

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

January 22, 1997

(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)

(Zip Code)

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

Item 5. Other Events.

On January 22, 1997, Capital One Financial Corporation (the "Company") issued a news release announcing its earnings for the quarter ended December 31, 1996. The news release and financial information that is included herewith as Exhibit 99.1 is incorporated herein by reference.

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

99.1 Earnings news release and financial information of the Company, dated January 22, 1997.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereto duly authorized.

CAPITAL ONE FINANCIAL CORPORATION

Dated: January 27, 1997

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

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

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EXHIBIT INDEX

99.1 Earnings news release and financial information of the Company, dated January 22, 1997.

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FOR IMMEDIATE RELEASE:

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January 22, 1997

Contact: Paul Paquin
V.P., Investor Relations
(703) 205-1039

Diana Sun
Director, Media Relations
(703) 205-1184

Capital One Reports Record Earnings
Earnings Per Share Increased 21 Percent in 1996

FALLS CHURCH, Va. (January 22, 1997) -- Capital One Financial Corporation (NYSE: COF) today announced record earnings for 1996. Earnings were \$155.3 million, or \$2.30 per share, compared with earnings of \$126.5 million, or \$1.90 per share, in 1995. For the fourth quarter 1996, earnings were \$40.3 million, or \$.60 per share, versus earnings of \$38.8 million, or \$.58 per share for the third quarter of 1996 and \$37.8 million, or \$.57 per share, for the comparable period in the prior year.

"We are pleased with our success in delivering earnings growth and return on equity in excess of 20 percent," said Richard D. Fairbank, Capital One's Chairman and Chief Executive Officer. "We continue to see the successes of our information-based strategy in the company's revenue power, which allows us to maintain our margins in a softening consumer credit environment. We believe that our strategy of delivering customized products and services will continue to provide strong results."

For the year, the Company increased managed receivables by \$2.4 billion, or 23 percent, and added 2.4 million net new accounts, a 40 percent increase over 1995. During the fourth quarter, Capital One increased its managed portfolio by \$663 million to \$12.8 billion in outstanding receivables and added 354,000 net new accounts, bringing the total number of accounts to 8.6 million. Revenue for the year, defined as managed net interest income and non-interest income, rose to almost \$1.5 billion, a 63 percent increase from revenues of \$906 million in 1995. For the fourth quarter, total revenue rose to \$437 million versus \$401 million in the third quarter and \$264 million for the comparable period in the prior year.

"By all measures, we had another solid year of growth," said Nigel W. Morris, Capital One's President and Chief Operating Officer. "Our 1996 account growth, managed loan growth

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and revenue growth led to record profits. Our associates continue to harness the information-based strategy to build the platform for future growth."

Managed net interest margin for the full year 1996 increased by 188 basis points to 8.16 percent from 6.28 percent in the prior year. The fourth quarter managed net interest margin declined slightly to 8.29 percent from 8.35 percent in the third quarter; this compares to 6.49 percent for the comparable period of 1995.

Managed non-interest income for 1996 increased by 67 percent to \$460.5 million from \$276.3 million in 1995. Managed non-interest income increased to \$154.3 million in the fourth quarter from \$133.4 million in the third quarter of 1996 and \$76.8 million in the comparable quarter in 1995.

The managed net charge-off rate for 1996 was 4.24 percent compared to 2.25 percent for 1995. The managed net charge-off rate increased to 5.11 percent in the fourth quarter versus 4.19 percent in the third quarter. The year-end managed delinquency rate increased to 6.42 percent versus 5.31 percent at September 30, 1996 and 4.20 percent at December 31, 1995. These increases are due to continued softening of consumer credit, an ongoing shift in the product mix to higher-yielding products for underserved segments and slower portfolio growth.

Solicitation (marketing) expense for 1996 increased to a record \$206.6 million, up 41 percent from \$146.8 million in 1995. Fourth quarter solicitation expense of \$52.2 million represents the second largest quarterly marketing level to date. This amount compares to \$60.2 million in the third quarter of 1996 and \$37.3 million in the comparable period of the prior year.

The allowance for loan losses was increased by \$26.0 million during the fourth quarter and as a percentage of on-balance sheet receivables was 2.73 percent at year-end. Capital ratios were strong at quarter-end at 11.45 percent of reported assets and 4.96 percent of managed assets.

Headquartered in Falls Church, Virginia, Capital One Financial Corporation is a financial services company whose principal subsidiaries, Capital One Bank, and Capital One, F.S.B., offer consumer lending products. Capital One's subsidiaries collectively had 8.6 million customers and \$12.8 billion in managed loans outstanding at December 31, 1996, and are among the largest providers of MasterCard and Visa credit cards in the United States.

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

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

	December 31 1996 -----	September 30 1996 -----	December 31 1995 -----
ASSETS			
Cash and due from banks	\$ 48,724	\$ 155,474	\$ 51,680
Federal funds sold	450,000	250,000	465,000
Interest-bearing deposits at other banks	30,252	376,050	355,780
	-----	-----	-----
Cash and cash equivalents	528,976	781,524	872,460
Securities available for sale	865,001	684,989	413,016
Consumer loans held for securitization		1,300,000	400,000
Consumer loans	4,343,902	3,162,008	2,521,679
Less: Allowance for loan losses	(118,500)	(92,500)	(72,000)
	-----	-----	-----
Net loans	4,225,402	3,069,508	2,449,679
Premises and equipment, net	174,661	164,630	139,074
Interest receivable	78,590	40,694	55,573
Accounts receivable from securitizations	502,520	483,239	359,379
Other assets	92,295	68,510	70,140
	-----	-----	-----
Total assets	\$ 6,467,445	\$ 6,593,094	\$ 4,759,321
	=====	=====	=====
LIABILITIES			
Interest-bearing deposits	\$ 943,022	\$ 1,294,695	\$ 696,037
Other short-term borrowings	530,983	716,492	809,803
Senior notes	3,694,237	3,363,123	2,491,869
Deposit notes	299,996	299,996	
Interest payable	80,362	56,696	73,931
Other liabilities	178,454	160,813	88,490
	-----	-----	-----
Total liabilities	5,727,054	5,891,815	4,160,130
STOCKHOLDERS' EQUITY			
Common stock	663	663	662
Paid-in capital, net	481,383	476,921	469,830
Retained earnings	258,345	223,695	128,699
	-----	-----	-----
Total stockholders' equity	740,391	701,279	599,191
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Total liabilities and stockholders' equity	\$ 6,467,445	\$ 6,593,094	\$ 4,759,321
	=====	=====	=====

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

	Three Months Ended			Year Ended	
	December 31 1996	September 30 1996	December 31 1995	December 31 1996	December 31 1995
Interest income:					
Consumer loans, including fees	\$ 183,981	\$ 170,593	\$ 115,806	\$ 592,088	\$ 397,654
Federal funds sold	4,944	3,885	7,532	21,293	26,832
Other	12,428	13,757	11,659	47,102	32,923
Total interest income	201,353	188,235	134,997	660,483	457,409
Interest expense:					
Deposits	16,129	16,569	13,254	56,272	49,547
Other short-term borrowings	7,059	7,535	14,142	28,509	66,214
Senior and deposit notes	64,596	57,477	42,545	210,218	133,635
Total interest expense	87,784	81,581	69,941	294,999	249,396
Net interest income	113,569	106,654	65,056	365,484	208,013
Provision for loan losses	63,035	53,933	21,347	167,246	65,895
Net interest income after provision for loan losses	50,534	52,721	43,709	198,238	142,118
Non-interest income:					
Servicing income	112,983	109,549	110,439	459,833	409,927
Service charges	77,347	72,983	25,213	218,988	86,029
Interchange	14,135	14,847	9,805	51,399	33,457
Other	10,496	9,337	5,777	33,204	23,630
Total non-interest income	214,961	206,716	151,234	763,424	553,043
Non-interest expense:					
Salaries and associate benefits	63,662	57,562	37,743	215,155	135,833
Solicitation	52,186	60,177	37,336	206,620	146,810
Communications and data processing	21,771	20,251	14,595	76,841	61,508
Supplies and equipment	17,784	15,486	12,368	60,053	42,081
Occupancy	7,619	5,692	3,843	22,330	13,655
Other	37,553	37,655	29,949	132,183	97,543
Total non-interest expense	200,575	196,823	135,834	713,182	497,430
Income before income taxes	64,920	62,614	59,109	248,480	197,731
Income taxes	24,670	23,793	21,301	93,213	71,220
Net income	\$ 40,250	\$ 38,821	\$ 37,808	\$ 155,267	\$ 126,511
Earnings per share	\$.60	\$.58	\$.57	\$ 2.30	\$ 1.90
Dividends paid per share	\$.08	\$.08	\$.08	\$.32	\$.24

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

Managed (1)	Quarter Ended 12/31/96			Quarter Ended 9/30/96		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
Assets:						
Earning assets						
Consumer loans	\$ 12,471,141	\$ 464,469	14.90%	\$ 11,581,054	\$ 438,280	15.14%
Federal funds sold	365,112	4,944	5.42%	281,598	3,685	5.52%
Other securities	799,039	12,428	6.22%	946,156	13,757	5.82%
Total earning assets	13,635,292	481,841	14.14%	12,808,810	455,922	14.24%
Cash and due from banks	60,715			30,405		
Allowance for loan losses	(105,497)			(80,830)		
Premises and equipment, net	170,127			160,140		
Other assets	698,346			799,109		
Total assets	\$ 14,458,983			\$ 13,717,634		
Liabilities and Equity:						
Interest-bearing liabilities						
Deposits	\$ 1,298,103	\$ 16,129	4.97%	\$ 1,234,066	\$ 16,569	5.37%
Other short-term borrowings	471,708	7,059	5.99%	465,596	7,535	6.47%
Senior and deposit notes	3,842,830	64,596	6.72%	3,434,769	57,477	6.69%
Securitization liability	7,823,379	111,421	5.70%	7,625,933	107,107	5.62%
Total interest-bearing liabilities	13,436,020	199,205	5.93%	12,760,364	188,688	5.91%
Other liabilities	289,567			259,028		
Total liabilities	13,725,587			13,019,392		
Equity	733,396			698,242		
Total liabilities and equity	\$ 14,458,983			\$ 13,717,634		
Net interest spread			8.21%			8.33%
Interest income to average earning assets			14.14%			14.24%
Interest expense to average earning assets			5.85%			5.89%
Net interest margin			8.29%			8.35%

Quarter Ended 12/31/95			
	Average Balance	Income/ Expense	Yield/ Rate
Assets:			
Earning assets			
Consumer loans	\$ 10,275,160	\$ 343,509	13.37%
Federal funds sold	515,513	7,532	5.84%
Other securities	732,182	11,659	6.37%
Total earning assets	11,522,852	362,700	12.59%
Cash and due from banks	21,840		
Allowance for loan losses	(74,087)		
Premises and equipment, net	152,790		
Other assets	528,910		
Total assets	\$ 12,152,308		
Liabilities and Equity:			
Interest-bearing liabilities			
Deposits	\$ 842,472	\$ 13,254	6.29%
Other short-term borrowings	935,098	14,142	6.05%
Senior and deposit notes	2,491,868	42,545	6.83%
Securitization liability	7,108,769	105,873	5.96%
Total interest-bearing liabilities	11,378,207	175,814	6.18%
Other liabilities	183,018		

Total liabilities	11,561,225	
Equity	591,083	

Total liabilities and equity	\$ 12,152,308	
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Net interest spread		6.41%
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Interest income to average earning assets		12.59%
Interest expense to average earning assets		6.10%

Net interest margin		6.49%
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(1) The information in this table reflects the adjustment to add back the effect of securitized loans.

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

Reported	Quarter Ended 12/31/96			Quarter Ended 9/30/96		
	Average Balance -----	Income/ Expense -----	Yield/ Rate ----	Average Balance -----	Income/ Expense -----	Yield/ Rate ----
Assets:						
Earning assets						
Consumer loans	\$ 4,647,762	\$ 183,981	15.83%	\$ 3,955,121	\$ 170,593	17.25%
Federal funds sold	365,112	4,944	5.42%	281,598	3,885	5.52%
Other securities	799,039	12,428	6.22%	946,158	13,757	5.82%
Total earning assets	5,811,913	201,353	13.86%	5,182,877	188,235	14.53%
Cash and due from banks	60,715			30,405		
Allowance for loan losses	(105,497)			(80,830)		
Premises and equipment, net	170,127			160,140		
Other assets	698,346			799,109		
Total assets	\$ 6,635,604			\$ 6,091,701		
Liabilities and Equity:						
Interest-bearing liabilities						
Deposits	\$ 1,298,103	\$ 16,129	4.97%	\$ 1,234,066	\$ 16,569	5.37%
Other short-term borrowings	471,708	7,059	5.99%	465,596	7,535	6.47%
Senior and deposit notes	3,842,830	64,596	6.72%	3,434,769	57,477	6.69%
Total interest-bearing liabilities	5,612,641	87,784	6.26%	5,134,431	81,581	6.36%
Other liabilities	289,567			259,028		
Total liabilities	5,902,208			5,393,459		
Equity	733,396			698,242		
Total liabilities and equity	\$ 6,635,604			\$ 6,091,701		
Net interest spread			7.60%			8.17%
Interest income to average earning assets			13.86%			14.53%
Interest expense to average earning assets			6.04%			6.30%
Net interest margin			7.82%			8.23%

Quarter Ended 12/31/95			
	Average Balance -----	Income/ Expense -----	Yield/ Rate ----
Assets:			
Earning assets			
Consumer loans	\$ 3,166,392	\$ 115,806	14.63%
Federal funds sold	515,513	7,532	5.84%
Other securities	732,182	11,659	6.37%
Total earning assets	4,414,087	134,997	12.23%
Cash and due from banks	21,840		
Allowance for loan losses	(74,087)		
Premises and equipment, net	152,790		
Other assets	528,909		
Total assets	\$ 5,043,539		
Liabilities and Equity:			
Interest-bearing liabilities			
Deposits	\$ 842,472	\$ 13,254	6.29%
Other short-term borrowings	935,098	14,142	6.05%
Senior and deposit notes	2,491,868	42,545	6.83%
Total interest-bearing liabilities	4,269,438	69,941	6.55%
Other liabilities	183,018		
Total liabilities	4,452,456		
Equity	591,083		
Total liabilities and equity	\$ 5,043,539		

Net interest spread	5.68%
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Interest income to average earning assets	12.23%
Interest expense to average earning assets	6.33%

Net interest margin	5.90%
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