



## Third Quarter 2009 Results

October 22, 2009

## Forward looking statements

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## Q309 earnings rose as revenue growth more than offset an increase in provision expense

\$MM	Q308	Q209	Q309
Revenue excl. Retained Interest & Suppression	4,735	4,835	5,110
Retained Interests Valuation Changes	(74)	(115)	37
Revenue Suppression	(446)	(572)	(517)
<b>Revenue</b>	<b>4,215</b>	<b>4,148</b>	<b>4,630</b>
Marketing Expense	267	134	104
Operating Expense	1,528	1,744	1,672
Restructuring Expense	<u>15</u>	<u>43</u>	<u>26</u>
<b>Non-Interest Expense</b>	<b><u>1,810</u></b>	<b><u>1,922</u></b>	<b><u>1,802</u></b>
<b>Pre-Provision Earnings (before tax)</b>	<b>2,405</b>	<b>2,226</b>	<b>2,827</b>
Net Charge-offs	1,583	2,087	2,155
Other	13	(17)	14
Allowance Build (Release)	209	(166)	31
<b>Provision Expense</b>	<b><u>1,805</u></b>	<b><u>1,904</u></b>	<b><u>2,200</u></b>
<b>Pretax Income</b>	<b>600</b>	<b>322</b>	<b>627</b>
<b>Tax Expense</b>	<b><u>214</u></b>	<b><u>92</u></b>	<b><u>158</u></b>
<b>Operating Earnings (after tax)</b>	<b>386</b> \$1.03 EPS	<b>230</b> <sup>1</sup> (\$0.64) EPS <sup>1</sup>	<b>469</b> \$1.03 EPS
Discontinued Operations, net of tax	<u>(12)</u>	<u>(6)</u>	<u>(44)</u>
<b>Total Company (after tax)</b>	<b>374</b> \$1.00 EPS	<b>224</b> <sup>1</sup> (\$0.65) EPS <sup>1</sup>	<b>426</b> \$0.94 EPS

<sup>1</sup> Includes TARP dividend and accounting impact of June redemption of TARP preferred shares; excluding those impacts Operating Earnings in Q209 would have been \$0.55 and Total Company earnings would have been \$0.53

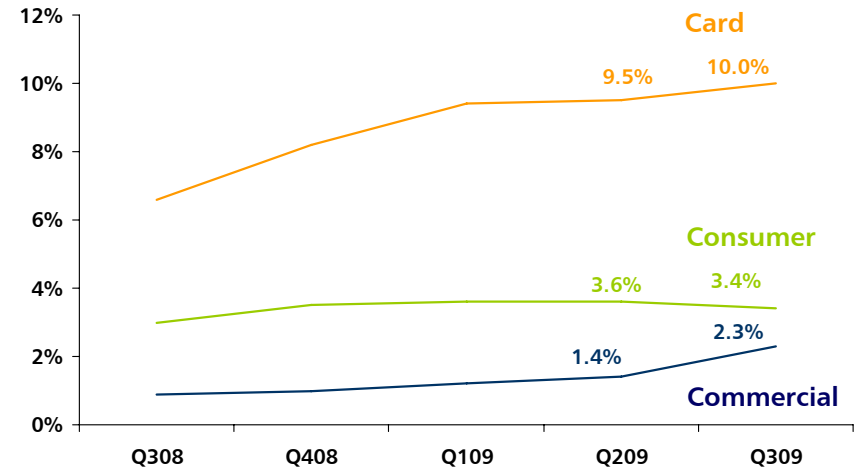


# Allowance coverage ratios remain elevated

## Allowance Change

\$MM	Q2 '09	Q3 '09	Build(Release)
<b>Credit Card</b>			
Domestic	\$ 2,431	\$ 2,343	\$ (89)
International	211	222	11
<b>Total Credit Card</b>	<b>\$ 2,642</b>	<b>\$ 2,565</b>	<b>\$ (78)</b>
<b>Consumer Banking</b>			
Auto	\$ 951	\$ 761	\$ (190)
Other Consumer Banking	290	357	67
<b>Total Consumer Banking</b>	<b>\$ 1,242</b>	<b>\$ 1,118</b>	<b>\$ (124)</b>
<b>Commercial Banking</b>	<b>\$ 414</b>	<b>\$ 671</b>	<b>\$ 256</b>
<b>Other</b>	<b>\$ 183</b>	<b>\$ 160</b>	<b>\$ (24)</b>
<b>Total Allowance</b>	<b>\$ 4,482</b>	<b>\$ 4,513</b>	<b>\$ 31</b>

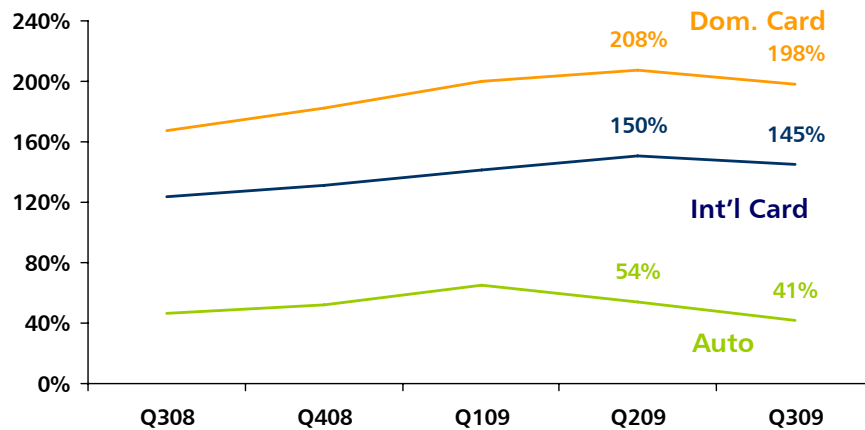
## Allowance as % of Reported Loans



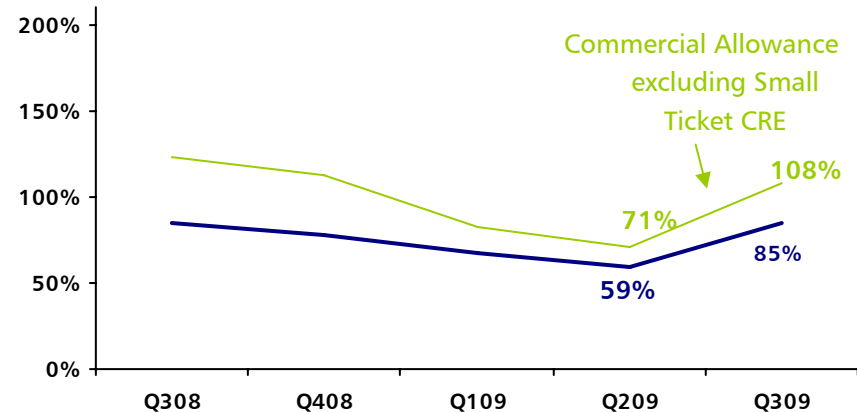
Total Company<sup>1</sup>: 3.59%    4.48%    4.84%    4.84%    5.08%

<sup>1</sup> excluding CCB Loans

## Allowance as % of Reported 30+ Delinquencies

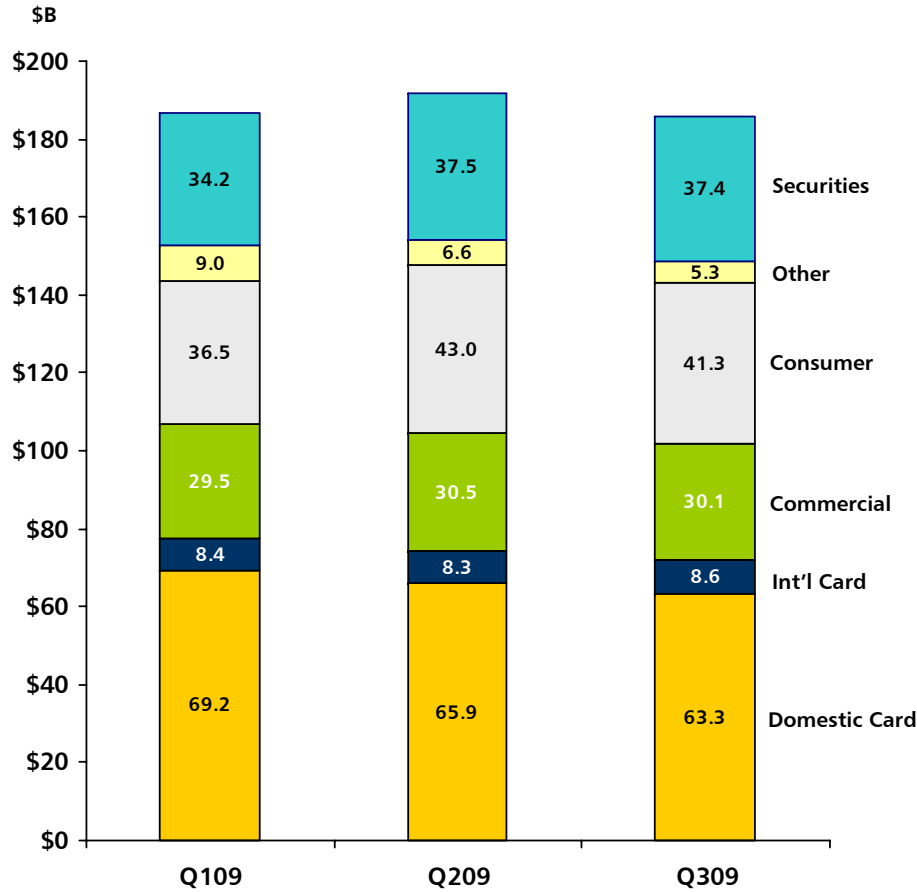


## Commercial Lending Allowance as % of Non-Performing Loans

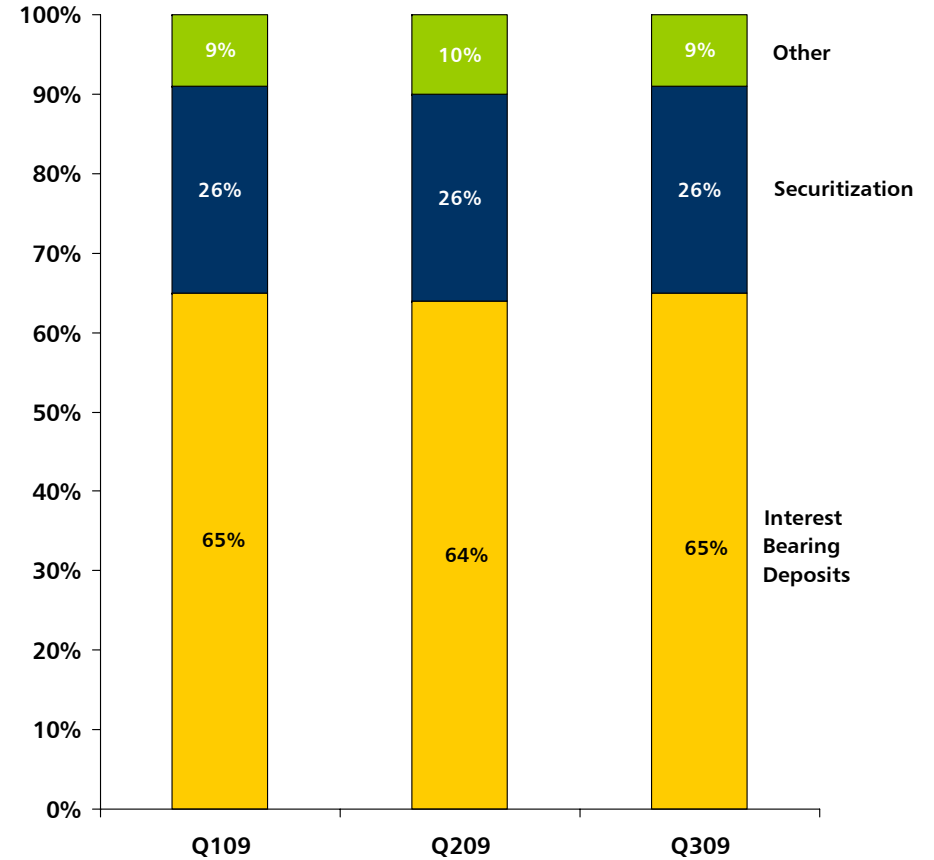


# Average cost of funds declined in the quarter while asset yields rose

## Average Earning Assets



## Average Interest-Bearing Liabilities



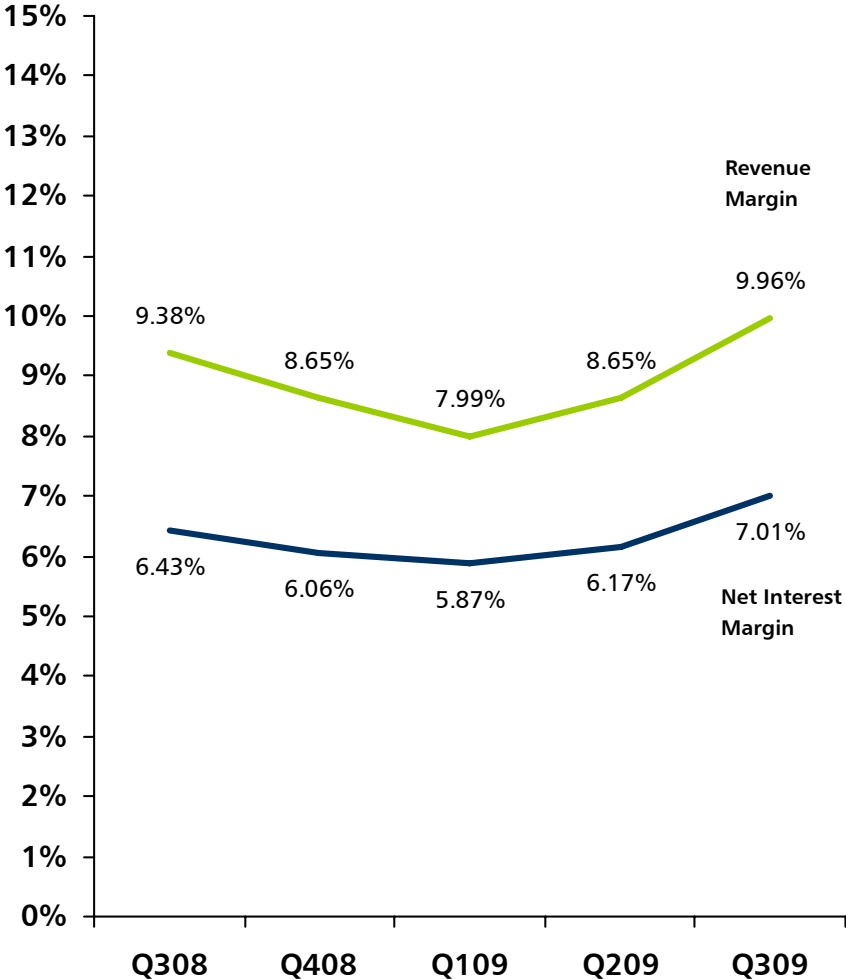
Weighted Avg Asset Yield	Q109	Q209	Q309
	8.33%	8.33%	9.06%

Cost of Interest Bearing Liabilities	Q109	Q209	Q309
	2.76%	2.40%	2.28%
Total Cost of Funds	2.58%	2.24%	2.12%

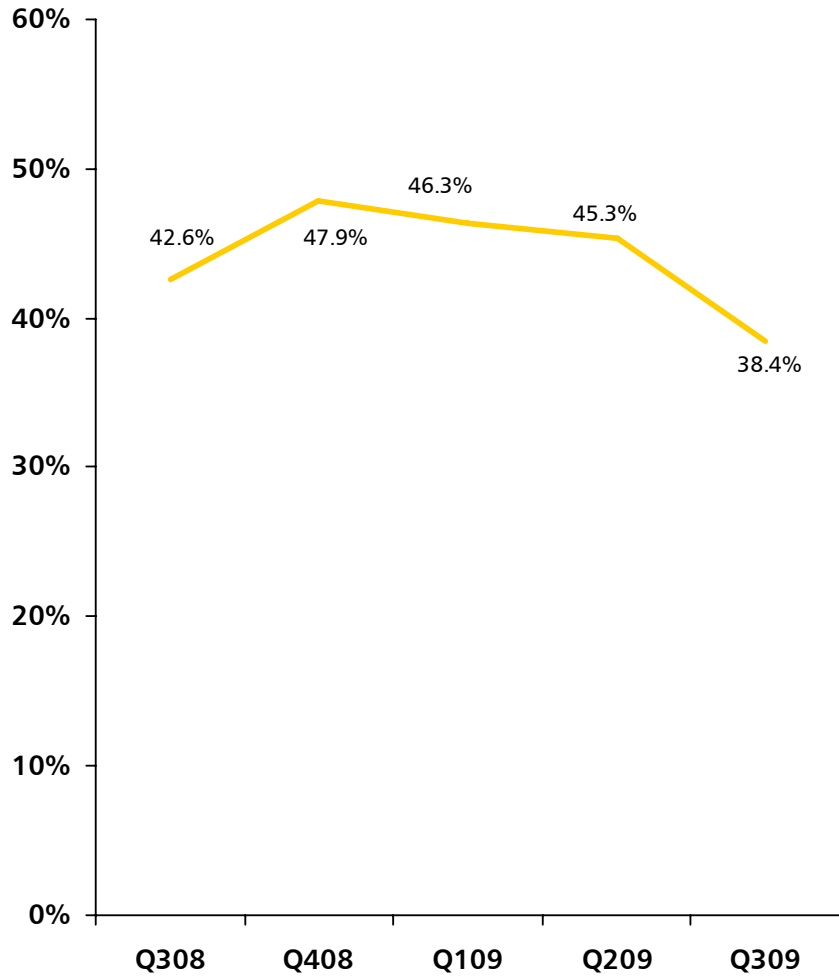


# Margins improved in the quarter

**Margins as % of Managed Assets**



**Efficiency Ratio**



## Our low risk investment portfolio continues to provide balance sheet flexibility

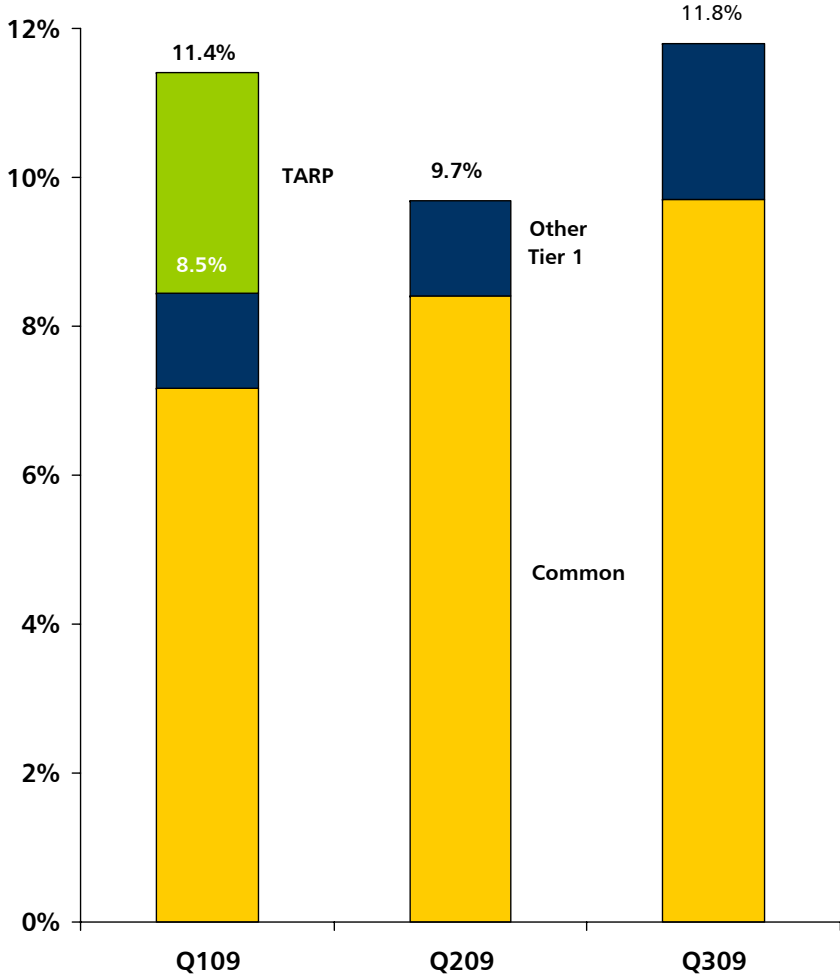
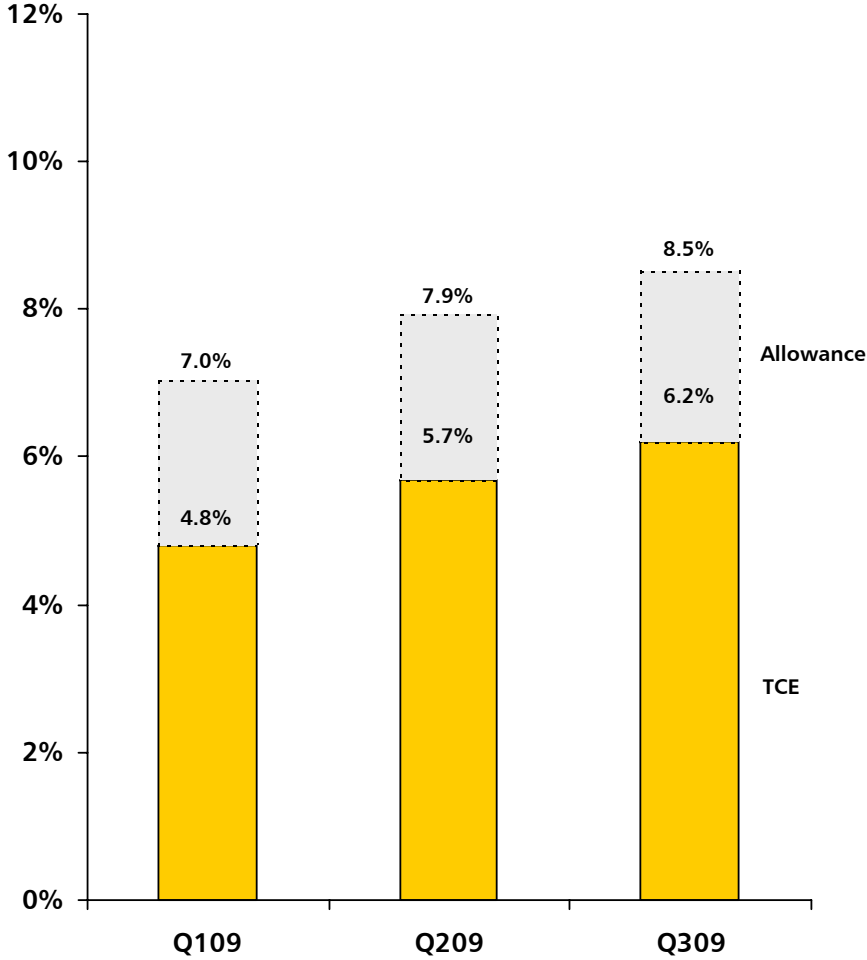
\$MM	<u>June 30, 2009</u>		<u>September 30, 2009</u>	
	Book Value	Net Unrealized Gain/(Loss)	Book Value	Net Unrealized Gain/(Loss)
Treasuries/Agencies	\$ 892	38	\$ 839	39
Agency MBS	26,414	547	26,998	678
Non-Agency MBS	3,263	(924)	2,882	(535)
ABS	5,900	97	6,206	155
CMBS	1,054	(56)	-	-
Other	443	(1)	425	6
<b>Total</b>	<b>\$37,966</b>	<b>\$(299)</b>	<b>\$37,350</b>	<b>\$343</b>



# Our capacity to absorb risk continues to rise

**Tangible Common Equity + Allowance to Tangible Managed Assets**

**Tier 1 Capital to Risk Weighted Assets**





## Capital One delivered a profit from continuing operations of \$469MM

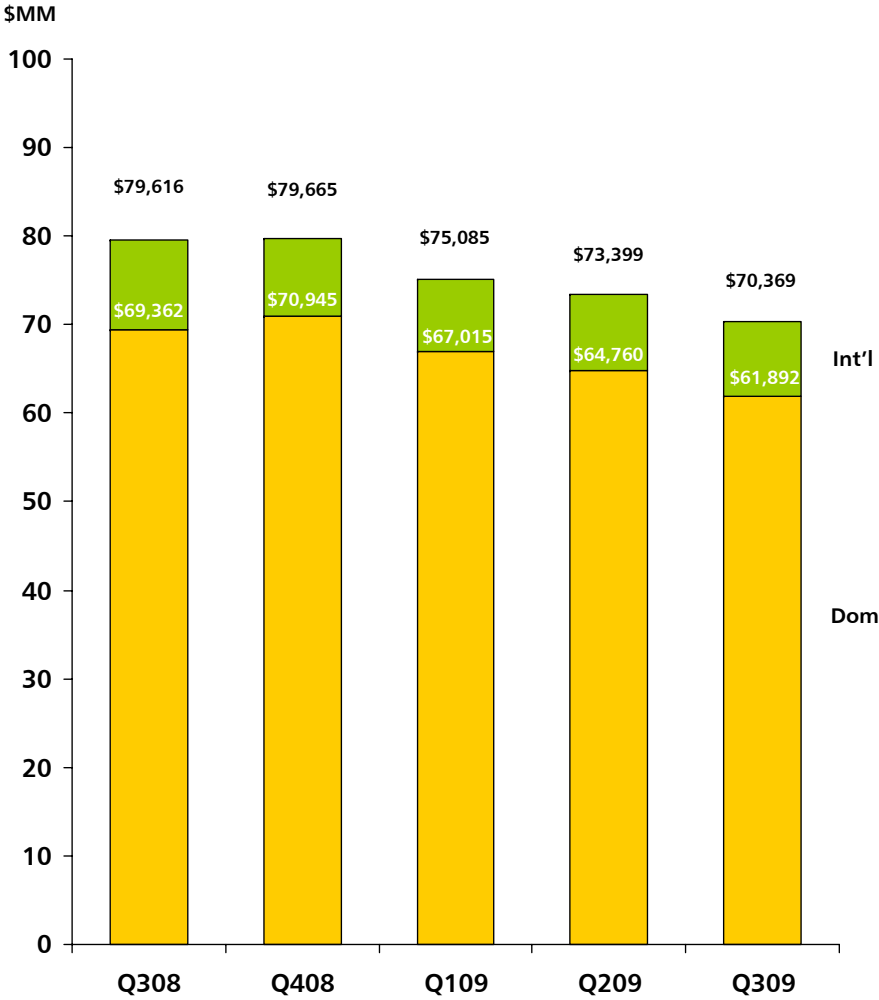
### Net Income from Continuing Operations (\$MM)

	Q308	Q209	Q309
	<hr/>	<hr/>	<hr/>
<b>Credit Card</b>			
Domestic	\$ 344.2	\$ 166.9	\$ 289.7
International	12.3	5.7	2.0
	<hr/>	<hr/>	<hr/>
<b>SUBTOTAL</b>	356.5	172.6	291.7
<b>Commercial Banking</b>	72.1	29.8	(130.2)
<b>Consumer Banking</b>	33.2	89.8	184.6
<b>Other</b>	(76.0)	(62.0)	123.1
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<b>Total Company</b>	\$ 385.8	\$ 230.2	\$ 469.2

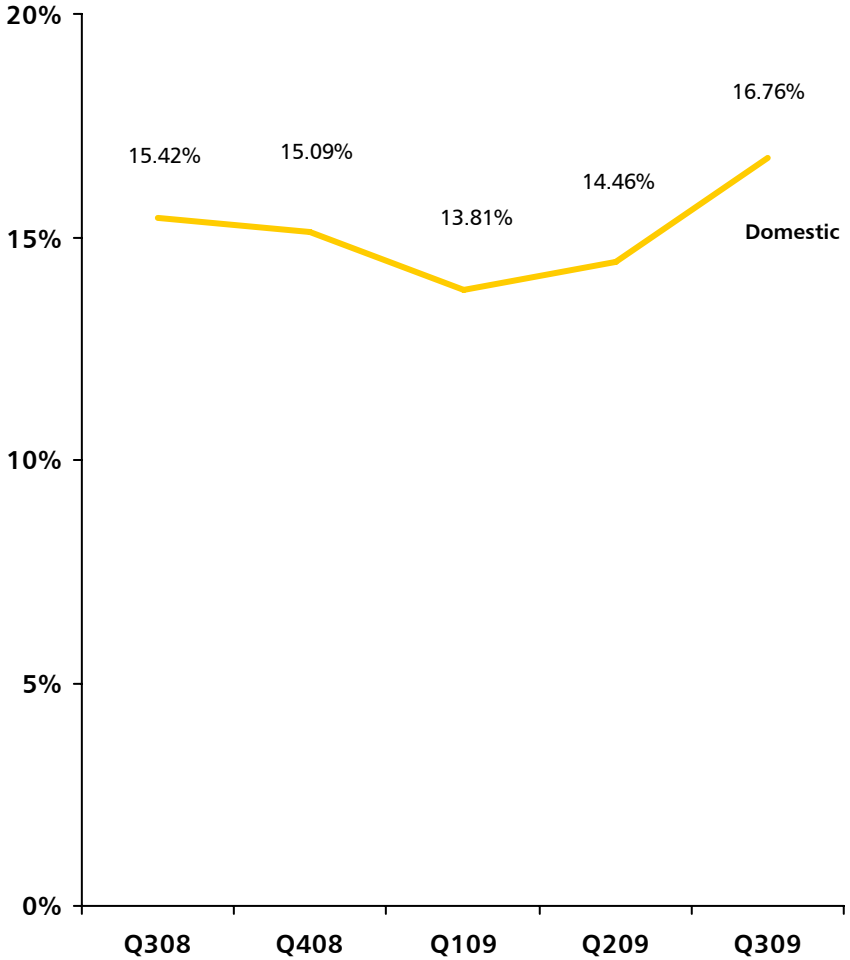


# The Domestic Credit Card business continues to deliver profits, despite declining loan balances

## Loans Held for Investment

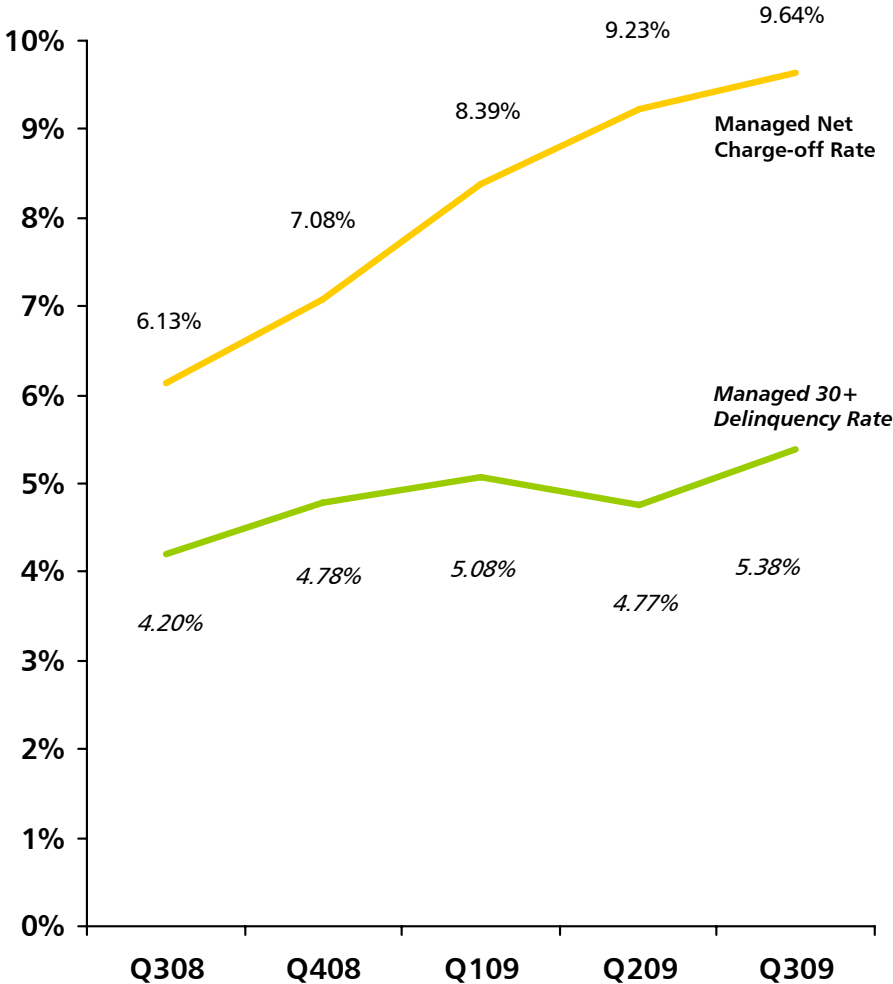


## Domestic Card Revenue Margin

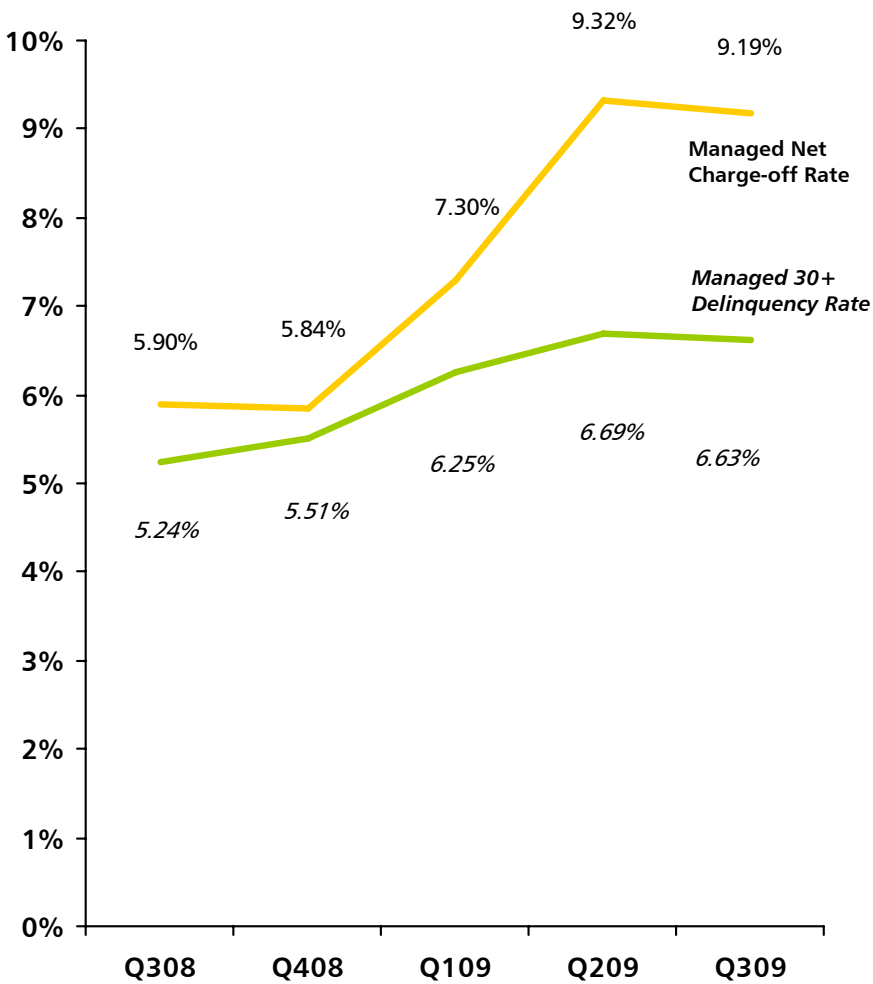


# International Card experienced modest improvement in credit, while Domestic Card credit worsened

**Domestic Card Credit**

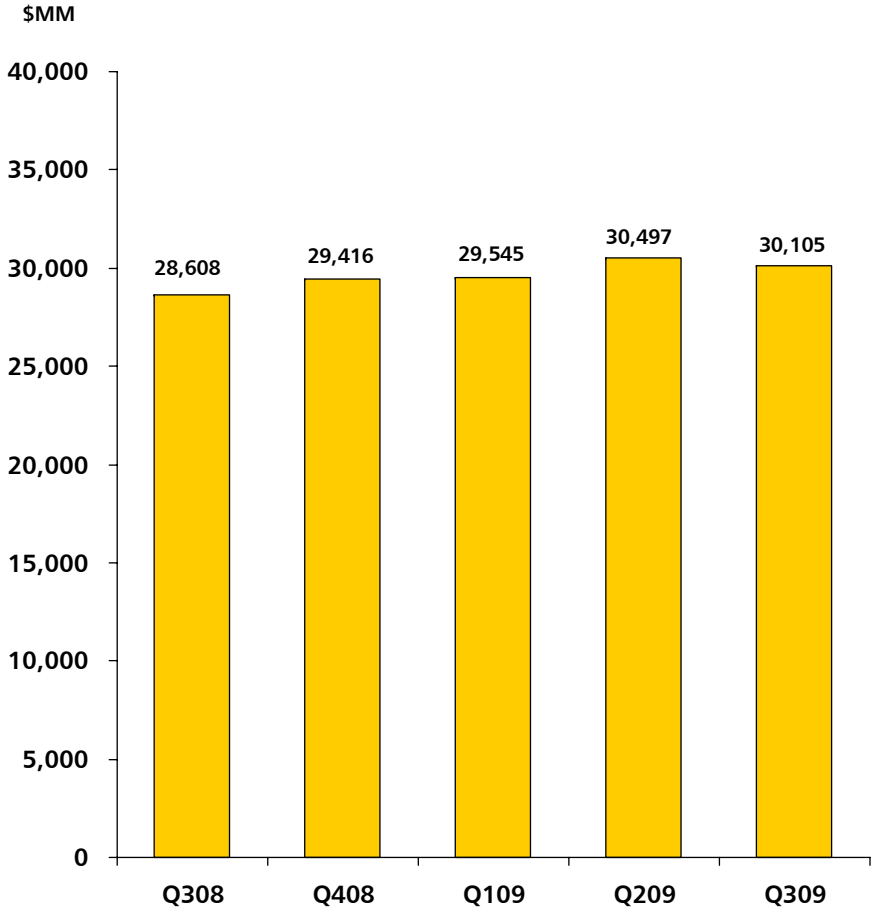


**International Card Credit**

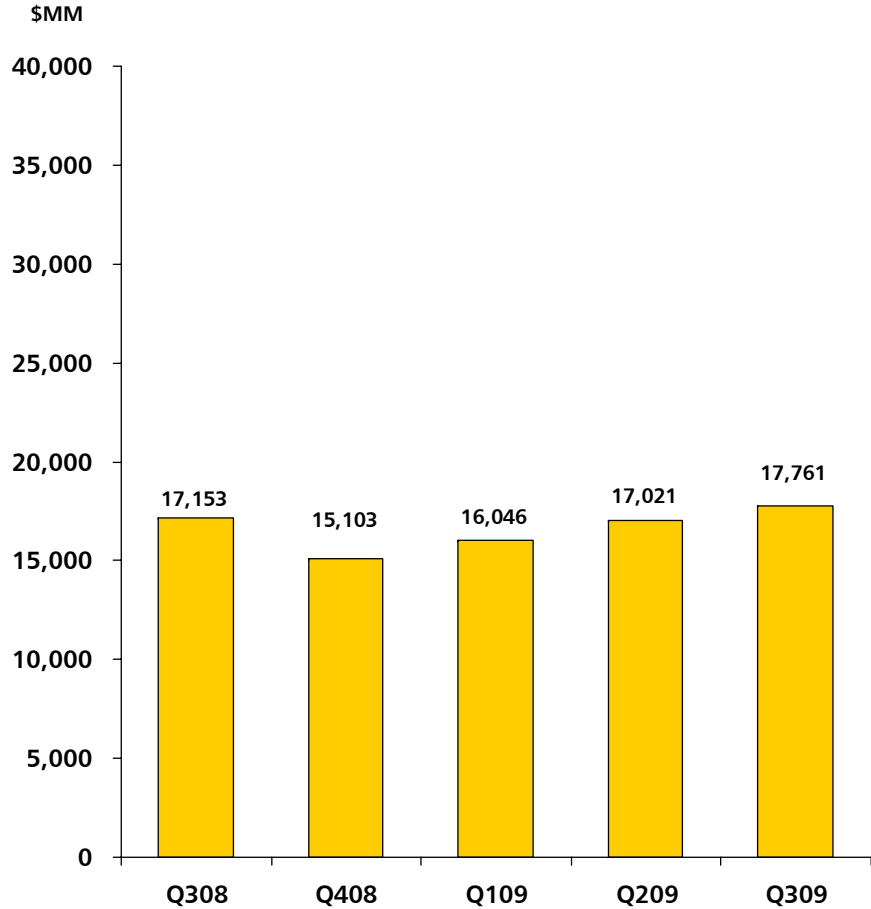


# Commercial Banking loans declined modestly, while deposits grew

## Average Loans Held for Investment



## Average Deposits



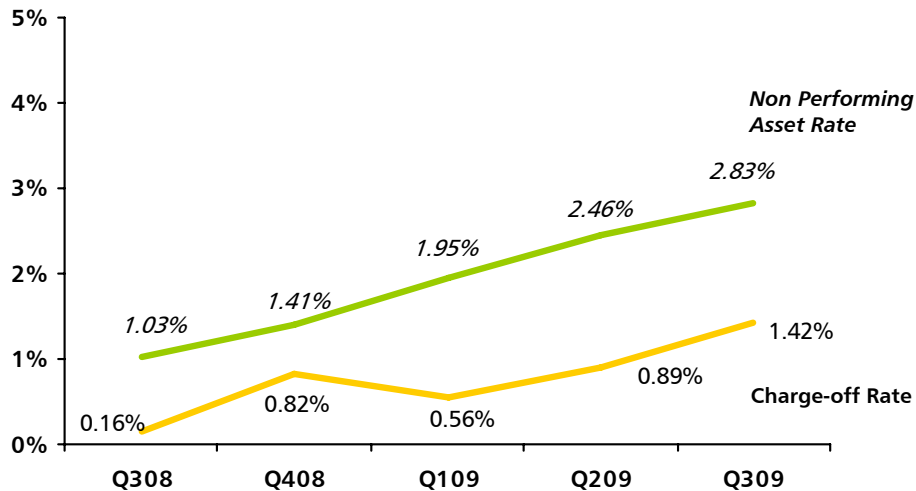
Loans Held for Investment Yield	Q308	Q408	Q109	Q209	Q309
	5.82%	5.72%	4.92%	4.97%	5.01%

Deposit Interest Expense Rate	Q308	Q408	Q109	Q209	Q309
	1.75%	1.42%	0.92%	0.77%	0.75%

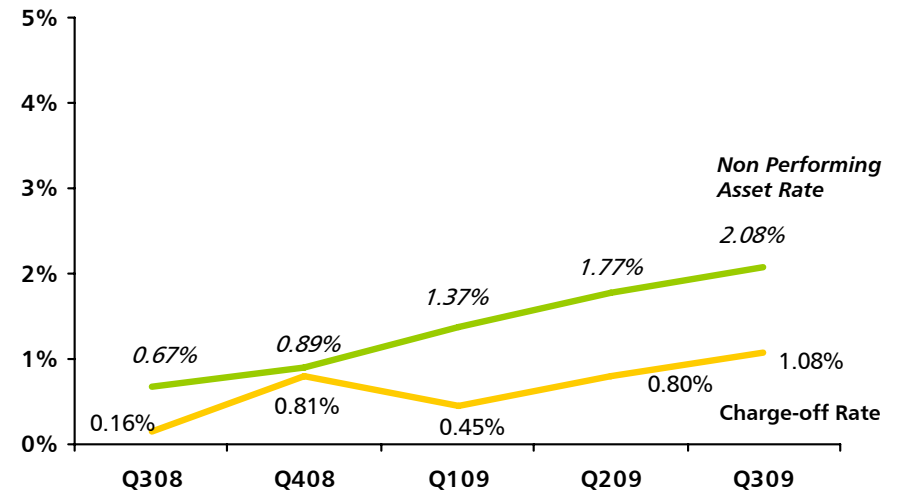


# Continuing economic deterioration drove worsening credit trends and a significant allowance build in Commercial Banking

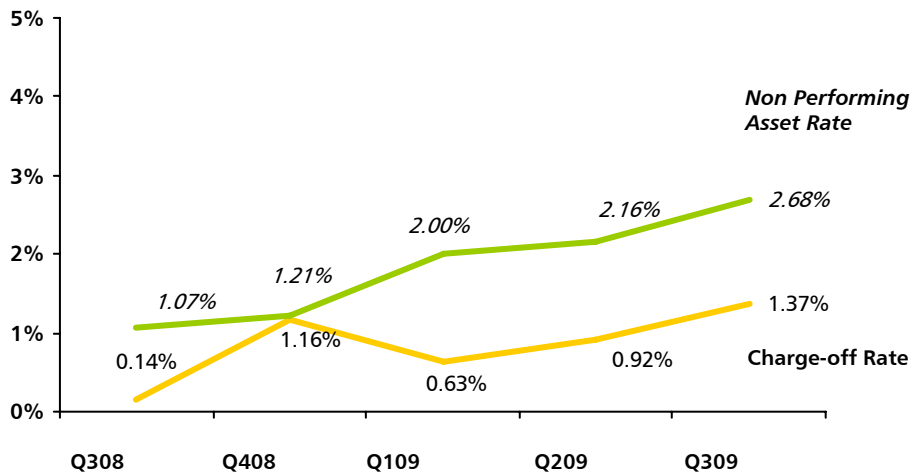
**Total Commercial Banking (\$29.9 B)**



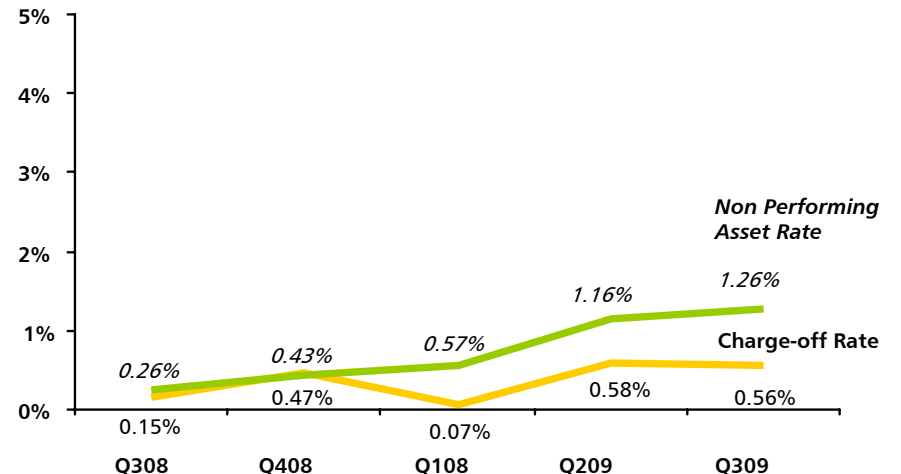
**Total Commercial Banking Excluding Small Ticket CRE (\$27.5 B)**



**Commercial & Multi Family (\$13.9 B)**

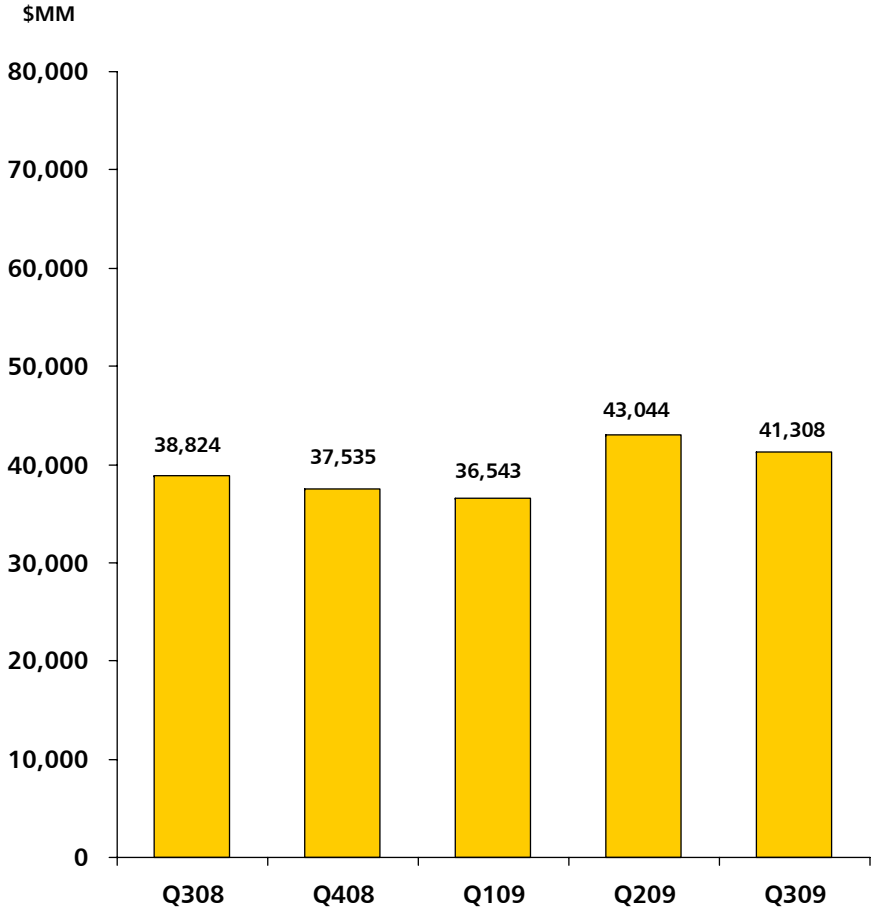


**Middle Market (\$10.0 B)**

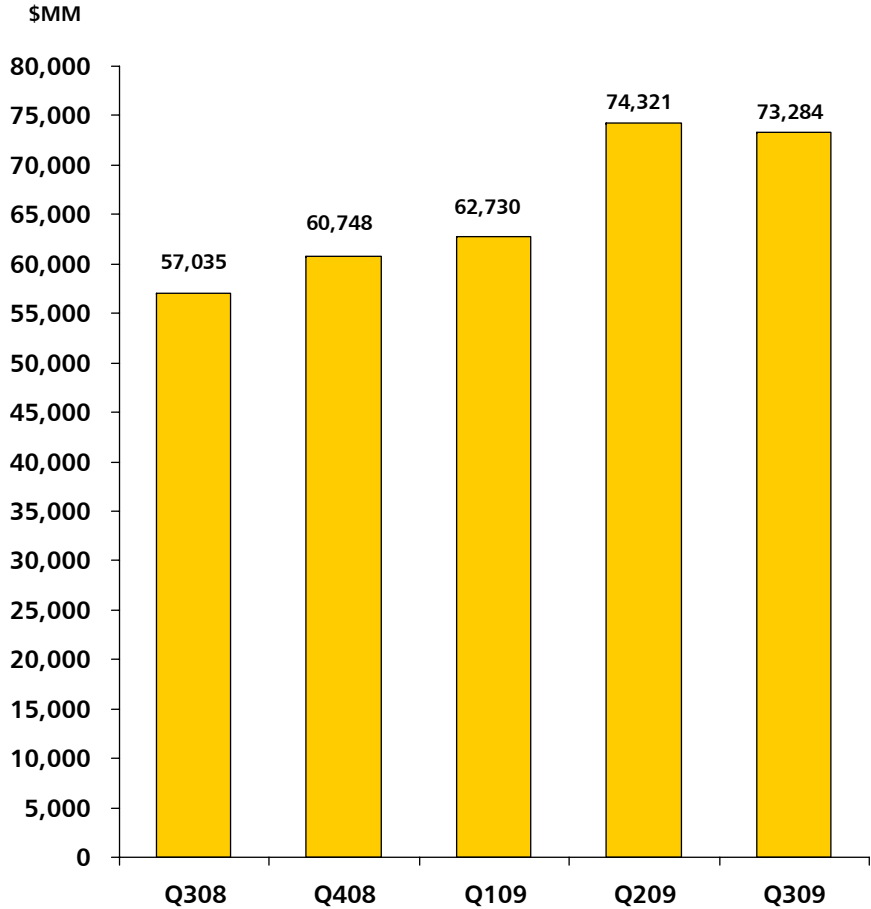


# Consumer Banking delivered gains in revenue and profits, even as loans and deposits declined modestly

## Average Loans Held for Investment



## Average Deposits



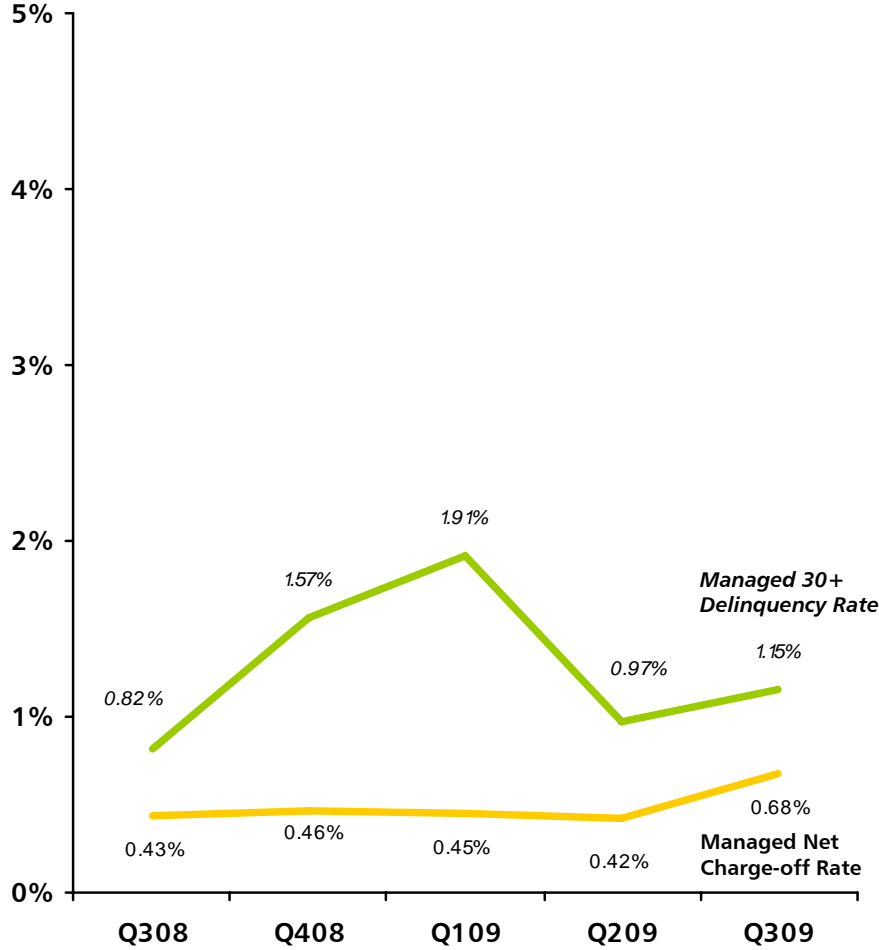
Loans Held for Investment Yield	Q308	Q408	Q109	Q209	Q309
	9.19%	9.22%	9.09%	8.52%	9.50%

Deposit Interest Expense Rate	Q308	Q408	Q109	Q209	Q309
	2.39%	2.45%	2.04%	1.76%	1.58%



# The Mortgage Portfolio and the Auto Finance business were the key drivers of Consumer Banking credit results and profitability

## Mortgage Credit



## Auto Credit

