Fourth Quarter 2018 Results

January 22, 2019

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, 2019, available on its website at www.capitalone.com under "Investors."

Company Highlights

- Net income for the fourth quarter of 2018 of $1.3 billion, or $2.48 per diluted common share; full year 2018 net income of $6.0 billion, or $11.82 per diluted common share.
  - Excluding adjusting items, net income per diluted common share for the fourth quarter of 2018 was $1.87; full year 2018 was $10.88[1].
- Pre-provision earnings decreased 10% to $2.9 billion for the fourth quarter of 2018 and increased 1% to $13.2 billion for full year 2018[2].
- Efficiency ratio of 53.08% for the full year 2018.
  - Efficiency ratio excluding adjusting items was 53.11% for the full year 2018[1].
- Operating efficiency ratio of 45.33% for the full year 2018.
  - Operating efficiency ratio excluding adjusting items was 45.21% for the full year 2018[1].
- Adjusting items in the quarter, which are excluded from diluted EPS and our efficiency ratio metrics (see slide 13 for additional information):

(Dollars in millions, except per share data)	Pre-Tax Impact	Diluted EPS Impact
Benefit as a result of tax methodology change on rewards costs	$ 284	$ 0.60
Net gains on the sales of exited businesses	74	0.12
U.K. Payment Protection Insurance customer refund reserve ("U.K. PPI Reserve")	(50)	(0.11)

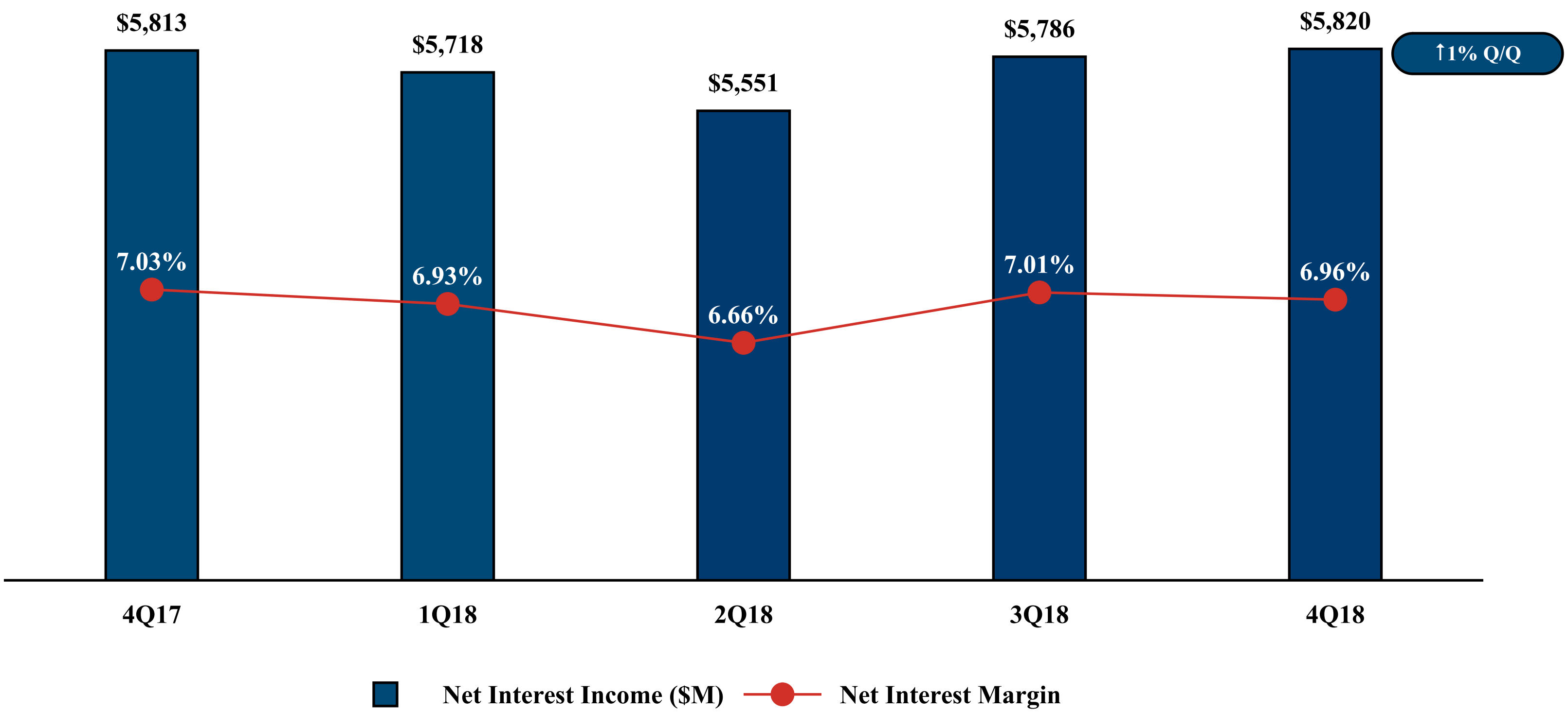
- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 11.2% at December 31, 2018.
- Period-end loans held for investment increased $7.1 billion, or 3%, to $245.9 billion.
- Average loans held for investment increased $4.6 billion, or 2%, to $241.4 billion.
- Period-end total deposits increased $2.6 billion, or 1%, to $249.8 billion.
- Average total deposits increased $943 million, or less than 1%, to $247.7 billion.

Note: All comparisons are for the fourth quarter of 2018 compared with the third quarter of 2018 unless otherwise noted. Regulatory capital metrics and capital ratios as of December 31, 2018 are preliminary and therefore subject to change.

(1) Amounts excluding adjusting items are non-GAAP measures. See Appendix slides 13 and 14 for the reconciliation of non-GAAP measures to our reported results.

(2) Pre-provision earnings is calculated based on the sum of net interest income and non-interest income, less non-interest expense for the period.

Net Interest Income and Net Interest Margin

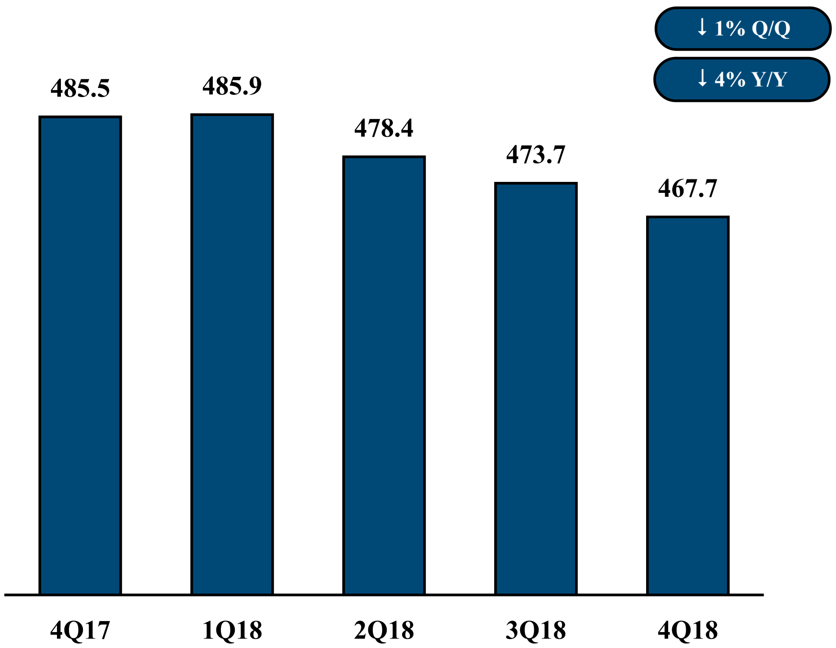


Fourth Quarter 2018 Highlights

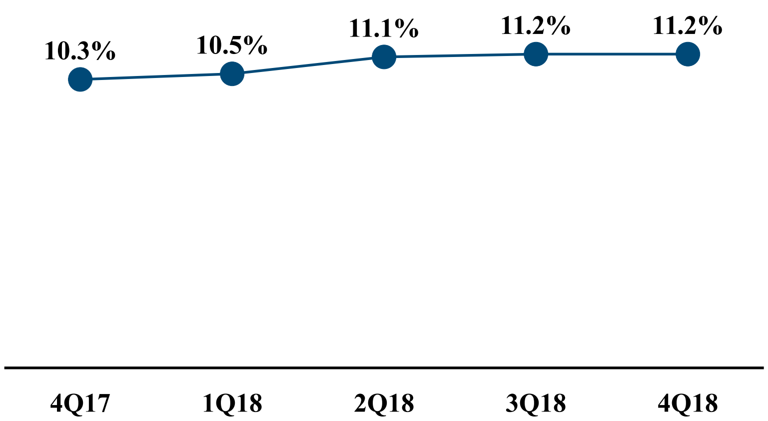
- Net interest margin decreased 5 basis points quarter-over-quarter primarily driven by higher deposit rates, partially offset by growth in our Domestic Card business and changes in product mix in our interest-earning assets.
- Net interest margin decreased 7 basis points year-over-year primarily driven by higher deposit rates, largely offset by higher rates on interest-earning assets and changes in product mix.

Capital and Liquidity

Ending Common Shares Outstanding (M)



Common Equity Tier 1 Capital Ratio



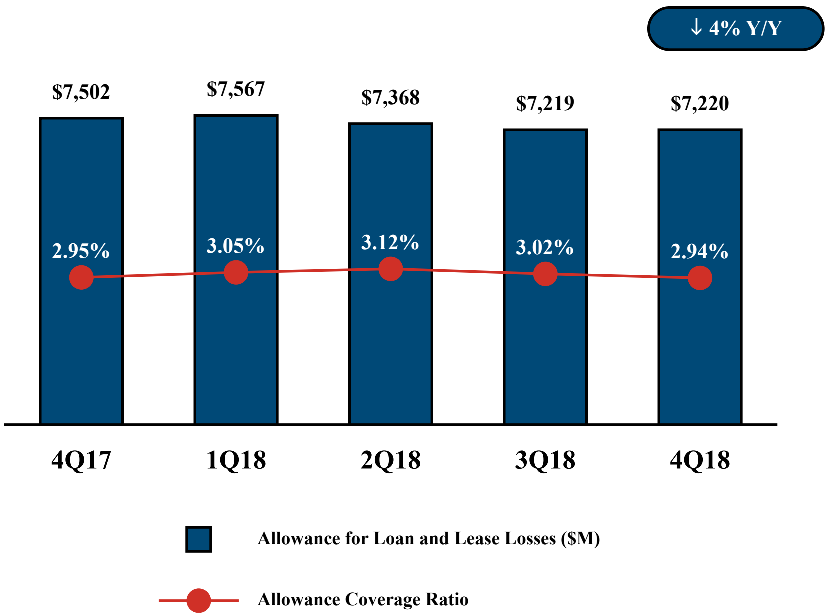
Fourth Quarter 2018 Highlights

- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 11.2% at December 31, 2018.
- We exceeded the fully phased-in LCR requirement at December 31, 2018.

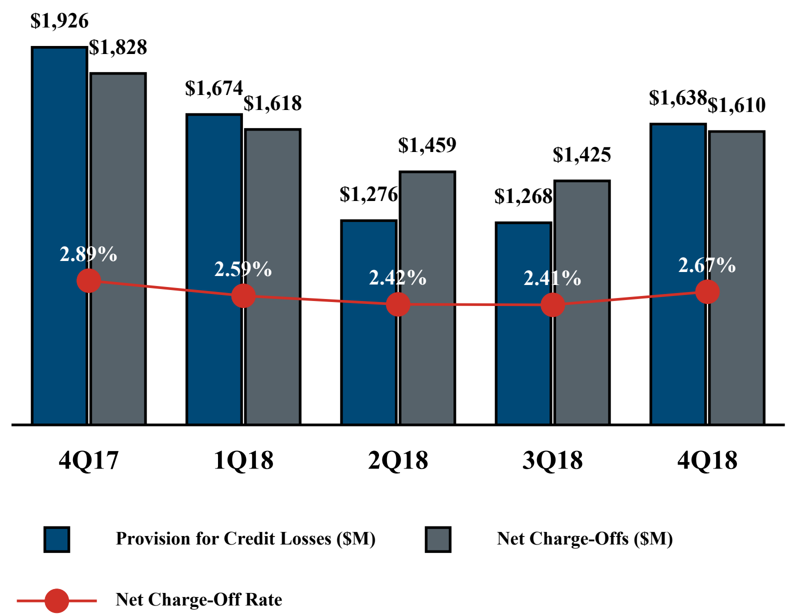
Note:Regulatory capital metrics and capital ratios as of December 31, 2018 are preliminary and therefore subject to change.

Credit Quality

Allowance for Loan and Lease Losses



Provision for Credit Losses and Net Charge-Offs



Fourth Quarter 2018 Highlights

- Net charge-off rate of 2.67%.
- Allowance for loan and lease losses remained flat at $7.2 billion.
- Allowance as a percentage of loans held for investment of 2.94%.

Financial Summary—Business Segment Results

(Dollars in millions)	Three Months Ended December 31, 2018				
	Credit Card	Consumer Banking	Commercial Banking	Other	Total
Net interest income (loss)	$ 3,617	$ 1,689	$ 528	$ (14)	$ 5,820
Non-interest income (loss)	886	159	159	(11)	1,193
Total net revenue (loss)	4,503	1,848	687	(25)	7,013
Provision for credit losses	1,326	303	9	—	1,638
Non-interest expense	2,496	1,085	434	117	4,132
Income (loss) from continuing operations before income taxes	681	460	244	(142)	1,243
Income tax provision (benefit)	160	107	57	(345)	(21)
Income from continuing operations, net of tax	$ 521	$ 353	$ 187	$ 203	$ 1,264

Credit Card

(Dollars in millions, except as noted)	2018 Q4	2018 Q3	2017 Q4	2018 Q4 vs. 2018 Q3	2018 Q4 vs. 2017 Q4
Earnings:					
Net interest income	**$ 3,617**	$ 3,596	$ 3,568	1%	1%
Non-interest income	**886**	893	847	(1)	5
Total net revenue	**4,503**	4,489	4,415	—	2
Provision for credit losses	**1,326**	1,031	1,486	29	(11)
Non-interest expense	**2,496**	2,103	2,108	19	18
Pre-tax income	**681**	1,355	821	(50)	(17)
Selected performance metrics:					
Period-end loans held for investment	**$ 116,361**	$ 110,685	$ 114,762	5%	1%
Average loans held for investment	**112,349**	109,510	110,029	3	2
Total net revenue margin	**16.03%**	16.40%	16.05%	(37)bps	(2)bps
Net charge-off rate	**4.61**	4.15	4.99	46	(38)
Purchase volume	**$ 105,696**	$ 97,469	$ 95,659	8%	10%

Fourth Quarter 2018 Highlights

- Ending loans up $1.6 billion, or 1%, year-over-year; average loans up $2.3 billion, or 2%, year-over-year.
- Purchase volume up 10% year-over-year.
- Revenue up $88 million, or 2%, year-over-year.
- Revenue margin of 16.03%.
- Non-interest expense up $388 million, or 18%, year-over-year.
- Provision for credit losses down $160 million, or 11%, year-over-year.
- Net charge-off rate of 4.61%.

Domestic Card

(Dollars in millions, except as noted)	2018 Q4	2018 Q3	2017 Q4	2018 Q4 vs. 2018 Q3	2018 Q4 vs. 2017 Q4
Earnings:					
Net interest income	**$ 3,309**	$ 3,280	$ 3,268	1%	1%
Non-interest income	**828**	819	781	1	6
Total net revenue	**4,137**	4,099	4,049	1	2
Provision for credit losses	**1,229**	950	1,402	29	(12)
Non-interest expense	**2,216**	1,890	1,880	17	18
Pre-tax income	**692**	1,259	767	(45)	(10)
Selected performance metrics:					
Period-end loans held for investment	**$ 107,350**	$ 101,564	$ 105,293	6%	2%
Average loans held for investment	**103,391**	100,566	101,087	3	2
Total net revenue margin	**16.01%**	16.30%	16.03%	(29)bps	(2)bps
Net charge-off rate	**4.64**	4.35	5.08	29	(44)
30+ day delinquency rate	**4.04**	3.80	4.01	24	3
Purchase volume	**$ 96,818**	$ 89,205	$ 87,287	9%	11%

Fourth Quarter 2018 Highlights

- Ending loans up $2.1 billion, or 2%, year-over-year; average loans up $2.3 billion, or 2%, year-over-year.
- Purchase volume up 11% year-over-year.
- Revenue up $88 million, or 2%, year-over-year.
- Revenue margin of 16.01%.
- Non-interest expense up $336 million, or 18%, year-over-year.
- Provision for credit losses down $173 million, or 12%, year-over-year.
- Net charge-off rate of 4.64%.

Consumer Banking

(Dollars in millions, except as noted)	2018 Q4	2018 Q3	2017 Q4	2018 Q4 vs. 2018 Q3	2018 Q4 vs. 2017 Q4
Earnings:					
Net interest income	**$ 1,689**	$ 1,636	$ 1,636	3%	3%
Non-interest income	**159**	155	179	3	(11)
Total net revenue	**1,848**	1,791	1,815	3	2
Provision for credit losses	**303**	184	340	65	(11)
Non-interest expense	**1,085**	979	1,081	11	—
Pre-tax income	**460**	628	394	(27)	17
Selected performance metrics:					
Period-end loans held for investment	**$ 59,205**	$ 59,329	$ 75,078	—	(21)%
Average loans held for investment	**59,342**	59,220	75,289	—	(21)
Auto loan originations	**5,932**	6,643	6,215	(11)%	(5)
Period-end deposits	**198,607**	196,635	185,842	1	7
Average deposits	**196,348**	194,687	184,799	1	6
Average deposits interest rate	**1.10%**	1.00%	0.69%	10bps	41bps
Net charge-off rate	**2.01**	1.77	1.66	24	35

Fourth Quarter 2018 Highlights

- Ending loans down $15.9 billion, or 21%, year-over-year; average loans down $15.9 billion, or 21%, year-over-year.
- Ending deposits up $12.8 billion, or 7% year-over-year.
- Revenue up $33 million, or 2%, year-over-year.
- Non-interest expense remained flat year-over-year.
- Provision for credit losses down $37 million, or 11%, year-over-year.
- Net charge-off rate of 2.01%.

Commercial Banking

(Dollars in millions, except as noted)	2018 Q4	2018 Q3	2017 Q4	2018 Q4 vs. 2018 Q3	2018 Q4 vs. 2017 Q4
Earnings:					
Net interest income	**$ 528**	$ 539	$ 566	(2)%	(7)%
Non-interest income	**159**	189	188	(16)	(15)
Total net revenue	**687**	728	754	(6)	(9)
Provision for credit losses	**9**	54	100	(83)	(91)
Non-interest expense	**434**	408	437	6	(1)
Pre-tax income	**244**	266	217	(8)	12
Selected performance metrics:					
Period-end loans held for investment	**$ 70,333**	$ 68,747	$ 64,575	2%	9%
Average loans held for investment	**69,680**	68,036	67,200	2	4
Period-end deposits	**29,480**	30,474	33,938	(3)	(13)
Average deposits	**30,680**	31,061	34,117	(1)	(10)
Average deposits interest rate	**0.95%**	0.79%	0.46%	16bps	49bps
Net charge-off rate	**0.10**	0.16	0.85	(6)	(75)
Risk category as a percentage of period-end loans held for investment:[(1)]					
Criticized performing	**2.6%**	3.2%	4.1%	(60)bps	(150)bps
Criticized nonperforming	**0.4**	0.4	0.4	—	—

Fourth Quarter 2018 Highlights

- Ending loans up \$5.8 billion, or 9%, year-over-year; average loans up \$2.5 billion, or 4%, year-over-year.
- Ending deposits down \$4.5 billion, or 13%, year-over-year; average deposits down \$3.4 billion, or 10%, year-over-year.
- Revenue down \$67 million, or 9%, year-over-year.
- Non-interest expense remained flat year-over-year.
- Provision for credit losses down \$91 million, or 91%, year-over-year.
- Net charge-off rate of 0.10%.
- Criticized performing loan rate of 2.6% and criticized nonperforming loan rate of 0.4%.

(1) Criticized exposures correspond to the "Special Mention," "Substandard" and "Doubtful" asset categories defined by bank regulatory authorities.

Appendix

Non-GAAP Measures

(Dollars in millions, except per share data and as noted)	Three Months Ended December 31, 2018 Reported Results	Adj.[1]	Adjusted Results	Nine Months Ended September 30, 2018 Reported Results	Adj.[1]	Adjusted Results	Year Ended December 31, 2018 Reported Results	Adj.[1]	Adjusted Results
Selected income statement data:									
Net interest income	**$ 5,820**	**$ 6**	**$ 5,826**	$ 17,055	$ 26	$ 17,081	**$ 22,875**	**$ 32**	**$ 22,907**
Non-interest income	**1,193**	**(64)**	**1,129**	4,008	(514)	3,494	**5,201**	**(578)**	**4,623**
Total net revenue	**7,013**	**(58)**	**6,955**	21,063	(488)	20,575	**28,076**	**(546)**	**27,530**
Provision for credit losses	**1,638**	**—**	**1,638**	4,218	48	4,266	**5,856**	**48**	**5,904**
Non-interest expense	**4,132**	**(34)**	**4,098**	10,770	(248)	10,522	**14,902**	**(282)**	**14,620**
Income from continuing operations before income taxes	**1,243**	**(24)**	**1,219**	6,075	(288)	5,787	**7,318**	**(312)**	**7,006**
Income tax provision (benefit)	**(21)**	**266**	**245**	1,314	(121)	1,193	**1,293**	**145**	**1,438**
Income from continuing operations, net of tax	**1,264**	**(290)**	**974**	4,761	(167)	4,594	**6,025**	**(457)**	**5,568**
Income (loss) from discontinued operations, net of tax	**(3)**	**—**	**(3)**	(7)	—	(7)	**(10)**	**—**	**(10)**
Net income	**1,261**	**(290)**	**971**	4,754	(167)	4,587	**6,015**	**(457)**	**5,558**
Dividends and undistributed earnings allocated to participating securities[2]	**(9)**	**2**	**(7)**	(32)	1	(31)	**(40)**	**3**	**(37)**
Preferred stock dividends	**(80)**	**—**	**(80)**	(185)	—	(185)	**(265)**	**—**	**(265)**
Net income available to common stockholders	**$ 1,172**	**$ (288)**	**$ 884**	$ 4,537	$ (166)	$ 4,371	**$ 5,710**	**$ (454)**	**$ 5,256**
Selected performance metrics:									
Diluted EPS[2]	**$ 2.48**	**$ (0.61)**	**$ 1.87**	$ 9.32	$ (0.34)	$ 8.98	**$ 11.82**	**$ (0.94)**	**$ 10.88**
Efficiency ratio	**58.92%**	**—**	**58.92%**	51.13%	1bps	51.14%	**53.08%**	**3bps**	**53.11%**
Operating efficiency ratio	**47.07**	**(10)bps**	**46.97**	44.76	(15)	44.61	**45.33**	**(12)**	**45.21**

Note: We believe these selected non-GAAP measures help investors and users of our financial information understand the effect of the adjustments on our selected reported results and provide an alternate measurement of our performance, both in the current period and across periods. These non-GAAP measures should not be viewed as a substitute for our reported results determined in accordance with accounting principles generally accepted in the U.S. ("GAAP"), nor are they necessarily comparable to non-GAAP measures that may be presented by other companies.

(1) Adjustments in 2018 consist of:

(Dollars in millions)	Three Months Ended December 31, 2018	Nine Months Ended September 30, 2018	Year Ended December 31, 2018
Net gains on the sales of exited businesses	**$ (74)**	$ (541)	**$ (615)**
Benefit as a result of tax methodology change on rewards costs	**(284)**	—	**(284)**
Legal reserve build	**—**	170	**170**
U.K. Payment Protection Insurance customer refund reserve ("U.K. PPI Reserve")	**50**	49	**99**
Restructuring charges	**—**	34	**34**
Total	**(308)**	(288)	**(596)**
Income tax provision	**18**	121	**139**
Net income	**$ (290)**	$ (167)	**$ (457)**

(2) Dividends and undistributed earnings allocated to participating securities and earnings per share are computed independently for each period. Accordingly, the sum of each quarterly amount may not agree to the year-to-date total.

Non-GAAP Measures

(Dollars in millions, except per share data and as noted)	Three Months Ended December 31, 2017 Reported Results	Adj.[1]	Adjusted Results	Nine Months Ended September 30, 2017 Reported Results	Adj.[1]	Adjusted Results	Year Ended December 31, 2017 Reported Results	Adj.[1]	Adjusted Results
Selected income statement data:									
Net interest income	$ 5,813	$ 11	$ 5,824	$ 16,647	$ 33	$ 16,680	$ 22,460	$ 44	$ 22,504
Non-interest income	1,200	9	1,209	3,577	37	3,614	4,777	46	4,823
Total net revenue	7,013	20	7,033	20,224	70	20,294	27,237	90	27,327
Provision for credit losses	1,926	—	1,926	5,625	(88)	5,537	7,551	(88)	7,463
Non-interest expense	3,779	(87)	3,692	10,415	(166)	10,249	14,194	(253)	13,941
Income from continuing operations before income taxes	1,308	107	1,415	4,184	324	4,508	5,492	431	5,923
Income tax provision	2,170	(1,742)	428	1,205	82	1,287	3,375	(1,660)	1,715
Income (loss) from continuing operations, net of tax	(862)	1,849	987	2,979	242	3,221	2,117	2,091	4,208
Income (loss) from discontinued operations, net of tax	(109)	—	(109)	(26)	—	(26)	(135)	—	(135)
Net income (loss)	(971)	1,849	878	2,953	242	3,195	1,982	2,091	4,073
Dividends and undistributed earnings allocated to participating securities[2]	(1)	(5)	(6)	(21)	—	(21)	(13)	(15)	(28)
Preferred stock dividends	(80)	—	(80)	(185)	—	(185)	(265)	—	(265)
Net income (loss) available to common stockholders	$ (1,052)	$ 1,844	$ 792	$ 2,747	$ 242	$ 2,989	$ 1,704	$ 2,076	$ 3,780
Selected performance metrics:									
Diluted EPS[2]	$ (2.17)	$ 3.79	$ 1.62	$ 5.63	$ 0.49	$ 6.12	$ 3.49	$ 4.25	$ 7.74
Efficiency ratio	53.89%	(139)bps	52.50%	51.50%	(100)bps	50.50%	52.11%	(109)bps	51.02%
Operating efficiency ratio	47.33	(138)	45.95	45.52	(98)	44.54	45.98	(108)	44.90

Note: We believe these selected non-GAAP measures help investors and users of our financial information understand the effect of the adjustments on our selected reported results and provide an alternate measurement of our performance, both in the current period and across periods. These non-GAAP measures should not be viewed as a substitute for our reported results determined in accordance with accounting principles generally accepted in the U.S. ("GAAP"), nor are they necessarily comparable to non-GAAP measures that may be presented by other companies.

(1) Adjustments in 2017 consist of:

(Dollars in millions)	Three Months Ended December 31, 2017	Nine Months Ended September 30, 2017	Year Ended December 31, 2017
Impacts of the Tax Act	$ 1,769	—	$ 1,769
Restructuring charges	76	$ 108	184
U.K. Payment Protection Insurance customer refund reserve ("U.K. PPI Reserve")	31	99	130
Charges related to the Cabela's acquisition	—	117	117
Total	1,876	324	2,200
Income tax benefit	(27)	(82)	(109)
Net income	$ 1,849	$ 242	$ 2,091

(2) Dividends and undistributed earnings allocated to participating securities and earnings per share are computed independently for each period. Accordingly, the sum of each quarterly amount may not agree to the year-to-date total.