1680 Capital One Drive McLean, VA 22102-3491

News Release

FOR IMMEDIATE RELEASE: July 21, 2004

Contacts: Paul Paquin
V.P., Investor Relations
(703) 720-2456

Tatiana Stead
Director, Corporate Media
(703) 720-2352

Capital One Reports Second Quarter Earnings per Share

34% EPS Increase Over Year Ago Period
Company Increases 2004 Earnings Guidance

McLean, Va. (July 21, 2004) – Capital One Financial Corporation (NYSE: COF) today announced that its fully diluted earnings per share for the second quarter of 2004 increased by 34 percent over the second quarter of 2003. In addition, the company increased its 2004 earnings guidance to be between $5.60 to $5.90 per share (fully diluted).

Earnings for the second quarter of 2004 were $407.4 million, or $1.65 per share (fully diluted), compared with earnings of $286.2 million, or $1.23 per share, for the second quarter of 2003 and $450.8 million, or $1.84 per share, in the first quarter of 2004.

"Capital One's second quarter results provide continued evidence of our strong success as a diversified consumer financial services company," said Richard D. Fairbank, Capital One's Chairman and Chief Executive Officer. "Our diversified businesses are delivering real earnings power. Capital One is on a trajectory to continue to deliver solid loan growth, coupled with strong credit performance, and improving operating efficiencies."

During the second quarter of 2004, Capital One grew its managed loan portfolio by $1.6 billion to $73.4 billion. The company continues to expect that the managed loan growth rate for the year will be in the mid-teens and is targeting mid-teens loan growth for 2005. In addition, the company continues to expect that its marketing expense will be somewhat higher in 2004 than the $1.1 billion in 2003.

The managed charge-off rate declined to 4.42 percent in the second quarter of 2004, from 4.83 percent in the previous quarter, and 6.32 percent in the second quarter of 2003. The company expects its quarterly charge-off rate will stabilize in the 4.0 percent to 4.5 percent range in the second half of 2004 and into 2005, with seasonal variations. Additionally, after reducing its allowance for loan losses by $170.0 million in the first half of 2004, the company

-more-

expects to build its allowance for loan losses modestly in the second half of 2004. The managed delinquency rate (30+ days) declined to 3.76 percent as of June 30, 2004, from 3.80 percent as of the end of the previous quarter, and 4.95 percent as of June 30, 2003.

The company continues to diversify its portfolio and earnings beyond U.S. credit cards. As a result, Capital One's managed revenue margin declined to 12.53 percent in the second quarter of 2004 from 13.38 percent in the previous quarter and 14.85 percent in the second quarter of 2003. The company expects revenue margins to move modestly lower over time, given its diversification and bias towards lower-loss assets. Annualized operating expenses as a percentage of average managed loans declined to 5.39 percent in the second quarter of 2004, from 5.45 percent in the previous quarter, and 5.88 percent in the second quarter of 2003. As part of operating expenses, the company took a charge of $56.0 million in the second quarter of 2004 for employee termination benefits and for facility consolidations related to corporate-wide cost reduction initiatives. The company expects to take additional $60 to $100 million of charges in the second half of 2004 for reorganizations and facility consolidations. These charges are accounted for in the company's revised guidance for 2004.

"Improvements in efficiency and credit have more than offset reduced revenue margin," said Gary L. Perlin, Capital One's Chief Financial Officer. "This leads us to expect an average return on managed assets for the full year of 2004 of around 1.6 percent as compared with a return on managed assets of 1.52 percent in 2003. We are targeting a similar average return on managed assets of around 1.6 percent in 2005."

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 10-K for the fiscal year ended December 31, 2003, for 2004 earnings, charge-off rates, revenue margins, return on assets, allowance for loan losses, expenses, loan growth rates, and the composition of loan growth 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; 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-K for the fiscal year ended December 31, 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., offers automobile and other motor vehicle financing products. Capital One's subsidiaries collectively had 46.6 million accounts and $73.4 billion in managed loans outstanding as of June 30, 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.

###

NOTE: Second quarter 2004 financial results, SEC Filings, and second quarter earnings conference call slides are accessible on Capital One's home page (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 (EDT) earnings conference call is accessible through the same link.