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Capital One Reports First Quarter Earnings

Revises earnings guidance to $7.00 to $7.40 per share

McLean, Va. (April 19, 2007) –Capital One Financial Corporation (NYSE: COF) today announced earnings for the first quarter of 2007 of $675.1 million, or $1.62 per share (diluted), compared with $883.3 million, or $2.86 per share (diluted), for the first quarter of 2006, and $390.7 million, or $1.14 per share (diluted), for the fourth quarter of 2006. Additionally, the company provided revised earnings guidance for 2007 of $7.00 to $7.40 per share (diluted).

"While we face some earnings headwinds in 2007, underlying credit quality across our businesses continues to be strong. Our national lending businesses are delivering strong returns and our bank is generating solid deposit growth," said Richard D. Fairbank, Capital One's Chairman and Chief Executive Officer. "We remain well positioned to drive growth, generate capital, and deliver sustainable and attractive shareholder returns well into the future."

This quarter, the company has changed its primary reportable segments to reflect its strategy of National Lending and Local Banking. National Lending is comprised of the legacy sub-segments: US Card, Auto Finance, and Global Financial Services. It also contains a new sub-segment called Mortgage Banking, which is the legacy business of GreenPoint Mortgage. The Local Banking segment includes the legacy banking business and North Fork Bank, excluding its auto portfolio and GreenPoint Mortgage, the acquisition of which was completed December 1, 2006.

The company decreased its allowance for loan losses by $75.0 million in the first quarter of 2007 largely as a result of a normal seasonal reduction in reported loans.

Managed loans held for investment at March 31, 2007 were $142.0 billion, up $38.1 billion, or 36.7 percent, from March 31, 2006. Managed loans at the end of the quarter were down

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$4.1 billion, or 2.8 percent from the previous quarter due primarily to normal seasonality of credit card loan balances.

The company's efficiency ratio increased to 51.77 percent in the first quarter of 2007 from 45.51 percent in the first quarter of 2006, but decreased from 55.90 percent in the previous quarter driven primarily by the acquisition of North Fork and continued investments in infrastructure projects.

Capital One's return on managed assets (ROA) for the first quarter of 2007 was 1.36 percent, down from 2.62 percent in the year ago first quarter, and up compared to 0.96 percent in the fourth quarter of 2006. Managed ROA trends reflect the inclusion of North Fork as well as the continued normalization of US consumer credit.

"We've revised our earnings guidance down to $7.00-$7.40 per share for 2007, largely to reflect revised expectations for our mortgage banking business, which posted a modest loss in the first quarter. Assuming no improvement in the unusually weak conditions now present in the secondary market for non-conforming prime mortgage loans, including Alt-A, we expect that reduced volumes and margins would result in our mortgage banking business delivering no incremental earnings for the balance of 2007," said Gary L. Perlin, Capital One's Chief Financial Officer. "Our expectations for consumer credit to return to more normal levels and the yield curve to remain flat are unchanged. The company's core operations remain strong, and infrastructure upgrades completed in the quarter will provide opportunities to generate efficiencies and cost savings benefits in the future."

Segment Results

National Lending (US Card, Auto Finance, Global Financial Services, Mortgage Banking)

Profits for the National Lending segment were down by 23 percent, as compared to the first quarter of 2006, primarily due to the continued return of charge-offs to more normal levels this quarter. The managed charge-off rate for the National Lending segment increased to 3.65 percent in the first quarter of 2007 from 2.99 percent in the first quarter of 2006 reflecting this continued normalization. Risk was solid across the sub-segments of National Lending, and managed charge-offs were relatively stable versus 3.63 percent in the previous quarter. The delinquency rate of 3.63 percent for National Lending increased from 3.26 percent as of March 31, 2006 but decreased from 4.09 percent as of the end of December 31, 2006. The company continues to sees no evidence of the pressures in the mortgage industry spreading into other lending products.

The US Card sub-segment continues to report profitable growth despite a return to more normal credit levels. Net income for the first quarter of 2007 was $495.3 million, down from the record

$602.8 million in the first quarter of 2006, but up from $337.2 million in the fourth quarter of 2006, reflecting expected seasonal patterns. The managed charge-off rate increased to 3.99 percent in the first quarter of 2007 from 2.93 percent in the first quarter of 2006 and from 3.82 percent in the previous quarter due to expected seasonality and normalization of credit. Managed loans at March 31, 2007 were $49.7 billion, up $2.5 billion, or 5.4 percent, from March 31, 2006, but down $3.9 billion, or 7.4 percent from the prior quarter.

The Global Financial Services business also delivered profitable loan growth amidst credit normalization in its North American businesses and continued challenges in the UK. The sub-segment's net income for the first quarter of 2007 was $74.8 million, down $38.7 million, or 34 percent, from $113.5 million from the first quarter of 2006. Net income in the fourth quarter of 2006 was $2.1 million. The managed charge-off rate increased to 4.18 percent in the first quarter of 2007 from 3.63 percent in the first quarter of 2006 driven largely by credit normalization in the US and continuing credit challenges in the UK relative to the prior year. The managed charge-off rate increased 29 basis points from 3.89 percent in the fourth quarter of 2006 reflecting continued credit normalization in the US. Managed loans at March 31, 2007 were $26.8 billion, up $3.1 billion from $23.7 billion, or 13.1 percent over the prior year's first quarter but down slightly from $27.0 billion at December 31, 2006.

The Auto Finance business continued to deliver profits and grow originations by taking advantage of its multi-channel, full credit spectrum strategy. The Auto Finance business's net income was $44.4 million, down $25.0 million, or 36.0 percent, from $69.4 million in the first quarter of 2006 but was up $10.6 million, or 31.5 percent from the fourth quarter of 2006. The managed charge-off rate decreased slightly to 2.29 percent in the first quarter of 2007 from 2.35 percent in the first quarter of 2006. The managed charge-off rate decreased from 2.85 percent in the previous quarter, primarily driven by the addition of the North Fork portfolio. Managed loans at March 31, 2007 were $23.9 billion, up $4.1 billion, or 20.6 percent, from March 31, 2006, and up $2.2 billion, or 10.0 percent from the prior quarter.

The Mortgage Banking sub-segment reported a net loss for the first quarter of 2007 of $12.6 million. Due to pressures in the secondary capital markets for loans associated with non-conforming prime mortgage loans, including Alt-A, results in the quarter were adversely impacted by a $19.0 million addition to the reserve related to representations and warranties and a $21.0 million warehouse valuation adjustment. The business originated $6.8 billion in loans during the quarter, down $1.0 billion from first quarter of 2006 originations and down $2.5 billion in originations in the last quarter of 2006.

Local Banking

The Local Banking business delivered solid performance in the first quarter and integration efforts remain on track. The company experienced growth in deposits across geographies and credit performance remains very strong. The company opened 16 new locations across our banking franchise in the first quarter.

The business delivered $129.6 million of net income, including the results of North Fork, which were included in “Other” in the fourth quarter of 2006. The managed charge-off rate for the Local Banking business decreased to 0.15 percent in the first quarter of 2007 from 0.38 percent in the first quarter of 2006, and from 0.40 percent in the previous quarter. Non-performing loans as a percent of managed loans in the Local Banking business decreased to 0.19 percent as of March 31, 2007 from 0.79 percent at March 31, 2006 and from 0.48 percent from December 31, 2006. Total deposits at the end of the quarter were $74.5 billion, while managed loans at March 31, 2007 were $41.6 billion.

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.

Forward looking statements

The company cautions that its current expectations in this release, in the presentation slides available on the company’s website and in its Form 8-K dated April 19, 2007 for 2007 earnings, the interest rate environment, charge-off rates, mortgage market trends, and operating efficiencies, including future financial and operating results, and the company’s plans, objectives, expectations and intentions are forward-looking statements and actual results could differ materially from current expectations due to a number of factors, including: the risk that the company’s acquired businesses will not be integrated successfully and that the cost savings and other synergies from such acquisitions may not be fully realized; continued intense competition from numerous providers of products and services which compete with Capital One’s businesses; changes in our aggregate accounts and balances, and the growth rate and composition thereof; the success of the company’s marketing efforts; general economic conditions affecting interest rates and consumer income, spending, and savings which may affect consumer bankruptcies, defaults, charge-offs and deposit activity; general economic and secondary market conditions in the mortgage industry; and the company’s ability to execute on its strategic an operational plans. 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, 2006.

About Capital One

Headquartered in McLean, Virginia, Capital One Financial Corporation (www.capitalone.com) is a financial holding company, with more than 720 locations in New York, New Jersey, Connecticut, Texas and Louisiana. Its principal subsidiaries, Capital One Bank, Capital One, F.S.B., Capital One Auto Finance, Inc., Capital One, N.A., and North Fork Bank offer a broad spectrum of financial products and services to consumers, small businesses and commercial clients. Capital One's subsidiaries collectively had $87.7 billion in deposits and $142.0 billion in managed loans outstanding as of March 31, 2007. Capital One, a Fortune 500 company, trades on the New York Stock Exchange under the symbol "COF" and is included in the S&P 100 index.

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NOTE: First quarter 2007 financial results, SEC Filings, and first quarter earnings conference call slides are accessible on Capital One’s home page (www.capitalone.com). Choose “Investors” on the bottom of the home page to view and download the earnings press release, slides, and other financial information. Additionally, a webcast of today’s 5:00 pm (ET) earnings conference call is accessible through the same link.