We’re Providing Investors Access to Decades of Expertise and Relationships

Co-invest with the #1-ranked middle-market healthcare lender

As an investor, you can partner with Capital One® Healthcare (COH) to co-invest in a $100-$300M portfolio of senior secured cash flow loans to middle-market healthcare companies over three years. U.S. middle-market corporate loans are a segment not widely syndicated with historically high returns and structural credit protections.

- COH is the #1 lead arranger for healthcare deals <$500MM over the past 5 years¹
- The COH lending platform has been together for over two decades focusing solely on healthcare.²
- COH has a strong track-record of low losses through the cycles in agented transactions³

¹. Source: Thomson Reuters. Includes deals closed by GE Capital, Healthcare Financial Services which was acquired by Capital One, NA on December 1, 2015
². Capital One acquired the core of COH from GE Capital in December 2015
³. COH analysis of healthcare cash flow agented deals > $15M EBITDA closed by GE Capital, Healthcare Financial Services (acquired by Capital One, NA on December 1, 2015) and Capital One Healthcare

capitalone.com/healthcare
Key benefits for the Investor

U.S. middle-market corporate loans are a segment with historically high returns and structural credit protections. You could also benefit from:

- Access to a niche asset class that generates roughly 5-7% gross yield
- Stronger covenant packages vs. high-yield bonds
- Consistent & conservative approach: originate-to-hold lender vs. originate to distribute
- Leverage of +200 strong credit platform built over two decades specializing in healthcare
- Low cost execution of strategy, no carried interest: COH focus is on enabling origination vs. management fees

Here are two examples of co-investing:

Case History 1: Major Sovereign Wealth Investor

The opportunity
A sovereign wealth fund investor committed a $1 billion co-investment with us over a three-year period. We created an investment program with our partner based on a set of target criteria to be used to screen deals.

How it worked
Our team screened the deals based on these criteria before the investor reviewed them. Our single point of contact held weekly pipeline calls to build the program and answered all questions from the investor. In turn, the investor provided a reliable 80% commitment on all deals that fit the criteria. We also deployed a team dedicated to troubleshooting and resolving any issues that may have affected the investor. Our process considered the investor’s workweek, time difference, credit process and business operations.

The results
The sovereign wealth fund invested $1 billion in about 1.5 years with about 6% yields. The investor committed an additional $1 billion into the program for three more years.
The case for U.S. middle market corporate loans

High returns with structural credit protections

<table>
<thead>
<tr>
<th></th>
<th>Middle-market loans</th>
<th>Broadly syndicated loans</th>
<th>High-yield bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical Borrower EBITDA</td>
<td>$15-$50MM</td>
<td>$50-$100MM</td>
<td>&gt;$100MM</td>
</tr>
<tr>
<td>Investors</td>
<td>Club lenders, some banks</td>
<td>CLOs, insurance companies, mutual funds</td>
<td>Mutual funds, insurance companies</td>
</tr>
<tr>
<td>Diligence by typical investors</td>
<td>Comprehensive</td>
<td>Limited</td>
<td>Limited</td>
</tr>
<tr>
<td>Typical investor influence on structure</td>
<td>High</td>
<td>Limited</td>
<td>Limited</td>
</tr>
<tr>
<td>Covenants</td>
<td>Significant</td>
<td>Light, limited</td>
<td>Limited</td>
</tr>
<tr>
<td>Senior</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Secured</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Liquidity</td>
<td>Limited</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Interest rate</td>
<td>Limited</td>
<td>Floating</td>
<td>Fixed</td>
</tr>
<tr>
<td>Economics</td>
<td>Premium to other fixed income</td>
<td>Consistent with other fixed income investments</td>
<td></td>
</tr>
<tr>
<td>12 month returns</td>
<td>6.72%</td>
<td>1.64%</td>
<td>4.28%</td>
</tr>
</tbody>
</table>

Source for returns: S&P LCD Middle Market New Issue Yield, S&P/LSTA US Leveraged Loan 100 Index, Barclays US Corporate High-Yield Index (Data as of 06/15/2016)

Case History 2: A Top Wall Street Firm

The opportunity
An asset management firm investing third-party funds created a $200 million investment program. The program automatically committed $5-10 million as co-investments into deals that met a list of eligibility criteria.

How it worked
On a weekly basis, we reviewed each deal that qualified and delivered pipeline reports, as well as the timing of closings to the asset management firm. The asset management firm closed each deal on a participation basis one week after each deal’s primary close. We provided monthly and quarterly performance reports on the portfolio, and worked with the asset manager to review new opportunities each quarter. We also provided a single point of contact to address any questions on deals, from credit to operations.

The results
The program exceeded the target results, allowing the asset manager to raise additional funds from existing investors and to also attract new investors to the program. We have increased the program four times during the past year and met with the third-party investors to help with fundraising efforts.
Capital One Healthcare has the track record, expertise and the full-service capabilities of a top 10 U.S. bank to help you maximize your investments. Contact us today—we’re ready to start the conversation.

Let’s discuss the possibilities.

Hittie Lee  
SVP Strategic Investor Relationship Development  
Capital One Healthcare

(203) 216-9852  
hittie.lee@capitalone.com

About Us

Capital One Healthcare is a leading provider of financial services to the industry. Customers across healthcare sectors—including senior housing, healthcare services, pharmaceuticals, medical devices, healthcare IT and medical offices—rely on Capital One Healthcare to finance acquisitions, refinance existing debt, support working capital needs and fund growth initiatives. With in-depth expertise, our team of professionals creates solutions tailored to meet the needs of our customers.

Capital One Financial Corporation (www.capitalone.com) is a financial holding company whose subsidiaries, which include Capital One, N.A., and Capital One Bank (USA), N.A., had $241.2 billion in deposits and $348.5 billion in total assets as of March 31, 2017. Headquartered in McLean, Virginia, Capital One offers a broad spectrum of financial products and services consumers, small businesses and commercial clients through a variety of channels. Capital One, N.A. has branches located primarily in New York, Louisiana, Texas, Maryland, Virginia, New Jersey and the District of Columbia. A Fortune 500 company, Capital One trades on the New York Stock Exchange under the symbol “COF” and is included in the S&P 100 index.

Source: SNL Financial 03/31/17. Products and services are offered by Healthcare Financial Solutions, LLC, a wholly-owned subsidiary of Capital One, N.A., Member FDIC. © 2017 Capital One. Capital One is a federally registered service mark. All rights reserved.