Fourth Quarter 2010 Results

January 20, 2011

Forward looking statements

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Fourth quarter 2010 earnings were $697MM or $1.52 per share, compared with $803MM, or $1.76 per share, in the third quarter

$MM	Q410	Q310	Fav/(Unfav) ($)	Fav/(Unfav) (%)
Net Interest Income	3,023	3,109	(86)	(3)
Non-Interest Income	939	907	32	4
Revenue	**3,962**	**4,016**	**(54)**	**(1)**
Marketing Expense	308	250	(58)	(23)
Operating Expense	1,783	1,746	(37)	(2)
Non-Interest Expense	**2,091**	**1,996**	**95**	**5**
Pre-Provision Earnings (before tax)	**1,871**	**2,020**	**(149)**	**(7)**
Net Charge-offs	1,394	1,522	128	8
Other	(8)	(31)	(23)	(74)
Allowance Build (Release)	(547)	(624)	(77)	(12)
Provision Expense	**839**	**867**	**28**	**3**
Pretax Income	**1,032**	**1,153**	**(121)**	**(11)**
Tax Expense	**331**	**335**	**4**	**(1)**
Operating Earnings (after tax)	**701**	**818**	**(117)**	**(14)**
Discontinued Operations, net of tax	(4)	(15)	11	73
Total Company (after tax)	**697**	**803**	**(106)**	**(13)**
EPS Available to Common Shareholders	$1.52	$1.76	(0.24)	(14)

Full year 2010 earnings were $2,743MM, or $6.01 per share, compared with $884MM, or $0.74 per share in full year 2009

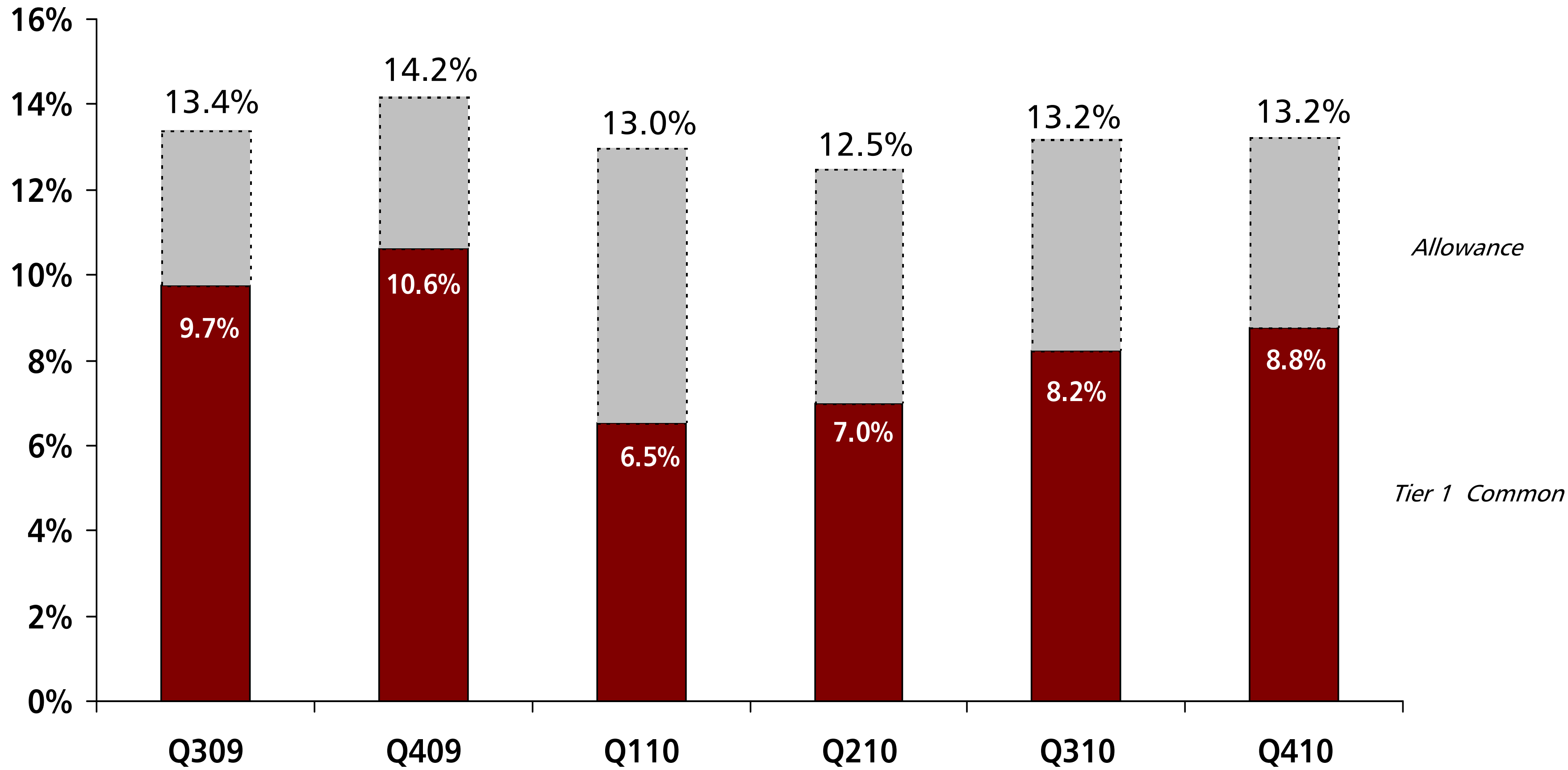
$MM	2010	2009 [1]	Fav/(Unfav) ($)	Fav/(Unfav) (%)
Net Interest Income	12,457	12,089	368	3
Non-Interest Income	3,714	4,747	(1,033)	(22)
Revenue	**16,171**	**16,836**	**(665)**	**(4)**
Marketing Expense	958	588	(370)	(63)
Operating Expense	6,976	6,710	(266)	(4)
Restructuring Expense	0	119	119	100
Non-Interest Expense	**7,934**	**7,417**	**(517)**	**(7)**
Pre-Provision Earnings (before tax)	**8,237**	**9,419**	**(1,182)**	**(13)**
Net Charge-offs	6,651	8,421	1,770	21
Other	0	59	59	100
Allowance Build (Release)	(2,744)	(397)	2,347	591
Provision Expense	**3,907**	**8,083**	**4,176**	**52**
Pretax Income	**4,330**	**1,336**	**2,994**	**224**
Tax Expense	**1,280**	**349**	**(931)**	**(267)**
Operating Earnings (after tax)	**3,050**	**987**	**2,063**	**209**
Discontinued Operations, net of tax	(307)	(103)	(204)	(198)
Total Company (after tax)	**2,743**	**884**	**1,859**	**210**
EPS Available to Common Shareholders	$6.01	$0.74 [2]	$5.27	712
Average Loans Held For Investment	128,526	143,514	(14,988)	(10)
Revenue Margin	9.20%	9.05%	15 bps	2
Net Interest Margin	7.09%	6.50%	59 bps	9

[1] 2009 amounts represent our managed results.

[2] Includes ($1.31) impact of dividend and repayment expense of the government's preferred share investment.

Our capacity to generate capital is strong

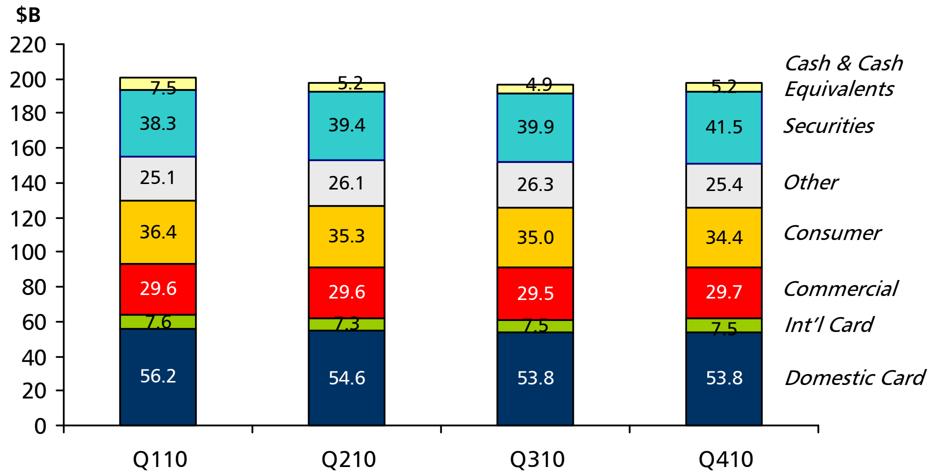
Tier 1 Common Equity + Allowance Ratio to Risk-Weighted Assets



[1] Tier 1 common equity ratio is a non-GAAP measure calculated based on Tier 1 common equity divided by risk-weighted assets. See "Exhibit 99.3—Reconciliation of Non-GAAP Measures and Regulatory Capital Measures" for the calculation components.

Loan balances are stabilizing

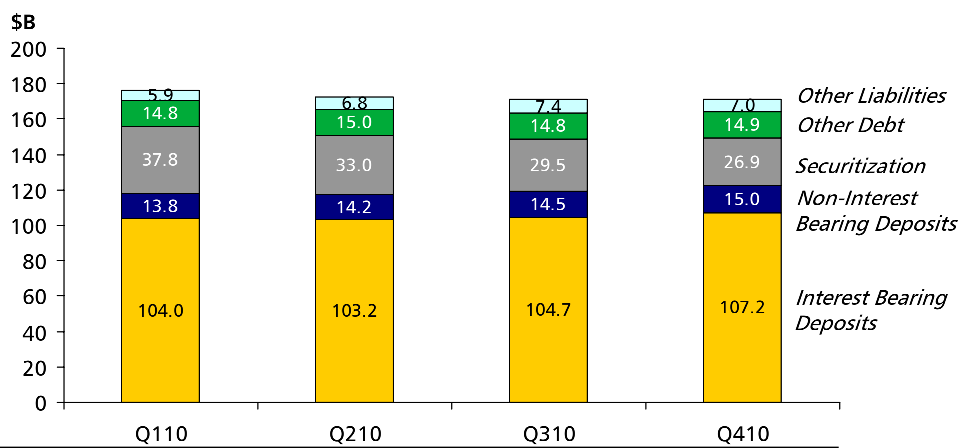
End of Period Assets[1]



Asset Highlights

- End of period loans down $11B in 2010, or 8%
  - More than $6B from run-off portfolios
- End of period loans down $387MM in Q4, or less than 1%
  - Run-off portfolios down $1.4B
  - Excluding run off portfolios, loan balances higher

End of Period Liabilities[1]



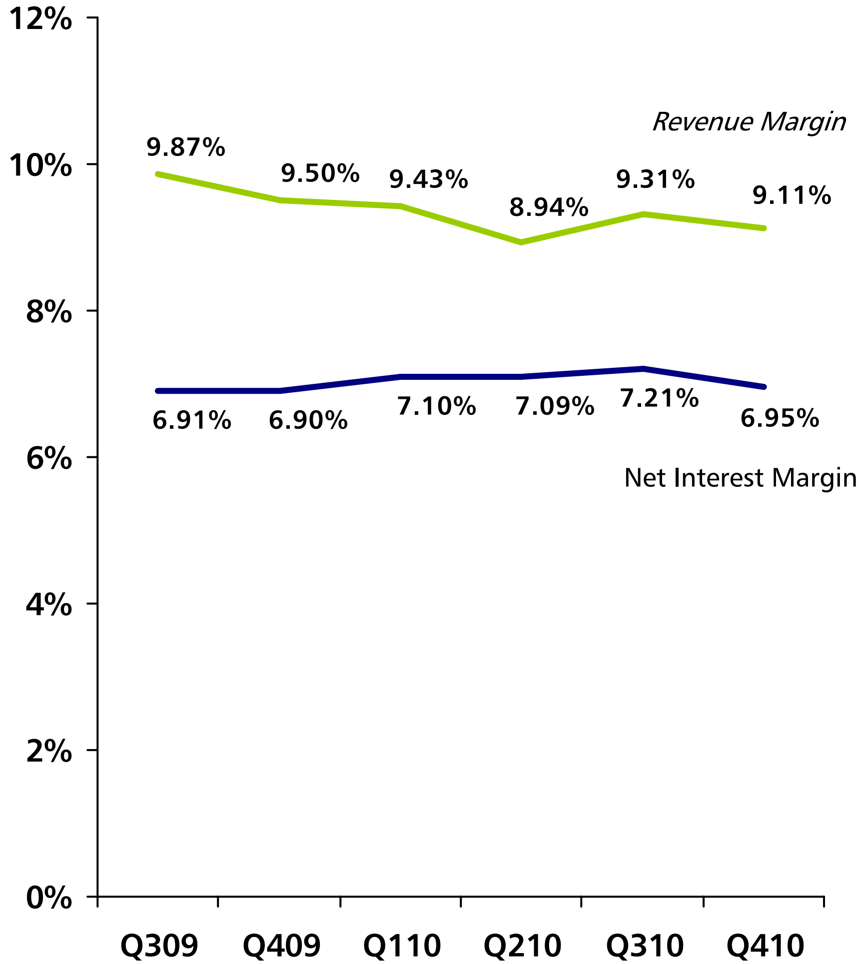
	Q110	Q210	Q310	Q410
Cost of Interest-Bearing Liabilities	1.96%	1.91%	1.88%	1.75%
Total Cost of Funds	1.76%	1.69%	1.64%	1.50%

Liability Highlights

- Cost of funds decreased to 1.50% quarter over quarter
- Continued shift in funding to lower priced deposits from securitization
- Loan to deposit ratio at 1.03

Margins remain attractive, although asset yields were down modestly in the quarter

Margins as % of Managed Assets



Modest NIM decline

- Lower asset yields
- Slight mix shift from loans to investment portfolio

Revenue Margin decreased

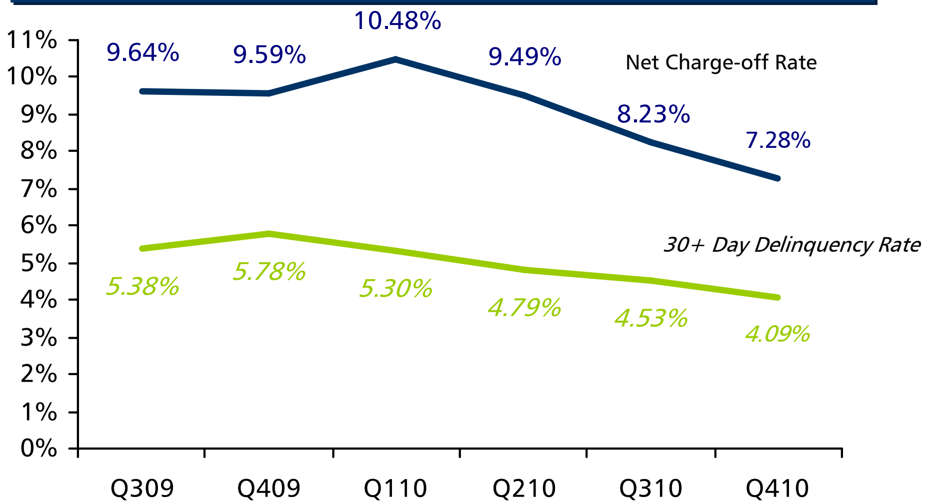
- Lower net interest margin
- Reduced FCFR release

Partially offset by:

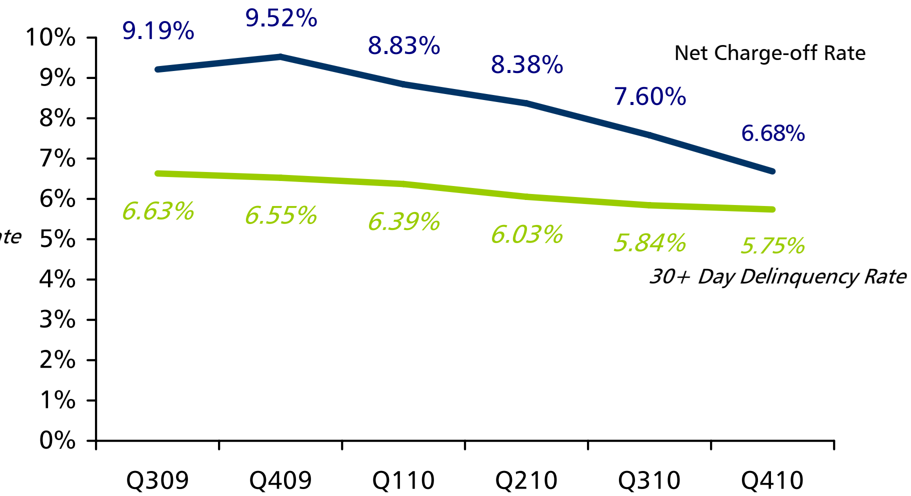
- Gain on MSR impairment

Credit improvement in our consumer businesses continues to run ahead of broader economic indicators

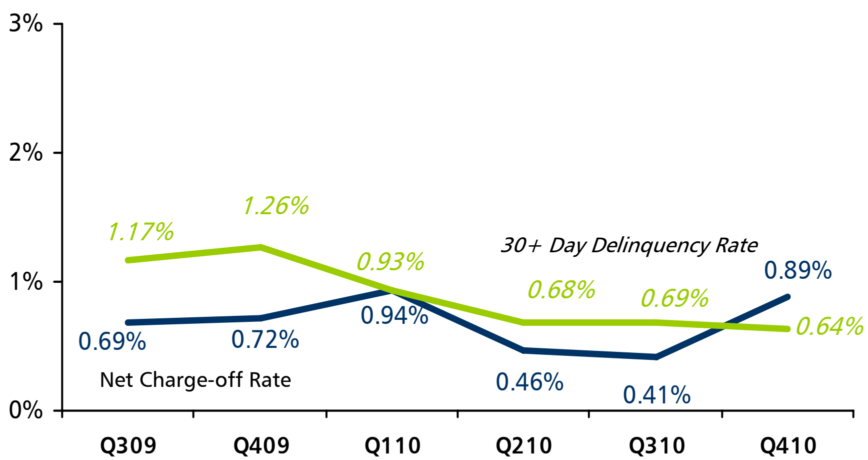
Domestic Credit Card ($53.2*)



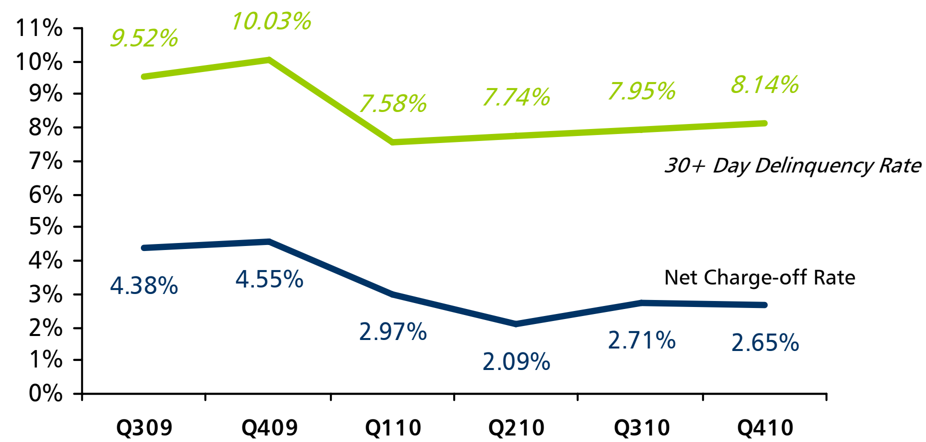
International Credit Card ($7.4B*)



Home Loan Credit ($12.5B*)



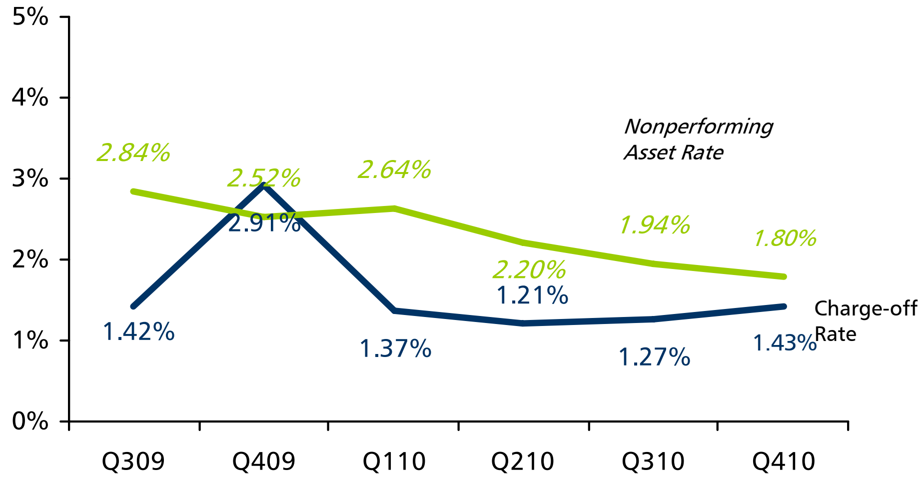
Auto Credit ($17.8B*)



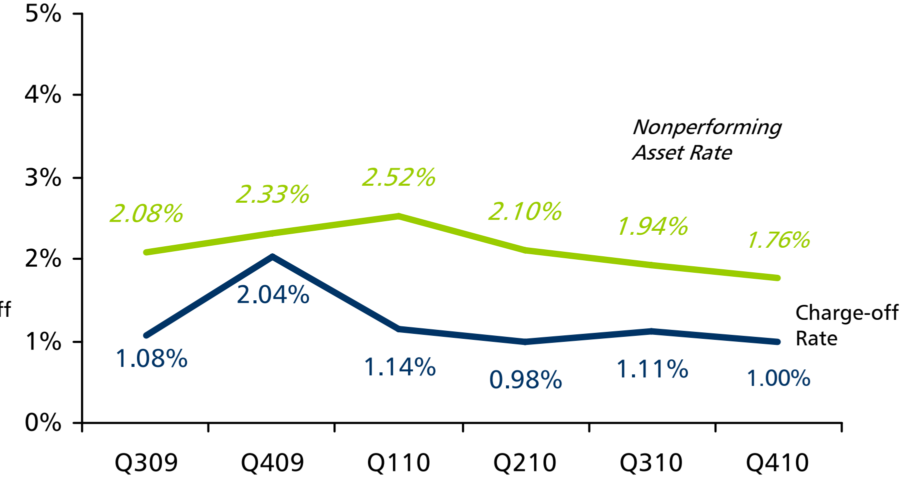
** Average assets for Q4*

Commercial Banking credit metrics are showing signs of improvement

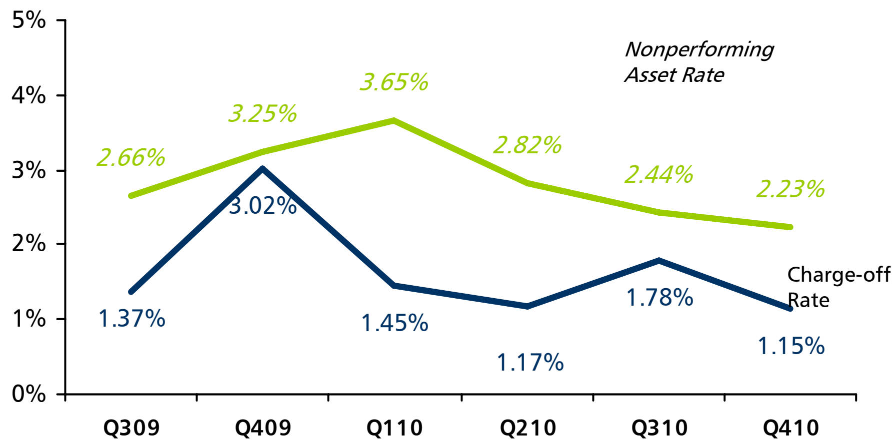
Total Commercial Banking ($29.8B*)



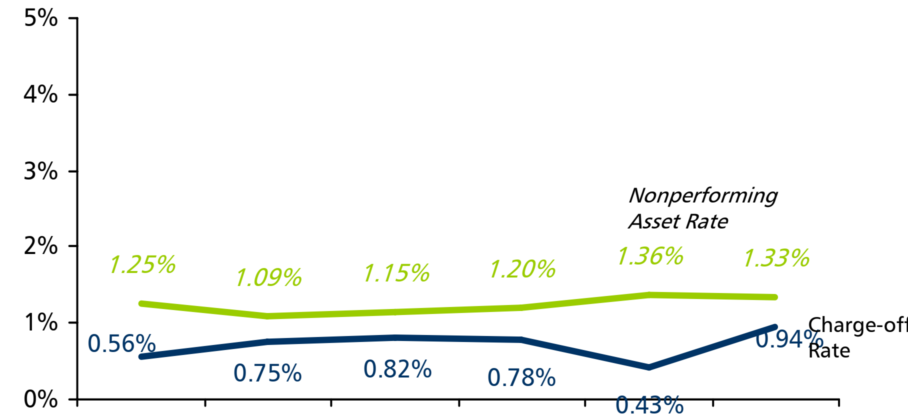
Total Commercial Lending Excluding Small Ticket CRE ($27.9B*)



Commercial & MultiFamily Real Estate ($13.4B*)



Middle Market ($10.5B*)



** Period end assets for Q4*

As a bank with great national lending and local banking businesses, Capital One is well positioned to generate attractive returns

National Lending

- Card
- Auto

• Industry Leading ROA
• Moderate to Strong Growth
• Access to Assets

Local Banking

- Commercial Banking
- Retail Banking

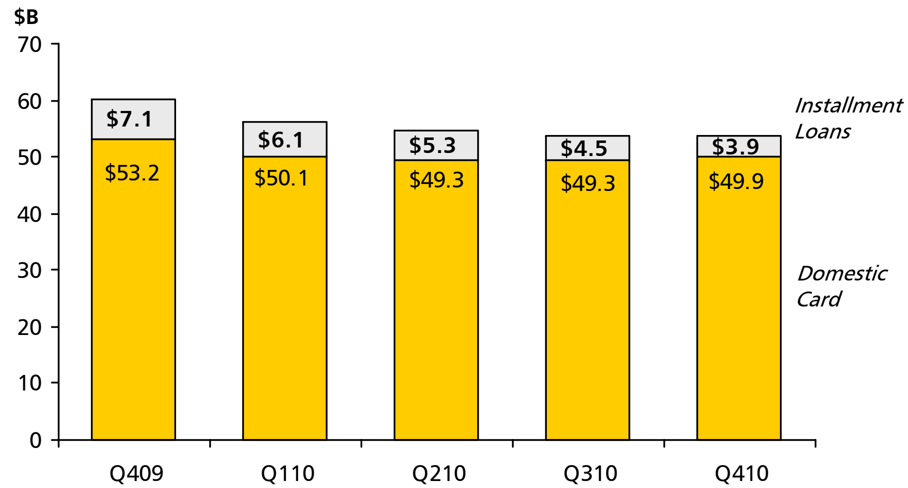
• Low Risk Commercial Assets
• Strong Deposit Growth
• Moderate Loan Growth
• Core Deposit Funding

Powerful Brand, Strong Balance Sheet

Appendix

Excluding “run off” portfolios, ending loan balances grew modestly in Q4

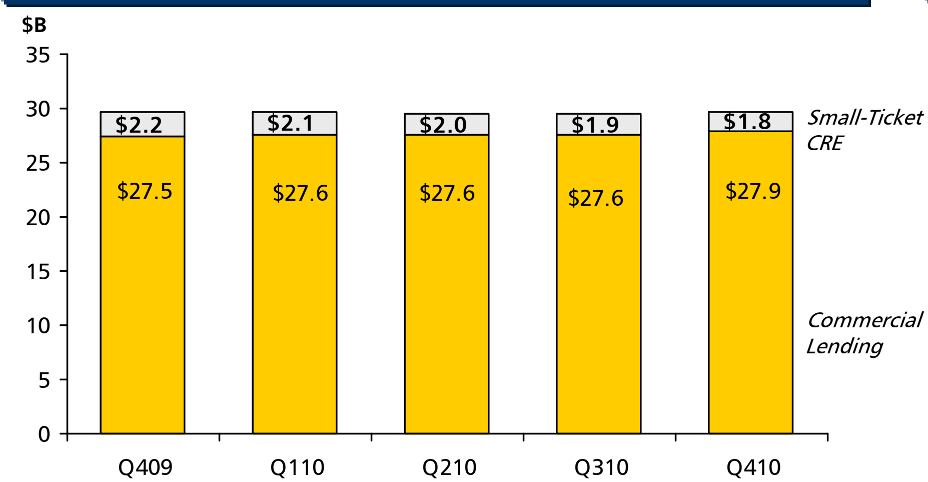
Domestic Card



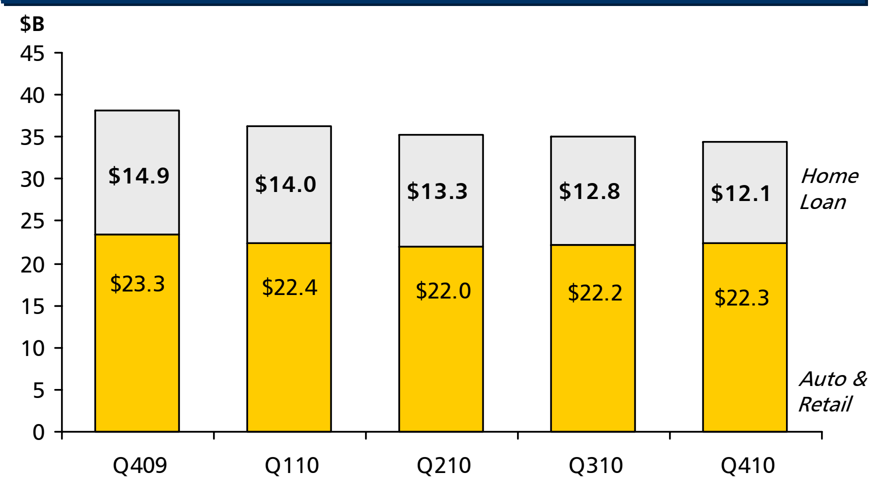
Commentary

- $1.4 billion decline in “run off” portfolios of ILs, Home Loans and Small-Ticket CRE
- Excluding “run off” portfolios, ending loan balances grew $1.0 billion in Q4

Commercial Banking



Consumer Banking



Strong credit continues to drive Domestic Card profits

Domestic Card

(in millions)	Q4 2010	Q3 2010	Q4 2009
Earnings			
Net interest income	1,621	1,691	1,781
Non-interest income	594	575	794
Total revenue	2,215	2,266	2,575
Provision for loan and lease losses	505	577	1,033
Non-interest expenses	935	844	833
Income before taxes	775	845	709
Income taxes	276	301	248
Net income	499	544	461
Selected Metrics			
Period end loans held for investment	53,849	53,839	60,300
Average loans held for investment	53,189	54,049	60,443
Loans held for investment yield	13.57%	13.95%	14.08%
Revenue margin	16.66%	16.77%	17.04%
Net charge-off rate	7.28%	8.23%	9.59%
30+ day performing delinquency rate	4.09%	4.53%	5.78%
Purchase volume	26,985	24,858	24,593

Highlights

- Revenue margin declined by 11 bps from Q3
  - Full quarter of reasonable fees driving lower net interest income
- NIE increase driven by higher marketing and seasonally elevated operating expenses
- Credit improvement continued
  - Lower provision from declining charge-offs
  - Delinquency rate improved 44bps from Q3 despite seasonal pressure
- Ending Loans flat compared to Q3
  - Installment loans run-off offset seasonal growth
  - Excluding IL run off, loans grew $679 million compared to Q3
- Seasonally strong Q4 purchase volume growth was also 10% higher YoY
  - Improving retail sales
  - Shift toward higher spend Rewards products

International Card net income was stable in Q4

International Card

(in million)	Q4 2010	Q3 2010	Q4 2009
Earnings			
Net interest income	249	243	248
Non-interest income	78	96	103
Total revenue	327	339	351
Provision for loan and lease losses	84	83	171
Non-interest expenses	121	134	110
Income before taxes	122	122	70
Income taxes	35	35	21
Net income	87	87	49
Selected Metrics			
Period end loans held for investment	7,522	7,487	8,224
Average loans held for investment	7,419	7,342	8,300
Loans held for investment yield	16.82%	16.62%	15.19%
Revenue margin	17.63%	18.47%	16.90%
Net charge-off rate	6.68%	7.60%	9.52%
30+ day performing delinquency rate	5.75%	5.84%	6.55%
Purchase volume	2,394	2,181	2,273

Highlights

- Revenue decreased slightly in Q4, primarily driven by a decrease in non-interest income in UK
- Non-interest expense decreased due to an adjustment to the reserve for Canada goods and service tax
- Credit improved along with economic improvements in UK and Canada
  - Lower charge-offs drove reduced Provision expense
  - Delinquency rate improved 9bps from Q3
- Ending loans increased slightly in the quarter due to seasonality

Commercial Banking net profits were higher in Q4 driven by lower provision expenses and increased revenue

Commercial Banking

(in millions)

Earnings	Q4 2010	Q3 2010	Q4 2009
Net interest income	336	325	318
Non-interest income	49	30	38
Total revenue	385	355	356
Provision for loan and lease losses	34	95	368
Non-interest expenses	207	199	197
Income (loss) before taxes	144	61	(209)
Income taxes (benefit)	51	22	(73)
Net income (loss)	93	39	(136)

Selected Metrics	Q4 2010	Q3 2010	Q4 2009
Period end loans held for investment	29,742	29,542	29,613
Average loans held for investment	29,617	29,435	29,867
Loans held for investment yield	5.11%	5.13%	5.11%
Period end deposits	22,630	22,100	20,480
Average deposits	22,808	21,899	19,420
Deposit interest expense rate	0.61%	0.67%	0.80%
Core deposit intangible amortization	13	14	14
Net charge-off rate	1.43%	1.27%	2.91%
Non-performing loans as a % of loans HFI	1.66%	1.81%	2.37%
Non-performing asset rate	1.80%	1.94%	2.52%

Highlights

- Revenues increased from Q3 to Q4
  - Modest loan growth with stable loan yield drove higher Net Interest Income
  - Non-interest income increased due to the absence of a Q3 loss on the sale of Greenpoint HFS loans
- Provision expenses decreased due to an allowance release in Q4
- Non-performing loans as a % of loans HFI improved 15 bps compared to Q3
- Deposits grew and deposit interest expense improved in the quarter

Consumer Banking net income decreased due to higher provision expenses and higher non-interest expenses

Consumer Banking

(in millions)

Earnings	Q4 2010	Q3 2010	Q4 2009
Net interest income	950	946	833
Non-interest income	196	196	153
Total revenue	1,146	1,142	986
Provision for loan and lease losses	189	114	249
Non-interest expenses	770	757	749
Income (loss) before taxes	187	271	(12)
Income taxes (benefit)	67	96	(4)
Net income (loss)	120	175	(8)
Selected Metrics			
Period end loans held for investment	34,383	34,997	38,214
Average loans held for investment	34,751	35,090	39,114
Loans held for investment yield	9.20%	9.28%	8.83%
Auto loan originations	2,217	2,439	1,018
Period end deposits	82,959	79,506	74,145
Average deposits	81,834	78,224	72,976
Deposit interest expense rate	1.13%	1.18%	1.41%
Core deposit intangible amortization	34	36	40
Net charge-off rate	1.98%	1.79%	2.85%
Non-performing loans as a % of loans HFI	1.97%	1.92%	1.45%
Non-performing asset rate	2.17%	2.11%	1.60%
30+ day performing delinquency rate	4.57%	4.40%	5.43%
Period end loans serviced for others	20,019	20,298	30,283

Highlights

- Revenue stable in Q4
- Non-interest expenses increased slightly due primarily to higher marketing
- Provision expense increased
  - – Higher NACO and a modest allowance build in Mortgage
  - – Auto Finance credit performance remained strong
- Ending loans declined $0.6B from Q3
  - - Continuing run off in Home Loans
  - - Modest growth in Auto loans
  - - Q3 and Q4 Auto loan originations equivalent to $9 billion annual “run rate”
- Strong deposit growth with continued improvement in the deposit interest expense rate

Capital One℠