



The secret shape is a "rectangle".

Annual Report

2023

The secret office supply is a "stapler".





The secret fruit is an "orange".

Shareholders and Friends,

Three decades ago, we believed that information and technology would transform banking. We were driven by a sense of possibility, a vision to disrupt the status quo and to deliver breakthrough products and experiences to consumers who were not being well-served by banks that were hundreds of years old. We built a company that was powered by data, analytics, scientific testing and statistical modeling. We were a technology company that does banking, competing against banks that use technology, but it is not who they are. Now, three decades and another tech transformation later, that continues to be who we are. And the revolution in banking is accelerating.

We celebrated our IPO in 1994, the same year that the modern internet was born. In the late 2000s,

three revolutions crashed onto the scene at once: the cloud, the smartphone, and machine learning. I call this the triple revolution. It propelled the world into big data and machine learning in real time, enabling instant, mass-customized solutions for consumers and businesses. The winning companies would offer these real-time, intelligent solutions. The rest would risk becoming also-rans.

Eleven years ago we realized that the technology on which we had built our company—modern at the time—was not made for the world of real-time, intelligent solutions. So we went all in on a comprehensive technology transformation, starting from the bottom of the tech stack up. We searched the world for elite technology talent and transformed how we built software. We migrated entirely to the public cloud. We transformed our data ecosystem. We rebuilt the

1,300 applications that run the company. We standardized on enterprise platforms. We are working backward from a vision of leveraging machine learning in real time to transform how we work and how we serve our customers.

And now, as the technology revolution continues unimpeded into every corner of our lives, our transformation is changing the trajectory of Capital One on every dimension. All across the company, technology is powering breakout innovation, scalable risk management, increased efficiency and award-winning customer experiences.

Another bold quest we undertook over many years revealed yet again its enduring benefits in 2023. Our choice in the 2000s bank, with a balance sheet of predominantly insured consumer deposits, gave us striking resiliency during the spring banking crisis. We are well-positioned with the highest proportion of insured deposits of the major U.S. banks.

2023 was a strong year of financial performance for Capital One. Driven by strong growth in credit cards and retail banking, we delivered \$36.8 billion in net revenue in 2023, a 7.4% increase from 2022. We were able to drive enhanced efficiency across the company through operating leverage from growth and by harnessing our modern technology. Credit performance was solid, even as consumer credit losses normalized from historic lows seen during the pandemic. Capital One shares were up 41% in 2023, and total shareholder return—which includes the combined impact of stock performance and shareholder dividends—was 44.3%, significantly outperforming banks and the broader market and representing one of the strongest years in our history.

Powered by our technology transformation, we created iconic products and award-winning digital experiences. Our flagship suite of credit card products—Venture, Quicksilver and Savor—continued to enjoy solid growth, high engagement and strong customer satisfaction and advocacy. We expanded our capabilities for

customers who love to travel, including our award-winning travel portal. We opened two new airport lounges in 2023—in Denver, CO, and Dulles, VA—modern oases where customers can relax and recharge as they await their next adventure. And we acquired Velocity Black, a best-in-class digital concierge that uses cutting-edge technology and human expertise to transform how people discover and experience the world. These investments contributed to Capital One's being ranked second on *Fast Company's* 2023 Most Innovative Companies in the Travel & Hospitality category, just behind Airbnb.

We have spent a decade building a full-service, digital-first national retail bank that is unique in financial offer digitally almost everything customers expect from a traditional bank branch. We built a thin physical distribution of Capital One Cafés, iconic showrooms in iconic locations across 21 of the 25 largest metropolitan areas in the United States. Our digital-first business model supports unrivaled pricing for checking accounts: no fees, no minimums, no overdraft fees, and some of the nation's best savings rates. Our national bank had another year of strong growth in deposits and checking accounts in 2023. Two decades ago we weren't even a retail bank. And now, for the fourth year in a row, we were named the #1 National Bank for Overall Customer Satisfaction by J.D. Power.

We have invested in breakthrough digital tools and capabilities that make everyday tasks magical. Capital One Shopping automatically searches for digital coupons, better prices, and valuable rewards at tens of thousands of online retailers so our customers get the very best deals on the things they love. Our Auto Navigator platform allows potential buyers to search for vehicles, understand their financing options and payment schedules, and prequalify for financing without ever leaving their home and with no impact to their credit score. Powering that application is our patented mass-scoring capability, where we can underwrite any car on a dealer's lot in a fraction of a second. Capital One's patented Airkey technology allows debit and credit

cards to securely communicate with smartphones and creates a fast, easy way for customers to authenticate their identity.

At Capital One, everything begins and ends with great people. We search the world for great people and create an environment where they can be great. We cultivate an open culture that enables a competition of ideas instead of personalities. Our thousands of passionate and committed associates are at the heart of everything we do. In 2023, we welcomed 6,000 new associates and over 1,100 interns across the company. Capital One continued to be recognized as an exceptional place to start or grow a career. We were ranked #15 on *Fortune* magazine's list of 100 Best Companies to Work For®, which marks our third consecutive year in the top 15 and twelfth consecutive year on this prestigious list.

Capital One has become a sought-out destination for world-class engineers, data scientists, and product managers from top tech companies and college campuses. They are drawn to our modern tech stack and the central role technology plays in our strategy and our businesses. And all across the company, associates are innovating. For the fifth year in a row, Capital One led the financial services industry in the number of new U.S. patents granted. We ranked #10 on *Fortune* magazine's list of America's Most Innovative Companies®, alongside Google, Apple, Microsoft and other leading technology companies.

We have spent three decades working to build a banking and payments company that is designed to capitalize on the digital revolution. Payments are the tip of the spear of that revolution. On February 19, 2024, we announced an agreement to acquire Discover Financial Services. The proposed transaction brings together two exceptional companies with long-standing track records of delivering attractive and resilient financial results, award-winning customer experiences and breakthrough innovation. Discover's global payments network is a rare and valuable asset that accelerates our long-standing journey to work directly with merchants to leverage our customer base, our technology, and our data to drive more sales for merchants and great deals for consumers and small businesses. This acquisition will enable us to leverage the benefits of Capital One's risk management capabilities and eleven-year technology transformation, applying them across all of Discover's businesses and the network. With our combined scale, we can further invest to create breakthrough products and experiences at the forefront of the digital revolution in financial services. Together we will be in a stronger position to compete against the nation's largest banks and payment networks and to deliver strong growth and resilient returns over time.

This is an exciting time at Capital One. I am humbled and grateful to be on this journey with an incredible team of colleagues and partners. And I am excited about what's next.



Richard D. Fairbank
Chairman and CEO

The secret vegetable is an "onion".