

News Release



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FOR IMMEDIATE RELEASE: July 18, 2019

Capital One Reports Second Quarter 2019 Net Income of \$1.6 billion, or \$3.24 per share

Excluding adjusting items, Second Quarter 2019 Net Income of \$3.37 per share⁽¹⁾

McLean, Va. (July 18, 2019) – Capital One Financial Corporation (NYSE: COF) today announced net income for the second quarter of 2019 of \$1.6 billion, or \$3.24 per diluted common share, compared with net income of \$1.4 billion, or \$2.86 per diluted common share in the first quarter of 2019, and with net income of \$1.9 billion, or \$3.71 per diluted common share in the second quarter of 2018. Excluding adjusting items, net income for the second quarter of 2019 was \$3.37 per diluted common share⁽¹⁾.

“In the second quarter, Capital One continued to post solid results as we invest to grow and to drive our digital transformation,” said Richard D. Fairbank, Founder, Chairman and Chief Executive Officer. “As the benefits from our digital transformation continue and increase, we are well positioned to succeed in a rapidly changing marketplace and create long-term shareholder value.”

Adjusting items in the second quarter of 2019, which are excluded from diluted earning per sharing (EPS), efficiency ratio and operating efficiency ratio metrics (see Table 15 in our Financial Supplement for additional information):

| | Pre-Tax | Diluted EPS |
|---|---------|-------------|
| <i>(Dollars in millions, except per share data)</i> | Impact | Impact |
| Walmart launch and related integration expenses | \$ (54) | \$ (0.09) |
| Restructuring charges | (28) | (0.04) |

The quarter included one notable item:

| | Pre-Tax | Diluted EPS |
|---|---------|-------------|
| <i>(Dollars in millions, except per share data)</i> | Impact | Impact |
| Sale of partnership receivables | \$ 128 | \$ 0.21 |

⁽¹⁾ Amounts excluding adjusting items are non-GAAP measures that we believe help investors and users of our financial information understand the effect of adjusting items on our selected reported results and provide alternate measurements of our performance, both in the current period and across periods. See Table 15 in Exhibit 99.2 for a reconciliation of our selected reported results to these non-GAAP measures.

All comparisons below are for the second quarter of 2019 compared with the first quarter of 2019 unless otherwise noted.

Second Quarter 2019 Income Statement Summary:

- Total net revenue increased 1 percent to \$7.1 billion.
- Total non-interest expense increased 3 percent to \$3.8 billion:
 - 6 percent increase in marketing.
 - 3 percent increase in operating expenses.
- Pre-provision earnings decreased 2 percent to \$3.3 billion⁽²⁾.
- Provision for credit losses decreased 21 percent to \$1.3 billion:
 - Net charge-offs of \$1.5 billion.
 - \$166 million reserve release.
- Net interest margin of 6.80 percent, decreased 6 basis points.
- Efficiency ratio of 53.05 percent.
 - Efficiency ratio excluding adjusting items of 51.90 percent⁽¹⁾.
- Operating efficiency ratio of 45.38 percent.
 - Operating efficiency ratio excluding adjusting items of 44.24 percent⁽¹⁾.

Second Quarter 2019 Balance Sheet Summary:

- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 12.3 percent at June 30, 2019.
- Period-end loans held for investment in the quarter increased \$4.2 billion, or 2 percent, to \$244.5 billion.
 - Credit Card period-end loans increased \$2.3 billion, or 2 percent, to \$112.1 billion.
 - Domestic Card period-end loans increased \$1.9 billion, or 2 percent, to \$103.0 billion.
 - Consumer Banking period-end loans increased \$1.1 billion, or 2 percent, to \$60.3 billion.
 - Auto period-end loans increased \$1.1 billion, or 2 percent, to \$57.6 billion.
 - Commercial Banking period-end loans increased \$803 million, or 1 percent, to \$72.0 billion.
- Average loans held for investment in the quarter increased \$694 million, or less than 1 percent, to \$242.7 billion.
 - Credit Card average loans decreased \$658 million, or 1 percent, to \$110.8 billion.
 - Domestic Card average loans decreased \$737 million, or 1 percent, to \$101.9 billion.
 - Consumer Banking average loans increased \$793 million, or 1 percent, to \$59.9 billion.
 - Auto average loans increased \$836 million, or 1 percent, to \$57.1 billion.
 - Commercial Banking average loans increased \$559 million, or 1 percent, to \$72.0 billion.

⁽¹⁾ Amounts excluding adjusting items are non-GAAP measures that we believe help investors and users of our financial information understand the effect of adjusting items on our selected reported results and provide alternate measurements of our performance, both in the current period and across periods. See Table 15 in Exhibit 99.2 for a reconciliation of our selected reported results to these non-GAAP measures.

⁽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.

- Period-end total deposits decreased \$572 million, or less than 1 percent, to \$254.5 billion, while average deposits increased \$2.2 billion, or 1 percent, to \$253.6 billion.
- Interest-bearing deposits rate paid increased 7 basis points to 1.51 percent.

Earnings Conference Call Webcast Information

The company will hold an earnings conference call on July 18, 2019 at 5:00 PM Eastern Time. The conference call will be accessible through live webcast. Interested investors and other individuals can access the webcast via the company's home page (www.capitalone.com). Under "About," choose "Investors" to access the Investor Center and view and/or download the earnings press release, the financial supplement, including a reconciliation of non-GAAP financial measures, and the earnings release presentation. The replay of the webcast will be archived on the company's website through August 1, 2019 at 5:00 PM Eastern Time.

Forward-Looking Statements

Certain statements in this release may constitute forward-looking statements, which involve a number of risks and uncertainties. Capital One cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information due to a number of factors, including those 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, 2018.

About Capital One

Capital One Financial Corporation (www.capitalone.com) is a financial holding company whose subsidiaries, which include Capital One, N.A., and Capital One Bank (USA), N.A., had \$254.5 billion in deposits and \$373.6 billion in total assets as of June 30, 2019. Headquartered in McLean, Virginia, Capital One offers a broad spectrum of financial products and services to consumers, small businesses and commercial clients through a variety of channels. Capital One, N.A. has branches located primarily in New York, Louisiana, Texas, Maryland, Virginia, New Jersey and the District of Columbia. A Fortune 500 company, Capital One trades on the New York Stock Exchange under the symbol "COF" and is included in the S&P 100 index.

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