Third Quarter 2020 Results

October 22, 2020

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.

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Capital One expects that the effects of the COVID-19 pandemic will heighten the risks associated with many of these factors.

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 22, 2020, available on its website at www.capitalone.com under "Investors."

Company Highlights

- Net income for the third quarter of 2020 of $2.4 billion, or $5.06 per diluted common share
  - Excluding adjusting items, net income per diluted common share for the third quarter of 2020 of $5.05[(1)]
- Pre-provision earnings increased 38% to $3.8 billion for the third quarter of 2020[(2)]
- Provision for credit losses of $331 million for the third quarter of 2020
- Efficiency ratio of 48.07% for the third quarter of 2020
  - Efficiency ratio excluding adjusting items was 47.68%[(1)]
- Operating efficiency ratio of 44.24% for the third quarter of 2020
  - Operating efficiency ratio excluding adjusting items was 43.83%[(1)]
- Adjusting items in the quarter, which are excluded from diluted earnings per share (EPS) and efficiency ratio metrics (see slide 15 for additional information):

(Dollars in millions, except per share data)	Pre-Tax Impact	Diluted EPS Impact
U.K. Payment Protection Insurance customer refund reserve release ("U.K. PPI Reserve")	$ 36	$ 0.08
Legal reserve builds	(40)	(0.06)
Cybersecurity Incident expenses, net of insurance	(6)	(0.01)

- The quarter included the following notable items:

(Dollars in millions, except per share data)	Pre-Tax Impact	Diluted EPS Impact
Equity investment gain	$ 470	$ 0.79
Allowance release associated with partnership loans moving to held-for-sale	327	0.54

- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 13.0% at September 30, 2020
- Period-end loans held for investment decreased $3.3 billion to $248.2 billion
- Average loans held for investment decreased $3.8 billion to $249.5 billion
- Period-end total deposits increased $1.5 billion to $305.7 billion
- Average total deposits increased $17.2 billion to $305.5 billion

Note: All comparisons are for the third quarter of 2020 compared with the second quarter of 2020 unless otherwise noted. Regulatory capital metrics and capital ratios as of September 30, 2020 are preliminary and therefore subject to change.

(1) Amounts excluding adjusting items are non-GAAP measures. See Appendix slides 15-16 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.

Allowance and Provision for Credit Losses

(Dollars in millions)	Credit Card	Consumer Banking	Commercial Banking	Total
Allowance for credit losses:				
Balance as of December 31, 2019	$ 5,395	$ 1,038	$ 775	$ 7,208
CECL adoption	2,241	502	102	2,845
Finance charge and fee reserve reclassification	462	0	0	462
Balance as of January 1, 2020	8,098	1,540	877	10,515
Balance as of June 30, 2020	12,091	2,838	1,903	16,832
Net charge-offs	**(943)**	**(48)**	**(82)**	**(1,073)**
Provision (benefit) for credit losses[(1)]	**450**	**(43)**	**(51)**	**356**
Allowance release for credit losses	**(493)**	**(91)**	**(133)**	**(717)**
Balance as of September 30, 2020[(2)]	**$ 11,612**	**$ 2,747**	**$ 1,770**	**$ 16,129**
Allowance coverage ratio as of September 30, 2020	**11.20%**	**4.00%**	**2.33%**	**6.50%**

Third Quarter 2020 Highlights

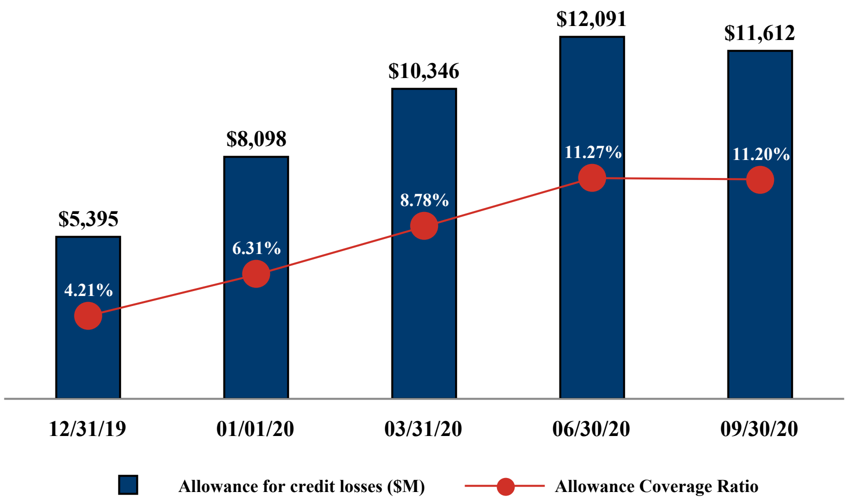
- Allowance release of $717 million primarily driven by the $327 million impact of a partner portfolio moving to held-for-sale and lower outstanding balances in Domestic Card and Commercial Banking
- Allowance coverage ratio of 6.50% at September 30, 2020, compared to 2.71% at December 31, 2019

(1) Does not include $23 million of benefit related to unfunded lending commitment that is recorded in other liabilities in Commercial Banking.

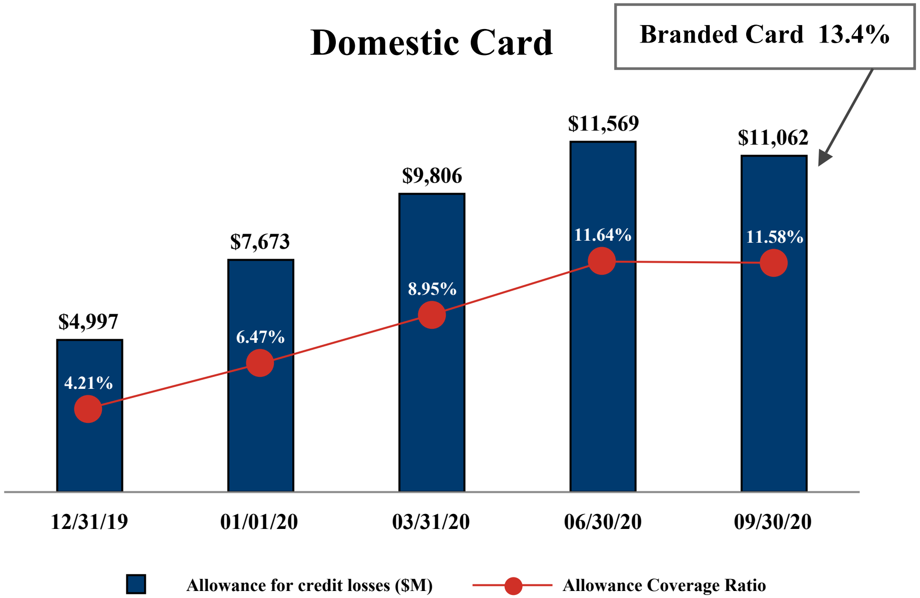
(2) Includes $14 million of foreign currency translation adjustments in Credit Card.

Allowance Coverage Ratios by Segment

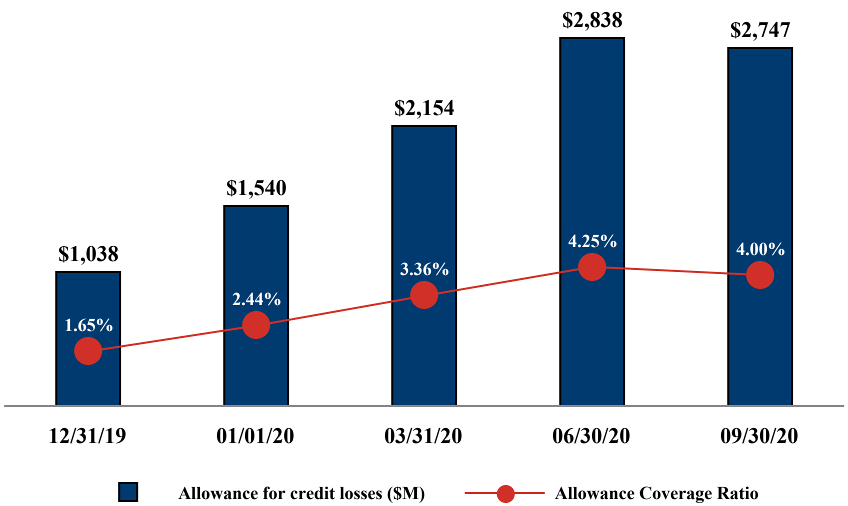
Credit Card



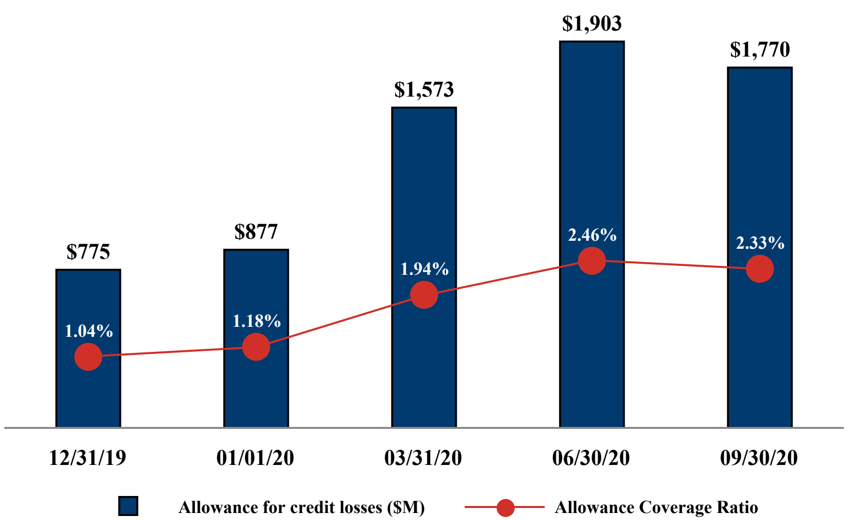
Domestic Card



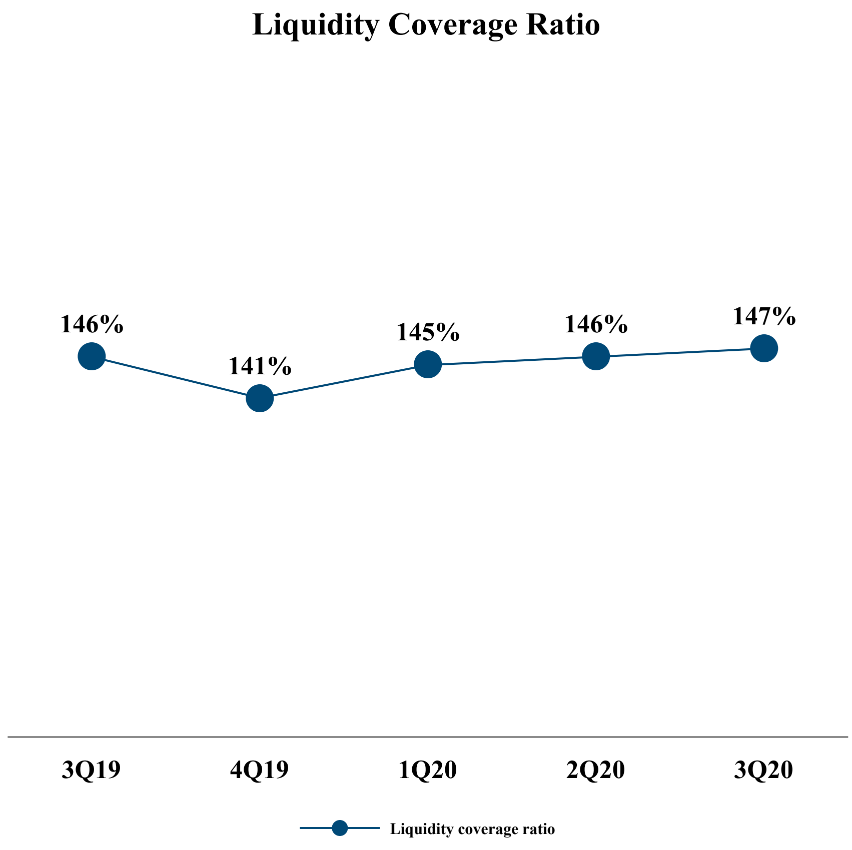
Consumer Banking

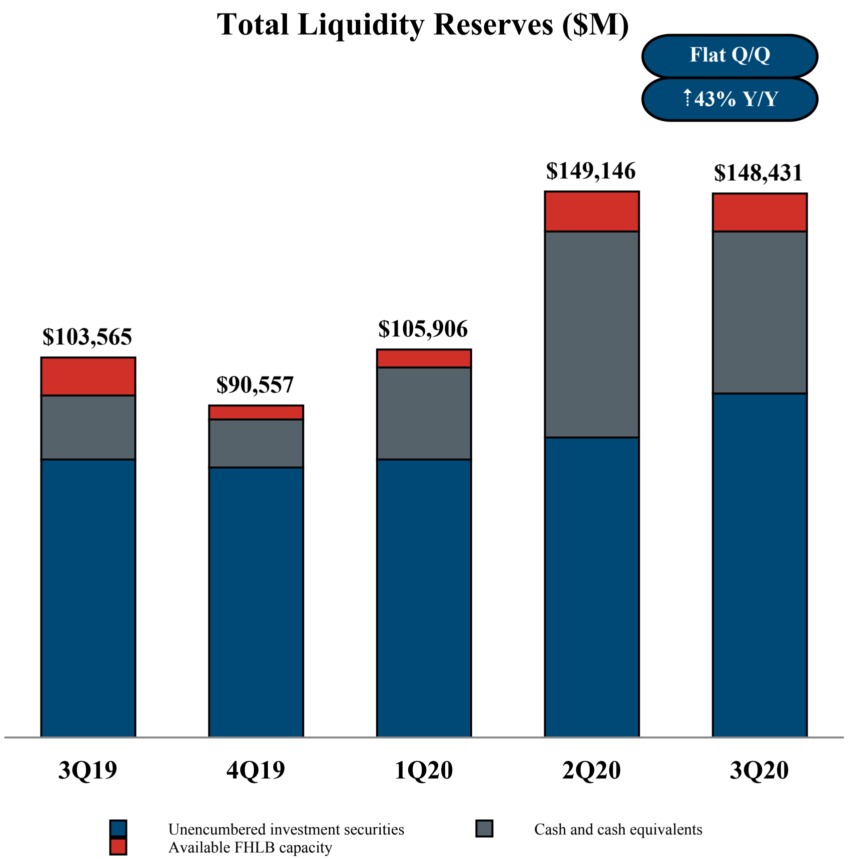


Commercial Banking



Liquidity



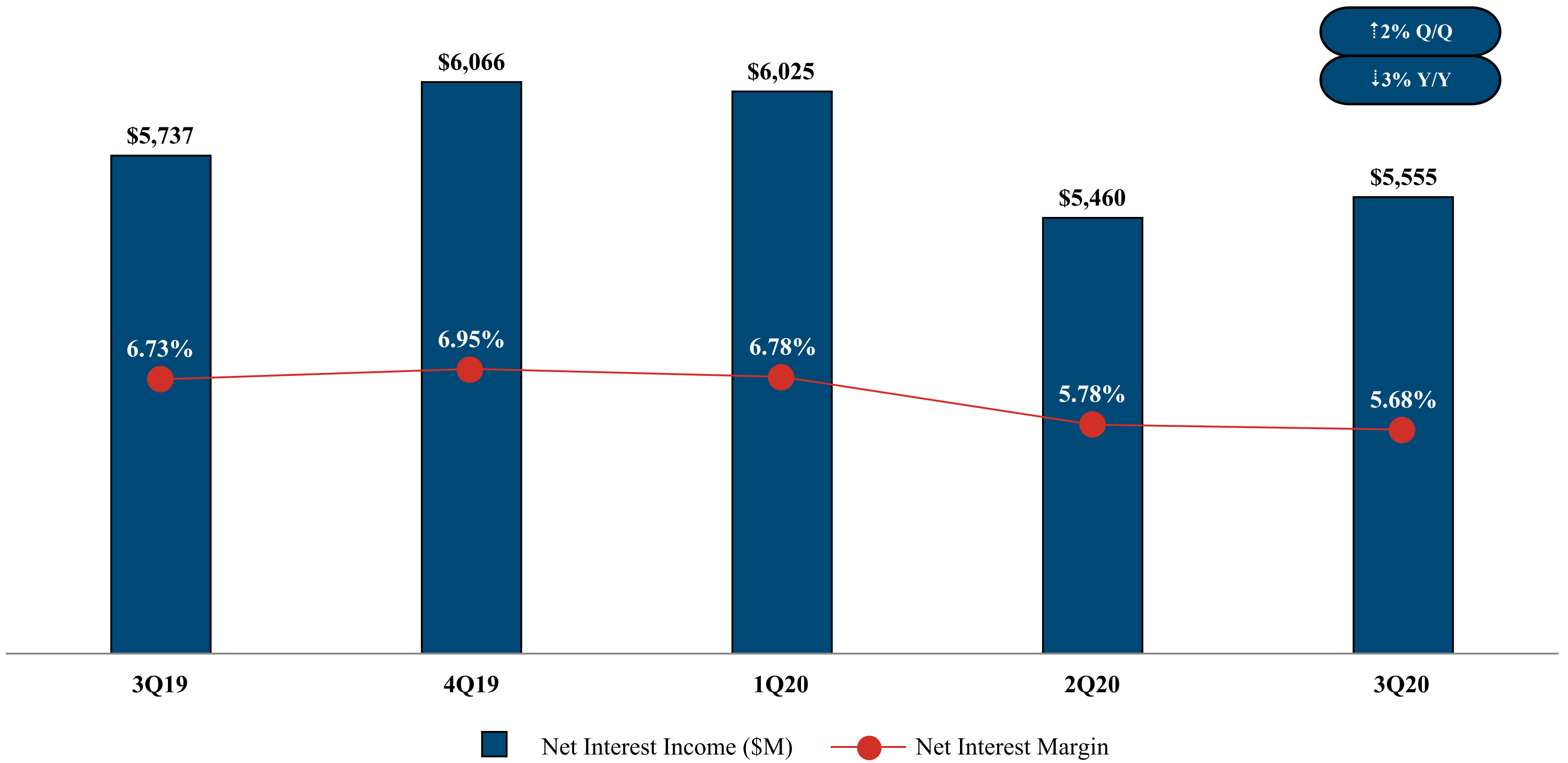


Third Quarter 2020 Highlights

- Average quarterly liquidity coverage ratio of 147%
- Total liquidity reserves of $148.4 billion as of September 30, 2020
    - $44.1 billion in cash and cash equivalents

Note: Q3 2020 LCR is preliminary and subject to change.

Net Interest Income and Net Interest Margin



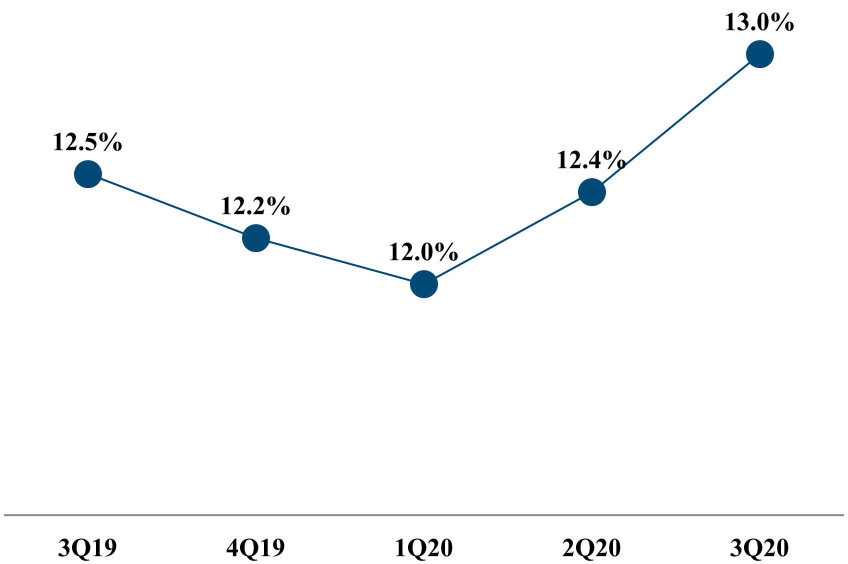
Third Quarter 2020 Highlights

- Net interest margin decreased 10 basis points quarter-over-quarter primarily driven by higher cash and securities balances and lower loan balances, partially offset by lower rate paid on retail deposits and day count.
- Net interest margin decreased 105 basis points year-over-year primarily driven by mix shift in assets and lower yield on average earning assets, partially offset by lower rate paid on interest-bearing liabilities.

Capital

(Dollars in millions)	Amount	Ratio
Common equity Tier 1 (CET1) as of June 30, 2020	$ 35,885	12.4%
Q3 2020 Net income	**2,406**	**80 bps**
CECL Transition Provisions	**(181)**	**(10)bps**
Other quarterly activities	**64**	**— bps**
Risk Weighted Assets changes	**N/A**	**(10)bps**
CET1 as of September 30, 2020	**38,174**	**13.0%**

Common Equity Tier 1 Capital Ratio



Third Quarter 2020 Highlights

- CET1 capital ratio of 13.0% at September 30, 2020
- Final Stress Capital Buffer of 5.6% resulted in a capital requirement of 10.1% effective October 1, 2020

Note: Regulatory capital metrics and capital ratios as of September 30, 2020 are preliminary and therefore subject to change.

Financial Summary—Business Segment Results

(Dollars in millions)	Three Months Ended September 30, 2020				
	Credit Card	Consumer Banking	Commercial Banking	Other	Total
Net interest income (loss)	$ 3,292	$ 1,904	$ 517	$ (158)	$ 5,555
Non-interest income	1,013	107	237	469	1,826
Total net revenue	4,305	2,011	754	311	7,381
Provision (benefit) for credit losses	450	(43)	(74)	(2)	331
Non-interest expense	2,003	1,011	424	110	3,548
Income from continuing operations before income taxes	1,852	1,043	404	203	3,502
Income tax provision	438	247	95	316	1,096
Income (loss) from continuing operations, net of tax	$ 1,414	$ 796	$ 309	$ (113)	$ 2,406

Credit Card

(Dollars in millions, except as noted)	2020 Q3	2020 Q2	2019 Q3	2020 Q3 vs. 2020 Q2	2020 Q3 vs. 2019 Q3
Earnings:					
Net interest income	**$ 3,292**	$ 3,369	$ 3,546	(2) %	(7) %
Non-interest income	**1,013**	845	870	20	16
Total net revenue	**4,305**	4,214	4,416	2	(3)
Provision for credit losses	**450**	2,944	1,087	(85)	(59)
Non-interest expense	**2,003**	1,969	2,360	2	(15)
Pre-tax income (loss)	**1,852**	(699)	969	**	91
Selected performance metrics:					
Period-end loans held for investment[(1)]	**$103,641**	$ 107,310	$ 113,681	(3) %	(9) %
Average loans held for investment[(1)]	**105,367**	108,748	112,371	(3)	(6)
Total net revenue margin	**16.34 %**	15.50 %	15.72 %	84 bps	62 bps
Net charge-off rate	**3.58**	4.46	4.09	(88)	(51)
Purchase volume	**$107,102**	$ 90,149	$ 108,034	19 %	(1) %

(1) Concurrent with our adoption of the CECL standard in the first quarter of 2020, we reclassified our finance charge and fee reserve to our allowance for credit losses, with a corresponding increase to credit card loans held for investment.

Third Quarter 2020 Highlights

- Ending loans down $10.0 billion, or 9%, year-over-year; average loans down $7.0 billion, or 6%, year-over-year
- Purchase volume down 1% year-over-year
- Revenue down $111 million, or 3%, year-over-year
- Revenue margin of 16.34%
- Non-interest expense down $357 million, or 15%, year-over-year
- Provision for credit losses down $637 million, or 59%, year-over-year
- Net charge-off rate of 3.58%

Domestic Card

(Dollars in millions, except as noted)	2020 Q3	2020 Q2	2019 Q3	2020 Q3 vs. 2020 Q2	2020 Q3 vs. 2019 Q3
Earnings:					
Net interest income	**$ 2,995**	$ 3,094	$ 3,299	(3) %	(9) %
Non-interest income	**952**	795	878	20	8
Total net revenue	**3,947**	3,889	4,177	1	(6)
Provision for credit losses	**378**	2,906	1,010	(87)	(63)
Non-interest expense	**1,802**	1,776	2,076	1	(13)
Pre-tax income (loss)	**1,767**	(793)	1,091	**	62
Selected performance metrics:					
Period-end loans held for investment[1]	**$ 95,541**	$ 99,390	$ 104,664	(4) %	(9) %
Average loans held for investment[1]	**97,306**	100,996	103,426	(4)	(6)
Total net revenue margin	**16.22 %**	15.40 %	16.15 %	82 bps	7 bps
Net charge-off rate	**3.64**	4.53	4.12	(89)	(48)
30+ day performing delinquency rate	**2.21**	2.74	3.71	(53)	(150)
Purchase volume	**$ 98,107**	$ 82,860	$ 99,087	18 %	(1) %

(1) Concurrent with our adoption of the CECL standard in the first quarter of 2020, we reclassified our finance charge and fee reserve to our allowance for credit losses, with a corresponding increase to credit card loans held for investment.

Third Quarter 2020 Highlights

- Ending loans down $9.1 billion, or 9%, year-over-year; average loans down $6.1 billion, or 6%, year-over-year
  - $2.1 billion in partnership loans moved to held-for-sale
- Purchase volume down 1% year-over-year
- Revenue down $230 million, or 6%, year-over-year
- Revenue margin of 16.22%
- Non-interest expense down $274 million, or 13%, year-over-year
- Provision for credit losses down $632 million, or 63%, year-over-year
- Net charge-off rate of 3.64%

Consumer Banking

(Dollars in millions, except as noted)	2020 Q3	2020 Q2	2019 Q3	2020 Q3 vs. 2020 Q2	2020 Q3 vs. 2019 Q3
Earnings:					
Net interest income	**$ 1,904**	$ 1,665	$ 1,682	14 %	13 %
Non-interest income	**107**	97	165	10	(35)
Total net revenue	**2,011**	1,762	1,847	14	9
Provision (benefit) for credit losses	**(43)**	876	203	**	**
Non-interest expense	**1,011**	1,036	985	(2)	3
Pre-tax income (loss)	**1,043**	(150)	659	**	58
Selected performance metrics:					
Period-end loans held for investment	**$ 68,688**	$ 66,712	$ 62,015	3 %	11 %
Average loans held for investment	**67,822**	64,851	61,269	5	11
Auto loan originations	**8,979**	8,292	8,175	8	10
Period-end deposits	**249,684**	246,804	206,423	1	21
Average deposits	**248,418**	232,293	204,933	7	21
Average deposits interest rate	**0.66 %**	0.89 %	1.31 %	(23)bps	(65)bps
Net charge-off rate	**0.28**	1.19	1.64	(91)	(136)

Third Quarter 2020 Highlights

- Ending loans up $6.7 billion, or 11%, year-over-year; average loans up $6.6 billion, or 11%, year-over-year
- Ending deposits up $43.3 billion, or 21%, year-over-year
- Revenue up $164 million, or 9%, year-over-year
- Non-interest expense up $26 million, or 3%, year-over-year
- Provision for credit losses down $246 million year-over-year
- Net charge-off rate of 0.28%

Commercial Banking

(Dollars in millions, except as noted)	2020 Q3	2020 Q2	2019 Q3	2020 Q3 vs. 2020 Q2	2020 Q3 vs. 2019 Q3
Earnings:					
Net interest income	**$ 517**	$ 518	$ 486	—	6 %
Non-interest income	**237**	180	221	32 %	7
Total net revenue	**754**	698	707	8	7
Provision (benefit) for credit losses	**(74)**	427	93	**	**
Non-interest expense	**424**	425	414	—	2
Pre-tax income (loss)	**404**	(154)	200	**	102
Selected performance metrics:					
Period-end loans held for investment	**$ 75,894**	$ 77,490	$ 73,659	(2) %	3 %
Average loans held for investment	**76,322**	79,759	72,507	(4)	5
Period-end deposits	**36,783**	35,669	30,923	3	19
Average deposits	**36,278**	34,635	30,693	5	18
Average deposits interest rate	**0.25 %**	0.30 %	1.25 %	(5)bps	(100)bps
Net charge-off rate	**0.43**	0.51	0.33	(8)	10
Risk category as a percentage of period-end loans held for investment:[1]					
Criticized performing	**8.7 %**	7.7 %	2.8 %	100 bps	590 bps
Criticized nonperforming	**1.0**	0.9	0.6	10	40

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

Third Quarter 2020 Highlights

- Ending loans up $2.2 billion, or 3%, year-over-year; average loans up $3.8 billion, or 5%, year-over-year
- Ending deposits up $5.9 billion, or 19%, year-over-year; average deposits up $5.6 billion, or 18%, year-over-year
- Revenue up $47 million, or 7%, year-over-year
- Non-interest expense up $10 million, or 2%, year-over-year
- Provision for credit losses down $167 million year-over-year
- Net charge-off rate of 0.43%
- Criticized performing loan rate of 8.7% and criticized nonperforming loan rate of 1.0%

Appendix

Non-GAAP Measures

(Dollars in millions, except per share data and as noted)	2020 Q3 Reported Results	2020 Q3 Adj.[1]	2020 Q3 Adjusted Results	2020 Q2 Reported Results	2020 Q2 Adj.[1]	2020 Q2 Adjusted Results	2020 Q1 Reported Results	2020 Q1 Adj.[1]	2020 Q1 Adjusted Results	Nine Months Ended September 30, 2020 Reported Results	Nine Months Ended September 30, 2020 Adj.[1]	Nine Months Ended September 30, 2020 Adjusted Results
Selected income statement data:												
Net interest income	$ 5,555	$ (18)	$ 5,537	$ 5,460	—	$ 5,460	$ 6,025	—	$ 6,025	$17,040	$ (18)	$17,022
Non-interest income	1,826	(18)	1,808	1,096	—	1,096	1,224	—	1,224	4,146	(18)	4,128
Total net revenue	7,381	(36)	7,345	6,556	—	6,556	7,249	—	7,249	21,186	(36)	21,150
Provision for credit losses	331	—	331	4,246	—	4,246	5,423	—	5,423	10,000	—	10,000
Non-interest expense	3,548	(46)	3,502	3,770	$ (276)	3,494	3,729	$ (49)	3,680	11,047	(371)	10,676
Income (loss) from continuing operations before income taxes	3,502	10	3,512	(1,460)	276	(1,184)	(1,903)	49	(1,854)	139	335	474
Income tax provision (benefit)	1,096	12	1,108	(543)	3	(540)	(563)	12	(551)	(10)	27	17
Income (loss) from continuing operations, net of tax	2,406	(2)	2,404	(917)	273	(644)	(1,340)	37	(1,303)	149	308	457
Income (loss) from discontinued operations, net of tax	—	—	—	(1)	—	(1)	—	—	—	(1)	—	(1)
Net income (loss)	2,406	(2)	2,404	(918)	273	(645)	(1,340)	37	(1,303)	148	308	456
Dividends and undistributed earnings allocated to participating securities[2]	(20)	—	(20)	(1)	—	(1)	(3)	—	(3)	(5)	—	(5)
Preferred stock dividends	(67)	—	(67)	(90)	—	(90)	(55)	—	(55)	(212)	—	(212)
Issuance cost for redeemed preferred stock	—	—	—	—	—	—	(22)	—	(22)	(22)	—	(22)
Net income (loss) available to common stockholders	$ 2,319	$ (2)	$ 2,317	$ (1,009)	$ 273	$ (736)	$ (1,420)	$ 37	$ (1,383)	$ (91)	$ 308	$ 217
Selected performance metrics:												
Diluted EPS[2]	$ 5.06	$(0.01)	$ 5.05	$ (2.21)	$ 0.60	$ (1.61)	$ (3.10)	$ 0.08	$ (3.02)	$ (0.20)	$ 0.67	$ 0.47
Efficiency ratio	48.07%	(39)bps	47.68%	57.50%	(421)bps	53.29%	51.44%	(67)bps	50.77%	52.14%	(166)bps	50.48%
Operating efficiency ratio	44.24	(41)	43.83	53.34	(421)	49.13	44.67	(68)	43.99	47.20	(167)	45.53

Non-GAAP Measures

(Dollars in millions, except per share data and as noted)	2019 Q3 Reported Results	2019 Q3 Adj.[1]	2019 Q3 Adjusted Results	2019 Q2 Reported Results	2019 Q2 Adj.[1]	2019 Q2 Adjusted Results	2019 Q1 Reported Results	2019 Q1 Adj.[1]	2019 Q1 Adjusted Results	Nine Months Ended September 30, 2019 Reported Results	Nine Months Ended September 30, 2019 Adj.[1]	Nine Months Ended September 30, 2019 Adjusted Results
Selected income statement data:												
Net interest income	$ 5,737	$ 67	$ 5,804	$ 5,746	—	$ 5,746	$ 5,791	—	$ 5,791	$17,274	$ 67	$17,341
Non-interest income	1,222	73	1,295	1,378	$ 1	1,379	1,292	—	1,292	3,892	74	3,966
Total net revenue	6,959	140	7,099	7,124	1	7,125	7,083	—	7,083	21,166	141	21,307
Provision for credit losses	1,383	—	1,383	1,342	—	1,342	1,693	—	1,693	4,418	—	4,418
Non-interest expense	3,872	(178)	3,694	3,779	(81)	3,698	3,671	$ (25)	3,646	11,322	(284)	11,038
Income from continuing operations before income taxes	1,704	318	2,022	2,003	82	2,085	1,719	25	1,744	5,426	425	5,851
Income tax provision	375	21	396	387	19	406	309	6	315	1,071	46	1,117
Income from continuing operations, net of tax	1,329	297	1,626	1,616	63	1,679	1,410	19	1,429	4,355	379	4,734
Income from discontinued operations, net of tax	4	—	4	9	—	9	2	—	2	15	—	15
Net income	1,333	297	1,630	1,625	63	1,688	1,412	19	1,431	4,370	379	4,749
Dividends and undistributed earnings allocated to participating securities[2]	(10)	(2)	(12)	(12)	(1)	(13)	(12)	—	(12)	(34)	(3)	(37)
Preferred stock dividends	(53)	—	(53)	(80)	—	(80)	(52)	—	(52)	(185)	—	(185)
Net income available to common stockholders	$ 1,270	$ 295	$ 1,565	$ 1,533	$ 62	$ 1,595	$ 1,348	$ 19	$ 1,367	$ 4,151	$ 376	$ 4,527
Selected performance metrics:												
Diluted EPS[2]	$ 2.69	$ 0.63	$ 3.32	$ 3.24	$ 0.13	$ 3.37	$ 2.86	$ 0.04	$ 2.90	$ 8.79	$ 0.80	$ 9.59
Efficiency ratio	55.64%	(360)bps	52.04%	53.05%	(115)bps	51.90%	51.83%	(35)bps	51.48%	53.49%	(169)bps	51.80%
Operating efficiency ratio	48.44	(346)	44.98	45.38	(114)	44.24	44.53	(35)	44.18	46.10	(164)	44.46

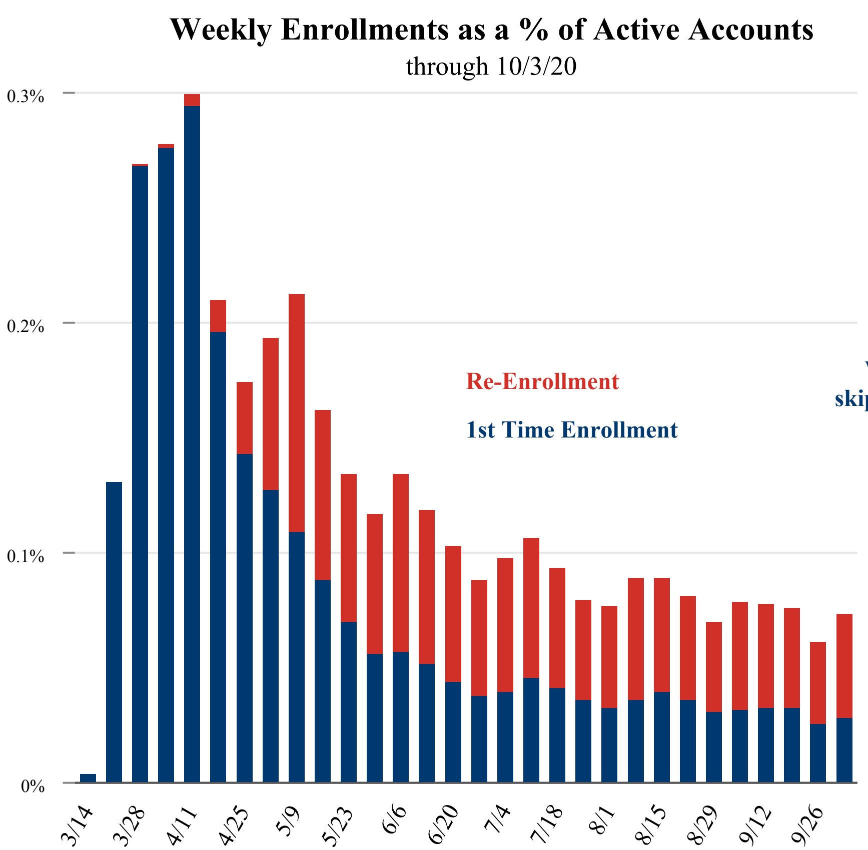
Note: We believe these selected non-GAAP measures help investors and users of our financial information understand the effect of the adjustments on our selected reported results. These adjusted results provide alternate measurements of our operating performance, both for the current period and trends across multiple 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.

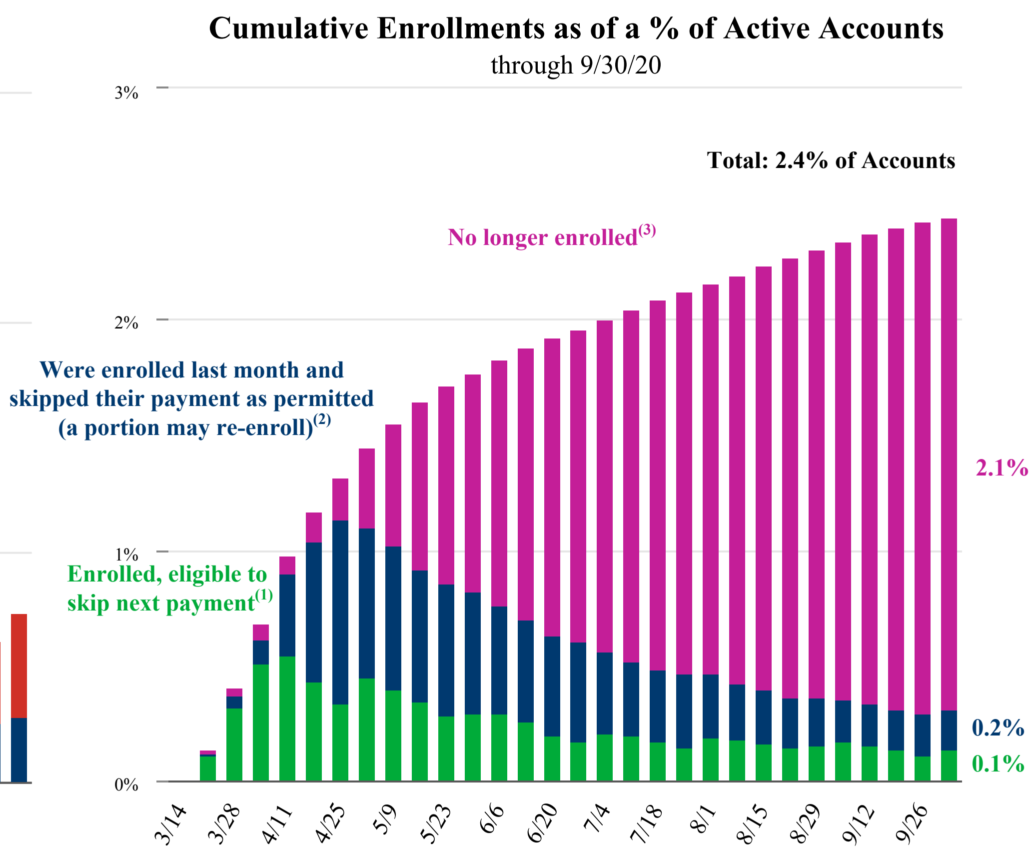
(1) Adjustments for the following periods consist of:

(Dollars in millions)	**2020 Q3**	2020 Q2	2020 Q1	**Nine Months Ended September 30, 2020**	2019 Q3	2019 Q2	2019 Q1	Nine Months Ended September 30, 2019
Legal reserve builds	**$ 40**	$ 265	$ 45	**$ 350**	—	—	—	—
U.K. Payment Protection Insurance customer refund reserve ("U.K. PPI Reserve")	**(36)**	—	—	**(36)**	$ 212	—	—	$ 212
Cybersecurity Incident expenses, net of insurance	**6**	11	4	**21**	22	—	—	22
Walmart launch and related integration expenses	**—**	—	—	**—**	84	$ 54	$ 25	163
Restructuring charges	**—**	—	—	**—**	—	28	—	28
Total	**10**	276	49	**335**	318	82	25	425
Income tax provision	**12**	3	12	**27**	21	19	6	46
Net income (loss)	**$ (2)**	$ 273	$ 37	**$ 308**	$ 297	$ 63	$ 19	$ 379

(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.

COVID-19 Customer Assistance - Domestic Card





- **91% of customers were current[4] at first enrollment**
- **As of September 30, 2020, we have assisted 2% of active accounts, representing 4% of loans outstanding**

Note: Does not include certain retail partnership portfolios representing 7% of loans outstanding and 20% of active accounts; cumulative enrollments are not substantially different from those presented above.

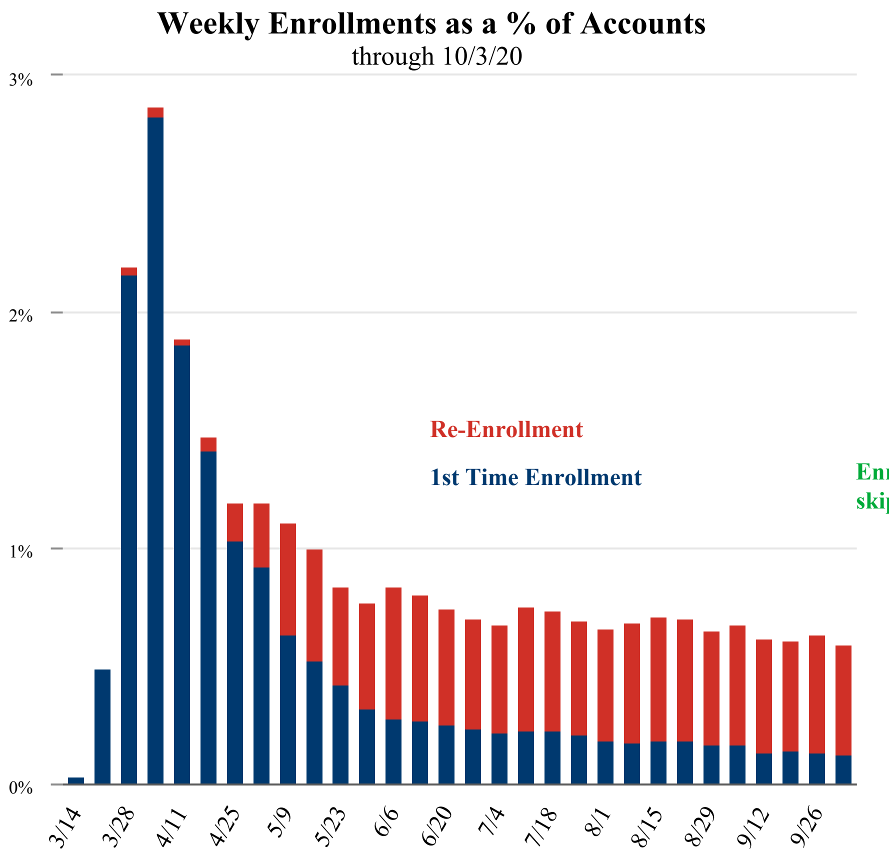
(1) Defined as customers who have been approved to skip their upcoming payment and have not made that payment.

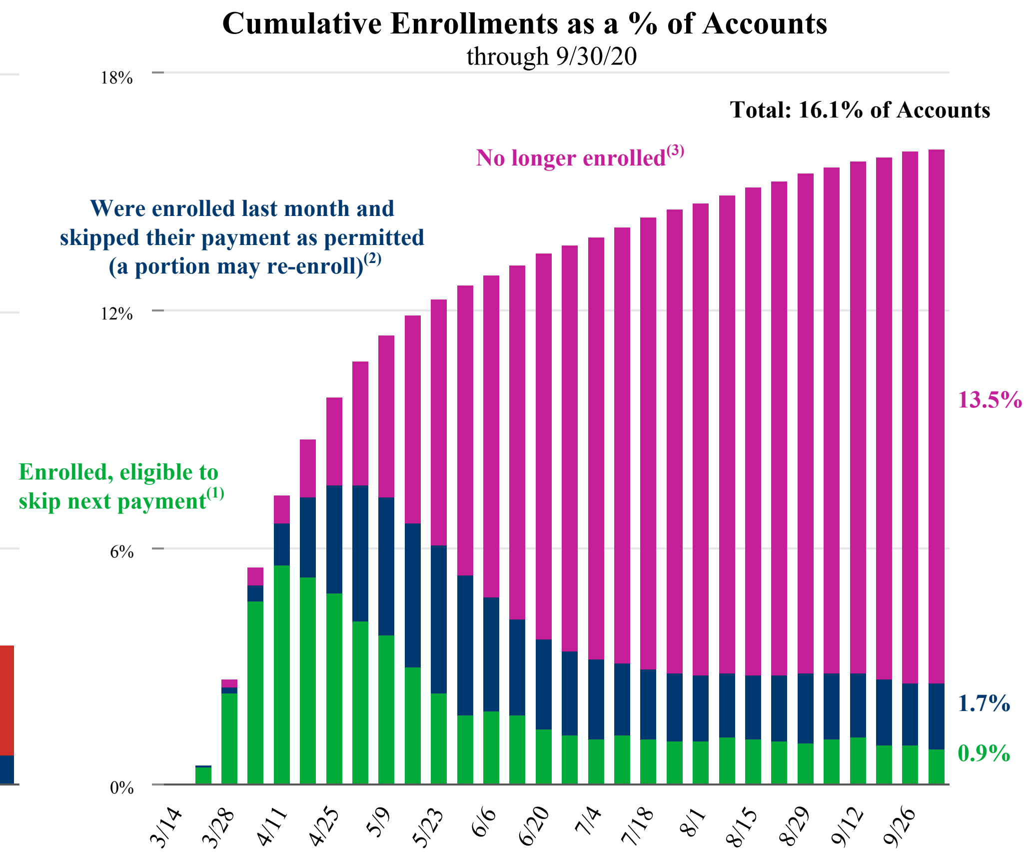
(2) Defined as customers who have skipped their most recent payment through enrollment in the forbearance program and have neither made a payment nor re-enrolled in the forbearance program for the next payment due.

(3) Defined as customers who have made a payment or completed the billing cycle following the forbearance period without re-enrolling.

(4) Defined as less than 30 days past due.

COVID-19 Customer Assistance - Auto



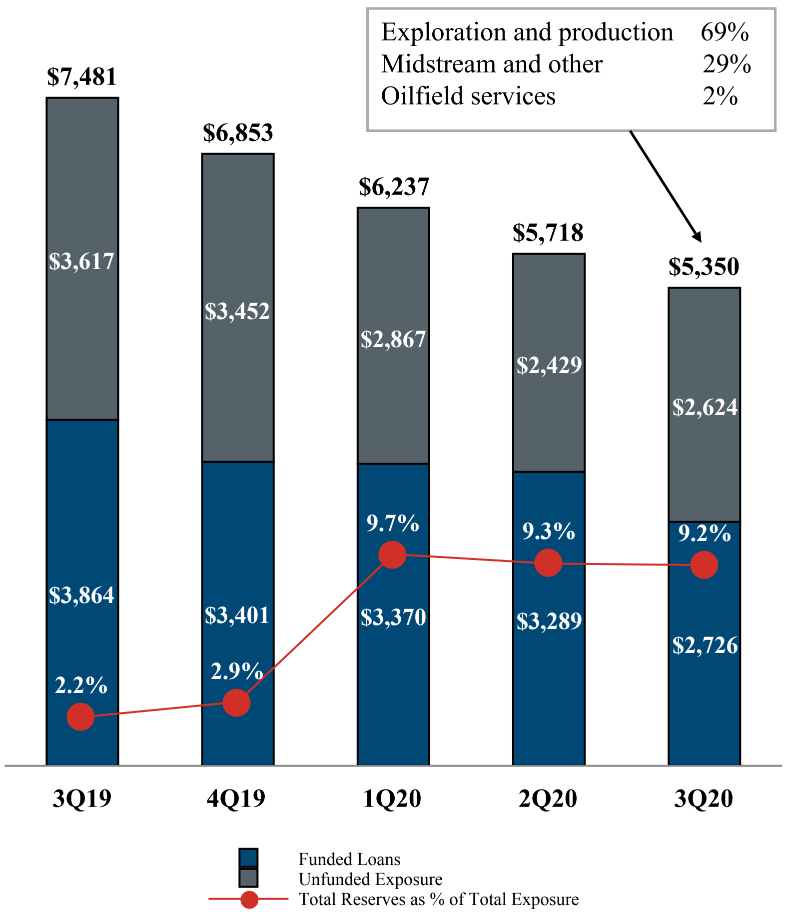


- **74% of customers were current[(4)] at first enrollment**
- **As of September 30, 2020, we have assisted 16% of accounts, representing 18% of loans outstanding**

(1) Defined as customers who have been approved to skip their upcoming payment and have not made that payment.
(2) Defined as customers who have skipped their most recent payment through enrollment in the forbearance program and have neither made a payment nor re-enrolled in the forbearance program for the next payment due.
(3) Defined as customers who have made a payment or completed the billing cycle following the forbearance period without re-enrolling.
(4) Defined as less than 30 days past due.

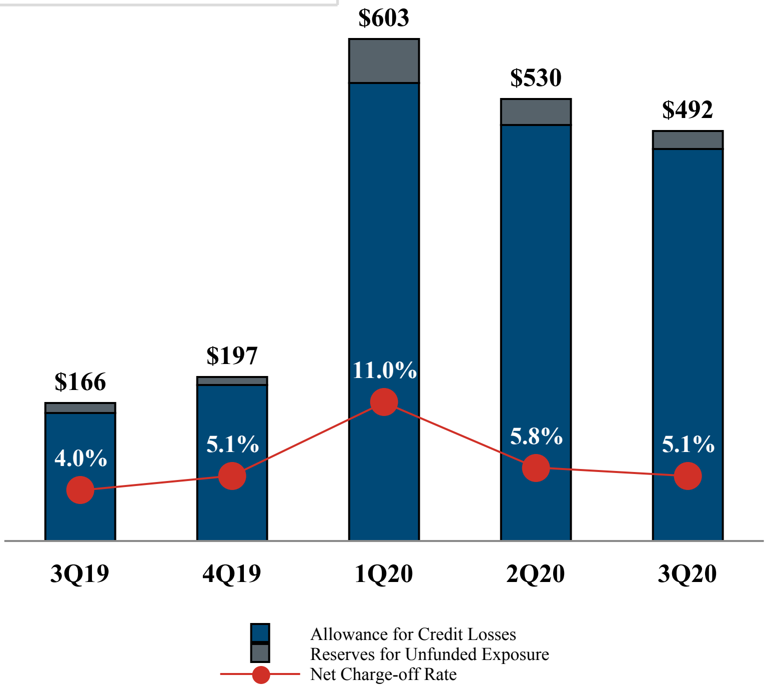
Commercial Oil and Gas Portfolio

Total Exposure ($M)



Total Reserves ($M)

($ in millions)	3Q19	4Q19	1Q20	2Q20	3Q20
Allowance for Credit Losses	$ 154	$ 187	$ 549	$ 500	$ 470
Reserves for Unfunded Exposure	$ 12	$ 10	$ 54	$ 30	$22



Note: Total exposure above includes both loans held for investment and unfunded lending commitments.

Note: Total reserves above represent the allowance for credit losses and the reserve for unfunded lending commitments recorded in other liabilities.