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Capital One Reports Third Quarter Earnings per Share (diluted) of \$1.00

Total deposits increase \$6.5 billion to \$98.9 billion

Credit performance in line with expectations

McLean, Va. (October 16, 2008) – Capital One Financial Corporation (NYSE: COF) today announced earnings for the third quarter of 2008 of \$374.1 million, or \$1.00 per share (diluted). Earnings from continuing operations in the third quarter of 2008 were \$385.8 million, or \$1.03 per share. In the third quarter of 2007, the company reported a net loss of \$81.6 million, or \$.21 per share (diluted), and earnings from continuing operations of \$816.4 million, or \$2.09 per share (diluted). Earnings per share from continuing operations in the third quarter of 2008 were down \$1.06 from the year ago quarter, driven primarily by higher provision expense, and down \$0.21 from the second quarter of 2008 with higher revenues and lower non-interest expense being offset by higher provision expense.

Earnings from continuing operations exclude the loss from discontinued operations related to the shutdown of GreenPoint Mortgage in August 2007.

HIGHLIGHTS

- Credit performance in the third quarter was largely in line with prior expectations and reflects both normal seasonal trends and continued pressure from the weakening economy.
 - The managed charge-off rate for the company increased 15 basis points to 4.30 percent from the second quarter of 2008. The managed delinquency rate increased in the third quarter by 35 basis points from the second quarter of 2008 to 3.99 percent.
 - As expected, the company built its allowance for loan losses in the third quarter by \$208.6 million. At \$3.5 billion, this is consistent with an outlook for \$7.2 billion in managed charge-offs through the end of the third quarter of 2009.
- Balance sheet and diversified funding remain sources of strength in a volatile market
 - The company issued approximately \$750 million in common stock during the quarter. Coupled with continued capital generation from its businesses, the company's tangible common equity to tangible managed assets ratio (TCE) increased to 6.47 percent, above the high end of the company's target range of 5.5 to 6.0 percent.
 - At the end of the third quarter, the company had readily available and committed liquidity of \$32.0 billion.
 - Total ending deposits increased \$6.5 billion to \$98.9 billion. The cost of deposits declined six basis points in the quarter.

"Against the backdrop of increasing economic headwinds and unprecedented change in the financial services landscape, Capital One continues to deliver profits and generate capital," said Richard D. Fairbank, Capital One's Chairman and Chief Executive Officer. "But we are not complacent. Based on what we're seeing in the world around us, we are significantly increasing the intensity of our efforts to aggressively manage the company for the benefit of investors and customers through the current downturn."

Total Company Results

- Managed loans held for investment of \$147.3 billion were essentially even with the second quarter of 2008, and increased from the year ago quarter by \$2.6 billion, or 1.8 percent.
- Total revenue increased \$124.9 million, or 3.1 percent, compared to the second quarter of 2008, but declined \$106.5 million, or 2.5 percent, relative to the third quarter of 2007.
- Managed revenue margin of 9.38 percent in the third quarter of 2008 was up 26 basis points compared to 9.12 percent in the second quarter of 2008, but down 89 basis points from 10.27 percent in the third quarter of 2007.
- Managed provision expense was \$1.8 billion. The company added \$208.6 million to its allowance in the third quarter of 2008. At \$3.5 billion, this is consistent with an outlook for \$7.2 billion in managed charge-offs through the third quarter of 2009.
- Total deposits were \$98.9 billion at September 30, 2008, an increase of \$6.5 billion, or 7.0 percent, relative to June 30, 2008 and an increase of \$15.8 billion, or 19.0 percent relative to September 30, 2007.
- Operating expenses increased \$9.6 million relative to the second quarter of 2008. The managed efficiency ratio for the third quarter of 2008 was 42.6 percent, down from 44.2 percent in the second quarter of 2008. The company expects full year operating expenses to be around \$6.2 billion. It also expects its operating efficiency ratio to be in the mid-forty percent range or lower for the full year 2008, with seasonally higher expenses in the fourth quarter.

“Given the volatility and strains in the financial system and global economy, we are more committed than ever to supporting our business with a rock solid balance sheet through the recession,” said Gary L. Perlin, Capital One’s Chief Financial Officer. “Our capital ratios are comfortably above our targets and our readily available liquidity is more than four times our debt refinancing needs for the next year, positioning us not only to navigate this storm but also to capitalize on financially attractive opportunities when they arise.”

Segment Results

Local Banking Segment highlights

The Local Banking segment delivered solid and steady results in the third quarter. Higher revenues and lower provision expense drove the growth in profits relative to the second quarter of 2008. Deposits grew in the quarter and deposit pricing and margins improved. Charge-offs and non-performing loans increased modestly in the third quarter, consistent with the continuing deterioration in the economy. Despite these increases, the credit quality and trends in the Local Banking loan portfolio continue to outperform competitors nationally and in the banking footprint. The company expects loans to remain basically flat for the remainder of 2008, while it expects further growth in deposits.

- Net income of \$88.2 million increased \$21.1 million, or 31.5 percent, from \$67.1 million in the second quarter of 2008.
- Loans held for investment of \$44.7 billion were up slightly relative to the second quarter of 2008.
- Local Banking deposits increased \$800.1 million from the second quarter of 2008 to \$75.0 billion.
- The net charge-off rate of 46 basis points increased from 34 basis points in the second quarter of 2008, while non-performing loans as a percent of loans held for investment of 96 basis points increased from 81 basis points in the second quarter of 2008.

National Lending Segment

The National Lending segment contains the results of the company's U.S. Card, Auto Finance and International lending businesses.

- Net income for the National Lending segment was down \$36.0 million, or 8.8 percent, compared to the second quarter of 2008, and \$298.8 million, or 44.6 percent, relative to the third quarter of 2007.
- The managed charge-off rate for the National Lending segment increased 18 basis points to 5.85 percent in the third quarter of 2008 from 5.67 percent in the second quarter of 2008.
- The delinquency rate of 5.43 percent in the third quarter of 2008 for the National Lending segment increased 56 basis points from 4.87 percent as of June 30, 2008.

U.S. Card highlights

U.S. Card results in the third quarter reflect the company's continued actions to navigate ongoing economic and cyclical headwinds. The business remains cautious on loan growth and continues to focus its marketing and originations on the parts of the U.S. Card market that the company believes provide the best combination of risk-adjusted returns and losses. Credit performance in the quarter was largely in line with expectations. The U.S. Card business remains well positioned to successfully navigate near-term challenges and to deliver solid results through the economic cycle.

- U.S. Card reported net income of \$345.0 million, a 1.3 percent increase relative to the second quarter of 2008 but a 45.0 percent decrease relative to the third quarter of 2007.
- Total revenues increased \$110.2 million, or 4.3 percent, compared to the second quarter of 2008, but decreased \$84.2 million, or 3.1 percent, relative to the prior year's same quarter.
- Non-interest expenses declined 4.2 percent over the previous quarter and 9.6 percent relative to the third quarter of 2007.
- Managed loans increased from the second quarter of 2008 by 1.9 percent, or \$1.3 billion, to \$69.4 billion at September 30, 2008, and increased 4.0 percent from the year ago quarter.
- Charge-offs declined in the third quarter of 2008 to 6.13 percent from 6.26 percent in the second quarter of 2008, but increased from 3.85 percent in the third quarter of 2007. The company expects the charge-off rate to rise to around seven percent for the fourth quarter, and to the mid-seven percent range for the first quarter of 2009. Delinquencies increased in the third quarter of 2008 to 4.20 percent from 3.85 percent in the previous quarter and from 3.80 percent in the year ago quarter.

Auto Finance highlights

Auto Finance results in the quarter were driven by solid and stable revenue margin and operating efficiency, as well as a lower provision for loan losses as the overall portfolio continues to shrink as a result of the aggressive steps taken by the business to retrench and reposition the business at the beginning of 2008. Credit metrics in the short term will continue to be impacted by seasonality, the seasoning of earlier vintages and broader cyclical economic challenges.

- Auto Finance posted net income of \$14.5 million in the third quarter, compared to \$33.6 million last quarter, and a loss of \$3.8 million in the third quarter of 2007.
- Net charge-offs of 5.00 percent increased 116 basis points from 3.84 percent in the second quarter of 2008, while delinquencies increased 170 basis points from 7.62 percent in the second quarter of 2008 to 9.32 percent.
- Originations in the third quarter of \$1.4 billion were down 55.5 percent, or \$1.8 billion, compared to the third quarter of 2007.
- Managed loans of \$22.3 billion as of September 30, 2008 were down 4.7 percent relative to the second quarter of 2008 and down 8.3 percent from the third quarter of 2007.

International highlights

The International businesses posted \$12.1 million in net income in the third quarter, a decline from both the second quarter of 2008 and the prior year quarter. The main driver of the decline in profitability was an increase in allowance in light of growing economic weakness in the UK. The company remains cautious on the UK business and continues to shrink the portfolio. The Canadian credit card business continues to perform well, with stable credit performance and solid returns.

- International's net income of \$12.1 million declined \$21.6 million compared to \$33.7 million in the second quarter of 2008, and declined \$35.3 million compared to \$47.4 million from the third quarter of 2007.
- Charge-offs of 5.90 percent decreased 17 basis points from 6.07 percent in the second quarter of 2008, but increased 45 basis points from 5.45 percent in the third quarter of 2007.
- Delinquencies decreased 11 basis points to 5.24 percent from 5.35 percent in the second quarter of 2008 but increased 55 basis points from 4.69 percent in the third quarter of 2007.
- Managed loans of \$10.3 billion as of September 30, 2008 were down 4.5 percent relative to the second quarter of 2008 and down 11.1 percent from the third quarter of 2007.

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 16, 2008, for loan and deposit growth, the projected charge-off rate in the U.S. Card subsegment for the fourth quarter of 2008 and the first quarter of 2009, estimated loss levels for the 12 months ending September 30, 2009 underlying the provision expense in the third quarter of 2008, credit performance and trends, operating expense and operating efficiency ratios for the full year 2008, dividends, 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: general economic conditions in the U.S., the UK, or the company's local markets, including conditions affecting interest rates and consumer income and confidence, spending, and savings which may affect consumer bankruptcies, defaults, charge-offs and deposit activity; changes in the labor and employment market; changes in the credit environment; the company's ability to execute on its strategic and operational plans; competition from providers of products and services that compete with the company's businesses; increases or decreases in the company's aggregate accounts and balances, or the growth rate and/or composition thereof; the risk that the benefits of the company's cost savings initiative may not be fully realized; changes in the reputation of or expectations regarding the financial services industry or the company with respect to practices, products or financial condition; financial, legal, regulatory, tax or accounting changes or actions, including with respect to any litigation matter involving the company; and the success of the company's marketing efforts in attracting or retaining customers. A discussion of these and other factors can be found in the company's annual report and other reports filed with the Securities and Exchange Commission, including, but not limited to, the company's reports on Form 10-K for the fiscal year ended December 31, 2007, reports on Form 10-Q for the quarters ended March 31, 2008 and June 30, 2008, and report on Form 8-K filed September 24, 2008.

About Capital One

Capital One Financial Corporation (www.capitalone.com) is a financial holding company whose subsidiaries collectively had \$98.9 billion in deposits and \$147.3 billion in managed loans outstanding as of September 30, 2008. Headquartered in McLean, VA, Capital One has 739 locations primarily in New York, New Jersey, Texas, and Louisiana. It is a diversified bank whose principal subsidiaries, Capital One, N.A. and Capital One Bank (USA), N. A., offer a broad spectrum of financial products and services to consumers, small businesses and commercial clients. A Fortune 500 company, Capital One 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 2008 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 of the home page to view and download the earnings press release, slides, and other financial information. Additionally, a podcast and webcast of today's 5:00 pm (ET) earnings conference call is accessible through the same link.