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**Capital One Reports Earnings for 2004**  
***28% EPS Growth Year Over Year***

**McLean, Va. (January 19, 2005)** – Capital One Financial Corporation (NYSE: COF) today announced 28 percent earnings per share growth for 2004. The company reaffirmed its earnings per share guidance for 2005 to be between \$6.60 and \$7.00 per share (fully diluted).

Earnings were \$1.5 billion, or \$6.21 per share (fully diluted), for the year compared with \$1.1 billion, or \$4.85 per share, in 2003. Earnings for the fourth quarter of 2004 were \$195.1 million, or \$.77 per share (fully diluted), compared with \$265.7 million, or \$1.11 per share, for the fourth quarter of 2003, and \$490.2 million, or \$1.97 per share, in the previous quarter. Higher marketing and provision expenses in the fourth quarter accounted for the lower earnings compared to the previous quarter and fourth quarter of 2003.

“Capital One generated strong earnings and loan growth again in 2004, as it has each year since its initial public offering ten years ago,” said Richard D. Fairbank, Capital One’s Chairman and Chief Executive Officer. “The company is well positioned for continued success in 2005 in both our US credit card and our growing and profitable diversification businesses.”

During the fourth quarter, managed loans grew \$4.4 billion from \$75.5 billion to \$79.9 billion. Annual growth in managed loans was \$8.6 billion, or 12 percent, from December 31, 2003. The company continues to expect that managed loans will grow at a rate of between 12 and 15 percent during 2005.

The managed charge-off rate increased to 4.37 percent in the fourth quarter of 2004 from 4.05 percent in the previous quarter, but decreased from 5.32 percent in the fourth quarter of 2003. The increase in the managed charge-off rate in the fourth quarter of 2004 included a one-time 10 basis point effect from a change in our charge-off recognition policy for auto loans in bankruptcy. The company continues to expect its quarterly managed charge-off rate to stay between 4.0 and 4.5 percent in 2005, with seasonal variations. Additionally, the company increased its allowance for loan losses by \$110 million in the fourth quarter of 2004, largely driven by the growth in reported loans. The company expects a seasonal reduction in its allowance for loan losses in the first quarter of 2005, and a likely increase for full year 2005.

The managed delinquency rate (30+ days) decreased to 3.82 percent as of December 31, 2004 from 3.90 percent as of the end of the previous quarter. The managed delinquency rate as of December 31, 2003 was 4.46 percent. Capital One's managed revenue margin decreased to 12.66 percent in the fourth quarter of 2004 from 13.03 percent in the previous quarter. The company's managed revenue margin was 13.89 percent in the fourth quarter of 2003.

"Return on managed assets for 2004 increased to 1.73 percent from 1.52 percent in 2003," said Gary L. Perlin, Capital One's Chief Financial Officer. "Although we expect to see a modest decline in our revenue margin in 2005 from our ongoing diversification and bias towards lower loss assets, we expect to continue to improve our operating efficiency and thus maintain a return on managed assets of between 1.7 and 1.8 percent in 2005, with some quarterly variability."

Fourth quarter marketing expenses increased \$193.4 million to \$511.1 million from \$317.7 million in the previous quarter, largely due to the launch of several new programs. Marketing expenses were \$290.1 million in the fourth quarter of 2003. Marketing expenses for 2004 were \$1.3 billion, a 20 percent increase over the \$1.1 billion in 2003. The company expects annual marketing spend for 2005 to be similar to 2004.

Annualized operating expenses as a percentage of average managed loans increased to 5.44 percent in the fourth quarter of 2004, from 5.35 percent in the previous quarter and decreased from 5.82 percent in the fourth quarter of 2003. Included in fourth quarter 2004 operating expenses were charges totaling \$42.1 million for a combination of employee termination benefits and continued facility consolidations. The company expects about \$50 million in additional restructuring charges in 2005 related to programs initiated in 2004.

In the fourth quarter of 2004, the company completed the sale of its French loan portfolio and recorded a gain of \$41.1 million, which is included in non-interest income. As announced during the second half of 2004, the company signed definitive agreements to acquire HFS Group, Onyx Acceptance Corporation, and eSmartloan. During the first quarter of 2005, Capital One completed the HFS and Onyx transactions, as well as the acquisition of InsLogic, a small insurance brokerage firm. The company expects to close the eSmartloan acquisition later in the first quarter of 2005.

The company generates earnings from its managed loan portfolio, which includes both on-balance sheet loans and securitized (off-balance sheet) loans. For this reason, the company believes managed financial measures to be useful to stakeholders. In compliance with Regulation G of the Securities and Exchange Commission, the company is providing a numerical reconciliation of managed financial measures to comparable measures calculated on a reported basis using generally accepted accounting principles (GAAP). Please see the schedule titled "Reconciliation to GAAP Financial Measures" attached to this release for more information.

The company cautions that its current expectations in this release, in the presentation slides available on the company's website and on its Form 8-K dated January 19, 2005 for 2005 earnings, charge-off rates, revenue margins, return on assets, allowance for loan losses, loan growth rates, marketing, the composition of loan growth, restructuring charges, and tax rate are forward-looking statements and actual results could differ materially from current expectations due to a number of factors, including: continued intense competition from numerous providers of products and services which compete with our businesses; changes in our aggregate accounts and balances, and the growth rate and composition thereof; the company's ability to continue to diversify its assets; the company's ability to access the capital markets at attractive rates and terms to fund its operations and future growth; changes in the reputation of the credit card industry and/or the company with respect to practices or products; the success of the company's marketing efforts; the company's ability to execute effective tax planning strategies; the company's ability to execute on its strategic and operating plans; and general economic conditions affecting consumer income and spending, which may affect consumer bankruptcies, defaults, and charge-offs.

A discussion of these and other factors can be found in Capital One's annual report and other reports filed with the Securities and Exchange Commission, including, but not limited to, Capital One's report on Form 10-Q for the quarter ended September 30, 2004.

### ***About Capital One***

Headquartered in McLean, Virginia, Capital One Financial Corporation ([www.capitalone.com](http://www.capitalone.com)) is a bank holding company whose principal subsidiaries, Capital One Bank and Capital One, F.S.B., offer consumer lending products and Capital One Auto Finance, Inc., offers automobile and other motor vehicle financing products. Capital One's subsidiaries collectively had 48.6 million accounts and \$79.9 billion in managed loans outstanding as of December 31, 2004. Capital One, a Fortune 500 company, is one of the largest providers of MasterCard and Visa credit cards in the world. Capital One trades on the New York Stock Exchange under the symbol "COF" and is included in the S&P 500 index.

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NOTE: Fourth quarter 2004 financial results, SEC Filings, and fourth quarter earnings conference call slides are accessible on Capital One's home page ([www.capitalone.com](http://www.capitalone.com)). Choose "Investors" on the bottom right corner of the home page to view and download the earnings press release, slides, and other financial information. Additionally, a webcast of today's 5:00pm (EST) earnings conference call is accessible through the same link.