UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _________ to _________.

Commission file number 1-13300

CAPITAL ONE FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	54-1719854
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2980 Fairview Park Drive, Suite 1300, Falls Church, Virginia	22042-4525
(Address of principal executive offices)	(Zip Code)

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

(Not Applicable)
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

As of April 30, 2000, there were 195,821,956 shares of the registrant's Common Stock, par value $.01 per share, outstanding.

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March 31, 2000

Item 1.

CAPITAL ONE FINANCIAL CORPORATION
Condensed Consolidated Balance Sheets
(dollars in thousands, except per share data) (unaudited)

	March 31 2000	December 31 1999
Assets:		
Cash and due from banks	$ 84,084	$ 134,065
Federal funds sold and resale agreements	18,000	
Interest-bearing deposits at other banks	96,491	112,432
Cash and cash equivalents	198,575	246,497
Securities available for sale	1,519,027	1,856,421
Consumer loans	9,449,498	9,913,549
Less: Allowance for loan losses	(372,000)	(342,000)
Net loans	9,077,498	9,571,549
Premises and equipment, net	501,238	470,732
Interest receivable	81,967	64,637
Accounts receivable from securitizations	666,972	661,922
Other	479,781	464,685
Total assets	$ 12,525,058	$ 13,336,443
Liabilities:		
Interest-bearing deposits	$ 4,096,241	$ 3,783,809
Other borrowings	1,955,978	2,780,466
Senior notes	3,818,936	4,180,548
Interest payable	88,438	116,405
Other	1,014,384	959,608
Total liabilities	10,973,977	11,820,836
Stockholders' Equity:		
Preferred stock, par value $.01 per share; authorized 50,000,000 shares, none issued or outstanding		
Common stock, par value $.01 per share; authorized 300,000,000 shares, 199,670,421 issued as of March 31, 2000 and December 31, 1999	1,997	1,997
Paid-in capital, net	598,012	613,590
Retained earnings	1,123,823	1,022,296
Cumulative other comprehensive loss	(31,802)	(31,262)
Less: Treasury stock, at cost; 4,072,467 and 2,624,006 shares as of March 31, 2000 and December 31, 1999, respectively	(140,949)	(91,014)
Total stockholders' equity	1,551,081	1,515,607
Total liabilities and stockholders' equity	$ 12,525,058	$ 13,336,443

See Notes to Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31	
	2000	1999
Interest Income:		
Consumer loans, including fees	$ 488,937	$ 325,067
Securities available for sale	24,734	26,222
Other	1,776	1,782
Total interest income	515,447	353,071
Interest Expense:		
Deposits	52,120	23,942
Other borrowings	41,454	25,552
Senior notes	68,376	72,495
Total interest expense	161,950	121,989
Net interest income	353,497	231,082
Provision for loan losses	126,525	74,586
Net interest income after provision for loan losses	226,972	156,496
Non-Interest Income:		
Servicing and securitizations	270,758	271,954
Service charges and other fees	341,232	222,453
Interchange	43,070	30,219
Total non-interest income	655,060	524,626
Non-Interest Expense:		
Salaries and associate benefits	234,836	179,194
Marketing	201,938	176,088
Communications and data processing	70,822	58,072
Supplies and equipment	52,274	36,704
Occupancy	25,292	13,914
Other	124,758	84,281
Total non-interest expense	709,920	548,253
Income before income taxes	172,112	132,869
Income taxes	65,403	50,490
Net income	$ 106,709	$ 82,379
Basic earnings per share	$ 0.54	$ 0.42
Diluted earnings per share	$ 0.51	$ 0.39
Dividends paid per share	$ 0.03	$ 0.03

See Notes to Condensed Consolidated Financial Statements.

CAPITAL ONE FINANCIAL CORPORATION
Condensed Consolidated Statements of Changes in Stockholders' Equity
(in thousands, except per share data) (unaudited)

	Common Stock Shares	Common Stock Amount	Paid-In Capital, Net	Retained Earnings	Cumulative Other Comprehensive Income (Loss)	Treasury Stock	Total Stockholders' Equity
Balance, December 31, 1998	199,670,376	$ 1,997	$ 598,167	$ 679,838	$ 60,655	$ (70,251)	$ 1,270,406
Comprehensive income:							
Net income				82,379			82,379
Other comprehensive income, net of income tax:							
Unrealized losses on securities, net of income tax benefit of $18,927					(38,177)		(38,177)
Foreign currency translation adjustments					76		76
Other comprehensive loss					(38,101)		(38,101)
Comprehensive income							44,278
Cash dividends - $.03per share				(5,166)			(5,166)
Purchases of treasury stock						(24,266)	(24,266)
Issuances of common stock			621	20		2,398	3,039
Exercise of stock options			(16,436)			24,111	7,675
Common stock issuable under incentive plan			21,307				21,307
Other items, net			1,939				1,939
Balance, March 31, 1999	199,670,376	$ 1,997	$ 605,598	$ 757,071	$ 22,554	$ (68,008)	$ 1,319,212
Balance, December 31, 1999	199,670,421	$ 1,997	$ 613,590	$ 1,022,296	$(31,262)	$ (91,014)	$ 1,515,607
Comprehensive income:							
Net income				106,709			106,709
Other comprehensive income, net of income tax:							
Unrealized losses on securities, net of income tax benefit of $509					(831)		(831)
Foreign currency translation adjustments					291		291
Other comprehensive loss					(540)		(540)
Comprehensive income							106,169
Cash dividends - $.03 per share				(5,182)			(5,182)
Purchases of treasury stock						(72,144)	(72,144)
Issuances of common stock			(1,811)			5,073	3,262
Exercise of stock options			(16,427)			17,136	709
Common stock issuable under incentive plan			2,543				2,543
Other items, net			117				117
Balance, March 31, 2000	199,670,421	$ 1,997	$ 598,012	$ 1,123,823	$(31,802)	$ (140,949)	$ 1,551,081

See Notes to Condensed Consolidated Financial Statements.

CAPITAL ONE FINANCIAL CORPORATION
Condensed Consolidated Statements of Cash Flows
(in thousands) (unaudited)

	Three Months Ended March 31	
	2000	1999
Operating Activities:		
Net income	$ 106,709	$ 82,379
Adjustments to reconcile net income to cash provided by operating activities:		
Provision for loan losses	126,525	74,586
Depreciation and amortization, net	53,434	35,874
Stock compensation plans	2,543	21,307
Increase in interest receivable	(17,330)	(13,267)
Decrease in accounts receivable from securitizations	106	152,514
Increase in other assets	(21,074)	(70,234)
Decrease in interest payable	(27,967)	(4,136)
Increase in other liabilities	54,776	85,491
Net cash provided by operating activities	277,722	364,514
Investing Activities:		
Purchases of securities available for sale	(136,465)	(349,918)
Proceeds from sales of securities available for sale	408,858	337,059
Proceeds from maturities of securities available for sale	58,379	25,014
Net increase in consumer loans	(322,182)	(1,173,929)
Proceeds from securitizations of consumer loans	588,576	
Recoveries of loans previously charged off	94,187	25,145
Additions of premises and equipment, net	(69,640)	(65,614)
Net cash provided by (used for) investing activities	621,713	(1,202,243)
Financing Activities:		
Net increase in interest-bearing deposits	312,432	204,183
Net decrease in other borrowings	(824,488)	(472,839)
Issuances of senior notes		895,500
Maturities of senior notes	(361,767)	(25,000)
Dividends paid	(5,182)	(5,166)
Purchases of treasury stock	(72,144)	(24,266)
Net proceeds from issuances of common stock	3,083	4,792
Proceeds from exercise of stock options	709	7,675
Net cash (used for) provided by financing activities	(947,357)	584,879
Decrease in cash and cash equivalents	(47,922)	(252,850)
Cash and cash equivalents at beginning of period	246,497	300,167
Cash and cash equivalents at end of period	$ 198,575	$ 47,317

See Notes to Condensed Consolidated Financial Statements.

CAPITAL ONE FINANCIAL CORPORATION
Notes to Condensed Consolidated Financial Statements
March 31, 2000
(in thousands, except per share data) (unaudited)

Note A: Basis of Presentation

The consolidated financial statements include the accounts of Capital One Financial Corporation (the "Corporation") and its subsidiaries. The Corporation is a holding company whose subsidiaries provide a variety of products and services to consumers. The principal subsidiaries are Capital One Bank (the "Bank"), which offers credit card products, and Capital One, F.S.B. (the "Savings Bank"), which offers consumer lending products (including credit cards) and deposit products. The Corporation and its subsidiaries are collectively referred to as the "Company."

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete consolidated financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. Operating results for the three months ended March 31, 2000 are not necessarily indicative of the results for the year ending December 31, 2000. The notes to the consolidated financial statements contained in the Annual Report on Form 10-K for the year ended December 31, 1999 should be read in conjunction with these condensed consolidated financial statements. All significant intercompany balances and transactions have been eliminated. Certain prior period amounts have been reclassified to conform to the 2000 presentation.

On April 29, 1999, the Company's Board of Directors approved a three-for-one split of the common stock of the Corporation. The stock split was effected through a 200 percent stock distribution on June 1, 1999 to stockholders of record on May 20, 1999. For periods prior to the effective date of the stock split, outstanding shares and per share data contained in this report have been restated to reflect the impact of the stock split.

Note B: Significant Accounting Policies

Cash and Cash Equivalents

Cash paid for interest for the three months ended March 31, 2000 and 1999 was $189,917 and $124,410, respectively. Cash paid for income taxes for the three months ended March 31, 2000 and 1999 was $22 and $11,008, respectively.

Note C: Recent Accounting Pronouncements

In June 1999, the FASB issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities Deferral of the Effective Date of FASB Statement No. 133" ("SFAS 137"). SFAS 137 defers the effective date of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (together "SFAS 133 as amended") to all fiscal quarters of all fiscal years beginning after June 15, 2000. SFAS 133 as amended will require the Company to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through earnings. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The adoption of SFAS 133 as amended is not expected to have a material effect on the Company's financial position or results of operations.

Note D: Stock Repurchase

On February 22, 2000, the Company's Board of Directors approved the repurchase of up to 10,000,000 shares of the Company's common stock over the next two years, in addition to the 1,687,500 shares then remaining under the Company's repurchase programs approved in 1997 and 1998. As of March 31, 2000, the Company had 9,783,900 shares available for repurchase under these programs.

Note E: Earnings Per Share

Basic earnings per share is based on the weighted average number of common shares outstanding, excluding any dilutive effects of options and restricted stock. Diluted earnings per share is based on the weighted average number of common and common equivalent shares, dilutive stock options or other dilutive securities outstanding during the year.

The following table sets forth the computation of basic and diluted earnings per share.

(shares in thousands)	Three Months Ended March 31 2000	1999
Numerator:		
Net income	$ 106,709	$ 82,379
Denominator:		
Denominator for basic earnings per share - Weighted-average shares	196,645	197,239
Effect of dilutive securities:		
Stock options	12,065	12,752
Dilutive potential common shares	12,065	12,752
Denominator for diluted earnings per share - Adjusted weighted-average shares	208,710	209,991
Basic earnings per share	$ 0.54	$ 0.42
Diluted earnings per share	$ 0.51	$ 0.39

Note F: Commitments and Contingencies

In connection with the transfer of substantially all of Signet Bank's credit card business to the Bank in November 1994, the Company and the Bank agreed to indemnify Signet Bank (which was acquired by First Union Bank on November 30, 1997) for certain liabilities incurred in litigation arising from that business, which may include liabilities, if any, incurred in the purported class action case described below.

During 1995, the Company and the Bank became involved in a purported class action suit relating to certain collection practices engaged in by Signet Bank and, subsequently, by the Bank. The complaint in this case alleges that Signet Bank and/or the Bank violated a variety of California state statutes and constitutional and common law duties by filing collection lawsuits, obtaining judgements and pursuing garnishment proceedings in the Virginia state courts against defaulted credit card customers who were not residents of Virginia. This case was filed in the Superior Court of California in the County of Alameda, Southern Division, on behalf of a class of California residents. The complaint in this case seeks unspecified statutory damages, compensatory damages, punitive damages, restitution, attorneys' fees and costs, a permanent injunction and other equitable relief.

In early 1997, the California court entered judgement in favor of the Bank on all of the plaintiffs' claims. The plaintiffs appealed the ruling to the California Court of Appeals First Appellate District Division 4. In early 1999, the Court of Appeals affirmed the trial court's ruling in favor of the Bank on six counts, but reversed the trial court's ruling on two counts of the plaintiffs' complaint. The California Supreme Court rejected the Bank's Petition for Review of the remaining two counts and remitted them to the trial court for further proceedings. In August 1999, the trial court denied without prejudice plaintiffs' motion to certify a class on the one remaining common law claim. In November 1999, the United States Supreme Court denied the Bank's writ of certiorari on the remaining two counts, declining to exercise its discretionary power to review these issues.

Subsequently, the Bank moved for summary judgement on the two remaining counts and for a ruling that a class cannot be certified in this case. These motions are pending.

Because no specific measure of damages is demanded in the complaint of the California case and the trial court entered judgement in favor of the Bank before the parties completed any significant discovery, an informed assessment of the ultimate outcome of this case cannot be made at this time. Management believes, however, that there are meritorious defenses to this lawsuit and intends to defend it vigorously.

The Company is commonly subject to various other pending and threatened legal actions arising from the conduct of its normal business activities. In the opinion of management, the ultimate aggregate liability, if any, arising out of any pending or threatened action will not have a material adverse effect on the consolidated financial condition of the Company. At the present time, however, management is not in a position to determine whether the resolution of pending or threatened litigation will have a material effect on the Company's results of operations in any future reporting period.

Note G: Subsequent Events

On April 27, 2000, the stockholders of the Company voted to approve an amendment to the Company's restated certificate of incorporation to increase the number of authorized shares of common stock from 300 million to one billion.

Item 2.

CAPITAL ONE FINANCIAL CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

Capital One Financial Corporation (the "Corporation") is a holding company whose subsidiaries provide a variety of products and services to consumers using its Information-Based Strategy ("IBS"). The principal subsidiaries are Capital One Bank (the "Bank"), which offers credit card products, and Capital One, F.S.B. (the "Savings Bank"), which offers consumer lending products (including credit cards) and deposit products. The Corporation and its subsidiaries are collectively referred to as the "Company." As of March 31, 2000, the Company had 25.3 million accounts and $20.3 billion in managed consumer loans outstanding and was one of the largest providers of MasterCard and Visa credit cards in the world. The Company's profitability is affected by the net interest income and non-interest income earned on earning assets, consumer usage patterns, credit quality, the level of marketing expense and operating efficiency.

Earnings Summary

Net income for the three months ended March 31, 2000 of $106.7 million, or $.51 per share, compares to net income of $82.4 million, or $.39 per share, for the same period in 1999.

The increase in net income is primarily a result of an increase in asset and account volumes and rates. Net interest income increased $122.4 million, or 53%, as the net interest margin increased to 12.23% from 10.41% and average earning assets increased by 30%. The provision for loan losses increased $51.9 million, or 70%, as the reported net charge-off rate increased 71 basis points to 3.94% from 3.23% and average reported loans increased 42%. Non-interest income increased $130.4 million, or 25%, primarily as a result of the increase in the average number of accounts of 41%. Marketing expense increased $25.9 million, or 15%, to $201.9 million as the Company continued to invest in existing and new product opportunities. Salaries and associate benefits expense increased $55.6 million, or 31%. The $80.2 million, or 42%, increase in all other non-interest expenses as well as the increase in salaries and associate benefits expense primarily reflected increased staff and the cost of operations to manage the growth in the Company's accounts and products offered. Each component is discussed in further detail in subsequent sections of this analysis.

Managed Consumer Loan Portfolio

The Company analyzes its financial performance on a managed consumer loan portfolio basis. Managed consumer loan data adds back the effect of off-balance sheet consumer loans. The Company also evaluates its interest rate exposure on a managed portfolio basis.

The Company's managed consumer loan portfolio is comprised of reported and off-balance sheet loans. Off-balance sheet loans are those which have been securitized and accounted for as sales in accordance with Statement of Financial Accounting Standards ("SFAS") No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" ("SFAS 125"), and are not assets of the Company. Therefore, those loans are not shown on the balance sheet.

Table 1 summarizes the Company's managed consumer loan portfolio.

TABLE 1 - MANAGED CONSUMER LOAN PORTFOLIO

	Three Months Ended March 31	
(in thousands)	2000	1999
Period-End Balances:		
Reported consumer loans	$ 9,449,498	$ 7,245,847
Off-balance sheet consumer loans	10,849,992	10,198,391
Total managed consumer loan portfolio	$ 20,299,490	$ 17,444,238
Average Balances:		
Reported consumer loans	$ 9,704,933	$ 6,831,724
Off-balance sheet consumer loans	10,476,440	10,603,806
Total managed consumer loan portfolio	$ 20,181,373	$ 17,435,530

Since 1990, the Company has actively engaged in consumer loan securitization transactions. Securitization involves the transfer by the Company of a pool of loan receivables to an entity created for securitizations, generally a trust or other special purpose entity ("the trusts"). The credit quality of the receivables is supported by credit enhancements, which may be in various forms including a letter of credit, a cash collateral guaranty or account, or a subordinated interest in the receivables in the pool. Certificates representing undivided ownership interests in the receivables are sold to the public through an underwritten offering or to private investors in private placement transactions. The Company receives the proceeds of the sale. The Company retains an interest in the trusts ("seller's interest") equal to the amount of the receivables transferred to the trust in excess of the principal balance of the certificates. The Company's interest in the trusts varies as the amount of the excess receivables in the trusts fluctuates as the accountholders make principal payments and incur new charges on the selected accounts. The securitization generally results in the removal of the receivables, other than the seller's interest, from the Company's balance sheet for financial and regulatory accounting purposes.

The Company's relationship with its customers is not affected by the securitization. The Company acts as a servicing agent and receives a fee for doing so.

Collections received from securitized receivables are used to pay interest to certificateholders, servicing and other fees, and are available to absorb the investors' share of credit losses. Amounts collected in excess of that needed to pay the above amounts are remitted to the Company, as described in Servicing and Securitizations Income.

Certificateholders in the Company's securitization program are generally entitled to receive principal payments either through monthly payments during an amortization period or in one lump sum after an accumulation period. Amortization may begin sooner in certain circumstances, including if the annualized portfolio yield (consisting, generally, of interest and fees) for a three-month period drops below the sum of the certificate rate payable to investors, loan servicing fees and net credit losses during the period.

Prior to the commencement of the amortization or accumulation period, all principal payments received on the trusts' receivables are reinvested in new receivables to maintain the principal balance of certificates. During the amortization period, the investors' share of principal payments is paid to the certificateholders until they are paid in full. During the accumulation period, the investors' share of principal payments is paid into a principal funding account designed to accumulate amounts so that the certificates can be paid in full on the expected final payment date.

Table 2 indicates the impact of the consumer loan securitizations on average earning assets, net interest margin and loan yield for the periods presented. The Company intends to continue to securitize consumer loans.

TABLE 2 - OPERATING DATA AND RATIOS

	Three Months Ended March 31	
(dollars in thousands)	2000	1999
Reported:		
Average earning assets	$ 11,561,128	$ 8,878,408
Net interest margin(1)	12.23%	10.41%
Loan yield	20.15	19.03
Managed:		
Average earning assets	$ 22,037,568	$ 19,482,214
Net interest margin(1)	11.23%	10.55%
Loan yield	18.06	17.11

(1) Net interest margin is equal to net interest income divided by average earning assets.

Risk Adjusted Revenue and Margin

The Company's products are designed with the objective of maximizing revenue for the level of risk undertaken. Management believes that comparable measures for external analysis are the risk adjusted revenue and risk adjusted margin of the managed portfolio. Risk adjusted revenue is defined as net interest income and non-interest income less net charge-offs. Risk adjusted margin measures risk adjusted revenue as a percentage of average earning assets. It considers not only the loan yield and net interest margin, but also the fee income associated with these products. By deducting net charge-offs, consideration is given to the risk inherent in these differing products.

The Company markets its card products to specifically targeted consumer populations. The terms of each card product are actively managed in an effort to maximize return at the consumer level, reflecting the risk and expected performance of the account. For example, card product terms typically include the ability to reprice individual accounts upwards or downwards based on the consumer's performance. In addition, since 1998, the Company has aggressively marketed low non-introductory rate cards to consumers with the best established credit profiles to take advantage of the favorable risk return characteristics of this consumer type. Industry competitors have continuously solicited the Company's customers with similar interest rate strategies. Management believes the competition has put, and will continue to put, additional pressure on the Company's pricing strategies.

By applying its IBS and in response to dynamic competitive pressures, the Company also targets a significant amount of its marketing expense to other credit card product opportunities. Examples of such products include secured cards and other customized card products including affinity and co-branded cards, student cards and other cards targeted to certain markets that are underserved by the Company's competitors. These products do not have a significant, immediate impact on managed loan balances; rather they typically consist of lower credit limit accounts and balances that build over time. The terms of these customized card products tend to include annual membership fees and higher annual finance charge rates. The profile of the consumers targeted for these products, in some cases, may also tend to result in higher account delinquency rates and consequently higher past-due and overlimit fees as a percentage of loan receivables outstanding than the low non-introductory rate products.

Table 3 provides income statement data and ratios for the Company's managed consumer loan portfolio. The causes of increases and decreases in the various components of risk adjusted revenue are discussed in further detail in subsequent sections of this analysis.

TABLE 3 - MANAGED RISK ADJUSTED REVENUE

	Three Months Ended March 31	
(dollars in thousands)	2000	1999
Managed Income Statement:		
Net interest income	$ 618,854	$ 513,938
Non-interest income	489,297	357,647
Net charge-offs	(195,276)	(171,129)
Risk adjusted revenue	$ 912,875	$ 700,456
Ratios:(1)		
Net interest margin	11.23%	10.55%
Non-interest income	8.88	7.34
Net charge-offs	(3.54)	(3.51)
Risk adjusted margin	16.57%	14.38%

(1) As a percentage of average managed earning assets.

Net Interest Income

Net interest income is interest and past-due fees earned from the Company's consumer loans and securities less interest expense on borrowings, which include interest-bearing deposits, other borrowings and borrowings from senior notes.

Reported net interest income for the three months ended March 31, 2000 was $353.5 million, compared to $231.1 million for the same period in the prior year, representing an increase of $122.4 million, or 53%. Net interest income increased as a result of an increase of 182 basis points in the net interest margin, as well as a 30% increase in average earning assets for the three months ended March 31, 2000, versus the same period in the prior year. The yield on earning assets increased 192 basis points to 17.83% for the three months ended March 31, 2000, from 15.91% for the same period in the prior year. The increase was primarily attributable to the increase of 112 basis points in the yield on consumer loans, along with a higher proportion of average consumer loans as a percentage of average earning assets as compared to the same period in the prior year.

Managed net interest income increased $104.9 million, or 20%, for the three months ended March 31, 2000, compared to the same period in the prior year as managed average earning assets increased 13% and the managed net interest margin increased 68 basis points to 11.23%. The increase in managed net interest margin principally reflects an increase in the amount of average consumer loans as a percentage of average earning assets, slightly offset by the increased volume and rates of the Company's retail deposits program.

Table 4 provides average balance sheet data, an analysis of net interest income, net interest spread (the difference between the yield on earning assets and the cost of interest-bearing liabilities) and net interest margin for the three months ended March 31, 2000 and 1999.

Table 4 - STATEMENTS OF AVERAGE BALANCES, INCOME AND EXPENSE, YIELDS AND RATES

	Three Months Ended March 31					
	2000			1999		
(dollars in thousands)	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
Assets:						
Earning assets						
Consumer loans(1)	$ 9,704,933	$ 488,937	20.15%	$ 6,831,724	$325,067	19.03%
Securities available for sale	1,681,537	24,734	5.88	1,876,636	26,222	5.59
Other	174,658	1,776	4.07	170,048	1,782	4.19
Total earning assets	11,561,128	$ 515,447	17.83%	8,878,408	$353,071	15.91%
Cash and due from banks	91,068			11,055		
Allowance for loan losses	(347,000)			(239,333)		
Premises and equipment, net	496,600			273,416		
Other	1,237,114			1,227,854		
Total assets	$13,038,910			$ 10,151,400		
Liabilities and Stockholders' Equity:						
Interest-bearing liabilities						
Deposits	$ 3,894,250	$ 52,120	5.35%	$ 2,101,086	$ 23,942	4.56%
Other borrowings	2,504,724	41,454	6.62	1,777,980	25,552	5.75
Senior and deposit notes	4,019,484	68,376	6.80	4,189,839	72,495	6.92
Total interest-bearing liabilities	10,418,458	$ 161,950	6.22%	8,068,905	$121,989	6.05%
Other	1,053,551			780,966		
Total liabilities	11,472,009			8,849,871		
Stockholders' equity	1,566,901			1,301,529		
Total liabilities and stockholders' equity	$13,038,910			$ 10,151,400		
Net interest spread			11.61%			9.86%
Interest income to average earning assets			17.83%			15.91%
Interest expense to average earning assets			5.60			5.50
Net interest margin			12.23%			10.41%

(1) Interest income includes past-due fees on loans of approximately $162,775 and $107,148 for the three months ended March 31, 2000 and 1999, respectively.

Interest Variance Analysis

Net interest income is affected by changes in the average interest rate earned on earning assets and the average interest rate paid on interest-bearing liabilities. In addition, net interest income is affected by changes in the volume of earning assets and interest-bearing liabilities. Table 5 sets forth the dollar amount of the increases (decreases) in interest income and interest expense resulting from changes in the volume of earning assets and interest-bearing liabilities and from changes in yields and rates.

TABLE 5 - INTEREST VARIANCE ANALYSIS

	Three Months Ended March 31, 2000 vs. 1999		
	Increase	Change due to(1)	
(in thousands)	(Decrease)	Volume	Yield/Rate
Interest Income:			
Consumer loans	$163,870	$143,767	$ 20,103
Securities available for sale	(1,488)	(8,323)	6,835
Other	(6)	199	(205)
Total interest income	162,376	115,910	46,466
Interest Expense:			
Deposits	28,178	23,394	4,784
Other borrowings	15,902	11,599	4,303
Senior and deposit notes	(4,119)	(2,912)	(1,207)
Total interest expense	39,961	36,434	3,527
Net interest income(1)	$122,415	$ 77,556	$ 44,859

(1) The change in interest due to both volume and yield/rates has been allocated in proportion to the relationship of the absolute dollar amounts of the change in each. The changes in income and expense are calculated independently for each line in the table. The totals for the volume and yield/rate columns are not the sum of the individual lines.

Servicing and Securitizations Income

Servicing and securitizations income represents servicing fees, excess spread and other fees relating to consumer loan receivables sold through securitization transactions, as well as gains and losses recognized as a result of the securitization transactions. Servicing and securitizations income decreased $1.2 million to $270.8 million for the three months ended March 31, 2000, from $272.0 million for the same period in the prior year. This decrease was primarily due to the slight decrease in average off-balance sheet consumer loans.

In accordance with SFAS 125, the Company records gains or losses on the securitizations of consumer loan receivables on the date of sale based on the estimated fair value of assets sold and retained and liabilities incurred in the sale. Gains represent the present value of estimated excess cash flows the Company has retained over the estimated outstanding period of the receivables and are included in servicing and securitizations income. This excess cash flow essentially represents an "interest only" ("I/O") strip, consisting of the excess of finance charges and past-due fees over the sum of the return paid to certificateholders, estimated contractual servicing fees and credit losses. However, exposure to credit losses on the securitized loans is contractually limited to these cash flows.

Certain estimates inherent in the determination of the fair value of the I/O strip are influenced by factors outside the Company's control, and as a result, such estimates could materially change in the near term. Any future gains that will be recognized in accordance with SFAS 125 will be dependent on the timing and amount of future securitizations. The Company will continuously assess the performance of new and existing securitization transactions as estimates of future cash flows change.

Other Non-Interest Income

Interchange income increased to $43.1 million, or 43%, for the three months ended March 31, 2000, compared to $30.2 million for the same period in the prior year. This increase is primarily attributable to new account growth. Service charges and other fees increased to $341.2 million, or 53%, for the three months ended March 31, 2000, compared to $222.5 million for the same period in the prior year. This increase was due to the increase in average accounts of 41% for the three months ended March 31, 2000, compared to the same period in the prior year, increased fee-generating customer behavior and increased ancillary product sales through the use of IBS.

Non-Interest Expense

Non-interest expense for the three months ended March 31, 2000 was $709.9 million, an increase of $161.7 million, or 29%, over $548.3 million for the same period in the prior year. Contributing to the increase in non-interest expense was marketing expense which increased $25.9 million, or 15%, to $201.9 million for the three months ended March 31, 2000, from $176.1 million for the same period in the prior year as the Company continued to invest in new product opportunities. Salaries and associate benefits expense increased $55.6 million, or 31%, for the three months ended March 31, 2000, from $179.2 million for the same period in the prior year. All other non-interest expenses increased $80.2 million, or 42%, to $273.1 million for the three months ended March 31, 2000, from $193.0 million for the same period in the prior year. The Company's continued expansion into new product and geographic markets resulted in an increase in staff and other operational costs associated with the Company's growth and was necessary to support the 41% increase in the average number of accounts.

Income Taxes

The Company's income tax rate was 38% for the three months ended March 31, 2000 and 1999 and includes both state and federal income tax components.

Asset Quality

The asset quality of a portfolio is generally a function of the initial underwriting criteria used, seasoning of the accounts, levels of competition, account management activities and demographic concentration, as well as general economic conditions. The seasoning of the accounts is also an important factor as accounts tend to exhibit a rising trend of delinquency and credit losses as they season.

Delinquencies

Table 6 shows the Company's consumer loan delinquency trends for the periods presented on a reported and managed basis. The entire balance of an account is contractually delinquent if the minimum payment is not received by the payment due date. Delinquencies not only have the potential to impact earnings if the account charges off, they also are costly in terms of the personnel and other resources dedicated to resolving the delinquencies.

TABLE 6 - DELINQUENCIES

	March 31			
	2000		1999	
(dollars in thousands)	Loans	% of Total Loans	Loans	% of Total Loans
Reported:				
Loans outstanding	$ 9,449,498	100.00%	$ 7,245,847	100.00%
Loans delinquent:				
30-59 days	218,967	2.32	152,503	2.10
60-89 days	148,925	1.57	80,479	1.11
90 or more days	247,463	2.62	119,363	1.65
Total	$ 615,355	6.51%	$ 352,345	4.86%
Managed:				
Loans outstanding	$ 20,299,490	100.00%	$ 17,444,238	100.00%
Loans delinquent:				
30-59 days	377,320	1.86	325,762	1.87
60-89 days	250,595	1.24	176,479	1.01
90 or more days	438,929	2.16	292,564	1.68
Total	$ 1,066,844	5.26%	$ 794,805	4.56%

The 30-plus day delinquency rate for the reported consumer loan portfolio was 6.51% as of March 31, 2000, up 165 basis points from 4.86% as of March 31, 1999, and up 59 basis points from 5.92% as of December 31, 1999. The 30-plus day delinquency rate for the managed consumer loan portfolio was 5.26% as of March 31, 2000, up 70 basis points from 4.56% as of March 31, 1999 and up 3 basis points from 5.23% as of December 31, 1999. Both the reported and managed consumer loan delinquency rate increases as of March 31, 2000, principally reflected more seasoned accounts.

Net Charge-Offs

Net charge-offs include the principal amount of losses (excluding accrued and unpaid finance charges, fees and fraud losses) less current period recoveries. Table 7 shows the Company's net charge-offs for the periods presented on a reported and managed basis.

TABLE 7 - NET CHARGE-OFFS

(dollars in thousands)	Three Months Ended March 31 2000	Three Months Ended March 31 1999
Reported:		
Average loans outstanding	$ 9,704,933	$ 6,831,724
Net charge-offs	95,669	55,250
Net charge-offs as a percentage of average loans outstanding	3.94%	3.23%
Managed:		
Average loans outstanding	$ 20,181,373	$ 17,435,530
Net charge-offs	195,276	171,129
Net charge-offs as a percentage of average loans outstanding	3.87%	3.93%

Net charge-offs of managed loans increased $24.1 million, or 14%, while average managed consumer loans grew 16% for the three months ended March 31, 2000, from the same period in the prior year. For the three months ended March 31, 2000, the Company's managed net charge-offs as a percentage of average managed loans were 3.87%, compared to 3.93% for the same period in the prior year. The increase in the reported net charge-off rate was the result of variations in the mix of the reported consumer loan portfolio.

Provision and Allowance for Loan Losses

The allowance for loan losses is maintained at the amount estimated to be sufficient to absorb probable future losses, net of recoveries (including recovery of collateral), inherent in the existing reported loan portfolio. The provision for loan losses is the periodic cost of maintaining an adequate allowance. Management believes that the allowance for loan losses is adequate to cover anticipated losses in the reported homogeneous consumer loan portfolio under current conditions. There can be no assurance as to future credit losses that may be incurred in connection with the Company's consumer loan portfolio, nor can there be any assurance that the loan loss allowance that has been established by the Company will be sufficient to absorb such future credit losses. The allowance is a general allowance applicable to the entire reported homogeneous consumer loan portfolio, including the Company's international portfolio which to date has performed with relatively lower loss and delinquency rates than the overall portfolio. The amount of allowance necessary is determined primarily based on a migration analysis of delinquent and current accounts. In evaluating the sufficiency of the allowance for loan losses, management also takes into consideration the following factors: recent trends in delinquencies and charge-offs including bankrupt, deceased and recovered amounts; historical trends in loan volume; forecasting uncertainties and size of credit risks; the degree of risk inherent in the composition of the loan portfolio; economic conditions; credit evaluations and underwriting policies.

Table 8 sets forth the activity in the allowance for loan losses for the periods indicated. See "Asset Quality," "Delinquencies" and "Net Charge-Offs" for a more complete analysis of asset quality.

TABLE 8 - SUMMARY OF ALLOWANCE FOR LOAN LOSSES

	Three Months Ended March 31	
(dollars in thousands)	2000	1999
Balance at beginning of period	$ 342,000	$ 231,000
Provision for loan losses	126,525	74,586
Other	(856)	664
Charge-offs	(147,654)	(80,395)
Recoveries	51,985	25,145
Net charge-offs	(95,669)	(55,250)
Balance at end of period	$ 372,000	$ 251,000
Allowance for loan losses to loans at period-end	3.94%	3.46%

For the three months ended March 31, 2000, the provision for loan losses increased to $126.5 million, or 70%, as the reported charge-off rate increased to 3.94% from 3.23% for the comparable period in the prior year. The allowance for loan losses as a percentage of reported consumer loans increased to 3.94% as of March 31, 2000, from 3.46% as of March 31, 1999. For the three months ended March 31, 2000, the Company increased the allowance for loan losses by $30.0 million primarily due to the growth in reported loans and increased delinquencies.

Funding

The Company has established access to a wide range of domestic funding alternatives, in addition to securitization of its consumer loans. The Company primarily issues senior unsecured debt of the Bank through its $8.0 billion bank note program, of which $3.3 billion was outstanding as of March 31, 2000, with original terms of one to ten years.

Internationally, the Company has funding programs designed for foreign investors or to raise funds in foreign currencies. The Company has accessed the international securitization market for a number of years with both US$ and foreign denominated transactions. Both of the Company's committed revolving credit facilities offer foreign currency funding options. The Bank has established a $1.0 billion Euro Medium Term Note program that is targeted to non-U.S. investors. The Company funds its foreign assets by directly or synthetically borrowing or securitizing in the local currency to mitigate the financial statement effect of currency translation.

The Company has significantly expanded its retail deposit gathering efforts through both direct and broker marketing channels. The Company uses its IBS capabilities to test and market a variety of retail deposit origination strategies, including the Internet, as well as to develop customized account management programs. As of March 31, 2000, the Company had $4.1 billion in interest-bearing deposits, with maturities up to ten years.

Table 9 shows the maturities of certificates of deposit in denominations of $100,000 or greater (large denomination CDs) as of March 31, 2000.

TABLE 9 - MATURITIES OF LARGE DENOMINATION CERTIFICATES-$100,000 OR MORE

	March 31, 2000	
(dollars in thousands)	Balance	Percent
Three months or less	$ 240,319	19.79%
Over 3 through 6 months	198,780	16.37
Over 6 through 12 months	172,052	14.16
Over 12 months through 5 years	603,368	49.68
Total	$ 1,214,519	100.00%

The Company's other borrowings portfolio consists of $1.2 billion in borrowings maturing within one year and $782.4 million in borrowings maturing after one year.

Table 10 shows the Company's unsecured funding availability and outstandings as of March 31, 2000.

TABLE 10 - FUNDING AVAILABILITY

	March 31, 2000			
(dollars or dollar equivalents in millions)	Effective/ Issue Date	Availability(1)	Outstanding	Final Maturity(4)
Domestic revolving credit facility	5/99	$1,200		5/03
UK/Canada revolving credit facility	8/97	350		8/00
Senior bank note program(2)	4/97	8,000	$3,265	-
Non-U.S. bank note program	10/97	1,000	5	-
Corporation Shelf Registration	7/98	1,550	549	-
Capital securities(3)	1/97	100	98	2/27

(1) All funding sources are revolving except for the Corporation Shelf Registration and the floating rate junior subordinated capital income securities. Funding availability under the credit facilities is subject to compliance with certain representations, warranties and covenants. Funding availability under all other sources is subject to market conditions.
(2) Includes availability to issue up to $200 million of subordinated bank notes, none outstanding as of March 31, 2000.
(3) Qualifies as Tier 1 capital at the Corporation and Tier 2 capital at the Bank.
(4) Maturity date refers to the date the facility terminates, where applicable.

In May 1999, the Company entered into a four-year, $1,200,000 unsecured revolving credit arrangement (the "Credit Facility"). The Credit Facility is comprised of two tranches: a $810,000 Tranche A facility available to the Bank and the Savings Bank, including an option for up to $250,000 in multicurrency availability, and a $390,000 Tranche B facility available to the Corporation, the Bank and the Savings Bank, including an option for up to $150,000 in multicurrency availability. Each tranche under the facility is structured as a four-year commitment and is available for general corporate purposes. All borrowings under the Credit Facility are based on varying terms of LIBOR. The Bank has irrevocably undertaken to honor any demand by the lenders to repay any borrowings which are due and payable by the Savings Bank but have not been paid. Any borrowings under the Credit Facility will mature on May 24, 2003; however, the final maturity of each tranche may be extended for three additional one-year periods with the lenders' consent.

The UK/Canada revolving credit facility is used to finance the Company's expansion in the United Kingdom and Canada. The facility is comprised of two tranches: a Tranche A facility in the amount of (pound)156.5 million ($249.8 million equivalent based on the exchange rate at closing) and a Tranche B facility in the amount of C$139.6 million ($100.2 million equivalent based on the exchange rate at closing). An amount of (pound)34.6 million or C$76.9 million ($55.2 million equivalent based on the exchange rates at closing) may be transferred between the Tranche A facility and the Tranche B facility, respectively, upon the request of the Company. The Corporation serves as the guarantor of all borrowings under the UK/Canada revolving facility. The commitment terminates on August 29, 2000; however, it may be extended for two additional one-year periods.

The Corporation has three shelf registration statements under which the Corporation from time to time may offer and sell (i) senior or subordinated debt securities, consisting of debentures, notes and/or other unsecured evidences, (ii) preferred stock, which may be issued in the form of depository shares evidenced by depository receipts and (iii) common stock. The amount of securities registered is limited to a $1.6 billion aggregate public offering price or its equivalent (based on the applicable exchange rate at the time of sale) in one or more foreign currencies, currency units or composite currencies as shall be designated by the Corporation. At March 31, 2000, the Corporation had existing unsecured senior debt outstanding under the shelf registrations of $550 million including $125 million maturing in 2003, $225 million maturing in 2006, and $200 million maturing in 2008.

Liquidity

Liquidity refers to the Company's ability to meet its cash needs. The Company meets its cash requirements by securitizing assets, gathering deposits and through issuing debt. As discussed in "Managed Consumer Loan Portfolio," a significant source of liquidity for the Company has been the securitization of consumer loans. Maturity terms of the existing securitizations vary from 2000 to 2008 and typically have accumulation periods during which principal payments are aggregated to make payments to investors. As payments on the loans are accumulated and are no longer reinvested in new loans, the Company's funding requirements for such new loans increase accordingly. The occurrence of certain events may cause the securitization transactions to amortize earlier than scheduled, which would accelerate the need for funding.

As such loans amortize or are otherwise paid, the Company believes it can securitize consumer loans, purchase federal funds and establish other funding sources to fund the amortization or other payment of the securitizations in the future, although no assurance can be given to that effect. Additionally, the Company maintains a portfolio of high-quality securities such as U.S. Treasuries and other U.S. government obligations, commercial paper, interest-bearing deposits with other banks, federal funds and other cash equivalents in order to provide adequate liquidity and to meet its ongoing cash needs. As of March 31, 2000, the Company held $1.6 billion in such securities.

Capital Adequacy

The Bank and the Savings Bank are subject to capital adequacy guidelines adopted by the Federal Reserve Board (the "Federal Reserve") and the Office of Thrift Supervision (the "OTS") (collectively, the "regulators"), respectively. The capital adequacy guidelines and the regulatory framework for prompt corrective action require the Bank and the Savings Bank to maintain specific capital levels based upon quantitative measures of their assets, liabilities and off-balance sheet items.

The most recent notifications received from the regulators categorized the Bank and the Savings Bank as "well-capitalized." To be categorized as "well-capitalized," the Bank and the Savings Bank must maintain minimum capital ratios as set forth in Table 11. As of March 31, 2000, there are no conditions or events since the notifications discussed above that management believes have changed either the Bank or the Savings Bank's capital category.

TABLE 11 - REGULATORY CAPITAL RATIOS

	Ratios	Minimum for Capital Adequacy Purposes	To Be "Well-Capitalized" Under Prompt Corrective Action Provisions
March 31, 2000			
Capital One Bank			
Tier 1 Capital	11.36%	4.00%	6.00%
Total Capital	13.94	8.00	10.00
Tier 1 Leverage	10.71	4.00	5.00
Capital One, F.S.B.(1)			
Tier 1 Capital	10.66%	4.00%	6.00%
Total Capital	12.28	8.00	10.00
Tier 1 Leverage	8.61	4.00	5.00
March 31, 1999			
Capital One Bank			
Tier 1 Capital	10.30%	4.00%	6.00%
Total Capital	13.03	8.00	10.00
Tier 1 Leverage	10.18	4.00	5.00
Capital One, F.S.B.(1)			
Tier 1 Capital	9.75%	4.00%	6.00%
Total Capital	12.00	12.00	10.00
Tier 1 Leverage	9.75	8.00	5.00

(1) Before June 30, 1999, the Savings Bank was subject to capital requirements that exceed minimum capital adequacy requirements, including the requirement to maintain a minimum Tier 1 Leverage/Core Capital ratio of 8% and a Total Capital ratio of 12%.

During 1996, the Bank received regulatory approval and established a branch office in the United Kingdom. In connection with such approval, the Company committed to the Federal Reserve that, for so long as the Bank maintains a branch in the United Kingdom, the Company will maintain a minimum Tier 1 Leverage ratio of 3.0%. As of March 31, 2000, the Company's Tier 1 Leverage ratio was 12.42%.

Additionally, certain regulatory restrictions exist which limit the ability of the Bank and the Savings Bank to transfer funds to the Corporation. As of March 31, 2000, retained earnings of the Bank and the savings bank of $293.0 million and $101.4 million, respectively, were available for payment of dividends to the Corporation, without prior approval by the regulators.

Off-Balance Sheet Risk

The Company is subject to off-balance sheet risk in the normal course of business through commitments to extend credit, securitization transactions and off-balance sheet financial instruments. The Company enters into interest rate swap agreements in the management of its interest rate exposure. The Company also enters into forward foreign currency exchange contracts and currency swaps to reduce its sensitivity to changing foreign currency exchange rates. These off-balance sheet financial instruments involve elements of credit, interest rate or foreign currency exchange rate risk in excess of the amount recognized on the balance sheet. These instruments also present the Company with certain credit, market, legal and operational risks. The Company has established credit policies for off-balance sheet instruments as it has for on-balance sheet instruments.

Interest Rate Sensitivity

Interest rate sensitivity refers to the change in earnings that may result from changes in the level of interest rates. To the extent that managed interest income and expense do not respond equally to changes in interest rates, or that all rates do not change uniformly, earnings could be affected. The Company's managed net interest income is affected by changes in short-term interest rates, primarily the London InterBank Offering Rate, as a result of its issuance of interest-bearing deposits, variable rate loans and variable rate securitizations. The Company manages and mitigates its interest rate sensitivity through several techniques that include, but are not limited to, changing the maturity, repricing and distribution of assets and liabilities and entering into interest rate swaps.

The Company measures exposure to its interest rate risk through the use of a simulation model. The model generates a distribution of possible twelve-month managed net interest income outcomes based on (i) a set of plausible interest rate scenarios, as determined by management based upon historical trends and market expectations, (ii) all existing financial instruments, including swaps, and (iii) an estimate of ongoing business activity over the coming twelve months. The Company's asset/liability management policy requires that based on this distribution there be at least a 95% probability that managed net interest income achieved over the coming twelve months will be no more than 3% below the mean managed net interest income of the distribution. As of March 31, 2000, the Company was in compliance with the policy; more than 99% of the outcomes generated by the model produced a managed net interest income of no more than 0.25% below the mean outcome. The interest rate scenarios evaluated as of March 31, 2000, included scenarios in which short-term interest rates rose by as much as 450 basis points or fell by as much as 250 basis points over twelve months.

The analysis does not consider the effects of the changed level of overall economic activity associated with various interest rate scenarios. Further, in the event of a rate change of large magnitude, management would likely take actions to further mitigate its exposure to any adverse impact. For example, management may reprice interest rates on outstanding credit card loans subject to the right of the consumers in certain states to reject such repricing by giving timely written notice to the Company and thereby relinquishing charging privileges. However, the repricing of credit card loans may be limited by competitive factors as well as certain legal constraints.

Interest rate sensitivity at a point in time can also be analyzed by measuring the mismatch in balances of earning assets and interest-bearing liabilities that are subject to repricing in future periods.

Business Outlook

Earnings, Goals and Strategies

This business outlook section summarizes the Company's expectations for earnings for the year ending December 31, 2000, and its primary goals and strategies for continued growth. The statements contained in this section are based on management's current expectations. Certain statements are forward looking and, therefore, actual results could differ materially. Factors which could materially influence results are set forth throughout this section and in the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (Part I, Item 1, Risk Factors).

The Company has set targets, dependent on the factors set forth below, to achieve a 25% return on equity in 2000 and to increase its earnings per share in 2000 by approximately 30% over 1999 earnings per share. As discussed elsewhere in this report and below, the Company's actual earnings are a function of its revenues (net interest income and non-interest income on its earning assets), consumer usage and payment patterns, credit quality of its earning assets (which affects fees and charge-offs), marketing expenses and operating expenses.

Product and Market Opportunities

The Company's strategy for future growth has been, and is expected to continue to be, to apply its proprietary IBS to its lending business as well as to other businesses, both financial and non-financial, including telecommunications and Internet services. The Company will seek to identify new product opportunities and to make informed investment decisions regarding new and existing products. The Company's lending and other financial and non-financial products are subject to competitive pressures, which management anticipates will increase as these markets mature.

Lending

Lending includes credit card and other consumer lending products, including automobile financing. Credit card opportunities include, and are expected to continue to include, a wide variety of highly customized products with interest rates, credit lines and other features specifically tailored for numerous consumer segments. The Company expects continued growth across a broad spectrum of new and existing customized products, which are distinguished by a varied range of credit lines, pricing structures and other characteristics. For example, the Company's low non-introductory rate products, which are marketed to consumers with the best established credit profiles, are characterized by higher credit lines, lower yields and an expectation of lower delinquencies and credit losses than the traditional low introductory rate balance transfer products. On the other hand, certain other customized card products are characterized by lower credit lines, higher yields (including fees) and in some cases, higher delinquencies and credit losses than the Company's traditional products. These products also involve higher operational costs but exhibit better response rates, less adverse selection, less attrition and a greater ability to reprice than the Company's traditional introductory rate products. More importantly, as a whole, all of these customized products continue to have less volatile returns than the traditional products in recent market conditions.

International Expansion

The Company has expanded its existing operations outside of the United States and has experienced growth in the number of accounts and loan balances in its international business. To date, the Company's principal operations outside of the United States have been in the United Kingdom, with additional operations in Canada. To support the continued growth of its United Kingdom business and any future business in Europe, the Company opened a new operations center in Nottingham, England in July 1998 and expanded it in early 1999. The Company anticipates entering and doing business in additional countries from time to time as opportunities arise.

Internet Services and Products

The Company's Internet services include account decisioning, real-time account numbering, retail deposit-taking and account servicing. The Company expects to expand its origination and servicing of products on the Internet, provided that it can continue to limit fraud and safeguard its customers' privacy.

Telecommunications

The Company markets telecommunications services through its subsidiary America One Communications, Inc. ("America One"). The Company is testing various wireless products and services and expects to focus on underserved markets.

The Company will continue to apply its IBS in an effort to balance the mix of credit card products with other financial and non-financial products and services to optimize profitability within the context of acceptable risk. The Company's growth through expansion and product diversification will be affected by the ability to internally build or acquire the necessary operational and organizational infrastructure, recruit experienced personnel, fund these new businesses and manage expenses. Although management believes it has the personnel, financial resources and business strategy necessary for continued success, there can be no assurance that the Company's results of operations and financial condition in the future will reflect its historical financial performance.

Marketing Investment

The Company expects its 2000 marketing expenses to exceed 1999's expense level, as the Company continues to invest in its various credit card products and services, brand management and other financial and non-financial products and services. The Company cautions, however, that an increase in marketing expenses does not necessarily equate to a comparable increase in outstanding balances or accounts based on historical results. As the Company's portfolio continues to grow, generating balances and accounts to offset attrition requires increasing amounts of marketing. Intense competition in the credit card market has resulted in a decrease in credit card response rates and has reduced the productivity of marketing dollars invested in that line of business. In addition, the cost to acquire new accounts varies across product lines and is expected to rise as the Company moves beyond the domestic card business. With competition affecting the profitability of traditional introductory rate card products, the Company has been allocating, and expects to continue to allocate, a greater portion of its marketing expense to other customized credit card products and other financial and non-financial products. For example, the cost to acquire an America One wireless account traditionally has included the cost of providing a free phone to the customer, and consequently has been substantially more than the cost to acquire a credit card account. The Company intends to continue a flexible approach in its allocation of marketing expenses. The Company is also developing a brand marketing strategy to supplement current strategies. The actual amount of marketing investment is subject to a variety of external and internal factors, such as competition in the consumer credit and wireless service industries, general economic conditions affecting consumer credit performance, the asset quality of the Company's portfolio and the identification of market opportunities across product lines that exceed the Company's targeted rates of return on investment.

The amount of marketing expense allocated to various products or businesses will influence the characteristics of the Company's portfolio as various products or businesses are characterized by different account growth, loan growth and asset quality characteristics. The Company currently expects continued strong account growth and loan growth in 2000. Actual growth, however, may vary significantly depending on the Company's actual product mix and the level of attrition on the Company's managed portfolio, which is primarily affected by competitive pressures.

Impact of Delinquencies, Charge-Offs and Attrition

The Company's earnings are particularly sensitive to delinquencies and charge-offs on the Company's portfolio and to the level of attrition due to competition in the credit card industry. As delinquency levels fluctuate, the resulting amount of past due and overlimit fees, which are significant sources of revenue for the Company, will also fluctuate. Further, the timing of revenues from increasing or decreasing delinquencies precedes the related impact of higher or lower charge-offs that ultimately result from varying levels of delinquencies. Delinquencies and net charge-offs are impacted by general economic trends in consumer credit performance, including bankruptcies, the degree of seasoning of the Company's portfolio and the product mix.

As of March 31, 2000, the Company had the lowest net charge-off rate among the top ten credit card issuers in the United States. However, management expects delinquencies to increase moderately through 2000 and that, as a result, charge-offs will also increase in 2000. Management cautions that delinquency and charge-off levels are not always predictable and may vary from projections. In the case of an economic downturn or recession, delinquencies and charge-offs are likely to increase more quickly. In addition, competition in the credit card industry, as measured by the volume of mail solicitations, declined in 1999 but remains very high. Competition can affect the Company's earnings by increasing attrition of the Company's outstanding loans (thereby reducing interest and fee income) and by making it more difficult to retain and attract more profitable customers.

Cautionary Factors

The Company's strategies and objectives outlined above, and the other forward-looking statements contained in this section, 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. In addition to the factors discussed above, among the other factors that could cause actual results to differ materially are 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, including the flexibility of financial services companies to obtain, use and share consumer data; 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; 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, 1999 (Part I, Item 1, Risk Factors).

PART II. OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

(a) The 2000 Annual Meeting of Stockholders was held April 27, 2000. (b) The following directors were elected at such meeting:

Richard D. Fairbank
Stanley I. Westreich

The following directors will also continue in their office after such meeting:

Nigel W. Morris
W. Ronald Dietz
James A. Flick, Jr.
Patrick W. Gross
James V. Kimsey

(c) The following matters were voted upon at such meeting:

Election of Directors	Votes For	Votes Withheld
Richard D. Fairbank	163,967,366	1,583,173
Stanley I. Westreich	163,928,148	1,622,391

Item	Votes For	Votes Against	Abstain
Approval of amendment to Capital One's restated certificate of incorporation to increase the number of authorized shares of common stock from 300 million to one billion	114,459,885	50,286,001	804,653
Ratification of the selection of Ernst & Young LLP as independent auditors of the Company for 2000	164,603,756	418,561	528,222

No other matter was voted upon at such meeting.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits: None

(b) Reports on Form 8-K:

The Company filed a Current Report on Form 8-K, dated January 18, 2000, Commission File No. 1-13300, enclosing its press release dated January 18, 2000.

The Company filed a Current Report on Form 8-K, dated February 23, 2000, Commission File No. 1-13300, enclosing its press release dated February 23, 2000.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CAPITAL ONE FINANCIAL CORPORATION
(Registrant)

Date: May 15, 2000

/s/ David M. Willey

David M. Willey
Senior Vice President,
Corporate Financial Management
(Chief Accounting Officer
and duly authorized officer
of the Registrant)

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COFC
1,000
US Dollars

3-mos
Dec-31-2000
Jan-01-2000
Mar-31-2000
1
84,084
96,491
18,000
0
1,519,027
0
0
9,449,498
(372,000)
12,525,058
4,096,241
1,955,978
1,102,822
3,818,936
0
0
1,997
1,549,084
12,525,058
488,937
24,734
1,776
515,447
52,120
161,950
353,497
126,525
0
709,920
172,112
0
0
0
106,709
0.54
0.51
17.83
0
615,355
0
0
342,000
(147,654)
51,985
372,000
0
0
0