

JENKINS BENJAMIN P III
 Form 4
 May 04, 2018

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
JENKINS BENJAMIN P III

2. Issuer Name and Ticker or Trading Symbol
CAPITAL ONE FINANCIAL CORP [COF]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 1680 CAPITAL ONE DRIVE
 (Street)
 MCLEAN, VA 22102
 (City) (State) (Zip)

3. Date of Earliest Transaction (Month/Day/Year)
 05/02/2018
 4. If Amendment, Date Original Filed(Month/Day/Year)

Director 10% Owner
 Officer (give title below) Other (specify below)
 6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D) Code V Amount (D) Price			
Common Stock ⁽¹⁾	05/02/2018		A	1,907 A \$ 0	16,707	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

Edgar Filing: JENKINS BENJAMIN P III - Form 4

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Transaction (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
JENKINS BENJAMIN P III 1680 CAPITAL ONE DRIVE MCLEAN, VA 22102	X			

Signatures

Cleo Belmonte (POA on file) 05/04/2018

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Restricted stock units which vest in their entirety on May 2, 2019 and settle in shares of the Company's common stock upon termination of service as a director. The reporting person will also be entitled to additional shares representing dividends accrued on the shares issuable at settlement.

Remarks:

Exhibit 24.1 - Power of Attorney - Jenkins

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

le="vertical-align:bottom;background-color:#cceeef;padding-left:2px;padding-top:2px;padding-bottom:2px;padding-right:2px;

Interest rate swaps

\$
58

\$
0

\$
0

\$
0

Foreign currency swaps

75

7

7

0

Total cash flow hedges

133

7

7

0

Fair value hedges:

Foreign currency forwards

8,661

(253
)

19

(272
)

Total fair value hedges

Explanation of Responses:

8,661

(253
)

19

(272
)

Non-qualifying strategies:

Interest rate swaps

336

25

26

Explanation of Responses:

(1
)

Foreign currency swaps

5,352

60

374

(314
)

Foreign currency options

266

2

2

0

Credit default swaps

337

(54
)

2

(56
)

Total non-qualifying strategies

6,291

33

404

(371
)

Total derivatives

\$
15,085

\$
(213
)

\$
430

\$
(643
)

Balance Sheet Location

Other assets

\$
4,831

\$
430

\$
430

\$
0

Other liabilities

10,254

Explanation of Responses:

(643
)

0

(643
)

Total derivatives

\$
15,085

\$
(213
)

\$
430

\$
(643
)

December 31, 2012

(In millions)
Net Derivatives

Asset
Derivatives

Liability
Derivatives
Hedge Designation/ Derivative Type
Notional
Amount

Fair Value

Fair Value

Fair Value
Cash flow hedges:

Interest rate swaps

\$
64

\$
0

Explanation of Responses:

\$
0

\$
0

Foreign currency swaps

75

14

14

0

Total cash flow hedges

139

14

14

0

Fair value hedges:

Foreign currency forwards

6,944

(535
)

0

(535
)

Total fair value hedges

6,944

(535
)

Explanation of Responses:

0

(535
)

Non-qualifying strategies:

Interest rate swaps

355

29

32

(3
)

Foreign currency swaps

5,577

Explanation of Responses:

(32
)

297

(329
)

Credit default swaps

355

(65
)

2

(67
)

Total non-qualifying strategies

6,287

(68
)

331

(399

Explanation of Responses:

)

Total derivatives

\$

13,370

\$

(589

)

\$

345

\$

(934

)

Balance Sheet Location

Other assets

\$

2,585

\$

Explanation of Responses:

345

\$
345

\$
0

Other liabilities

10,785

(934
)

0

(934
)

Total derivatives

\$
13,370

\$
(589
)

\$
345

Explanation of Responses:

\$
(934
)

31

Cash Flow Hedges

Certain of our consolidated VIEs have foreign currency swaps that qualify for hedge accounting treatment. For those that have qualified, we have designated the derivative as a hedge of the variability in cash flows of a forecasted transaction or of amounts to be received or paid related to a recognized asset (“cash flow” hedge). We expect to continue this hedging activity for a weighted-average period of approximately 13 years. The remaining derivatives in our consolidated VIEs that have not qualified for hedge accounting have been designated as held for other investment purposes (“non-qualifying strategies”).

We have an interest rate swap agreement related to 5.5 billion yen variable interest rate Samurai notes that we issued in July 2011 (see Note 6). By entering into this contract, we swapped the variable interest rate to a fixed interest rate of 1.475%. We have designated this interest rate swap as a hedge of the variability in our interest cash flows associated with the variable interest rate Samurai notes. The notional amount and terms of the swap match the principal amount and terms of the variable interest rate Samurai notes, and the swap had no value at inception. Changes in the fair value of the swap contract are recorded in other comprehensive income (loss) as the hedge is deemed effective. Should any portion of the hedge be deemed ineffective, that ineffective portion would be reported in net earnings.

The following table presents the components of the gain or loss on derivatives that qualified as cash flow hedges. Derivatives in Cash Flow Hedging Relationships

(In millions)	Derivative Gain (Loss) Recognized in Other Comprehensive Income (Effective Portion)	Derivative Gains (Losses) Recognized in Income (Ineffective Portion)
Three Months Ended March 31, 2013:		
Foreign currency swaps	\$(7)	\$(1)
Total	\$(7)	\$(1)
Three Months Ended March 31, 2012:		
Foreign currency swaps	\$(12)	\$0
Total	\$(12)	\$0

There was no gain or loss reclassified from accumulated other comprehensive income (loss) into earnings related to our designated cash flow hedges for the three-month periods ended March 31, 2013 and 2012. As of March 31, 2013, deferred gains and losses on derivative instruments recorded in accumulated other comprehensive income that are expected to be reclassified to earnings during the next twelve months are immaterial.

Fair Value Hedges

We designate and account for foreign currency forwards as fair value hedges when they meet the requirements for hedge accounting. These foreign currency forwards hedge the foreign currency exposure of certain dollar-denominated fixed maturity securities within the investment portfolio of our Aflac Japan segment. We recognize gains and losses on these derivatives and the related hedged items in current earnings within derivative and other gains (losses). The change in the fair value of the foreign currency forwards related to the changes in the difference between the spot rate and the forward price is excluded from the assessment of hedge effectiveness. The following table presents the gains and losses on derivatives and the related hedged items in fair value hedges.

Fair Value Hedging Relationships

(In millions)		Hedging Derivatives			Hedged Items	
Hedging Derivatives	Hedged Items	Total Gains (Losses)	Gains (Losses) Excluded from Effectiveness Testing	Gains (Losses) Included in Effectiveness Testing	Foreign Currency Gains (Losses)	Ineffectiveness Recognized for Fair Value Hedge
Three Months Ended March 31, 2013: ⁽¹⁾						
Foreign currency forwards	Fixed-maturity securities	\$ (609)) \$ (5)) \$ (604)) \$ 603	\$ (1)

⁽¹⁾ Fair value hedging program began in September 2012

Net Investment Hedge

Our primary exposure to be hedged is our net investment in Aflac Japan, which is affected by changes in the yen/dollar exchange rate. To mitigate this exposure, we have taken the following courses of action. First, Aflac Japan maintains an investment portfolio of dollar-denominated securities on behalf of Aflac U.S., which serves as an economic currency hedge of a portion of our investment in Aflac Japan. The functional currency for these investments is the U.S. dollar. The related investment income and realized/unrealized investment gains and losses are also denominated in U.S. dollars. The foreign exchange gains and losses related to this portfolio are taxable in Japan and the U.S. when the securities mature or are sold. Until maturity or sale, deferred tax expense or benefit associated with the foreign exchange gains or losses are recognized in other comprehensive income.

Second, we have designated a majority of the Parent Company's yen-denominated liabilities (Samurai and Uridashi notes and yen-denominated loans - see Note 6) as nonderivative hedges of the foreign currency exposure of our investment in Aflac Japan. We recognized a gain in other comprehensive income on our non-derivative hedging instruments of \$69 million and \$49 million for the three-month periods ended March 31, 2013, and 2012, respectively. Our net investment hedge was effective during the three-month periods ended March 31, 2013, and 2012. There was no gain or loss reclassified from accumulated other comprehensive income into earnings related to our net investment hedge during the three-month periods ended March 31, 2013 and 2012.

Non-qualifying Strategies

For our derivative instruments in consolidated VIEs that do not qualify for hedge accounting treatment, all changes in their fair value are reported in current period earnings within derivative and other gains (losses). The amount of gain or loss recognized in earnings for our VIEs is attributable to the derivatives in those investment structures. While the change in value of the swaps is recorded through current period earnings, the change in value of the available-for-sale fixed income or perpetual securities associated with these swaps is recorded through other comprehensive income. We have cross-currency interest rate swap agreements related to our \$400 million of senior notes due February 2017 and \$350 million of senior notes due February 2022 (see Note 6). The notional amounts and terms of the swaps match the principal amount and terms of the senior notes. By entering into these cross-currency swaps, we economically converted our \$400 million liability into a 30.9 billion yen liability and reduced the interest rate on this debt from 2.65% in dollars to 1.22% in yen. We also economically converted our \$350 million liability into a 27.0 billion yen liability and reduced the interest rate on this debt from 4.00% in dollars to 2.07% in yen.

We also have cross-currency interest rate swap agreements related to our \$500 million subordinated debentures due September 2052 (see Note 6). The notional amounts of the swaps matches the principal amount of the subordinated debentures, but the swaps will mature in September 2017. By entering into these cross-currency swaps, we economically converted our \$500 million liability into a 39.2 billion yen liability and reduced the interest rate on this debt from 5.50% in dollars to 4.41% in yen.

In order to hedge foreign exchange risk for certain expected profit repatriation in yen from Aflac Japan scheduled to occur in July 2013, we entered into foreign exchange options as part of a foreign exchange collar strategy to establish

a minimum U.S. dollar amount that will be received in exchange for 25 billion yen. See Note 11 for discussion of further hedging activity that occurred subsequent to March 31, 2013.

33

The following table presents the gain or loss recognized in income on non-qualifying strategies.

Non-qualifying Strategies

Derivative Gains (Losses) Recognized in Income

(In millions)	Three Months Ended	
	March 31, 2013	2012
Interest rate swaps	\$ (4)	\$ (3)
Foreign currency swaps	84	50
Foreign currency options	2	0
Credit default swaps	12	33
Total	\$94	\$80

Offsetting of Financial Instruments and Derivatives

The tables below summarize the balance sheet offsetting of financial instruments. Our financial instruments that are subject to balance sheet offsetting consist of derivatives (interest rate swaps, foreign currency swaps, foreign currency forwards, foreign currency options, and credit default swaps) and security lending transactions (see Note 3). In accordance with GAAP, our policy is to not offset financial instruments in the Consolidated Balance Sheets.

Offsetting of Financial Assets and Derivative Assets

(In millions)	March 31, 2013		
	Gross Amounts Not Offset in the Consolidated Balance Sheets		
Description	Carrying Value of Financial Instruments	Cash Collateral Received	Net Amount
Derivative assets:			
Foreign currency swaps	\$251	\$0	\$251
Foreign currency forwards	19	0	19
Foreign currency options	2	0	2
Total derivative assets, subject to a master netting arrangement or offsetting arrangement	272	0	272
Securities lending and similar arrangements	202	(207)	(5)
Total	\$474	\$(207)	\$267

(In millions)	December 31, 2012		
	Gross Amounts Not Offset in the Consolidated Balance Sheets		
Description	Carrying Value of Financial Instruments	Cash Collateral Received	Net Amount
Derivative assets:			
Foreign currency swaps	\$154	\$0	\$154
Total derivative assets, subject to a master netting arrangement or offsetting arrangement	154	0	154
Securities lending and similar arrangements	6,122	(6,277)	(155)
Total	\$6,276	\$(6,277)	\$(1)

Offsetting of Financial Liabilities and Derivative Liabilities

March 31, 2013			
(In millions)			
Gross Amounts Not Offset in the Consolidated Balance Sheets			
Description	Carrying Value of Financial Instruments	Cash Collateral Pledged	Net Amount
Derivative liabilities:			
Foreign currency forwards	\$(272)	\$0	\$(272)
Total derivative liabilities, subject to a master netting arrangement or offsetting arrangement	\$(272)	\$0	\$(272)

December 31, 2012			
(In millions)			
Gross Amounts Not Offset in the Consolidated Balance Sheets			
Description	Carrying Value of Financial Instruments	Cash Collateral Pledged	Net Amount
Derivative liabilities:			
Foreign currency forwards	\$(535)	\$0	\$(535)
Total derivative liabilities, subject to a master netting arrangement or offsetting arrangement	\$(535)	\$0	\$(535)

For additional information on our financial instruments, see the accompanying Notes 1, 3 and 5 and Notes 1, 3 and 5 of the Notes to the Consolidated Financial Statements in our annual report to shareholders for the year ended December 31, 2012.

5. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

GAAP specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs create three valuation hierarchy levels. Level 1 valuations reflect quoted market prices for identical assets or liabilities in active markets. Level 2 valuations reflect quoted market prices for similar assets or liabilities in an active market, quoted market prices for identical or similar assets or liabilities in non-active markets or model-derived valuations in which all significant valuation inputs are observable in active markets. Level 3 valuations reflect valuations in which one or more of the significant inputs are not observable in an active market.

The following tables present the fair value hierarchy levels of the Company's assets and liabilities that are measured and carried at fair value on a recurring basis.

(In millions)	March 31, 2013 Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Securities available for sale, carried at fair value:				
Fixed maturities:				
Government and agencies	\$12,190	\$704	\$0	\$12,894
Municipalities	0	1,161	0	1,161
Mortgage- and asset-backed securities	0	515	439	954
Public utilities	0	8,150	0	8,150
Sovereign and supranational	0	1,752	0	1,752
Banks/financial institutions	0	6,945	26	6,971
Other corporate	0	24,394	0	24,394
Total fixed maturities	12,190	43,621	465	56,276
Perpetual securities:				
Banks/financial institutions	0	2,915	0	2,915
Other corporate	0	218	0	218
Total perpetual securities	0	3,133	0	3,133
Equity securities	15	5	4	24
Other assets:				
Interest rate swaps	0	0	26	26
Foreign currency swaps	0	251	130	381
Foreign currency forwards	0	19	0	19
Foreign currency options	0	2	0	2
Credit default swaps	0	0	2	2
Total other assets	0	272	158	430
Cash and cash equivalents	2,596	0	0	2,596
Total assets	\$14,801	\$47,031	\$627	\$62,459
Liabilities:				
Interest rate swaps	\$0	\$0	\$1	\$1
Foreign currency swaps	0	0	314	314
Foreign currency forwards	0	272	0	272
Credit default swaps	0	0	56	56
Total liabilities	\$0	\$272	\$371	\$643

(In millions)	December 31, 2012			Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets:				
Securities available for sale, carried at fair value:				
Fixed maturities:				
Government and agencies	\$12,265	\$732	\$0	\$12,997
Municipalities	0	1,195	0	1,195
Mortgage- and asset-backed securities	0	693	338	1,031
Public utilities	0	8,077	420	8,497
Sovereign and supranational	0	1,654	418	2,072
Banks/financial institutions	0	6,610	1,024	7,634
Other corporate	0	22,841	986	23,827
Total fixed maturities	12,265	41,802	3,186	57,253
Perpetual securities:				
Banks/financial institutions	0	3,735	215	3,950
Other corporate	0	352	0	352
Total perpetual securities	0	4,087	215	4,302
Equity securities	13	6	4	23
Other assets:				
Interest rate swaps	0	0	32	32
Foreign currency swaps	0	154	157	311
Credit default swaps	0	0	2	2
Total other assets	0	154	191	345
Cash and cash equivalents	2,041	0	0	2,041
Total assets	\$14,319	\$46,049	\$3,596	\$63,964
Liabilities:				
Interest rate swaps	\$0	\$0	\$3	\$3
Foreign currency swaps	0	0	329	329
Foreign currency forwards	0	535	0	535
Credit default swaps	0	0	67	67
Total liabilities	\$0	\$535	\$399	\$934

The following tables present the carrying amount and fair value categorized by fair value hierarchy level for the Company's financial instruments that are not carried at fair value.

March 31, 2013

(In millions)	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:					
Securities held to maturity, carried at amortized cost:					
Fixed maturities:					
Government and agencies	\$24,606	\$26,760	\$0	\$0	\$26,760
Municipalities	452	0	517	0	517
Mortgage and asset-backed securities	77	0	26	55	81
Public utilities	4,532	0	4,512	0	4,512
Sovereign and supranational	2,953	0	3,073	0	3,073
Banks/financial institutions	8,480	0	7,953	0	7,953
Other corporate	4,104	0	4,151	0	4,151
Total assets	\$45,204	\$26,760	\$20,232	\$55	\$47,047
Liabilities:					
Notes payable (excluding capital leases)	\$4,276	\$0	\$0	\$4,924	\$4,924
Obligation to Japanese policyholder protection corporation	2	0	0	2	2
Total liabilities	\$4,278	\$0	\$0	\$4,926	\$4,926

38

Edgar Filing: JENKINS BENJAMIN P III - Form 4

(In millions)	December 31, 2012				Total Fair Value
	Carrying Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Assets:					
Securities held to maturity, carried at amortized cost:					
Fixed maturities:					
Government and agencies	\$32,043	\$32,332	\$0	\$0	\$32,332
Municipalities	492	0	520	0	520
Mortgage and asset-backed securities	90	0	30	64	