



First Quarter 2019 Results

April 25, 2019

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, 2019, available on its website at www.capitalone.com under "Investors."

Company Highlights



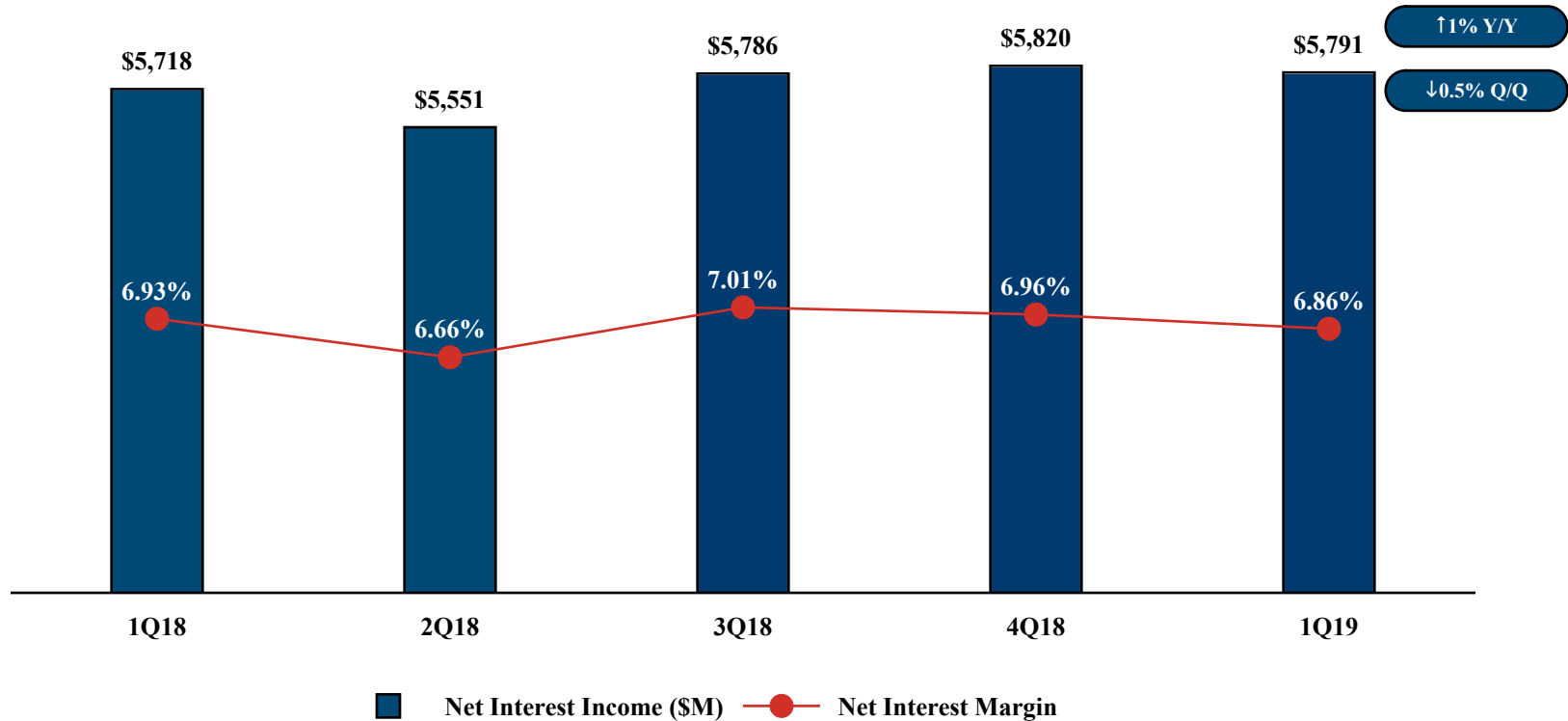
- Net income for the first quarter of 2019 of \$1.4 billion, or \$2.86 per diluted common share
 - Excluding adjusting items, net income per diluted common share for the first quarter of 2019 of \$2.90⁽¹⁾
- Pre-provision earnings increased 18% to \$3.4 billion for the first quarter of 2019⁽²⁾
- Efficiency ratio of 51.83% for the first quarter of 2019
 - Efficiency ratio excluding adjusting items of 51.48%⁽¹⁾
- Operating efficiency ratio of 44.53% for the first quarter of 2019
 - Operating efficiency ratio excluding adjusting items of 44.18%⁽¹⁾
- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 11.9% at March 31, 2019
- Period-end loans held for investment decreased \$5.6 billion, or 2%, to \$240.3 billion
- Average loans held for investment increased \$588 million, or less than 1%, to \$242.0 billion
- Period-end total deposits increased \$5.3 billion, or 2%, to \$255.1 billion
- Average total deposits increased \$3.7 billion, or 2%, to \$251.4 billion

Note: All comparisons are for the first quarter of 2019 compared with the fourth quarter of 2018 unless otherwise noted. Regulatory capital metrics and capital ratios as of March 31, 2019 are preliminary and therefore subject to change.

⁽¹⁾ Amounts excluding adjusting items are non-GAAP measures. See Appendix slides 13 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.

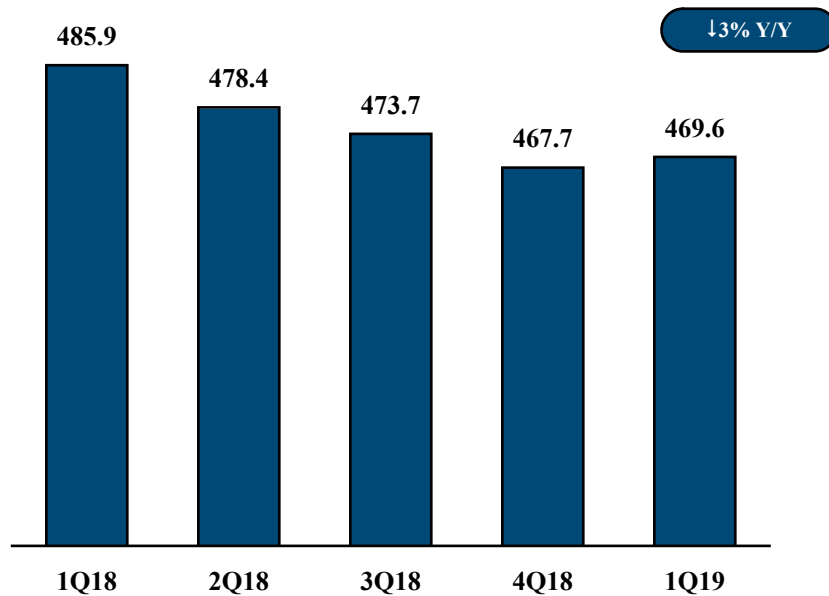
Net Interest Income and Net Interest Margin



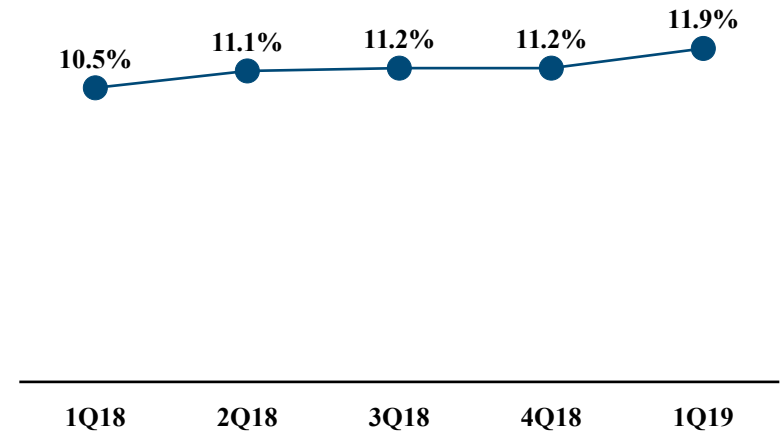
First Quarter 2019 Highlights

- Net interest margin decreased 10 basis points quarter-over-quarter and 7 basis points year-over-year primarily driven by higher deposit costs

Ending Common Shares Outstanding (M)



Common Equity Tier 1 Capital Ratio

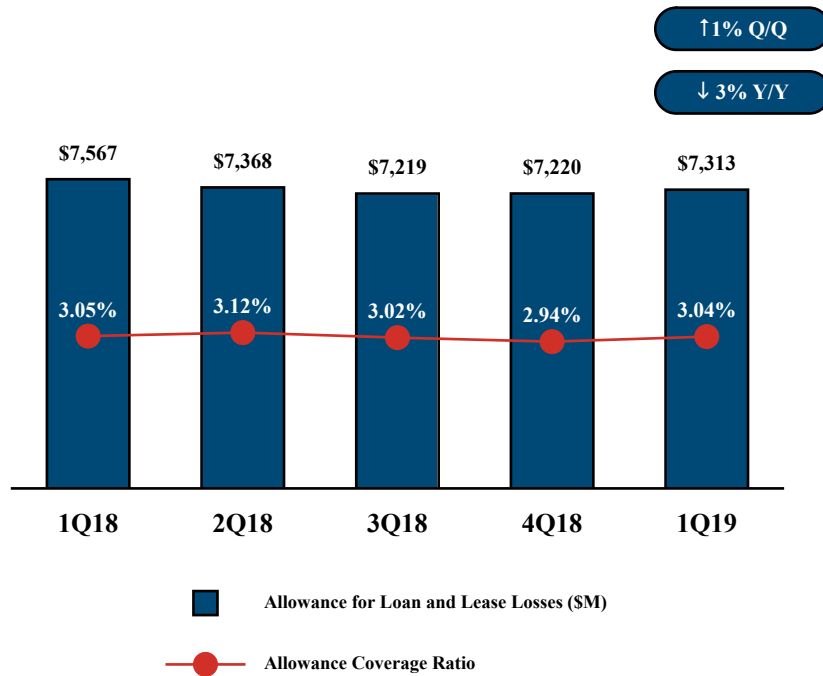


First Quarter 2019 Highlights

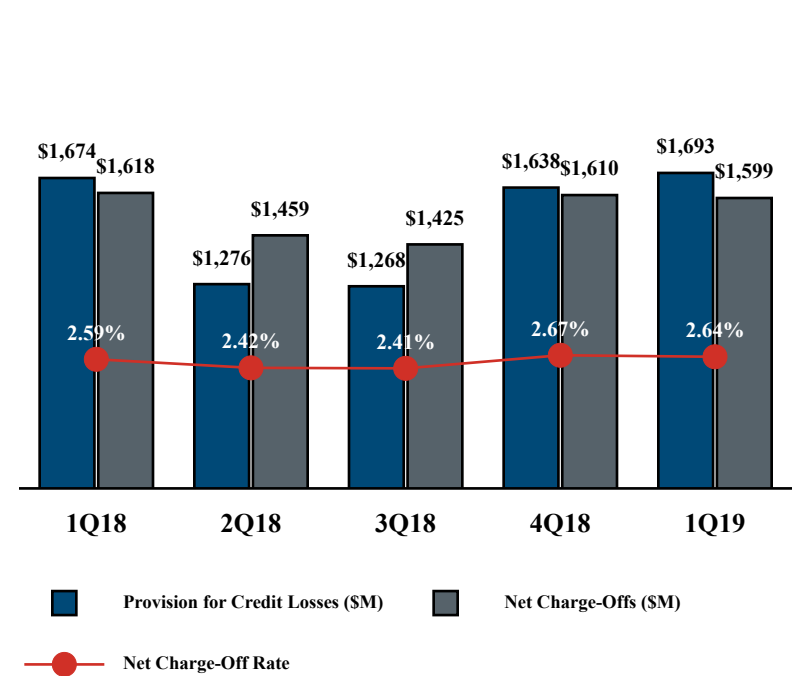
- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 11.9% at March 31, 2019
- We exceeded the fully phased-in Liquidity Coverage Ratio requirement at March 31, 2019

Note: Regulatory capital metrics and capital ratios as of March 31, 2019 are preliminary and therefore subject to change.

Allowance for Loan and Lease Losses



Provision for Credit Losses and Net Charge-Offs



First Quarter 2019 Highlights

- Net charge-off rate of 2.64%
- Allowance for loan and lease losses increased by \$93 million to \$7.3 billion
- Allowance coverage ratio of 3.04%

Financial Summary—Business Segment Results



<i>(Dollars in millions)</i>	Three Months Ended March 31, 2019				
	Credit Card	Consumer Banking	Commercial Banking	Other	Total
Net interest income	\$ 3,590	\$ 1,679	\$ 489	\$ 33	\$ 5,791
Non-interest income (loss)	950	160	187	(5)	1,292
Total net revenue	4,540	1,839	676	28	7,083
Provision for credit losses	1,389	235	69	—	1,693
Non-interest expense	2,171	994	417	89	3,671
Income (loss) from continuing operations before income taxes	980	610	190	(61)	1,719
Income tax provision (benefit)	229	142	44	(106)	309
Income from continuing operations, net of tax	\$ 751	\$ 468	\$ 146	\$ 45	\$ 1,410

(Dollars in millions, except as noted)

	2019 Q1 vs.				
	2019 Q1	2018 Q4	2018 Q1	2018 Q4	2018 Q1
Earnings:					
Net interest income	\$ 3,590	\$ 3,617	\$ 3,558	(1)%	1%
Non-interest income	950	886	857	7	11
Total net revenue	4,540	4,503	4,415	1	3
Provision for credit losses	1,389	1,326	1,456	5	(5)
Non-interest expense	2,171	2,496	2,039	(13)	6
Pre-tax income	980	681	920	44	7
Selected performance metrics:					
Period-end loans held for investment	\$ 109,836	\$ 116,361	\$ 107,576	(6)%	2%
Average loans held for investment	111,456	112,349	109,502	(1)	2
Total net revenue margin	16.29%	16.03%	16.13%	26bps	16bps
Net charge-off rate	4.90	4.61	5.03	29	(13)
Purchase volume	\$ 93,197	\$ 105,696	\$ 86,545	(12)%	8%

First Quarter 2019 Highlights

- Ending loans up \$2.3 billion, or 2%, year-over-year; average loans up \$2.0 billion, or 2%, year-over-year
- Purchase volume up 8% year-over-year
- Revenue up \$125 million, or 3%, year-over-year
- Revenue margin of 16.29%
- Non-interest expense up \$132 million, or 6%, year-over-year
- Provision for credit losses down \$67 million, or 5%, year-over-year
- Net charge-off rate of 4.90%

Domestic Card



(Dollars in millions, except as noted)

	2019 Q1	2018 Q4	2018 Q1	2019 Q1 vs.	
				2018 Q4	2018 Q1
Earnings:					
Net interest income	\$ 3,273	\$ 3,309	\$ 3,229	(1)%	1%
Non-interest income	873	828	774	5	13
Total net revenue	4,146	4,137	4,003	—	4
Provision for credit losses	1,291	1,229	1,380	5	(6)
Non-interest expense	1,949	2,216	1,832	(12)	6
Pre-tax income	906	692	791	31	15
Selected performance metrics:					
Period-end loans held for investment	\$ 101,052	\$ 107,350	\$ 98,535	(6)%	3%
Average loans held for investment	102,667	103,391	100,450	(1)	2
Total net revenue margin	16.15%	16.01%	15.94%	14bps	21bps
Net charge-off rate	5.04	4.64	5.26	40	(22)
30+ day delinquency rate	3.72	4.04	3.57	(32)	15
Purchase volume	\$ 85,738	\$ 96,818	\$ 79,194	(11)%	8%

First Quarter 2019 Highlights

- Ending loans up \$2.5 billion, or 3%, year-over-year; average loans up \$2.2 billion, or 2%, year-over-year
- Purchase volume up 8% year-over-year
- Revenue up \$143 million, or 4%, year-over-year
- Revenue margin of 16.15%
- Non-interest expense up \$117 million, or 6%, year-over-year
- Provision for credit losses down \$89 million, or 6%, year-over-year
- Net charge-off rate of 5.04%

(Dollars in millions, except as noted)

	2019 Q1	2018 Q4	2018 Q1	2019 Q1 vs.	
				2018 Q4	2018 Q1
Earnings:					
Net interest income	\$ 1,679	\$ 1,689	\$ 1,615	(1)%	4%
Non-interest income	160	159	174	1	(8)
Total net revenue	1,839	1,848	1,789	—	3
Provision for credit losses	235	303	233	(22)	1
Non-interest expense	994	1,085	1,000	(8)	(1)
Pre-tax income	610	460	556	33	10
Selected performance metrics:					
Period-end loans held for investment	\$ 59,248	\$ 59,205	\$ 74,674	—	(21)%
Average loans held for investment	59,065	59,342	74,997	—	(21)
Auto loan originations	6,222	5,932	6,707	5%	(7)
Period-end deposits	205,439	198,607	193,073	3	6
Average deposits	201,072	196,348	187,785	2	7
Average deposits interest rate	1.18%	1.10%	0.80%	8bps	38bps
Net charge-off rate	1.49	2.01	1.19	(52)	30

First Quarter 2019 Highlights

- Ending loans down \$15.4 billion, or 21%, year-over-year; average loans down \$15.9 billion, or 21%, year-over-year
- Ending deposits up \$12.4 billion, or 6% year-over-year
- Revenue up \$50 million, or 3%, year-over-year
- Non-interest expense flat year-over-year
- Provision for credit losses flat year-over-year
- Net charge-off rate of 1.49%

	2019 Q1 vs.				
	2019	2018	2018	2018	2018
(Dollars in millions, except as noted)	Q1	Q4	Q1	Q4	Q1
Earnings:					
Net interest income	\$ 489	\$ 508	\$ 506	(4)%	(3)%
Non-interest income	187	159	187	18	—
Total net revenue ⁽¹⁾	676	667	693	1	(2)
Provision for credit losses	69	9	(14)	**	**
Non-interest expense	417	434	403	(4)	3
Pre-tax income	190	224	304	(15)	(38)
Selected performance metrics:					
Period-end loans held for investment	\$ 71,189	\$ 70,333	\$ 65,953	1%	8%
Average loans held for investment	71,438	69,680	65,181	3	10
Period-end deposits	31,248	29,480	34,449	6	(9)
Average deposits	30,816	30,680	34,057	—	(10)
Average deposits interest rate	1.11%	0.95%	0.52%	16bps	59bps
Net charge-off rate	0.08	0.10	0.11	(2)	(3)
Risk category as a percentage of period-end loans held for investment:⁽²⁾					
Criticized performing	2.9%	2.6%	3.7%	30bps	(80)bps
Criticized nonperforming	0.5	0.4	0.5	10	—

First Quarter 2019 Highlights

- Ending loans up \$5.2 billion, or 8%, year-over-year; average loans up \$6.3 billion, or 10%, year-over-year
- Ending deposits down \$3.2 billion, or 9%, year-over-year; average deposits down \$3.2 billion, or 10%, year-over-year
- Revenue down \$17 million, or 2%, year-over-year
- Non-interest expense up \$14 million, or 3%, year-over-year
- Provision for credit losses up \$83 million year-over-year
- Net charge-off rate of 0.08%
- Criticized performing loan rate of 2.9% and criticized nonperforming loan rate of 0.5%

⁽¹⁾ In the first quarter of 2019, we made a change in how revenue is measured by revising the allocation of tax benefits on certain tax-advantaged investments. As such, prior period results have been recast to conform with the current period presentation, which reduced previously reported total net revenue by \$20 million in Q4 2018, and \$30 million in Q1 2018, with an offsetting increase in the Other category.

⁽²⁾ Criticized exposures correspond to the “Special Mention,” “Substandard” and “Doubtful” asset categories defined by bank regulatory authorities.

Appendix

Non-GAAP Measures



	Three Months Ended March 31, 2019			Three Months Ended December 31, 2018			Three Months Ended March 31, 2018		
	Reported Results	Adj. ⁽¹⁾	Adjusted Results	Reported Results	Adj. ⁽¹⁾	Adjusted Results	Reported Results	Adj. ⁽¹⁾	Adjusted Results
<i>(Dollars in millions, except per share data and as noted)</i>									
Selected income statement data:									
Net interest income	\$ 5,791	—	\$ 5,791	\$ 5,820	\$ 6	\$ 5,826	\$ 5,718	—	\$ 5,718
Non-interest income	1,292	—	1,292	1,193	(64)	1,129	1,191	\$ 2	1,193
Total net revenue	7,083	—	7,083	7,013	(58)	6,955	6,909	2	6,911
Provision for credit losses	1,693	—	1,693	1,638	—	1,638	1,674	—	1,674
Non-interest expense	3,671	\$ (25)	3,646	4,132	(34)	4,098	3,573	(17)	3,556
Income from continuing operations before income taxes	1,719	25	1,744	1,243	(24)	1,219	1,662	19	1,681
Income tax provision (benefit)	309	6	315	(21)	266	245	319	4	323
Income from continuing operations, net of tax	1,410	19	1,429	1,264	(290)	974	1,343	15	1,358
Income (loss) from discontinued operations, net of tax	2	—	2	(3)	—	(3)	3	—	3
Net income	1,412	19	1,431	1,261	(290)	971	1,346	15	1,361
Dividends and undistributed earnings allocated to participating securities ⁽²⁾	(12)	—	(12)	(9)	2	(7)	(10)	—	(10)
Preferred stock dividends	(52)	—	(52)	(80)	—	(80)	(52)	—	(52)
Net income available to common stockholders	\$ 1,348	\$ 19	\$ 1,367	\$ 1,172	\$ (288)	\$ 884	\$ 1,284	\$ 15	\$ 1,299
Selected performance metrics:									
Diluted EPS ⁽²⁾	\$ 2.86	\$ 0.04	\$ 2.90	\$ 2.48	\$ (0.61)	\$ 1.87	\$ 2.62	\$ 0.03	\$ 2.65
Efficiency ratio	51.83%	(35)bps	51.48%	58.92%	—	58.92%	51.72%	(27)bps	51.45%
Operating efficiency ratio	44.53	(35)	44.18	47.07	(10)bps	46.97	45.72	(26)	45.46

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:

	2019 Q1	2018 Q4	2018 Q1
<i>(Dollars in millions)</i>			
Walmart launch and related integration expenses	\$ 25	—	—
Net gains on the sales of exited businesses	—	\$ (74)	—
Benefit as a result of tax methodology change on rewards costs	—	(284)	—
U.K. Payment Protection Insurance customer refund reserve build (“U.K. PPI Reserve”)	—	50	—
Restructuring charges	—	—	\$ 19
Total	25	(308)	19
Income tax provision	6	18	4
Net income	\$ 19	\$ (290)	\$ 15

⁽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.