



First Quarter 2016 Results

April 26, 2016

Forward-Looking Statements

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Certain statements in this presentation and other oral and written statements made by Capital One from time to time are forward-looking statements, including those that discuss, among other things: strategies, goals, outlook or other non-historical matters; projections, revenues, income, returns, expenses, capital measures, accruals for claims in litigation and for other claims against Capital One, earnings per share or other financial measures for Capital One; future financial and operating results; Capital One's plans, objectives, expectations and intentions; and the assumptions that underlie these matters. To the extent that any such information is forward-looking, it is intended to fit within the safe harbor for forward-looking information provided by the Private Securities Litigation Reform Act of 1995. 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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 April 26, 2016, available on its website at www.capitalone.com under "Investors."

First Quarter 2016 Results

Income Statement

	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2016 Q1 vs.	
						2015 Q4	2015 Q1
<i>(Dollars in millions, except per share data and as noted) (unaudited)</i>							
Income Statement							
Net interest income	\$ 5,056	\$ 4,961	\$ 4,760	\$ 4,537	\$ 4,576	2%	10%
Non-interest income	1,164	1,233	1,140	1,135	1,071	(6)	9
Total net revenue	6,220	6,194	5,900	5,672	5,647	—	10
Provision for credit losses	1,527	1,380	1,092	1,129	935	11	63
Non-interest expense:							
Marketing	428	564	418	387	375	(24)	14
Amortization of intangibles	101	103	106	111	110	(2)	(8)
Operating expenses	2,694	2,813	2,636	2,809	2,564	(4)	5
Total non-interest expense	3,223	3,480	3,160	3,307	3,049	(7)	6
Income from continuing operations before income taxes	1,470	1,334	1,648	1,236	1,663	10	(12)
Income tax provision	452	426	530	384	529	6	(15)
Income from continuing operations, net of tax	1,018	908	1,118	852	1,134	12	(10)
Income (loss) from discontinued operations, net of tax	(5)	12	(4)	11	19	**	**
Net income	1,013	920	1,114	863	1,153	10	(12)
Dividends and undistributed earnings allocated to participating securities	(6)	(4)	(6)	(4)	(6)	50	—
Preferred stock dividends	(37)	(68)	(29)	(29)	(32)	(46)	16
Net income available to common stockholders	\$ 970	\$ 848	\$ 1,079	\$ 830	\$ 1,115	14	(13)
Diluted Earnings Per Common Share							
Net income from continuing operations	\$ 1.85	\$ 1.56	\$ 1.99	\$ 1.48	\$ 1.97	19	(6)
Income (loss) from discontinued operations	(0.01)	0.02	(0.01)	0.02	0.03	**	**
Net income per diluted common share	\$ 1.84	\$ 1.58	\$ 1.98	\$ 1.50	\$ 2.00	16	(8)

First Quarter 2016 Highlights

- Q1 2016 net income of \$1.0 billion, or \$1.84 per share; pre-provision earnings before tax of \$3.0 billion
- Q1 2016 return on average tangible common equity¹ of 12.94%
- Higher provision for credit losses; net charge-offs of \$1.2 billion; \$286 million allowance build including \$73 million allowance build related to oil and gas commercial portfolio

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 April 26, 2016 for additional information.

Net Interest Margin

Average Balances, Net Interest Income and Net Interest Margin

	2016 Q1			2015 Q4			2015 Q1		
	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	\$ 227,573	\$ 5,085	8.94%	\$ 220,760	\$ 4,961	8.99%	\$ 205,854	\$ 4,540	8.82%
Investment securities	65,156	415	2.55	64,444	401	2.49	63,181	406	2.57
Cash equivalents and other	6,727	17	1.01	6,850	22	1.28	9,392	28	1.19
Total interest-earning assets	<u>\$ 299,456</u>	<u>\$ 5,517</u>	<u>7.37</u>	<u>\$ 292,054</u>	<u>\$ 5,384</u>	<u>7.37</u>	<u>\$ 278,427</u>	<u>\$ 4,974</u>	<u>7.15</u>
Interest-bearing liabilities:									
Interest-bearing deposits	\$ 194,125	\$ 283	0.58%	\$ 189,885	\$ 277	0.58%	\$ 182,998	\$ 271	0.59%
Securitized debt obligations	15,361	48	1.25	15,993	43	1.08	11,563	33	1.14
Senior and subordinated notes	21,993	106	1.93	21,987	89	1.62	20,595	79	1.53
Other borrowings and liabilities	17,176	24	0.56	11,542	14	0.49	14,721	15	0.41
Total interest-bearing liabilities	<u>\$ 248,655</u>	<u>\$ 461</u>	<u>0.74</u>	<u>\$ 239,407</u>	<u>\$ 423</u>	<u>0.71</u>	<u>\$ 229,877</u>	<u>\$ 398</u>	<u>0.69</u>
Net interest income/spread		<u>\$ 5,056</u>	<u>6.63</u>		<u>\$ 4,961</u>	<u>6.66</u>		<u>\$ 4,576</u>	<u>6.46</u>
Impact of non-interest bearing funding			0.12			0.13			0.11
Net interest margin			<u>6.75%</u>			<u>6.79%</u>			<u>6.57%</u>

First Quarter 2016 Highlights

- Net interest margin decreased by 4 basis points quarter-over-quarter driven by one less day to recognize income
- Net interest margin increased 18 basis points primarily driven by strong growth in Domestic Card loans

Capital

- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 11.1% at March 31, 2016
- Estimated common equity Tier 1 capital ratio under Basel III Advanced Approaches remained above 8%¹ target at March 31, 2016
- Reduced net common shares outstanding by 12.8 million shares in Q1 2016 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

	2016	2015	2015	2015	2015	2016 Q1 vs.	
						2015	2015
	Q1	Q4	Q3	Q2	Q1	Q4	Q1
<i>(Dollars in millions) (unaudited)</i>							
Earnings:							
Net interest income	\$ 3,033	\$ 2,996	\$ 2,866	\$ 2,633	\$ 2,666	1%	14%
Non-interest income	847	902	858	845	816	(6)	4
Total net revenue	3,880	3,898	3,724	3,478	3,482	—	11
Provision for credit losses	1,071	1,022	831	895	669	5	60
Non-interest expense	1,863	2,021	1,848	1,857	1,776	(8)	5
Income from continuing operations before taxes	946	855	1,045	726	1,037	11	(9)
Income tax provision	337	302	375	263	369	12	(9)
Income from continuing operations, net of tax	\$ 609	\$ 553	\$ 670	\$ 463	\$ 668	10	(9)
Selected performance metrics:							
Period-end loans held for investment	\$ 92,699	\$ 96,125	\$ 90,135	\$ 87,203	\$ 81,754	(4)%	13%
Average loans held for investment	92,987	91,887	88,450	83,901	82,581	1	13
Average yield on loans held for investment	14.60%	14.45%	14.39%	13.98%	14.30%	15bps	30bps
Total net revenue margin	16.69	16.97	16.84	16.58	16.87	(28)	(18)
Net charge-off rate	4.09	3.66	2.96	3.35	3.48	43	61
30+ day performing delinquency rate	3.11	3.36	3.24	2.82	2.91	(25)	20
30+ day delinquency rate	3.15	3.40	3.29	2.88	2.97	(25)	18
Nonperforming loan rate	0.05	0.06	0.07	0.08	0.08	(1)	(3)
PCCR intangible amortization	\$ 70	\$ 74	\$ 78	\$ 80	\$ 84	(5)%	(17)%
Purchase volume	68,189	75,350	69,875	68,559	57,383	(10)	19

Domestic Card

Domestic Card Performance Metrics

<i>(Dollars in millions) (unaudited)</i>	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2016 Q1 vs.	
						2015 Q4	2015 Q1
Earnings:							
Net interest income	\$ 2,756	\$ 2,718	\$ 2,613	\$ 2,395	\$ 2,421	1%	14%
Non-interest income	774	830	814	796	743	(7)	4
Total net revenue	3,530	3,548	3,427	3,191	3,164	(1)	12
Provision for credit losses	972	945	796	853	610	3	59
Non-interest expense	1,671	1,796	1,630	1,621	1,580	(7)	6
Income from continuing operations before taxes	887	807	1,001	717	974	10	(9)
Income tax provision	323	293	362	259	353	10	(8)
Income from continuing operations, net of tax	<u>\$ 564</u>	<u>\$ 514</u>	<u>\$ 639</u>	<u>\$ 458</u>	<u>\$ 621</u>	10	(9)
Selected performance metrics:							
Period-end loans held for investment	\$ 84,561	\$ 87,939	\$ 82,178	\$ 78,984	\$ 74,131	(4)%	14%
Average loans held for investment	85,148	83,760	80,402	75,924	74,770	2	14
Average yield on loans held for investment	14.43%	14.31%	14.35%	13.95%	14.23%	12bps	20bps
Total net revenue margin	16.58	16.95	17.05	16.81	16.93	(37)	(35)
Net charge-off rate	4.16	3.75	3.08	3.42	3.55	41	61
30+ day performing delinquency rate	3.09	3.39	3.28	2.84	2.92	(30)	17
30+ day delinquency rate	3.09	3.39	3.28	2.84	2.92	(30)	17
Purchase volume	\$ 62,617	\$ 68,740	\$ 63,777	\$ 62,198	\$ 52,025	(9)%	20%

First Quarter 2016 Highlights

- Ending loans up \$10.4 billion, or 14%, year-over-year; average loans up \$10.4 billion, or 14%, year-over-year
- Revenue up \$366 million, or 12%, year-over-year
- Non-interest expense up \$91 million, or 6%, year-over-year
- Provision for credit losses up \$362 million, or 59%, year-over-year
- Net charge-off rate up 61 basis points year-over-year to 4.16%

Consumer Banking

Consumer Banking Performance Metrics

<i>(Dollars in millions) (unaudited)</i>	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2016 Q1 vs.	
						2015 Q4	2015 Q1
Earnings:							
Net interest income	\$ 1,420	\$ 1,434	\$ 1,443	\$ 1,444	\$ 1,434	(1)%	(1)%
Non-interest income	191	182	174	196	158	5	21
Total net revenue	1,611	1,616	1,617	1,640	1,592	—	1
Provision for credit losses	230	240	188	185	206	(4)	12
Non-interest expense	990	1,057	1,001	998	970	(6)	2
Income from continuing operations before taxes	391	319	428	457	416	23	(6)
Income tax provision	142	115	155	166	150	23	(5)
Income from continuing operations, net of tax	\$ 249	\$ 204	\$ 273	\$ 291	\$ 266	22	(6)
Selected performance metrics:							
Period-end loans held for investment	\$ 70,591	\$ 70,372	\$ 70,990	\$ 71,176	\$ 71,379	—	(1)%
Average loans held for investment	70,296	70,704	71,097	71,367	71,441	(1)%	(2)
Average yield on loans held for investment	6.18%	6.25%	6.25%	6.27%	6.26%	(7)bps	(8)bps
Auto loan originations	\$ 5,844	\$ 4,977	\$ 5,590	\$ 5,433	\$ 5,185	17%	13%
Period-end deposits	177,803	172,702	170,866	170,321	172,502	3	3
Average deposits	174,254	171,521	170,816	171,076	169,593	2	3
Average deposit interest rate	0.54%	0.54%	0.56%	0.57%	0.57%	—	(3)bps
Core deposit intangible amortization	\$ 15	\$ 17	\$ 19	\$ 21	\$ 22	(12)%	(32)%
Net charge-off rate	1.04%	1.32%	1.14%	0.76%	0.89%	(28)bps	15bps
30+ day performing delinquency rate	3.19	4.05	3.62	3.24	2.95	(86)	24
30+ day delinquency rate	3.67	4.67	4.22	3.80	3.46	(100)	21

First Quarter 2016 Highlights

- Ending loans down \$788 million, or 1%, year-over-year; average loans down \$1.1 billion, or 2%, year-over-year
- Revenue up \$19 million, or 1%, year-over-year
- Non-interest expense up \$20 million, or 2%, year-over-year
- Provision for credit losses up \$24 million, or 12%, year-over-year

Commercial Banking

Commercial Banking Performance Metrics

<i>(Dollars in millions) (unaudited)</i>	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2016 Q1 vs.	
						2015 Q4	2015 Q1
Earnings:							
Net interest income	\$ 537	\$ 484	\$ 454	\$ 466	\$ 461	11%	16%
Non-interest income	118	142	108	123	114	(17)	4
Total net revenue	655	626	562	589	575	5	14
Provision for credit losses	228	118	75	49	60	93	280
Non-interest expense	322	342	272	270	272	(6)	18
Income from continuing operations before taxes	105	166	215	270	243	(37)	(57)
Income tax provision	38	60	78	98	88	(37)	(57)
Income from continuing operations, net of tax	\$ 67	\$ 106	\$ 137	\$ 172	\$ 155	(37)	(57)
Selected performance metrics:							
Period-end loans held for investment	\$ 64,241	\$ 63,266	\$ 52,112	\$ 51,231	\$ 50,741	2%	27%
Average loans held for investment	63,375	57,379	51,592	50,976	51,070	10	24
Average yield on loans held for investment	3.38%	3.18%	3.21%	3.26%	3.22%	20bps	16bps
Period-end deposits	\$ 33,383	\$ 34,257	\$ 32,751	\$ 32,909	\$ 32,575	(3)%	2%
Average deposits	34,076	33,797	32,806	32,778	32,845	1	4
Average deposit interest rate	0.27%	0.26%	0.25%	0.25%	0.24%	1bps	3bps
Core deposit intangible amortization	\$ 3	\$ 4	\$ 3	\$ 4	\$ 4	(25)%	(25)%
Net charge-off rate	0.29%	0.03%	0.26%	0.05%	0.02%	26bps	27bps
Nonperforming loan rate	1.63	0.87	0.87	0.90	0.31	76	132
Nonperforming asset rate	1.64	0.87	0.87	0.91	0.31	77	133

First Quarter 2016 Highlights

- Ending loans up \$13.5 billion, or 27%, year-over-year; average loans up \$12.3 billion, or 24%, year-over-year
- Revenue up \$80 million, or 14%, year-over-year
- Non-interest expense up \$50 million, or 18%, year-over-year
- Provision for credit losses up \$168 million year-over-year
- Net charge-off rate up 27 basis points year-over-year to 0.29%

Commercial Banking Oil and Gas Portfolio

	2016 Q1	2015 Q4	2015 Q1
<i>(Dollars in millions) (unaudited)</i>			
Commercial banking oil and gas portfolio:			
Funded outstandings:			
Exploration and production	\$ 1,831	\$ 1,620	\$ 1,871
Oilfield services	842	969	1,360
Midstream and other	544	531	396
Total funded outstandings	<u>3,217</u>	<u>3,120</u>	<u>3,627</u>
Unfunded exposure:			
Exploration and production	1,694	2,204	2,252
Oilfield services	441	547	848
Midstream and other	593	607	633
Total unfunded exposure	<u>2,728</u>	<u>3,358</u>	<u>3,733</u>
Total commercial banking oil and gas portfolio maximum committed exposure	<u>\$ 5,945</u>	<u>\$ 6,478</u>	<u>\$ 7,360</u>
Selected oil and gas portfolio metrics:			
Allowance for loan and lease losses	\$ 262	\$ 189	\$ 69
Allowance as a percentage of loans held for investment	8.15%	6.06%	1.90%
Total reserves ⁽¹⁾	\$ 359	\$ 231	\$ 91
Loans as a percentage of total commercial loans held for investment	5.01	4.93	7.15
Loans as a percentage of total company loans held for investment	1.41	1.36	1.78
Criticized performing loan rate	35.78	21.31	6.23
Nonperforming loan rate	19.15	8.24	0.19

⁽¹⁾ Total reserves represents the allowance for loan and lease losses and the reserve for unfunded lending commitments recorded in other liabilities.

Select 2016 and 2015 Results Excluding Adjustments

	QTD Q1 2016			QTD Q4 2015			YTD Q4 2015			YTD Q4 2014		
	Reported Results	Adjustments	Adjusted Results	Reported Results	Adjustments ⁽¹⁾	Adjusted Results	Reported Results	Adjustments ⁽¹⁾	Adjusted Results	Reported Results	Adjustments ⁽²⁾	Adjusted Results
<i>(Dollars in millions, except per share data and as noted) (unaudited)</i>												
Selected income statement data:												
Net interest income	\$ 5,056	—	\$ 5,056	\$ 4,961	—	\$ 4,961	\$ 18,834	\$ 36	\$ 18,870	\$ 17,818	\$ 13	\$ 17,831
Non-interest income	1,164	—	1,164	1,233	—	1,233	4,579	50	4,629	4,472	15	4,487
Total net revenue	6,220	—	6,220	6,194	—	6,194	23,413	86	23,499	22,290	28	22,318
Provision for credit losses	1,527	—	1,527	1,380	\$ (49)	1,331	4,536	(49)	4,487	3,541	—	3,541
Non-interest expense	3,223	—	3,223	3,480	(23)	3,457	12,996	(231)	12,765	12,180	(33)	12,147
Income from continuing operations before income taxes	1,470	—	1,470	1,334	72	1,406	5,881	366	6,247	6,569	61	6,630
Income tax provision	452	—	452	426	26	452	1,869	96	1,965	2,146	13	2,159
Income from continuing operations, net of tax	1,018	—	1,018	908	46	954	4,012	270	4,282	4,423	48	4,471
Income (loss) from discontinued operations, net of tax	(5)	—	(5)	12	—	12	38	—	38	5	—	5
Net income	1,013	—	1,013	920	46	966	4,050	270	4,320	4,428	48	4,476
Net income available to common stockholders	970	—	970	848	46	894	3,872	270	4,142	4,343	48	4,391
Selected performance metrics:												
Diluted EPS	\$ 1.84	\$ —	\$ 1.84	\$ 1.58	\$ 0.09	\$ 1.67	\$ 7.07	\$ 0.49	\$ 7.56	\$ 7.59	\$ 0.09	\$ 7.68
Net interest margin	6.75%	—	6.75%	6.79%	—	6.79%	6.66%	2bps	6.68%	6.67%	—	6.67%
Efficiency ratio	51.82	—	51.82	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	14.60	—	14.60	14.45	—	14.45	14.28	4	14.32	14.48	1	14.49
Average yield on loans held for investment - International Card	16.47	—	16.47	15.96	—	15.96	15.02	45	15.47	16.53	15	16.68
Total net revenue margin - Credit Card	16.69	—	16.69	16.97	—	16.97	16.81	10	16.91	17.25	4	17.29
Total net revenue margin - International Card	17.85	—	17.85	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.