

CAPITAL ONE FINANCIAL CORP

Form 10-K/A

August 14, 2002

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K/A

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934.

For the fiscal year ended December 31, 2001

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED).

For the transition period from to

Commission File No. 1-13300  
CAPITAL ONE FINANCIAL CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	54-1719854 (I.R.S. Employer Identification No.)
2980 Fairview Park Drive, Suite 1300 Falls Church, Virginia (Address of Principal Executive Offices)	22042-4525 (Zip Code)

Registrant's telephone number, including area code: (703) 205-1000  
Securities registered pursuant to section 12(b) of the act:

Title of Each Class

Common Stock, \$.01 Par Value  
Preferred Stock Purchase Rights\*

Name of Each Exchange on  
Which Registered

New York Stock Exchange  
New York Stock Exchange

\* Attached to each share of Common Stock is a Right to acquire 1/100th of a share of the Registrant's Cumulative Participating Preferred Stock, par value \$.01 per share, which Rights are not presently exercisable.

**Securities Registered Pursuant to Section 12(g) of the Act:**

None

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  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.



**Explanatory Note**

Capital One Financial Corporation is filing this amendment to Item 8 of its Annual Report on Form 10-K for the fiscal year ended December 31, 2001, to correct the pro forma net income and earnings per share disclosure contained in Note F of the Consolidated Financial Statements under Statement of Accounting Standards No. 123, Accounting for Stock Based Compensation ( SFAS No. 123 ) for certain computational errors. This amendment does not affect the Company's historical results of operations, financial conditions or cash flows for any period presented. Other than this change to Note F, there is no change to the consolidated financial statements, the notes to the consolidated financial statements, the report of the independent auditors or the report of management.

## Item 8. Financial Statements and Supplementary Data

## Selected Quarterly Financial Data

(Unaudited)	2001				2000			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
<b>Summary of operations:</b>								
(In Thousands)								
Interest income	\$ 804,618	\$ 722,690	\$ 657,216	\$ 649,873	\$ 706,235	\$ 631,713	\$ 536,507	\$ 515,447
Interest expense	314,838	294,869	287,146	274,154	247,675	218,843	172,549	161,950
Net interest income	489,780	427,821	370,070	375,719	458,560	412,870	363,958	353,497
Provision for loan losses	305,889	230,433	202,900	250,614	247,226	193,409	151,010	126,525
Net interest income after provision for loan losses	183,891	197,388	167,170	125,105	211,334	219,461	212,948	226,972
Non-interest income	1,177,251	1,144,190	1,073,676	1,024,776	872,080	796,469	710,807	655,060
Non-interest expense	1,074,567	1,074,897	990,316	918,247	876,516	818,957	742,264	709,920
Income before income taxes	286,575	266,681	250,530	231,634	206,898	196,973	181,491	172,112
Income taxes	108,894	101,337	95,203	88,021	78,621	74,850	68,966	65,403
Net income	\$ 177,681	\$ 165,344	\$ 155,327	\$ 143,613	\$ 128,277	\$ 122,123	\$ 112,525	\$ 106,709
<b>Per Common Share:</b>								
Basic earnings	\$ .83	\$ .78	\$ .74	\$ .70	\$ .65	\$ .62	\$ .57	\$ .54
Diluted earnings	.80	.75	.70	.66	.61	.58	.54	.51
Dividends	.03	.03	.03	.03	.03	.03	.03	.03
<b>Market prices</b>								
High	55.60	67.25	72.58	70.44	73.22	71.75	53.75	48.81
Low	41.00	36.41	51.61	46.90	45.88	44.60	39.38	32.06
Average common shares (000s)	214,718	210,763	209,076	204,792	196,996	196,255	196,012	196,645
Average common and common equivalent shares (000s)	223,350	219,897	221,183	217,755	210,395	210,055	208,633	208,710
<b>Average Balance Sheet Data:</b>								
(In Millions)								
Consumer loans	\$ 19,402	\$ 17,515	\$ 16,666	\$ 15,509	\$ 14,089	\$ 12,094	\$ 10,029	\$ 9,705
Allowance for loan losses	(747)	(660)	(605)	(539)	(469)	(415)	(378)	(347)
Securities	3,943	2,977	2,741	2,478	1,810	1,729	1,666	1,856
Other assets	4,382	4,059	3,277	2,907	2,530	2,699	2,380	1,825
Total assets	\$ 26,980	\$ 23,891	\$ 22,079	\$ 20,355	\$ 17,960	\$ 16,107	\$ 13,697	\$ 13,039

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Interest-bearing deposits	\$ 12,237	\$ 10,537	\$ 9,686	\$ 8,996	\$ 7,156	\$ 5,788	\$ 4,495	\$ 3,894
Other borrowings	3,496	3,103	2,915	2,442	3,290	3,084	2,688	2,505
Senior and deposit notes	5,389	5,281	4,899	4,679	4,085	4,140	3,660	4,019
Other liabilities	2,635	2,035	1,971	1,891	1,564	1,352	1,228	1,054
Stockholders' equity	3,223	2,935	2,608	2,347	1,865	1,743	1,626	1,567
Total liabilities and equity	\$ 26,980	\$ 23,891	\$ 22,079	\$ 20,355	\$ 17,960	\$ 16,107	\$ 13,697	\$ 13,039

The above schedule is a tabulation of the Company's unaudited quarterly results for the years ended December 31, 2001 and 2000. The Company's common shares are traded on the New York Stock Exchange under the symbol COF. In addition, shares may be traded in the over-the-counter stock market. There were 10,065 and 10,019 common stockholders of record as of December 31, 2001 and 2000, respectively.

**REPORT OF INDEPENDENT AUDITORS**

**The Board of Directors and Stockholders Capital One Financial Corporation**

We have audited the accompanying consolidated balance sheets of Capital One Financial Corporation as of December 31, 2001 and 2000, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Capital One Financial Corporation at December 31, 2001 and 2000, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

McLean, Virginia  
January 15, 2002, except for Note E  
as to which the date is February 6, 2002

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## CONSOLIDATED BALANCE SHEETS

	December 31	
	2001	2000
(Dollars in Thousands Except Per Share Data)		
<b>ASSETS:</b>		
Cash and due from banks	\$ 355,680	\$ 74,493
Federal funds sold and resale agreements	19,802	60,600
Interest-bearing deposits at other banks	331,756	101,614
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Cash and cash equivalents	707,238	236,707
Securities available for sale	3,115,891	1,696,815
Consumer loans	20,921,014	15,112,712
Less Allowance for loan losses:	(840,000)	(527,000)
	<hr/>	<hr/>
Net loans	20,081,014	14,585,712
Accounts receivable from securitizations	2,452,548	1,143,902
	<hr/>	<hr/>
Premises and equipment, net	759,683	664,461
Interest receivable	105,459	82,675
Other	962,214	479,069
	<hr/>	<hr/>
Total assets	\$28,184,047	\$ 18,889,341
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<b>LIABILITIES:</b>		
Interest-bearing deposits	\$12,838,968	\$ 8,379,025
Senior notes	5,335,229	4,050,597
Other borrowings	3,995,528	2,925,938
Interest payable	188,160	122,658
Other	2,502,684	1,448,609
	<hr/>	<hr/>
Total liabilities	24,860,569	16,926,827
	<hr/>	<hr/>
<b>Commitments and Contingencies</b>		
<b>Stockholders Equity:</b>		
Preferred stock, par value \$.01 per share; authorized 50,000,000 shares, none issued or outstanding Common stock, par value \$.01 per share; authorized 1,000,000,000 shares, 217,656,985 and 199,670,421 issued as of December 31, 2001 and 2000, respectively	2,177	1,997
Paid-in capital, net	1,350,108	575,179
Retained earnings	2,090,761	1,471,106
Cumulative other comprehensive income (loss)	(84,598)	2,918
Less: Treasury stock, at cost; 878,720 and 2,301,476 shares as of December 31, 2001 and 2000, respectively	(34,970)	(88,686)
Total stockholders equity	3,323,478	1,962,514
	<hr/>	<hr/>
Total liabilities and stockholders equity	\$28,184,047	\$ 18,889,341
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See Notes to Consolidated Financial Statements.



## CONSOLIDATED STATEMENTS OF INCOME

	Year Ended December 31		
	2001	2000	1999
	(In Thousands, Except Per Share Data)		
Interest Income:			
Consumer loans, including fees	\$ 2,642,767	\$ 2,286,774	\$ 1,482,371
Securities available for sale	138,188	96,554	105,438
Other	53,442	6,574	5,675
Total interest income	2,834,397	2,389,902	1,593,484
Interest Expense:			
Deposits	640,470	324,008	137,792
Senior notes	357,495	274,975	302,698
Other borrowings	173,042	202,034	100,392
Total interest expense	1,171,007	801,017	540,882
Net interest income	1,663,390	1,588,885	1,052,602
Provision for loan losses	989,836	718,170	382,948
Net interest income after provision for loan losses	673,554	870,715	669,654
Non-Interest Income:			
Servicing and securitizations			