



## **2017 Annual Stockholder Meeting**

**May 4, 2017**

# 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, credit worthiness 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, and the impact of inaccurate estimates or inadequate reserves; financial, legal, regulatory, tax or accounting changes or actions, including the impact of the Dodd-Frank Act and the regulations promulgated thereunder, and other regulatory reforms 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, governmental investigation or regulatory enforcement action or 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 Capital One's 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; changes in retail distribution strategies and channels, including in the behavior and expectations of Capital One's customers; any significant disruption in Capital One's operations or in the technology platforms on which Capital One relies, including security failures or breaches of Capital One's systems or those of Capital One's customers, partners, service providers or other third parties; Capital One's ability to maintain a compliance and technology infrastructure suitable for the nature of Capital One's business; Capital One's ability to develop digital technology that addresses the needs of Capital One's customers, including the challenges relating to rapid significant technological changes; the effectiveness of Capital One's risk management strategies; Capital One's ability to control costs, including the amount of, and rate of growth in, Capital One's expenses as Capital One's business develops or changes or as it expands into new market areas; Capital One's ability to execute on Capital One's strategic and operational plans; the extensive use of models in Capital One's business, including those to aggregate and assess various risk exposures and estimate certain financial values; 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; changes in the labor and employment markets; fraud or misconduct by Capital One's customers, employees, business partners or third parties; competition from providers of products and services that compete with Capital One's businesses; increased competition for rewards customers resulting in higher rewards expense, or impairing Capital One's ability to attract and retain credit card customers; merchants' increasing focus on the fees charged by credit card networks; 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, 2016. 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. If not otherwise specified herein, 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 24, 2017, available on its website at [www.capitalone.com](http://www.capitalone.com) under "Investors."

# 2016 financial performance

**\$3.75B**  
**Net Income**

**\$6.89**  
**Earnings Per Share**

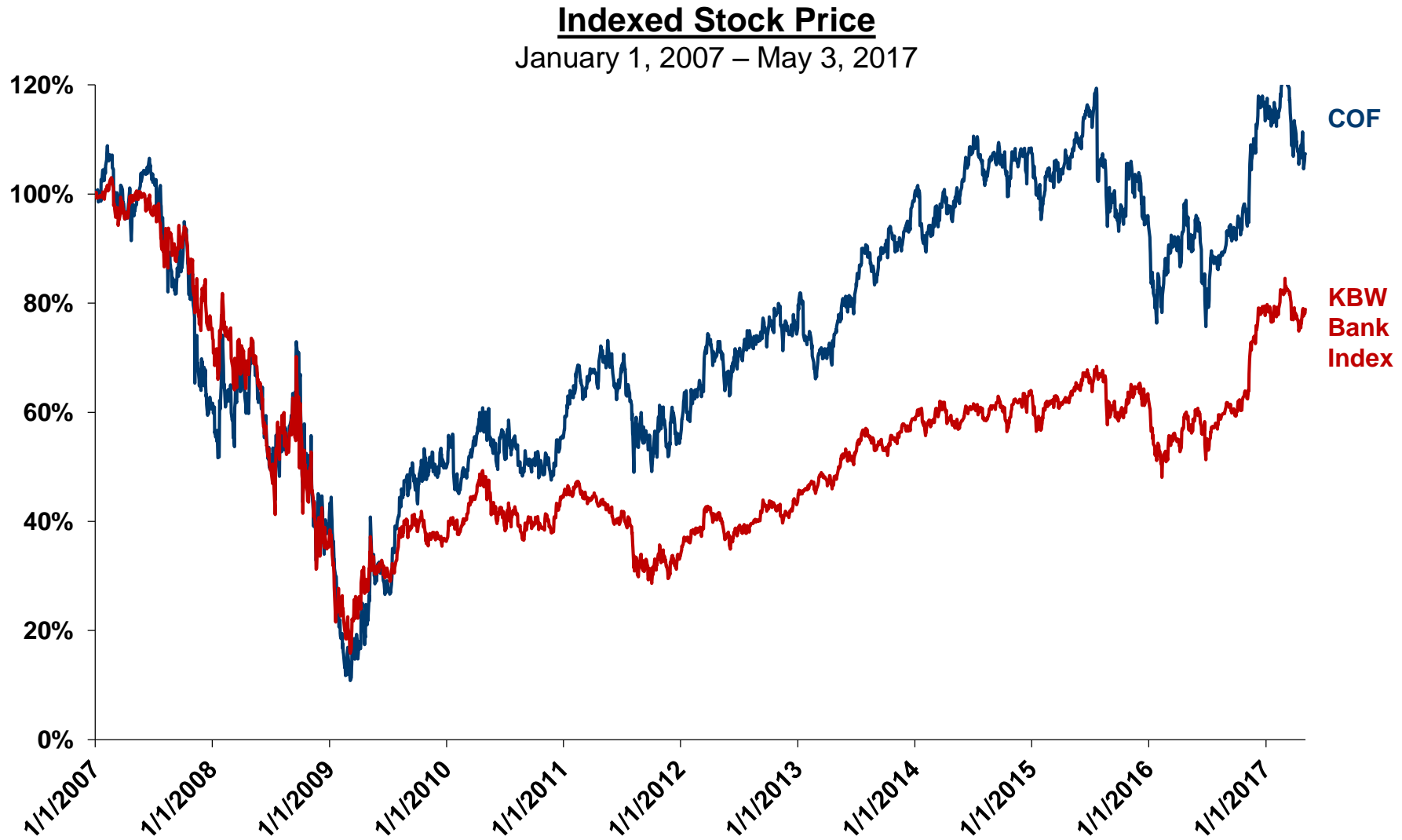
**11.9%**  
**Return on Tangible**  
**Common Equity**

Note 1: Earnings per share represents net income per diluted common share

Note 2: Return on Average Tangible Common Equity is a non-GAAP financial measure calculated based on the sum of (i) income from continuing operations, net of tax; (ii) less dividends and undistributed earnings allocated to participating securities; and (iii) less preferred stock dividends, for the period, divided by average tangible common equity. The Average Tangible Common Equity measure is reconciled to the equivalent US GAAP measure in Supplemental Table F to our 2016 Annual Report.

Source: Company reports

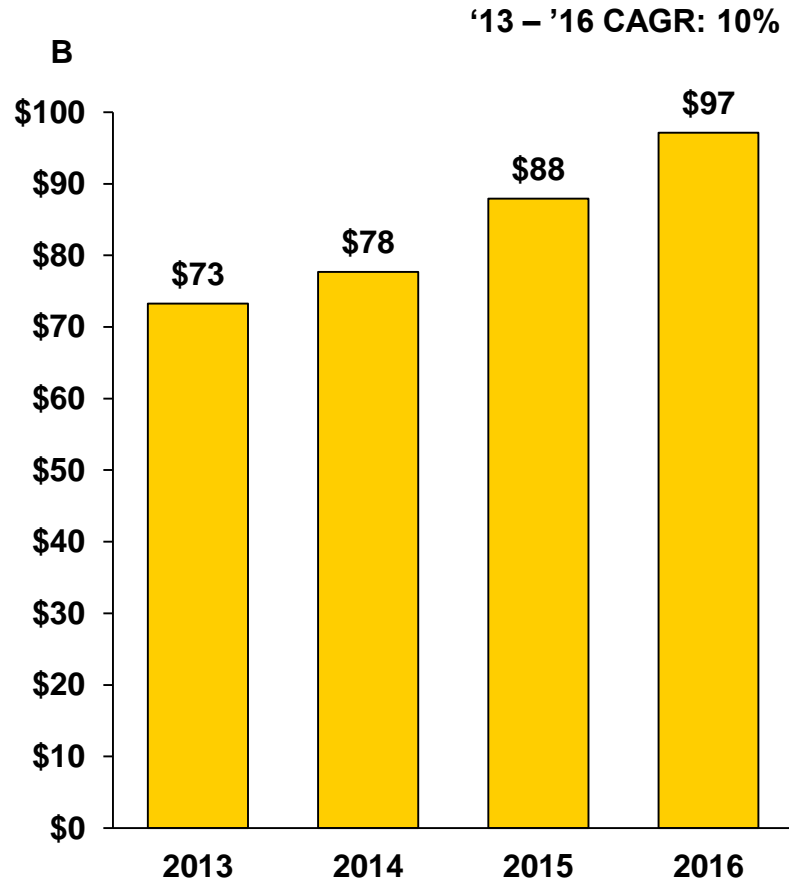
# Many banks have not rebounded from the great recession



Note: Indexed to 100 using closing price as of 12/29/2006  
Source: FactSet

# We are growing

## Domestic Credit Card Loans



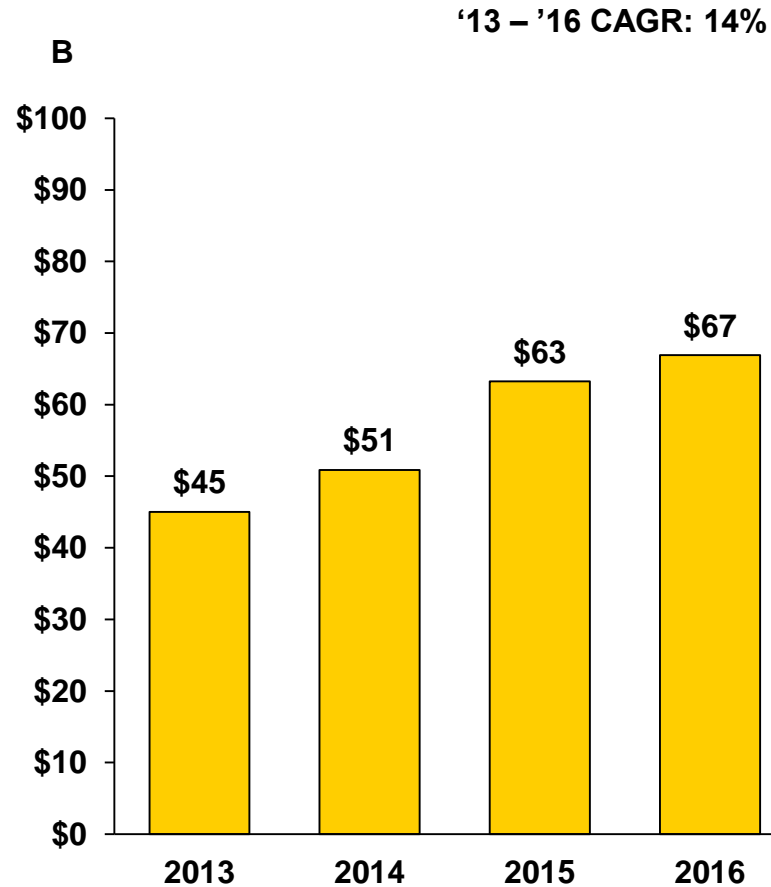
Growth Rate:

6%

13%

10%

## Commercial Loans

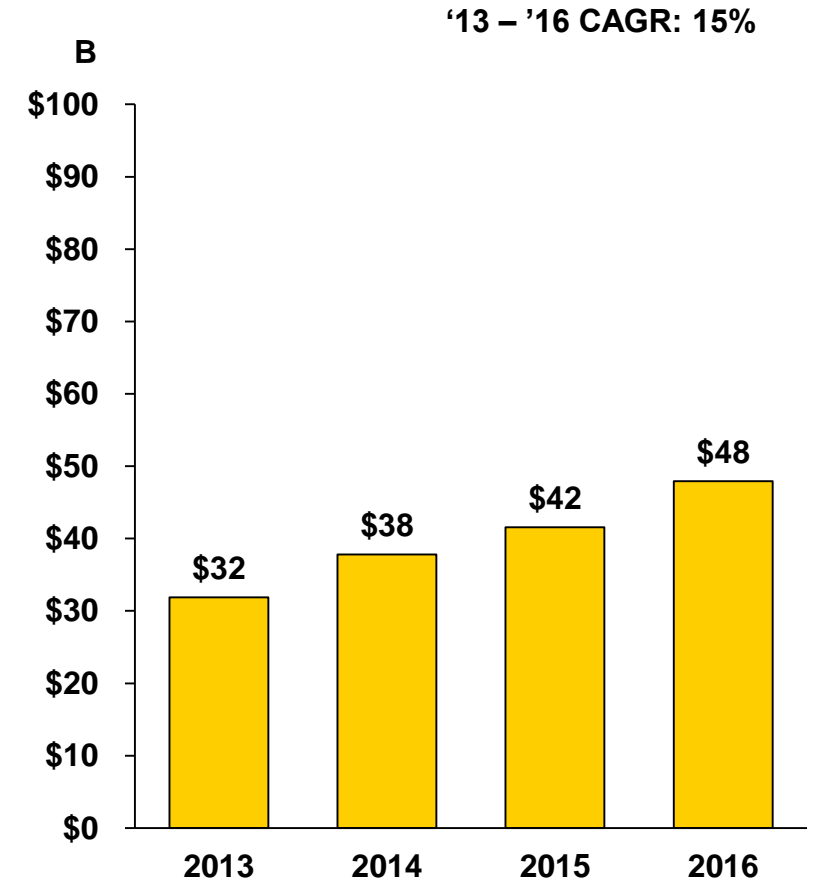


13%

24%

6%

## Auto Loans



19%

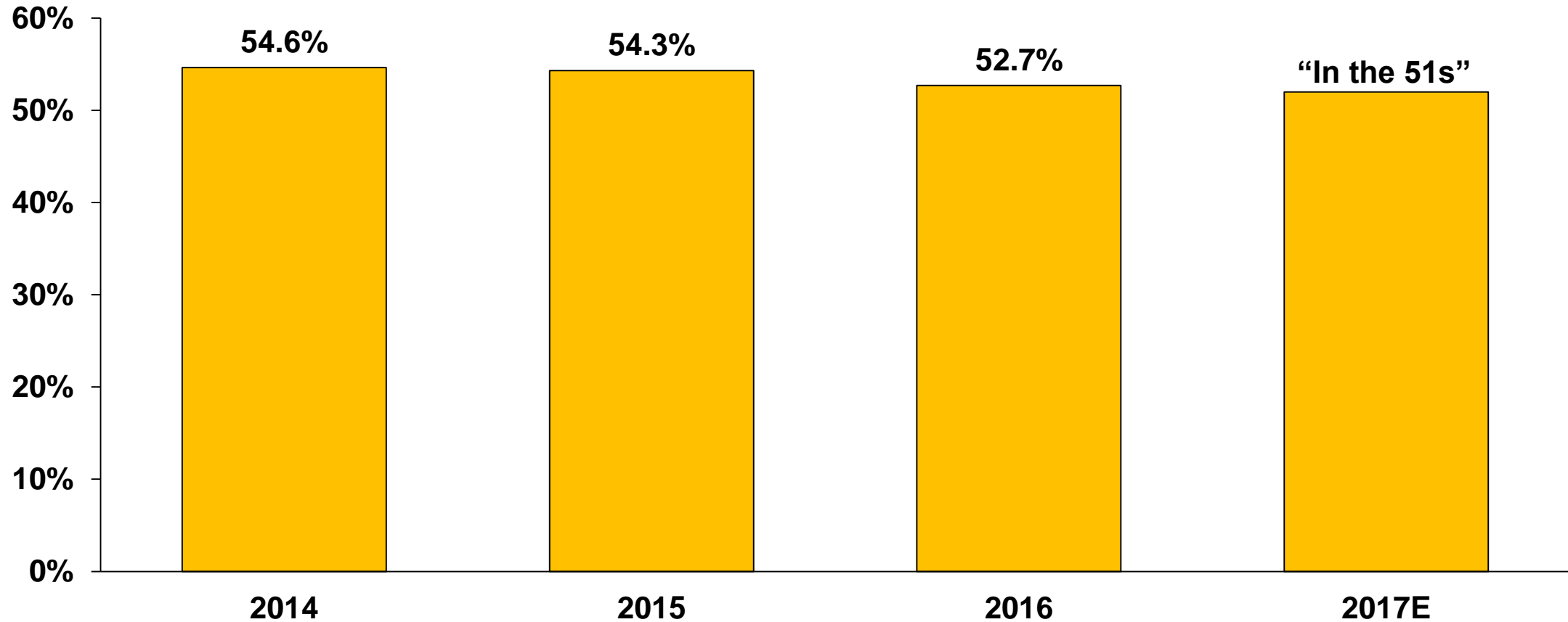
10%

15%

Note: Total Ending Loans Held for Investment; data as of December 31 of each year; CAGR = Compound Annual Growth Rate  
Source: Supplemental Table A to our 2016 Annual Report

# We continue to improve efficiency

## Capital One Efficiency Ratio



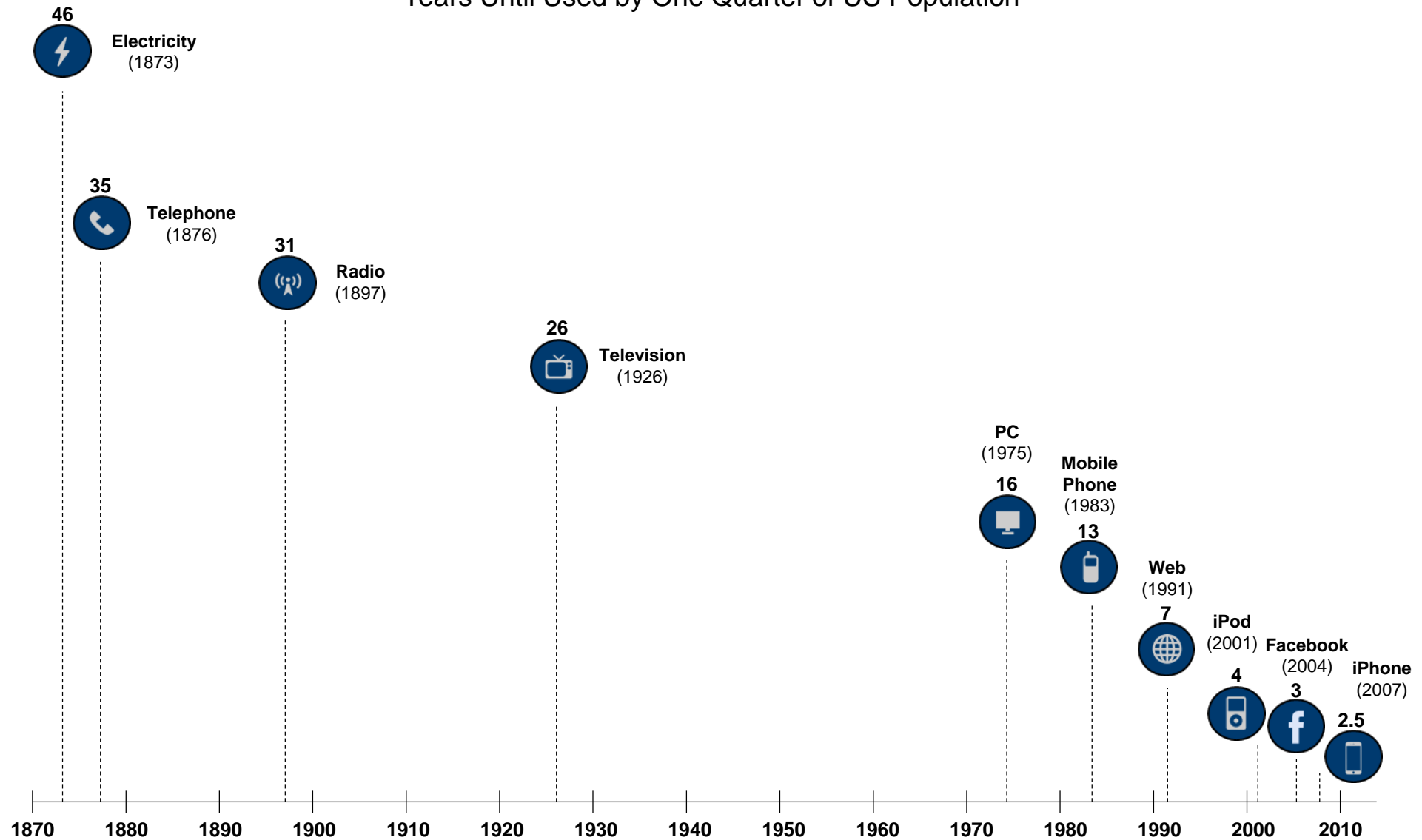
Note 1: Efficiency ratios for 2015 and 2016 are adjusted and represent non-GAAP measures. These measures are reconciled to the equivalent US GAAP measures in Exhibit 99.2 of our Forms 8-K dated January 26, 2016 and January 24, 2017, respectively.

Note 2: 2017E efficiency ratio as disclosed in the "Business Outlook" section of our Form 10-Q for the period ended March 31, 2017

Source: Company reports

# The digital revolution is of staggering magnitude and speed

## Mass Adoption of Technology Years Until Used by One Quarter of US Population



Source: Brett King, Moven

# The world is being transformed at an electrifying speed

## Bookstores:

- Barnes and Noble
- Borders
- B. Dalton

## Encyclopedias:

- World Book
- Britannica
- Encarta
- Collier's

## Guidebooks:

- Zagat
- Michelin
- Fodor's
- Frommer's

## Magazines / Newspapers:

- Time
- Newsweek
- Print Newspaper Companies

## Music:

- Virgin Records
- Tower Records
- Sam Goody
- Fye
- Napster
- Kazaa
- Limewire

## Consumer Electronics:

- RadioShack
- Circuit City
- Best Buy
- Sony
- Panasonic
- RCA
- The Wiz
- J&R
- CompUSA

## Video Rental

- Blockbuster
- Hollywood Video

## Cameras / Film:

- Polaroid
- Eastman Kodak

## Television

- TimeWarner
- Network TV

## Retail:

- Macy's
- Sears
- Kmart
- JC Penny
- OfficeMax
- Staples
- Sharper Image
- Linens 'n Things
- Sleepys
- Brookstone
- Sports Authority
- Filene's Basement
- FAO Schwartz
- K.B Toys
- Price Club
- Levitz Furniture

## Video Gaming

- Atari
- Sega
- GameStop

## Navigation:

- Garmin
- MapQuest
- TomTom
- Magellan

## Telecom:

- Sprint
- Nortel
- Nextel
- MCI
- MetroPCS
- Motorola
- Nokia

## Computing:

- Compaq
- Gateway
- HP
- Xerox
- SanDisk
- Lotus

## Internet:

- Yahoo!
- AOL
- Myspace
- Ask Jeeves
- Hotmail
- GeoCities
- AltaVista
- Lycos
- Netscape

## Mobile

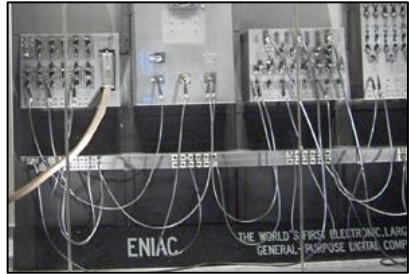
- Blackberry
- Palm Pilot



# The revolutions keep coming

## Computer

1946



## PC

Early 1980s



## Internet

1994



## Mobile

2007



## Machine learning

Now



Note: ENIAC debuted in 1946. The PC revolution began around the early 1980s, when home computers were just beginning to make their way into households. The Netscape Navigator browser release in 1994 led to an explosion in Internet use. The first iPhone was released in 2007. Machine learning has been under development for decades, but the full potential has been unleashed in recent years.

# The destination of just about everything is three words: real-time, automated intelligent; and consumers are going all in to go there






















**Real-time  
Automated  
Intelligent**



**NETFLIX**



# Apple app store ratings

 <b>Capital One Mobile</b>	★★★★★	 <b>Citi Mobile</b>	★★★★
 <b>Capital One Wallet</b>	★★★★★	 <b>Fifth Third Mobile Banking</b>	★★★★
 <b>Capital One CreditWise</b>	★★★★★	 <b>Wells Fargo Mobile</b>	★★★
 <b>Chase Mobile</b>	★★★★★	 <b>U.S. Bank Mobile</b>	★★★
 <b>Discover Mobile</b>	★★★★★	 <b>Ally Mobile</b>	★★★
 <b>SunTrust Mobile</b>	★★★★★	 <b>KeyBank Mobile</b>	★★★
 <b>Amex Mobile</b>	★★★★★	 <b>U by BB&amp;T</b>	★★
 <b>Citizens One Mobile Banking</b>	★★★★★	 <b>Regions Mobile</b>	★★
 <b>PNC Mobile Banking</b>	★★★★	 <b>M&amp;T Mobile Banking</b>	★★
 <b>Bank of America Mobile Banking</b>	★★★★		

Note: Ratings for iOS applications given for top 15 banks by deposits and credit card competitors (AmEx and Discover); star ratings correspond to all versions of iPhone app as of 5/1/2017; Top 15 excludes investment, trust, and custody banks  
Source: Apple Store

**We are building a tech brand**

**InformationWeek**  
*Elite* **100**

**“The Most Innovative Users of  
Business Technology”**

**CapitalOne**<sup>SM</sup> **#1**



# The world is noticing



InformationWeek  
*Elite* 100



People  
COMPANIES THAT CARE





## **2017 Annual Stockholder Meeting**

**May 4, 2017**

# Non-GAAP Reconciliation

# Tangible Common Equity Reconciliation

*(Dollars in millions)*

	<b>December 31, 2016</b>
<b>Tangible Common Equity (Period End)</b>	
Stockholders' equity	\$ 47,514
Goodwill and intangible assets <sup>(1)</sup>	(15,420)
Noncumulative perpetual preferred stock	(4,360)
Tangible common equity	\$ 27,734
<b>Tangible Common Equity (Average)</b>	
Stockholders' equity	\$ 48,753
Goodwill and intangible assets <sup>(1)</sup>	(15,550)
Noncumulative perpetual preferred stock	(3,591)
Tangible common equity	\$ 29,612

1. Included impact of related deferred taxes



## Adjusted Efficiency Ratio Reconciliation

	Year Ended December 31, 2015			Year Ended December 31, 2016		
	Reported Results	Adj. <sup>(1)</sup>	Adjusted Results	Reported Results	Adj. <sup>(2)</sup>	Adjusted Results
<i>(Dollars in millions except as noted)</i>						
<b>Selected income statement data:</b>						
Net interest income	\$ 18,834	\$ 36	\$ 18,870	\$ 20,873	\$ 54	\$ 20,927
Non-interest income	4,579	50	4,629	4,628	35	4,663
Total net revenue	23,413	86	23,499	25,501	89	25,590
Non-interest expense	12,996	(231)	12,765	13,558	(76)	13,482
<b>Selected performance metrics:</b>						
Efficiency ratio	55.51%	(119)bps	54.32%	53.17%	(49)bps	52.68%

<sup>1</sup> 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.

<sup>2</sup> In Q4 2016, we recorded charges totaling \$72 million consisting of a build in the U.K. PPI Reserve of \$44 million and an impairment associated with certain acquired intangible and software assets of \$28 million. In Q3 2016, we recorded a build in the U.K. PPI Reserve of \$63 million. In Q2 2016, we recorded charges totaling \$30 million associated with a build of \$54 million in the U.K. PPI Reserve, partially offset by a gain of \$24 million related to the exchange of our ownership interest in Visa Europe with Visa Inc. as a result of Visa Inc.'s acquisition of Visa Europe.