

our international menu grew to \$5.4 billion in 2002.

By exporting our know-how in consumer credit, we're capitalizing on a tremendous long-term opportunity. Our challenge is to learn what consumers around the world want in their wallets and create products that meet their needs, country by country.

Outside the United States, Capital One® now has businesses in the U.K., Canada, South Africa and France. At year-end, international balances represented 9% of our loan portfolio.

After six years in the U.K., we're one of the largest card issuers and one of the top two in terms of account growth, making steady gains in market share. Charge-offs are low, and U.K. customers have been highly responsive to our cross-selling efforts. Our "What's in your wallet?"SM ad campaign, launched in the U.K. during 2002, is beginning to connect with consumers.

The Canadian credit card market is small, but our business in Canada is profitable and growing. Charge-offs are low and interest rates in the Canadian market are relatively high—attractive fundamentals in our business.

We're in the early stages of establishing Capital One in France and South Africa, and we continue to explore other markets. Many of the world's economies are growing fast, and the consumer credit markets of Europe and Asia currently yield greater returns than the U.S. market.

While a strong international franchise can't be built in a day, our experience shows that the great flexibility of Capital One's information-based strategy will help us to develop profitable financial services products for a diverse range of markets around the world. Cultures vary, but the growing need for accessible, affordable credit is a global phenomenon.