Second Quarter 2012 Results

July 19, 2012

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 most recent Current Report on Form 8-K filed July 18, 2012, available on its website at www.capitalone.com under "Investors."

Second quarter results reflect significant purchase accounting and other items, as well as continued solid business performance

- **Second quarter net income of $92 million, or $0.16 per common share**

- **Completed HSBC U.S. Card Business acquisition on May 1st**
  - Purchase accounting drove Total Company and Domestic Card Q2 results
  - ING Direct and HSBC U.S. Card Integrations on track
  - Combined Capital One, ING Direct and HSBC U.S. Card businesses on track to deliver strong returns and capital generation

- **Quarter included more than usual number of other items**
  - Reps and Warranties
  - UK PPI
  - Interchange settlement
  - Cross-sell settlement

- **All three business segments delivered solid performance**

- **The combination of Capital One, ING Direct, and the HSBC U.S. Card business puts us in an even stronger position to deliver sustained shareholder value**

Our businesses continue to deliver solid results

Domestic Card
(Excluding HSBC Deal Impacts)

- Excluding expected IL run-off, loans grew about 1% in the quarter
- Purchase volumes grew 11% vs. Q211[1]
- Net revenue margin remained in the 16% range, despite other items[2]
- Credit remains stable at historically strong levels, with expected seasonality
- Solid underlying net income

Consumer Banking

- Modest ending loan growth, with auto finance growth more than offsetting mortgage run-off
  - Stronger average loan growth, with full quarter of INGD mortgage loans
- Deposits declined modestly, with improving deposit interest expense rate
- Strong revenue, driven by higher average loan balances
- Strong credit, with seasonal tailwinds
- Net income of $438 million

Commercial Banking

- Steady loan growth continued, with loans up 3% in the quarter and 15% year-over year
- Net revenues were stable compared to Q112, and up 13% year-over-year
- Strong credit continued
- Net income of $228 million

[1] As reported purchase volume growth was 34%
[2] As reported Domestic Card Net Revenue Margin was 15.82%

We are focused on delivering sustained shareholder value

Sure-footed Integrations	Building a Great Customer Franchise	Strong Returns and Capital Generation

The composition of our second quarter balance sheet was impacted by the closing of the HSBC acquisition

$B	HSBC Impacts 5/1/2012	6/30/2012	3/31/2012
Assets:			
Cash and cash equivalents	$ (31.1)	$ 6.3	$ 31.7
Securities	-	55.3	60.8
Loans held for investment	27.6	202.8	173.8
Less: Allowance for loan and lease losses	-	(5.0)	(4.0)
Net loans held for investment	27.6	197.8	169.8
Other Assets	4.0	37.2	32.2
Total assets	$ 0.5	$ 296.6	$ 294.5
Liabilities:			
Deposits	$ -	$ 213.9	$ 216.5
Debt	-	35.9	32.9
Other liabilities	0.5	9.6	8.1
Total liabilities	0.5	259.4	257.5
Stockholders' equity:	-	37.2	37.0
Total liabilities and stockholders' equity	$ 0.5	$ 296.6	$ 294.5

Numerous acquisition accounting items impacted both the balance sheet and the income statement in the quarter

Select purchase accounting items

Item	Purchase Accounting 5/1/2012	Q2 P&L Impact	Timing	Notes
Allowance build for non-impaired loans *	n/a	(1,198)	Expect modest impacts in Q3	Increases Domestic Card provision expense
Finance charge and fee reserve for non-impaired loans *	n/a	(174)	Expect modest impact in Q3	Reduces Domestic Card revenue
Credit mark on impaired loans	(666)	251	Absorbs bulk of HSBC impaired loan losses until early 2013	Temporarily reduces Domestic Card provision expense and credit metrics
Fair value mark on non-impaired loans *	692	(63)	Accelerated through 2013	Amortization of premium on non-impaired HSBC loans; lowers Domestic Card net interest income
Purchased Credit Card Relationships	2,132	(85)	Accelerated on average over 9 years	Increases Domestic Card operating expense
Other intangibles and FV marks	47	58	Varies	Increases Domestic Card revenue
Goodwill	272	-	-	No P&L impact

*Non-Impaired loans includes revolving accounts less than 60 days delinquent

Second quarter 2012 earnings reflected a significant impact from the acquisition of HSBC's loan portfolio and other items

$MM		Actual Q2'12		HSBC* Impact Q2'12		COF (excl.HSBC) Q2'12		Actual Q1'12 **
Net Interest Income	$	4,001	$	500	$	3,501	$	3,414
Non-Interest Income		1,054		163		891		1,521
Total Net Revenue		5,055		663		4,392		4,935
Marketing		334		9		325		321
Operating Expense		2,808		442		2,366		2,183
Non-Interest Expense		3,142		451		2,691		2,504
Pre-Provision Earnings (before tax)		1,913		212		1,701		2,431
Net Charge-offs		738		10		728		780
Other		1		-		1		(17)
Allowance Build (Release)		938		1,198		(260)		(190)
Provision Expense		1,677		1,208		469		573
Pretax Income		236		(996)		1,232		1,858
Taxes		43		(352)		395		353
Operating Earnings (after tax)		193		(644)		837		1,505
Discontinued Operations, net of tax		(100)		-		(100)		(102)
Total Company (after tax)	$	93	$	(644)	$	737	$	1,403
Diluted EPS (Continuing Ops)	$	0.33		NA		NA	$	2.92
Diluted EPS per common share	$	0.16		NA		NA	$	2.72
Wtd Avg Common Shares Outstandir		582.8		NA		NA		513.1

* HSBC impacts are estimated direct impacts post acquisition, including transaction & merger related expenses

**Q1 includes ½ quarter impact of INGD earnings; Non Interest Income includes $594MM bargain purchase gain related to closing of INGD

HSBC acquisition

- Merger-related & purchase accounting include:
  - $1.2B ALLL build in provision expense
  - ($174MM) FCFR build in revenue
  - ($63MM) amortization of premium in net interest income
  - $85MM PCCR in operating expense
  - $14MM other net impact to income
  - $106MM Transaction and merger-related expenses in non-interest expense
- HSBC impacts on Q2 2012 earnings excluding merger-related and purchase accounting impacts:
  - Revenue of ~ $830M
  - Non-interest expense of ~ $260M

Other items

- $180MM Rep & Warranty Expense
  - $154MM in discontinued operations; $26MM reduced non-interest income
- $98MM net litigation reserve to cover interchange & other settlements in non interest expense
- $101MM expense related to settlement & remediation re: cross sell activities
  - $60MM penalty in non-interest expense
  - $20MM customer remediation reduced net interest income
  - $21MM customer remediation reduced non-interest income
- $82MM accrual related to UK PPI in Revenue
  - $29MM reduced net interest income
  - $30MM reduced non interest income
  - $23MM non interest expense

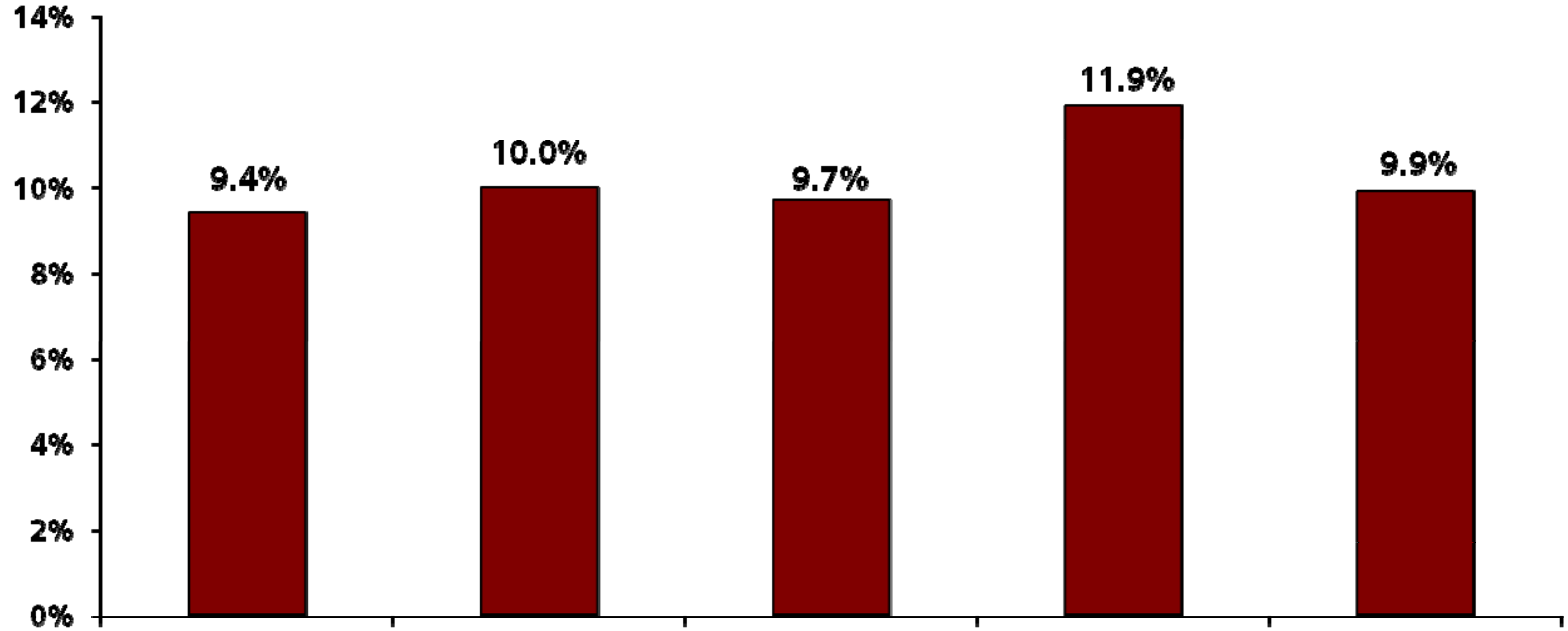
Second quarter NIM impacted by full quarter of ING Direct, partial quarter impact of HSBC and HSBC purchase accounting

Average Balances & Margin Highlights

(Dollars in millions)	2012 Q2 Average Balance	2012 Q2 Yield/ Rate	2012 Q1 Average Balance	2012 Q1 Yield/ Rate
Interest-earning assets:				
Loans held for investment	$ 192,632	8.84 %	$ 152,900	9.56 %
Investment securities	56,972	2.35	50,543	2.36
Cash equivalents and other	15,415	0.67	16,803	0.62
Total interest-earning assets	$ 265,019	6.97 %	$ 220,246	7.23 %
Interest-bearing liabilities:				
Total interest-bearing deposits	$ 195,597	0.76 %	$ 151,625	0.82 %
Securitized debt obligations	14,948	1.85	16,185	1.98
Senior and subordinated notes	11,213	3.10	10,268	3.43
Other borrowings	9,257	3.72	9,541	3.61
Total interest-bearing liabilities	$ 231,015	1.06 %	$ 187,619	1.20 %
Impact of non-interest bearing funding		0.14 %		0.17 %
Net interest margin		6.04 %		6.20 %

Our capital position remains strong after the closing of the HSBC transaction

Tier 1 Common Ratio (Basel I)[1]



($B)	Q211	Q311	Q411	Q112	Q212
Tier 1 common capital including disallowed DTA	14.3	15.1	15.6	22.6	22.3
Disallowed DTA	(0.6)	(0.2)	(0.5)	(0.9)	(0.8)
Tier 1 common capital	13.7	14.9	15.1	21.7	21.5
RWA	146	149	156	183	216
EOP Loans	129	130	136	174	203

1 Tier 1 common ratio is a regulatory capital measure calculated based on Tier 1 common capital divided by risk-weighted assets. See "Exhibit 99.2—Table 13: Reconciliation of Non-GAAP Measures and Calculation of Regulatory Capital Measures" for the calculation of this ratio.

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