



Second Quarter 2015 Results

July 23, 2015

Forward-Looking Statements

Please note that the following materials containing information regarding Capital One's financial performance speak only as of the particular date or dates indicated in these materials. 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.

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. Numerous factors could cause Capital One's actual results to differ materially from those described in such forward-looking statements, including, among other things: general economic and business conditions in the U.S., the U.K., Canada or Capital One's local markets, including conditions affecting employment levels, interest rates, collateral values, consumer income and confidence, spending and savings that may affect consumer bankruptcies, defaults, charge-offs and deposit activity; an increase or decrease in credit losses (including increases due to a worsening of general economic conditions in the credit environment); financial, legal, regulatory, tax or accounting changes or actions, including the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder and regulations governing bank capital and liquidity standards, including Basel-related initiatives and potential changes to financial accounting and reporting standards; developments, changes or actions relating to any litigation matter involving Capital One; the inability to sustain revenue and earnings growth; increases or decreases in interest rates; Capital One's ability to access the capital markets at attractive rates and terms to capitalize and fund its operations and future growth; the success of Capital One's marketing efforts in attracting and retaining customers; increases or decreases in Capital One's aggregate loan balances or the number of customers and the growth rate and composition thereof, including increases or decreases resulting from factors such as shifting product mix, amount of actual marketing expenses Capital One incurs and attrition of loan balances; the level of future repurchase or indemnification requests Capital One may receive, the actual future performance of mortgage loans relating to such requests, the success rates of claimants against Capital One, any developments in litigation and the actual recoveries Capital One may make on any collateral relating to claims against Capital One; the amount and rate of deposit growth; changes in the reputation of, or expectations regarding, the financial services industry or Capital One with respect to practices, products or financial condition; any significant disruption in Capital One's operations or technology platform; Capital One's ability to maintain a compliance and technology infrastructure suitable for the nature of its business; Capital One's ability to develop digital technology that addresses the needs of its customers; Capital One's ability to control costs; the amount of, and rate of growth in, Capital One's expenses as its business develops or changes or as it expands into new market areas; Capital One's ability to execute on its strategic and operational plans; any significant disruption of, or loss of public confidence in, the United States mail service affecting Capital One's response rates and consumer payments; any significant disruption of, or loss of public confidence in, the internet affecting the ability of Capital One's customers to access their accounts and conduct banking transactions; Capital One's ability to recruit and retain talented and experienced personnel to assist in the development, management and operation of new products and services; changes in the labor and employment markets; fraud or misconduct by Capital One's customers, employees or business partners; competition from providers of products and services that compete with Capital One's businesses; and other risk factors 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, 2014.

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 July 23, 2015, available on its website at www.capitalone.com under "Investors."

Second Quarter 2015 Results

Income Statement

	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2015 Q2 vs.		Six Months Ended June 30,		
						2015 Q1	2014 Q2	2015	2014	2015 vs. 2014
<i>(Dollars in millions, except per share data and as noted) (unaudited)</i>										
Income Statement										
Net interest income	\$ 4,537	\$ 4,576	\$ 4,656	\$ 4,497	\$ 4,315	(1)%	5%	\$ 9,113	\$ 8,665	5%
Non-interest income	1,135	1,071	1,157	1,142	1,153	6	(2)	2,206	2,173	2
Total net revenue	5,672	5,647	5,813	5,639	5,468	—	4	11,319	10,838	4
Provision for credit losses	1,129	935	1,109	993	704	21	60	2,064	1,439	43
Non-interest expense:										
Marketing	387	375	509	392	335	3	16	762	660	15
Amortization of intangibles	111	110	123	130	136	1	(18)	221	279	(21)
Operating expenses	2,809	2,564	2,652	2,463	2,508	10	12	5,373	4,972	8
Total non-interest expense	3,307	3,049	3,284	2,985	2,979	8	11	6,356	5,911	8
Income from continuing operations before income taxes	1,236	1,663	1,420	1,661	1,785	(26)	(31)	2,899	3,488	(17)
Income tax provision	384	529	450	536	581	(27)	(34)	913	1,160	(21)
Income from continuing operations, net of tax	852	1,134	970	1,125	1,204	(25)	(29)	1,986	2,328	(15)
Income (loss) from discontinued operations, net of tax	11	19	29	(44)	(10)	(42)	**	30	20	50
Net income	863	1,153	999	1,081	1,194	(25)	(28)	2,016	2,348	(14)
Dividends and undistributed earnings allocated to participating securities	(4)	(6)	(4)	(5)	(4)	(33)	—	(10)	(9)	11
Preferred stock dividends	(29)	(32)	(21)	(20)	(13)	(9)	123	(61)	(26)	135
Net income available to common stockholders	\$ 830	\$ 1,115	\$ 974	\$ 1,056	\$ 1,177	(26)	(29)	\$ 1,945	\$ 2,313	(16)
Diluted earnings per common share:										
Net income from continuing operations	\$ 1.48	\$ 1.97	\$ 1.68	\$ 1.94	\$ 2.06	(25)	(28)	\$ 3.45	\$ 3.97	(13)
Income (loss) from discontinued operations	0.02	0.03	0.05	(0.08)	(0.02)	(33)	**	0.06	0.03	100
Net income per diluted common share	\$ 1.50	\$ 2.00	\$ 1.73	\$ 1.86	\$ 2.04	(25)	(26)	\$ 3.51	\$ 4.00	(12)

Second Quarter 2015 Highlights

- Q2 2015 net income of \$863 million, or \$1.50 per share; pre-provision earnings before tax of \$2.4 billion
- Q2 2015 restructuring charges and build in the U.K. PPI reserve of \$225 million - (\$37) million in net revenue and \$188 million in non-interest expense
- Q2 2015 return on average tangible common equity¹ of 11.06%
- Higher provision for credit losses – net charge-offs of \$846 million; \$271 million allowance build
- Mortgage representation & warranty benefit of \$27 million (\$17 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 July 23, 2015 for additional information.

Net Interest Margin

Average Balances, Net Interest Income and Net Interest Margin

	2015 Q2			2015 Q1			2014 Q2		
	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	\$ 207,335	\$ 4,531	8.74 %	\$ 205,854	\$ 4,540	8.82%	\$ 195,322	\$ 4,279	8.76%
Investment securities	63,771	382	2.40	63,181	406	2.57	62,518	409	2.62
Cash equivalents and other	5,479	24	1.75	9,392	28	1.19	5,730	24	1.68
Total interest-earning assets	<u>\$ 276,585</u>	<u>\$ 4,937</u>	<u>7.14</u>	<u>\$ 278,427</u>	<u>\$ 4,974</u>	<u>7.15</u>	<u>\$ 263,570</u>	<u>\$ 4,712</u>	<u>7.15</u>
Interest-bearing liabilities:									
Interest-bearing deposits	\$ 183,946	\$ 272	0.59	\$ 182,998	\$ 271	0.59	\$ 182,053	\$ 272	0.60
Securitized debt obligations	13,219	36	1.09	11,563	33	1.14	10,731	39	1.45
Senior and subordinated notes	20,336	80	1.57	20,595	79	1.53	16,004	78	1.95
Other borrowings and liabilities	8,857	12	0.54	14,721	15	0.41	8,923	8	0.36
Total interest-bearing liabilities	<u>\$ 226,358</u>	<u>\$ 400</u>	<u>0.71</u>	<u>\$ 229,877</u>	<u>\$ 398</u>	<u>0.69</u>	<u>\$ 217,711</u>	<u>\$ 397</u>	<u>0.73</u>
Net interest income/spread		<u>\$ 4,537</u>	<u>6.43</u>		<u>\$ 4,576</u>	<u>6.46</u>		<u>\$ 4,315</u>	<u>6.42</u>
Impact of non-interest bearing funding			<u>0.13</u>			<u>0.11</u>			<u>0.13</u>
Net interest margin			<u>6.56 %</u>			<u>6.57%</u>			<u>6.55%</u>

Second Quarter 2015 Highlights

- 1 bps decrease in net interest margin quarter-over-quarter
- Excluding the impact from restructuring charges and the build in the U.K. PPI reserve in the quarter, NIM was up 2 basis points to 6.58%

Capital

- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 12.1% at June 30, 2015
- Estimated common equity Tier 1 capital ratio under Basel III Advanced Approaches remained above 8%¹ target at June 30, 2015
- Reduced net common shares outstanding by 5.5 million shares in Q2 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	2015	2014	2014	2014	2015 Q2 vs.		Six Months Ended June 30,		
						2015	2014	2015	2014	2015 vs.
<i>(Dollars in millions) (unaudited)</i>	Q2	Q1	Q4	Q3	Q2	Q1	Q2	2015	2014	2014
Credit Card										
Earnings:										
Net interest income	\$ 2,633	\$ 2,666	\$ 2,697	\$ 2,627	\$ 2,461	(1)%	7%	\$ 5,299	\$ 4,986	6 %
Non-interest income	845	816	841	846	839	4	1	1,661	1,624	2
Total net revenue	3,478	3,482	3,538	3,473	3,300	—	5	6,960	6,610	5
Provision for credit losses	895	669	856	787	549	34	63	1,564	1,107	41
Non-interest expense	1,857	1,776	1,888	1,730	1,719	5	8	3,633	3,445	5
Income from continuing operations before taxes	726	1,037	794	956	1,032	(30)	(30)	1,763	2,058	(14)
Income tax provision	263	369	275	332	364	(29)	(28)	632	722	(12)
Income from continuing operations, net of tax	\$ 463	\$ 668	\$ 519	\$ 624	\$ 668	(31)	(31)	\$ 1,131	\$ 1,336	(15)
Selected performance metrics:										
Period-end loans held for investment	\$ 87,203	\$ 81,754	\$ 85,876	\$ 80,631	\$ 79,018	7%	10%	\$ 87,203	\$ 79,018	10 %
Average loans held for investment	83,901	82,581	81,740	79,494	76,997	2	9	83,244	77,248	8
Average yield on loans held for investment	13.98%	14.30%	14.61%	14.65%	14.22%	(32)bps	(24)bps	14.14%	14.33%	(19) bps
Total net revenue margin	16.58	16.87	17.31	17.48	17.14	(29)	(56)	16.72	17.11	(39)
Net charge-off rate	3.35	3.48	3.38	2.88	3.56	(13)	(21)	3.42	3.79	(37)
30+ day performing delinquency rate	2.82	2.91	3.24	3.22	2.89	(9)	(7)	2.82	2.89	(7)
30+ day delinquency rate	2.88	2.97	3.30	3.29	2.97	(9)	(9)	2.88	2.97	(9)
Nonperforming loan rate	0.08	0.08	0.08	0.09	0.10	—	(2)	0.08	0.10	(2)
Card loan premium amortization and other intangible accretion	\$ 7	\$ 11	\$ 11	\$ 18	\$ 31	(36)%	(77)%	\$ 18	\$ 68	(74) %
PCCR intangible amortization	80	84	87	90	94	(5)	(15)	164	192	(15)
Purchase volume	68,559	57,383	63,484	57,474	56,358	19	22	125,942	103,792	21

Domestic Card

Domestic Card Performance Metrics

	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2015 Q2 vs.		Six Months Ended June 30,		
						2015 Q1	2014 Q2	2015	2014	2015 vs. 2014
<i>(Dollars in millions) (unaudited)</i>										
Domestic Card										
Earnings:										
Net interest income	\$ 2,395	\$ 2,421	\$ 2,432	\$ 2,361	\$ 2,193	(1)%	9%	\$ 4,816	\$ 4,448	8 %
Non-interest income	796	743	768	763	768	7	4	1,539	1,470	5
Total net revenue	3,191	3,164	3,200	3,124	2,961	1	8	6,355	5,918	7
Provision for credit losses	853	610	765	738	504	40	69	1,463	990	48
Non-interest expense	1,621	1,580	1,676	1,530	1,513	3	7	3,201	3,058	5
Income from continuing operations before taxes	717	974	759	856	944	(26)	(24)	1,691	1,870	(10)
Income tax provision	259	353	272	306	337	(27)	(23)	612	668	(8)
Income from continuing operations, net of tax	\$ 458	\$ 621	\$ 487	\$ 550	\$ 607	(26)	(25)	\$ 1,079	\$ 1,202	(10)
Selected performance metrics:										
Period-end loans held for investment	\$ 78,984	\$ 74,131	\$ 77,704	\$ 73,143	\$ 71,165	7%	11%	\$ 78,984	\$ 71,165	11 %
Average loans held for investment	75,924	74,770	74,026	71,784	69,376	2	9	75,349	69,592	8
Average yield on loans held for investment	13.95%	14.23%	14.43%	14.46%	13.95%	(28)bps	—bps	14.09%	14.07%	2 bps
Total net revenue margin	16.81	16.93	17.29	17.41	17.07	(12)	(26)	16.87	17.01	(14)
Net charge-off rate	3.42	3.55	3.39	2.83	3.52	(13)	(10)	3.49	3.77	(28)
30+ day performing delinquency rate	2.84	2.92	3.27	3.21	2.83	(8)	1	2.84	2.83	1
30+ day delinquency rate	2.84	2.92	3.27	3.21	2.83	(8)	1	2.84	2.83	1
Purchase volume	\$ 62,198	\$ 52,025	\$ 58,234	\$ 53,690	\$ 52,653	20 %	18 %	\$ 114,223	\$ 96,792	18 %

Second Quarter 2015 Highlights

- Ending loans up 11% year-over-year; average loans up 9%
- Revenue up 8% year-over-year
- NIE up 7% year-over-year
- Charge-off rate at 3.42%

Consumer Banking

Consumer Banking Performance Metrics

<i>(Dollars in millions) (unaudited)</i>	2015	2015	2014	2014	2014	2015 Q2 vs.		Six Months Ended June 30,		
	Q2	Q1	Q4	Q3	Q2	2015 Q1	2014 Q2	2015	2014	2015 vs. 2014
Consumer Banking										
Earnings:										
Net interest income	\$ 1,444	\$ 1,434	\$ 1,459	\$ 1,425	\$ 1,431	1%	1%	\$ 2,878	\$ 2,864	—%
Non-interest income	196	158	185	179	170	24	15	354	320	11
Total net revenue	1,640	1,592	1,644	1,604	1,601	3	2	3,232	3,184	2
Provision for credit losses	185	206	222	198	143	(10)	29	391	283	38
Non-interest expense	998	970	1,045	956	938	3	6	1,968	1,868	5
Income from continuing operations before taxes	457	416	377	450	520	10	(12)	873	1,033	(15)
Income tax provision	166	150	135	161	186	11	(11)	316	369	(14)
Income from continuing operations, net of tax	\$ 291	\$ 266	\$ 242	\$ 289	\$ 334	9	(13)	\$ 557	\$ 664	(16)
Selected performance metrics:										
Period-end loans held for investment	\$ 71,176	\$ 71,379	\$ 71,439	\$ 71,061	\$ 71,062	—%	—%	\$ 71,176	\$ 71,062	—%
Average loans held for investment	71,367	71,441	71,254	71,048	70,884	—	1	71,404	70,774	1
Average yield on loans held for investment	6.27%	6.26%	6.45%	6.18%	6.22%	1bps	5bps	6.27%	6.20%	7 bps
Auto loan originations	\$ 5,433	\$ 5,185	\$ 5,390	\$ 5,410	\$ 5,376	5%	1%	\$ 10,618	\$ 10,103	5%
Period-end deposits	170,321	172,502	168,078	167,624	169,153	(1)	1	170,321	169,153	1
Average deposits	171,076	169,593	167,727	168,407	169,694	1	1	170,339	169,188	1
Average deposit interest rate	0.57%	0.57%	0.57%	0.58%	0.57%	—bps	—bps	0.57%	0.57%	— bps
Core deposit intangible amortization	\$ 21	\$ 22	\$ 24	\$ 26	\$ 28	(5)%	(25)%	\$ 43	\$ 58	(26)%
Net charge-off rate	0.76%	0.89%	1.20%	1.07%	0.69%	(13)bps	7bps	0.83%	0.76%	7 bps
30+ day performing delinquency rate	3.24	2.95	3.60	3.22	2.91	29	33	3.24	2.91	33
30+ day delinquency rate	3.80	3.46	4.23	3.82	3.49	34	31	3.80	3.49	31

Second Quarter 2015 Highlights

- Ending loans flat compared to prior year
- Revenue up 2% year-over-year
- NIE up 6% year-over-year
- Provision for credit losses increased year-over-year

Commercial Banking

Commercial Banking Performance Metrics

	2015 Q2	2015 Q1	2014 Q4	2014 Q3	2014 Q2	2015 Q2 vs.		Six Months Ended June 30,		
						2015 Q1	2014 Q2	2015	2014	2015 vs. 2014
<i>(Dollars in millions) (unaudited)</i>										
Commercial Banking										
Earnings:										
Net interest income	\$ 466	\$ 461	\$ 455	\$ 439	\$ 436	1%	7%	\$ 927	\$ 857	8 %
Non-interest income	123	114	132	122	109	8	13	237	196	21
Total net revenue	589	575	587	561	545	2	8	1,164	1,053	11
Provision for credit losses	49	60	32	9	12	(18)	308	109	52	110
Non-interest expense	270	272	293	268	267	(1)	1	542	522	4
Income from continuing operations before taxes	270	243	262	284	266	11	2	513	479	7
Income tax provision	98	88	93	102	95	11	3	186	171	9
Income from continuing operations, net of tax	\$ 172	\$ 155	\$ 169	\$ 182	\$ 171	11	1	327	\$ 308	6
Selected performance metrics:										
Period-end loans held for investment	\$ 51,231	\$ 50,741	\$ 50,890	\$ 49,788	\$ 48,321	1%	6%	\$ 51,231	\$ 48,321	6 %
Average loans held for investment	50,976	51,070	50,339	48,766	46,991	—	8	51,023	46,217	10
Average yield on loans held for investment	3.26%	3.22%	3.33%	3.39%	3.50%	4bps	(24)bps	3.24%	3.48%	(24) bps
Period-end deposits	\$ 32,909	\$ 32,575	\$ 31,954	\$ 31,918	\$ 31,440	1%	5%	\$ 32,909	\$ 31,440	5 %
Average deposits	32,778	32,845	32,363	31,772	31,238	—	5	32,811	31,431	4
Average deposit interest rate	0.25%	0.24%	0.24%	0.24%	0.24%	1bps	1bps	0.24%	0.24%	— bps
Core deposit intangible amortization	\$ 4	\$ 4	\$ 5	\$ 5	\$ 5	—%	(20)%	\$ 8	\$ 11	(27) %
Net charge-off (recovery) rate	0.05%	0.02%	0.07%	(0.05)%	0.03%	3bps	2bps	0.04%	0.03%	1 bps
Nonperforming loan rate	0.90	0.31	0.34	0.32	0.38	59	52	0.9	0.38	52
Nonperforming asset rate	0.91	0.31	0.36	0.35	0.41	60	50	0.91	0.41	50

Second Quarter 2015 Highlights

- Ending loan balances up 6% year-over-year; average loans up 8%
- Revenues up 8% year-over-year
- Non-interest expense up 1% year-over-year
- Charge-off rate at 0.05%

We remain focused on delivering value

**Attractive & Resilient Risk
Adjusted Returns**

Capital Distribution

Second Quarter 2015 Results Adjusted

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

	Reported Results	Adjustment ⁽¹⁾	Adjusted Results
Income Statement			
Net interest income	\$ 4,537	\$ 16	\$ 4,553
Non-interest income	1,135	21	1,156
Total net revenue	5,672	37	5,709
Provision for credit losses	1,129	—	1,129
Non-interest expense	3,307	(188)	3,119
Income from continuing operations before income taxes	1,236	225	1,461
Net income	863	155	1,018
Net income available to common stockholders	830	155	985
Selected performance metrics:			
Diluted EPS	\$ 1.50	\$ 0.28	\$ 1.78
Net interest margin	6.56%	2bps	6.58%
Efficiency ratio	58.30	(367)	54.63
Average yield on loans held for investment - Credit Card	13.98	8	14.06
Average yield on loans held for investment - International Card	14.29	80	15.09
Net revenue margin - Credit Card	16.58	18	16.76
Net revenue margin - International Card	14.36	189	16.25

¹ Includes restructuring charges of \$147 million for employee severance and related benefits under our existing benefit plans as a result of the realignment of our workforce. Also includes a \$78 million build for U.K. Payment Protection Insurance customer refund reserve, reflecting our updated estimate of future complaint levels.