

Capital One Financial Corporation Ticker: COF Sector: Financials Industry: Credit Services	Intrinsic Value: \$ 115.6 Current Price: \$77.06 Stop Loss: \$ 64.18 Upside Review: \$ 90.6	TTM P/E: 9.88 Forward P/E: 9.54 Beta: 1.01	Market Cap: \$ 42.24B Dividend Yield: \$1.20 (1.45%) 52 Week Range: \$ 85.39– \$70.21
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Business Summary: Capital One Financial Corporation operates as Capital One Bank (USA), National Association (COBNA) and Capital One, National Association (CONA). The company provides various financial products and services in the United States, the United Kingdom and Canada. The company serves consumers, small businesses and commercial clients through Internet and branches located primarily in New York, New Jersey, Texas, Louisiana, Maryland, Virginia, and DC.

Industry Trends and Investment Thesis: The fundamental outlook for consumer finance industry is positive as companies are expected position well to capture rewards of an improving economic environment after years of regulation. Card spending is expected to grow at a faster rate than consumer loans due to Improvement in credit quality after tight underwriting standards employed through the downturn. Card Credit is expected to stay strong with 23 Year low rate and payment growth is helped by Emerging Market Opportunities. Consumer spending growth and home prices may fuel rising payments growth.

Competitive Analysis:

Capital One is the sixth largest depository institution and a leading direct bank in the U.S. It provides various non-interest bearing and interest-bearing deposits, credit card loans and installment loans, such as auto, home, retail banking, commercial and multifamily real estate, commercial and industrial, and small-ticket commercial real estate loans. It provides credit and debit card products, as well as treasury management services.

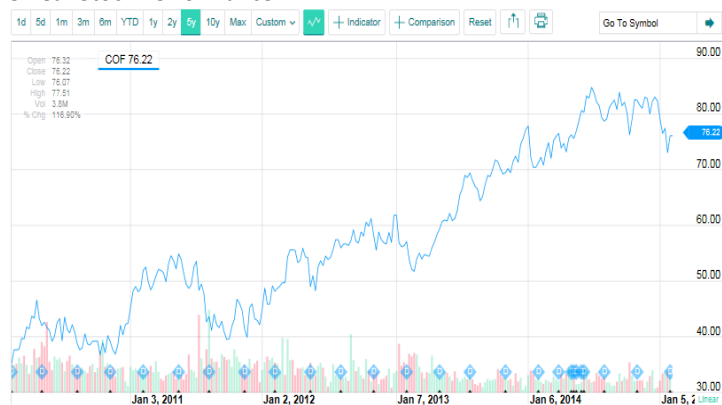
Pros:

- Balance sheet transferring into more of a regional bank helped to diversify the loan portfolio as the U.S.
- Loan growth in other categories continued as automobile lending grew
- Gaining liquidity to use higher-yielding commercial and consumer loans and achieve growth from the acquisition of cheap funding through regional and online banks
- The company is expanding its digital platform

Risk Factors:

- Global economy slowdown may impact loan growth and net charge-offs.
- Still face regulatory and legal risk
- Amazon, Apple and Pay pal threaten

5 Year Stock Performance:



(Yahoo!)

Total Return Estimates

- 3 Yr FV Reversion: 7%
- 5 Yr FV Reversion: 3%
- Key Valuation Assumptions**
- Est Revenue Growth: 3%
- WACC: 5.87%
- Expected Inflation: 0.8%
- Terminal Growth Rate: 1%
- 10 Yr Risk Free Rate: 1.9%
- Equity Risk Premium: 8.13%
- Tax Rate: 32.0%

Key Financial Data

- Est 2014 EPS: \$7.67
- Est 2015 EPS: \$7.65
- 3-5 Yr Est EPS Growth: 3%
- PEG (TTM): 1.88

- Credit Quality: Baa1 (Moody's, Unsec Debt)
- ROE: 10.1%
- ROA: 1.46%
- Price/Book: 0.95
- Price/Cash Flow: 23.1
- Debt/Equity: 107.56%
- Current Ratio: N/A
- Quick Ratio: N/A

CSR Characteristics (Capital One/Industry)

- Human Rights: 0/1 Business Ethics Policy: 1/1
- ESG Disclosure: 46.49/38.01 Equal Opportunity: 1/1
- Emission Reduction: 1/1 Environment Disclosure: 42.86/31.68

Competitor Comparison:

Direct Competitor Comparison	COF US	AXP US	DFS US	Industry Average
Ticker	COF US	AXP US	DFS US	Industry Average
Mkt Cap (USD)	42645.0	88816.6	26646.5	94230.3
Number of Employees LF	46000.0	62800.0	14128.0	117919.6
Rev - 1 Yr Gr:Q-4	-4.0	3.7	4.0	3.2
Net Sales T12M	23869.0	35999.0	9611.0	39877.2
EBITDA T12M	10012.0	11532.0	5449.0	11339.4
OPM:Q-4	23.6	23.2	44.0	31.2
NI / Profit - 1 Yr Gr:Q-4	1.9	105.3	9.3	38.6
Diluted EPS T12M	7.6	5.5	4.9	4.6
P/E	10.1	17.0	11.3	20.5
PE/G PI Yld	1.4	1.6	1.0	1.4
P/B	0.9	4.2	2.4	3.1

Information from: Bloomberg

Prepared by Dan Bu (Feb 10, 2015)