2019 Annual Stress Test Disclosure

Dodd-Frank Act Stress Test Results
Supervisory Severely Adverse Scenario

June 21, 2019

Table of contents

Overview and Forward Looking Statements

Section 165 of the Dodd Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act") requires that certain bank holding companies, including Capital One Financial Corporation ("Capital One"), conduct a stress test twice per year to assess the potential impact of certain scenarios on the consolidated earnings, losses, and capital of each bank holding company ("BHC"), taking into account its current condition, risks, exposures, strategies and activities. Capital One and its subsidiary Capital One, National Association ("CONA") conducted stress tests in the first quarter of 2019 using actual performance through the fourth quarter of 2018 and information available at that time. The Dodd-Frank Act also requires that Capital One disclose a summary of the stress test results under the Supervisory Severely Adverse scenario. The Supervisory Severely Adverse scenario was developed by the Federal Reserve and the Office of the Comptroller of the Currency ("OCC"). The summary of Capital One's results must include estimates of the aggregated impact of the stressed economic scenario on certain financial metrics over the nine-quarter planning horizon. Capital One must provide estimates of its regulatory capital ratios under the Basel III Standardized Approach framework. For additional information regarding the Dodd-Frank Act and U.S. capital rules and their impact on Capital One, see "Part I—Item 1. Business—Supervision and Regulation" of our Annual Report on Form 10-K for the year ended December 31, 2018.

Certain statements and estimates contained here-in may be forward-looking, including those that discuss, among other things: loss projections, revenues, income, capital measures, accruals for litigation and other claims against Capital One, future financial and operating results, Capital One's plans, objectives, expectations and intentions, and the assumptions that underlie these matters. Capital One cautions readers that the results in the summary below are not forecasts, predictions of future performance, or measures of its solvency; actual results could differ materially from those contained in this summary. In addition, these results do not represent Capital One's current expectations regarding future results of operations or financial condition. They are based on hypothetical scenarios and other assumptions used for the sole purpose of conducting the required stress tests, and Capital One makes no assurances or predictions about the likelihood of any of these scenarios or assumptions actually occurring. Capital One does not undertake any obligation to update or revise any of the information contained herein whether as a result of new information, future events, or otherwise.

The stress test results below are expected to differ from the stress test results produced by the Federal Reserve in its annual Comprehensive Capital Analysis and Review ("CCAR") process due to differences in methodologies and assumptions used to produce the results.

2019 CCAR / DFAST: Supervisory Severely Adverse scenario summary

- The Supervisory Severely Adverse scenario is a hypothetical scenario designed by the Federal Reserve consistent with the requirements of the Dodd-Frank Act

- The Supervisory Severely Adverse scenario is characterized by a severe global recession accompanied by a period of heightened stress in commercial real estate markets and corporate debt markets. This is a hypothetical scenario designed to assess the strength of banking organizations and their resilience to unfavorable economic conditions and does not represent a forecast of the Federal Reserve[1]

- In addition to the adverse economic assumptions reflected in the Supervisory Severely Adverse scenario, we incorporate the impact of elevated levels of operational losses and other, idiosyncratic risks in our projections

Key economic variables impacting Capital One in the Supervisory Severely Adverse scenario

- **Unemployment Rate:** increases by approximately six percentage points to a peak of 10.0% in the third quarter of 2020 before improving modestly to 9.7% by the end of the stress horizon (Q1 2021)

- **Case-Shiller 20 Home Price Index:** declines approximately 26% from the beginning level of the stress test to a stress horizon low point in the first quarter of 2021

- **Commercial Real Estate Price Index:** declines approximately 35% from the beginning level of the stress test to a stress horizon low point in the first quarter of 2021

- **Interest Rates:** 3-month Treasury rate drops from 2.3% in the fourth quarter of 2018 to 0.1% in the third quarter of 2019 where it stays for the rest of the forecast horizon; 10-year Treasury yield drops from 3.0% in the fourth quarter of 2018 to 0.8% in the first quarter of 2019 before gradually increasing to 1.5% by the end of the stress test horizon (Q1 2021)

[1] For complete scenario description, see "2019 Supervisory Scenarios for Annual Stress Tests Required under the Dodd-Frank Act Stress Testing Rules and the Capital Plan Rule" published by the Board of Governors of the Federal Reserve System (February 2019)

Description of methodologies used for forecasting losses under stress

Component	Forecast Methodology
PPNR	• We model Pre-Provision Net Revenue (PPNR) based on the expected performance of our various businesses to estimate the impact that the Supervisory Severely Adverse scenario would have on our overall financial performance • The projected impacts are based on the characteristics of each asset and liability class and the related support costs for new originations, ongoing management, and the required underlying infrastructure for each business • Our revenue modeling is divided into net interest income and non-interest income, and our noninterest expense modeling is split between operating and marketing expenses
Provision	• For our credit card and auto portfolios, we project stressed losses using account-level econometric models, which incorporate Metropolitan Statistical Area ("MSA") level variables • In our commercial portfolios, most of our loss modeling estimates the impact of the stress scenario at the borrower level, capturing the effects of varying loan characteristics and collateral positions, among other factors • In select portfolios, we use more aggregated economic forecasting approaches that incorporate the specific macro-drivers relevant to each portfolio, including customer and relationship-level attributes • Once credit has been modeled, we translate our overall credit outlook into projected allowance for loan and lease loss levels for each quarter
RWA	• The three main factors impacting our loan balance projections are: (i) the impact to existing loan balances from higher charge-offs; (ii) the impact to growth in loan balances due to changes in demand; and (iii) the impact to loan growth that results from fewer lending opportunities meeting our profitability and resilience requirements (as our models and underwriting scorecards systematically incorporate leading credit indicators to reflect the worsening credit conditions in the financial projections used in underwriting).
AOCI	• The Supervisory Severely Adverse scenario stressed the valuation of securities held as available for sale on our balance sheet. This impact decreases the value of the securities in our investment portfolio which are marked and deducted from our equity position (in the form of AOCI). • Falling interest rates more than offset the adverse credit impact of the scenario to modestly benefit our capital position by Q1 2021
Capital	• The largest impact to our capital ratios comes from changes in credit performance and the corresponding impact to our disallowed deferred tax asset ("DTA") position • Capital actions are presented using 'DFAST rules' as required by the Federal Reserve

Projected Results in the Supervisory Severely Adverse scenario (DFAST rules)
Capital and Risk-Weighted Assets

Capital One Financial Corp. ("COFC")

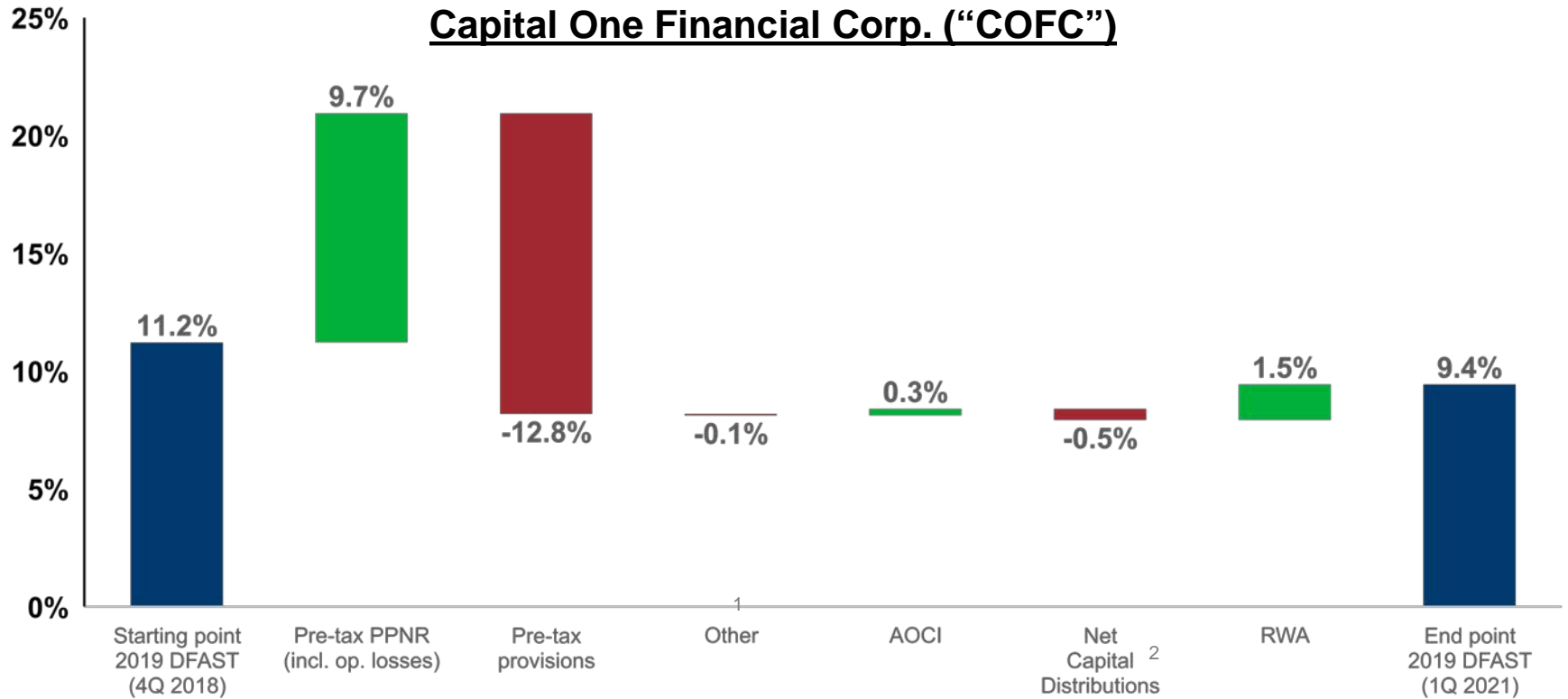| Capital One internal modeling of projected stressed capital ratios (Q1 2019 – Q1 2021)				
	Actual Q4 2018	**2019 CCAR regulatory minimum**	**Stressed Capital Ratios[1]**	
			Q1 2021	**Minimum**
Common equity tier 1 capital ratio (%)	11.2%	4.5%	9.4%	7.8%
Tier 1 risk-based capital ratio (%)	12.7%	6.0%	11.2%	9.5%
Total risk-based capital ratio (%)	15.1%	8.0%	13.6%	12.1%
Tier 1 leverage ratio (%)	10.7%	4.0%	9.0%	7.5%
Supplementary leverage ratio (%)	9.0%	3.0%	7.6%	6.4%

[1]   The capital ratios are calculated using capital action assumptions provided within the DFAST rules. These projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. These estimates are not forecasts of expected losses, revenues, net income before taxes, or capital ratios. The capital ratios presented represent the minimum and the end of period ratios for the nine quarter forecast horizon from Q1 2019 to Q1 2021.

Capital One internal modeling of projected Q1 2021 risk-weighted assets		
	Actual 4Q18	**Projected Q1 2021**
Risk-weighted assets (billions of dollars)[1]	294.9	247.6

[1]   Risk-weighted assets are calculated under the Basel III Standardized Approach.

Projected Results in the Supervisory Severely Adverse scenario (DFAST rules)
Change in Common Equity Tier 1 (CET1) Ratio

Capital One Financial Corp. ("COFC")

	Starting point 2019 DFAST (4Q 2018)	Pre-tax PPNR (incl. op. losses)	Pre-tax provisions	Other	AOCI	Net Capital Distributions	RWA	End point 2019 DFAST (1Q 2021)
CET1 ($B)	33.1	28.7	(37.6)	(0.2)	0.8	(1.4)		23.3
RWA ($B)	294.9						(47.4)	247.6

Note: Numbers may not sum due to rounding

[1] Represents other items including realized gains/(losses) on securities available for sale, income taxes, goodwill (net of DTL), intangible assets (net of DTL), and disallowed deferred tax assets

[2] Reflects DFAST Capital Actions

Projected Results in the Supervisory Severely Adverse scenario (DFAST rules)
Profit and Losses

Capital One Financial Corp. ("COFC")

Capital One internal modeling of 9-quarter cumulative projected revenue, losses, and net income before taxes (Q1 2019 –Q1 2021)		
	Billions of dollars	**Percent of average assets[1]**
Pre-provision net revenue[2]	28.7	8.2%
Other revenue[3]	-	
less		
Provisions	37.6	
Realized losses/(gains) on securities available for sale	0.1	
Trading and counterparty losses[4]	-	
Other losses/(gains)	-	
Net income before taxes	**(9.0)**	**(2.6%)**
Supplementary Information		
Other comprehensive income[5]	1.9	-
Other effects on capital	Actual 4Q 2018	Q1 2021
AOCI included in capital calculations	(0.9)	(0.0)

[1]Expressed on a nine-quarter cumulative basis as a percentage of average assets over the same time period.
[2]Pre-provision net revenue includes stress adjustments for operational risk events, and expenses including mortgage representation and warranty and real estate held for sale.
[3]Other revenue includes one-time income and expense items not included in pre-provision net revenue.
[4]Trading and counterparty losses include mark-to-market losses, changes in credit valuation adjustments ("CVA") and incremental default losses and losses arising from the counterparty default scenario component applied to derivatives, securities lending, and repurchase agreement activities.
[5]As an Advanced Approaches BHC under the new capital framework, accumulated other comprehensive income ("AOCI") is included in calculations of regulatory capital. Other comprehensive income includes incremental unrealized losses/gains on available for sale securities.

Projected Results in the Supervisory Severely Adverse scenario (DFAST rules)
Credit Losses

Capital One Financial Corp. ("COFC")

Capital One internal modeling of projected loan losses by type of loans[1] (Q1 2019 –Q1 2021)		
	Billions of dollars	**Percentage of Average Portfolio Balances [2]**
Loan Losses:		
First lien mortgages, domestic	0.0	6.7%
Junior liens and HELOCs, domestic	0.0	7.0%
Commercial and industrial[3]	2.4	7.7%
Commercial real estate, domestic	1.2	4.2%
Credit cards	23.9	22.7%
Other consumer[4]	5.0	9.7%
Other Loans	0.3	1.7%
Total loan losses	**$32.8**	**14.0%**

[1]Reflects loan classification under regulatory reporting FR Y-9C - Consolidated Financial Statements for Holding Companies ("FR Y-9C"). This classification is different than how Capital One classifies loan product types for Securities and Exchange Commission ("SEC") reporting purposes. For example, FR Y-9C requires that small business credit card loans be reported under commercial and industrial, whereas these loans are reported under credit card for SEC reporting purposes.
[2]Average loan balances used to calculate portfolio loss rates exclude loans held for sale and are calculated over nine quarters.
[3]Includes small business credit card loans, small and medium enterprise loans and corporate cards.
[4]Includes auto loans.

Projected Results in the Supervisory Severely Adverse scenario (DFAST rules)
End of Period Loans

Capital One Financial Corp. ("COFC")

Capital One internal modeling of projected portfolio balances[1]		
	Actual Q4 2018	**Q1 2021**
End of Period Loans:		
First lien mortgages, domestic	0.2	0.2
Junior liens and HELOCs, domestic	0.1	0.1
Commercial and industrial[2]	33.8	26.4
Commercial real estate, domestic	29.6	24.7
Credit cards	107.9	98.0
Other consumer[3]	56.5	45.4
Other Loans	17.8	14.8
Total Loans	**$245.9B**	**$209.6B**

[1]Loan balances exclude loans held for sale.
[2]Includes small business credit card loans, small and medium enterprise loans and corporate cards.
[3]Includes auto loans

Projected Results in the Supervisory Severely Adverse scenario (DFAST rules)
Capital and Risk-Weighted Assets

Capital One, National Association ("CONA")
A subsidiary of COFC

Capital One internal modeling of projected stressed capital ratios (Q1 2019 – Q1 2021)				
	Actual Q4 2018	**2019 CCAR regulatory minimum**	**Stressed Capital Ratios[1]**	
			Q1 2021	**Minimum**
Common equity tier 1 capital ratio (%)	13.0%	4.5%	14.5%	12.4%
Tier 1 risk-based capital ratio (%)	13.0%	6.0%	14.5%	12.4%
Total risk-based capital ratio (%)	14.2%	8.0%	15.7%	13.7%
Tier 1 leverage ratio (%)	9.1%	4.0%	9.0%	8.3%
Supplementary leverage ratio (%)	8.0%	3.0%	8.0%	7.3%

[1] The capital ratios are calculated using capital action assumptions provided within the DFAST rules. These projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. These estimates are not forecasts of expected losses, revenues, net income before taxes, or capital ratios. The capital ratios presented represent the minimum and the end of period ratios for the nine quarter forecast horizon from Q1 2019 to Q1 2021.

Capital One internal modeling of projected Q1 2021 risk-weighted assets		
	Actual 4Q18	**Projected Q1 2021**
Risk-weighted assets (billions of dollars)[1]	196.8	170.4

[1] Risk-weighted assets are calculated under the Basel III Standardized Approach.