



First Quarter 2017 Results

April 25, 2017

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 April 25, 2017, available on its website at www.capitalone.com under "Investors."

Company Highlights



- Net income for the first quarter of 2017 of \$810 million, or \$1.54 per diluted common share.
 - Excluding adjusting items, net income per diluted common share was \$1.75⁽¹⁾.
- Pre-provision earnings increased 7% to \$3.1 billion for the first quarter of 2017⁽²⁾.
- Efficiency ratio of 52.55% for the first quarter of 2017.
 - Efficiency ratio excluding adjusting items was 51.55% for the first quarter of 2017⁽¹⁾.
- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 10.4% at March 31, 2017.
- Period-end loans held for investment decreased \$5.0 billion, or 2%, to \$240.6 billion.
- Average loans held for investment increased \$1.5 billion, or less than 1%, to \$241.5 billion.
- Period-end total deposits increased \$4.4 billion, or 2%, to \$241.2 billion.
- Average deposits increased \$6.3 billion, or 3%, to \$238.6 billion.

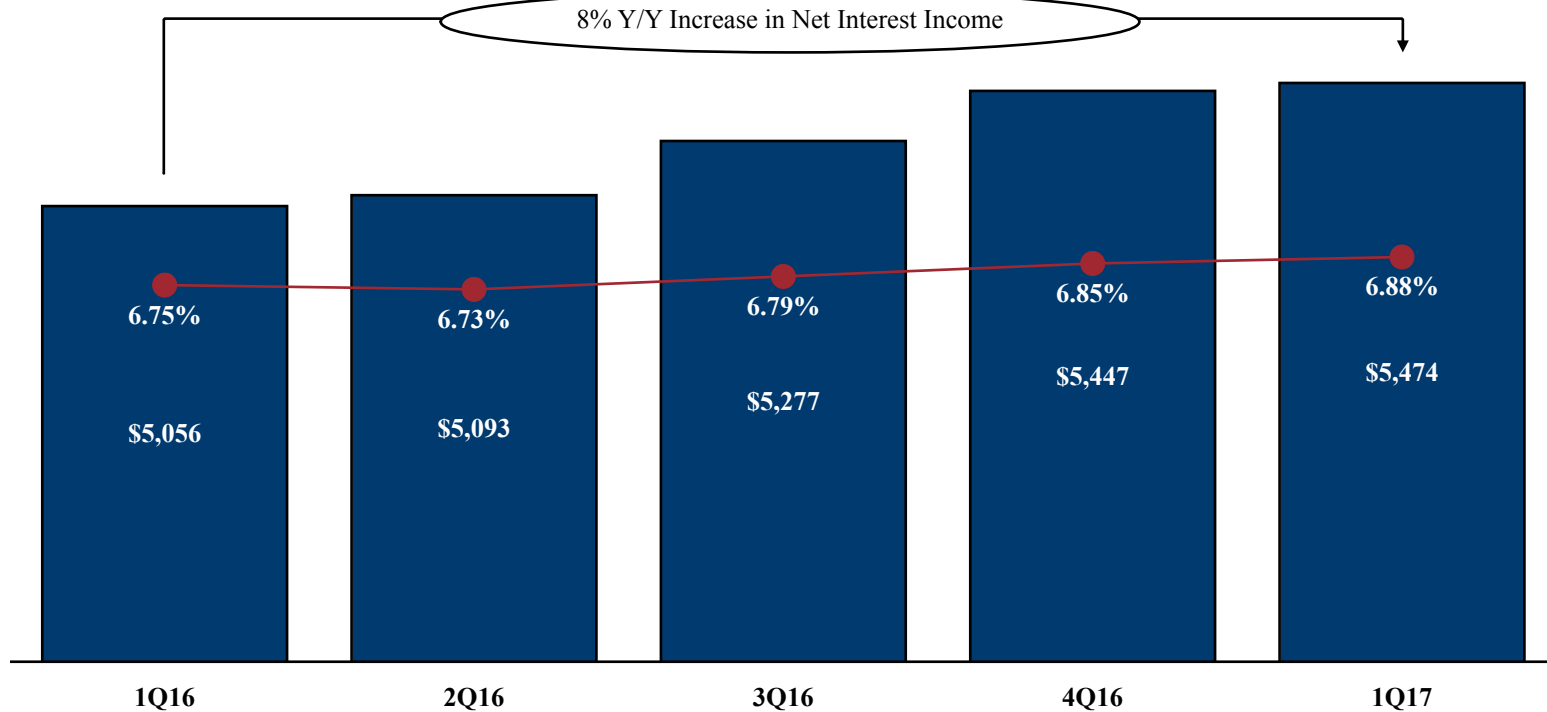
Note: All comparisons are for the first quarter of 2017 compared with the fourth quarter of 2016 unless otherwise noted.

⁽¹⁾ Amounts excluding adjusting items are non-GAAP measures. See Appendix 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

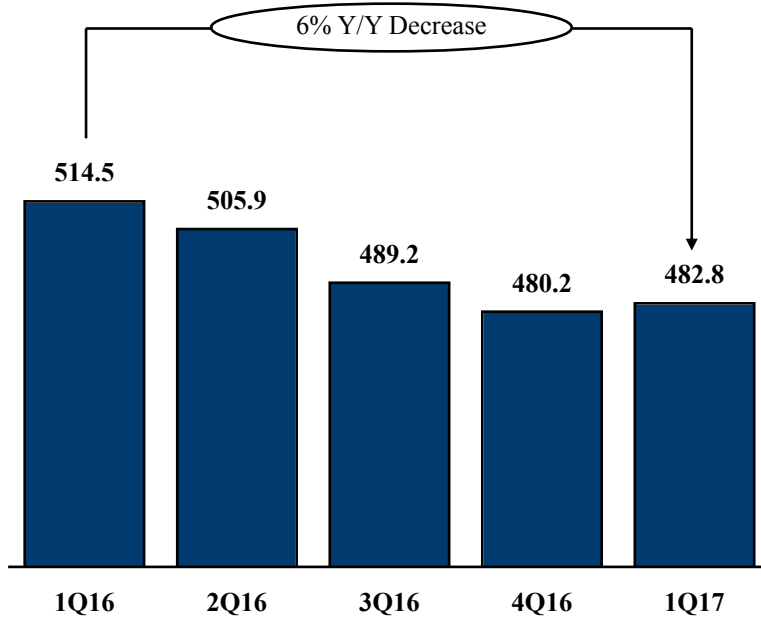
Net Interest Income (\$M) and Net Interest Margin



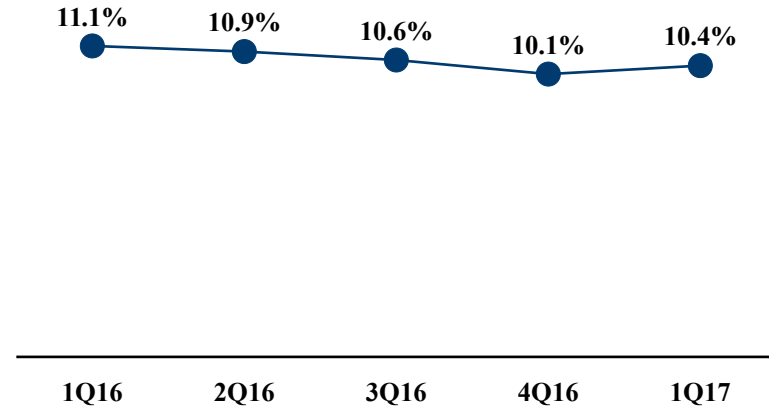
First Quarter 2017 Highlights

- Net interest margin increased 3 basis points quarter-over-quarter primarily driven by higher interest rates, partially offset by two fewer days to recognize income.
- Net interest margin increased 13 basis points year-over-year primarily driven by higher interest rates and growth in our Domestic Card business, partially offset by one less day to recognize income.

Ending Common Shares Outstanding (M)



Common Equity Tier 1 Capital Ratio

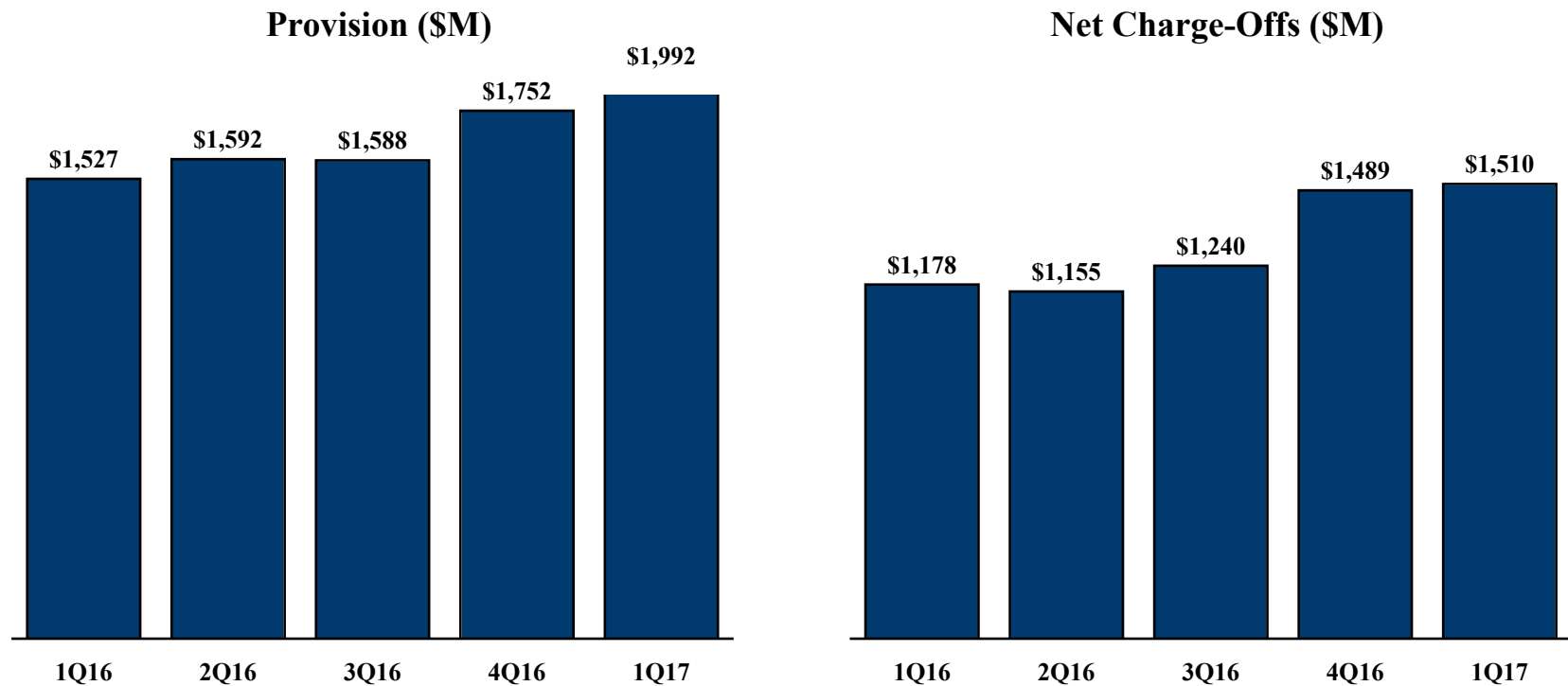


First Quarter 2017 Highlights

- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 10.4% at March 31, 2017.
- We exceeded the fully phased-in LCR requirement at March 31, 2017⁽¹⁾.

Note: Regulatory capital metrics and capital ratios as of March 31, 2017 are preliminary and therefore subject to change.

⁽¹⁾ Based on our current interpretations, expectations and assumptions of the relevant regulations.



First Quarter 2017 Highlights

- Net charge-off rate of 2.50%.
- Allowance increased to \$7.0 billion.
- Allowance as a percentage of loans held for investment of 2.90%.

Financial Summary—Business Segment Results



<i>(Dollars in millions)</i>	Three Months Ended March 31, 2017				
	Credit Card	Consumer Banking	Commercial Banking	Other	Total
Net interest income	\$ 3,346	\$ 1,517	\$ 566	\$ 45	\$ 5,474
Non-interest income	738	195	158	(30)	1,061
Total net revenue	4,084	1,712	724	15	6,535
Provision (benefit) for credit losses	1,717	279	(2)	(2)	1,992
Non-interest expense	1,929	1,042	391	72	3,434
Income (loss) from continuing operations before income taxes	438	391	335	(55)	1,109
Income tax provision (benefit)	167	143	122	(118)	314
Income from continuing operations, net of tax	\$ 271	\$ 248	\$ 213	\$ 63	\$ 795

(Dollars in millions, except as noted)

	2017 Q1 vs.				
	2017 Q1	2016 Q4	2016 Q1	2016 Q4	2016 Q1
Earnings:					
Net interest income	\$ 3,346	\$ 3,353	\$ 3,033	—	10%
Non-interest income	738	849	847	(13)%	(13)
Total net revenue	4,084	4,202	3,880	(3)	5
Provision for credit losses	1,717	1,322	1,071	30	60
Non-interest expense	1,929	2,073	1,863	(7)	4
Pre-tax income	438	807	946	(46)	(54)
Selected performance metrics:					
Period-end loans held for investment	99,213	105,552	92,699	(6)	7
Average loans held for investment	101,169	100,791	92,987	—	9
Total net revenue margin	16.14%	16.68%	16.69%	(54)bps	(55)bps
Net charge-off rate	5.02	4.56	4.09	46	93
Purchase volume	\$ 73,197	\$ 82,824	\$ 68,189	(12)%	7%

First Quarter 2017 Highlights

- Ending loans up \$6.5 billion, or 7%, year-over-year; average loans up \$8.2 billion, or 9%, year-over-year.
- Purchase volume up 7% year-over-year.
- Revenue up \$204 million, or 5%, year-over-year.
- Revenue margin of 16.14%.
- Non-interest expense up \$66 million, or 4%, year-over-year.
- Provision for credit losses up \$646 million year-over-year.
- Net charge-off rate up 93 basis points year-over-year to 5.02%.

(Dollars in millions, except as noted)

	2017 Q1 vs.				
	2017 Q1	2016 Q4	2016 Q1	2016 Q4	2016 Q1
Earnings:					
Net interest income	\$ 3,093	\$ 3,090	\$ 2,756	—	12%
Non-interest income	699	791	774	(12)%	(10)
Total net revenue	3,792	3,881	3,530	(2)	7
Provision for credit losses	1,637	1,229	972	33	68
Non-interest expense	1,717	1,859	1,671	(8)	3
Pre-tax income	438	793	887	(45)	(51)
Selected performance metrics:					
Period-end loans held for investment	91,092	97,120	84,561	(6)	8
Average loans held for investment	93,034	92,623	85,148	—	9
Total net revenue margin	16.30%	16.76%	16.58%	(46)bps	(28)bps
Net charge-off rate	5.14	4.66	4.16	48	98
Purchase volume	\$ 66,950	\$ 75,639	\$ 62,617	(11)%	7%

First Quarter 2017 Highlights

- Ending loans up \$6.5 billion, or 8%, year-over-year; average loans up \$7.9 billion, or 9%, year-over-year.
- Purchase volume up 7% year-over-year.
- Revenue up \$262 million, or 7%, year-over-year.
- Revenue margin of 16.30%.
- Non-interest expense up \$46 million, or 3%, year-over-year.
- Provision for credit losses up \$665 million year-over-year.
- Net charge-off rate up 98 basis points year-over-year to 5.14%.

(Dollars in millions, except as noted)

	2017 Q1 vs.				
	2017 Q1	2016 Q4	2016 Q1	2016 Q4	2016 Q1
Earnings:					
Net interest income	\$ 1,517	\$ 1,498	\$ 1,420	1%	7%
Non-interest income	195	166	191	17	2
Total net revenue	1,712	1,664	1,611	3	6
Provision for credit losses	279	365	230	(24)	21
Non-interest expense	1,042	1,109	990	(6)	5
Pre-tax income	391	190	391	106	—
Selected performance metrics:					
Period-end loans held for investment	73,982	73,054	70,591	1	5
Average loans held for investment	73,331	72,659	70,296	1	4
Auto loan originations	7,025	6,542	5,844	7	20
Period-end deposits	188,216	181,917	177,803	3	6
Average deposits	183,936	180,019	174,254	2	6
Average deposits interest rate	0.57%	0.57%	0.54%	—	3bps
Net charge-off rate	1.19	1.45	1.04	(26)bps	15

First Quarter 2017 Highlights

- Ending loans up \$3.4 billion, or 5%, year-over-year; average loans up \$3.0 billion, or 4%, year-over-year.
- Ending deposits of \$188.2 billion, up 6% year-over-year.
- Auto loan originations up \$1.2 billion, or 20%, year-over-year.
- Revenue up \$101 million, or 6%, year-over-year.
- Provision for credit losses up \$49 million year-over-year.
- Non-interest expense up \$52 million, or 5%, year-over-year.

	2017 Q1 vs.				
	2017 Q1	2016 Q4	2016 Q1	2016 Q4	2016 Q1
<i>(Dollars in millions, except as noted)</i>					
Earnings:					
Net interest income	\$ 566	\$ 565	\$ 537	—	5%
Non-interest income	158	175	118	(10)%	34
Total net revenue	724	740	655	(2)	11
Provision (benefit) for credit losses	(2)	66	228	**	**
Non-interest expense	391	393	322	(1)	21
Pre-tax income	335	281	105	19	219
Selected performance metrics:					
Period-end loans held for investment	67,320	66,916	64,241	1	5
Average loans held for investment	66,938	66,515	63,375	1	6
Period-end deposits	33,735	33,866	33,383	—	1
Average deposits	34,219	34,029	34,076	1	—
Average deposits interest rate	0.31%	0.30%	0.27%	1bps	4bps
Net charge-off rate	0.14	0.47	0.29	(33)	(15)
Risk category as a percentage of period-end loans held for investment:⁽¹⁾					
Criticized performing	3.7	3.7	4.0	—	(30)
Criticized nonperforming	1.2	1.5	1.6	(30)	(40)

First Quarter 2017 Highlights

- Ending loans up \$3.1 billion, or 5%, year-over-year.
- Average loans up \$3.6 billion, or 6%, year-over-year; average deposits stable year-over-year.
- Revenue up \$69 million, or 11%, year-over-year.
- Non-interest expense up \$69 million, or 21%, year-over-year.
- Provision for credit losses down \$230 million year-over-year.
- Net charge-off rate down 15 basis points year-over-year to 0.14%.
- Criticized performing loan rate of 3.7% and criticized nonperforming loan rate of 1.2%.

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

** Not meaningful.

Appendix

Non-GAAP Measures



<i>(Dollars in millions, except per share data and as noted)</i>	2017			2016			2016			2016			Year Ended December 31,		
	Q1			Q4			Q3			Q2			2016		
	Reported Results	Adj. ⁽¹⁾	Adjusted Results	Reported Results	Adj. ⁽¹⁾	Adjusted Results	Reported Results	Adj. ⁽¹⁾	Adjusted Results	Reported Results	Adj. ⁽¹⁾	Adjusted Results	Reported Results	Adj. ⁽¹⁾	Adjusted Results
Selected income statement data:															
Net interest income	\$ 5,474	\$ 33	\$ 5,507	\$ 5,447	\$ 13	\$ 5,460	\$ 5,277	\$ 34	\$ 5,311	\$ 5,093	\$ 7	\$ 5,100	\$20,873	\$ 54	\$20,927
Non-interest income	1,061	37	1,098	1,119	14	1,133	1,184	13	1,197	1,161	8	1,169	4,628	35	4,663
Total net revenue	6,535	70	6,605	6,566	27	6,593	6,461	47	6,508	6,254	15	6,269	25,501	89	25,590
Provision for credit losses	1,992	—	1,992	1,752	—	1,752	1,588	—	1,588	1,592	—	1,592	6,459	—	6,459
Non-interest expense	3,434	(29)	3,405	3,679	(45)	3,634	3,361	(16)	3,345	3,295	(15)	3,280	13,558	(76)	13,482
Income from continuing operations before income taxes	1,109	99	1,208	1,135	72	1,207	1,512	63	1,575	1,367	30	1,397	5,484	165	5,649
Income tax provision (benefit)	314	(1)	313	342	10	352	496	—	496	424	(7)	417	1,714	3	1,717
Income from continuing operations, net of tax	795	100	895	793	62	855	1,016	63	1,079	943	37	980	3,770	162	3,932
Income (loss) from discontinued operations, net of tax	15	—	15	(2)	—	(2)	(11)	—	(11)	(1)	—	(1)	(19)	—	(19)
Net income	810	100	910	791	62	853	1,005	63	1,068	942	37	979	3,751	162	3,913
Net income available to common stockholders	752	100	852	710	62	772	962	63	1,025	871	37	908	3,513	162	3,675
Selected performance metrics:															
Diluted EPS ⁽²⁾	\$ 1.54	\$ 0.21	\$ 1.75	\$ 1.45	\$ 0.13	\$ 1.58	\$ 1.90	\$ 0.13	\$ 2.03	\$ 1.69	\$ 0.07	\$ 1.76	\$ 6.89	\$ 0.32	\$ 7.21
Efficiency ratio	52.55%	(100)bps	51.55%	56.03%	(91)bps	55.12%	52.02%	(62)bps	51.40%	52.69%	(37)bps	52.32%	53.17%	(49)bps	52.68%

Note: The selected adjusted results presented in this slide are non-GAAP measures. We believe these 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. 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. The table above presents reconciliation of these non-GAAP measures to the applicable amounts measured in accordance with GAAP. The results for Q1 2016 are not included, as there were no adjustments.

⁽¹⁾ In Q1 2017, we recorded a build in the U.K. Payment Protection Insurance customer refund reserve (“U.K. PPI Reserve”) of \$99 million. 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. There were no adjustments to our reported results for Q1 2016.

⁽²⁾ Earnings per share is computed independently for each period. Accordingly, the sum of each quarter amount may not agree to the year-to-date total.

Credit Score Distribution



<i>(Percentage of portfolio)</i>	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Domestic credit card—Refreshed FICO scores:⁽¹⁾					
Greater than 660	63%	64%	64%	65%	65%
660 or below	37	36	36	35	35
Total	100%	100%	100%	100%	100%
Auto—At origination FICO scores:⁽²⁾					
Greater than 660	51%	52%	51%	51%	51%
621 - 660	18	17	17	17	17
620 or below	31	31	32	32	32
Total	100%	100%	100%	100%	100%

⁽¹⁾ Domestic card credit scores generally represent FICO scores. These scores are obtained from one of the major credit bureaus at origination and are refreshed monthly thereafter. We approximate non-FICO credit scores to comparable FICO scores for consistency purposes. Balances for which no credit score is available or the credit score is invalid are included in the 660 or below category.

⁽²⁾ Auto credit scores generally represent average FICO scores obtained from three credit bureaus at the time of application and are not refreshed thereafter. Balances for which no credit score is available or the credit score is invalid are included in the 620 or below category.

Commercial Oil and Gas Portfolio



(Dollars in millions, except as noted)

	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1
Commercial oil and gas portfolio:					
Loans held for investment: ⁽¹⁾					
Exploration and production	\$ 1,333	\$ 1,402	\$ 1,524	\$ 1,600	\$ 1,831
Oilfield services	599	657	705	862	842
Midstream and other	486	472	415	527	544
Total loans held for investment	2,418	2,531	2,644	2,989	3,217
Unfunded exposure:					
Exploration and production	2,086	1,855	1,604	1,629	1,694
Oilfield services	359	365	452	421	441
Midstream and other	661	662	713	611	593
Total unfunded exposure	3,106	2,882	2,769	2,661	2,728
Total commercial oil and gas portfolio maximum credit exposure	\$ 5,524	\$ 5,413	\$ 5,413	\$ 5,650	\$ 5,945
Selected performance metrics:					
Allowance for loan and lease losses	\$ 192	\$ 227	\$ 243	\$ 265	\$ 262
Allowance as a percentage of loans held for investment	7.96%	8.99%	9.18%	8.87%	8.15%
Total reserves ⁽²⁾	\$ 233	\$ 262	\$ 275	\$ 310	\$ 359
Loans as a percentage of total commercial loans held for investment	3.59%	3.78%	3.98%	4.51%	5.01%
Loans as a percentage of total company loans held for investment	1.01	1.03	1.11	1.27	1.41
Criticized performing loan rate	27.27	28.19	29.51	33.05	35.78
Nonperforming loan rate	15.63	20.98	20.80	18.63	19.15

⁽¹⁾ Loans held for investment represents unpaid principal balance less charge-offs.

⁽²⁾ Total reserves represent the allowance for loan and lease losses and the reserve for unfunded lending commitments recorded in other liabilities.

Commercial Taxi Medallion Lending Portfolio



(Dollars in millions, except as noted)

	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1
Commercial taxi medallion lending portfolio:					
Total loans held for investment ⁽¹⁾	\$ 655	\$ 690	\$ 773	\$ 854	\$ 873
Selected performance metrics:					
Allowance for loan and lease losses	\$ 86	\$ 104	\$ 111	\$ 128	\$ 68
Allowance as a percentage of loans held for investment	13.11%	15.09%	14.32%	15.04%	7.78%
Loans as a percentage of total commercial loans held for investment	0.97	1.03	1.16	1.29	1.36
Loans as a percentage of total company loans held for investment	0.27	0.28	0.32	0.36	0.38
Criticized performing loan rate	29.78	29.40	41.32	36.05	40.50
Nonperforming loan rate	52.74	51.46	38.81	37.85	29.93

⁽¹⁾ Total loans held for investment represents unpaid principal balance less charge-offs and reflects our maximum credit exposure for this portfolio.