Capital One

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News Release

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Capital One Reports Earnings for 2003

23% EPS Increase Year Over Year
Company Increases 2004 Earnings Guidance

McLean, VA. (January 21, 2004) – Capital One Financial Corporation (NYSE: COF) today announced 23 percent earnings per share growth for 2003. The company also announced that it began expensing all stock based compensation, including stock options, in 2003 and will continue to do so moving forward. Additionally, the company increased its 2004 earnings guidance to be between $5.30 and $5.60 per share (fully diluted).

Earnings were $1.1 billion, or $4.85 per share (fully diluted), in 2003 compared with $0.9 billion, or $3.93 per share, in 2002. Earnings for the fourth quarter of 2003 were $265.7 million, or $1.11 per share (fully diluted), compared with earnings of $239.7 million, or $1.05 per share, for the comparable quarter of the prior year and $275.5 million, or $1.17 per share, in the previous quarter.

"2003 was another strong year for Capital One. Earnings per share grew 23 percent, managed loans increased 19 percent, our charge-off rate improved dramatically throughout the year, and our diversification efforts generated meaningful profits," said Richard D. Fairbank, Capital One's Chairman and Chief Executive Officer. "Capital One is well positioned for continued success in 2004."

During the fourth quarter of 2003, Capital One grew its managed loan portfolio by $4.0 billion to $71.2 billion. The managed charge-off rate declined to 5.32 percent in the fourth quarter of 2003, from 5.44 percent in the previous quarter and 6.21 percent in the comparable quarter of the prior year. The managed delinquency rate (30+ days) declined to 4.46 percent as of December 31, 2003 from 4.65 percent as of the end of the previous quarter and 5.60 percent as of December 31, 2002.

The company continues to diversify its portfolio beyond U.S. credit cards and shift its product mix upmarket. As a result, Capital One's managed revenue margin declined to 13.89 percent in

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the fourth quarter of 2003 from 14.36 percent in the previous quarter. Management expects revenue margins and its charge-off rate to be somewhat lower in 2004 than in 2003.

"In view of the projected improvement in our credit performance and somewhat lower growth, our allowance for loan losses in 2004 is expected to continue to decline," said Gary L. Perlin, Capital One's Chief Financial Officer. "In addition," Perlin said, "Capital One will now expense stock options. This accounting policy was implemented starting in the first quarter of 2003. The impact in 2003 was $6.3 million. The impact moving forward is expected to be substantially higher and has been included in the company's earnings guidance for 2004."

The expensing of stock options is being implemented in line with the Statement of Financial Accounting Standard No. 123, " Accounting for Stock Based Compensations" ("SFAS 123"), under the prospective method for all awards granted, modified or settled on or after January 1, 2003. Under the expense recognition provisions of SFAS 123 the calculated fair value of stock based compensation is amortized into expense over the options' vesting period. The financial results for previous quarters in 2003 have been adjusted to reflect this change.

The company generates earnings from its managed loan portfolio, which includes both on-balance sheet loans and securitized 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 (www.capitalone.com), and on its Form 8-K dated January 21, 2004, for 2004 earnings, charge-off rates, margins, and allowance for loan losses, and loan growth and composition 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 actual growth rate and composition thereof;

the company's ability to access the capital markets at attractive rates and terms to fund its operations and future growth; 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, 2003.

About Capital One

Headquartered in McLean, Virginia, Capital One Financial Corporation (www.capitalone.com) is a holding company whose principal subsidiaries, Capital One Bank and Capital One, F.S.B., offer consumer lending products and Capital One Auto Finance, Inc., which offers auto loan products. Capital One's subsidiaries collectively had 47.0 million managed accounts and $71.2 billion in managed loans outstanding as of December 31, 2003. 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 2003 financial results, SEC Filings, and fourth quarter earnings conference call slides are accessible on Capital One's home page (www.capitalone.com). Choose "Investors" under "Company Information" on the left side of the page to view and download the earnings press release, slides, and other financial information. Additionally, a webcast of today's 5:00pm (EDT) earnings conference call is accessible through the same link.