



Fourth Quarter 2014 Results

January 22, 2015

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 22, 2015, available on its website at www.capitalone.com under "Investors."

Fourth Quarter 2014 Results

Income Statement

	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2014 Q4 vs.		Year Ended		2014 vs. 2013
						2014 Q3	2013 Q4	2014	2013	
<i>(Dollars in millions, except per share data and as noted) (unaudited)</i>										
Earnings										
Net interest income	\$ 4,656	\$ 4,497	\$ 4,315	\$ 4,350	\$ 4,423	4 %	5 %	\$ 17,818	\$ 18,106	(2) %
Non-interest income	1,157	1,142	1,153	1,020	1,121	1	3	4,472	4,278	5
Total net revenue	5,813	5,639	5,468	5,370	5,544	3	5	22,290	22,384	—
Provision for credit losses	1,109	993	704	735	957	12	16	3,541	3,453	3
Non-interest expense:										
Marketing	509	392	335	325	427	30	19	1,561	1,373	14
Amortization of intangibles	123	130	136	143	166	(5)	(26)	532	671	(21)
Acquisition-related	10	13	18	23	60	(23)	(83)	64	193	(67)
Operating expenses	2,642	2,450	2,490	2,441	2,582	8	2	10,023	10,116	(1)
Total non-interest expense	3,284	2,985	2,979	2,932	3,235	10	2	12,180	12,353	(1)
Income from continuing operations before income taxes	1,420	1,661	1,785	1,703	1,352	(15)	5	6,569	6,578	—
Income tax provision	450	536	581	579	477	(16)	(6)	2,146	2,224	(4)
Income from continuing operations, net of tax	970	1,125	1,204	1,124	875	(14)	11	4,423	4,354	2
Income (loss) from discontinued operations, net of tax	29	(44)	(10)	30	(23)	**	**	5	(233)	**
Net income	999	1,081	1,194	1,154	852	(8)	17	4,428	4,121	7
Dividends and undistributed earnings allocated to participating securities	(4)	(5)	(4)	(5)	(4)	(20)	—	(18)	(17)	6
Preferred stock dividends	(21)	(20)	(13)	(13)	(13)	5	62	(67)	(53)	26
Net income available to common stockholders	\$ 974	\$ 1,056	\$ 1,177	\$ 1,136	\$ 835	(8)	17	\$ 4,343	\$ 4,051	7
Diluted earnings per common share:										
Net income from continuing operations	\$ 1.68	\$ 1.94	\$ 2.06	\$ 1.91	\$ 1.46	(13) %	15 %	\$ 7.58	\$ 7.28	4 %
Income (loss) from discontinued operations	0.05	(0.08)	(0.02)	0.05	(0.03)	**	**	0.01	(0.39)	**
Net income per diluted common share	\$ 1.73	\$ 1.86	\$ 2.04	\$ 1.96	\$ 1.43	(7)	21	\$ 7.59	\$ 6.89	10

** Not meaningful

Fourth Quarter 2014 Highlights

- Q4 2014 net income of \$999 million, or \$1.73 per share; pre-provision earnings before tax of \$2.5 billion
- Q4 2014 return on average tangible common equity¹ of 13.28%
- Higher provision for credit losses – net charge-offs of \$915 million; \$171 million allowance build
- Mortgage representation & warranty benefit of \$41 million (\$26 million net of tax) in discontinued operations

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 22, 2015 for additional information.

Net Interest Margin

Average Balances, Net Interest Income and Net Interest Margin

<i>(Dollars in millions) (unaudited)</i>	2014 Q4			2014 Q3			2013 Q4		
	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	\$ 204,137	\$ 4,613	9.04 %	\$ 200,066	\$ 4,463	8.92 %	\$ 193,368	\$ 4,398	9.10 %
Investment securities	62,952	405	2.57	62,582	398	2.54	62,919	414	2.63
Cash equivalents and other	6,347	27	1.70	6,242	26	1.67	6,670	27	1.62
Total interest-earning assets	<u>\$ 273,436</u>	<u>\$ 5,045</u>	<u>7.38</u>	<u>\$ 268,890</u>	<u>\$ 4,887</u>	<u>7.27</u>	<u>\$ 262,957</u>	<u>\$ 4,839</u>	<u>7.36</u>
Interest-bearing liabilities:									
Interest-bearing deposits	\$ 179,401	\$ 269	0.60 %	\$ 179,928	\$ 271	0.60 %	\$ 184,206	\$ 288	0.63 %
Securitized debt obligations	11,479	36	1.25	10,110	32	1.27	9,873	40	1.62
Senior and subordinated notes	18,680	73	1.56	17,267	71	1.64	12,765	75	2.35
Other borrowings and liabilities	14,058	11	0.31	12,937	16	0.49	13,825	13	0.38
Total interest-bearing liabilities	<u>\$ 223,618</u>	<u>\$ 389</u>	<u>0.70</u>	<u>\$ 220,242</u>	<u>\$ 390</u>	<u>0.71</u>	<u>\$ 220,669</u>	<u>\$ 416</u>	<u>0.75</u>
Net interest income/spread		<u>\$ 4,656</u>	<u>6.68</u>		<u>\$ 4,497</u>	<u>6.56</u>		<u>\$ 4,423</u>	<u>6.61</u>
Impact of non-interest bearing funding			<u>0.13</u>			<u>0.13</u>			<u>0.12</u>
Net interest margin			<u>6.81 %</u>			<u>6.69 %</u>			<u>6.73 %</u>

Fourth Quarter 2014 Highlights

- 12 bps increase in Net Interest Margin quarter-over-quarter
- Average interest-earning assets were up quarter-over-quarter, primarily driven by growth across our segments

Capital

- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 12.4% at December 31, 2014
- Estimate common equity Tier 1 capital ratio under Basel III Advanced Approach was above 8%¹ target at December 31, 2014
- Reduced net common shares outstanding by 5 million shares in Q4 2014 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

	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2014 Q4 vs.		Year Ended		2014 vs. 2013
						2014 Q3	2013 Q4	2014	2013	
<i>(Dollars in millions) (unaudited)</i>										
Credit Card										
Earnings:										
Net interest income	\$ 2,697	\$ 2,627	\$ 2,461	\$ 2,525	\$ 2,576	3 %	5 %	\$ 10,310	\$ 10,967	(6) %
Non-interest income	841	846	839	785	833	(1)	1	3,311	3,320	—
Total net revenue	3,538	3,473	3,300	3,310	3,409	2	4	13,621	14,287	(5)
Provision for credit losses	856	787	549	558	751	9	14	2,750	2,824	(3)
Non-interest expense	1,888	1,730	1,719	1,726	1,868	9	1	7,063	7,439	(5)
Income from continuing operations before taxes	794	956	1,032	1,026	790	(17)	1	3,808	4,024	(5)
Income tax provision	275	332	364	358	274	(17)	—	1,329	1,409	(6)
Income from continuing operations, net of tax	\$ 519	\$ 624	\$ 668	\$ 668	\$ 516	(17)	1	\$ 2,479	\$ 2,615	(5)
Selected performance metrics:										
Period-end loans held for investment	\$ 85,876	\$ 80,631	\$ 79,018	\$ 75,850	\$ 81,305	7 %	6 %	\$ 85,876	\$ 81,305	6 %
Average loans held for investment	81,740	79,494	76,997	77,502	78,267	3	4	78,946	79,207	—
Average yield on loans held for investment	14.61%	14.65%	14.22%	14.43%	14.64%	(4) bps	(3) bps	14.48%	15.37%	(89) bps
Total net revenue margin	17.31	17.48	17.14	17.08	17.43	(17)	(12)	17.25	18.04	(79)
Net charge-off rate	3.38	2.88	3.56	4.02	3.98	50	(60)	3.46	4.15	(69)
30+ day performing delinquency rate	3.24	3.22	2.89	3.08	3.46	2	(22)	3.24	3.46	(22)
30+ day delinquency rate	3.30	3.29	2.97	3.16	3.54	1	(24)	3.30	3.54	(24)
Nonperforming loan rate	0.08	0.09	0.10	0.11	0.11	(1)	(3)	0.08	0.11	(3)
Card loan premium amortization and other intangible accretion	\$ 11	\$ 18	\$ 31	\$ 37	\$ 39	(39) %	(72) %	\$ 97	\$ 198	(51) %
PCCR intangible amortization	87	90	94	98	102	(3)	(15)	369	434	(15)
Purchase volume	63,484	57,474	56,358	47,434	54,245	10	17	224,750	201,074	12

Domestic Card

Domestic Card Performance Metrics

	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2014 Q4 vs.		Year Ended		2014 vs. 2013
						2014 Q3	2013 Q4	2014	2013	
<i>(Dollars in millions) (unaudited)</i>										
Domestic Card										
Earnings:										
Net interest income	\$ 2,432	\$ 2,361	\$ 2,193	\$ 2,255	\$ 2,303	3 %	6 %	\$ 9,241	\$ 9,887	(7) %
Non-interest income	768	763	768	702	747	1	3	3,001	2,957	1
Total net revenue	3,200	3,124	2,961	2,957	3,050	2	5	12,242	12,844	(5)
Provision for credit losses	765	738	504	486	679	4	13	2,493	2,502	—
Non-interest expense	1,676	1,530	1,513	1,545	1,664	10	1	6,264	6,645	(6)
Income from continuing operations before taxes	759	856	944	926	707	(11)	7	3,485	3,697	(6)
Income tax provision	272	306	337	331	252	(11)	8	1,246	1,316	(5)
Income from continuing operations, net of tax	\$ 487	\$ 550	\$ 607	\$ 595	\$ 455	(11)	7	\$ 2,239	\$ 2,381	(6)
Selected performance metrics:										
Period-end loans held for investment	\$ 77,704	\$ 73,143	\$ 71,165	\$ 68,275	\$ 73,255	6 %	6 %	\$ 77,704	\$ 73,255	6 %
Average loans held for investment	74,026	71,784	69,376	69,810	70,368	3	5	71,262	71,234	—
Average yield on loans held for investment	14.43%	14.46%	13.95%	14.19%	14.44%	(3) bps	(1) bps	14.26%	15.27%	(101) bps
Total net revenue margin	17.29	17.41	17.07	16.94	17.34	(12)	(5)	17.18	18.03	(85)
Net charge-off rate	3.39	2.83	3.52	4.01	3.89	56	(50)	3.43	4.08	(65)
30+ day performing delinquency rate	3.27	3.21	2.83	3.02	3.43	6	(16)	3.27	3.43	(16)
30+ day delinquency rate	3.27	3.21	2.83	3.02	3.43	6	(16)	3.27	3.43	(16)
Purchase volume	\$ 58,234	\$ 53,690	\$ 52,653	\$ 44,139	\$ 50,377	8 %	16 %	\$ 208,716	\$ 186,901	12 %

Fourth Quarter 2014 Highlights

- Ending loans up 6% both year-over-year & quarter-over-quarter
- General purpose credit card¹ purchase volume up 18% year-over-year
- Seasonal decrease in revenue margin, to 17.3%
- Non-interest expense up \$146 million in the quarter driven by higher marketing expenses
- Charge-off rate at 3.4%

¹ Includes Branded & Co-Branded credit cards

Consumer Banking

Consumer Banking Performance Metrics

	2014 Q4	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2014 Q4 vs.		Year Ended		2014 vs. 2013
						2014 Q3	2013 Q4	2014	2013	
<i>(Dollars in millions) (unaudited)</i>										
Consumer Banking										
Earnings:										
Net interest income	\$ 1,459	\$ 1,425	\$ 1,431	\$ 1,433	\$ 1,468	2 %	(1) %	\$ 5,748	\$ 5,905	(3) %
Non-interest income	185	179	170	150	195	3	(5)	684	749	(9)
Total net revenue	1,644	1,604	1,601	1,583	1,663	2	(1)	6,432	6,654	(3)
Provision for credit losses	222	198	143	140	212	12	5	703	656	7
Non-interest expense	1,045	956	938	930	1,018	9	3	3,869	3,745	3
Income from continuing operations before taxes	377	450	520	513	433	(16)	(13)	1,860	2,253	(17)
Income tax provision	135	161	186	183	154	(16)	(12)	665	802	(17)
Income from continuing operations, net of tax	\$ 242	\$ 289	\$ 334	\$ 330	\$ 279	(16)	(13)	\$ 1,195	\$ 1,451	(18)
Selected performance metrics:										
Period-end loans held for investment	\$ 71,439	\$ 71,061	\$ 71,062	\$ 70,727	\$ 70,762	1 %	1 %	\$ 71,439	\$ 70,762	1 %
Average loans held for investment	71,254	71,048	70,884	70,663	71,033	—	—	70,964	\$ 72,467	(2)
Average yield on loans held for investment	6.45%	6.18%	6.22%	6.18%	6.30%	27 bps	15 bps	6.26%	6.10%	16 bps
Auto loan originations	\$ 5,390	\$ 5,410	\$ 5,376	\$ 4,727	\$ 4,322	— %	25 %	\$ 20,903	\$ 17,388	20 %
Period-end deposits	168,078	167,624	169,153	171,529	167,652	—	—	168,078	167,652	—
Average deposits	167,727	168,407	169,694	168,676	167,870	—	—	168,623	169,683	(1)
Average deposit interest rate	0.57%	0.58%	0.57%	0.57%	0.60%	(1) bps	(3) bps	0.57%	0.63%	(6) bps
Core deposit intangible amortization	\$ 24	\$ 26	\$ 28	\$ 30	\$ 32	(8) %	(25) %	\$ 108	\$ 138	(22) %
Net charge-off rate	1.20%	1.07%	0.69%	0.84%	1.09%	13 bps	11 bps	0.95%	0.85%	10 bps
30+ day performing delinquency rate	3.60	3.22	2.91	2.57	3.20	38	40	3.60	3.20	40
30+ day delinquency rate	4.23	3.82	3.49	3.14	3.89	41	34	4.23	3.89	34

Fourth Quarter 2014 Highlights

- Ending loans increased by 1% both year-over-year & quarter-over-quarter; auto loans growth offset by home loans run-off
- Quarter-over-quarter revenue up 2%
- Quarter-over-quarter non-interest expense up 9%, driven mostly by auto loan growth and infrastructure spend
- Provision for credit losses up \$24 million, driven by expected seasonal increase in auto net charge-offs

Commercial Banking

Commercial Banking Performance Metrics

						2014 Q4 vs.		Year Ended		2014
	2014	2014	2014	2014	2013	2014	2013	2014	2013	vs.
(Dollars in millions) (unaudited)	Q4	Q3	Q2	Q1	Q4	Q3	Q4	2014	2013	2013
Commercial Banking										
Earnings:										
Net interest income	\$ 455	\$ 439	\$ 436	\$ 421	\$ 447	4 %	2 %	\$ 1,751	\$ 1,674	5 %
Non-interest income	132	122	109	87	131	8	1	450	395	14
Total net revenue	587	561	545	508	578	5	2	2,201	2,069	6
Provision (benefit) for credit losses	32	9	12	40	(6)	256	**	93	(24)	**
Non-interest expense	293	268	267	255	281	9	4	1,083	958	13
Income from continuing operations before taxes	262	284	266	213	303	(8)	(14)	1,025	1,135	(10)
Income tax provision	93	102	95	76	108	(9)	(14)	366	404	(9)
Income from continuing operations, net of tax	\$ 169	\$ 182	\$ 171	\$ 137	\$ 195	(7)	(13)	\$ 659	\$ 731	(10)
Selected performance metrics:										
Period-end loans held for investment	\$ 50,890	\$ 49,788	\$ 48,321	\$ 46,230	\$ 45,011	2 %	13 %	\$ 50,890	45,011	13 %
Average loans held for investment	50,339	48,766	46,991	45,435	43,359	3	16	47,899	40,771	17
Average yield on loans held for investment	3.33%	3.39 %	3.50%	3.47%	3.92 %	(6) bps	(59) bps	3.42%	3.88%	(46) bps
Period-end deposits	\$ 31,954	\$ 31,918	\$ 31,440	\$ 31,485	\$ 30,567	— %	5 %	\$ 31,954	\$ 30,567	5 %
Average deposits	32,363	31,772	31,238	31,627	31,033	2	4	31,752	30,702	3
Average deposit interest rate	0.24%	0.24 %	0.24%	0.25%	0.25 %	— bps	(1) bps	0.24%	0.27%	(3) bps
Core deposit intangible amortization	\$ 5	\$ 5	\$ 5	\$ 6	\$ 6	— %	(17) %	21	27	(22) %
Net charge-off (recovery) rate	0.07%	(0.05)%	0.03%	0.04%	(0.05)%	12 bps	12 bps	0.02%	0.03%	(1) bps
Nonperforming loan rate	0.34	0.32	0.38	0.33	0.33	2	1	0.34	0.33	1
Nonperforming asset rate	0.36	0.35	0.41	0.36	0.37	1	(1)	0.36	0.37	(1)

** Not meaningful

Fourth Quarter 2014 Highlights

- Loan balances up 13% year-over-year, 2% quarter-over-quarter
- Revenues up 2% year-over-year, 5% quarter-over-quarter
- Loan yields down, driven by lower market pricing and move to more variable rate loans
- Non-interest expense up 4% year-over-year, 9% quarter-over-quarter driven by loan and deposit growth and infrastructure investments
- Net charge-offs, non-performing loans, and criticized loans remain at exceptionally low levels

We remain focused on delivering value

**Attractive & Resilient Risk
Adjusted Returns**

Capital Distribution