



Third Quarter 2014 Results

October 16, 2014

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, 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 infrastructure suitable for the nature of its business; 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 experienced personnel to assist in the management and operations 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, 2013.

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 October, 16, 2014, available on its website at www.capitalone.com under "Investors."

Third Quarter 2014 Results

Income Statement

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

	2014		2013		2014 Q3 vs.		
	Q3	Q2	Q1	Q4	Q3	2014 Q2	2013 Q3
Earnings:							
Net interest income	\$ 4,497	\$ 4,315	\$ 4,350	\$ 4,423	\$ 4,560	4%	(1)%
Non-interest income	1,142	1,153	1,020	1,121	1,091	(1)	5
Total net revenue	5,639	5,468	5,370	5,544	5,651	3	—
Provision for credit losses	993	704	735	957	849	41	17
Non-interest expense:							
Marketing	392	335	325	427	299	17	31
Amortization of intangibles	130	136	143	166	161	(4)	(19)
Acquisition-related	13	18	23	60	37	(28)	(65)
Operating expenses	2,450	2,490	2,441	2,582	2,612	(2)	(6)
Total non-interest expense	2,985	2,979	2,932	3,235	3,109	—	(4)
Income from continuing operations before income taxes	1,661	1,785	1,703	1,352	1,693	(7)	(2)
Income tax provision	536	581	579	477	575	(8)	(7)
Income from continuing operations, net of tax	1,125	1,204	1,124	875	1,118	(7)	1
Income (loss) from discontinued operations, net of tax	(44)	(10)	30	(23)	(13)	340	238
Net income	1,081	1,194	1,154	852	1,105	(9)	(2)
Dividends and undistributed earnings allocated to participating securities	(5)	(4)	(5)	(4)	(5)	25	—
Preferred stock dividends	(20)	(13)	(13)	(13)	(13)	54	54
Net income available to common stockholders	\$ 1,056	\$ 1,177	\$ 1,136	\$ 835	\$ 1,087	(10)	(3)
Diluted earnings per common share:							
Net income from continuing operations	\$ 1.94	\$ 2.06	\$ 1.91	\$ 1.46	\$ 1.86	(6)	4
Income (loss) from discontinued operations	(0.08)	(0.02)	0.05	(0.03)	(0.02)	300	300
Net income per diluted common share	\$ 1.86	\$ 2.04	\$ 1.96	\$ 1.43	\$ 1.84	(9)	1

Third Quarter 2014 Highlights

- Q3 2014 net income of \$1.1 billion, or \$1.86 per share; pre-provision earnings before tax of \$2.7 billion
- Q3 2014 return on average tangible common equity¹ of 15.73%
- Higher provision for credit losses – net charge-offs of \$756 million; \$214 million allowance build
- Mortgage representation & warranty provision of \$70 million (\$44 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 October 16, 2014 for additional information

Net Interest Margin

Average Balances, Net Interest Income and Net Interest Margin

<i>(Dollars in millions) (unaudited)</i>	2014 Q3			2014 Q2			2013 Q3		
	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate	Average Balance	Interest Income/Expense	Yield/Rate
Interest-earning assets:									
Loans, including loans held for sale	\$ 200,066	\$ 4,463	8.92%	\$ 195,322	\$ 4,279	8.76%	\$ 195,839	\$ 4,579	9.35%
Investment securities	62,582	398	2.54	62,518	409	2.62	63,317	396	2.50
Cash equivalents and other	6,242	26	1.67	5,730	24	1.68	5,640	23	1.63
Total interest-earning assets	<u>\$ 268,890</u>	<u>\$ 4,887</u>	<u>7.27</u>	<u>\$ 263,570</u>	<u>\$ 4,712</u>	<u>7.15</u>	<u>\$ 264,796</u>	<u>\$ 4,998</u>	<u>7.55</u>
Interest-bearing liabilities:									
Interest-bearing deposits	\$ 179,928	\$ 271	0.60	\$ 182,053	\$ 272	0.60	\$ 186,752	\$ 309	0.66
Securitized debt obligations	10,110	32	1.27	10,731	39	1.45	10,243	42	1.64
Senior and subordinated notes	17,267	71	1.64	16,004	78	1.95	12,314	76	2.47
Other borrowings	12,937	16	0.49	8,923	8	0.36	13,798	11	0.32
Total interest-bearing liabilities	<u>\$ 220,242</u>	<u>\$ 390</u>	<u>0.71</u>	<u>\$ 217,711</u>	<u>\$ 397</u>	<u>0.73</u>	<u>\$ 223,107</u>	<u>\$ 438</u>	<u>0.79</u>
Net interest income/spread		<u>\$ 4,497</u>	<u>6.56</u>		<u>\$ 4,315</u>	<u>6.42</u>		<u>\$ 4,560</u>	<u>6.76</u>
Impact of non-interest bearing funding			<u>0.13</u>			<u>0.13</u>			<u>0.13</u>
Net interest margin			<u>6.69%</u>			<u>6.55%</u>			<u>6.89%</u>

Third Quarter 2014 Highlights

- 14 bps increase in Net Interest Margin quarter-over-quarter primarily driven by one additional day in Q3 2014 and loan mix

Capital

- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 12.7% at September 30, 2014
- Common equity Tier 1 capital ratio under Basel III Advanced Approach was above 8%¹ target at September 30, 2014
- Reduced net common shares outstanding by 3 million shares in Q3 2014 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

	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2014 Q3 vs.	
						2014 Q2	2013 Q3
<i>(Dollars in millions) (unaudited)</i>							
Credit Card							
Earnings:							
Net interest income	\$ 2,627	\$ 2,461	\$ 2,525	\$ 2,576	\$ 2,757	7 %	(5) %
Non-interest income	846	839	785	833	834	1	1
Total net revenue	3,473	3,300	3,310	3,409	3,591	5	(3)
Provision for credit losses	787	549	558	751	617	43	28
Non-interest expense	1,730	1,719	1,726	1,868	1,904	1	(9)
Income from continuing operations before taxes	956	1,032	1,026	790	1,070	(7)	(11)
Income tax provision	332	364	358	274	376	(9)	(12)
Income from continuing operations, net of tax	\$ 624	\$ 668	\$ 668	\$ 516	\$ 694	(7)	(10)
Selected performance metrics:							
Period-end loans held for investment	\$ 80,631	\$ 79,018	\$ 75,850	\$ 81,305	\$ 77,967	2	3
Average loans held for investment	79,494	76,997	77,502	78,267	77,729	3	2
Average yield on loans held for investment	14.65 %	14.22 %	14.43 %	14.64 %	15.72 %	43 bps	(107) bps
Total net revenue margin	17.48	17.14	17.08	17.43	18.48	34	(100)
Net charge-off rate	2.88	3.56	4.02	3.98	3.78	(68)	(90)
30+ day performing delinquency rate	3.22	2.89	3.08	3.46	3.51	33	(29)
30+ day delinquency rate	3.29	2.97	3.16	3.54	3.60	32	(31)
Nonperforming loan rate	0.09	0.10	0.11	0.11	0.12	(1)	(3)
Card loan premium amortization and other intangible accretion	\$ 18	\$ 31	\$ 37	\$ 39	\$ 45	(42) %	(60) %
PCCR intangible amortization	90	94	98	102	106	(4)	(15)
Purchase volume	57,474	56,358	47,434	54,245	50,943	2	13

Domestic Card

Domestic Card Performance Metrics

	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2014 Q3 vs.	
						2014 Q2	2013 Q3
<i>(Dollars in millions) (unaudited)</i>							
Domestic Card							
Earnings:							
Net interest income	\$ 2,361	\$ 2,193	\$ 2,255	\$ 2,303	\$ 2,492	8 %	(5) %
Non-interest income	763	768	702	747	749	(1)	2
Total net revenue	3,124	2,961	2,957	3,050	3,241	6	(4)
Provision for credit losses	738	504	486	679	529	46	40
Non-interest expense	1,530	1,513	1,545	1,664	1,713	1	(11)
Income from continuing operations before taxes	856	944	926	707	999	(9)	(14)
Income tax provision	306	337	331	252	355	(9)	(14)
Income from continuing operations, net of tax	\$ 550	\$ 607	\$ 595	\$ 455	\$ 644	(9)	(15)
Selected performance metrics:							
Period-end loans held for investment	\$ 73,143	\$ 71,165	\$ 68,275	\$ 73,255	\$ 69,936	3	5
Average loans held for investment	71,784	69,376	69,810	70,368	69,947	3	3
Average yield on loans held for investment	14.46 %	13.95 %	14.19 %	14.44 %	15.65 %	51 bps	(119) bps
Total net revenue margin	17.41	17.07	16.94	17.34	18.53	34	(112)
Net charge-off rate	2.83	3.52	4.01	3.89	3.67	(69)	(84)
30+ day performing delinquency rate	3.21	2.83	3.02	3.43	3.46	38	(25)
30+ day delinquency rate	3.21	2.83	3.02	3.43	3.46	38	(25)
Purchase volume	\$ 53,690	\$ 52,653	\$ 44,139	\$ 50,377	\$ 47,420	2 %	13 %

Third Quarter 2014 Highlights

- Ending loans up 5% year-over-year, 3% quarter-over-quarter
- General purpose credit card¹ purchase volume up 17.5% year-over-year
- Seasonal increase in revenue margin, to 17.4%
- Non-interest expense up \$17 million in the quarter driven by higher marketing expense
- Charge-off rate at 2.8%, unusually low due to seasonality, temporary strength in delinquencies earlier in 2014 and loan growth

¹ Includes Branded & Co-Branded credit cards

Consumer Banking

Consumer Banking Performance Metrics

	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2014 Q3 vs.	
						2014 Q2	2013 Q3
<i>(Dollars in millions) (unaudited)</i>							
Consumer Banking							
Earnings:							
Net interest income	\$ 1,425	\$ 1,431	\$ 1,433	\$ 1,468	\$ 1,481	— %	(4) %
Non-interest income	179	170	150	195	184	5	(3)
Total net revenue	1,604	1,601	1,583	1,663	1,665	—	(4)
Provision for credit losses	198	143	140	212	202	38	(2)
Non-interest expense	956	938	930	1,018	927	2	3
Income from continuing operations before taxes	450	520	513	433	536	(13)	(16)
Income tax provision	161	186	183	154	191	(13)	(16)
Income from continuing operations, net of tax	\$ 289	\$ 334	\$ 330	\$ 279	\$ 345	(13)	(16)
Selected performance metrics:							
Period-end loans held for investment	\$ 71,061	\$ 71,062	\$ 70,727	\$ 70,762	\$ 71,285	—	—
Average loans held for investment	71,048	70,884	70,663	71,033	71,664	—	(1)
Average yield on loans held for investment	6.18 %	6.22 %	6.18 %	6.30 %	6.21 %	(4) bps	(3) bps
Auto loan originations	\$ 5,410	\$ 5,376	\$ 4,727	\$ 4,322	\$ 4,752	1 %	14 %
Period-end deposits	167,624	169,153	171,529	167,652	168,437	(1)	—
Average deposits	168,407	169,694	168,676	167,870	169,082	(1)	—
Average deposit interest rate	0.58 %	0.57 %	0.57 %	0.60 %	0.63 %	1 bps	(5) bps
Core deposit intangible amortization	\$ 26	\$ 28	\$ 30	\$ 32	\$ 34	(7) %	(24) %
Net charge-off rate	1.07 %	0.69 %	0.84 %	1.09 %	0.95 %	38 bps	12 bps
30+ day performing delinquency rate	3.22	2.91	2.57	3.20	2.82	31	40
30+ day delinquency rate	3.82	3.49	3.14	3.89	3.46	33	36

Third Quarter 2014 Highlights

- Ending loans down modestly; auto loans growth offset by home loans run-off
- Ending deposits down ~1%, driven by planned run-off of higher-cost deposits
- Revenue down 4% from the prior year, driven by low interest rates, yield compression in auto loans and home loans run-off; partially offset by auto loan growth
- Credit trends and provision expense reflect seasonal increase in auto charge-offs and continuing stability in home loans charge-offs

Commercial Banking

Commercial Banking Performance Metrics

	2014	2014	2014	2013	2013	2014 Q3 vs.	
						2014	2013
(Dollars in millions) (unaudited)	Q3	Q2	Q1	Q4	Q3	Q2	Q3
Commercial Banking							
Earnings:							
Net interest income	\$ 439	\$ 436	\$ 421	\$ 447	\$ 424	1 %	4 %
Non-interest income	122	109	87	131	87	12	40
Total net revenue	561	545	508	578	511	3	10
Provision (benefit) for credit losses	9	12	40	(6)	31	(25)	(71)
Non-interest expense	268	267	255	281	228	—	18
Income from continuing operations before taxes	284	266	213	303	252	7	13
Income tax provision	102	95	76	108	90	7	13
Income from continuing operations, net of tax	\$ 182	\$ 171	\$ 137	\$ 195	\$ 162	6	12
Selected performance metrics:							
Period-end loans held for investment	\$ 49,788	\$ 48,321	\$ 46,230	\$ 45,011	\$ 42,399	3	17
Average loans held for investment	48,766	46,991	45,435	43,359	41,576	4	17
Average yield on loans held for investment	3.39 %	3.50%	3.47%	3.92 %	3.87%	(11) bps	(48) bps
Period-end deposits	\$ 31,918	\$ 31,440	\$ 31,485	\$ 30,567	\$ 30,592	2 %	4 %
Average deposits	31,772	31,238	31,627	31,033	30,685	2	4
Average deposit interest rate	0.24 %	0.24%	0.25%	0.25 %	0.27%	— bps	(3) bps
Core deposit intangible amortization	\$ 5	\$ 5	\$ 6	\$ 6	\$ 6	— %	(17) %
Net charge-off rate	(0.05)%	0.03%	0.04%	(0.05)%	0.07%	(8) bps	(12) bps
Nonperforming loan rate	0.32	0.38	0.33	0.33	0.47	(6)	(15)
Nonperforming asset rate	0.35	0.41	0.36	0.37	0.56	(6)	(21)

Third Quarter 2014 Highlights

- Loan balances up 17% year-over-year, 3% quarter-over-quarter
- Revenues up 10% year-over-year, 3% quarter-over-quarter
- Loan yields down, driven by lower market pricing and move to more variable rate loans
- Non-interest expense up 18% year-over-year, driven by loan and deposit growth and infrastructure investments
- Charge-offs, non-performing loans, and criticized loans improved and remain at exceptionally low levels

We remain focused on delivering value

**Attractive & Resilient Risk
Adjusted Returns**

Capital Distribution