

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

July 15, 1999

-----  
(Date of earliest event reported)

Capital One Financial Corporation

-----  
(Exact name of registrant as specified in its charter)

Delaware

1-13300

54-1719854

-----  
State of incorporation  
or organization)

-----  
(Commission File  
Number)

-----  
(IRS Employer  
Identification No.)

2980 Fairview Park Drive  
Suite 1300  
Falls Church, Virginia

22042

-----  
(Address of principal executive offices)

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(Zip Code)

Registrant's telephone number, including area code: (703) 205-1000

Item 5. Other Events.

(a) See attached press release.

(b) Cautionary Factors

The attached press release contains forward-looking statements which involve a number of risks and uncertainties. The Company cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information as a result of various factors including, but not limited to, the following: continued intense competition from numerous providers of products and services which compete with the Company's businesses; with respect to financial and other products, changes in the Company's aggregate accounts or consumer loan balances and the growth rate thereof, including changes resulting from factors such as shifting product mix, amount of actual marketing expenses made by the Company and attrition of accounts and loan balances; an increase in credit losses (including increases due to a worsening of general economic conditions); the ability of the Company to continue to securitize its credit cards and consumer loans and to otherwise access the capital markets at attractive rates and terms to fund its operations and future growth; difficulties or delays in the development, production, testing and marketing of new products or services; losses associated with new products or services or expansion internationally; financial, legal, regulatory or other difficulties that may affect investment in, or the overall performance of, a product or business, including changes in existing laws to regulate further the credit card and consumer loan industry and the financial services industry, in general; the amount of, and rate of growth in, the Company's expenses (including salaries and associate benefits and marketing expenses) as the Company's business develops or changes or as it expands into new market areas; the availability of capital necessary to fund the Company's new businesses; the ability of the Company to build the operational and organizational infrastructure necessary to engage in new businesses or to expand internationally; the ability of the Company to recruit experienced personnel to assist in the management and operations of new products and services; the ability of the Company and its suppliers to successfully address Year 2000 compliance issues; and other factors listed from time to time in the Company's SEC reports, including, but not limited to, the Annual Report on Form 10-K for the year ended December 31, 1998 (Part I, Item 1, Risk Factors).

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

99.1. Press Release of the Company dated July 15, 1999.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned, thereto duly authorized.

CAPITAL ONE FINANCIAL CORPORATION

Dated: July 15, 1999

By: /s/ John G. Finneran, Jr.

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John G. Finneran, Jr.  
Senior Vice President, General Counsel  
and Corporate Secretary

EXHIBIT INDEX

99.1 Press Release of the Company dated July 15, 1999.



FOR IMMEDIATE RELEASE: Contact: Paul Paquin Sam Wang  
----- V.P., Investor Relations Dir., Media Relations  
July 15, 1999 (703) 205-1039 (703) 205-1180

## CAPITAL ONE REPORTS RECORD SECOND QUARTER EARNINGS

FALLS CHURCH, Va., (July 15, 1999) --- Capital One Financial Corporation (NYSE: COF) today announced record second quarter 1999 earnings of \$87.5 million, or \$.41 per share, versus earnings of \$82.4 million, or \$.39 per share, for the first quarter of 1999 and \$66.9 million, or \$.32 per share, for the comparable period in the prior year. All earnings per share amounts reflect the Company's three-for-one stock split distributed on June 1, 1999.

"Capital One is extremely pleased to report record quarterly earnings once again. And we've added more than one million customers for the fourth consecutive quarter," said Richard D. Fairbank, Capital One's Chairman and Chief Executive Officer. "This robust growth enables us to continue delivering strong returns while investing in the future."

The managed net charge-off rate decreased significantly to 3.73 percent for the second quarter of 1999 versus 3.93 percent for the first quarter of 1999 and 5.91 percent for the comparable period in the prior year. The managed delinquency rate (30+ days) increased to 4.72 percent as of June 30, 1999, compared with 4.56 percent as of March 31, 1999.

"For the seventh consecutive quarter, our charge-off rate has declined and continues to be the lowest among industry leaders," said Nigel W. Morris, Capital One's President and Chief Operating Officer. "We continue to be pleased by our strong credit performance and revenue growth, which have increased our margins to record levels."

The managed net interest margin increased to 10.89 percent in the second quarter of 1999 versus 10.59 percent in the first quarter of 1999 and 9.84 percent for the comparable period in the prior year. The increased margin, higher non-interest income and the aforementioned decrease in net charge-offs each contributed to the increase in risk adjusted margin to 15.50 percent, compared to 14.42 percent for the first quarter of 1999 and 10.83 percent for the comparable period of the prior year.

During the second quarter of 1999, the Company added 1.2 million net new accounts, bringing total accounts to 19.2 million. Second quarter 1999 revenue, defined as managed net interest income and non-interest income, rose to \$927 million versus \$873 million in the first quarter of 1999 and \$653 million for the comparable period in the prior year. For the quarter, Capital One's managed consumer loan balances increased by \$416 million to \$17.9 billion.

Marketing expense for the second quarter of 1999 was a record \$178 million compared to \$176 million in the first quarter of 1999 and \$86 million in the comparable period of the prior year. Other non-interest expenses (excluding marketing) for the second quarter of 1999 were \$430 million versus \$374 million for the first quarter of 1999 and \$246 million in the comparable period of the prior year. Operating expenses continue to reflect increased investment in staff levels associated with the Company's growing account base and investment in the Internet.

The allowance for loan losses increased by \$15 million during the second quarter of 1999 to \$266 million or 3.58 percent of on-balance sheet receivables as of June 30, 1999, compared to 3.46 percent as of March 31, 1999. Capital ratios remained strong as of June 30, 1999 at 14.19 percent of reported assets and 7.15 percent of managed assets.

The Company also announced that it will begin reporting on America One as a separate business segment. For the first six months of 1999, the telecommunications business produced an operating loss (net revenue less marketing and direct expenses) of \$57 million on gross revenues of \$67 million. "These results are consistent with expectations and reflect our upfront marketing investment in this rapidly growing business," said Mr. Fairbank. "In response to aggressive competitive pricing, America One is significantly slowing its investment in certain core wireless market segments and, over time will increase its investment in market segments that are generally not being served by major wireless competitors."

Headquartered in Falls Church, Virginia, Capital One Financial Corporation ([www.CapitalOne.com](http://www.CapitalOne.com)) is a holding company whose principal subsidiaries, Capital One Bank and Capital One, F.S.B., offer consumer lending products. Capital One's subsidiaries collectively had 19.2 million customers and \$17.9 billion in managed loans outstanding as of June 30, 1999, and are among 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. Earlier this year, Capital One ranked #41 in Fortune's list of "Best Places to Work" and #15 best performer in Business Week's rating of the S&P 500.

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[Note: This release and financial information are available on the Internet on Capital One's home page (address: <http://www.CapitalOne.com>). Click on "Investor Center" to view/download the release and financial information.]

CAPITAL ONE FINANCIAL CORPORATION (COF)  
FINANCIAL & STATISTICAL SUMMARY

(in millions, except per share data and as noted)	99 Q2	99 Q1	98 Q4	98 Q3	98 Q2
<b>Earnings (Managed Basis)</b>					
Net Interest Income	\$ 528.8	\$ 515.7	\$ 443.4	\$ 440.8	\$ 399.5
Non-Interest Income	398.5	357.6	327.9	264.6	253.2
Total Revenue	927.3	873.3	771.3	705.4	652.7
Provision for Loan Losses	178.3	190.5	186.3	208.9	213.1
Marketing Expenses	178.2	176.1	159.0	126.5	85.8
Operating Expenses	429.6	373.9	308.9	257.0	246.0
Income Before Taxes	141.1	132.9	117.2	112.9	107.8
Tax Rate	38.0 %	38.0 %	38.0 %	38.0 %	38.0 %
Net Income	\$ 87.5	\$ 82.4	\$ 72.7	\$ 70.0	\$ 66.9
<b>Common Share Statistics</b>					
Basic EPS	\$ 0.44	\$ 0.42	\$ 0.37	\$ 0.36	\$ 0.34
Diluted EPS	\$ 0.41	\$ 0.39	\$ 0.35	\$ 0.33	\$ 0.32
Dividends Per Share	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.03
Book Value Per Share (period end)	\$ 7.11	\$ 6.69	\$ 6.45	\$ 5.94	\$ 5.44
Stock Price Per Share (period end)	\$ 55.69	\$ 50.33	\$ 38.33	\$ 34.35	\$ 41.40
Total Market Capitalization (period end)	\$10,991.3	\$9,929.1	\$7,551.1	\$6,758.0	\$8,139.0
Shares Outstanding (period end)	197.4	197.3	197.0	196.7	196.6
Shares Used to Compute Basic EPS	197.6	197.2	197.0	197.2	196.6
Shares Used to Compute Diluted EPS	211.5	210.0	209.1	210.0	208.6
<b>Managed Loan Statistics (period avg.)</b>					
Average Loans	\$ 17,598	\$ 17,436	\$ 16,547	\$ 15,746	\$ 14,417
Average Earning Assets	\$ 19,428	\$ 19,482	\$ 18,702	\$ 17,372	\$ 16,242
Average Assets	\$ 20,714	\$ 20,722	\$ 19,944	\$ 18,597	\$ 17,296
Average Equity	\$ 1,320	\$ 1,302	\$ 1,212	\$ 1,149	\$ 1,037
Net Interest Margin	10.89 %	10.59 %	9.48 %	10.15 %	9.84 %
Risk Adjusted Margin (1)	15.50 %	14.42 %	12.21 %	11.68 %	10.83 %
Return on Average Assets (ROA)	1.69 %	1.59 %	1.46 %	1.51 %	1.55 %
Return on Average Equity (ROE)	26.52 %	25.32 %	23.99 %	24.36 %	25.78 %
Net Charge-Off Rate	3.73 %	3.93 %	4.51 %	5.03 %	5.91 %
Net Charge-Offs	\$ 164.0	\$ 171.1	\$ 186.5	\$ 198.1	\$ 213.0
<b>Managed Loan Statistics (period end)</b>					
Reported Loans	\$ 7,427	\$ 7,246	\$ 6,157	\$ 5,667	\$ 5,140
Securitized Loans	10,433	10,198	11,238	10,671	9,829
Total Loans	\$ 17,860	\$ 17,444	\$ 17,395	\$ 16,338	\$ 14,969
Delinquency Rate (30+ days)	4.72 %	4.56 %	4.70 %	4.90 %	5.14 %
Number of Accounts (000's)	19,213	18,022	16,706	14,907	13,588
Total Assets	\$ 20,985	\$ 20,318	\$ 20,619	\$ 19,211	\$ 17,462
Capital, Including Preferred Interests	\$ 1,501.0	\$1,417.2	\$1,368.3	\$1,267.0	\$1,167.0
Capital to Managed Assets Ratio	7.15 %	6.98 %	6.64 %	6.60 %	6.68 %

(1) Risk adjusted margin is total revenue less net charge-offs as a percentage of average earning assets.

CAPITAL ONE FINANCIAL CORPORATION  
Consolidated Balance Sheets  
(in thousands)(unaudited)

	June 30 1999	December 31 1998	June 30 1998
	-----	-----	-----
<b>Assets:</b>			
Cash and due from banks	\$ 25,582	\$ 15,974	\$ 8,463
Federal funds sold and resale agreements		261,800	
Interest-bearing deposits at other banks	72,616	22,393	30,926
	-----	-----	-----
Cash and cash equivalents	98,198	300,167	39,389
Securities available for sale	1,615,422	1,796,787	1,431,091
Consumer loans	7,426,974	6,157,111	5,140,340
Less: Allowance for loan losses	(266,000)	(231,000)	(213,000)
	-----	-----	-----
Net loans	7,160,974	5,926,111	4,927,340
Premises and equipment, net	347,168	242,147	188,727
Interest receivable	60,858	52,917	45,866
Accounts receivable from securitizations	886,680	833,143	836,274
Other	411,324	268,131	182,751
	-----	-----	-----
Total assets	\$ 10,580,624	\$ 9,419,403	\$ 7,651,438
	=====	=====	=====
<b>Liabilities:</b>			
Interest-bearing deposits	\$ 2,414,933	\$ 1,999,979	\$ 1,287,402
Other borrowings	1,356,374	1,644,279	959,480
Senior notes	4,539,776	3,739,393	3,709,404
Deposit notes			99,996
Interest payable	101,150	91,637	83,167
Other	667,407	575,788	345,037
	-----	-----	-----
Total liabilities	9,079,640	8,051,076	6,484,486
Capital Securities	98,048	97,921	97,791
Stockholders' Equity:			
Common stock(1)	1,997	1,997	1,997
Paid-in capital, net(1)	626,796	598,167	560,187
Retained earnings and cumulative other comprehensive income	852,105	740,493	550,906
Less: Treasury stock, at cost	(77,962)	(70,251)	(43,929)
	-----	-----	-----
Total stockholders' equity	1,402,936	1,270,406	1,069,161
	-----	-----	-----
Total liabilities and stockholders' equity	\$ 10,580,624	\$ 9,419,403	\$ 7,651,438
	=====	=====	=====

(1) All periods have been restated to reflect the Company's three-for-one stock split effective June 1, 1999.

CAPITAL ONE FINANCIAL CORPORATION  
Consolidated Statements of Income  
(in thousands, except per share data)(unaudited)

	Three Months Ended			Six Months Ended	
	June 30 1999	March 31 1999	June 30 1998	June 30 1999	June 30 1998
Interest Income:					
Consumer loans, including fees	\$ 353,193	\$ 325,067	\$ 245,129	\$ 678,260	\$ 474,767
Federal funds sold and resale agreements	764	1,487	2,140	2,251	7,218
Other	23,816	26,517	24,169	50,333	47,495
Total interest income	377,773	353,071	271,438	730,844	529,480
Interest Expense:					
Deposits	26,438	23,942	13,635	50,380	27,773
Other borrowings	19,484	23,837	20,375	43,321	36,428
Senior and deposit notes	80,654	72,495	67,704	153,149	130,733
Total interest expense	126,576	120,274	101,714	246,850	194,934
Net interest income	251,197	232,797	169,724	483,994	334,546
Provision for loan losses	74,301	74,586	59,013	148,887	144,879
Net interest income after provision for loan loss	176,896	158,211	110,711	335,107	189,667
Non-Interest Income:					
Servicing and securitizations	293,606	271,954	155,412	565,560	324,067
Service charges and other fees	244,874	222,453	153,170	467,327	285,615
Interchange	33,567	30,219	20,371	63,786	35,170
Total non-interest income	572,047	524,626	328,953	1,096,673	644,852
Non-Interest Expense:					
Salaries and associate benefits	194,461	179,194	113,428	373,655	221,381
Marketing	178,242	176,088	85,811	354,330	160,811
Communications and data processing	62,478	58,072	34,840	120,550	64,203
Supplies and equipment	42,303	36,704	32,368	79,007	54,983
Occupancy	16,381	13,914	11,090	30,295	21,734
Other	113,984	85,996	54,299	199,980	97,607
Total non-interest expense	607,849	549,968	331,836	1,157,817	620,719
Income before income taxes	141,094	132,869	107,828	273,963	213,800
Income taxes	53,616	50,490	40,975	104,106	81,244
Net income	\$ 87,478	\$ 82,379	\$ 66,853	\$ 169,857	\$ 132,556
Basic earnings per share(1)	\$ 0.44	\$ 0.42	\$ 0.34	\$ 0.86	\$ 0.67
Diluted earnings per share(1)	\$ 0.41	\$ 0.39	\$ 0.32	\$ 0.80	\$ 0.64
Dividends paid per share(1)	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.05	\$ 0.05

(1) All periods have been restated to reflect the Company's three-for-one stock split effective June 1, 1999.

CAPITAL ONE FINANCIAL CORPORATION  
 Statements of Average Balances, Income and Expense, Yields and Rates  
 (dollars in thousands)(unaudited)

Managed (1)	Quarter Ended 6/30/99			Quarter Ended 3/31/99		
	Average Balance	Income/Expense	Yield/Rate	Average Balance	Income/Expense	Yield/Rate
<b>Earning assets:</b>						
Consumer loans	\$ 17,597,571	\$ 766,595	17.43 %	\$ 17,435,530	\$ 745,643	17.11 %
Federal funds sold and resale agreements	63,578	764	4.81	126,493	1,487	4.70
Other	1,767,280	23,816	5.39	1,920,191	26,517	5.52
<b>Total earning assets</b>	<b>\$ 19,428,429</b>	<b>\$ 791,175</b>	<b>16.29 %</b>	<b>\$ 19,482,214</b>	<b>\$ 773,647</b>	<b>15.88 %</b>
<b>Interest-bearing liabilities:</b>						
Deposits	\$ 2,270,769	\$ 26,438	4.66 %	\$ 2,101,086	\$ 23,942	4.56 %
Other borrowings	1,501,960	19,484	5.19	1,680,026	23,837	5.68
Senior and deposit notes	4,620,921	80,654	6.98	4,189,839	72,495	6.92
Securitization liability	10,161,421	135,788	5.35	10,570,532	137,720	5.21
<b>Total interest-bearing liabilities</b>	<b>\$ 18,555,071</b>	<b>\$ 262,364</b>	<b>5.66 %</b>	<b>\$ 18,541,483</b>	<b>\$ 257,994</b>	<b>5.57 %</b>
<b>Net interest spread</b>			<b>10.63 %</b>			<b>10.31 %</b>
<b>Interest income to average earning assets</b>			<b>16.29 %</b>			<b>15.88 %</b>
<b>Interest expense to average earning assets</b>			<b>5.40 %</b>			<b>5.29 %</b>
<b>Net interest margin</b>			<b>10.89 %</b>			<b>10.59 %</b>

	Quarter Ended 6/30/98		
	Average Balance	Income/Expense	Yield/Rate
<b>Earning assets:</b>			
Consumer loans	\$ 14,416,722	\$ 607,247	16.85 %
Federal funds sold and resale agreements	151,275	2,140	5.66
Other	1,674,381	24,169	5.77
<b>Total earning assets</b>	<b>\$ 16,242,378</b>	<b>\$ 633,556</b>	<b>15.60 %</b>
<b>Interest-bearing liabilities:</b>			
Deposits	\$ 1,193,508	\$ 13,635	4.57 %
Other borrowings	1,318,889	20,375	6.18
Senior and deposit notes	3,905,684	67,704	6.93
Securitization liability	9,190,007	132,337	5.76
<b>Total interest-bearing liabilities</b>	<b>\$ 15,608,088</b>	<b>\$ 234,051</b>	<b>6.00 %</b>
<b>Net interest spread</b>			<b>9.60 %</b>
<b>Interest income to average earning assets</b>			<b>15.60 %</b>
<b>Interest expense to average earning assets</b>			<b>5.76 %</b>
<b>Net interest margin</b>			<b>9.84 %</b>

(1) The information in this table reflects the adjustment to add back the effect of securitized loans.