

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

July 16, 1998

(Date of earliest event reported)

Capital One Financial Corporation

(Exact name of registrant as specified in its charter)

Delaware	1-13300	54-1719854
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(State of incorporation or organization)	(Commission File Number)	(IRS Employer Identification No.)

2980 Fairview Park Drive	
Suite 1300	
Falls Church, Virginia	22042
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(Address of principal executive offices)	(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 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); difficulties or delays in the development, production, testing and marketing of new products or services; losses associated with new products or services; 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 associate 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; and other factors listed from time to time in the Company's SEC reports, including the Annual Report on Form 10-K for the year ended December 31, 1997 (Part I, Item 1, Cautionary Statements).

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

- 99.1. Press Release of the Company dated July 16, 1998.

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: July 16, 1998

By: /s/ James M. Zinn

James M. Zinn

Senior Vice President and Chief
Financial Officer

EXHIBIT INDEX

99.1 Press Release of the Company dated July 16, 1998.

FOR IMMEDIATE RELEASE:

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July 16, 1998

Contact: Paul Paquin

V.P., Investor Relations
(703) 205-1039

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Manager, Media Relations
(703) 205-1180

Capital One Reports Record Second Quarter Earnings

Falls Church, Va. (July 16, 1998) - Capital One Financial Corporation (NYSE: COF) today announced record second quarter 1998 earnings of \$66.9 million, or \$.96 per share, versus earnings of \$65.7 million, or \$.96 per share, for the first quarter of 1998 and \$39.4 million, or \$.58 per share, for the comparable period in the prior year. Earnings per share amounts are reported on a diluted basis.

"We are pleased that our information-based strategy continues to allow us to identify new opportunities in our domestic and international businesses," said Richard D. Fairbank, Capital One's Chairman and Chief Executive Officer. "These opportunities and an improving credit risk picture are enabling us to invest in record levels of marketing."

Revenue, defined as managed net interest income and non-interest income, increased to \$653 million in the second quarter of 1998 versus \$637 million in the first quarter of 1998 and increased 40 percent over \$466 million for the comparable period in the prior year. For the quarter, Capital One's managed consumer loan balances increased by \$967 million to \$15.0 billion. The Company also added 914,000 net new accounts, bringing total accounts to 13.6 million.

The managed net interest margin was 9.84 percent in the second quarter of 1998, an expected decrease from 10.40 percent in the first quarter of 1998 and an increase from 8.30 percent in the comparable period of the prior year. The lower margin from the previous quarter primarily reflects decreases in late fees as the Company's delinquency levels declined. Non-interest income increased \$33 million compared to the first quarter of 1998 and \$84 million for the comparable period in the prior year. This growth reflects increased fees (including annual membership, interchange, and overlimit) on our customized products and strategic cross-sell initiatives.

The managed delinquency rate (30+ days) decreased to 5.14 percent as of June 30, 1998, compared with 5.75 percent as of March 31, 1998, exceeding typical seasonal patterns. The managed net charge-off rate decreased to 5.91 percent for the second quarter of 1998 compared with 6.04 percent in the first quarter of 1998. These decreases demonstrate the combination of high-quality growth and improving consumer credit.

"We continue to see favorable risk trends as both the delinquency and charge-off rates improved modestly in the quarter," said Nigel W. Morris, Capital One's President and Chief Operating Officer. "These improvements exceeded seasonal expectations but we remain cautious in our outlook."

Marketing investment increased in the second quarter of 1998 to a record \$86 million versus \$75 million in the first quarter of 1998 and \$45 million in the comparable period of the prior year. Other non-interest expenses (excluding marketing and performance-based stock options) for the second quarter of 1998 were \$222 million versus \$182 million for the first quarter of 1998 and \$157 million in the comparable period of the prior year. Operating expenses reflect increased investments in staff levels and infrastructure development to position the Company for continued growth.

The allowance for loan losses was maintained at \$213 million, and decreased to 4.14 percent of on-balance sheet receivables as of June 30, 1998, from 4.49 percent as of March 31, 1998. Capital ratios were strong as of June 30, 1998 at 15.25 percent of reported assets and 6.68 percent of managed assets.

Separately, earlier this week Capital One signed an agreement to acquire Summit Acceptance Corporation. Based in Dallas, Texas, Summit is a proven performer in the subprime automobile finance industry with approximately 180 employees and serviced loans of approximately \$260 million as of June 30, 1998. The acquisition price for Summit will be approximately \$55 million which will be paid through the issuance of Capital One stock. The acquisition will be accounted for as a purchase and goodwill of approximately \$70 million will be amortized over 15 years. The acquisition is expected to be completed by the end of the third quarter and its impact is expected to be neutral to earnings per share in 1998 and accretive to earnings per share in 1999.

Headquartered in Falls Church, Virginia, Capital One Financial Corporation is a holding company whose principal subsidiaries, Capital One Bank and Capital One, F.S.B., offer financial consumer lending products. Capital One's subsidiaries collectively had 13.6 million customers and \$15.0 billion in managed loans outstanding as of June 30, 1998, 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.

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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 "Financial Information" to view/download the release and financial information.]

CAPITAL ONE FINANCIAL CORPORATION (COF)
FINANCIAL & STATISTICAL SUMMARY

	98 Q2	98 Q1	97 Q4	97 Q3	97 Q2
(in millions, except per share data and as noted)					

Earnings (Managed Basis)					
Net Interest Income	\$ 399.5	\$ 416.7	\$ 361.6	\$ 330.7	\$ 296.3
Non-Interest Income	253.2	220.7	230.4	218.5	169.3

Total Revenue	652.7	637.4	592.0 (1)	549.2	465.6
Provision for Loan Losses	213.1	242.5	255.7	243.6	200.1
Marketing Expenses	85.8	75.0	65.0	60.8	45.0
Operating Expenses	246.0 (2)	213.9 (2)	177.4	165.2	157.1

Income Before Taxes	107.8	106.0	93.9	79.6	63.5
Tax Rate	38.0%	38.0%	38.0%	38.0%	38.0%
Net Income	\$ 66.9	\$ 65.7	\$ 58.2	\$ 49.3	\$ 39.4

Common Share Statistics					
Basic EPS	\$ 1.02	\$ 1.00	\$ 0.89	\$ 0.75	\$ 0.59
Diluted EPS	\$ 0.96	\$ 0.96	\$ 0.86	\$ 0.73	\$ 0.58
Dividends Per Share	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.08
Book Value Per Share (period end)	\$ 16.31	\$ 15.08	\$ 13.66	\$ 12.84	\$ 12.35
Stock Price Per Share (period end)	\$ 124.19	\$ 78.88	\$ 54.19	\$ 45.75	\$ 37.75
Total Market Capitalization (period end)	\$8,139.0	\$5,163.7	\$ 3,542.2	\$ 3,001.0	\$ 2,509.8
Shares Outstanding (period end)	65.5	65.5	65.4	65.6	66.5
Shares Used to Compute Basic EPS	65.5	65.4	65.5	66.2	66.4
Shares Used to Compute Diluted EPS	69.5	68.4	67.5	67.6	67.6

Managed Loan Statistics (period avg.)					
Average Loans	\$ 14,417	\$ 14,097	\$ 13,824	\$ 12,918	\$ 12,715
Average Earning Assets	\$ 16,242	\$ 16,020	\$ 15,655	\$ 14,608	\$ 14,278
Average Assets	\$ 17,296	\$ 16,834	\$ 16,367	\$ 15,618	\$ 15,272
Average Equity	\$ 1,037	\$ 950	\$ 892	\$ 841	\$ 798
Net Interest Margin	9.84%	10.40%	9.24%(3)	9.05%	8.30%
Return on Average Assets (ROA)	1.55%	1.56%	1.42%	1.26%	1.03%
Return on Average Equity (ROE)	25.78%	27.66%	26.12%	23.47%	19.72%
Net Charge-Off Rate	5.91%	6.04%	6.37%(4)	6.66%	6.38%
Net Charge-Offs	\$ 213.0	\$ 212.7	\$ 255.6 (4)	\$ 215.1	\$ 202.8

Managed Loan Statistics (period end)					
Reported Loans	\$ 5,140	\$ 4,748	\$ 4,862	\$ 4,330	\$ 3,624
Securitized Loans	9,829	9,254	9,369	9,143	9,113

Total Loans	\$ 14,969	\$ 14,002	\$ 14,231	\$ 13,473	\$ 12,737
Delinquency Rate (30+ days)	5.14%(5)	5.75%(5)	6.20%(5)	6.36%	6.33%
Number of Accounts (000's)	13,588	12,674	11,747	10,664	9,796
Total Assets	\$ 17,462	\$ 16,464	\$ 16,433	\$ 15,440	\$ 15,270
Capital, Including Preferred Interests	\$1,167.0	\$1,085.2	\$ 990.9	\$ 939.7	\$ 918.5
Capital to Managed Assets Ratio	6.68%	6.59%	6.03%	6.09%	6.01%
Percent Introductory Rate Loans	20%	22%	27%	26%	25%

(1) Net of a \$73.3 million reduction to more conservatively report uncollectible finance charge and fee income receivables and the charge-off of credit card loans at 180 days past-due.

(2) Operating expenses include \$24.0 million and \$32.4 million in compensation expense in Q298 and Q198, respectively, for performance-based stock options.

(3) The net interest margin, without the modifications in charge-off policy and finance charge and fee income recognition, was 10.13%.

(4) The net charge-off rate and net charge-offs, without the modification in charge-off policy, were 6.02% and \$208.2 million, respectively.

(5) The delinquency rate reflects the modifications in charge-off policy and finance charge and fee income recognition.

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

	June 30 1998	March 31 1998	June 30 1997
	-----	-----	-----
Assets:			
Cash and due from banks	\$ 8,463	\$ 2,983	\$ 136,112
Federal funds sold and resale agreements		105,000	295,507
Interest-bearing deposits at other banks	30,926	34,077	21,441
	-----	-----	-----
Cash and cash equivalents	39,389	142,060	453,060
Securities available for sale	1,431,091	1,513,398	1,142,328
Consumer loans	5,140,340	4,748,186	3,623,952
Less: Allowance for loan losses	(213,000)	(213,000)	(118,500)
	-----	-----	-----
Net loans	4,927,340	4,535,186	3,505,452
Premises and equipment, net	188,727	163,757	181,078
Interest receivable	45,866	44,213	48,135
Accounts receivable from securitizations	836,274	696,599	729,238
Other	182,751	128,689	100,144
	-----	-----	-----
Total assets	\$ 7,651,438	\$ 7,223,902	\$ 6,159,435
	=====	=====	=====
Liabilities:			
Interest-bearing deposits	\$ 1,287,402	\$ 1,160,850	\$ 869,801
Other borrowings	959,480	723,614	293,734
Senior notes	3,709,404	3,464,176	3,468,801
Deposit notes	99,996	299,996	299,996
Interest payable	83,167	67,544	72,261
Other	345,037	422,480	236,343
	-----	-----	-----
Total liabilities	6,484,486	6,138,660	5,240,936
Guaranteed Preferred Beneficial Interests			
In Capital One Bank's Floating Rate Junior			
Subordinated Capital Income Securities:	97,791	97,727	97,534
Stockholders' Equity:			
Common stock	666	666	665
Paid-in capital, net	561,518	543,179	491,953
Retained earnings	547,485	485,750	327,896
Cumulative other comprehensive income	3,421	2,325	451
Less: Treasury stock, at cost	(43,929)	(44,405)	
	-----	-----	-----
Total stockholders' equity	1,069,161	987,515	820,965
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Total liabilities and stockholders' equity	\$ 7,651,438	\$ 7,223,902	\$ 6,159,435
	=====	=====	=====

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

	June 30 1998	Three Months Ended March 31 1998	June 30 1997	Six Months Ended June 30 1998	June 30 1997
Interest Income:					
Consumer loans, including fees	\$ 245,129	\$ 229,638	\$ 143,485	\$ 474,767	\$ 289,997
Federal funds sold and resale agreements	2,140	5,078	2,613	7,218	8,277
Other	24,169	23,326	20,772	47,495	37,190
Total interest income	271,438	258,042	166,870	529,480	335,464
Interest Expense:					
Deposits	13,635	14,138	8,635	27,773	19,072
Other borrowings	20,375	16,053	10,453	36,428	16,977
Senior and deposit notes	67,704	63,029	64,523	130,733	127,959
Total interest expense	101,714	93,220	83,611	194,934	164,008
Net interest income	169,724	164,822	83,259	334,546	171,456
Provision for loan losses	59,013	85,866	46,776	144,879	95,963
Net interest income after provision for loan losses	110,711	78,956	36,483	189,667	75,493
Non-Interest Income:					
Servicing and securitizations	155,412	168,655	148,562	324,067	318,595
Service charges	128,191	113,324	57,278	241,515	110,926
Interchange	20,371	14,799	11,405	35,170	20,720
Other	24,979	19,121	11,797	44,100	21,858
Total non-interest income	328,953	315,899	229,042	644,852	472,099
Non-Interest Expense:					
Salaries and associate benefits	113,428	107,953	69,287	221,381	139,923
Marketing	85,811	75,000	44,995	160,811	99,046
Communications and data processing	34,840	29,363	24,320	64,203	46,110
Supplies and equipment	32,368	22,615	18,406	54,983	36,479
Occupancy	11,090	10,644	7,388	21,734	15,189
Other	54,299	43,308	37,659	97,607	78,855
Total non-interest expense	331,836	288,883	202,055	620,719	415,602
Income before income taxes	107,828	105,972	63,470	213,800	131,990
Income taxes	40,975	40,269	24,118	81,244	50,156
Net income	\$ 66,853	\$ 65,703	\$ 39,352	\$ 132,556	\$ 81,834
Basic earnings per share	\$ 1.02	\$ 1.00	\$ 0.59	\$ 2.02	\$ 1.23
Diluted earnings per share	\$ 0.96	\$ 0.96	\$ 0.58	\$ 1.92	\$ 1.21
Dividends paid per share	\$ 0.08	\$ 0.08	\$ 0.08	\$ 0.16	\$ 0.16

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

Managed (1)	Quarter Ended 6/30/98			Quarter Ended 3/31/98		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
Earning assets:						
Consumer loans	\$ 14,416,722	\$ 607,247	16.85%	\$ 14,097,475	\$ 615,053	17.45%
Federal funds sold and resale agreements	151,275	2,140	5.66	362,680	5,078	5.60
Other securities	1,674,381	24,169	5.77	1,559,732	23,326	5.98
Total earning assets	\$ 16,242,378	\$ 633,556	15.60%	\$ 16,019,887	\$ 643,457	16.06%
Interest-bearing liabilities:						
Deposits	\$ 1,193,508	\$ 13,635	4.57%	\$ 1,266,064	\$ 14,138	4.47%
Other borrowings	1,318,889	20,375	6.18	1,077,082	16,053	5.96
Senior and deposit notes	3,905,684	67,704	6.93	3,683,113	63,029	6.85
Securitization liability	9,190,007	132,337	5.76	9,297,590	133,526	5.74
Total interest-bearing liabilities	\$ 15,608,088	\$ 234,051	6.00%	\$ 15,323,849	\$ 226,746	5.92%
Net interest spread			9.60%			10.14%
Interest income to average earning assets			15.60%			16.06%
Interest expense to average earning assets			5.76			5.66
Net interest margin			9.84%			10.40%

Quarter Ended 6/30/97		
Average Balance	Income/ Expense	Yield/ Rate
\$ 12,714,870	\$ 482,088	15.17%
187,650	2,613	5.57
1,375,364	20,772	6.04
\$ 14,277,884	\$ 505,473	14.16%
\$ 817,936	\$ 8,635	4.22%
694,814	10,453	6.02
3,768,797	64,523	6.85
8,713,517	125,531	5.76
\$ 13,995,064	\$ 209,142	5.98%

8.18%

14.16%
5.86

8.30%

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