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Capital One Reports Third Quarter Earnings

Affirms earnings guidance of approximately \$5.00 per share in 2007

McLean, Va. (Oct. 18, 2007) –Capital One Financial Corporation (NYSE: COF) today announced a net loss for the third quarter of 2007 of \$81.6 million, or \$0.21 per share (diluted). Earnings were \$2.09 per share (diluted) excluding the loss from discontinued operations of \$898.0 million related to the shutdown of GreenPoint Mortgage announced in August 2007. This compares to net income of \$587.8 million, or \$1.89 per share (diluted), for the third quarter of 2006, and income from continuing operations of \$767.6 million, or \$1.93 per share (diluted), for the second quarter of 2007. Additionally, the company continues to expect earnings for 2007 of approximately \$5.00 per share (diluted).

“Capital One remains focused on driving revenue growth, reducing costs, and effectively deploying capital to generate strong returns for our investors,” said Richard D. Fairbank, Capital One’s Chairman and Chief Executive Officer. “Our businesses are generating robust revenue margins, even as we continue to take a cautious approach to underwriting and managing credit risk in the current environment.”

Highlights of the quarter:

- Announced the shutdown of GreenPoint Mortgage, which is largely complete. When the company announced the shutdown, it estimated total after-tax charges to be \$860 million, whereas the total charges in the third quarter of 2007 was \$883 million due primarily to increased valuation adjustments. The company expects to incur approximately \$23 million of additional after-tax charges associated with GreenPoint Mortgage in the fourth quarter of 2007 and into early 2008.
- Executed \$477.5 million of open market share repurchases in the quarter, and completed the \$1.5 billion Accelerated Share Repurchase program that was launched in April. The company expects to complete the \$3.0 billion share repurchase program in the fourth quarter with additional repurchases of \$772.5 million.
- Successfully executed \$3.8 billion in funding transactions despite difficult capital market conditions.
- Company-wide cost initiative and bank integration programs remain on track.

“Earnings from continuing operations in the third quarter grew 6.4 percent over the second quarter of 2007 driven by increased revenues which more than offset increased credit costs in the quarter,” said Gary L. Perlin, Capital One’s Chief Financial Officer. “We also realized significant operating leverage. Continued cost discipline and capital management will be two key drivers of future shareholder returns.”

Total Company Results

- Total deposits at the end of the third quarter of \$83.3 billion were down \$2.3 billion from the second quarter of 2007 primarily as a result of the intended run-off of high cost brokered and public deposits.
- Managed loans held for investment from continuing operations increased from the previous quarter by \$1.3 billion driven largely by the growth in Global Financial Services.
- Total managed revenue is up 8.0 percent relative to the second quarter of 2007 driven largely by revenue margin expansion in our U.S. Card sub-segment. The company expects 2008 revenue growth to be in-line or slightly higher than asset growth.
- Provision expense was up quarter over quarter and year over year, in anticipation of higher charge-offs over the next twelve months, primarily in U.S. Card and Auto Finance. The provision increase related to continuing operations of \$124.2 million is net of a \$91.4 million release in allowance associated with the integration of bank allowance methodologies. Without this methodology change, the allowance would have increased \$215.6 million due primarily to a build in the National Lending segment.
- Operating expenses declined \$35.2 million relative to the second quarter of 2007 driven by continued efficiency gains across the businesses. Looking forward, the company expects its operating efficiency ratio to be in the mid-forty percent range for the full year 2008.

Segment Results

Local Banking Segment highlights relative to Q2 2007

- Net income of \$192.3 million was up \$47.5 million over the second quarter due primarily to a third quarter release in reserves that resulted from aligning the Banking segment’s allowance methodologies with the company’s methodology.
- Loans held for investment were essentially flat relative to the second quarter of 2007 at \$42.2 billion. Total Bank deposits declined \$1.1 billion to \$73.4 billion.
- Credit at the Bank remained strong and stable, with the net charge-off rate at 19 basis points and non-performing loans at 27 basis points.
- Integration efforts continue to be on track.

National Lending Segment

Following are highlights from the National Lending Segment, followed by highlights from each of the sub-segments of National Lending: U.S. Card, Global Financial Services (GFS), and Auto Finance. Mortgage Finance information is now included in Discontinued Operations.

- Profits for the National Lending segment were up 11.8 percent as compared to the third quarter of 2006, driven by increased profits in U.S. Card and GFS.
- The managed charge-off rate for the National Lending segment increased 71 basis points to 3.96 percent in the third quarter of 2007 from 3.25 percent in the third quarter of 2006 due to normalization of credit year over year and as a result of a mix shift in U.S. Card and credit worsening in Auto Finance. The delinquency rate of 4.70 percent for National Lending increased from 3.70 percent as of September 30, 2006.

U.S. Card highlights relative to Q3 2006

- U.S. Card reported net income of \$560.8 million, a 21.5 percent increase, year over year, driven by growth in revenue and reductions in non-interest expenses.
- Revenue increased 13.2 percent from the third quarter of 2006 largely as a result of pricing changes implemented in some of the company's products after completion of the card holder system conversion. This increase was partially offset by an increase in provision expense resulting from increased credit costs in the quarter and an allowance build for expected future credit losses.
- Non-interest expenses declined 9.3 percent as the business began to leverage its new infrastructure to streamline processes and reduce costs as a part of the broader corporate cost initiative.
- Managed loans declined from the third quarter of 2006 by 3.0 percent, or \$1.6 billion to \$49.6 billion at September 30, 2007, resulting from the continued low levels of marketing of teaser rate offers in the prime market and a \$600.0 million portfolio sale in the first quarter of 2007.
- Charge-offs rose in the third quarter of 2007 to 4.13 percent from 3.39 percent in the third quarter of 2006, and delinquencies rose to 4.46 percent from 3.53 percent. The increases resulted primarily from continued normalization of consumer credit and the mix effects of the company's decline in prime revolver loans. Given current loan growth and delinquency trends, the company expects the U.S. Card charge-off rate to be around 5.25 percent in the fourth quarter.

- Delinquencies increased 105 basis points from the sequential quarter primarily due to normal seasonality, the company's change to a 25 day grace period, changes in the company's pricing and fee policies, and mix effects of the decline in prime revolver loan balances. These delinquency trends are consistent with the expected rise in card charge-offs in the fourth quarter.

Global Financial Services (GFS) highlights relative to Q3 2006

- Net income rose 10.5 percent from the third quarter of 2006, to \$118.4 million. Net income growth resulted from strong growth in revenues partially offset by higher provision expense.
- Managed loans as of September 30, 2007 grew 7.6 percent, to \$28.6 billion relative to September 30, 2006, with growth from North American businesses more than offsetting a modest decline in loans in the UK. About half of the dollar growth resulted from stronger Canadian and UK currencies versus the third quarter of 2006.
- Risk metrics were up modestly from the third quarter of 2006 as expected normalization continues in the U.S. Credit in the UK remains stable.

Auto Finance highlights relative to Q3 2006

- Auto Finance posted a net loss of \$3.8 million in the quarter. A 5.8 percent increase in revenues was more than offset by a 51.7 percent increase in provision.
- Charge-off and delinquencies increases were a result of continued consumer credit normalization from historically low levels in the third quarter of 2006, continued elevated losses, and delinquencies in recent Dealer Prime vintages, and industry-wide increases in loan-to-value ratios and extended loan terms in subprime.
- Originations in the third quarter of \$3.2 billion were up 2.9 percent compared to the year ago third quarter.
- Managed loans of \$24.3 billion as of September 30, 2007 were up 15.0 percent relative to the third quarter of 2006 from ongoing originations as well as the addition of loans from the North Fork portfolio.

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 October 18, 2007 for 2007 earnings, loan and deposit growth, revenue growth, return on equity, projected charge-offs for the fourth quarter of 2007 and for 2008, credit trends, dividends, operating efficiencies and ongoing cost reductions, 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 risk that the benefits of the company’s restructuring initiative, including cost savings and other benefits, may not be fully realized; 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; changes in the labor market; general secondary market conditions in the mortgage industry; changes in the credit environment in the U.S. and or the UK; and the company’s ability to execute on its strategic and 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, and reports on Form 10-Q for the quarters ended March 31, 2007 and June 30, 2007.

About Capital One

Headquartered in McLean, Virginia, Capital One Financial Corporation (www.capitalone.com) is a financial holding company, with 732 locations in New York, New Jersey, Connecticut, Texas and Louisiana. Its principal subsidiaries, Capital One Bank, Capital One Auto Finance, Inc., and Capital One, N.A., offer a broad spectrum of financial products and services to consumers, small businesses and commercial clients. Capital One's subsidiaries collectively had \$83.3 billion in deposits and \$146.4 billion in managed loans outstanding as of September 30, 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: Third 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.