



Second Quarter 2017 Results

July 20, 2017

Forward-Looking Statements

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Certain statements in this presentation and other oral and written statements made by Capital One from time to time are forward-looking statements, including those that discuss, among other things: strategies, goals, outlook or other non-historical matters; projections, revenues, income, returns, expenses, capital measures, accruals for claims in litigation and for other claims against Capital One, earnings per share or other financial measures for Capital One; future financial and operating results; Capital One's plans, objectives, expectations and intentions; and the assumptions that underlie these matters. To the extent that any such information is forward-looking, it is intended to fit within the safe harbor for forward-looking information provided by the Private Securities Litigation Reform Act of 1995. 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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 July 20, 2017, available on its website at www.capitalone.com under "Investors."

Company Highlights



- Net income for the second quarter of 2017 of \$1.0 billion, or \$1.94 per diluted common share.
 - Excluding adjusting items, net income per diluted common share was \$1.96⁽¹⁾.
- Pre-provision earnings increased 6% to \$3.3 billion for the second quarter of 2017⁽²⁾.
- Efficiency ratio of 50.92% for the second quarter of 2017.
 - Efficiency ratio excluding adjusting items was 50.75% for the second quarter of 2017⁽¹⁾.
- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 10.7% at June 30, 2017.
- Period-end loans held for investment increased \$3.7 billion, or 2%, to \$244.3 billion.
- Average loans held for investment increased \$736 million, or less than 1%, to \$242.2 billion.
- Period-end total deposits decreased \$1.4 billion, or less than 1%, to \$239.8 billion.
- Average deposits increased \$2.0 billion, or less than 1%, to \$240.6 billion.

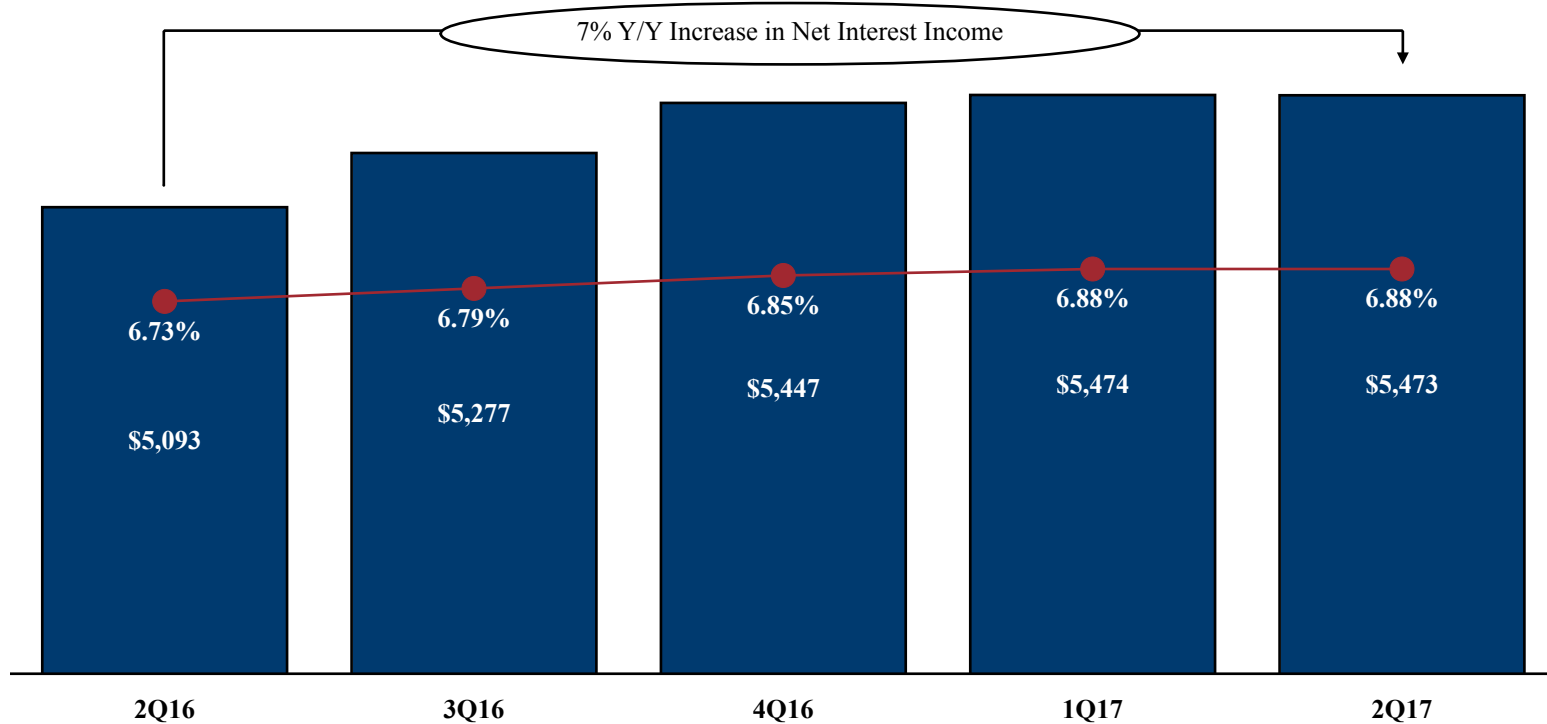
Note: All comparisons are for the second quarter of 2017 compared with the first quarter of 2017 unless otherwise noted.

⁽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

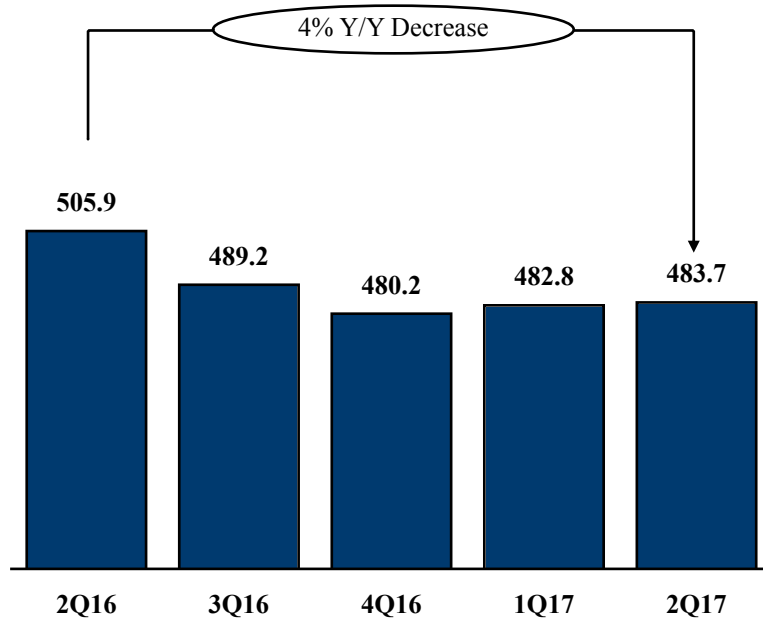
Net Interest Income (\$M) and Net Interest Margin



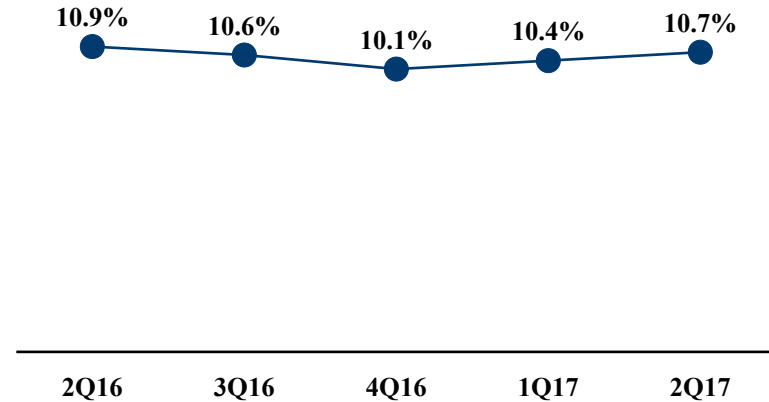
Second Quarter 2017 Highlights

- Net interest margin was flat quarter-over-quarter as one additional day to recognize income was offset by higher rates on interest-bearing liabilities.
- Net interest margin increased 15 basis points year-over-year primarily driven by higher interest rates, growth in our Domestic Card business and run-off of our acquired home loan portfolio.

Ending Common Shares Outstanding (M)



Common Equity Tier 1 Capital Ratio



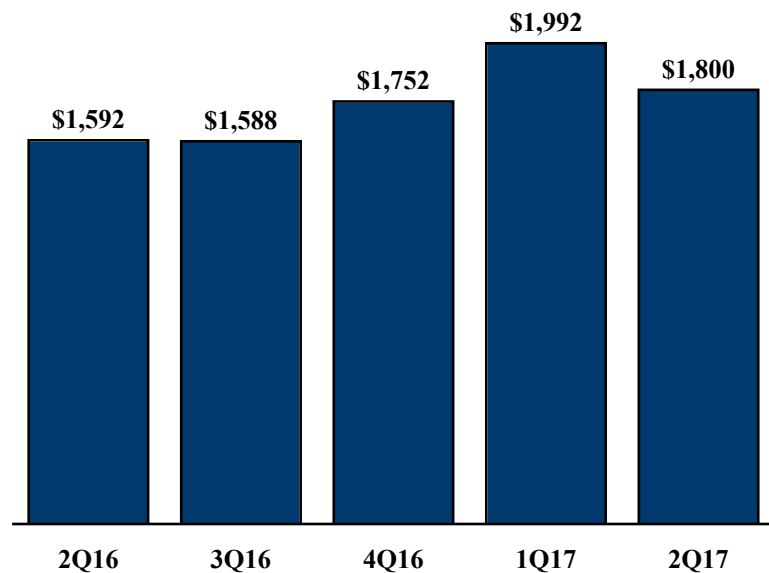
Second Quarter 2017 Highlights

- Common equity Tier 1 capital ratio under Basel III Standardized Approach of 10.7% at June 30, 2017.
- We exceeded the fully phased-in LCR requirement at June 30, 2017⁽¹⁾.

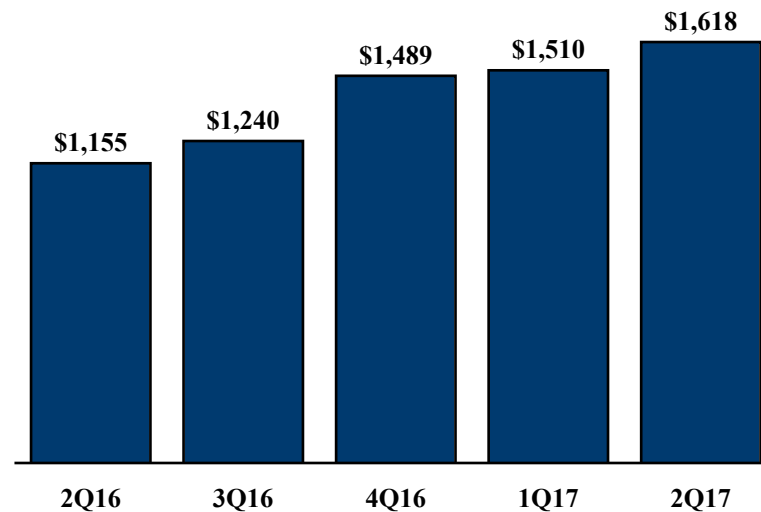
Note: Regulatory capital metrics and capital ratios as of June 30, 2017 are preliminary and therefore subject to change.

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

Provision (\$M)



Net Charge-Offs (\$M)



Second Quarter 2017 Highlights

- Net charge-off rate of 2.67%.
- Allowance increased to \$7.2 billion.
- Allowance as a percentage of loans held for investment of 2.93%.

Financial Summary—Business Segment Results



<i>(Dollars in millions)</i>	Three Months Ended June 30, 2017				
	Credit Card	Consumer Banking	Commercial Banking	Other	Total
Net interest income	\$ 3,294	\$ 1,578	\$ 569	\$ 32	\$ 5,473
Non-interest income	875	183	183	(10)	1,231
Total net revenue	4,169	1,761	752	22	6,704
Provision (benefit) for credit losses	1,397	268	140	(5)	1,800
Non-interest expense	1,918	1,059	381	56	3,414
Income (loss) from continuing operations before income taxes	854	434	231	(29)	1,490
Income tax provision (benefit)	301	158	85	(101)	443
Income from continuing operations, net of tax	\$ 553	\$ 276	\$ 146	\$ 72	\$ 1,047

(Dollars in millions, except as noted)

	2017 Q2 vs.				
	2017 Q2	2017 Q1	2016 Q2	2017 Q1	2016 Q2
Earnings:					
Net interest income	\$ 3,294	\$ 3,346	\$ 3,045	(2)%	8%
Non-interest income	875	738	859	19	2
Total net revenue	4,169	4,084	3,904	2	7
Provision for credit losses	1,397	1,717	1,261	(19)	11
Non-interest expense	1,918	1,929	1,883	(1)	2
Pre-tax income	854	438	760	95	12
Selected performance metrics:					
Period-end loans held for investment	101,590	99,213	96,904	2	5
Average loans held for investment	100,043	101,169	94,382	(1)	6
Total net revenue margin	16.67%	16.14%	16.55%	53bps	12bps
Net charge-off rate	5.02	5.02	4.02	—	100
Purchase volume	\$ 83,079	\$ 73,197	\$ 78,019	14%	6%

Second Quarter 2017 Highlights

- Ending loans up \$4.7 billion, or 5%, year-over-year; average loans up \$5.7 billion, or 6%, year-over-year.
- Purchase volume up 6% year-over-year.
- Revenue up \$265 million, or 7%, year-over-year.
- Revenue margin of 16.67%.
- Non-interest expense up \$35 million, or 2%, year-over-year.
- Provision for credit losses up \$136 million, or 11%, year-over-year.
- Net charge-off rate of 5.02%.

(Dollars in millions, except as noted)

	2017 Q2 vs.				
	2017 Q2	2017 Q1	2016 Q2	2017 Q1	2016 Q2
Earnings:					
Net interest income	\$ 3,011	\$ 3,093	\$ 2,769	(3)%	9%
Non-interest income	802	699	792	15	1
Total net revenue	3,813	3,792	3,561	1	7
Provision for credit losses	1,327	1,637	1,164	(19)	14
Non-interest expense	1,727	1,717	1,669	1	3
Pre-tax income	759	438	728	73	4
Selected performance metrics:					
Period-end loans held for investment	92,866	91,092	88,581	2	5
Average loans held for investment	91,769	93,034	85,981	(1)	7
Total net revenue margin	16.62%	16.30%	16.57%	32bps	5bps
Net charge-off rate	5.11	5.14	4.07	(3)	104
Purchase volume	\$ 75,781	\$ 66,950	\$ 71,050	13%	7%

Second Quarter 2017 Highlights

- Ending loans up \$4.3 billion, or 5%, year-over-year; average loans up \$5.8 billion, or 7%, year-over-year.
- Purchase volume up 7% year-over-year.
- Revenue up \$252 million, or 7%, year-over-year.
- Revenue margin of 16.62%.
- Non-interest expense up \$58 million, or 3%, year-over-year.
- Provision for credit losses up \$163 million, or 14%, year-over-year.
- Net charge-off rate of 5.11%.

(Dollars in millions, except as noted)

	2017		2016		2017 Q2 vs.	
	Q2	Q1	Q2	Q1	2017 Q1	2016 Q2
Earnings:						
Net interest income	\$ 1,578	\$ 1,517	\$ 1,439		4%	10%
Non-interest income	183	195	175		(6)	5
Total net revenue	1,761	1,712	1,614		3	9
Provision for credit losses	268	279	204		(4)	31
Non-interest expense	1,059	1,042	1,006		2	5
Pre-tax income	434	391	404		11	7
Selected performance metrics:						
Period-end loans held for investment	74,973	73,982	71,415		1	5
Average loans held for investment	74,469	73,331	70,988		2	5
Auto loan originations	7,453	7,025	6,529		6	14
Period-end deposits	186,607	188,216	176,340		(1)	6
Average deposits	186,989	183,936	176,808		2	6
Average deposits interest rate	0.59%	0.57%	0.55%		2bps	4bps
Net charge-off rate	1.25	1.19	0.83		6	42

Second Quarter 2017 Highlights

- Ending loans up \$3.6 billion, or 5%, year-over-year; average loans up \$3.5 billion, or 5%, year-over-year.
- Ending deposits of \$186.6 billion, up 6% year-over-year.
- Auto loan originations up \$924 million, or 14%, year-over-year.
- Revenue up \$147 million, or 9%, year-over-year.
- Non-interest expense up \$53 million, or 5%, year-over-year.
- Provision for credit losses up \$64 million year-over-year.
- Net charge-off rate of 1.25%.

	2017 Q2 vs.				
	2017 Q2	2017 Q1	2016 Q2	2017 Q1	2016 Q2
<i>(Dollars in millions, except as noted)</i>					
Earnings:					
Net interest income	\$ 569	\$ 566	\$ 559	1%	2%
Non-interest income	183	158	129	16	42
Total net revenue	752	724	688	4	9
Provision (benefit) for credit losses	140	(2)	128	**	9
Non-interest expense	381	391	343	(3)	11
Pre-tax income	231	335	217	(31)	6
Selected performance metrics:					
Period-end loans held for investment	67,672	67,320	66,202	1	2
Average loans held for investment	67,669	66,938	64,938	1	4
Period-end deposits	33,153	33,735	34,281	(2)	(3)
Average deposits	34,263	34,219	33,764	—	1
Average deposits interest rate	0.36%	0.31%	0.27%	5bps	9bps
Net charge-off rate	0.80	0.14	0.37	66	43
Risk category as a percentage of period-end loans held for investment:⁽¹⁾					
Criticized performing	3.9	3.7	3.7	20	20
Criticized nonperforming	1.0	1.2	1.6	(20)	(60)

Second Quarter 2017 Highlights

- Ending loans up \$1.5 billion, or 2%, year-over-year.
- Average loans up \$2.7 billion, or 4%, year-over-year; average deposits up 1% year-over-year.
- Revenue up \$64 million, or 9%, year-over-year.
- Non-interest expense up \$38 million, or 11%, year-over-year.
- Provision for credit losses up \$12 million year-over-year.
- Net charge-off rate of 0.80%.
- Criticized performing loan rate of 3.9% and criticized nonperforming loan rate of 1.0%.

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

** Not meaningful.

Appendix

Non-GAAP Measures



	2017 Q2			2017 Q1			Six Months Ended June 30, 2017		
	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	\$ 5,473	—	\$ 5,473	\$ 5,474	\$ 33	\$ 5,507	\$ 10,947	\$ 33	\$ 10,980
Non-interest income	1,231	—	1,231	1,061	37	1,098	2,292	37	2,329
Total net revenue	6,704	—	6,704	6,535	70	6,605	13,239	70	13,309
Provision for credit losses	1,800	—	1,800	1,992	—	1,992	3,792	—	3,792
Non-interest expense	3,414	\$ (12)	3,402	3,434	(29)	3,405	6,848	(41)	6,807
Income from continuing operations before income taxes	1,490	12	1,502	1,109	99	1,208	2,599	111	2,710
Income tax provision (benefit)	443	4	447	314	(1)	313	757	3	760
Income from continuing operations, net of tax	1,047	8	1,055	795	100	895	1,842	108	1,950
Income (loss) from discontinued operations, net of tax	(11)	—	(11)	15	—	15	4	—	4
Net income	1,036	8	1,044	810	100	910	1,846	108	1,954
Net income available to common stockholders	948	8	956	752	100	852	1,700	108	1,808
Selected performance metrics:									
Diluted EPS ⁽²⁾	\$ 1.94	\$ 0.02	\$ 1.96	\$ 1.54	\$ 0.21	\$ 1.75	\$ 3.49	\$ 0.22	\$ 3.71
Efficiency ratio	50.92%	(17)bps	50.75%	52.55%	(100)bps	51.55%	51.73%	(58)bps	51.15%

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.

⁽¹⁾ In Q2 2017, we incurred \$12 million of costs related to our anticipated close of the Cabela’s acquisition, which is subject to regulatory approval. In Q1 2017, we recorded a build in the U.K. Payment Protection Insurance customer refund reserve (“U.K. PPI Reserve”) of \$99 million.

⁽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.

Non-GAAP Measures



	2016			2016			2016			Year Ended		
	Q4			Q3			Q2			December 31, 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
<i>(Dollars in millions, except per share data and as noted)</i>												
Selected income statement data:												
Net interest income	\$ 5,447	\$ 13	\$ 5,460	\$ 5,277	\$ 34	\$ 5,311	\$ 5,093	\$ 7	\$ 5,100	\$20,873	\$ 54	\$ 20,927
Non-interest income	1,119	14	1,133	1,184	13	1,197	1,161	8	1,169	4,628	35	4,663
Total net revenue	6,566	27	6,593	6,461	47	6,508	6,254	15	6,269	25,501	89	25,590
Provision for credit losses	1,752	—	1,752	1,588	—	1,588	1,592	—	1,592	6,459	—	6,459
Non-interest expense	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	1,135	72	1,207	1,512	63	1,575	1,367	30	1,397	5,484	165	5,649
Income tax provision (benefit)	342	10	352	496	—	496	424	(7)	417	1,714	3	1,717
Income from continuing operations, net of tax	793	62	855	1,016	63	1,079	943	37	980	3,770	162	3,932
Income (loss) from discontinued operations, net of tax	(2)	—	(2)	(11)	—	(11)	(1)	—	(1)	(19)	—	(19)
Net income	791	62	853	1,005	63	1,068	942	37	979	3,751	162	3,913
Net income available to common stockholders	710	62	772	962	63	1,025	871	37	908	3,513	162	3,675
Selected performance metrics:												
Diluted EPS ⁽²⁾	\$ 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	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.

⁽¹⁾ 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 in 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>	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016
Domestic credit card—Refreshed FICO scores:⁽¹⁾					
Greater than 660	64%	63%	64%	64%	65%
660 or below	36	37	36	36	35
Total	100%	100%	100%	100%	100%
Auto—At origination FICO scores:⁽²⁾					
Greater than 660	51%	51%	52%	51%	51%
621 - 660	18	18	17	17	17
620 or below	31	31	31	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 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2
Commercial oil and gas portfolio:					
Loans held for investment: ⁽¹⁾					
Exploration and production	\$ 1,411	\$ 1,333	\$ 1,402	\$ 1,524	\$ 1,600
Oilfield services	507	599	657	705	862
Midstream and other	547	486	472	415	527
Total loans held for investment	2,465	2,418	2,531	2,644	2,989
Unfunded exposure:					
Exploration and production	2,128	2,086	1,855	1,604	1,629
Oilfield services	311	359	365	452	421
Midstream and other	691	661	662	713	611
Total unfunded exposure	3,130	3,106	2,882	2,769	2,661
Total commercial oil and gas portfolio maximum credit exposure	\$ 5,595	\$ 5,524	\$ 5,413	\$ 5,413	\$ 5,650
Selected performance metrics:					
Allowance for loan and lease losses	\$ 180	\$ 192	\$ 227	\$ 243	\$ 265
Allowance as a percentage of loans held for investment	7.30%	7.96%	8.99%	9.18%	8.87%
Total reserves ⁽²⁾	\$ 206	\$ 233	\$ 262	\$ 275	\$ 310
Loans as a percentage of total commercial loans held for investment	3.64%	3.59%	3.78%	3.98%	4.51%
Loans as a percentage of total company loans held for investment	1.01	1.01	1.03	1.11	1.27
Criticized performing loan rate	25.29	27.27	28.19	29.51	33.05
Nonperforming loan rate	10.90	15.63	20.98	20.80	18.63

⁽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 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2
Commercial taxi medallion lending portfolio:					
Total loans held for investment ⁽¹⁾	\$ 582	\$ 655	\$ 690	\$ 773	\$ 854
Selected performance metrics:					
Allowance for loan and lease losses	\$ 100	\$ 86	\$ 104	\$ 111	\$ 128
Allowance as a percentage of loans held for investment	17.27%	13.11%	15.09%	14.32%	15.04%
Loans as a percentage of total commercial loans held for investment	0.86	0.97	1.03	1.16	1.29
Loans as a percentage of total company loans held for investment	0.24	0.27	0.28	0.32	0.36
Criticized performing loan rate	47.02	29.78	29.40	41.32	36.05
Nonperforming loan rate	50.70	52.74	51.46	38.81	37.85

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