | \$ 5.63 | \$ 0.49 | \$ 6.12 |
| Efficiency ratio | 51.07% | (179)bps | 49.28% | 50.92% | (17)bps | 50.75% | 52.55% | (100)bps | 51.55% | 51.50% | (100)bps | 50.50% |
| Operating efficiency ratio | 45.64 | (179) | 43.85 | 44.44 | (18) | 44.26 | 46.49 | (93) | 45.56 | 45.52 | (98) | 44.54 |

Reconciliation of Non-GAAP Measures

The following non-GAAP measures consist of tangible common equity (“TCE”), tangible assets and metrics computed using these amounts, which include tangible book value per common share, return on average tangible assets, return on average TCE and TCE ratio. We consider these metrics to be key financial performance measures that management uses in assessing capital adequacy and the level of returns generated. While these non-GAAP measures are widely used by investors, analysts and bank regulatory agencies to assess the capital position of financial services companies, our measures may not be comparable to similarly-titled measures reported by other companies. The following tables present reconciliations of these non-GAAP measures to the applicable amounts measured in accordance with GAAP.

| <i>(Dollars in millions)</i> | 2018 Q3 | 2018 Q2 | 2018 Q1 | 2017 Q4 | 2017 Q3 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Tangible Common Equity (Period-End) | | | | | |
| Stockholders' equity | \$ 50,638 | \$ 49,926 | \$ 49,203 | \$ 48,730 | \$ 50,154 |
| Goodwill and intangible assets ⁽¹²⁾ | (14,945) | (15,013) | (15,063) | (15,106) | (15,249) |
| Noncumulative perpetual preferred stock | (4,360) | (4,360) | (4,360) | (4,360) | (4,360) |
| Tangible common equity | \$ 31,333 | \$ 30,553 | \$ 29,780 | \$ 29,264 | \$ 30,545 |
| Tangible Common Equity (Average) | | | | | |
| Stockholders' equity | \$ 50,768 | \$ 49,827 | \$ 49,031 | \$ 50,710 | \$ 50,176 |
| Goodwill and intangible assets ⁽¹²⁾ | (14,982) | (15,043) | (15,092) | (15,223) | (15,277) |
| Noncumulative perpetual preferred stock | (4,360) | (4,360) | (4,360) | (4,360) | (4,360) |
| Tangible common equity | \$ 31,426 | \$ 30,424 | \$ 29,579 | \$ 31,127 | \$ 30,539 |
| Tangible Assets (Period-End) | | | | | |
| Total assets | \$ 362,909 | \$ 363,989 | \$ 362,857 | \$ 365,693 | \$ 361,402 |
| Goodwill and intangible assets ⁽¹²⁾ | (14,945) | (15,013) | (15,063) | (15,106) | (15,249) |
| Tangible assets | \$ 347,964 | \$ 348,976 | \$ 347,794 | \$ 350,587 | \$ 346,153 |
| Tangible Assets (Average) | | | | | |
| Total assets | \$ 360,937 | \$ 363,929 | \$ 362,049 | \$ 363,045 | \$ 355,191 |
| Goodwill and intangible assets ⁽¹²⁾ | (14,982) | (15,043) | (15,092) | (15,223) | (15,277) |
| Tangible assets | \$ 345,955 | \$ 348,886 | \$ 346,957 | \$ 347,822 | \$ 339,914 |

⁽¹⁾ Regulatory capital metrics and capital ratios as of September 30, 2018 are preliminary and therefore subject to change.

⁽²⁾ Amounts presented are net of tax.

⁽³⁾ Amounts based on transition provisions for regulatory capital deductions and adjustments of 80% for 2017 and 100% for 2018.

⁽⁴⁾ Total capital equals the sum of Tier 1 capital and Tier 2 capital.

⁽⁵⁾ Adjusted average assets for the purpose of calculating our Tier 1 leverage ratio represents total average assets adjusted for amounts that are deducted from Tier 1 capital, predominately goodwill and intangible assets. Tier 1 leverage ratio is a regulatory capital measure calculated based on Tier 1 capital divided by adjusted average assets.

⁽⁶⁾ Common equity Tier 1 capital ratio is a regulatory capital measure calculated based on common equity Tier 1 capital divided by risk-weighted assets.

⁽⁷⁾ Tier 1 capital ratio is a regulatory capital measure calculated based on Tier 1 capital divided by risk-weighted assets.

⁽⁸⁾ Total capital ratio is a regulatory capital measure calculated based on total capital divided by risk-weighted assets.

⁽⁹⁾ TCE ratio is a non-GAAP measure calculated based on TCE divided by tangible assets.

⁽¹⁰⁾ Adjustments for the following periods consist of:

| | 2018 | 2018 | 2018 | Nine Months Ended | 2017 | 2017 | 2017 | Nine Months Ended |
|--|----------|----------|-------|--------------------|--------|-------|--------|--------------------|
| <i>(Dollars in millions)</i> | Q3 | Q2 | Q1 | September 30, 2018 | Q3 | Q2 | Q1 | September 30, 2017 |
| Net gains on the sales of exited businesses | \$ (141) | \$ (400) | — | \$ (541) | — | — | — | — |
| Legal reserve build | 170 | — | — | 170 | — | — | — | — |
| Restructuring charges | — | 15 | \$ 19 | 34 | \$ 108 | — | — | \$ 108 |
| U.K. Payment Protection Insurance customer refund reserve (“U.K. PPI Reserve”) | — | 49 | — | 49 | — | — | \$ 99 | 99 |
| Charges related to the Cabela’s acquisition | — | — | — | — | 105 | \$ 12 | — | 117 |
| Total | 29 | (336) | 19 | (288) | 213 | 12 | 99 | 324 |
| Income tax provision (benefit) | (33) | (92) | 4 | (121) | 79 | 4 | (1) | 82 |
| Net income | \$ 62 | \$ (244) | \$ 15 | \$ (167) | \$ 134 | \$ 8 | \$ 100 | \$ 242 |

⁽¹¹⁾ Dividends and undistributed earnings allocated to participating securities and earnings per share are computed independently for each period. Accordingly, the sum of each quarterly amount may not agree to the year-to-date total.

⁽¹²⁾ Includes impact of related deferred taxes.