

# ModernGraham Valuation

Company Name:

Capital One  
Financial Corp.

Company Ticker COF

Date of Analysis

8/31/2015



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass all 6 of the following tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	Pass
2. Earnings Stability	Positive EPS for 10 years prior	Fail
3. Dividend Record	Dividend Payments for 10 years prior	Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
4. Earnings Growth		Pass
5. Moderate PEmg Ratio	PEmg < 20	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	Pass

*Enterprising Investor; must pass all 3 of the following tests, or be suitable for the Defensive Investor.*

1. Earnings Stability	Positive EPS for 5 years prior	Pass
2. Dividend Record	Currently Pays Dividend	Pass
3. Earnings Growth	EPSmg greater than 5 years ago	Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	6.96
MG Growth Estimate	9.53%
<b>MG Value</b>	<b>\$191.77</b>
MG Value based on 3% Growth	\$100.88
MG Value based on 0% Growth	\$59.14
Market Implied Growth Rate	1.35%

### MG Opinion

Current Price	\$77.98
% of Intrinsic Value	40.66%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

Graham Number	\$113.72
PEmg	11.21
PB Ratio	0.92
Dividend Yield	1.67%
Number of Consecutive Years of Dividend Growth	3

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.80	Next Fiscal Year Estimate	\$6.96
Dec14	\$7.59	Dec14	\$6.93
Dec13	\$6.96	Dec13	\$6.17
Dec12	\$6.16	Dec12	\$5.15
Dec11	\$6.80	Dec11	\$4.25
Dec10	\$6.01	Dec10	\$3.20
Dec09	\$0.74	Dec09	\$2.45
Dec08	-\$0.21	Dec08	\$3.82
Dec07	\$3.97	Dec07	\$5.85
Dec06	\$7.62	Dec06	\$6.49
Dec05	\$6.73	Dec05	\$5.59
Dec04	\$6.21	Dec04	\$4.69
Dec03	\$4.85	Dec03	\$3.66
Dec02	\$3.93	Dec02	\$2.85
Dec01	\$2.91	Dec01	\$2.15
Dec00	\$2.24	Dec00	\$1.64
Dec99	\$1.72	Dec99	\$1.26
Dec98	\$1.32	<b>Balance Sheet Information Jun15</b>	
Dec97	\$0.93	Long-Term Debt	\$43,878,000,000
Dec96	\$0.77	Total Assets	\$310,510,000,000
Dec95	\$0.64	Intangible Assets	\$13,984,000,000
		Total Liabilities	\$263,851,000,000
		Shares Outstanding (Diluted Average)	552,000,000



#### Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

## Recommended Reading:

Other  
ModernGraham  
posts about the  
company

[10 Low PE Stocks for the Enterprising Investor – August 2015](#)  
[The 12 Best Stocks For Value Investors This Week – 5/30/15](#)  
[Capital One Financial Stock Analysis – May 2015 Quarterly Update \\$COF](#)  
[The Best Companies of the Financial Services Industry – May 2015](#)  
[10 Companies Benjamin Graham Would Invest In Today – April 2015](#)

Other  
ModernGraham  
posts about related  
companies

[Affiliated Managers Group Analysis – Initial Coverage \\$AMG](#)  
[Visa Inc. Analysis – August 2015 Update \\$V](#)  
[Ameriprise Financial Inc. Analysis – August 2015 Update \\$AMP](#)  
[SLM Corporation Analysis – August 2015 Update \\$SLM](#)  
[Western Union Company Analysis – 2015 Update \\$WU](#)  
[American Express Company Analysis – August 2015 Update \\$AXP](#)  
[Main Street Capital Corporation Analysis – Initial Coverage \\$MAIN](#)  
[BlackRock Inc. Analysis – July 2015 Update \\$BLK](#)  
[Navient Corporation Analysis – Initial Coverage \\$NAVI](#)  
[KKR & Co. LP Analysis – Initial Coverage \\$KKR](#)