



Fourth Quarter 2015 Results

January 26, 2016

Forward-Looking Statements

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You should carefully consider the factors discussed above in evaluating these forward-looking statements. All information in these slides is based on the consolidated results of Capital One Financial Corporation, unless otherwise noted. A reconciliation of any non-GAAP financial measures included in this presentation can be found in Capital One's Current Report on Form 8-K filed January 26, 2016, available on its website at www.capitalone.com under "Investors."

Fourth Quarter 2015 Results

Income Statement

(Dollars in millions, except per share data and as noted) (unaudited)

	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2015 Q4 vs.		Year Ended		
						2015 Q3	2014 Q4	2015	2014	2015 vs. 2014
Income Statement										
Net interest income	\$ 4,961	\$ 4,760	\$ 4,537	\$ 4,576	\$ 4,656	4%	7%	\$ 18,834	\$ 17,818	6%
Non-interest income	1,233	1,140	1,135	1,071	1,157	8	7	4,579	4,472	2
Total net revenue	6,194	5,900	5,672	5,647	5,813	5	7	23,413	22,290	5
Provision for credit losses	1,380	1,092	1,129	935	1,109	26	24	4,536	3,541	28
Non-interest expense:										
Marketing	564	418	387	375	509	35	11	1,744	1,561	12
Amortization of intangibles	103	106	111	110	123	(3)	(16)	430	532	(19)
Operating expenses	2,813	2,636	2,809	2,564	2,652	7	6	10,822	10,087	7
Total non-interest expense	3,480	3,160	3,307	3,049	3,284	10	6	12,996	12,180	7
Income from continuing operations before income taxes	1,334	1,648	1,236	1,663	1,420	(19)	(6)	5,881	6,569	(10)
Income tax provision	426	530	384	529	450	(20)	(5)	1,869	2,146	(13)
Income from continuing operations, net of tax	908	1,118	852	1,134	970	(19)	(6)	4,012	4,423	(9)
(Loss) income from discontinued operations, net of tax	12	(4)	11	19	29	**	(59)	38	5	**
Net income	920	1,114	863	1,153	999	(17)	(8)	4,050	4,428	(9)
Dividends and undistributed earnings allocated to participating securities	(4)	(6)	(4)	(6)	(4)	(33)	—	(20)	(18)	11
Preferred stock dividends	(68)	(29)	(29)	(32)	(21)	134	224	(158)	(67)	136
Net income available to common stockholders	\$ 848	\$ 1,079	\$ 830	\$ 1,115	\$ 974	(21)	(13)	\$ 3,872	\$ 4,343	(11)
Diluted Earnings Per Common Share										
Net income from continuing operations	\$ 1.56	\$ 1.99	\$ 1.48	\$ 1.97	\$ 1.68	(22)	(7)	\$ 7.00	\$ 7.58	(8)
Income (loss) from discontinued operations	0.02	(0.01)	0.02	0.03	0.05	**	(60)	0.07	0.01	**
Net income per diluted common share	\$ 1.58	\$ 1.98	\$ 1.50	\$ 2.00	\$ 1.73	(20)	(9)	\$ 7.07	\$ 7.59	(7)

Fourth Quarter 2015 Highlights

- Q4 2015 net income of \$920 million, or \$1.58 per share; pre-provision earnings before tax of \$2.7 billion
- Q4 2015 return on average tangible common equity¹ of 11.1%
- Higher provision for credit losses: net charge-offs of \$1.1 billion; \$283 million allowance build

¹ Return on average tangible common equity is a non-GAAP measure and may not be comparable to similarly titled measures reported by other companies. See Table 14: Reconciliation of Non-GAAP Measures and Calculation of Regulatory Capital Measures of Exhibit 99.2 of Capital One's Current Report on Form 8-K filed on January 26, 2016 for additional information.

Net Interest Margin

Average Balances, Net Interest Income and Net Interest Margin

	2015 Q4			2015 Q3			2014 Q4		
	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate
<i>(Dollars in millions) (unaudited)</i>									
Interest-earning assets:									
Loans, including loans held for sale	\$ 220,760	\$ 4,961	8.99%	\$ 212,076	\$ 4,753	8.96%	\$ 204,137	\$ 4,613	9.04%
Investment securities	64,444	401	2.49	63,541	386	2.43	62,952	405	2.57
Cash equivalents and other	6,850	22	1.28	7,465	25	1.34	6,347	27	1.70
Total interest-earning assets	<u>\$ 292,054</u>	<u>\$ 5,384</u>	<u>7.37</u>	<u>\$ 283,082</u>	<u>\$ 5,164</u>	<u>7.30</u>	<u>\$ 273,436</u>	<u>\$ 5,045</u>	<u>7.38</u>
Interest-bearing liabilities:									
Interest-bearing deposits	\$ 189,885	\$ 277	0.58%	\$ 185,800	\$ 271	0.58%	\$ 179,401	\$ 269	0.60%
Securitized debt obligations	15,993	43	1.08	14,881	39	1.05	11,479	36	1.25
Senior and subordinated notes	21,987	89	1.62	20,806	82	1.58	18,680	73	1.56
Other borrowings and liabilities	11,542	14	0.49	10,114	12	0.47	14,058	11	0.31
Total interest-bearing liabilities	<u>\$ 239,407</u>	<u>\$ 423</u>	<u>0.71</u>	<u>\$ 231,601</u>	<u>\$ 404</u>	<u>0.70</u>	<u>\$ 223,618</u>	<u>\$ 389</u>	<u>0.70</u>
Net interest income/spread		<u>\$ 4,961</u>	<u>6.66</u>		<u>\$ 4,760</u>	<u>6.60</u>		<u>\$ 4,656</u>	<u>6.68</u>
Impact of non-interest bearing funding			<u>0.13</u>			<u>0.13</u>			<u>0.13</u>
Net interest margin			<u>6.79%</u>			<u>6.73%</u>			<u>6.81%</u>

Fourth Quarter 2015 Highlights

- Net interest margin increased by 6 basis points quarter-over-quarter

Capital

- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 11.1% at December 31, 2015
- Estimated common equity Tier 1 capital ratio under Basel III Advanced Approaches remained above 8%¹ target at December 31, 2015
- Reduced net common shares outstanding by 7.6 million shares in Q4 2015 driven by share repurchases

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

Credit Card

Credit Card Performance Metrics

						2015 Q4 vs.		Year Ended		
	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2015 Q3	2014 Q4	2015	2014	2015 vs. 2014
<i>(Dollars in millions) (unaudited)</i>										
Earnings:										
Net interest income	\$ 2,996	\$ 2,866	\$ 2,633	\$ 2,666	\$ 2,697	5%	11%	\$ 11,161	\$ 10,310	8%
Non-interest income	902	858	845	816	841	5	7	3,421	3,311	3
Total net revenue	3,898	3,724	3,478	3,482	3,538	5	10	14,582	13,621	7
Provision for credit losses	1,022	831	895	669	856	23	19	3,417	2,750	24
Non-interest expense	2,021	1,848	1,857	1,776	1,888	9	7	7,502	7,063	6
Income from continuing operations before taxes	855	1,045	726	1,037	794	(18)	8	3,663	3,808	(4)
Income tax provision	302	375	263	369	275	(19)	10	1,309	1,329	(2)
Income from continuing operations, net of tax	\$ 553	\$ 670	\$ 463	\$ 668	\$ 519	(17)	7	\$ 2,354	\$ 2,479	(5)
Selected performance metrics:										
Period-end loans held for investment	\$ 96,125	\$ 90,135	\$ 87,203	\$ 81,754	\$ 85,876	7%	12%	\$ 96,125	\$ 85,876	12%
Average loans held for investment	91,887	88,450	83,901	82,581	81,740	4	12	86,735	78,946	10
Average yield on loans held for investment	14.45%	14.39%	13.98%	14.30%	14.61%	6bps	(16)bps	14.28%	14.48%	(20)bps
Total net revenue margin	16.97	16.84	16.58	16.87	17.31	13	(34)	16.81	17.25	(44)
Net charge-off rate	3.66	2.96	3.35	3.48	3.38	70	28	3.36	3.46	(10)
30+ day performing delinquency rate	3.36	3.24	2.82	2.91	3.24	12	12	3.36	3.24	12
30+ day delinquency rate	3.40	3.29	2.88	2.97	3.30	11	10	3.40	3.30	10
Nonperforming loan rate	0.06	0.07	0.08	0.08	0.08	(1)	(2)	0.06	0.08	(2)
Card loan premium amortization and other intangible accretion	\$ 5	\$ 5	\$ 7	\$ 11	\$ 11	—	(55)%	\$ 28	\$ 97	(71)%
PCCR intangible amortization	74	78	80	84	87	(5)%	(15)	316	369	(14)
Purchase volume	75,350	69,875	68,559	57,383	63,484	8	19	271,167	224,750	21

Domestic Card

Domestic Card Performance Metrics

	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2015 Q4 vs.		Year Ended		2015 vs. 2014
						2015 Q3	2014 Q4	2015	2014	
<i>(Dollars in millions) (unaudited)</i>										
Earnings:										
Net interest income	\$ 2,718	\$ 2,613	\$ 2,395	\$ 2,421	\$ 2,432	4%	12%	\$ 10,147	\$ 9,241	10%
Non-interest income	830	814	796	743	768	2	8	3,183	3,001	6
Total net revenue	3,548	3,427	3,191	3,164	3,200	4	11	13,330	12,242	9
Provision for credit losses	945	796	853	610	765	19	24	3,204	2,493	29
Non-interest expense	1,796	1,630	1,621	1,580	1,676	10	7	6,627	6,264	6
Income from continuing operations before taxes	807	1,001	717	974	759	(19)	6	3,499	3,485	—
Income tax provision	293	362	259	353	272	(19)	8	1,267	1,246	2
Income from continuing operations, net of tax	\$ 514	\$ 639	\$ 458	\$ 621	\$ 487	(20)	6	\$ 2,232	\$ 2,239	—
Selected performance metrics:										
Period-end loans held for investment	\$ 87,939	\$ 82,178	\$ 78,984	\$ 74,131	\$ 77,704	7%	13%	\$ 87,939	\$ 77,704	13%
Average loans held for investment	83,760	80,402	75,924	74,770	74,026	4	13	78,743	71,262	10
Average yield on loans held for investment	14.31%	14.35%	13.95%	14.23%	14.43%	(4)bps	(12)bps	14.21%	14.26%	(5)bps
Total net revenue margin	16.95	17.05	16.81	16.93	17.29	(10)	(34)	16.93	17.18	(25)
Net charge-off rate	3.75	3.08	3.42	3.55	3.39	67	36	3.45	3.43	2
30+ day performing delinquency rate	3.39	3.28	2.84	2.92	3.27	11	12	3.39	3.27	12
30+ day delinquency rate	3.39	3.28	2.84	2.92	3.27	11	12	3.39	3.27	12
Purchase volume	\$ 68,740	\$ 63,777	\$ 62,198	\$ 52,025	\$ 58,234	8%	18%	\$ 246,740	\$ 208,716	18%

Fourth Quarter 2015 Highlights

- Ending and average loans up 13% year-over-year
- Revenue up 11% year-over-year
- Non-interest expense up 7% year-over-year
- Provision for credit losses up 24% year-over-year
- Net charge-off rate up 36 basis points year-over-year to 3.75%

Consumer Banking

Consumer Banking Performance Metrics

	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2015 Q4 vs.		Year Ended		2015 vs. 2014
						2015 Q3	2014 Q4	2015	2014	
<i>(Dollars in millions) (unaudited)</i>										
Earnings:										
Net interest income	\$ 1,434	\$ 1,443	\$ 1,444	\$ 1,434	\$ 1,459	(1)%	(2)%	\$ 5,755	\$ 5,748	—
Non-interest income	182	174	196	158	185	5	(2)	710	684	4%
Total net revenue	1,616	1,617	1,640	1,592	1,644	—	(2)	6,465	6,432	1
Provision for credit losses	240	188	185	206	222	28	8	819	703	17
Non-interest expense	1,057	1,001	998	970	1,045	6	1	4,026	3,869	4
Income from continuing operations before taxes	319	428	457	416	377	(25)	(15)	1,620	1,860	(13)
Income tax provision	115	155	166	150	135	(26)	(15)	586	665	(12)
Income from continuing operations, net of tax	\$ 204	\$ 273	\$ 291	\$ 266	\$ 242	(25)	(16)	\$ 1,034	\$ 1,195	(13)
Selected performance metrics:										
Period-end loans held for investment	\$ 70,372	\$ 70,990	\$ 71,176	\$ 71,379	\$ 71,439	(1)%	(1)%	\$ 70,372	\$ 71,439	(1)%
Average loans held for investment	70,704	71,097	71,367	71,441	71,254	(1)	(1)	71,150	70,964	—
Average yield on loans held for investment	6.25%	6.25%	6.27%	6.26%	6.45%	—	(20)bps	6.26%	6.26%	—
Auto loan originations	\$ 4,977	\$ 5,590	\$ 5,433	\$ 5,185	\$ 5,390	(11)%	(8)%	\$ 21,185	\$ 20,903	1%
Period-end deposits	172,702	170,866	170,321	172,502	168,078	1	3	172,702	168,078	3
Average deposits	171,521	170,816	171,076	169,593	167,727	—	2	170,757	168,623	1
Average deposit interest rate	0.54%	0.56%	0.57%	0.57%	0.57%	(2)bps	(3)bps	0.56%	0.57%	(1)bps
Core deposit intangible amortization	\$ 17	\$ 19	\$ 21	\$ 22	\$ 24	(11)%	(29)%	\$ 79	\$ 108	(27)%
Net charge-off rate	1.32%	1.14%	0.76%	0.89%	1.20%	18bps	12bps	1.03%	0.95%	8bps
30+ day performing delinquency rate	4.05	3.62	3.24	2.95	3.60	43	45	4.05	3.60	45
30+ day delinquency rate	4.67	4.22	3.80	3.46	4.23	45	44	4.67	4.23	44

Fourth Quarter 2015 Highlights

- Ending and average loans down 1% year-over-year
- Revenue down 2% year-over-year
- Non-interest expense up 1% year-over-year
- Provision for credit losses up 8% year-over-year

Commercial Banking

Commercial Banking Performance Metrics

	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4	2015 Q4 vs.		Year Ended		2015 vs. 2014
						2015 Q3	2014 Q4	2015	2014	
<i>(Dollars in millions) (unaudited)</i>										
Earnings:										
Net interest income	\$ 484	\$ 454	\$ 466	\$ 461	\$ 455	7%	6%	\$ 1,865	\$ 1,751	7%
Non-interest income	142	108	123	114	132	31	8	487	450	8
Total net revenue	626	562	589	575	587	11	7	2,352	2,201	7
Provision for credit losses	118	75	49	60	32	57	269	302	93	225
Non-interest expense	342	272	270	272	293	26	17	1,156	1,083	7
Income from continuing operations before taxes	166	215	270	243	262	(23)	(37)	894	1,025	(13)
Income tax provision	60	78	98	88	93	(23)	(35)	324	366	(11)
Income from continuing operations, net of tax	\$ 106	\$ 137	\$ 172	\$ 155	\$ 169	(23)	(37)	\$ 570	\$ 659	(14)
Selected performance metrics:										
Period-end loans held for investment	\$ 63,266	\$ 52,112	\$ 51,231	\$ 50,741	\$ 50,890	21%	24%	\$ 63,266	\$ 50,890	24%
Average loans held for investment	57,379	51,592	50,976	51,070	50,339	11	14	52,769	47,899	10
Average yield on loans held for investment	3.18%	3.21%	3.26%	3.22%	3.33%	(3)bps	(15)bps	3.21%	3.42%	(21)bps
Period-end deposits	\$ 34,257	\$ 32,751	\$ 32,909	\$ 32,575	\$ 31,954	5%	7%	\$ 34,257	\$ 31,954	7%
Average deposits	33,797	32,806	32,778	32,845	32,363	3	4	33,058	31,752	4
Average deposit interest rate	0.26%	0.25%	0.25%	0.24%	0.24%	1bps	2bps	0.25%	0.24%	1bps
Core deposit intangible amortization	\$ 4	\$ 3	\$ 4	\$ 4	\$ 5	33%	(20)%	\$ 15	\$ 21	(29)%
Net charge-off rate	0.03%	0.26%	0.05%	0.02%	0.07%	(23)bps	(4)bps	0.09%	0.02%	7bps
Nonperforming loan rate	0.87	0.87	0.90	0.31	0.34	—	53	0.87	0.34	53
Nonperforming asset rate	0.87	0.87	0.91	0.31	0.36	—	51	0.87	0.36	51

Fourth Quarter 2015 Highlights

- Ending loans up 24% year-over-year; average loans up 14% year-over-year
- Revenue up 7% year-over-year
- Non-interest expense up 17% year-over-year
- Provision for credit losses up \$86 million year-over-year
- Net charge-off rate down 4 basis points year-over-year to 0.03%

Fourth Quarter 2015 Results Excluding Adjustments

<i>(Dollars in millions, except per share data and as noted) (unaudited)</i>	QTD Q4 2015			YTD Q4 2015			YTD Q4 2014		
	Reported Results	Adjustments ⁽¹⁾	Adjusted Results	Reported Results	Adjustments ⁽¹⁾	Adjusted Results	Reported Results	Adjustments ⁽²⁾	Adjusted Results
Income Statement									
Net interest income	\$ 4,961	\$ —	\$ 4,961	\$ 18,834	\$ 36	\$ 18,870	\$ 17,818	\$ 13	\$ 17,831
Non-interest income	1,233	—	1,233	4,579	50	4,629	4,472	15	4,487
Total net revenue	6,194	—	6,194	23,413	86	23,499	22,290	28	22,318
Provision for credit losses	1,380	(49)	1,331	4,536	(49)	4,487	3,541	—	3,541
Non-interest expense	3,480	(23)	3,457	12,996	(231)	12,765	12,180	(33)	12,147
Income from continuing operations before income taxes	1,334	72	1,406	5,881	366	6,247	6,569	61	6,630
Income tax provision	426	26	452	1,869	96	1,965	2,146	13	2,159
Income from continuing operations, net of tax	908	46	954	4,012	270	4,282	4,423	48	4,471
Income from discontinued operations, net of tax	12	—	12	38	—	38	5	—	5
Net income	920	46	966	4,050	270	4,320	4,428	48	4,476
Net income available to common stockholders	848	46	894	3,872	270	4,142	4,343	48	4,391
Selected performance metrics:									
Diluted EPS	\$ 1.58	\$ 0.09	\$ 1.67	\$ 7.07	\$ 0.49	\$ 7.56	\$ 7.59	\$ 0.09	\$ 7.68
Net interest margin	6.79%	—	6.79%	6.66%	2bps	6.68%	6.67%	—	6.67%
Efficiency ratio	56.18	(36)bps	55.82	55.51	(119)	54.32	54.64	(21)bps	54.43
Average yield on loans held for investment - Credit Card	14.45	—	14.45	14.28	4	14.32	14.48	1	14.49
Average yield on loans held for investment - International Card	15.96	—	15.96	15.02	45	15.47	16.53	15	16.68
Net revenue margin - Credit Card	16.97	—	16.97	16.81	10	16.91	17.25	4	17.29
Net revenue margin - International Card	17.21	—	17.21	15.66	108	16.74	17.95	36	18.31

¹ In Q4 2015, we recorded charges totaling \$72 million associated with (i) closing the GE Healthcare acquisition and establishing an initial allowance and reserve related to the loans acquired; (ii) certain planned site closures; and (iii) revisions to the restructuring charges recorded in Q2 2015 to reflect updated information. We recorded a build in the U.K. Payment Protection Insurance customer refund reserve (“U.K. PPI Reserve”) of \$69 million in Q3 2015 and \$78 million in Q2 2015. In Q2 2015, we also recorded restructuring charges of \$147 million for severance and related benefits pursuant to our ongoing benefit program as a result of the realignment of our workforce.

² We recorded a build in the U.K. PPI Reserve of \$61 million in 2014.