

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

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2026

or

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

Commission file number 001-15749

BREAD FINANCIAL HOLDINGS, INC.
(Exact name of registrant as specified in its charter)



Delaware
(State or other jurisdiction of
incorporation or organization)

3095 Loyalty Circle
Columbus, Ohio
(Address of principal executive offices)

31-1429215
(I.R.S. Employer
Identification No.)

43219
(Zip Code)

(614) 729-4000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common stock, par value \$0.01 per share	BFH	NYSE
Depository Shares, Each Representing a 1/40th Interest in a Share of 8.625% Non-Cumulative Perpetual Preferred Stock, Series A	BFH PrA	NYSE
Depository Shares, Each Representing a 1/40th Interest in a Share of 8.875% Fixed Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B	BFH PrB	NYSE

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 whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of October 21, 2026, 37,961,242 shares of common stock were outstanding.

BREAD FINANCIAL HOLDINGS, INC.**INDEX**

	<u>Page Number</u>
<u>Part I: FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	<u>Financial Statements (unaudited)</u>
	<u>Consolidated Statements of Income for the three and nine months ended September 30, 2026 and 2025</u>
	27
	<u>Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2026 and 2025</u>
	28
	<u>Consolidated Balance Sheets as of September 30, 2026 and December 31, 2025</u>
	29
	<u>Consolidated Statements of Stockholders' Equity for the three and nine months ended September 30, 2026 and 2025</u>
	30
	<u>Consolidated Statements of Cash Flows for the nine months ended September 30, 2026 and 2025</u>
	32
	<u>Notes to Consolidated Financial Statements</u>
	33
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)</u>
	1
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
	57
<u>Item 4.</u>	<u>Controls and Procedures</u>
	57
<u>Part II: OTHER INFORMATION</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u>
	58
<u>Item 1A.</u>	<u>Risk Factors</u>
	58
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
	58
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>
	58
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>
	58
<u>Item 5.</u>	<u>Other Information</u>
	58
<u>Item 6.</u>	<u>Exhibits</u>
	60
<u>SIGNATURES</u>	62

PART 1: FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A).

The following discussion and analysis of our results of operations and financial condition should be read in conjunction with our unaudited Consolidated Financial Statements and related Notes included elsewhere in this quarterly report, and our audited Consolidated Financial Statements and related Notes included in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission (the SEC) on February 13, 2026 (the 2025 Form 10-K). Some of the information contained in this discussion and analysis constitutes forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those discussed in these forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements" included elsewhere in this report. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and those identified in our other filings with the SEC, including in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of our 2025 Form 10-K and this and our other Quarterly Reports on Form 10-Q.

OVERVIEW

We are a tech-forward financial services company that provides simple, personalized payment, lending and saving solutions to millions of U.S. consumers. Our payment solutions deliver growth for some of the most recognized brands in travel and entertainment, specialty apparel, health and beauty, jewelry, sporting goods, technology and electronics, as well as home and furniture through our co-brand and private label credit cards and pay-over-time products providing choice and value to our shared customers. Additionally, we offer Bread Financial general purpose credit cards and saving products that empower our customers and their passions for a better life.

We have continued to diversify our product mix with our brand partners through growth of our co-brand credit card programs, which, relative to our private label credit card programs, have higher Credit sales per account and an improved credit risk mix that generally results in higher transactor balances, lower delinquencies and late fees, as well as lower losses. We also offer our proprietary credit cards along with an expanding range of our Bread Pay products, which are our installment loans and "split-pay" offerings.

Our partner base consists of large consumer-based businesses, including well-known brands such as (alphabetically) AAA, Academy Sports + Outdoors, Caesars, Dell Technologies, Hard Rock International, the NFL, Raymour & Flanigan, Saks Fifth Avenue, Signet, Ulta and Victoria's Secret, as well as small- and medium-sized businesses (SMBs). Our partner base is well diversified across a broad range of industries and retail verticals, including travel and entertainment, specialty apparel, health and beauty, jewelry, sporting goods, technology and electronics, as well as home and furniture. We believe our comprehensive suite of payment, lending and saving solutions, along with our related marketing and data and analytics, offers us a significant competitive advantage with products relevant across all customer segments (Gen Z, Millennial, Gen X and Baby Boomers). The breadth and quality of our product and service offerings, coupled with our customer-centric approach, have enabled us to establish and maintain long-standing partner relationships. We operate our business through a single reportable segment, with our primary source of revenue being from Interest and fees on loans from our various credit card and other loan products, and to a lesser extent from contractual relationships with our brand partners.

Throughout this report, unless stated or the context implies otherwise, the terms "Bread Financial," "BFH," the "Company," "we," "our" or "us" refer to Bread Financial Holdings, Inc. and its subsidiaries on a consolidated basis. References to "Parent Company" refer to Bread Financial Holdings, Inc. on a parent-only standalone basis. In addition, in this report we may refer to the retailers and other companies with whom we do business as our "partners," "brand partners," or "clients," provided that the use of the term "partner," "partnering" or any similar term does not mean or imply a formal legal partnership, and is not meant in any way to alter the terms of Bread Financial's relationship with any third parties. We offer our credit products through our insured depository institution subsidiaries, Comenity Bank and Comenity Capital Bank, which together are referred to herein as the "Banks."

NON-GAAP FINANCIAL MEASURES

We prepare our Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America (GAAP). However, certain information included herein constitutes Non-GAAP Financial

Measures. Our calculations of Non-GAAP Financial Measures may differ from the calculations of similarly titled measures by other companies. In particular:

- We have previously repurchased and may, from time to time, in the future continue to repurchase debt, including any outstanding senior unsecured notes, subordinated notes or convertible notes. In such transactions, we may pay a premium to induce these repurchases, or in certain cases repurchase at a discount, which, from a GAAP perspective, would result in an impact to Total non-interest expenses, with a corresponding impact also reflected in Net income available to common stockholders and consequently our Earnings per diluted common share. For our prior debt repurchases, we show adjustments to these three financial statement line items to exclude the impacts from our debt repurchases. We use *Adjusted total non-interest expenses*, *Adjusted net income available to common stockholders*, and *Adjusted earnings per diluted common share* to evaluate the ongoing operations of the Company excluding the volatility that can occur from the impacts of our debt repurchases.
- *Pretax pre-provision earnings* (PPNR) represents Income from continuing operations before income taxes and the Provision for credit losses. *PPNR excluding impacts from debt repurchases* then excludes from PPNR the loss or gain on any debt repurchases in the period. We use *PPNR* and *PPNR excluding impacts from debt repurchases* as metrics to evaluate our results of operations before income taxes, excluding the movements that can occur within Provision for credit losses and the one-time nature of the impacts from debt repurchases.
- *Return on average tangible common equity* (ROTCE) represents annualized Income from continuing operations less Dividends to preferred stockholders, divided by average Tangible common equity. Tangible common equity (TCE) represents Total stockholders' equity reduced by Preferred stock and Goodwill and intangible assets, net. We use *ROTCE* as a metric to evaluate the Company's performance.
- *Tangible book value per common share* represents TCE divided by common shares outstanding. We use *Tangible book value per common share*, a metric used across the industry, to assess capital and performance, in conjunction with ROTCE.

We believe the use of these Non-GAAP financial measures provide additional clarity in understanding our results of operations and trends. For a reconciliation of these Non-GAAP financial measures to the most directly comparable GAAP measures, please see **Table 6: Reconciliation of GAAP to Non-GAAP Financial Measures**.

BUSINESS ENVIRONMENT

This Business Environment section provides an overview of our results of operations and financial position for the third quarter of 2026, as well as our related outlook for the remainder of 2026 and certain of the uncertainties associated with achieving that outlook. This section should be read in conjunction with the other information included or incorporated by reference in this Form 10-Q, including "Consolidated Results of Operations," "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" herein, and in our 2025 Form 10-K and other Quarterly Reports on Form 10-Q, which provide further discussion of variances in our results of operations over the periods of comparison, along with other factors that could impact future results and the Company achieving its outlook. Unless otherwise specified, the discussion included herein is for the three months ended September 30, 2026, compared with the same period in the prior year.

Credit sales of \$7.4 billion were up 9% year-over-year driven by growth in both our new and existing brand partners and increased general-purpose spending. Average and end-of-period credit card and other loans increased 6% to \$18.6 billion and 7% to \$18.9 billion, respectively, driven by the growth in our new partnerships, increased Credit sales and lower gross credit losses. Total interest income was up 4% from the third quarter of 2025 due primarily to higher Average credit card and other loans balances, the ongoing effects of pricing actions (such as increases to our annual percentage rates) and lower reversals of finance charges and late fees, resulting from lower gross credit losses. These attributes were partially offset by both a lower average Prime interest rate, which affects variable rate Credit card and other loans, and lower billed late fees. Our improved delinquency trends across our loan portfolio, as well as the gradual shift in product mix to a declining proportion of private label accounts, which tend to have higher billed late fees, have resulted in lower overall billed late fees. Net interest margin increased year-over-year to 18.89%, from 18.81%, as loan yields continued to benefit from the effects of pricing actions, and funding costs continued to improve. We anticipate the year-over-year benefits associated with our pricing actions will continue to diminish as a majority of our credit card loan portfolio will have repriced. Net interest margin is also expected to be affected by the ongoing gradual improvement in our payment and delinquency rate trends, and the continued shift in our product and risk mix. Non-interest income decreased \$17 million from the third quarter of 2025, driven by increased costs associated with brand partner retailer share arrangements as a result of higher Credit sales, improving loan yields and lower gross credit losses, partially offset by both an increase in interchange and

merchant discount fees, due to the scaling of new brand partners, and an increase in revenue from our payment protection products as a result of new enrollment channels. Overall, Total net interest and non-interest income for the quarter was \$1.0 billion, up 5% versus the third quarter of 2025.

Provision for credit losses increased during the three months ended September 30, 2026 driven by a \$21 million reserve build and net principal losses of \$300 million, compared with a \$28 million reserve release and net principal losses of \$327 million in the prior year period.

Our Allowance for credit losses slightly decreased as of September 30, 2026, relative to December 31, 2025, due to improving credit quality in our Credit card and other loans balance. Our reserve rate was 11.12% and 11.72% as of September 30, 2026 and 2025 reflecting our improving credit metrics and higher-quality new account acquisitions. We continue to maintain appropriately prudent weightings on the economic scenarios in our credit reserve modeling to ensure the adequacy of our Allowance for credit losses given the wide range of potential macroeconomic outcomes, including ongoing uncertainty regarding trade policy and global conflicts, and downstream impacts on inflation and unemployment. From an overall credit quality perspective, our percentage of customers with Vantage scores greater than 650 remains above pre-pandemic levels due to prudent credit management and a more diversified product mix, in particular with co-brand cards representing a larger proportion of our portfolio.

Total non-interest expenses of \$487 million increased \$11 million year-over year, driven by a \$13 million increase in Information processing and communication due to new software investments and increased technology-related service contract costs and a \$6 million increase in Employee compensation and benefits from increased wages, partially offset by decreased Depreciation and amortization from lower amortization related to capitalized and acquired software.

Provision for income taxes increased \$45 million year-over-year, driven by a discrete tax benefit in the prior year period.

Our efforts to further strengthen and optimize our Consolidated Balance Sheet continued in the third quarter of 2026. Consumer deposits increased 21% to \$9.9 billion as of September 30, 2026, with average consumer deposits representing 53% of our total funding, up from 47% a year ago. The successful completion of our bank merger on October 1 better positions us to further increase consumer deposits as a core funding source over time and provides additional balance sheet and funding flexibility with a larger, simplified bank structure. During the quarter we were able to return value to stockholders through share repurchases, buying back 0.7 million shares, or \$75 million of common stock, resulting in \$374 million of remaining share repurchase authorization as of September 30, 2026. We also repurchased \$24 million of our 8.375% Fixed-Rate Reset Subordinated Notes Due 2035 utilizing cash on hand, and have \$326 million in remaining principal outstanding as of September 30, 2026. Our Common equity tier one capital ratio (CET1) of 13.1% decreased from 14.0% in the third quarter of 2025, as net earnings over the period were more than offset by the impact from our common stock repurchases, dividend payments, risk weighted assets growth, as well as debt repurchases.

Our revised 2026 financial outlook is based on strong year-to-date results, reflecting continued consumer resilience, inflation remaining above the Federal Reserve Board's (FRB) target rate of 2%, and a generally stable labor market.

Based on our current economic outlook and visibility into our new business pipeline and partner growth, as well as both the expected continued improvement in our Net principal loss rate and our ongoing expectations for strong cardholder payment rates, we now expect growth in 2026 Average credit card and other loans to be up approximately 4% from full year 2025. Growth in Total net interest and non-interest income is now anticipated to be up approximately 5% from full year 2025, primarily driven by the growth in Average credit card and other loans. We anticipate our full year Net interest margin to be slightly higher than 2025 as a result of improved funding costs. We continually focus on expanding and diversifying our product offerings, including ways to leverage our loan origination and servicing-related capabilities.

We manage our expense growth based on revenue generation and ongoing investment in our business. Accordingly, we expect to deliver positive operating leverage in 2026, excluding the pretax impacts from our debt repurchases, a Non-GAAP financial measure. We continue to invest in AI capabilities, technology modernization, marketing and product innovation to drive growth and efficiencies.

Given the continued improvement in our credit metrics, our 2026 financial outlook now assumes a full year Net principal loss rate to be below 7%. This updated guidance contemplates our visibility into the current delinquency pipeline and a

resilient consumer, combined with stable macroeconomic conditions, our disciplined credit management and continued risk and product mix shifts.

In our 2026 financial outlook, we expect our full year normalized effective tax rate to be in the range of 25% to 27% with quarter-over-quarter variability due to the timing of certain discrete items.

Overall, our third quarter results reinforce the quality and durability of our earnings model and the underlying financial discipline. We remain confident in our ability to execute on our strategy and deliver attractive returns while creating long-term value for our stockholders.

Note: We are unable to provide a quantitative reconciliation of the forward-looking 2026 financial outlook for the Non-GAAP financial measure above, to its most directly comparable forward-looking GAAP measure, as we cannot reliably predict all of the necessary components of such a forward-looking GAAP measure without unreasonable effort.

CONSOLIDATED RESULTS OF OPERATIONS

The following discussion provides commentary on the variances in our results of operations for the three and nine months ended September 30, 2026, compared with the same periods in the prior year, as presented in the accompanying tables. This discussion should be read in conjunction with the discussion under “Business Environment” above.

Table 1: Summary of Our Financial Performance

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	\$ Change	% Change	2026	2025	\$ Change	% Change
(Millions, except per share amounts and percentages)								
Total net interest and non-interest income	\$ 1,017	\$ 971	46	5	\$ 3,027	\$ 2,870	157	5
Provision for credit losses	321	299	22	7	937	869	68	8
Total non-interest expenses	487	476	11	2	1,442	1,433	9	1
Income from continuing operations before income taxes	209	196	13	6	648	568	80	14
Provision for income taxes	53	8	45	539	165	100	65	66
Income from continuing operations	156	188	(32)	(17)	483	468	15	3
Loss from discontinued operations, net of income taxes ⁽¹⁾	—	—	—	—	—	(4)	4	(100)
Net income	156	188	(32)	(17)	483	464	19	4
Dividends declared to preferred stockholders	(6)	—	(6)	nm	(10)	—	(10)	nm
Net income available to common stockholders	\$ 150	\$ 188	(38)	(20)	\$ 473	\$ 464	9	2
Adjusted net income available to common stockholders *	\$ 151	\$ 191	(40)	(21)	\$ 475	\$ 479	(4)	(1)
Earnings per diluted common share	\$ 3.82	\$ 3.96	(0.14)	(4)	\$ 11.54	\$ 9.65	1.89	20
Adjusted earnings per diluted common share ^{*(2)}	\$ 3.84	\$ 4.02	(0.18)	(4)	\$ 11.60	\$ 9.96	1.64	16
Net interest margin ⁽³⁾	18.89 %	18.81 %		0.08	18.87 %	18.19 %		0.7
Return on average equity ⁽⁴⁾	17.7 %	22.4 %		(4.7)	18.6 %	19.2 %		(0.6)
Return on average tangible common equity ^{*(5)}	23.6 %	28.6 %		(5.0)	24.3 %	24.8 %		(0.5)
Effective income tax rate — continuing operations	25.5 %	4.3 %		21.2	25.5 %	17.5 %		8.0

* Represents a Non-GAAP financial measure. See “Non-GAAP Financial Measures” and **Table 6: Reconciliation of GAAP to Non-GAAP Financial Measures**.

⁽¹⁾ Includes amounts that related to the previously disclosed discontinued operations associated with the spinoff of our former LoyaltyOne segment in 2021 and the sale of our former Epsilon segment in 2019. For additional information, refer to Note 1, “Description of Business, Basis of Presentation and Significant Accounting Policies” to the unaudited Consolidated Financial Statements.

- (2) Adjusts Net income available to common stockholders and Earnings per diluted common share for the impacts from our debt repurchases.
- (3) Net interest margin represents annualized Net interest income divided by average Total interest-earning assets. See also **Table 5: Net Interest Margin**.
- (4) Return on average equity represents annualized Income from continuing operations divided by average Total stockholders' equity.
- (5) Return on average tangible common equity (ROTCE) represents annualized Income from continuing operations, less Dividends to preferred stockholders, divided by average Tangible common equity. Tangible common equity (TCE) represents Total stockholders' equity reduced by Preferred stock and Goodwill and intangible assets, net.
- (nm) Not meaningful, denoting a variance of 1,000 percent or more.

Table 2: Summary of Total Net Interest and Non-interest Income, After Provision for Credit Losses

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	\$ Change	% Change	2026	2025	\$ Change	% Change
(Millions, except percentages)								
Interest income								
Interest and fees on loans	\$ 1,254	\$ 1,198	56	5	\$ 3,673	\$ 3,531	142	4
Interest on cash and investment securities	40	44	(4)	(10)	114	135	(21)	(15)
Total interest income	1,294	1,242	52	4	3,787	3,666	121	3
Interest expense								
Interest on deposits	148	139	9	6	420	417	3	1
Interest on borrowings	51	71	(20)	(29)	166	238	(72)	(30)
Total interest expense	199	210	(11)	(6)	586	655	(69)	(10)
Net interest income	1,095	1,032	63	6	3,201	3,011	190	6
Non-interest income								
Interchange revenue, net of retailer share arrangements	(144)	(111)	(33)	30	(361)	(289)	(72)	25
Other	66	50	16	33	187	148	39	27
Total non-interest income	(78)	(61)	(17)	27	(174)	(141)	(33)	23
Total net interest and non-interest income	1,017	971	46	5	3,027	2,870	157	5
Provision for credit losses	321	299	22	7	937	869	68	8
Total net interest and non-interest income, after provision for credit losses	<u>\$ 696</u>	<u>\$ 672</u>	<u>24</u>	<u>4</u>	<u>\$ 2,090</u>	<u>\$ 2,001</u>	<u>89</u>	<u>4</u>

Total Net Interest and Non-interest Income, After Provision for Credit Losses

Interest income: Total interest income increased for the three and nine months ended September 30, 2026, due to the following:

- Interest and fees on loans* increased due to higher Average credit card and other loans balances, the ongoing effects of pricing actions and lower reversals of finance charges and late fees, resulting from lower gross credit losses. These attributes were partially offset by both lower average Prime interest rates which affects variable rate Credit card and other loans, and lower billed late fees. Collectively, these drivers had the effect of increasing the yield from finance charges and late fees for the nine months ended September 30, 2026 by approximately 25 basis points. For the three months ended September 30, 2026, the yield from finance charges and late fees decreased by approximately 25 basis points due to lower billed late fees in the current year period and higher Average Credit card and other loans. Our lower delinquency volumes and the gradual shift in product mix to a lower proportion of private label accounts, which tend to have higher billed late fees, have resulted in lower overall billed late fees.
- Interest on cash and investment securities* decreased due to lower average interest rates, which decreased interest income by \$7 million and \$21 million, over the respective periods of comparison, partially offset in the three month period by higher average balances, which increased interest income by \$3 million.

Interest expense: Total interest expense decreased for the three and nine months ended September 30, 2026, due to the following:

- *Interest on deposits* increased due to higher average consumer deposit balances, which increased funding costs by \$18 million and \$39 million, over the respective periods of comparison, partially offset by lower average interest rates, which decreased interest expense by \$9 million and \$36 million, over those same respective periods.
- *Interest on borrowings* decreased due to lower average borrowings, which decreased funding costs by \$13 million and \$51 million, over the respective periods of comparison, and lower average interest rates, which decreased funding costs by \$7 million and \$21 million, over those same respective periods.

Non-interest income: Total non-interest income decreased for the three and nine months ended September 30, 2026, due to the following:

- *Interchange revenue, net of retailer share arrangements*, typically a contra-revenue item for us, increased due to an increase in costs associated with brand partner retailer share arrangements, partially offset by an increase in interchange and merchant discount fees due to the scaling of new brand partners over the periods of comparison.
- *Other* increased due primarily to an increase in revenue from our payment protection products as a result of new enrollment channels.

Provision for credit losses increased for the three and nine months ended September 30, 2026. For the three month period, the increase was driven by a \$21 million reserve build and net principal losses of \$300 million, compared with a \$28 million reserve release and net principal losses of \$327 million in the prior year period. For the nine month period, the increase was driven by a \$10 million reserve release and net principal losses of \$947 million, compared with a \$171 million reserve release and net principal losses of \$1,040 million in the prior year period. Our reserve rate was 11.12% and 11.72% as of September 30, 2026 and 2025, respectively, reflecting our improving credit metrics and higher-quality new account acquisitions. We continue to maintain appropriately prudent weightings on the economic scenarios in our credit reserve modeling to ensure the adequacy of our Allowance for credit losses given the wide range of potential macroeconomic outcomes, including ongoing uncertainty regarding trade policy and global conflicts, and downstream impacts on inflation and unemployment.

Table 3: Summary of Total Non-interest Expenses

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026	2025	\$ Change	% Change	2026	2025	\$ Change	% Change
(Millions, except percentages)								
Non-interest expenses								
Employee compensation and benefits	\$ 228	\$ 222	6	3	\$ 673	\$ 648	25	4
Card and processing expenses	79	81	(2)	(3)	240	244	(4)	(2)
Information processing and communication	85	72	13	19	242	230	12	5
Marketing expenses	35	38	(3)	(6)	106	106	—	1
Depreciation and amortization	17	20	(3)	(13)	55	61	(6)	(11)
Other	43	43	—	(2)	126	144	(18)	(12)
Total non-interest expenses	\$ 487	\$ 476	11	2	\$ 1,442	\$ 1,433	9	1
Adjusted total non-interest expenses ⁽¹⁾	\$ 486	\$ 473	13	3	\$ 1,439	\$ 1,414	25	2

⁽¹⁾ Adjusts Total non-interest expenses for the impacts from our debt repurchases, representing \$1 million and \$3 million for the three months ended September 30, 2026 and 2025, and \$3 million and \$19 million for the nine months ended September 30, 2026 and 2025, respectively, and therefore represent Non-GAAP financial measures. See “Non-GAAP Financial Measures” and **Table 6: Reconciliation of GAAP to Non-GAAP Financial Measures**.

Total Non-interest Expenses

Non-interest expenses: Total non-interest expenses increased for both the three and nine months ended September 30, 2026. Adjusted total non-interest expenses, which represents a Non-GAAP financial measure and has been adjusted for the impacts from our debt repurchases, also increased over those same periods of comparison.

- *Employee compensation and benefits* increased primarily due to higher wages related to annual merit increases and incentive compensation, and during the nine month period increased medical claims, partially offset by operational excellence initiatives.
- *Information processing and communication* increased primarily due to new software investments and increased technology-related service contract costs.
- *Depreciation and amortization* decreased primarily due to lower amortization related to capitalized and acquired software.
- *Other* was essentially flat during the three month period, and decreased during the nine month period due primarily to the net impacts year-over-year from our debt repurchases.

Income Taxes

The Provision for income taxes increased for the three and nine months ended September 30, 2026. The effective tax rate was 25.5% and 4.3% for the three months ended September 30, 2026 and 2025, respectively, and 25.5% and 17.5% for the nine months ended September 30, 2026 and 2025, respectively. Both the increases in the Provision for income taxes and in the effective tax rates over the periods of comparison were primarily attributable to a discrete tax benefit in the prior year.

Discontinued Operations

The Loss from discontinued operations, net of income taxes includes amounts that relate to the previously disclosed discontinued operations associated with the spinoff of our former LoyaltyOne segment in 2021 and the sale of our former Epsilon segment in 2019, and primarily relates to contractual indemnification and tax-related matters. For additional information refer to Note 22, “Discontinued Operations and Bank Holding Company Financial Presentation” to the Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2021.

Table 4: Summary Financial Highlights – Continuing Operations

	As of or for the three months ended September 30,			As of or for the nine months ended September 30,		
	2026	2025	% Change	2026	2025	% Change
(Millions, except per share amounts and percentages)						
Credit sales	\$ 7,424	\$ 6,787	9	\$ 21,471	\$ 19,707	9
PPNR ^{*(1)}	530	495	7	1,585	1,437	10
PPNR excluding impacts from debt repurchases ^{*(1)}	531	498	7	1,588	1,456	9
Average credit card and other loans	18,591	17,596	6	18,358	17,813	3
End-of-period credit card and other loans	18,850	17,655	7	18,850	17,655	7
End-of-period consumer deposits	\$ 9,900	\$ 8,188	21	9,900	8,188	21
Effective tax rate	25.5 %	4.3 %	21.2	25.5 %	17.5 %	8.0
Return on average assets ⁽²⁾	2.7 %	3.4 %	(0.7)	2.9 %	2.8 %	0.1
Return on average equity ⁽³⁾	17.7 %	22.4 %	(4.7)	18.6 %	19.2 %	(0.6)
Return on average tangible common equity ^{*(4)}	23.6 %	28.6 %	(5.0)	24.3 %	24.8 %	(0.5)
Net interest margin ⁽⁵⁾	18.89 %	18.81 %	0.08	18.87 %	18.19 %	0.68
Loan yield ⁽⁶⁾	26.76 %	27.01 %	(0.25)	26.75 %	26.51 %	0.24
Efficiency ratio ⁽⁷⁾	47.9 %	49.0 %	(1.1)	47.6 %	49.9 %	(2.3)
Adjusted efficiency ratio ⁽⁷⁾	47.8 %	48.7 %	(0.9)	47.5 %	49.3 %	(1.8)
Common equity tier 1 capital ratio ⁽⁸⁾	13.1 %	14.0 %	(0.9)	13.1 %	14.0 %	(0.9)
Book value per common share ⁽⁹⁾	\$ 85.23	\$ 72.08	18	\$ 85.23	\$ 72.08	18
Tangible book value per common share ^{*(10)}	\$ 66.95	\$ 56.36	19	\$ 66.95	\$ 56.36	19
Cash dividend per common share	\$ 0.23	\$ 0.21	10	\$ 0.69	\$ 0.63	10
Payment rate ⁽¹¹⁾	14.7 %	14.9 %	(0.2)	15.0 %	14.9 %	0.1
Delinquency rate ⁽¹²⁾	5.57 %	6.04 %	(0.47)	5.57 %	6.04 %	(0.47)
Net principal loss rate ⁽¹³⁾	6.40 %	7.39 %	(0.99)	6.90 %	7.81 %	(0.91)
Reserve rate ⁽¹⁴⁾	11.12 %	11.72 %	(0.60)	11.12 %	11.72 %	(0.60)

* Represents a Non-GAAP financial measure. See “Non-GAAP Financial Measures” and **Table 6: Reconciliation of GAAP to Non-GAAP Financial Measures**.

(1) PPNR represents Income from continuing operations before income taxes and the Provision for credit losses. PPNR excluding impacts from debt repurchases excludes from PPNR impacts from our debt repurchases in the period.

(2) Return on average assets represents annualized Income from continuing operations divided by average Total assets.

(3) Return on average equity represents annualized Income from continuing operations divided by average Total stockholders’ equity.

(4) Return on average tangible common equity (ROTCE) represents annualized Income from continuing operations, less Dividends to preferred stockholders, divided by average Tangible common equity. Tangible common equity (TCE) represents Total stockholders’ equity reduced by Preferred stock and Goodwill and intangible assets, net.

(5) Net interest margin represents annualized Net interest income divided by average Total interest-earning assets. See also **Table 5: Net Interest Margin**.

(6) Loan yield represents annualized Interest and fees on loans divided by Average credit card and other loans.

(7) Efficiency ratio represents Total non-interest expenses divided by Total net interest and non-interest income. Adjusted efficiency ratio excludes impacts from debt repurchases in the period.

(8) Common equity tier 1 capital ratio represents tier 1 capital reduced by Preferred stock, divided by total risk-weighted assets. In the calculation of tier 1 capital, we follow the Basel III Standardized Approach and therefore Total stockholders’ equity has been reduced by Goodwill and intangible assets, net. For additional information, see “Legislative, Regulatory Matters and Capital Adequacy” included elsewhere in this report.

(9) Book value per common share represents Total stockholders’ equity less Preferred stock, divided by common shares outstanding.

(10) Tangible book value per common share represents TCE divided by common shares outstanding.

- ⁽¹¹⁾ Payment rate represents consumer payments during the period, divided by the aggregate of the opening monthly Credit card and other loans balances during the period, including held for sale in applicable periods.
- ⁽¹²⁾ Delinquency rate represents outstanding balances that are contractually delinquent (i.e., principal balances 30 days past due or more) as of the end of the period, divided by the outstanding principal amount of Credit card and other loans as of the same period-end.
- ⁽¹³⁾ Net principal loss rate, an annualized rate, represents net principal losses for the period divided by Average credit card and other loans for the same period, using an average daily balance calculation methodology.
- ⁽¹⁴⁾ Reserve rate represents the Allowance for credit losses divided by End-of-period credit card and other loans.
- ^(nm) Not meaningful, denoting a variance of 1,000 percent or more.

Table 5: Net Interest Margin

	Three Months Ended September 30, 2026			Three Months Ended September 30, 2025		
	Average Balance	Interest Income / Expense	Average Yield / Rate	Average Balance	Interest Income / Expense	Average Yield / Rate
(Millions, except percentages)						
Cash and investment securities	\$ 4,412	\$ 40	3.55 %	\$ 4,173	\$ 44	4.18 %
Credit card and other loans	18,591	1,254	26.76 %	17,596	1,198	27.01 %
Total interest-earning assets	23,003	1,294	22.31 %	21,769	1,242	22.64 %
Consumer deposits	9,633	96	3.94 %	8,139	86	4.23 %
Wholesale deposits	5,487	52	3.79 %	5,296	53	3.94 %
Interest-bearing deposits	15,120	148	3.89 %	13,435	139	4.11 %
Secured borrowings	2,387	34	5.50 %	2,872	43	5.88 %
Unsecured borrowings	836	17	8.18 %	1,129	28	9.92 %
Interest-bearing borrowings	3,223	51	6.20 %	4,001	71	7.02 %
Total interest-bearing liabilities	\$ 18,343	\$ 199	4.29 %	\$ 17,436	\$ 210	4.78 %
Net interest income		\$ 1,095			\$ 1,032	
Net interest margin ⁽¹⁾		18.89 %			18.81 %	

	Nine Months Ended September 30, 2026			Nine Months Ended September 30, 2025		
	Average Balance	Interest Income / Expense	Average Yield / Rate	Average Balance	Interest Income / Expense	Average Yield / Rate
(Millions, except percentages)						
Cash and investment securities	\$ 4,316	\$ 114	3.53 %	\$ 4,322	\$ 135	4.17 %
Credit card and other loans	18,358	3,673	26.75 %	17,813	3,531	26.50 %
Total interest-earning assets	22,674	3,787	22.33 %	22,135	3,666	22.14 %
Consumer deposits	9,070	269	3.96 %	7,994	262	4.38 %
Wholesale deposits	5,397	151	3.75 %	5,228	155	3.96 %
Interest-bearing deposits	14,467	420	3.88 %	13,222	417	4.21 %
Secured borrowings	2,803	113	5.42 %	3,481	152	5.84 %
Unsecured borrowings	852	53	8.27 %	1,159	86	9.92 %
Interest-bearing borrowings	3,655	166	6.09 %	4,640	238	6.86 %
Total interest-bearing liabilities	\$ 18,122	\$ 586	4.33 %	\$ 17,862	\$ 655	4.90 %
Net interest income		\$ 3,201			\$ 3,011	
Net interest margin ⁽¹⁾		18.87 %			18.19 %	

⁽¹⁾ Net interest margin represents annualized Net interest income divided by average Total interest-earning assets.

Table 6: Reconciliation of GAAP to Non-GAAP Financial Measures

	As of or for the three months ended September 30,			As of or for the nine months ended September 30,		
	2026	2025	% Change	2026	2025	% Change
(Millions, except percentages)						
Adjusted net income available to common stockholders						
Net income available to common stockholders	\$ 150	\$ 188	(20)	\$ 473	\$ 464	2
Impacts from debt repurchases	1	3	(65)	2	15	(84)
Adjusted net income available to common stockholders	<u>\$ 151</u>	<u>\$ 191</u>	<u>(21)</u>	<u>\$ 475</u>	<u>\$ 479</u>	<u>(1)</u>
Adjusted earnings per diluted common share						
Earnings per diluted common share	\$ 3.82	\$ 3.96	(4)	\$ 11.54	\$ 9.65	20
Impacts from debt repurchases	0.02	0.06	(57)	0.06	0.31	(81)
Adjusted earnings per diluted common share	<u>\$ 3.84</u>	<u>\$ 4.02</u>	<u>(4)</u>	<u>\$ 11.60</u>	<u>\$ 9.96</u>	<u>16</u>
Adjusted total non-interest expenses						
Total non-interest expenses	\$ 487	\$ 476	2	\$ 1,442	\$ 1,433	1
Impacts from debt repurchases	1	3	(60)	3	19	(82)
Adjusted total non-interest expenses	<u>\$ 486</u>	<u>\$ 473</u>	<u>3</u>	<u>\$ 1,439</u>	<u>\$ 1,414</u>	<u>2</u>
Pretax pre-provision earnings (PPNR)						
Income from continuing operations before income taxes	\$ 209	\$ 196	6	\$ 648	\$ 568	14
Provision for credit losses	321	299	7	937	869	8
Pretax pre-provision earnings (PPNR)	530	495	7	1,585	1,437	10
Impacts from debt repurchases	1	3	(60)	3	19	(82)
PPNR excluding impacts from debt repurchases	<u>\$ 531</u>	<u>\$ 498</u>	<u>7</u>	<u>\$ 1,588</u>	<u>\$ 1,456</u>	<u>9</u>
Average tangible common equity						
Average total stockholders' equity	\$ 3,497	\$ 3,335	5	\$ 3,464	\$ 3,255	6
Less: Average preferred stock	(201)	—	nm	(139)	—	nm
Less: Average goodwill and intangible assets, net	(699)	(728)	(4)	(707)	(736)	(4)
Average tangible common equity	<u>\$ 2,597</u>	<u>\$ 2,607</u>	<u>—</u>	<u>\$ 2,618</u>	<u>\$ 2,519</u>	<u>4</u>
Tangible common equity (TCE)						
Total stockholders' equity	\$ 3,437	\$ 3,317	4	\$ 3,437	\$ 3,317	4
Less: Preferred stock	(201)	—	nm	(201)	—	nm
Less: Goodwill and intangible assets, net	(694)	(723)	(4)	(694)	(723)	(4)
Tangible common equity (TCE)	<u>\$ 2,542</u>	<u>\$ 2,594</u>	<u>(2)</u>	<u>\$ 2,542</u>	<u>\$ 2,594</u>	<u>(2)</u>

^(nm) Not meaningful, denoting a variance of 1,000 percent or more.

ASSET QUALITY

Given the nature of our business, the credit quality of our assets, in particular our Credit card and other loans, is a key determinant underlying our ongoing financial performance and overall financial condition. When it comes to our Credit card and other loans portfolio, we closely monitor Delinquency rates and Net principal loss rates, which reflect, among other factors, our underwriting, the inherent credit risk in our portfolio and the success of our collection and recovery efforts. These rates also reflect, more broadly, the general macroeconomic conditions, including the compounding effect of

persistent inflation relative to wage growth, and higher interest rates. Our Delinquency rates and Net principal loss rates are also impacted by the size of our Credit card and other loans portfolio, which serves as the denominator in the calculation of these rates. Accordingly, changes in the size of our portfolio (whether due to credit tightening, acquisitions or dispositions of portfolios, or otherwise) may cause movements in our Delinquency and Net principal loss rates that are not necessarily indicative of the underlying credit quality of the overall portfolio.

Delinquencies: An account is contractually delinquent if we do not receive the minimum payment due by the specified due date. Our policy is to continue to accrue interest and fee income on all accounts, except in limited circumstances, until the balance and all related interest and fees are paid or charged-off. After an account becomes 30 days past due, a proprietary collection scoring algorithm automatically scores the risk of the account becoming further delinquent; based upon the level of risk indicated, a collection strategy is deployed, which may include tech-enabled, targeted collections strategies to engage with cardholders in the most efficient communication channel. If after exhausting all in-house collection efforts we are unable to collect on the account, we may engage collection agencies or outside attorneys to continue those efforts, or sell the charged-off balances.

The Delinquency rate is calculated by dividing outstanding principal balances that are contractually delinquent (i.e., principal balances 30 days past due or more) as of the end of the period, by the outstanding principal amount of Credit card and other loans as of the same period-end.

The following table provides the delinquency trends on our Credit card and other loans portfolio based on the principal balances outstanding as of the dates presented:

Table 7: Delinquency Trends on Credit Card and Other Loans

	September 30, 2026	% of Total	December 31, 2025	% of Total
(Millions, except percentages)				
Credit card and other loans outstanding — principal	\$ 16,584	100.00 %	\$ 16,886	100.00 %
Outstanding balances contractually delinquent:				
30 to 59 days	283	1.70 %	283	1.67 %
60 to 89 days	205	1.24 %	215	1.27 %
90 or more days	435	2.63 %	473	2.81 %
Total	\$ 923	5.57 %	\$ 971	5.75 %

As part of our collections strategy, we may offer temporary and short term programs in order to improve the likelihood of collections and meet the needs of our customers. Our modifications, for customers who have requested assistance and meet certain qualifying requirements, come in the form of reduced payment requirements, interest rate reductions and late fee waivers. We do not offer programs involving the forgiveness of principal. These temporary loan modifications may assist in cases where we believe the customer will recover from the short-term hardship and resume scheduled payments. Under these consumer relief programs, those accounts receiving relief may not advance to the next delinquency cycle, including charge-off, in the same time frame that would have occurred had the relief not been granted. We evaluate our consumer relief programs to determine if they represent a more than insignificant delay in payment granted to borrowers experiencing financial difficulty, in which case they would then be considered a Loan Modification. For additional information, see Note 2, “Credit Card and Other Loans – Modified Credit Card Loans” to our unaudited Consolidated Financial Statements.

Net Principal Losses: Our net principal losses include the principal amount of Credit card and other loans that are deemed uncollectible, less recoveries, and exclude charged-off interest, fees and third-party fraud losses (including synthetic fraud). Charged-off interest and fees reduce Interest and fees on loans, while third-party fraud losses are recorded in Card and processing expenses. Our credit card loans, including unpaid interest and fees, are generally charged-off in the month during which an account becomes 180 days past due. Our pay-over-time products, which include installment loans and “split-pay” offerings, including unpaid interest, are generally charged-off when a loan becomes 120 days past due. However, in the case of a customer bankruptcy or death, Credit card and other loans, including unpaid interest and fees, as applicable, are charged-off 60 days after receipt of the notification of the bankruptcy or death, but in any case no later than 180 days past due for credit card loans and 120 days past due for installment loans and “split-pay” offerings.

The Net principal loss rate is calculated by dividing net principal losses for the period by the Average credit card and other loans for the same period, using an average daily balance calculation methodology. The following table provides our net principal losses for the periods presented:

Table 8: Net Principal Losses on Credit Card and Other Loans

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
(Millions, except percentages)				
Average credit card and other loans	\$ 18,591	\$ 17,596	\$ 18,358	\$ 17,813
Net principal losses	300	327	947	1,040
Net principal losses as a percentage of average credit card and other loans	6.40 %	7.39 %	6.90 %	7.81 %

CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

Overview

We maintain a strong focus on liquidity and capital. Our funding, liquidity and capital policies are designed to ensure that our business has sufficient liquidity and capital resources necessary to support our daily operations, our business growth, and our credit ratings related to our Parent Company's senior unsecured notes, subordinated notes, preferred stock and our public secured financings, and meet our regulatory and policy requirements, including capital and leverage ratio requirements applicable to Comenity Bank (CB) and Comenity Capital Bank (CCB) under Federal Deposit Insurance Corporation regulations, in a cost effective and prudent manner through both expected and unexpected market environments.

Our primary sources of liquidity include cash generated from operating activities, our bank credit facility, issuances of senior and/or subordinated unsecured notes and preferred stock by our Parent Company, as well as financings through our securitization programs, and deposits with the Banks. In particular, our consumer deposits increased 21% year-over-year to \$9.9 billion as of September 30, 2026, with our average consumer deposits representing 53% of total funding, up from 47% a year ago. More broadly, we continuously evaluate opportunities to renew and expand our various sources of liquidity. We aim to satisfy our financing needs with a diverse set of funding sources, and we seek to maintain diversity of funding sources by type of instrument, by tenor and by investor base, among other factors, which we believe will mitigate the impact of disruptions in any one type of instrument, tenor or investor.

Our primary uses of liquidity are for underwriting Credit card and other loans, scheduled payments of principal and interest on our debt, operational expenses, capital expenditures, including digital and product innovation and technology enhancements, repurchases of equity and debt securities, and payments of dividends.

We have in the past, and may from time to time in the future, retire or repurchase our outstanding debt, including our senior or subordinated unsecured notes, through redemptions, cash purchases or exchanges for other securities, in open market purchases, tender offers, privately negotiated transactions or otherwise. Such repurchases or exchanges would depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors, and may be funded through cash on hand, borrowings under our revolving credit facility, the issuance of new debt securities or other sources of liquidity. The amounts involved may be material.

We will also need additional financing in the future to repay or refinance our existing debt at or prior to maturity, and to fund our growth, which may include the issuance of additional debt or equity securities or engaging in other capital markets or financing transactions. As part of our financing strategy and capital structure optimization, we have issued subordinated notes and publicly-traded preferred stock, and in the future we may continue to seek to further optimize our capital structure. Given the maturities of certain of our outstanding debt instruments and depending on the prevailing macroeconomic conditions, it is possible that we may be required to repay, extend or refinance some or all of our future debt maturities in volatile and/or unfavorable markets.

Because of the alternatives available to us, as discussed above, we believe our short-term and long-term sources of liquidity are adequate to fund not only our current operations, but also our near-term and long-term funding requirements including dividend payments, debt service obligations and repayment of debt maturities and other amounts that may ultimately be paid in connection with contingencies. However, the adequacy of our liquidity could be impacted by various factors, including pending or future legislation, regulation or litigation, macroeconomic conditions and volatility in the financial and capital markets, limiting our access to or increasing our cost of capital, which could make capital unavailable, or available but on terms that are unfavorable to us. These factors could significantly reduce our financial flexibility and cause us to contract or not grow our business, which could have a material adverse effect on our results of operations and financial condition.

We have a robust liquidity risk management framework in place which includes ongoing monitoring of our liquidity and funding positions against our risk appetite metrics and key risk indicators. During times where there may be potential risks from adverse developments in the banking industry and/or increased financial sector volatility, we may invoke our contingency funding plans to enhance daily monitoring of our liquidity and funding positions, determine potential mitigating actions, if necessary, and provide enhanced reporting to our Boards of Directors, at both the Bread Financial and Bank-levels, and regulators.

We maintain a significant majority of our liquidity portfolio on deposit within the Federal Reserve banking system, and we also have a small investment securities portfolio, classified as available-for-sale, which we hold in relation to the Community Reinvestment Act. We do not have any investment securities classified as held-to-maturity.

Credit Ratings

We obtain credit ratings for our Parent Company from the three major credit rating agencies, Moody's Investor Services (Moody's), Standard & Poor's (S&P) and Fitch Ratings (Fitch), in order to facilitate debt financings and broaden the investor base for our Parent Company debt securities.

Our management approach is designed, among other things, to maintain appropriate and stable credit ratings from the credit rating agencies which help support our access to cost-effective unsecured funding as a component of our overall liquidity and capital resources.

In October 2026 two of our credit rating agencies refreshed their credit ratings and related outlooks for our Parent Company. Moody's upgraded their credit ratings of our Parent Company's senior unsecured debt, subordinated debt and preferred stock and changed their outlook from "Positive" to "Stable" in conjunction with their upgrades. Fitch affirmed their credit ratings for our senior unsecured debt and preferred stock, and upgraded their credit ratings of our subordinated debt; they also affirmed their "Stable" outlook in conjunction with this refresh of their credit ratings. S&P has not published updated ratings as of the date of this report.

The table below provides a summary of the credit ratings for the outstanding senior unsecured debt, subordinated debt and preferred stock of our Parent Company as of the dates presented:

Bread Financial Holdings, Inc.	September 30, 2026			October 27, 2026		
	Moody's	S&P	Fitch	Moody's	S&P	Fitch
Senior unsecured debt	Ba2	BB-	BB	Ba1	BB-	BB
Subordinated debt	Ba2	B	B+	Ba1	B	BB-
Preferred stock	B1	—	B-	Ba3	—	B-
Outlook	Positive	Positive	Stable	Stable	Positive	Stable

We also seek to maintain appropriate and stable credit ratings for our credit card securitizations. The table below provides a summary of the structured finance credit ratings for certain of the asset-backed securities issued through World Financial

Network Credit Card Master Note Trust (WFSMNT) from the rating agencies (DBRS, S&P and Fitch), specifically the outstanding Class A notes of WFSMNT as of September 30, 2026:

WFSMNT	DBRS ⁽¹⁾	S&P	Fitch
Class A notes	AAA	AAA	AAA

⁽¹⁾ Does not include our Series 2024-B public asset-backed-notes.

Credit ratings are not a recommendation to buy or hold any securities and they may be revised or revoked at any time at the sole discretion of the rating agency. Downgrades in the ratings of our unsecured or secured debt could result in higher funding costs, as well as reductions in our borrowing capacity in the unsecured or secured debt markets. We believe our mix of funding, including the proportion of our consumer and wholesale deposits, to total funding, reduces the impact that a credit rating downgrade could have on our funding costs and capacity.

Funding Sources

As referenced above, our primary sources of liquidity include cash generated from operating activities, our bank credit facility, issuances of senior or subordinated unsecured notes and preferred stock by our Parent Company, as well as financings through our securitization programs, and deposits with the Banks.

Certain of our long-term debt agreements include various restrictive financial and non-financial covenants. If we do not comply with certain of these covenants and an event of default occurs and remains uncured, the maturity of amounts outstanding may be accelerated and become payable, and, with respect to our credit agreement, the associated commitments may be terminated. As of September 30, 2026, we were in compliance with all such covenants.

Credit Agreement

In October 2024, we entered into our amended Credit Agreement with the Parent Company, as borrower, certain of our domestic subsidiaries, as guarantors, JPMorgan Chase Bank, N.A., as administrative agent and lender, and various other financial institutions, as lenders, which provides for a \$700 million senior unsecured revolving credit facility (the Revolving Credit Facility), which matures in October 2028. As of September 30, 2026, our Revolving Credit Facility was undrawn and all \$700 million remained available for future borrowings.

In September 2026, we entered into an amendment to our Credit Agreement in connection with our previously-disclosed merger of CB with and into CCB, with CCB being the surviving entity. The merger was approved by the applicable regulators on July 31, 2026, and was consummated on October 1, 2026.

Senior and Subordinated Unsecured Notes

The following table provides a summary of our outstanding Long-term and other debt, consisting of senior and subordinated unsecured notes, as of September 30, 2026:

Table 9: Long-term and other debt

Description (Millions, except percentages)	Issuance Date	Maturity	Interest Rate	Principal Amount Originally Issued	Principal Amount Outstanding
Senior notes due 2031	November 2025	May 2031	6.750%	\$ 500	\$ 500
Subordinated notes due 2035	March 2025	June 2035	8.375%	400	326
				<u>\$ 900</u>	<u>\$ 826</u>

Throughout 2026, we have repurchased \$74 million in aggregate principal amount of our 8.375% Fixed-Rate Reset Subordinated Notes Due 2035, in the open market, with cash on hand.

Deposits

The Banks use a variety of deposit products to finance their operating activities, including funding for non-securitized credit card and other loans, and to fund their securitization enhancement requirements. The Banks offer consumer deposit products, including Individual Retirement Accounts, as well as deposits sourced through contractual arrangements with various financial counterparties (often referred to as wholesale deposits, and includes brokered deposits) and various non-maturity deposit products that are generally redeemable on demand by the customer, and as such have no scheduled maturity date. The Banks have also issued certificates of deposit with scheduled maturity dates ranging between October 2026 and September 2031, in denominations of at least \$1,000, on which interest is paid either monthly or at maturity. The following table summarizes these consumer and wholesale deposit products by type and associated attributes as of the dates presented:

Table 10: Interest-bearing Deposits

	September 30, 2026	December 31, 2025
(Millions, except percentages)		
Deposits		
Consumer deposits	\$ 9,900	\$ 8,523
Wholesale	5,579	5,368
Total interest-bearing deposits	\$ 15,479	\$ 13,891
Non-maturity deposit products		
Non-maturity deposits	\$ 8,963	\$ 7,700
Interest rate range	0.850% - 4.18%	0.70% - 4.05%
Weighted-average interest rate	3.94%	3.74%
Certificates of deposit		
Certificates of deposit	\$ 6,516	\$ 6,191
Interest rate range	0.850% - 4.95%	0.850% - 5.31%
Weighted-average interest rate	4.08%	4.12%

As of September 30, 2026 and December 31, 2025, consumer deposits that exceeded applicable Federal Deposit Insurance Corporation (FDIC) insurance limits, which are generally \$250,000 per depositor, per insured bank, per ownership category, were estimated to be \$786 million (5% of Total deposits) and \$638 million (5% of Total deposits), respectively. The measurement of estimated uninsured deposits aligns with regulatory guidelines.

Securitization Programs Including Conduit Facilities

We sell a majority of the credit card loans originated by the Banks to certain of our master trusts (the Trusts). These securitization programs are a principal vehicle through which we finance the Banks' credit card loans. For this purpose, we use a combination of public term asset-backed notes and private conduit facilities (the Conduit Facilities) with a consortium of lenders, including domestic money center, regional and international banks. Both our public term asset-backed notes and borrowings under the Conduit Facilities in the form of variable funding notes (VFNs) are included in Debt issued by consolidated Variable Interest Entities (VIEs) in the Consolidated Balance Sheets. Throughout 2026, \$399 million of public term asset-backed notes matured and were repaid, of which \$49 million were previously retained by us and therefore eliminated from the Consolidated Balance Sheets.

The table below summarizes our conduit capacities, borrowings and maturities for the periods presented:

Table 11: Conduit Borrowing Capacity Rollforward and Maturities

(Millions)	December 31, 2025		Commitment Change	September 30, 2026		Maturity Date ⁽⁴⁾
Conduit Facilities	Capacity	Drawn		Capacity	Drawn	
Comenity Bank						
WFSMNT 2009-VFN ⁽¹⁾	\$ 1,750	\$ 1,363	\$ —	\$ 1,750	\$ 1,056	October 2027
Comenity Capital Bank						
WFSMNT 2009-VFN ⁽²⁾	2,000	712	(2,000)	—	—	—
BFCIT 2026-VFN1 ⁽³⁾	—	—	2,000	2,000	265	September 2028
Total	\$ 3,750	\$ 2,075	\$ —	\$ 3,750	\$ 1,321	

⁽¹⁾ 2009-VFN Conduit issued under World Financial Network Credit Card Master Note Trust (WFSMNT). In September 2026, the Maturity Date of the 2009-VFN Conduit was extended to October 2027.

⁽²⁾ 2009-VFN Conduit issued under World Financial Capital Master Note Trust (WFSMNT) was retired on September 1, 2026 pursuant to the related Omnibus Termination, Consent and Waiver Agreement.

⁽³⁾ 2026-VFN1 Conduit issued under Bread Financial Card Issuance Trust (BFCIT) on September 1, 2026. With the merger of CB with and into CCB, BFCIT will serve as our principal revolving master trust vehicle for the issuance of VFNs and other asset-backed funding arrangements going forward.

⁽⁴⁾ Maturity Date with respect to conduit borrowings means the date on which the revolving period for the applicable Conduit Facility expires. The revolving period may be extended or renewed (unless an early amortization event occurs prior to the Maturity Date). Absent the extension or renewal of the revolving period, the Conduit Facility shall enter controlled amortization on the Maturity Date and may no longer be drawn upon.

As of September 30, 2026, we had approximately \$11.5 billion of securitized credit card loans. Securitizations require credit enhancements, which may be provided in the form of cash, spread deposits, excess collateral, additional loans and/or subordinated classes. The credit enhancement is principally based on the outstanding balances of the series issued by the Trusts and by the performance of the credit card loans in the Trusts.

Early amortization events as defined within each asset-backed securitization transaction are generally driven by asset performance. We do not believe it is reasonably likely that an early amortization event will occur due to asset performance. However, if an early amortization event were declared for a Trust, the trustee of the particular Trust would retain the interest in the loans along with the excess spread that would otherwise be paid to our Bank subsidiary until the investors were fully repaid. The occurrence of an early amortization event would significantly limit or negate our ability to securitize additional credit card loans.

We have secured and continue to secure the necessary commitments to fund our credit card and other loans. However, certain of these commitments are short-term in nature and subject to renewal. There is no guarantee that these funding sources, when they mature, will be renewed on similar terms, or at all, as they are dependent on the availability of the asset-backed securitization and deposit markets at the time.

Regulation RR (Credit Risk Retention) adopted by the FDIC, the SEC, the FRB and certain other federal regulators mandates a minimum five percent risk retention requirement for securitizations. Such risk retention requirements may limit our liquidity by restricting the amount of asset-backed securities we are able to issue or affecting the timing of future issuances of asset-backed securities. We satisfy such risk retention requirements by maintaining a seller's interest calculated in accordance with Regulation RR.

Equity

Preferred Stock

As reflected in the table below, in May 2026 we authorized and issued 135,000 shares of preferred stock as depositary shares (the Depositary Shares) for gross proceeds of \$135 million, with each Depositary Share representing a 1/40th interest in our Series B 8.875% Fixed Rate Reset Non-Cumulative Perpetual Preferred Stock, par value \$0.01 per share (the Series B Preferred Stock). The Series B Preferred Stock has a liquidation preference of \$25 per Depositary Share (equivalent to \$1,000 per share of Series B Preferred Stock) and as of September 30, 2026, the aggregate liquidation value was \$135 million. We used the net proceeds of the offering to enter into a preferred stock transaction with one of our subsidiary banks, CCB, pursuant to which CCB issued preferred stock to Parent Company on terms substantially the same as those of the Series B Preferred Stock. The CCB preferred stock is eliminated in consolidation.

The following table provides information about our preferred stock as of the dates presented:

Table 12: Preferred Stock Issued and Outstanding

Series ⁽¹⁾	Issuance Date	Earliest Redemption Date	Per Annum Dividend Rate	Total Shares	Liquidation Preference	Carrying Amount	
						September 30, 2026	December 31, 2025
(Millions, except share amounts)							
Series A	November 25, 2025	December 15, 2030	8.625 %	75,000	\$ 75	\$ 72	\$ 71
Series B	May 12, 2026	December 15, 2031	8.875 %	135,000	135	130	—
Total					\$ 210	\$ 202	\$ 71

⁽¹⁾ Issued as depositary shares representing 1/40th interest in a share of the corresponding series of non-cumulative perpetual preferred stock, par value \$0.01 per share. Dividends are payable quarterly in arrears on March 15, June 15, September 15 and December 15, at a fixed rate, in each case when, as and if declared by our Board of Directors.

Stock Repurchase Authorizations

Periodically, we repurchase shares of our common stock pursuant to Board-approved share repurchase authorizations. The rationale for our repurchase authorizations, and the amounts thereof, is to execute against our previously disclosed capital priorities to grow responsibly, maintain balance sheet strength, and return value to stockholders.

The following table provides information about our common stock repurchases under our various Board-approved share repurchase authorizations, for the periods presented:

Table 13: Authorized Share Repurchases

(Millions)	Amount Authorized for Repurchase	Number of Shares Repurchased ⁽¹⁾	Approximate Dollar Value of Shares Repurchased ⁽²⁾	Amount Remaining for Future Repurchases
As of December 31, 2025				\$ 240
For the three months ended:				
March 31, 2026	\$ 600	2.0	\$ 150	\$ 690
June 30, 2026	—	2.8	241	449
September 30, 2026	—	0.7	75	374
Total	\$ 600	5.5	\$ 466	

⁽¹⁾ Upon repurchase, these shares were retired and ceased to be outstanding shares of common stock, and are now treated as authorized but unissued shares of common stock. Does not include the 1.5 million shares that were retired in connection with the termination of our Capped Call transactions, discussed below.

⁽²⁾ Excludes excise taxes on stock repurchases.

Capped Call Transactions

In connection with the prior issuance of our 4.25% Convertible Senior Notes due 2028 (Convertible Notes), we entered into privately negotiated capped call (Capped Call) transactions with certain financial institution counterparties in June 2023. At that time, these transactions were expected generally to reduce potential dilution to our common stock upon any conversion of Convertible Notes and/or offset any cash payments we were required to make in excess of the principal amount of the Convertible Notes, with such reduction and/or offset subject to a cap, based on the cap price. As of December 31, 2025, all of the Capped Call transactions remained outstanding, notwithstanding that no Convertible Notes were outstanding at that time. For additional information on the June 2023 issuance of our Convertible Notes and the subsequent repurchases in 2024 and 2025, as well as information on our Capped Call transactions, refer to Note 10, “Borrowings of Long-Term and Other Debt” to the audited Consolidated Financial Statements included in our Annual Reports on Form 10-K for the years ended December 31, 2025 and 2024.

In February 2026 we entered into a separate, privately negotiated termination agreement (each, a Capped Call Unwind Agreement) with each financial institution counterparty to the Capped Call transactions, thereby terminating all of the outstanding Capped Call transactions, and resulting in the receipt of an aggregate 1.5 million shares of our common stock, with a value of \$111 million, from the Capped Call counterparties pursuant to the Capped Call Unwind Agreements. Following their receipt, these shares were retired and ceased to be outstanding shares of common stock, and are now treated as authorized but unissued shares of common stock.

Dividends

The table below summarizes the cash dividend activity we had on our preferred and common stock for the dates presented:

Table 14: Dividends

(Millions, except per share amounts)		Preferred Stock - Series A		Preferred Stock - Series B		Common Stock	
Dividend Declaration Date	Dividend Payment Date	Amount Per Share	Amount	Amount Per Share	Amount	Amount Per Share	Amount ⁽¹⁾
January 29, 2026	March 16, 2026	\$ 26.35	\$ 2	\$ —	\$ —	\$ 0.23	\$ 10
April 23, 2026	June 15, 2026	21.56	2	—	—	0.23	9
July 23, 2026	September 15, 2026	21.56	2	30.32	4	0.23	10
			\$ 6		\$ 4		\$ 29

⁽¹⁾ Excludes dividend equivalent rights paid during the period.

On October 22, 2026, our Board of Directors declared quarterly cash dividends of (i) \$21.56 per share on our Series A preferred stock, (ii) \$22.19 per share on our Series B preferred stock, and (iii) \$0.25 per share on our common stock, each payable on December 15, 2026, to the applicable stockholders of record at the close of business on November 30, 2026. The declaration and payment of future dividends on our preferred and common stock are subject to approval by our Board of Directors, based upon a review of relevant considerations and regulatory and other restrictions on our ability to pay dividends, including restrictions imposed by the terms of each series of our outstanding preferred stock.

Contractual Obligations

In the normal course of business, we enter into various contractual obligations that may require future cash payments, the vast majority of which relate to deposits, debt issued by consolidated VIEs, long-term and other debt, and operating contracts and leases.

We believe that we will have access to sufficient resources to meet these commitments.

Cash Flows

The table below summarizes our cash flow activity for the periods indicated, followed by a discussion of the variance drivers impacting our Operating, Investing and Financing activities:

Table 15: Cash Flows

(Millions)	Nine Months Ended September 30,	
	2026	2025
Total cash provided by (used in):		
Operating activities	\$ 1,621	\$ 1,524
Investing activities	(1,028)	132
Financing activities	(15)	(1,591)
Net increase in cash, cash equivalents and restricted cash	<u>\$ 578</u>	<u>\$ 65</u>

Cash Flows from Operating Activities primarily include Net income adjusted for (i) non-cash items included in Net income, such as Provision for credit losses, Depreciation and amortization, deferred taxes and other non-cash items, and (ii) changes in the balances of operating assets and liabilities, which can fluctuate in the normal course of business due to the amount and timing of payments. We generated Cash flows from operating activities of \$1,621 million and \$1,524 million for the nine months ended September 30, 2026 and 2025, respectively. The Net cash provided by operating activities during these periods was primarily driven by cash generated from Net income after adjusting for the Provision for credit losses.

Cash Flows from Investing Activities primarily include changes in Credit card and other loans. Net cash used in investing activities was \$1,028 million for the nine months ended September 30, 2026 and Net cash provided by investing activities was \$132 million for the nine months ended September 30, 2025. The Net cash used in investing activities for the nine months ended September 30, 2026 was primarily driven by Net principal losses and an increase in installment loans, partially offset by the seasonal paydown of credit card loans. The Net cash provided by investing activities for the nine months ended September 30, 2025 was primarily due to the seasonal paydown of Credit card and other loans.

Cash Flows from Financing Activities primarily include changes in deposits and long-term debt. Cash used in financing activities was \$15 million and \$1,591 million for the nine months ended September 30, 2026 and 2025, respectively. The Net cash used in financing activities during the nine months ended September 30, 2026 was primarily driven by net repayments of debt issued by consolidated variable interest entities (i.e., securitizations) and the repurchases of common stock and subordinated debt, partially offset by a net increase in deposits and net proceeds from the issuance of preferred stock. For the nine months ended September 30, 2025 the net cash used in financing activities was primarily driven by repayments of debt issued by consolidated variable interest entities and the repurchases of common stock, partially offset by the net increase in deposits.

INFLATION AND SEASONALITY

Although we cannot precisely determine the impact of inflation on our operations, we have generally sought to rely on operating efficiencies from scale, technology modernization and digital advancement along with other operational excellence initiatives, as well as expansion in lower cost jurisdictions to offset increased costs of employee compensation and other operating expenses impacted by inflation. We also recognize that a customer's ability and willingness to repay us has been negatively impacted by factors such as recent inflation and elevated interest rates, and any persistent effects therefrom, which may result in higher delinquencies and increased credit losses, as reflected in our elevated Reserve rate. If the efforts to control inflation in the U.S. and globally are not successful and inflationary pressures and resulting adverse economic impacts continue to persist, including due to changes to, or the imposition of, tariffs and/or trade barriers, increased fuel prices and ongoing wars and international tensions and uncertainties, they could further increase repayment pressure on consumers as well as the risk of a recessionary environment or stagflation which may adversely impact our business, results of operations and financial condition.

With respect to seasonality, our revenues, earnings and cash flows are affected by increased consumer spending patterns leading up to and including the holiday shopping season in the fourth quarter of each year and, to a lesser extent, during the first quarter of each year as Credit card and other loans are paid down. Net principal loss rates for our Credit card and other loans portfolio also have historically exhibited seasonal patterns and generally tend to be the highest in the first quarter of the year and lowest in the third quarter. While the effects of the seasonal trends discussed above remain evident, macroeconomic trends, such as those discussed within the Business Environment sections of our quarterly and annual reports on Form 10-Q and Form 10-K generally have a more significant impact on our key financial metrics and can outweigh any seasonal impacts that we may experience.

LEGISLATIVE, REGULATORY MATTERS AND CAPITAL ADEQUACY

Our business is subject to extensive federal and state laws and regulations, as well as related regulation and supervision, including by the FDIC, Consumer Financial Protection Bureau (CFPB) and other federal and state authorities. Pending and future laws and regulations (federal and state) may adversely impact our business. Without limiting the foregoing, CB is subject to various regulatory capital requirements administered by the Delaware Office of the State Bank Commissioner and the FDIC. CCB is also subject to various regulatory capital requirements administered by the Utah Department of Financial Institutions and the FDIC. Failure to meet minimum capital requirements can trigger certain mandatory and possibly additional discretionary actions by our regulators. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, both Banks must meet specific capital guidelines that involve quantitative measures of their assets and liabilities as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by these regulators about components, risk weightings and other factors. In addition, both Banks are limited in the amounts they can pay as dividends to the Parent Company.

Quantitative measures, established by regulations to ensure capital adequacy, require the Banks to maintain minimum amounts and ratios of Tier 1 capital to average assets, and Common equity tier 1, Tier 1 capital and Total capital, each to risk-weighted assets. Failure to meet these minimum capital requirements can result in certain mandatory, and possibly additional discretionary actions by the Banks' regulators that if undertaken, could have a direct material effect on CB's and/or CCB's operating activities, as well as our operating activities. Based on these regulations, as of September 30, 2026 and 2025, each Bank met all capital requirements to which it was subject, and maintained capital ratios in excess of the minimums required to qualify as well capitalized. The Banks seek to maintain capital levels and ratios in excess of the minimum regulatory requirements inclusive of the 2.5% Capital Conservation Buffer. Although Bread Financial is not a bank holding company as defined under the Bank Holding Company Act, we seek to maintain capital levels and ratios in excess of the minimums required for bank holding companies.

On December 17, 2025, we filed applications with the federal and respective state banking regulators for permission to merge CB with and into CCB, with CCB being the surviving entity. The merger was approved by the applicable regulators on July 31, 2026, and was consummated on October 1, 2026. The merger is not expected to have a significant impact on our consolidated financial position, results of operations, or liquidity. For additional discussion, refer to "Part I, Item 1. Business — Supervision and Regulation — Planned Merger of CB with and into CCB" in our 2025 Form 10-K.

The following table provides the actual capital ratios and minimum ratios for the Company, as well as each Bank, as of the periods presented:

Table 16: Capital Ratios

(Millions, except percentages)	Ratio/Dollar Value		Minimum Ratio for Capital Adequacy Purposes *	Minimum Ratio to be Well Capitalized under Prompt Corrective Action Provisions
	September 30, 2026	December 31, 2025		
Total Company				
Common equity tier 1 capital ratio ⁽¹⁾	13.1 %	13.0 %	4.5 %	N/A
Tier 1 capital ratio ⁽²⁾	14.1	13.4	6.0	N/A
Total risk-based capital ratio ⁽³⁾	17.1	16.8	8.0	N/A
Tier 1 leverage capital ratio ⁽⁴⁾	12.4	12.4	4.0	N/A
Total risk-weighted assets ⁽⁵⁾	\$ 19,728	\$ 19,755		
Comenity Bank				
Common equity tier 1 capital ratio ⁽¹⁾	15.5 %	15.1 %	4.5 %	6.5 %
Tier 1 capital ratio ⁽²⁾	15.5	15.1	6.0	8.0
Total risk-based capital ratio ⁽³⁾	16.9	16.5	8.0	10.0
Tier 1 leverage capital ratio ⁽⁴⁾	13.6	14.1	4.0	5.0
Comenity Capital Bank				
Common equity tier 1 capital ratio ⁽¹⁾	12.4 %	13.5 %	4.5 %	6.5 %
Tier 1 capital ratio ⁽²⁾	14.1	14.1	6.0	8.0
Total risk-based capital ratio ⁽³⁾	17.5	17.5	8.0	10.0
Tier 1 leverage capital ratio ⁽⁴⁾	12.5	13.2	4.0	5.0

* The listed capital adequacy ratios exclude the Capital Conservation Buffer.

- ⁽¹⁾ Common equity tier 1 capital ratio represents tier 1 capital reduced by Preferred stock, divided by total risk-weighted assets. In the calculation of tier 1 capital, we follow the Basel III Standardized Approach and therefore Total stockholders' equity has been reduced by Goodwill and intangible assets, net. See below for a reconciliation of our Total stockholders' equity under GAAP to tier 1 and tier 2 capital under the Basel III Standardized Approach.
- ⁽²⁾ Tier 1 capital ratio represents tier 1 capital divided by total risk-weighted assets. In the calculation of tier 1 capital, we follow the Basel III Standardized Approach and therefore Total stockholders' equity has been reduced, primarily by Goodwill and intangible assets, net. For us, tier 1 capital is primarily comprised of CET1 capital and Preferred stock. See below for a reconciliation of our Total stockholders' equity under GAAP to tier 1 and tier 2 capital under the Basel III Standardized Approach.
- ⁽³⁾ Total risk-based capital ratio represents total capital divided by total risk-weighted assets. In the calculation of total capital, we follow the Basel III Standardized Approach and therefore tier 1 capital has been increased by tier 2 capital, which for us is comprised of subordinated notes, as well as the allowable portion of the Allowance for credit losses. See below for a reconciliation of our Total stockholders' equity under GAAP to tier 1 and tier 2 capital under the Basel III Standardized Approach.
- ⁽⁴⁾ Tier 1 leverage capital ratio represents tier 1 capital divided by total average assets, after certain adjustments.
- ⁽⁵⁾ Total risk-weighted assets are generally measured by allocating assets, and specified off-balance sheet exposures, to various risk categories as defined by the Basel III Standardized Approach.

The following table provides a reconciliation of our Total stockholders' equity under GAAP to Basel III Standardized Approach Common equity tier 1 capital, Tier 1 capital, Tier 2 capital and Total capital, as of the date presented:

Table 17: Capital Reconciliations

	September 30, 2026
(Millions)	
Total stockholders' equity	\$ 3,437
Less:	
Preferred stock	201
Total common stockholders' equity	3,236
Less:	
Goodwill ⁽¹⁾	593
Intangible assets	60
Other	3
Common equity tier 1 capital	2,580
Add:	
Preferred stock	201
Tier 1 capital	2,781
Subordinated notes	326
Qualifying allowance for credit losses ⁽²⁾	269
Tier 2 capital	595
Total capital	\$ 3,376

⁽¹⁾ Goodwill, net of the related \$41 million deferred tax liability.

⁽²⁾ Represents the allowable portion of the Allowance for credit losses, which is a maximum of 1.25% of RWA.

The following table provides the changes in our Basel III Standardized Approach Common equity tier 1 capital, Tier 1 capital and Tier 2 capital for the period presented:

Table 18: Capital Rollforwards

	Three months ended September 30, 2026	Nine months ended September 30, 2026
(Millions)		
Common equity tier 1 capital beginning balance	\$ 2,493	\$ 2,569
Net income	156	483
Dividends declared on preferred and common stock	(16)	(39)
Repurchases of common stock	(76)	(472)
Changes in additional paid-in capital	16	17
Changes in intangible assets	7	22
Common equity tier 1 capital	2,580	2,580
Additional Tier 1 capital beginning balance	201	71
Change in preferred stock	—	130
Tier 1 capital	2,781	2,781
Tier 2 capital beginning balance	614	670
Change in subordinated notes	(24)	(75)
Change in qualifying allowance for credit losses	5	—
Tier 2 capital	595	595
Total capital	\$ 3,376	\$ 3,376

Further information about each Bank’s capital components and calculations can be found in each Bank’s Consolidated Reports of Condition and Income Form FFIEC 041 (Call Reports) as filed with the FDIC.

We are also involved, from time to time, in reviews, investigations, subpoenas, supervisory actions and other proceedings (both formal and informal) by governmental agencies regarding our business, which could subject us to significant fines, penalties, obligations to change our business practices, significant restrictions on our existing business or ability to develop new business, cease-and-desist orders, safety-and-soundness directives or other requirements resulting in increased expenses, diminished income and damage to our reputation.

In November 2023 following the consent of the Board of Managers of Comenity Servicing LLC (the Servicer), the FDIC issued a consent order to the Servicer. The Servicer is not one of our Bank subsidiaries, but is our wholly-owned subsidiary that services substantially all of our loans. The consent order arose out of the June 2022 transition of our credit card processing services to strategic outsourcing partners and addresses certain shortcomings in the Servicer’s information technology (IT) systems development, project management, business continuity management, cloud operations, and third-party oversight. The Servicer entered into the consent order for the purpose of resolving these matters without admitting or denying any violations of law or regulation set forth in the order. The consent order did not contain any monetary penalties or fines. The consent order was terminated by the FDIC on March 31, 2026.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

There have been no significant changes to our critical accounting policies and estimates from the information provided in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A)” included in our 2025 Form 10-K.

RECENTLY ISSUED ACCOUNTING STANDARDS

See the “Recently Issued Accounting Standards” in Note 1, “Description of Business, Basis of Presentation and Significant Accounting Policies” to the unaudited Consolidated Financial Statements.

Cautionary Note Regarding Forward-Looking Statements

This Form 10-Q and the documents incorporated by reference herein contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements give our expectations or forecasts of future events and can generally be identified by the use of words such as “believe,” “expect,” “anticipate,” “estimate,” “intend,” “project,” “plan,” “likely,” “may,” “should” or other words or phrases of similar import. Similarly, statements that describe our business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements we make regarding, and the guidance we give with respect to, our anticipated operating or financial results, future financial performance and outlook, future dividend declarations or stock repurchases and future economic conditions.

We believe that our expectations are based on reasonable assumptions. Forward-looking statements, however, are subject to a number of risks and uncertainties that are difficult to predict and, in many cases, beyond our control. Accordingly, our actual results could differ materially from the projections, anticipated results or other expectations expressed in this report, and no assurances can be given that our expectations will prove to have been correct. Factors that could cause the outcomes to differ materially include, but are not limited to, the following:

- macroeconomic conditions, including inflation, interest rates, labor market conditions, financial and capital market conditions, recessionary pressures or concerns over a prolonged economic slowdown, and the related impact on consumer spending behavior, payments, debt levels, savings rates and other behaviors;
- domestic and international political events and conditions, including significant shifts in trade policy, such as changes to, or the imposition of, tariffs and/or trade barriers and consequently any economic impacts, volatility, uncertainty and geopolitical instability resulting therefrom, as well as ongoing wars, military conflicts, and international tensions or hostilities;
- local or global public health issues, climate-related events, impacts to the power grid, and natural disasters;
- future credit performance of our customers, including the level of future delinquency and charge-off rates;
- loss of, or reduction in demand for services and/or products from, significant brand partners or customers in the highly competitive markets in which we operate, including competition from new and non-traditional competitors, such as financial technology companies, and with respect to new products, services and technologies, such as the emergence or increase in popularity of agentic commerce, digital payment platforms and currencies and other alternative payment and deposit solutions;
- the concentration of our business in U.S. consumer credit;
- increases or volatility in the Allowance for credit losses that may result from the application of the current expected credit loss (CECL) model;
- inaccuracies in the models and estimates on which we rely, including our credit risk management models and the amount of our Allowance for credit losses;
- increases in fraudulent activity;
- failure to identify, complete or successfully integrate or disaggregate business acquisitions, divestitures and other strategic initiatives, including, with respect to divested businesses, any associated guarantees, indemnities or other liabilities;
- the extent to which our results are dependent upon our brand partners, including our brand partners’ financial performance and reputation, as well as the effective promotion and support of our products by brand partners;
- increases in the cost of doing business, including market interest rates;
- our level of indebtedness and inability to access financial or capital markets, including asset-backed securitization funding or deposits markets;
- restrictions that limit our ability to pay dividends and repurchase our stock, and restrictions that limit our Banks’ ability to pay dividends to us;
- pending and future litigation;
- pending and future federal, state, local and foreign legislation, executive action, regulation, supervisory guidance and regulatory and legal actions including, but not limited to, those related to financial regulatory reform and

consumer financial services practices, as well as any such actions that would place limits on credit card interest rates or late fees, interchange fees or other charges;

- increases in regulatory capital requirements or other support for our Banks;
- failures, or breaches in our operational or security systems, including as a result of cyberattacks, unanticipated impacts from technology modernization projects, failure of our information security controls or otherwise;
- loss of consumer information or other data due to compromised physical or cyber security, including disruptive attacks from financially motivated bad actors and third-party supply chain issues;
- any liability or other adverse impacts arising out of or related to the spinoff of our former LoyaltyOne segment or the bankruptcy filings of Loyalty Ventures Inc. (LVI) and certain of its subsidiaries, including the pending litigation against us in connection with the spinoff; and
- those factors identified in our filings with the SEC, including in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of our 2025 Form 10-K and this quarterly report.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we projected.

Any forward-looking statements contained in this Form 10-Q speak only as of the date made, and we undertake no obligation, other than as required by applicable law, to update or revise any forward-looking statements, whether as a result of new information, subsequent events, anticipated or unanticipated circumstances or otherwise.

Item 1. Financial Statements.

BREAD FINANCIAL HOLDINGS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
(Millions, except per share amounts)				
Interest income				
Interest and fees on loans	\$ 1,254	\$ 1,198	\$ 3,673	\$ 3,531
Interest on cash and investment securities	40	44	114	135
Total interest income	1,294	1,242	3,787	3,666
Interest expense				
Interest on deposits	148	139	420	417
Interest on borrowings	51	71	166	238
Total interest expense	199	210	586	655
Net interest income	1,095	1,032	3,201	3,011
Non-interest income				
Interchange revenue, net of retailer share arrangements	(144)	(111)	(361)	(289)
Other	66	50	187	148
Total non-interest income	(78)	(61)	(174)	(141)
Total net interest and non-interest income	1,017	971	3,027	2,870
Provision for credit losses	321	299	937	869
Total net interest and non-interest income, after provision for credit losses	696	672	2,090	2,001
Non-interest expenses				
Employee compensation and benefits	228	222	673	648
Card and processing expenses	79	81	240	244
Information processing and communication	85	72	242	230
Marketing expenses	35	38	106	106
Depreciation and amortization	17	20	55	61
Other	43	43	126	144
Total non-interest expenses	487	476	1,442	1,433
Income from continuing operations before income taxes	209	196	648	568
Provision for income taxes	53	8	165	100
Income from continuing operations	156	188	483	468
Loss from discontinued operations, net of income taxes ⁽¹⁾	—	—	—	(4)
Net income	156	188	483	464
Dividends declared to preferred stockholders	(6)	—	(10)	—
Net income available to common stockholders	\$ 150	\$ 188	\$ 473	\$ 464
Basic earnings per common share (Note 13)				
Income from continuing operations	\$ 3.91	\$ 4.04	\$ 11.75	\$ 9.88
Loss from discontinued operations	—	—	—	(0.09)
Net income per share	\$ 3.91	\$ 4.04	\$ 11.75	\$ 9.79
Diluted earnings per common share (Note 13)				
Income from continuing operations	\$ 3.82	\$ 3.96	\$ 11.54	\$ 9.74
Loss from discontinued operations	—	—	—	(0.09)
Net income per share	\$ 3.82	\$ 3.96	\$ 11.54	\$ 9.65
Weighted average common shares outstanding (Note 13)				
Basic	38.3	46.5	40.3	47.4
Diluted	39.3	47.5	41.0	48.1

⁽¹⁾ Includes amounts that related to the previously disclosed discontinued operations associated with the spinoff of our former LoyaltyOne segment in 2021 and the sale of our former Epsilon segment in 2019. For additional information, refer to Note 1, “Description of Business, Basis of Presentation and Significant Accounting Policies” to the unaudited Consolidated Financial Statements.

See Notes to the unaudited Consolidated Financial Statements.

BREAD FINANCIAL HOLDINGS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	\$ 156	\$ 188	\$ 483	\$ 464
Other comprehensive (loss) income				
Unrealized (loss) gain on available-for-sale debt securities	(10)	3	(11)	6
Tax benefit (expense)	3	—	3	(1)
Unrealized (loss) gain on available-for-sale debt securities, net of tax	(7)	3	(8)	5
Unrealized (loss) gain on cash flow hedges	(1)	—	(1)	1
Tax expense	—	—	—	—
Unrealized (loss) gain on cash flow hedges, net of tax	(1)	—	(1)	1
Other comprehensive (loss) income, net of tax	(8)	3	(9)	6
Total comprehensive income, net of tax	\$ 148	\$ 191	\$ 474	\$ 470

See Notes to the unaudited Consolidated Financial Statements.

BREAD FINANCIAL HOLDINGS, INC.
UNAUDITED CONSOLIDATED BALANCE SHEETS

(Millions, except per share amounts)	September 30, 2026	December 31, 2025
ASSETS		
Cash and cash equivalents	\$ 3,961	\$ 3,604
Credit card and other loans		
Total credit card and other loans (includes loans available to settle obligations of consolidated variable interest entities: September 30, 2026, \$11,489; December 31, 2025, \$10,708)	18,850	18,805
Allowance for credit losses	(2,096)	(2,106)
Credit card and other loans, net	16,754	16,699
Investments (includes investment securities carried at fair value: September 30, 2026, \$201; December 31, 2025, \$221)	279	284
Property and equipment, net	97	117
Goodwill and intangible assets, net	694	716
Other assets	1,506	1,243
Total assets	\$ 23,291	\$ 22,663
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	\$ 15,502	\$ 13,916
Debt issued by consolidated variable interest entities	2,320	3,422
Long-term and other debt	814	886
Other liabilities	1,218	1,112
Total liabilities	19,854	19,336
Commitments and contingencies (Note 15)		
Stockholders' equity		
Preferred stock, \$0.01 par value; authorized, 210.0 thousand shares; issued and outstanding: 210.0 thousand shares as of September 30, 2026 and 75.0 thousand shares as of December 31, 2025	—	—
Common stock, \$0.01 par value; authorized, 200.0 million shares; issued and outstanding: 38.0 million shares as of September 30, 2026 and 44.1 million shares as of December 31, 2025.	—	—
Additional paid-in capital	1,543	1,868
Retained earnings	1,919	1,475
Accumulated other comprehensive loss	(25)	(16)
Total stockholders' equity	3,437	3,327
Total liabilities and stockholders' equity	\$ 23,291	\$ 22,663

See Notes to the unaudited Consolidated Financial Statements.

BREAD FINANCIAL HOLDINGS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Three Months Ended September 30, 2026	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
(Millions, except preferred shares in thousands and per share amounts)								
Balance as of June 30, 2026	210.0	\$ —	38.7	\$ —	\$ 1,603	\$ 1,779	\$ (17)	\$ 3,365
Net income	—	—	—	—	—	156	—	156
Other comprehensive loss	—	—	—	—	—	—	(8)	(8)
Stock-based compensation	—	—	—	—	16	—	—	16
Repurchases of common stock	—	—	(0.8)	—	(76)	—	—	(76)
Preferred stock dividends ⁽¹⁾	—	—	—	—	—	(6)	—	(6)
Common stock dividends and dividend equivalent rights ⁽¹⁾	—	—	—	—	—	(10)	—	(10)
Issuance of shares to employees, net of shares withheld for employee taxes	—	—	0.1	—	—	—	—	—
Balance as of September 30, 2026	210.0	\$ —	38.0	\$ —	\$ 1,543	\$ 1,919	\$ (25)	\$ 3,437

Three Months Ended September 30, 2025	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
(Millions, except preferred shares in thousands and per share amounts)								
Balance as of June 30, 2025	—	\$ —	46.6	\$ 1	\$ 1,929	\$ 1,255	\$ (19)	\$ 3,166
Net income	—	—	—	—	—	188	—	188
Other comprehensive income	—	—	—	—	—	—	3	3
Stock-based compensation	—	—	—	—	13	—	—	13
Repurchases of common stock	—	—	(0.6)	—	(40)	—	—	(40)
Repurchases of Convertible Notes	—	—	—	—	(2)	—	—	(2)
Common stock dividends and dividend equivalent rights ⁽¹⁾	—	—	—	—	—	(11)	—	(11)
Balance as of September 30, 2025	—	\$ —	46.0	\$ 1	\$ 1,900	\$ 1,432	\$ (16)	\$ 3,317

⁽¹⁾ For information regarding dividends declared during the periods presented, refer to Note 10, "Preferred Stock and Common Stock - Dividends" to our unaudited Consolidated Financial Statements.

BREAD FINANCIAL HOLDINGS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Nine Months Ended September 30, 2026	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
(Millions, except preferred shares in thousands and per share amounts)								
Balance as of December 31, 2025	75.0	\$ —	44.1	\$ —	\$ 1,868	\$ 1,475	\$ (16)	\$ 3,327
Net income	—	—	—	—	—	483	—	483
Other comprehensive loss	—	—	—	—	—	—	(9)	(9)
Stock-based compensation	—	—	—	—	45	—	—	45
Issuance of preferred stock	135.0	—	—	—	130	—	—	130
Repurchases of common stock	—	—	(5.5)	—	(472)	—	—	(472)
Termination of Capped Call transactions	—	—	(1.5)	—	(1)	—	—	(1)
Preferred stock dividends ⁽¹⁾	—	—	—	—	—	(10)	—	(10)
Common stock dividends and dividend equivalent rights ⁽¹⁾	—	—	—	—	—	(29)	—	(29)
Issuance of shares to employees, net of shares withheld for employee taxes	—	—	0.9	—	(27)	—	—	(27)
Balance as of September 30, 2026	210.0	\$ —	38.0	\$ —	\$ 1,543	\$ 1,919	\$ (25)	\$ 3,437

Nine Months Ended September 30, 2025	Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
(Millions, except preferred shares in thousands and per share amounts)								
Balance as of December 31, 2024	—	\$ —	49.1	\$ 1	\$ 2,073	\$ 999	\$ (22)	\$ 3,051
Net income	—	—	—	—	—	464	—	464
Other comprehensive income	—	—	—	—	—	—	6	6
Stock-based compensation	—	—	—	—	41	—	—	41
Repurchases of common stock	—	—	(3.8)	—	(190)	—	—	(190)
Repurchase of Convertible Notes	—	—	—	—	(4)	—	—	(4)
Common stock dividends and dividend equivalent rights ⁽¹⁾	—	—	—	—	—	(31)	—	(31)
Issuance of shares to employees, net of shares withheld for employee taxes	—	—	0.7	—	(20)	—	—	(20)
Balance as of September 30, 2025	—	\$ —	46.0	\$ 1	\$ 1,900	\$ 1,432	\$ (16)	\$ 3,317

⁽¹⁾ For information regarding dividends declared during the periods presented, refer to Note 10, "Preferred Stock and Common Stock - Dividends" to our unaudited Consolidated Financial Statements.

See Notes to the unaudited Consolidated Financial Statements.

BREAD FINANCIAL HOLDINGS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2026	2025
(Millions)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 483	\$ 464
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for credit losses	937	869
Depreciation and amortization	55	61
Deferred income taxes	2	95
Non-cash stock-based compensation	46	41
Amortization of deferred financing costs	12	12
Amortization of deferred origination costs	54	57
Loss on debt extinguishment	3	19
Originations of loans held-for-sale ⁽¹⁾	(776)	—
Proceeds from sales and paydowns of loans held-for-sale ⁽¹⁾	767	—
Change in other operating assets and liabilities		
Change in other assets	(63)	53
Change in other liabilities	101	(131)
Other	—	(16)
Net cash provided by operating activities	1,621	1,524
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in credit card and other loans	(1,014)	156
Purchases of investments	(15)	(20)
Maturities of investments	15	16
Other, including capital expenditures	(14)	(20)
Net cash (used in) provided by investing activities	(1,028)	132
CASH FLOWS FROM FINANCING ACTIVITIES		
Unsecured borrowings under debt agreements	—	400
Repayments/maturities of unsecured borrowings under debt agreements	(76)	(312)
Debt issued by consolidated variable interest entities	415	25
Repayments/maturities of debt issued by consolidated variable interest entities	(1,519)	(1,903)
Net increase in deposits	1,585	454
Payment of deferred financing costs	(8)	(13)
Net proceeds from the issuance of preferred stock	130	—
Repurchases of common stock	(472)	(190)
Dividends and dividend equivalent rights paid	(39)	(31)
Other	(31)	(21)
Net cash used in financing activities	(15)	(1,591)
Change in cash, cash equivalents and restricted cash	578	65
Cash, cash equivalents and restricted cash at beginning of period	3,628	3,714
Cash, cash equivalents and restricted cash at end of period	\$ 4,206	\$ 3,779
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash and cash equivalents reconciliation		
Cash and cash equivalents	\$ 3,961	\$ 3,764
Restricted cash included within Other assets	245	15
Total cash, cash equivalents and restricted cash	\$ 4,206	\$ 3,779

⁽¹⁾ Relates to originations of installment loans held for sale and subsequently sold under a new partnership. See Note 2, "Credit Card and Other Loans - Credit Card Loan Portfolio and Installment Loan Sales" to our unaudited Consolidated Financial Statements.

The unaudited Consolidated Statements of Cash Flows are presented with the combined cash flows from continuing and discontinued operations.

See Notes to the unaudited Consolidated Financial Statements.

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

We are a tech-forward financial services company that provides simple, personalized payment, lending and saving solutions to millions of U.S. consumers. Our payment solutions deliver growth for some of the most recognized brands in travel and entertainment, specialty apparel, health and beauty, jewelry, sporting goods, technology and electronics, as well as home and furniture through our co-brand and private label credit cards and pay-over-time products providing choice and value to our shared customers. Additionally, we offer Bread Financial general purpose credit cards and saving products that empower our customers and their passions for a better life.

We have continued to diversify our product mix with our brand partners through growth of our co-brand credit card programs, which, relative to our private label credit card programs, have higher Credit sales per account and an improved credit risk mix that generally results in higher transactor balances, lower delinquencies and late fees, as well as lower losses. We also offer our proprietary credit cards along with an expanding range of our Bread Pay products, which are our installment loans and “split-pay” offerings.

Our partner base consists of large consumer-based businesses, including well-known brands such as (alphabetically) AAA, Academy Sports + Outdoors, Caesars, Dell Technologies, Hard Rock International, the NFL, Raymour & Flanigan, Saks Fifth Avenue, Signet, Ulta and Victoria’s Secret, as well as small- and medium-sized businesses (SMBs). Our partner base is well diversified across a broad range of industries and retail verticals, including travel and entertainment, specialty apparel, health and beauty, jewelry, sporting goods, technology and electronics, as well as home and furniture. We believe our comprehensive suite of payment, lending and saving solutions, along with our related marketing and data and analytics, allows us to offer products relevant across all customer segments (Gen Z, Millennial, Gen X and Baby Boomers). The breadth and quality of our product and service offerings, coupled with our customer-centric approach, have enabled us to establish and maintain long-standing partner relationships. We operate our business through a single reportable segment, with our primary source of revenue being from Interest and fees on loans from our various credit card and other loan products, and to a lesser extent from contractual relationships with our brand partners.

Throughout this report, unless stated or the context implies otherwise, the terms “Bread Financial,” “BFH,” the “Company,” “we,” “our” or “us” refer to Bread Financial Holdings, Inc. and its subsidiaries on a consolidated basis. References to “Parent Company” refer to Bread Financial Holdings, Inc. on a parent-only standalone basis. In addition, in this report we may refer to the retailers and other companies with whom we do business as our “partners,” “brand partners,” or “clients,” provided that the use of the term “partner,” “partnering” or any similar term does not mean or imply a formal legal partnership, and is not meant in any way to alter the terms of Bread Financial’s relationship with any third parties. We offer our credit products through our insured depository institution subsidiaries, Comenity Bank and Comenity Capital Bank, which together are referred to herein as the “Banks.”

BASIS OF PRESENTATION

These unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), and should be read in conjunction with the audited Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission on February 13, 2026 (the 2025 Form 10-K). If not significantly different, certain note disclosures included therein have been omitted from these unaudited Consolidated Financial Statements.

The unaudited Consolidated Financial Statements included herein reflect all adjustments, which consist of normal, recurring adjustments that are, in the opinion of management, necessary to state fairly the results for the interim periods presented. The unaudited Consolidated Financial Statements also include amounts that relate to the previously disclosed discontinued operations associated with the spinoff of our former LoyaltyOne segment in 2021 and the sale of our former Epsilon segment in 2019. Such amounts have been classified within Discontinued operations and primarily relate to the after-tax impact of contractual indemnification and tax-related matters. For additional information about our previously disclosed discontinued operations please refer to Note 22, “Discontinued Operations and Bank Holding Company Financial Presentation” to the audited Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2021. Results of operations reported for interim periods are not necessarily indicative of results for the

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

entire year. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the disclosures of contingent assets and liabilities. These accounting estimates and assumptions reflect the best judgment of management, but actual results could differ. The most significant of those estimates and assumptions relate to the Allowance for credit losses and Goodwill.

The accompanying unaudited Consolidated Financial Statements include the accounts of the Company and all subsidiaries in which we have a controlling financial interest. All intercompany transactions have been eliminated.

SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes to our significant accounting policies as discussed in Note 1, “Description of Business, Basis of Presentation and Significant Accounting Policies” included in our 2025 Form 10-K.

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

RECENTLY ISSUED ACCOUNTING STANDARDS

Accounting Standards Recently Adopted during 2026		
Standard	Guidance	Timing and Financial Statement Impact
Debt – Debt with Conversion and Other Options: Induced Conversions of Convertible Debt Instruments <i>Issued November, 2024</i>	Improves the relevance and consistency in application of the induced conversion guidance for (a) convertible debt instruments with cash conversion features and (b) debt instruments that are not currently convertible.	Adopted January 1, 2026. Adoption had no impact on our financial reporting and will not have any impact in the near term as all of our Convertible Notes had been extinguished and no Convertible Notes remained outstanding as of December 31, 2025. Additionally, adoption did not have a significant impact on our operational processes, controls and governance in support of the new guidance.
Accounting Standards Recently Issued but Not Yet Adopted as of September 30, 2026		
Standard	Guidance	Timing and Financial Statement Impact
Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures: Disaggregation of Income Statement Expenses <i>Issued November, 2024</i>	Requires disaggregated disclosure within the notes to the Consolidated Financial Statements of certain income statement expenses on the face of the Consolidated Statements of Income, and further disaggregation of certain expense captions into specified categories.	Effective beginning with our Annual Report on Form 10-K for the year ending December 31, 2027, and effective for interim reporting periods beginning in 2028. Early adoption is permitted, although we do not plan to early adopt. Adoption is not expected to have a significant impact on our financial reporting, or on our operational processes, controls and governance in support of the new guidance.
Intangibles – Goodwill and Other – Internal-Use Software: Targeted Improvements to the Accounting for Internal-Use Software <i>Issued September, 2025</i>	Amends certain aspects of the accounting for and disclosure of internal-use software costs, including removing all references to prescriptive and sequential software development stages to align better with current software development methods, e.g., agile.	Effective January 1, 2028. Early adoption is permitted, although we do not plan to early adopt. Adoption is not expected to have a significant impact on our financial reporting, or on our operational processes, controls and governance in support of the new guidance.
Financial Instruments – Credit Losses: Purchased Loans <i>Issued November, 2025</i>	Amends the accounting for acquired loans (excluding credit cards) that meet certain criteria at acquisition (referred to as purchased seasoned loans) by recognizing them at their purchase price plus an allowance for expected credit losses (i.e., the gross-up approach).	Effective January 1, 2027. Early adoption is permitted, although we do not plan to early adopt. Adoption is not expected to have a significant impact on our financial reporting, or on our operational processes, controls and governance in support of the new guidance.

2. CREDIT CARD AND OTHER LOANS

Our payment and lending solutions result in the origination of Credit card and other loans, which are recorded at the time a borrower enters into a point-of-sale transaction with a merchant. Credit card loans represent revolving lines of credit and have a range of terms that include credit limits, interest rates and fees, which can be revised over time based on new information about the cardholder, in accordance with applicable regulations and the governing terms and conditions. Cardholders choosing to make a payment of less than the full balance due, instead of paying in full, are subject to finance charges and are required to make monthly payments based on pre-established amounts. Other loans consist primarily of our pay-over-time products, which include installment loans and “split-pay” offerings, and have a range of fixed terms such as interest rates, fees and repayment periods, and require borrowers to make pre-established monthly payments over the term of the loan in accordance with the applicable terms and conditions. Credit card and other loans include principal and any related accrued interest and fees and are presented on the Consolidated Balance Sheets net of the Allowance for credit

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

losses. We continue to accrue interest and fee income on all accounts, except in limited circumstances, until the related balance and all related interest and fees are paid or charged-off.

We generally classify our Credit card and other loans as held for investment. We sell a majority of our credit card loans originated by Comenity Bank (CB) and by Comenity Capital Bank (CCB) to certain of our master securitization trusts (the Trusts), which are consolidated Variable Interest Entities (VIEs), and therefore these loans are restricted for securitization investors. New originations of Credit card and other loans are generally determined to be held for investment at origination because we have the intent and ability to hold them for the foreseeable future. In determining what constitutes the foreseeable future, we consider the average life and homogenous nature of our Credit card and other loans. In assessing whether our Credit card and other loans continue to be held for investment, we also consider capital levels and scheduled maturities of funding instruments used. The assertion regarding the intent and ability to hold Credit card and other loans for the foreseeable future can be made with a high degree of certainty given the maturity distribution of our consumer deposits and other funding instruments; the demonstrated ability to replace maturing time-based deposits and other borrowings with new deposits or borrowings; and historic payment activity on Credit card and other loans. Due to the homogenous nature of our credit card loans, amounts are classified as held for investment on a brand partner portfolio basis. Certain credit card loans and installment loans are classified as held for sale, as determined on a brand partner portfolio or program basis. We carry held for sale loans at the lower of aggregate cost or fair value, include such loans in Other assets on the Consolidated Balance Sheets, and typically continue to recognize finance charges on an accrual basis. Cash flows associated with Credit card and other loans originated or purchased for investment are classified as Cash flows from investing activities, regardless of any subsequent change in intent and ability. Cash flows associated with Credit card and other loans originated with the intent to sell are classified as Cash flows from operating activities, regardless of any subsequent change in intent. The disclosures below relate to our held for investment Credit card and other loans portfolios unless otherwise indicated.

The following table provides Credit card and other loans, as of the dates presented:

(Millions)	September 30, 2026	December 31, 2025
Credit card loans	\$ 18,031	\$ 18,417
Other loans	819	388
Total credit card and other loans ⁽¹⁾⁽²⁾	18,850	18,805
Less: Allowance for credit losses	(2,096)	(2,106)
Credit card and other loans, net	\$ 16,754	\$ 16,699

⁽¹⁾ Includes \$11.5 billion and \$10.7 billion of Credit card and other loans available to settle obligations of consolidated VIEs as of September 30, 2026 and December 31, 2025, respectively.

⁽²⁾ Includes \$404 million and \$378 million, of accrued interest and fees that have not yet been billed to cardholders as of September 30, 2026 and December 31, 2025, respectively.

Credit Card and Other Loans Aging

The following table provides the delinquency trends of our Credit card and other loans portfolio, based on the amortized cost, as of the dates presented:

	Aging Analysis of Delinquent Amortized Cost Credit Card and Other Loans ⁽¹⁾				Total	Total Current	Total
	30 to 59 Days Past Due	60 to 89 Days Past Due	90 or more Days Past Due				
(Millions)							
September 30, 2026	\$ 366	\$ 276	\$ 642	\$ 1,284	\$ 17,117	\$ 18,401	
December 31, 2025	\$ 359	\$ 282	\$ 676	\$ 1,317	\$ 17,076	\$ 18,393	

⁽¹⁾ Other loans delinquencies have been included with credit card loan delinquencies in the table above, as amounts were insignificant as of each period presented. As permitted by GAAP, the primary difference between the amortized cost basis included in the table

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

above and the carrying value of our Credit card and other loans relates to the exclusion of unbilled finance charges and fees from the amortized cost basis. As of September 30, 2026 and December 31, 2025, accrued interest and fees that have not yet been billed to cardholders were \$404 million and \$378 million, respectively, included in Credit card and other loans on the Consolidated Balance Sheets.

From time to time we may re-age cardholders' accounts, with the intent of assisting delinquent cardholders who have experienced financial difficulties but who demonstrate both an ability and willingness to repay the amounts due. This practice affects credit card loan delinquencies and principal losses. Accounts meeting specific defined criteria are re-aged when the cardholder makes one or more consecutive payments aggregating to a certain pre-defined amount of their account balance. Upon re-aging, the outstanding balance of a delinquent account is returned to current status. Our re-aged accounts as a percentage of Total credit card and other loans represented 2.8% and 2.9% for the three months ended September 30, 2026 and 2025, respectively, and 3.1% and 3.2% for the nine months ended September 30, 2026 and 2025, respectively. Our re-aging practices comply with regulatory guidelines.

Credit Quality Indicators for Our Credit Card and Other Loans

Given the nature of our business, the credit quality of our assets, in particular our Credit card and other loans, is a key determinant underlying our ongoing financial performance and overall financial condition. When it comes to our Credit card and other loans portfolio, we closely monitor Delinquency rates and Net principal loss rates, which reflect, among other factors, our underwriting, the inherent credit risk in our portfolio and the success of our collection and recovery efforts. These rates also reflect, more broadly, the general macroeconomic conditions, including the compounding effect of persistent inflation relative to wage growth, and higher interest rates. Our Delinquency rates and Net principal loss rates are also impacted by the size of our Credit card and other loans portfolio, which serves as the denominator in the calculation of these rates. Accordingly, changes in the size of our portfolio (whether due to credit tightening, acquisitions or dispositions of portfolios, or otherwise) may cause movements in our Delinquency and Net principal loss rates that are not necessarily indicative of the underlying credit quality of the overall portfolio.

Delinquencies: An account is contractually delinquent if we do not receive the minimum payment due by the specified due date. Our policy is to continue to accrue interest and fee income on all accounts, except in limited circumstances, until the balance and all related interest and fees are paid or charged-off. After an account becomes 30 days past due, a proprietary collection scoring algorithm automatically scores the risk of the account becoming further delinquent; based upon the level of risk indicated, a collection strategy is deployed, which may include tech-enabled, targeted collections strategies to engage with cardholders in the most efficient communication channel. If after exhausting all in-house collection efforts we are unable to collect on the account, we may engage collection agencies or outside attorneys to continue those efforts, or sell the charged-off balances.

The Delinquency rate is calculated by dividing outstanding principal balances that are contractually delinquent (i.e., principal balances 30 days past due or more) as of the end of the period, by the outstanding principal amount of Credit card and other loans as of the same period-end. As of September 30, 2026 and December 31, 2025 our Delinquency rates were 5.57% and 5.75%, respectively.

Net Principal Losses: Our net principal losses include the principal amount of Credit card and other loans that are deemed uncollectible, less recoveries, and exclude charged-off interest, fees and third-party fraud losses (including synthetic fraud). Charged-off interest and fees reduce Interest and fees on loans, while third-party fraud losses are recorded in Card and processing expenses. Our credit card loans, including unpaid interest and fees, are generally charged-off in the month during which an account becomes 180 days past due. Our pay-over-time products, which include installment loans and "split-pay" offerings, including unpaid interest, are generally charged-off when a loan becomes 120 days past due. However, in the case of a customer bankruptcy or death, Credit card and other loans, including unpaid interest and fees, as applicable, are charged-off 60 days after receipt of the notification of the bankruptcy or death, but in any case no later than 180 days past due for credit card loans and 120 days past due for installment loans and "split-pay" offerings. We record the actual losses for unpaid interest and fees as a reduction to Interest and fees on loans, which were \$207 million and \$212 million for the three months ended September 30, 2026 and 2025, respectively, and \$648 million and \$698 million for the nine months ended September 30, 2026 and 2025, respectively.

The Net principal loss rate is calculated by dividing net principal losses for the period by the Average credit card and other loans for the same period, using an average daily balance calculation methodology. For the three months ended

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

September 30, 2026 and 2025, our Net principal loss rates were 6.40% and 7.39%, respectively, and for the nine months ended September 30, 2026 and 2025, respectively, our Net principal loss rates were 6.90% and 7.81%, respectively.

Overall Credit Quality: As part of our credit risk management activities for our Credit card and other loans portfolio, we assess overall credit quality by reviewing information from credit bureaus and other sources relating to our cardholders' broader credit performance. We utilize VantageScore (Vantage) credit scores to assist in our assessment of credit quality. Vantage credit scores are obtained at origination of the account and, for credit card loans, are refreshed monthly thereafter to assist in predicting customer behavior. We categorize these Vantage credit scores into the following three credit score ranges: (i) 651 or higher have the lowest credit risk; (ii) 591 to 650 are considered to have moderate credit risk; and (iii) 590 or lower have the highest credit risk. In certain limited circumstances there are customer accounts for which a Vantage score is not available and we use alternative sources to assess credit risk and predict behavior. The table below excludes less than 0.1% of the total credit card loans and total other loans balances as of both September 30, 2026 and December 31, 2025, representing those customer accounts for which a Vantage credit score is not available. The following table reflects the distribution of credit card and other loans by Vantage score as of the dates presented:

	September 30, 2026			December 31, 2025		
	651 or Higher	591 to 650	590 or Lower	651 or Higher	591 to 650	590 or Lower
Credit card loans	64 %	24 %	12 %	64 %	23 %	13 %
Other loans ⁽¹⁾	96 %	4 %	— %	90 %	9 %	1 %

⁽¹⁾ Represents Vantage score distribution for our pay-over-time products that had an amortized cost basis of \$787 million and \$365 million as of September 30, 2026 and December 31, 2025, respectively.

Modified Credit Card Loans

Consumer Relief Programs

As part of our collections strategy, we may offer temporary and short term programs in order to improve the likelihood of collections and meet the needs of our customers. Our modifications, for customers who have requested assistance and meet certain qualifying requirements, come in the form of reduced payment requirements, interest rate reductions and late fee waivers. We do not offer programs involving the forgiveness of principal. These temporary loan modifications may assist in cases where we believe the customer will recover from the short-term hardship and resume scheduled payments. Under these consumer relief programs, those accounts receiving relief may not advance to the next delinquency cycle, including charge-off, in the same time frame that would have occurred had the relief not been granted. We evaluate our consumer relief programs to determine if they represent a more than insignificant delay in payment granted to borrowers experiencing financial difficulty, in which case they would then be considered a Loan Modification. Loans in these short term programs that are determined to be Loan Modifications, will be included as such in the disclosure below. We do not offer Loan Modifications on our Other loans (i.e., our pay-over-time products).

Credit Card Loans – Modifications for Borrowers Experiencing Financial Difficulty (Loan Modifications)

In instances where cardholders are experiencing financial difficulty, we may modify our credit card loans with the intention of minimizing losses and improving collectability, while providing cardholders with financial relief; such credit card loans are classified as Loan Modifications, exclusive of the temporary, short-term consumer relief programs described above. Loan Modifications include concessions consisting primarily of a reduced minimum payment, late fee waiver, and/or an interest rate reduction. The majority of concessions remain in place for a period no longer than 12 months; however, for certain modifications the concessions remain in place through the payoff of the credit card loans if the cardholder complies with the terms of the program.

Loan Modification concessions do not include the forgiveness of unpaid principal, but may involve the reversal of certain unpaid interest or fee assessments, and the cardholder's ability to make future purchases is either limited or suspended until the cardholder successfully exits from the modification program. In accordance with the terms of our workout programs, the credit agreement reverts back to its original contractual terms (including the contractual interest rate) when the

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

customer exits the program, which is either when all payments have been made in accordance with the program, or when the customer defaults out of the program.

Loan Modifications are collectively evaluated for impairment on a pooled basis in measuring the appropriate Allowance for credit losses. The following table provides information relating to credit card loans to borrowers experiencing financial difficulty that were granted a concession under a Loan Modification program during the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
(Millions, except percentages)				
Account balance ⁽¹⁾	\$ 90	\$ 100	\$ 251	\$ 258
% of Total credit card loans	0.5 %	0.6 %	1.4 %	1.5 %
Weighted average interest rate reduction (% points)	23.9 %	23.2 %	23.9 %	23.1 %

⁽¹⁾ Represents the outstanding balances as of September 30, 2026 and 2025, of all Loan Modifications undertaken in the past three and nine months, respectively, for credit card loans that remain in modification programs as of September 30, 2026 and 2025, respectively. The outstanding balances include principal, accrued interest and fees.

Interest income on these impaired credit card loans is accounted for in the same manner as non-impaired credit card loans, and cash collections are allocated according to the same payment hierarchy methodology applied for credit card loans not in Loan Modification programs.

The following table provides the performance of our credit card loans that were modified within the 12 months prior to the dates presented and remain in a Loan Modification program as of the dates presented:

	Aging Analysis of Delinquent Amortized Cost Loan Modifications - Credit Card Loans				Total Current	Total
	30 to 59 Days Past Due	60 to 89 Days Past Due	90 or more Days Past Due	Total		
(Millions)						
September 30, 2026	\$ 20	\$ 18	\$ 20	\$ 58	\$ 251	\$ 309
December 31, 2025	\$ 24	\$ 22	\$ 26	\$ 72	\$ 253	\$ 325

The following table provides additional information regarding credit card Loan Modifications that have subsequently defaulted within 12 months of their modification dates, for the periods presented; the probability of default is factored into the Allowance for credit losses:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
(Millions, except for Number of modifications)				
Number of modifications	6,764	7,124	14,419	14,099
Outstanding balance	\$ 14	\$ 15	\$ 29	\$ 29

Unfunded Lending Commitments

We manage potential credit risk in unfunded lending commitments by reviewing each potential customer's credit application and evaluating the applicant's financial history and ability and perceived willingness to repay. Credit card loans are made primarily on an unsecured basis, and our Cardholders reside throughout the U.S. and are not significantly concentrated in any one geographic area.

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We manage our potential risk in credit commitments by limiting the total amount of credit, both by individual customer and across our credit card loan portfolio, by monitoring the size and maturity of our loan portfolio and applying consistent risk-based underwriting standards reflective of current and anticipated macroeconomic conditions. We have the unilateral ability to cancel or reduce unused credit card lines at any time. Unused credit card lines available to cardholders totaled approximately \$97 billion and \$98 billion as of September 30, 2026 and December 31, 2025, respectively. While this amount represented the total available unused credit card lines, we have not experienced and do not anticipate that all cardholders will access their entire available line at any given point in time.

Credit Card Loan Portfolio and Installment Loan Sales

As of September 30, 2026 and December 31, 2025, there were no credit card loans held for sale.

In the interest of expanding and diversifying our product offerings, we are now leveraging our loan origination, compliance and servicing-related capabilities through a partnership that relies upon established merchant networks to originate and sell installment loans, while providing compliance oversight. Installment loans sold under this program meet the conditions for sale accounting and are derecognized upon transfer. For the three and nine months ended September 30, 2026, fees earned under this program were insignificant. Over those same respective periods in 2025, we did not earn any such fees as this was a new program in 2026. As of September 30, 2026, installment loans held for sale are included in Other assets on the Consolidated Balance Sheet and were insignificant. As of December 31, 2025, there were no installment loans held for sale.

Credit Card Loan Portfolio Acquisitions

During the three months ended September 30, 2026 and September 30, 2025, we did not acquire any credit card loan portfolios.

3. ALLOWANCE FOR CREDIT LOSSES

The Allowance for credit losses represents our estimate of expected credit losses over the estimated life of our Credit card and other loans, incorporating future macroeconomic forecasts in addition to information about past events and current conditions. Our estimate under the Current Expected Credit Loss (CECL) approach is significantly influenced by the composition, characteristics and quality of our portfolio of Credit card and other loans, as well as the prevailing economic conditions and forecasts utilized. The Allowance for credit losses includes an estimate for uncollectible principal as well as billed, unpaid interest and fees. Principal losses, net of recoveries are deducted from the Allowance for credit losses. Losses of unpaid interest and fees are recorded as a reduction to Interest and fees on loans upon charge-off. The Allowance for credit losses is maintained through an adjustment to the Provision for credit losses and is evaluated for appropriateness on a quarterly basis.

In estimating our Allowance for credit losses, for each identified segment of loans sharing similar risk characteristics, management uses modeling and estimation techniques based on historical loss experience, current conditions, reasonable and supportable forecasts and other relevant factors. This modeling uses historical data and applicable macroeconomic variables with statistical analysis and behavioral relationships, to determine expected credit performance. Our quantitative estimate of expected credit losses under CECL is impacted by certain forecasted macroeconomic variables. We consider the macroeconomic forecast used to be reasonable and supportable over the estimated life of the Credit card and other loans portfolio, with no reversion period. In addition to the quantitative estimate of expected credit losses, we also incorporate qualitative adjustments for certain factors such as Company-specific risks, changes in current macroeconomic conditions that may not be captured in the quantitatively derived results, or other relevant factors to ensure the Allowance for credit losses reflects our best estimate of current expected credit losses.

Credit Card Loans

We use a “pooled” approach to estimate expected credit losses for financial assets with similar risk characteristics. We have evaluated multiple risk characteristics across our credit card loans portfolio, and determined delinquency status and overall credit quality to be the most significant characteristics for estimating expected credit losses. To estimate our Allowance for credit losses, we segment our credit card loans on the basis of delinquency status, credit quality risk score and product. These risk characteristics are evaluated on at least an annual basis, or more frequently as facts and

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

circumstances warrant. In determining the estimated life of our credit card loans, payments were applied to the measurement date balance with no payments allocated to future purchase activity. We use a combination of First In First Out and the Credit Card Accountability, Responsibility, and Disclosure Act of 2009 (CARD Act) methodologies to model balance paydown.

Other Loans

We measure our Allowance for credit losses on Other loans, consisting primarily of our installment loans and “split-pay” offerings, using a statistical model to estimate projected losses over the remaining terms of the loans, inclusive of an assumption for prepayments where material. The model is based on the historical statistical relationship between loan loss performance and certain macroeconomic data pooled based on credit quality risk score, term of the underlying loans, vintage and geographic location. As of September 30, 2026 and December 31, 2025, the Allowance for credit losses on Other loans was \$53 million and \$26 million, respectively.

Allowance for Credit Losses Rollforward

The following table provides our Allowance for credit losses for our Credit card and other loans. The amount of the related Allowance for credit losses on other loans is insignificant and therefore has been included in the table below for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
(Millions)				
Beginning balance	\$ 2,075	\$ 2,098	\$ 2,106	\$ 2,241
Provision for credit losses ⁽¹⁾	321	299	937	869
Net principal losses ⁽²⁾	(300)	(327)	(947)	(1,040)
Ending balance	<u>\$ 2,096</u>	<u>\$ 2,070</u>	<u>\$ 2,096</u>	<u>\$ 2,070</u>

⁽¹⁾ Provision for credit losses includes a build/release for the Allowance for credit losses, as well as replenishment of Net principal losses. Beginning on January 1, 2026 any changes in the estimate for uncollectible unpaid interest and fees is recognized as part of the Provision for credit losses; previously such changes were recognized as part of Interest and fees on loans.

⁽²⁾ Net principal losses are presented net of recoveries of \$79 million and \$82 million for the three months ended September 30, 2026 and 2025, respectively, and \$253 million and \$267 million for the nine months ended September 30, 2026 and 2025, respectively.

For the three months ended September 30, 2026 the balance of the Allowance for credit losses slightly increased primarily due to the increase in Credit card and other loans, partially offset by a lower reserve rate. Our reserve rate was 11.12% and 11.23% as of September 30, 2026 and June 30, 2026, respectively. For the nine months ended September 30, 2026, the balance of the Allowance for credit losses slightly decreased due to the decrease in the reserve rate from 11.20% at December 31, 2025. The reductions in the reserve rates across both periods of comparison are reflecting our improving credit metrics and higher-quality new account acquisitions. We continue to maintain appropriately prudent weightings on the economic scenarios in our credit reserve modeling to ensure the adequacy of our Allowance for credit losses given the wide range of potential macroeconomic outcomes, including ongoing uncertainty regarding trade policy and global conflicts, and downstream impacts on inflation and unemployment.

4. SECURITIZATIONS

We account for transfers of financial assets as either sales or financings. Transfers of financial assets that are accounted for as a sale are removed from the Consolidated Balance Sheets with any realized gain or loss reflected in the Consolidated Statements of Income during the period in which the sale occurs. Transfers of financial assets that are not accounted for as a sale are treated as a financing.

We regularly securitize a majority of our credit card loans through the transfer of those loans to one of our Trusts. We perform the decision making for the Trusts, as well as servicing the cardholder accounts that generate the credit card loans

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

held by the Trusts. In our capacity as a servicer, we administer the loans, collect payments and charge-off uncollectible balances. Servicing fees are earned by a subsidiary, which are eliminated in consolidation.

The Trusts are consolidated VIEs because they have insufficient equity at risk to finance their activities – the issuance of debt securities and notes, collateralized by the underlying credit card loans. Because we perform the decision making and servicing for the Trusts, we have the power to direct the activities that most significantly impact the Trusts’ economic performance (the collection of the underlying credit card loans). In addition, we hold all of the variable interests in the Trusts, with the exception of the liabilities held by third-parties. These variable interests provide us with the right to receive benefits and the obligation to absorb losses, which could be significant to the Trusts. As a result of these considerations, we are deemed to be the primary beneficiary of the Trusts and therefore consolidate the Trusts.

The Trusts issue debt securities and notes, which are non-recourse to us. The collections on the securitized credit card loans held by the Trusts are available only for payment of those debt securities and notes, or other obligations arising in the securitization transactions. For our securitized credit card loans, during the initial phase of a securitization reinvestment period, we generally retain principal collections in exchange for the transfer of additional credit card loans into the securitized pool of assets. During the amortization or accumulation period of a securitization, the investors’ share of principal collections (in certain cases, up to a maximum specified amount each month) is either distributed to the investors or held in an account until it accumulates to the total amount due, at which time it is paid to the investors in a lump sum.

Under the Indentures of each Trust and their Indenture Supplements, we are required to maintain minimum interests in our Trusts ranging from 4% to 8% of the securitized credit card loans. This requirement is met through a transferor’s interest and is supplemented through excess funding deposits which represent cash amounts deposited with the trustee of the securitizations. Cash collateral, restricted deposits are generally released proportionately as investors are repaid. Under the terms of the Trusts, the occurrence of certain triggering events associated with the performance of the securitized credit card loans in each Trust could result in certain required actions, including payment of Trust expenses, the establishment of reserve funds, or early amortization of the debt securities and/or notes, in a worst-case scenario. During the three and nine months ended September 30, 2026 and 2025, no such triggering events occurred.

The following tables provide the total securitized credit card loans, and related delinquencies and net principal losses of securitized credit card loans, for the periods presented:

	September 30, 2026	December 31, 2025
(Millions)		
Total credit card loans – available to settle obligations of consolidated VIEs	\$ 11,489	\$ 10,708
Of which: principal amount of credit card loans 90 days or more past due	\$ 152	\$ 257

	Three Months Ended September 30, 2026	2025	Nine Months Ended September 30, 2026	2025
(Millions)				
Net principal losses of securitized credit card loans	\$ 139	\$ 192	\$ 474	\$ 609

5. INVESTMENTS

Investments include investment securities and various other investments primarily held by the Banks for Community Reinvestment Act (CRA) purposes. Investment securities consist of available-for-sale (AFS) debt securities, which are mortgage-backed securities and municipal bonds, and equity securities, which are mutual funds. Investment securities are carried at fair value on the Consolidated Balance Sheets. We also have other investments, which primarily include a portfolio of investments in certain limited partnerships and limited liability companies accounted for under the equity method, and therefore are recorded at cost and adjusted each period for our share of the investee’s earnings or losses, less any impairment. Other investments also includes an insignificant tax credit investment where we elected to apply the proportional amortization method of accounting, for which the impacts of both the amortization of the investment and income tax benefits are fully recognized in the Provision for income taxes. Refer to Note 8, “Fair Values of Financial Instruments” for a description of our methodology for determining the fair values of our investment securities.

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following table provides a summary of our Investments as of the dates presented:

	September 30, 2026	December 31, 2025
(Millions)		
Investment securities		
Available-for-sale debt securities	\$ 152	\$ 171
Equity securities	49	50
Total investment securities	201	221
Equity method and other investments	78	63
Total Investments	<u>\$ 279</u>	<u>\$ 284</u>

For AFS debt securities in an unrealized loss position, any estimated credit losses are recognized in the Consolidated Statements of Income by establishing or adjusting an existing Allowance for credit losses for such losses. We typically invest in highly-rated securities with low probabilities of default; therefore, we did not have an Allowance for credit losses as of September 30, 2026 and December 31, 2025, and did not recognize any credit losses for the periods presented. Any unrealized gains, or any portion of an AFS debt security's non-credit-related unrealized losses are recorded in the Consolidated Statements of Comprehensive Income, net of tax. The gross unrealized losses on our AFS debt securities are primarily attributable to an increase in the current benchmark interest rate. Any realized gains and losses are recorded in Other non-interest expenses in the Consolidated Statements of Income upon disposition of the AFS debt security, using the specific identification method. Gains and losses on investments in equity securities and CRA-related equity method investments are recorded in Other non-interest expenses in the Consolidated Statements of Income.

The table below provides unrealized gains and losses on AFS debt securities as of the dates presented:

	September 30, 2026				December 31, 2025			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
(Millions)								
Available-for-sale securities	\$ 180	\$ —	\$ (28)	\$ 152	\$ 189	\$ —	\$ (18)	\$ 171
Total	<u>\$ 180</u>	<u>\$ —</u>	<u>\$ (28)</u>	<u>\$ 152</u>	<u>\$ 189</u>	<u>\$ —</u>	<u>\$ (18)</u>	<u>\$ 171</u>

The following tables provide information about AFS debt securities in a gross unrealized loss position and the length of time that individual securities have been in a continuous unrealized loss position, as of the dates presented:

	September 30, 2026					
	Less than 12 months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(Millions)						
Available-for-sale securities	\$ 41	\$ (2)	\$ 111	\$ (26)	\$ 152	\$ (28)
Total	<u>\$ 41</u>	<u>\$ (2)</u>	<u>\$ 111</u>	<u>\$ (26)</u>	<u>\$ 152</u>	<u>\$ (28)</u>

	December 31, 2025					
	Less than 12 months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(Millions)						
Available-for-sale securities	\$ —	\$ —	\$ 135	\$ (18)	\$ 135	\$ (18)
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 135</u>	<u>\$ (18)</u>	<u>\$ 135</u>	<u>\$ (18)</u>

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As of September 30, 2026 our AFS debt securities included mortgage-backed securities and municipal bonds. The mortgage-backed securities, which do not have a single maturity date, have an amortized cost and estimated fair value of \$152 million and \$128 million, respectively, with a weighted average yield of 3.24%. The municipal bonds which all have a maturity date greater than ten years, have an amortized cost and estimated fair value of \$28 million and \$24 million, respectively, with a weighted average yield of 3.82%. Weighted average yield is computed using the effective yield of each security owned at the end of the period, weighted based on the amortized cost of each security. The effective yield considers the contractual coupon, amortization of premiums and accretion of discounts. Accrued interest on our AFS debt securities is included in Other assets on the Consolidated Balance Sheets and was insignificant as of both September 30, 2026 and December 31, 2025.

There were no realized gains or losses from the sale of any investment securities for the three and nine months ended September 30, 2026 and 2025.

6. DEPOSITS

Deposits were categorized as interest-bearing or non-interest-bearing as follows, as of the dates presented:

(Millions)	September 30, 2026	December 31, 2025
Interest-bearing	\$ 15,479	\$ 13,891
Non-interest-bearing (including cardholder credit balances)	23	25
Total deposits	<u>\$ 15,502</u>	<u>\$ 13,916</u>

Deposits by deposit type were as follows as of the dates presented:

(Millions)	September 30, 2026	December 31, 2025
Savings accounts		
Consumer deposits	\$ 5,234	\$ 4,329
Wholesale	3,729	3,371
Certificates of deposit		
Consumer deposits	4,666	4,194
Wholesale	1,850	1,997
Cardholder credit balances	23	25
Total deposits	<u>\$ 15,502</u>	<u>\$ 13,916</u>

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The scheduled maturities of certificates of deposit were as follows as of September 30, 2026:

(Millions)	
2026 ⁽¹⁾	\$ 1,052
2027	4,152
2028	1,102
2029	103
2030	68
Thereafter	38
Total certificates of deposit	\$ 6,515

⁽¹⁾ The 2026 balance includes \$3 million in unamortized debt issuance costs, which are associated with the entire portfolio of certificates of deposit.

As of September 30, 2026 and December 31, 2025, consumer deposits that exceeded applicable Federal Deposit Insurance Corporation (FDIC) insurance limits, which are generally \$250,000 per depositor, per insured bank, per ownership category, were estimated to be \$786 million (5% of Total deposits) and \$638 million (5% of Total deposits), respectively. The measurement of estimated uninsured deposits aligns with regulatory guidelines.

7. OTHER NON-INTEREST INCOME AND OTHER NON-INTEREST EXPENSES

The following table provides the components of Other non-interest income for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
(Millions)				
Payment protection products	\$ 46	\$ 29	\$ 124	\$ 85
Paper statement fees	20	21	62	58
Other	—	—	1	5
Total other non-interest income	\$ 66	\$ 50	\$ 187	\$ 148

The following table provides the components of Other non-interest expenses for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
(Millions)				
Professional services and regulatory fees	\$ 27	\$ 26	83	82
Occupancy expense	5	6	14	16
Debt repurchases	1	3	3	19
Other ⁽¹⁾	10	8	26	27
Total other non-interest expenses	\$ 43	\$ 43	\$ 126	\$ 144

⁽¹⁾ Primarily related to costs associated with various other individually insignificant operating activities.

8. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined under GAAP as the price that would be required to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; with such a transaction based on the principal market, or in the absence of a principal market the most advantageous market for the specific instrument. GAAP provides

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for a three-level fair value hierarchy that classifies the inputs to valuation techniques used to measure fair value, defined as follows:

Level 1: Inputs that are unadjusted quoted prices for identical assets or liabilities in active markets that the entity can access.

Level 2: Inputs, other than those included within Level 1, that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Inputs that are unobservable (e.g., internally derived assumptions) and reflect an entity's assumptions about estimates market participants would use in pricing the asset or liability based on the best information available under the circumstances. In particular, Level 3 inputs and valuation techniques involve judgment and as a result are not necessarily indicative of amounts we would realize in a current market exchange. The use of different assumptions or estimation techniques may have a material effect on the estimated fair value amounts.

We monitor the market conditions and evaluate the fair value hierarchy levels at least quarterly. For the three and nine months ended September 30, 2026 and 2025, there were no transfers into or out of Level 3, and no transfers between Levels 1 and 2.

The following table summarizes the carrying values and fair values of our financial assets and financial liabilities as of the dates presented:

	September 30, 2026		December 31, 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
(Millions)				
Financial assets				
Credit card and other loans, net	\$ 16,754	\$ 18,466	\$ 16,699	\$ 18,747
Investment securities	201	201	221	221
Financial liabilities				
Deposits	15,502	15,480	13,916	13,928
Debt issued by consolidated VIEs	2,320	2,322	3,422	3,442
Long-term and other debt	\$ 814	\$ 827	\$ 886	\$ 931

Valuation Techniques Used in the Fair Value Measurement of Financial Assets and Financial Liabilities

Credit card and other loans, net: Our Credit card and other loans are recorded at amortized cost, less the Allowance for credit losses, on the Consolidated Balance Sheets. In estimating the fair values, we use a discounted cash flow model (i.e., Level 3 inputs), primarily because a comparable whole loan sales market for similar loans does not exist, and therefore there is a lack of observable pricing inputs. We use various internally derived inputs, including projected income, discount rates and forecasted charge-offs. Economic value attributable to future loans generated by the cardholder accounts is not included in the fair values.

Investment securities: Investment securities consist of AFS debt securities, including both mortgage-backed securities and municipal bonds, as well as equity securities, which are mutual funds, and are recorded at fair value on the Consolidated Balance Sheets. Quoted prices of identical or similar investment securities in active markets are used to estimate the fair values (i.e., Level 1 or Level 2 inputs).

Derivative assets and liabilities: We use derivatives to manage our interest rate and foreign currency risk exposures. When quoted market prices are available and used to value our derivatives, we classify them as Level 1. However, the majority of our derivatives do not have readily available quoted market prices. Therefore, we value most of our derivatives using vendor-based models. We primarily rely on market observable inputs for these models, including, for example, interest rate

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

yield curves and currency rates. These inputs can vary depending on the type of derivatives and nature of the underlying rate, price or index upon which the value of the derivative is based. We typically classify derivatives as Level 2 as significant inputs can be observed in a liquid market and the underlying model itself does not require significant judgment. At least annually, we reaffirm our understanding of the valuation techniques applied in our vendor-based models and validate the valuation output on a quarterly basis. Our derivatives are included in Other assets or Other liabilities on the Consolidated Balance Sheets. The fair value impacts of our derivative assets and liabilities were insignificant to the Consolidated Financial Statements for the periods presented on both a gross basis and, where applicable, a net basis.

Deposits: Money market and other non-maturity deposits carrying values approximate their fair values because they are short-term in duration and have no defined maturity. GAAP requires that the fair values of deposit liabilities with no stated maturities equal their carrying values and does not permit recognition of the inherent funding value of the instruments. Certificates of deposit are recorded at their historical issuance cost on the Consolidated Balance Sheets, adjusted for unamortized fees, with the fair value being estimated based on the currently observable market rates available to us for similar deposits with similar remaining maturities (i.e., Level 2 inputs). Interest payable is included within Other liabilities on the Consolidated Balance Sheets.

Debt issued by consolidated VIEs: We record Debt issued by our consolidated VIEs at amortized cost (including unamortized fees, issuance costs, premiums and discounts, where applicable) on the Consolidated Balance Sheets. Fair value is estimated based on the currently observable market rates available to us for similar debt instruments with similar remaining maturities or quoted market prices for the same transaction (i.e., Level 2 inputs). Interest payable is included within Other liabilities on the Consolidated Balance Sheets.

Long-term and other debt: We record Long-term and other debt at amortized cost (including unamortized fees, issuance costs, premiums and discounts, where applicable) on the Consolidated Balance Sheets. Fair value is estimated based on the currently observable market rates available to us for similar debt instruments with similar remaining maturities, or quoted market prices for the same transaction (i.e., Level 2 inputs). Interest payable is included within Other liabilities on the Consolidated Balance Sheets.

Financial Instruments Measured at Fair Value on a Recurring Basis

The following tables summarize our financial instruments measured at fair value on a recurring basis, categorized by the fair value hierarchy described in the preceding paragraphs, as of the dates presented:

September 30, 2026				
(Millions)	Total	Level 1	Level 2	Level 3
Investment securities	\$ 201	\$ 49	\$ 152	\$ —
Total assets measured at fair value	<u>\$ 201</u>	<u>\$ 49</u>	<u>\$ 152</u>	<u>\$ —</u>

December 31, 2025				
(Millions)	Total	Level 1	Level 2	Level 3
Investment securities	\$ 221	\$ 50	\$ 171	\$ —
Total assets measured at fair value	<u>\$ 221</u>	<u>\$ 50</u>	<u>\$ 171</u>	<u>\$ —</u>

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets and liabilities are recognized or disclosed at fair value on a nonrecurring basis, including equity method investments, property and equipment, right-of-use assets, deferred contract costs, goodwill and intangible assets. These assets are not measured at fair value on a recurring basis but are subject to fair value adjustments in certain circumstances, such as upon impairment. We did not have any impairments for the three and nine months ended September 30, 2026 and 2025.

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Financial Instruments Disclosed but Not Carried at Fair Value

The fair values of financial instruments that are measured at amortized cost are estimates, and require management's judgment; therefore, these fair value estimates may not be indicative of future fair values, nor can our fair value be estimated by aggregating all of the amounts presented. The following tables summarize our financial assets and financial liabilities that are measured at amortized cost, and not required to be carried at fair value on a recurring basis, as of the dates presented:

	September 30, 2026			
	Fair Value	Level 1	Level 2	Level 3
(Millions)				
Financial assets				
Credit card and other loans, net	\$ 18,466	\$ —	\$ —	\$ 18,466
Total	\$ 18,466	\$ —	\$ —	\$ 18,466
Financial liabilities				
Deposits	\$ 15,480	\$ —	\$ 15,480	\$ —
Debt issued by consolidated VIEs	2,322	—	2,322	—
Long-term and other debt	827	—	827	—
Total	\$ 18,629	\$ —	\$ 18,629	\$ —

	December 31, 2025			
	Fair Value	Level 1	Level 2	Level 3
(Millions)				
Financial assets				
Credit card and other loans, net	\$ 18,747	\$ —	\$ —	\$ 18,747
Total	\$ 18,747	\$ —	\$ —	\$ 18,747
Financial liabilities				
Deposits	\$ 13,928	\$ —	\$ 13,928	\$ —
Debt issued by consolidated VIEs	3,442	—	3,442	—
Long-term and other debt	931	—	931	—
Total	\$ 18,301	\$ —	\$ 18,301	\$ —

9. STOCK-BASED COMPENSATION

During the nine months ended September 30, 2026, we awarded 649,304 service-based restricted stock units (RSUs) with a weighted average grant date fair market value per share of \$73.80 as determined on the date of grant. Service-based restricted stock units typically vest ratably over three years provided that the participant is employed by us on each such vesting date, subject to certain limited exceptions.

During the nine months ended September 30, 2026, we awarded 169,462 performance-based RSUs with a fair market value of approximately \$73.16. Performance-based RSUs cliff vest at the end of three years, if specific performance measures tied to our financial performance are met. For the performance-based RSUs awarded in 2026, the predefined vesting criteria permit a range from 0% to 160% to be earned, subject to a market-based condition. Accruals of compensation cost for an award with a performance condition are based on the probable outcome of that performance condition. If the performance targets are met, these awards will vest with respect to the entire award on February 17, 2029, provided that the participant is employed by us on the vesting date, subject to certain limited exceptions.

For the three months ended September 30, 2026 and 2025, we recognized \$15 million and \$14 million in stock-based compensation expense, respectively. For the nine months ended September 30, 2026 and 2025, we recognized \$46 million and \$41 million in stock-based compensation expense, respectively.

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. PREFERRED STOCK AND COMMON STOCK

Preferred Stock

As reflected in the table below, in May 2026 we authorized and issued 135,000 shares of preferred stock as depositary shares (the Depositary Shares) for gross proceeds of \$135 million, with each Depositary Share representing a 1/40th interest in our Series B 8.875% Fixed Rate Reset Non-Cumulative Perpetual Preferred Stock, par value \$0.01 per share (the Series B Preferred Stock). The Series B Preferred Stock has a liquidation preference of \$25 per Depositary Share (equivalent to \$1,000 per share of Series B Preferred Stock) and as of September 30, 2026, the aggregate liquidation value was \$135 million. We used the net proceeds of the offering to enter into a preferred stock transaction with one of our subsidiary banks, CCB, pursuant to which CCB issued preferred stock to Parent Company on terms substantially the same as those of the Series B Preferred Stock. The CCB preferred stock is eliminated in consolidation.

The following table provides information about our preferred stock issued and outstanding as of the dates presented:

Series ⁽¹⁾	Issuance Date	Earliest Redemption Date	Per Annum Dividend Rate	Total Shares	Liquidation Preference	Carrying Amount	
						September 30, 2026	December 31, 2025
(Millions, except share amounts)							
Series A	November 25, 2025	December 15, 2030	8.625 %	75,000	\$ 75	\$ 72	\$ 71
Series B	May 12, 2026	December 15, 2031	8.875 %	135,000	135	130	—
Total					\$ 210	\$ 202	\$ 71

⁽¹⁾ Issued as depositary shares representing 1/40th interest in a share of the corresponding series of non-cumulative perpetual preferred stock, par value \$0.01 per share. Dividends are payable quarterly in arrears on March 15, June 15, September 15 and December 15, at a fixed rate, in each case when, as and if declared by our Board of Directors.

Stock Repurchase Authorizations

Periodically, we repurchase shares of our common stock pursuant to Board-approved share repurchase authorizations. The rationale for our repurchase authorizations, and the amounts thereof, is to execute against our previously disclosed capital priorities to grow responsibly, maintain balance sheet strength, and return value to stockholders.

The following table provides information about our common stock repurchases under our various Board-approved share repurchase authorizations, for the periods presented:

(Millions)	Amount Authorized for Repurchase	Number of Shares Repurchased ⁽¹⁾	Approximate Dollar Value of Shares Repurchased ⁽²⁾	Amount Remaining for Future Repurchases
As of December 31, 2025				\$ 240
For the three months ended:				
March 31, 2026	\$ 600	2.0	\$ 150	\$ 690
June 30, 2026	—	2.8	241	449
September 30, 2026	—	0.7	75	374
Total	\$ 600	5.5	\$ 466	

⁽¹⁾ Upon repurchase, these shares were retired and ceased to be outstanding shares of common stock, and are now treated as authorized but unissued shares of common stock. Does not include the 1.5 million shares that were retired in connection with the termination of our Capped Call transactions, discussed below.

⁽²⁾ Excludes excise taxes on stock repurchases.

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Capped Call Transactions

In connection with the prior issuance of our 4.25% Convertible Senior Notes due 2028 (Convertible Notes), we entered into privately negotiated capped call (Capped Call) transactions with certain financial institution counterparties in June 2023. At that time, these transactions were expected generally to reduce potential dilution to our common stock upon any conversion of Convertible Notes and/or offset any cash payments we were required to make in excess of the principal amount of the Convertible Notes, with such reduction and/or offset subject to a cap, based on the cap price. As of December 31, 2025, all of the Capped Call transactions remained outstanding, notwithstanding that no Convertible Notes were outstanding at that time. For additional information on the June 2023 issuance of our Convertible Notes and the subsequent repurchases in 2024 and 2025, as well as information on our Capped Call transactions, refer to Note 10, “Borrowings of Long-Term and Other Debt” to the audited Consolidated Financial Statements included in our Annual Reports on Form 10-K for the years ended December 31, 2025 and 2024.

In February 2026 we entered into a separate, privately negotiated termination agreement (each, a Capped Call Unwind Agreement) with each financial institution counterparty to the Capped Call transactions, thereby terminating all of the outstanding Capped Call transactions, and resulting in the receipt of an aggregate 1.5 million shares of our common stock, with a value of \$111 million, from the Capped Call counterparties pursuant to the Capped Call Unwind Agreements. Following their receipt, these shares were retired and ceased to be outstanding shares of common stock, and are now treated as authorized but unissued shares of common stock.

Dividends

The table below summarizes the cash dividend activity we had on our preferred and common stock for the dates presented:

(Millions, except per share amounts)		Preferred Stock - Series A		Preferred Stock - Series B		Common Stock	
Dividend Declaration Date	Dividend Payment Date	Amount Per Share	Amount	Amount Per Share	Amount	Amount Per Share	Amount ⁽¹⁾
January 29, 2026	March 16, 2026	\$ 26.35	\$ 2	\$ —	\$ —	\$ 0.23	\$ 10
April 23, 2026	June 15, 2026	\$ 21.56	2	\$ —	—	\$ 0.23	9
July 23, 2026	September 15, 2026	\$ 21.56	2	\$ 30.32	4	\$ 0.23	10
			<u>\$ 6</u>		<u>\$ 4</u>		<u>\$ 29</u>

(Millions, except per share amounts)		Preferred Stock - Series A		Preferred Stock - Series B		Common Stock	
Dividend Declaration Date	Dividend Payment Date	Amount Per Share	Amount	Amount Per Share	Amount	Amount Per Share	Amount ⁽¹⁾
January 30, 2025	March 21, 2025	\$ —	\$ —	\$ —	\$ —	\$ 0.21	\$ 10
April 24, 2025	June 13, 2025	\$ —	—	\$ —	—	\$ 0.21	10
July 24, 2025	September 12, 2025	\$ —	—	\$ —	—	\$ 0.21	10
			<u>\$ —</u>		<u>\$ —</u>		<u>\$ 30</u>

⁽¹⁾ Excludes dividend equivalent rights paid during the period.

On October 22, 2026, our Board of Directors declared quarterly cash dividends of (i) \$21.56 per share on our Series A preferred stock, (ii) \$22.19 per share on our Series B preferred stock, and (iii) \$0.25 per share on our common stock, each payable on December 15, 2026, to the applicable stockholders of record at the close of business on November 30, 2026. The declaration and payment of future dividends on our preferred and common stock are subject to approval by our Board of Directors, based upon a review of relevant considerations and regulatory and other restrictions on our ability to pay dividends, including restrictions imposed by the terms of each series of our outstanding preferred stock.

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in each component of Accumulated other comprehensive loss, net of tax effects, are as follows for the periods presented:

Three Months Ended September 30, 2026	Net Unrealized Losses on AFS Securities	Net Unrealized Gains on Cash Flow Hedges	Foreign Currency Translation Adjustments	Accumulated Other Comprehensive Loss
(Millions)				
Balance as of June 30, 2026	\$ (15)	\$ 1	\$ (3)	\$ (17)
Changes in other comprehensive loss	(8)	—	—	(8)
Balance as of September 30, 2026	<u>\$ (23)</u>	<u>\$ 1</u>	<u>\$ (3)</u>	<u>\$ (25)</u>

Three Months Ended September 30, 2025	Net Unrealized Losses on AFS Securities	Net Unrealized Gains on Cash Flow Hedges	Foreign Currency Translation Adjustments	Accumulated Other Comprehensive Loss
(Millions)				
Balance as of June 30, 2025	\$ (17)	\$ 1	\$ (3)	\$ (19)
Changes in other comprehensive income	3	—	—	3
Balance as of September 30, 2025	<u>\$ (14)</u>	<u>\$ 1</u>	<u>\$ (3)</u>	<u>\$ (16)</u>

Nine Months Ended September 30, 2026	Net Unrealized Losses on AFS Securities	Net Unrealized Gains on Cash Flow Hedges	Foreign Currency Translation Adjustments	Accumulated Other Comprehensive Loss
(Millions)				
Balance as of December 31, 2025	\$ (14)	\$ 1	\$ (3)	\$ (16)
Changes in other comprehensive loss	(9)	—	—	(9)
Balance as of September 30, 2026	<u>\$ (23)</u>	<u>\$ 1</u>	<u>\$ (3)</u>	<u>\$ (25)</u>

Nine Months Ended September 30, 2025	Net Unrealized Losses on AFS Securities	Net Unrealized Gains on Cash Flow Hedges	Foreign Currency Translation Adjustments	Accumulated Other Comprehensive Loss
(Millions)				
Balance as of December 31, 2024	\$ (19)	\$ —	\$ (3)	\$ (22)
Changes in other comprehensive income	5	1	—	6
Balance as of September 30, 2025	<u>\$ (14)</u>	<u>\$ 1</u>	<u>\$ (3)</u>	<u>\$ (16)</u>

12. INCOME TAXES

The Provision for income taxes increased for the three and nine months ended September 30, 2026. The effective tax rate was 25.5% and 4.3% for the three months ended September 30, 2026 and 2025, respectively, and 25.5% and 17.5% for the nine months ended September 30, 2026 and 2025, respectively. Both the increases in the Provision for income taxes and in the effective tax rates over the periods of comparison were primarily attributable to a discrete tax benefit in the prior year.

We file income tax returns in U.S. federal, state, local and foreign jurisdictions, as applicable. With a few exceptions, U.S. federal income tax returns and foreign income tax returns are no longer subject to examination for years before 2022, and state and local income tax returns are no longer subject to examination for years before 2021.

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. EARNINGS PER COMMON SHARE

Basic earnings per share (EPS) is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period. Net income available to common stockholders reflects the deduction of dividends declared on our preferred stock. Diluted EPS reflects the assumed conversion of unvested restricted stock awards pursuant to the Treasury Stock method.

The following table sets forth the computation of basic and diluted EPS attributable to common stockholders for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
(Millions, except per share amounts)				
Numerator				
Income from continuing operations	\$ 156	\$ 188	\$ 483	\$ 468
Loss from discontinued operations, net of income taxes ⁽¹⁾	—	—	—	(4)
Net income	156	188	483	464
Less: Preferred stock dividends	(6)	—	(10)	—
Net income available to common stockholders	\$ 150	\$ 188	\$ 473	\$ 464
Denominator				
Weighted average common stock outstanding – basic	38.3	46.5	40.3	47.4
Add: net effect of dilutive unvested restricted stock awards ⁽²⁾	1.0	1.0	0.7	0.7
Weighted average common stock outstanding – diluted	39.3	47.5	41.0	48.1
Basic EPS				
Income from continuing operations	\$ 3.91	\$ 4.04	\$ 11.75	\$ 9.88
Loss from discontinued operations	—	—	—	(0.09)
Net income per share	\$ 3.91	\$ 4.04	\$ 11.75	\$ 9.79
Diluted EPS				
Income from continuing operations	\$ 3.82	\$ 3.96	\$ 11.54	\$ 9.74
Loss from discontinued operations	—	—	—	(0.09)
Net income per share	\$ 3.82	\$ 3.96	\$ 11.54	\$ 9.65

⁽¹⁾ Includes amounts that related to the previously disclosed discontinued operations associated with the spinoff of our former LoyaltyOne segment in 2021 and the sale of our former Epsilon segment in 2019. For additional information, refer to Note 1, “Description of Business, Basis of Presentation and Significant Accounting Policies” to the unaudited Consolidated Financial Statements.

⁽²⁾ As the effect would have been anti-dilutive, for the nine months ended September 30, 2025, approximately 0.5 million restricted stock awards were excluded from the calculation of weighted average dilutive common shares. There were no anti-dilutive restricted stock awards for the three and nine months ended September 30, 2026; similarly, there were no anti-dilutive restricted stock awards for the three months ended September 30, 2025.

14. REGULATORY MATTERS AND CAPITAL ADEQUACY

Regulatory Matters

Our business is subject to extensive federal and state laws and regulations, as well as related regulation and supervision, including by the FDIC, Consumer Financial Protection Bureau (CFPB) and other federal and state authorities. Pending and

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

future laws and regulations (federal and state) may adversely impact our business. Without limiting the foregoing, CB is subject to various regulatory capital requirements administered by the Delaware Office of the State Bank Commissioner and the FDIC. CCB is also subject to various regulatory capital requirements administered by the Utah Department of Financial Institutions and the FDIC. Failure to meet minimum capital requirements can trigger certain mandatory and possibly additional discretionary actions by our regulators. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, both Banks must meet specific capital guidelines that involve quantitative measures of their assets and liabilities as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by these regulators about components, risk weightings and other factors. In addition, both Banks are limited in the amounts they can pay as dividends to the Parent Company.

Quantitative measures, established by regulations to ensure capital adequacy, require the Banks to maintain minimum amounts and ratios of Tier 1 capital to average assets, and Common equity tier 1, Tier 1 capital and Total capital, each to risk-weighted assets. Failure to meet these minimum capital requirements can result in certain mandatory, and possibly additional discretionary actions by the Banks' regulators that if undertaken, could have a direct material effect on CB's and/or CCB's operating activities, as well as our operating activities. Based on these regulations, as of September 30, 2026 and 2025, each Bank met all capital requirements to which it was subject, and maintained capital ratios in excess of the minimums required to qualify as well capitalized. The Banks seek to maintain capital levels and ratios in excess of the minimum regulatory requirements inclusive of the 2.5% Capital Conservation Buffer. Although Bread Financial is not a bank holding company as defined under the Bank Holding Company Act, we seek to maintain capital levels and ratios in excess of the minimums required for bank holding companies.

On December 17, 2025, we filed applications with the federal and respective state banking regulators for permission to merge CB with and into CCB, with CCB being the surviving entity. The merger was approved by the applicable regulators on July 31, 2026, and was consummated on October 1, 2026. The merger is not expected to have a significant impact on our consolidated financial position, results of operations, or liquidity.

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The following table provides the actual capital ratios and minimum ratios for the Company, as well as each Bank, as of the periods presented:

(Millions, except percentages)	Ratio/Dollar Value		Minimum Ratio for Capital Adequacy Purposes *	Minimum Ratio to be Well Capitalized under Prompt Corrective Action Provisions
	September 30, 2026	December 31, 2025		
Total Company				
Common equity tier 1 capital ratio ⁽¹⁾	13.1 %	13.0 %	4.5 %	N/A
Tier 1 capital ratio ⁽²⁾	14.1	13.4	6.0	N/A
Total risk-based capital ratio ⁽³⁾	17.1	16.8	8.0	N/A
Tier 1 leverage capital ratio ⁽⁴⁾	12.4	12.4	4.0	N/A
Total risk-weighted assets ⁽⁵⁾	\$ 19,728	\$ 19,755		
Comenity Bank				
Common equity tier 1 capital ratio ⁽¹⁾	15.5 %	15.1 %	4.5 %	6.5 %
Tier 1 capital ratio ⁽²⁾	15.5	15.1	6.0	8.0
Total risk-based capital ratio ⁽³⁾	16.9	16.5	8.0	10.0
Tier 1 leverage capital ratio ⁽⁴⁾	13.6	14.1	4.0	5.0
Comenity Capital Bank				
Common equity tier 1 capital ratio ⁽¹⁾	12.4 %	13.5 %	4.5 %	6.5 %
Tier 1 capital ratio ⁽²⁾	14.1	14.1	6.0	8.0
Total risk-based capital ratio ⁽³⁾	17.5	17.5	8.0	10.0
Tier 1 leverage capital ratio ⁽⁴⁾	12.5	13.2	4.0	5.0

* The listed capital adequacy ratios exclude the Capital Conservation Buffer.

- (1) Common equity tier 1 capital ratio represents tier 1 capital reduced by Preferred stock, divided by total risk-weighted assets. In the calculation of tier 1 capital, we follow the Basel III Standardized Approach and therefore Total stockholders' equity has been reduced by Goodwill and intangible assets, net.
- (2) Tier 1 capital ratio represents tier 1 capital divided by total risk-weighted assets. In the calculation of tier 1 capital, we follow the Basel III Standardized Approach and therefore Total stockholders' equity has been reduced, primarily by Goodwill and intangible assets, net. For us, tier 1 capital is primarily comprised of CET1 capital and Preferred stock.
- (3) Total risk-based capital ratio represents total capital divided by total risk-weighted assets. In the calculation of total capital, we follow the Basel III Standardized Approach and therefore tier 1 capital has been increased by tier 2 capital, which for us is comprised of subordinated notes, as well as the allowable portion of the Allowance for credit losses.
- (4) Tier 1 leverage capital ratio represents tier 1 capital divided by total average assets, after certain adjustments.
- (5) Total risk-weighted assets are generally measured by allocating assets, and specified off-balance sheet exposures, to various risk categories as defined by the Basel III Standardized Approach.

We are also involved, from time to time, in reviews, investigations, subpoenas, supervisory actions and other proceedings (both formal and informal) by governmental agencies regarding our business, which could subject us to significant fines, penalties, obligations to change our business practices, significant restrictions on our existing business or ability to develop new business, cease-and-desist orders, safety-and-soundness directives or other requirements resulting in increased expenses, diminished income and damage to our reputation.

In November 2023 following the consent of the Board of Managers of Comenity Servicing LLC (the Servicer), the FDIC issued a consent order to the Servicer. The Servicer is not one of our Bank subsidiaries, but is our wholly-owned subsidiary that services substantially all of our loans. The consent order arose out of the June 2022 transition of our credit card processing services to strategic outsourcing partners and addresses certain shortcomings in the Servicer's information technology (IT) systems development, project management, business continuity management, cloud operations, and third-party oversight. The Servicer entered into the consent order for the purpose of resolving these matters without admitting or

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

denying any violations of law or regulation set forth in the order. The consent order did not contain any monetary penalties or fines. The consent order was terminated by the FDIC on March 31, 2026.

15. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

From time to time we are subject to various lawsuits, claims, disputes, or potential claims or disputes, and other proceedings, arising in the ordinary course of business that we believe, based on our current knowledge, will not have a material adverse effect on our business, consolidated financial condition or liquidity, including claims and lawsuits alleging breaches of our contractual obligations, arbitrations, class actions and other litigation, arising in connection with our business activities. However, in light of the uncertainties involved in such matters, including the fact that some pending legal proceedings are at preliminary stages or seek an indeterminate amount of damages, penalties or fines, it is possible that the outcome of legal proceedings could have a material impact on our results of operations. Certain legal proceedings involving us or our subsidiaries are described further below.

On February 20, 2024, we and our general counsel were named as defendants in an adversary proceeding filed by the liquidating trustee in LVI's Chapter 11 bankruptcy case in the United States Bankruptcy Court for the Southern District of Texas, captioned *Pirinate Consulting Group, LLC v. Bread Financial Holdings, Inc.*, Case No. 24-03027 (Bankr. S.D. Tex.), alleging actual and constructive fraudulent transfers, among other claims, in connection with our spinoff of LVI. Also on February 20, 2024, the liquidating trustee filed an action in the United States District Court for the District of Delaware against us, each of the members of our Board of Directors at the time of the spinoff, and certain members of our management team, captioned *Pirinate Consulting Group, LLC v. Bread Financial Holdings, Inc.*, Case No. 24-cv-00226-RGA (D. Del.), alleging certain breaches of fiduciary duties (and aiding and abetting breaches of fiduciary duties) in connection with the spinoff. Subsequently, the liquidating trustee voluntarily dismissed without prejudice the complaint in the District of Delaware and commenced on March 20, 2024 a substantially similar action in Delaware Chancery Court, captioned *Pirinate Consulting Group, LLC v. Bread Financial Holdings, Inc.*, Case No. 2024-0277-MTZ (Del. Ch.), against the same parties and asserting the same claims. Among other things, in each of the Texas and Delaware actions, the liquidating trustee seeks damages in the amount of approximately \$750 million plus interest, fees and expenses. In the Texas action, the United States Bankruptcy Court permitted certain of the claims to move past a motion to dismiss, and on January 22, 2026, the Court denied our motion for partial summary judgment on other claims; we are appealing that decision to the United States District Court for the Southern District of Texas.

We and certain current and former members of our management team have also been named as defendants in other litigation matters relating to the LVI spinoff. LoyaltyOne, Co. (the LVI subsidiary that operated its Canadian AIR MILES business) filed suit against us and our general counsel in the Ontario Superior Court of Justice in Canada on October 18, 2023, in an action captioned *LoyaltyOne, Co. v. Bread Financial Holdings, Inc. et al.* The lawsuit asserts that our general counsel, in his capacity as a pre-spinoff director of LoyaltyOne, Co., breached various fiduciary duties owed to LoyaltyOne, Co. in connection with the LVI spinoff and certain other transactions, and that Bread Financial assisted in and benefited from those breaches. The lawsuit seeks damages in the amount of \$775 million. LoyaltyOne, Co. is also contesting our entitlement to certain potential tax refunds under the tax matters agreement, in proceedings pursuant to the Canadian Companies' Creditors Arrangement Act in the Commercial List of the Ontario Superior Court of Justice, captioned *In re Matter of a Plan of Compromise or Arrangement of LoyaltyOne, Co.*, Case No. CV-23-00696017-00CL (the Tax Matters Dispute). In July 2024, the judge presiding over the Tax Matters Dispute issued an order in our favor, and LoyaltyOne, Co. filed a motion for leave to appeal that order, which motion was dismissed by the Court of Appeal for Ontario in March 2025. LoyaltyOne, Co. has indicated that it will continue to seek to contest our entitlement to these potential tax refunds. In March 2026, certain creditors of LVI sought a temporary stay of these Canadian proceedings pending final resolution of the tax refund-related claims in the U.S. litigation filed by the liquidating trustee, and the Ontario Superior Court of Justice granted an interim one-year stay up to and including March 8, 2027, subject to the right of any interested party to bring a motion prior to that date to lift or vary the stay. Finally, on April 27, 2023, we and certain current and former members of our management team were named as defendants in a putative federal securities class action filed in the United States District Court for the Southern District of Ohio, captioned *Newtyn Partners, LP v. Alliance Data Systems n/k/a Bread Financial Holdings, Inc.*, Case No. 23-cv-1451-EAS (S.D. Ohio), concerning disclosures made about LVI's business prior to the spinoff. The lead plaintiff in this matter filed an amended complaint on March 21, 2024. In March 2025, the United States District Court for the Southern District of Ohio granted our and the other defendants' motions to dismiss in full and with prejudice; the court entered judgment in favor of all defendants and terminated the case.

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

The plaintiffs appealed the District Court’s ruling in the *Newtyn Partners* matter, and the United States Court of Appeals for the Sixth Circuit affirmed the dismissal of the suit in January 2026.

In all these actions related to the spinoff, we believe the allegations contained in the complaints are without merit and intend to defend the cases. We cannot predict at this point the length of time that these actions will be ongoing or the liability, if any, which may arise therefrom.

Some matters pending against us specify the damages sought, others seek an unspecified amount of damages or are at very early stages of the legal process. In matters where the amount of damages claimed against us are stated, the claimed amount may be exaggerated and/or unsupported. While some matters have not yet progressed sufficiently through discovery or have had development of important factual information and legal issues to enable us to estimate an amount of loss or a range of possible loss, other matters may have progressed sufficiently to enable an estimate of an amount of loss, or a range of possible loss. We accrue for a loss contingency when it is both probable that a loss has occurred, and the amount of loss can be reasonably estimated; however, there may be instances in which an exposure to a loss contingency exceeds our accrual. On a quarterly basis we evaluate developments in the legal proceedings against us that could cause an increase or decrease in the amount of the accrual that has been previously recorded.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Market Risk

Market risk is the risk to current or anticipated earnings, capital or economic value arising from changes in the market value of portfolios, securities or other financial instruments. Market Risk includes interest rate risk which is the risk arising from movements in interest rates. Our principal market risk exposures arise from volatility in interest rates and changes in the relationship between the interest rates on our assets (such as Credit card and other loans and Investments) and the interest rates on our liabilities (such as Deposits, Debt issued by consolidated variable interest entities and Long-term and other debt), which may include repricing risk, basis risk, yield curve risk and options risk, and their resulting impact on economic value, capitalization levels, and earnings.

There has been no material change from our 2025 Form 10-K related to our exposure to interest rate risk or other market risks.

Item 4. Controls and Procedures.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this Report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective and designed to ensure that the information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the requisite time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings.

Refer to (i) Part II, Item 1A, “Risk Factors—*We may be adversely affected by LVI’s ongoing bankruptcy proceedings or pending or future litigation or other disputes involving or relating to LVI.*” of our 2025 Form 10-K, (ii) Note 15, “Commitments and Contingencies” to our unaudited Consolidated Financial Statements, and (iii) “Risk Factors—Legal, Regulatory and Compliance Risks” of our 2025 Form 10-K, each of which is incorporated herein by reference.

Item 1A. Risk Factors.

There have been no material changes to the Risk Factors previously disclosed in our 2025 Form 10-K. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. For a discussion of the recent trends and uncertainties impacting our business, see also “Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) — Business Environment.”

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table presents information with respect to purchases of our common stock made by or on behalf of us during the three months ended September 30, 2026:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (Millions)
July 1-31	254,844	\$ 98.52	253,789	\$ 424
August 1-31	229,402	\$ 109.45	228,403	\$ 399
September 1-30	237,611	\$ 106.42	234,836	\$ 374
Total	<u>721,857</u>	<u>\$ 104.59</u>	<u>717,028</u>	

⁽¹⁾ During the periods presented, (i) 4,829 shares of our common stock were purchased by the administrator of our Bread Financial 401(k) Plan for the benefit of the employees who participated in that portion of the 401(k) Plan and (ii) 717,028 shares of our common stock were repurchased by the Company, pursuant to a Rule 10b5-1 trading plan previously adopted by the Company, during an open trading window.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

(a) None.

(b) None.

(c) (i) On August 31, 2026, Ralph Andretta, our President and Chief Executive Officer, entered into a “Rule 10b5-1 trading arrangement,” as defined in Item 408(a) of Regulation S-K, providing for the sale from time to time of an aggregate of up to 75,000 shares of our common stock. The duration of the trading arrangement is until June 30, 2027 or earlier if all transactions under the trading arrangement are complete. (ii) On August 19, 2026, Valerie

Greer, our Executive Vice President and Chief Commercial Officer, entered into a “Rule 10b5-1 trading arrangement,” as defined in Item 408(a) of Regulation S-K, providing for the sale from time to time of an aggregate of up to 10,000 shares of our common stock. The duration of the trading arrangement is until February 19, 2027 or earlier if all transactions under the trading arrangement are complete. During the three months ended September 30, 2026, no other Section 16 officer or director of the Parent Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

a) Exhibits:

EXHIBIT INDEX

Exhibit No.	Filer	Description	Incorporated by Reference		
			Form	Exhibit	Filing Date
3.1	(a)	Third Amended and Restated Certificate of Incorporation of the Registrant.	8-K	3.2	6/10/16
3.2	(a)	Certificate of Amendment to Third Amended and Restated Certificate of Incorporation of the Registrant.	8-K	3.1	3/24/22
3.3	(a)	Certificate of Designations of 8.625% Non-Cumulative Perpetual Preferred Stock, Series A of the Registrant.	8-K	3.1	11/25/25
3.4	(a)	Certificate of Designations of 8.875% Non-Cumulative Perpetual Preferred Stock, Series B of the Registrant.	8-K	3.1	5/12/26
3.5	(a)	Sixth Amended and Restated Bylaws of the Registrant.	8-K	3.2	3/24/22
4	(a)	Specimen Certificate for shares of Common Stock of the Registrant.	10-Q	4	8/8/03
*10.1	(a)	Salary Continuation, Release and Retirement Agreement, dated July 8, 2026, by and between Bread Financial Payments, Inc., Valerie Greer and the other parties thereto, including the Post Employment Non-Disclosure, Non-Competition, and Non-Solicitation Agreement attached as Exhibit A thereto.			
10.2	(a)	Amendment No. 2 to Credit Agreement, dated as of September 3, 2026, by and among Bread Financial Holdings, Inc., as borrower, and certain of its subsidiaries as guarantors, JPMorgan Chase Bank, N.A., as Administrative Agent and various other lenders.	8-K	10.1	9/8/26
*31.1	(a)	Certification of Chief Executive Officer of Bread Financial Holdings, Inc. pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.			
*31.2	(a)	Certification of Chief Financial Officer of Bread Financial Holdings, Inc. pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.			
**32.1	(a)	Certification of Chief Executive Officer of Bread Financial Holdings, Inc. pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code.			
**32.2	(a)	Certification of Chief Financial Officer of Bread Financial Holdings, Inc. pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code.			

Exhibit No.	Filer	Description	Incorporated by Reference		
			Form	Exhibit	Filing Date
*101	(a)	The following financial information from Bread Financial Holdings, Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2026, formatted in Inline XBRL: (i) Consolidated Statements of Income, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements.			
*104	(a)	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).			

* Filed herewith

** Furnished herewith

- (a) Bread Financial Holdings, Inc.
- (b) WFN Credit Company, LLC
- (c) World Financial Network Credit Card Master Trust
- (d) World Financial Network Credit Card Master Note Trust

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Bread Financial Holdings, Inc. has duly caused this quarterly report on Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

BREAD FINANCIAL HOLDINGS, INC.

DATE: October 27, 2026

By: /s/ RALPH J. ANDRETTA
Ralph J. Andretta
President and Chief Executive Officer

DATE: October 27, 2026

By: /s/ PERRY S. BEBERMAN
Perry S. Beberman
Executive Vice President and Chief Financial Officer

SALARY CONTINUATION, RELEASE, AND RETIREMENT AGREEMENT

This Salary Continuation, Release, and Retirement Agreement (“**Retirement Agreement**”) is entered into by and between Valerie Greer (“**Executive**”), and Bread Financial Payments, Inc. (f/k/a ADS Alliance Data Systems, Inc.), its parent and their subsidiaries and affiliates (“**Bread Financial**”) (collectively, the “**Parties**”).

Executive and Bread Financial have mutually agreed that: (1) Executive will transition her duties to other associates within Bread Financial September 1, 2026 (“**Transition Date**”); (2) Executive will retire on February 19, 2027, or the date on which Bread Financial pays eligible associates their incentive compensation (“**IC**,” as referred to in Section 1.5 below) for 2026 if such payments have not been made on or before February 19, 2027 (“**Retirement Date**”); (3) from the Transition Date to the Retirement Date (“**Transition Period**”), Executive shall use Executive’s best efforts, diligence, and skills to transition Executive’s duties to other Bread Financial associates, as assigned, and will serve the interests of Bread Financial in a good faith and professional manner; (4) during the Transition Period, Bread Financial may direct Executive to cease reporting for work and/or performing duties, and, in this event, Executive will make herself reasonably available to assist and consult at the request of Bread Financial for the remainder of the Transition Period; (5) Executive will no longer be authorized to transact business or incur any expenses, obligations, and liabilities on behalf of Bread Financial after the Retirement Date; and (6) effective as of the Retirement Date or sooner at the sole discretion of Bread Financial, Executive will resign as (a) an officer and/or director of Bread Financial if Executive serves as such and (b) an officer and/or member of each committee or other internal organization or position of Bread Financial for which Executive serves as such or is a member (which resignation will not change Executive’s employment status).

Executive and Bread Financial want to resolve all potential claims and controversies between them, up to and including the Effective Dates of this Retirement Agreement, as defined below; and

The Parties agree that provided Executive timely executes this Retirement Agreement and does not revoke Executive’s release of rights and claims under the ADEA (as defined below), the Effective Date #1 of this Retirement Agreement will be on the eighth (8th) day following the date of Executive’s first execution of this Retirement Agreement (“**Effective Date #1**”), and Effective Date #2 of this Retirement Agreement will be on the eighth (8th) day following the date of Executive’s second execution of this Retirement Agreement on or after the Retirement Date (“**Effective Date #2**”).

Based on the agreements and consideration described in this Retirement Agreement, the Parties agree as follows:

1.
CONSIDERATION

In return for Executive's release of claims and other promises in this Retirement Agreement, Bread Financial will provide Executive with the separation benefits stated below:

1.1. Salary Continuation. Bread Financial agrees to continue Executive's current annual base salary, payable in bi-weekly installment payments from the Transition Date through the Retirement Date ("**Salary Continuation Period**"). All payments under this paragraph will be subject to appropriate payroll tax deductions and income tax withholdings. Bread Financial and Executive agree that 401(k) withholding and matching, if any, shall continue during the Salary Continuation Period. Additionally, Executive will remain eligible to participate in the Executive Deferred Compensation Program ("**EDCP**") during the Salary Continuation Period.

1.2. Continuation of Benefits During Salary Continuation. Bread Financial agrees to continue Executive's health insurance benefits during the Salary Continuation Period at the premiums set forth by Bread Financial for the health insurance coverages selected by Executive for the applicable calendar year period(s).

1.3. Final Pay. Bread Financial will pay Executive final pay in accordance with applicable law through the Retirement Date. This payment will be subject to appropriate payroll tax deductions and income tax withholdings. Both Parties acknowledge that Executive would be receiving the payments described in this Section 1.3. even if Executive did not enter into this Retirement Agreement. Executive acknowledges that Executive has reported and has been properly paid for all hours worked. Bread Financial and Executive agree that after the Retirement Date, Executive will not be entitled to any sick leave, flexible time off or other benefits for which Executive was eligible or previously entitled. For example, and without limitation, Executive shall no longer be eligible to participate in the Bread Financial 401(k) and Retirement Savings Plan ("**401(k) Plan**") or the EDCP as of the Retirement Date.

1.4. Benefits. Executive's Bread Financial benefits will end on the Retirement Date. To the extent that, as of the Retirement Date, Executive is enrolled in Bread Financial-provided benefit plans that may be extended under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended, or the applicable state equivalent (together, "**COBRA**"), Executive may elect to continue health benefits pursuant to COBRA at Executive's cost by paying all of the applicable premiums. Information about COBRA will be provided separately if applicable.

1.5. Incentive Compensation. Executive will be eligible to receive Executive's IC payment for 2026 performance. Such payment, if any, is contingent upon the required approval and direction by the Compensation & Human Capital Committee of the Bread Financial Holdings, Inc. ("**BFH**") Board of Directors (the "**BFH Board**") to make IC payments to IC eligible associates. The IC payment, if any, will be paid to Executive in February 2027.

1.6. Delta Status. In consideration for executing this Retirement Agreement, Executive's Delta Diamond Medallion status will be maintained through its scheduled expiration date in January 2028.

1.7. Financial Planning Services. Additionally, as consideration for Executive signing the Retirement Agreement, Bread Financial will provide at Bread Financial's expense (not to exceed fifteen thousand dollars (\$15,000)) the financial planning services currently available to Executive until the end of 2027. In the event that Bread Financial is not able to provide the financial services to Executive after Executive's Retirement Date through its existing arrangement, Bread Financial will instead reimburse Executive up to fifteen thousand dollars (\$15,000) for Executive's actual documented expenses incurred during the remainder of 2027 for comparable financial planning services.

1.8. One-Time Payment. In further consideration for entering into this Retirement Agreement and the Post-Employment Obligations Agreement described below, Bread Financial agrees to make a payment to Executive in the gross amount of nine hundred forty-five thousand dollars (\$945,000), less required taxes and withholdings, within thirty (30) days following the Effective Date #2. Executive agrees that the payment outlined in this paragraph is over and above any sums earned by Executive as wages, commissions and/or bonuses through the Retirement Date. Bread Financial and Executive agree that the aforementioned One-Time Payment shall not be subject to 401(k) withholdings or employer matching or eligible for the EDCP.

In the event Executive completes the second execution of this Retirement Agreement on or after the Retirement Date, but then revokes said execution as to claims alleging violation of the federal ADEA, Executive shall be entitled to payment of one thousand dollars (\$1,000) of the One-Time Payment, and Executive shall forfeit all the otherwise remaining amount of the One-Time Payment and all other consideration.

1.9 Attorneys' Fees. As additional consideration, Bread Financial agrees to issue a check representing attorneys' fees payable to Davis Wright Tremaine LLP and Executive in the amount of ten thousand dollars (\$10,000). There will be no withholdings from this check, and Davis, Wright Tremaine LLP and Executive will be issued an IRS form 1099 for this payment.

1.10. Executive Deferred Compensation Plan ("EDCP"). As of the Retirement Date, Executive will no longer be eligible to participate in the EDCP. Executive and Bread Financial agree that Executive's cumulative EDCP contributions will be paid to Executive when permitted by, and in accordance with, the terms of the EDCP, but no sooner than the second pay period of the month that is six (6) months after Effective Date #2. Executive acknowledges that payments under the EDCP and any other nonqualified deferred compensation plan will be made subject to Section 409A of the Internal Revenue Code of 1986, as amended. Such payments shall be subject to all applicable taxes and withholdings.

1.11. Long-Term Incentive ("LTI"). The Parties agree that Executive will not be eligible for any LTI award in 2027 and that Executive's separation constitutes a "Qualifying

Retirement,” which means Executive’s unvested BFH restricted stock units will continue to vest as scheduled. Additionally the Parties agree that Executive’s BFH restricted stock units or other equity-related awards made to Executive shall be controlled by the terms of the 2024 BFH Omnibus Incentive Plan (“**Omnibus Plan**”) or, as applicable, the Predecessor Stock Plans as that term is defined in Omnibus Plan (collectively referred to herein as the “**LTI Plans**”) under which they were awarded; provided, however, that: (a) it shall be understood and stipulated that to the extent allowed by applicable law, the awards made to Executive under the LTI Plans were made in reliance upon Executive’s agreement to comply with any non-solicitation, non-competition and confidentiality agreements (“restrictive covenants”) Executive entered into; and (b) these obligations are understood to be mutually dependent consideration without which no agreement to provide an LTI award would have been made; accordingly, in the event that a restrictive covenant obligation deemed material by Bread Financial is held by a court with jurisdiction, or binding arbitration, from which there is no further appeal available, to be unenforceable as written, then Executive shall, at the election of Bread Financial, be required to return to Bread Financial any gain realized or payment or shares received upon the exercise or payment of, or lapse of restrictions with respect to, such award (with such gain, payment or shares valued as of the date of exercise, payment or lapse of restrictions, less taxes paid by Executive on same); the obligation to repay and date of repayment shall be determined by the Compensation Committee of the BFH Board or such other committee as is designated by the BFH Board (following a decision by a court or arbitrator that is non-appealable).

2. RELEASE

2.1. General Release. In exchange for the consideration set forth above in Section 1 (other than the Final Pay and Benefits paragraphs above), Executive, for Executive personally and Executive’s representatives, heirs, executors, administrators, successors and assigns, fully, finally and forever releases and discharges Bread Financial, its parent and their affiliates, as well as their respective successors, assigns, officers, owners, directors, agents, representatives, attorneys, insurers, and associates/employees (“**Released Parties**”), of and from all claims, demands, actions, causes of action, suits, damages, losses, attorneys’ fees, costs, and expenses, of any and every nature whatsoever, individually or as part of a group action, known or unknown, as a result of actions or omissions occurring through the dates Executive signs this Retirement Agreement. Specifically included in this waiver and release are, among other things, claims of unlawful discrimination, harassment, retaliation, or failure to accommodate; related to terms and conditions of employment; for denial of substantive rights; for compensation or benefits; and/or for wrongful termination of employment, under Title VII of the Civil Rights Act of 1964, the Pregnant Worker Fairness Act (“**PWFA**”), the Americans with Disabilities Act (“**ADA**”), the Civil Rights Act of 1866 (42 U.S.C. §1981), the Employee Retirement Income Security Act (“**ERISA**”), the Age Discrimination in Employment Act (“**ADEA**”), the Family and Medical Leave Act (“**FMLA**”), the National Labor Relations Act (“**NLRA**”), the Uniformed Services Employment and Reemployment Rights Act (“**USERRA**”), the Worker Adjustment and Retraining Notification Act (“**WARN**”), any amendments to the foregoing, or any other federal, state or local statute, rule, ordinance, or regulation, as well as claims in equity or under the

common law for tort, breach of contract, wrongful discharge, defamation, emotional distress, and negligence or other unlawful behavior.

Nothing in this Retirement Agreement is intended to waive claims (a) under COBRA or for unemployment, workers' compensation, or disability insurance benefits, (b) for vested rights, if any, that Executive may have under Bread Financial's 401(k) savings plan or any other under compensation and benefit plans as applicable on the dates Executive signs this Retirement Agreement, (c) that may arise after Executive signs this Retirement Agreement, (d) for reimbursement of expenses under Bread Financial's expense reimbursement policies, (e) challenging Bread Financial's failure to comply with its promises under this Retirement Agreement, or (f) that controlling law clearly states may not be released by private agreement.

2.2. ADEA Release. Except as otherwise provided in the Protected Rights paragraph below, Executive hereby acknowledges that Executive is knowingly and voluntarily entering into this Retirement Agreement with the purpose of waiving and releasing any claims under the ADEA. In accordance with the Older Workers Benefit Protection Act ("**OWBPA**") Executive acknowledges and agrees that:

- (a) This Retirement Agreement is written in a manner which Executive fully understands.
- (b) Any rights or claims arising under the ADEA are specifically waived.
- (c) Any rights or claims under the ADEA that may arise after this Retirement Agreement is executed are not waived.
- (d) The rights and claims waived in this Retirement Agreement are in exchange for additional consideration over and above anything to which Executive was already undisputedly entitled.
- (e) Executive acknowledges that by receipt of this Retirement Agreement, Bread Financial has advised Executive, in writing, to consult with an attorney prior to executing this Retirement Agreement, and Executive has, in fact, had an opportunity to do so.
- (f) Executive is hereby given at least **twenty-one (21) day** period to consider this Retirement Agreement and execute for purposes of Effective Date #1. Executive may voluntarily sign this Retirement Agreement prior to the expiration of the **twenty-one (21) day** period. If Executive enters into this Retirement Agreement before the **twenty-one (21) day** period has elapsed, Executive is knowingly and voluntarily waiving Executive's right to wait the full **twenty-one (21) day** period.
- (g) Executive must re-execute this agreement for purposes of Effective Date #2. The re-execution may not occur prior to Executive's Retirement Date.
- (h) Executive may revoke this waiver and release of any ADEA claims covered by this Retirement Agreement within **seven (7) days** from the dates this Retirement Agreement is signed/re-signed. If Executive wishes to revoke Executive's release of claims and rights under the ADEA, Executive should send any written revocation by hand delivery, mail or email to the person identified below in the Notices paragraph on or before 11:59 p.m. on the seventh (7th) day after the date on which Executive signs or re-signs this Retirement Agreement. In the event

Executive's release of claims and rights under the ADEA is so timely revoked, Executive shall not be entitled to any of the payments or other consideration in this Retirement Agreement, except as provided in Section 1.3.

- (i) This Retirement Agreement shall not become effective until the **seven-day (7-day)** revocation periods have passed, and Executive shall not have revoked Executive's waiver and release of any ADEA claim during the seven-day period.
- (j) Any changes made to this Retirement Agreement, whether material or immaterial, will not restart the running of this **twenty-one (21) day** period.

2.3. Protected Rights. Regardless of whether or not Executive signs this Retirement Agreement, nothing in any Bread Financial agreement, policy, or practice, including this Retirement Agreement (a) limits or affects Executive's right to disclose or discuss sexual misconduct, abuse, hostile work environment, harassment or assault disputes or events, or any other unlawful or unsafe Company conduct or practices; (b) limits or affects Executive's right to challenge the knowing and voluntary nature of the release of claims under the ADEA; (c) prevents Executive from communicating with, filing a charge or complaint with, providing documents or information voluntarily or in response to a subpoena or other information request to, or from participating in an investigation or proceeding conducted by the Equal Employment Opportunity Commission, National Labor Relations Board, the Securities and Exchange Commission, the Occupational Safety and Health Administration, law enforcement, or any other any federal, state or local agency or entity charged with the enforcement of any laws; (d) from testifying, providing evidence, or responding to a subpoena or discovery request in court litigation or arbitration; or (e) requires Executive to disclose to Bread Financial any such filing, communication or participation. By signing this Retirement Agreement, Executive is waiving rights to individual relief (including backpay, frontpay, reinstatement or other legal or equitable relief) in any charge, complaint, lawsuit, or other proceeding, including any class or collective action, whether brought by Executive or on Executive's behalf by any third party, except where such a waiver is prohibited. However, this waiver does not prevent Executive from receiving a payment or award from a government agency, including but not limited to the Securities and Exchange Commission, (and not Bread Financial or other Released Party) for information provided to the government agency or as otherwise directed by a government agency.

2.4. Waiver of Monetary Damages. Notwithstanding the foregoing paragraphs in this Section 2, Executive agrees to waive any right to recover monetary damages in any charge, complaint, or lawsuit against Released Parties filed by Executive or anyone else on Executive's behalf.

3. GENERAL PROVISIONS

3.1. Non-Admission. This Retirement Agreement shall not be construed as an admission by the Released Party of any liability or acts of wrongdoing or unlawful discrimination, nor shall it be evidence of such liability, wrongdoing, or unlawful discrimination.

3.2. Subpoena Notice and Cooperation. This Retirement Agreement is not intended to prohibit or interfere with Executive's ability to respond to or cooperate with any governmental agency request or subpoena or court order, and Executive and Bread Financial agree that they will respond accurately and fully to any question, inquiry, or request for information when required by legal process. However, in the event Executive receives such a subpoena or order, Executive agrees to provide Bread Financial notice of the subpoena or order within five (5) days of Executive's receipt of such subpoena or order to the Legal Department, Bread Financial Payments, Inc., 2600 Network Blvd. Suite 600, Frisco, Texas 75034.

3.3. Non-Disparagement. Executive further agrees that from and after the Effective Dates, Executive will not make or publish any statement, written or oral, maligning, disparaging or defaming the reputation of Bread Financial, any of its present or future employees, officers, shareholders, subsidiaries or affiliates, or any of Bread Financial's respective businesses or products.

3.4. Proprietary Information. Executive acknowledges access to and receipt of proprietary, confidential and trade secret information regarding Bread Financial and its affiliates while working including but not limited to customer and market information, financial and pricing data, business strategy and operations, and Bread Financial's technological innovations and software ("***Confidential Information***"). Executive agrees not to make any such information known to any member of the public. By signing this Retirement Agreement, Executive certifies that on or before the Retirement Date, Executive has (a) returned all Confidential Information and all other Bread Financial property within Executive's possession or control, including, but not limited to, mobile devices (e.g., iPhones, iPads, hotspots), keys, access cards, laptop/thin client or other computers and peripheral equipment, software, automobiles, equipment, customer lists, forms, plans, documents, and other written and computer material, and copies of the same, belonging to Bread Financial, its parent, or its affiliates, or any of their customers, as well as all copies or excerpts of any property, files or documents obtained as a result of employment with Bread Financial, and (b) provided Bread Financial with all log-in, password, account and similar information for any Bread Financial-related documents, programs, accounts, or other password-protected materials accessed or used by Executive in connection with work for Bread Financial. The obligations in this paragraph do not limit Executive's right to make truthful statements or disclosures regarding unlawful employment practices or limit Executive's access to or participate in a proceeding before any government agency.

Pursuant to the Defend Trade Secrets Act of 2016, an individual may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Further, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the employer's trade secrets to the attorney and use the trade secret information in the court proceeding if the

individual: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order.

3.5. Non-Competition and Other Restrictive Covenants. In exchange for the consideration in Section 1 of this Retirement Agreement, Executive agrees to be bound by the Post Employment Non-Disclosure, Non-Competition, and Non-Solicitation Agreement ("***Post-Employment Obligations Agreement***") appended hereto as Exhibit A. The Post-Employment Obligations Agreement is expressly entered into in connection with Executive's separation from Bread Financial and is a term and condition of Executive's entitlement to receive and retain the benefits set forth in Section 1 of this Retirement Agreement, which would not otherwise be provided but for Executive's agreement to comply with the Post-Employment Obligations Agreement.

3.6. Cooperation. Executive agrees to cooperate with the Released Parties regarding matters within the knowledge or responsibility of Executive. Without limiting the foregoing, Executive agrees (a) to meet with a Released Party's representatives, its counsel or other designees at mutually convenient times and places with respect to any items within the scope of this provision; (b) to provide truthful testimony regarding same to any court, agency, or other adjudicatory body; and (c) to provide Bread Financial with notice of contact by any non-governmental adverse party or such adverse party's representative, except as may be required by law. Bread Financial will reimburse Executive for reasonable expenses in connection with the cooperation described in this paragraph.

3.7. Applicable Law and General Provisions. This Retirement Agreement shall be interpreted under the laws of the State of Ohio without reference to conflicts of laws principles, except where the application of Ohio law is prohibited, including California. In such circumstances, this Retirement Agreement shall be interpreted under the laws of the state in which Executive last worked for Bread Financial. Notwithstanding the foregoing, any agreement to arbitrate between the Parties (if there is one) will be controlled by the Federal Arbitration Act, 9 U.S.C. § 1 et. seq. and applicable federal law. This Retirement Agreement including any attached information sets forth the entire agreement between the Parties. Executive is not relying on any other agreements or oral representations not addressed in this document. Any prior agreements between or directly involving Executive and Bread Financial are superseded by this Retirement Agreement, except Executive's obligations under previously signed agreements related to inventions, business ideas, confidentiality of corporate information, unfair competition, which Executive affirms, or arbitration or other dispute resolution programs all of which remain intact and applicable to Executive. This Retirement Agreement shall not be introduced as evidence in any administrative, arbitral, or legal proceeding, except for proceedings to enforce this Retirement Agreement or defend against a breach. The provisions of this Retirement Agreement are severable, and if any part of this Retirement Agreement except the release of claims is found by a court of law to be unenforceable, the remainder of this Retirement Agreement will continue to be valid and effective, and a court or arbitrator shall have the power to interpret and reform the unenforceable provision so as to comply with legal requirements and the intent of the parties. The headings in this Retirement Agreement are for reference only and shall not affect the substance of this Retirement Agreement. Subject to the limitations contained

in the arbitration agreement between the Parties (if there is one), the Parties agree that any legal claim arising from or related to this Retirement Agreement that may be pursued in a court of law shall be pursued in a court of law that is located in Ohio or Texas (the “***Chosen Venues***”) unless this choice of venue provision is not permitted by applicable law. Executive expressly consents to the personal jurisdiction of the courts with applicable subject matter jurisdiction (state and/or federal) located in the Chosen Venues over Executive and waives any and all claims and objections to the contrary (including, without limitation, any objection based on convenience or expense).

3.8. Binding Agreement. This Retirement Agreement is binding upon and the benefits will inure to Executive and Executive’s heirs, and to Bread Financial and its successors and assigns.

3.9. Requirements for Valid Waiver. No waiver of any of the terms of this Retirement Agreement shall be valid unless in writing and signed by the party to this Retirement Agreement against whom such waiver is sought to be enforced. The waiver by any party hereto of any provision of this Retirement Agreement shall not operate or be construed as a waiver of any subsequent breach by any party, nor shall any waiver operate or be construed as a rescission of this Retirement Agreement.

3.10. Notices. All notices and other communications related to this Retirement Agreement or its terms must be provided in writing and delivered by (a) hand; (b) courier; (c) overnight delivery service; (d) three (3) days after being mailed by certified or registered mail, return receipt requested, with appropriate postage prepaid, or (e) by e-mail (so long as a receipt of such e-mail is requested and received), and shall be directed to the address set forth below (or at such other address as such party shall designate by like notice):

If to Bread Financial:

Mailing Address: Bread Financial Payments, Inc.

Legal Department

Attn: Chief Legal Officer

2600 Network Blvd. Suite 600

Frisco, Texas 75034

Email Address: GeneralCounsel@breadfinancial.com

If to Executive: at the address set forth below Executive’s signature on the signature page of this Retirement Agreement.

3.11. Wording Accepted By Parties. All words used in this Retirement Agreement will have their plain meaning in ordinary English unless expressly defined in this Retirement Agreement. The wording in this Retirement Agreement was reviewed and accepted by all Parties after reasonable time to review with legal counsel, and no party will be entitled to have any

wording of this Retirement Agreement construed against the other party as the drafter of the Retirement Agreement in the event of any dispute in connection with this Retirement Agreement.

3.12. Section 409A. This Retirement Agreement is intended to be interpreted and applied so that the payments and other benefits are exempt from the requirements of Internal Revenue Code Section 409A (“**Section 409A**”). However, Bread Financial and its respective officers, directors, employees or agents make no guarantee that the terms of this Retirement Agreement comply with, or are exempt from, the provisions of Section 409A, and Executive agrees that none of them will have any liability if the terms of this Retirement Agreement do not comply with, or are not exempt from, the provisions of Section 409A. To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Retirement Agreement shall be provided in accordance with the following: (a) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (b) any reimbursement of an eligible expense shall be paid to Executive on or before the last day of the calendar year following the calendar year in which the expense was incurred; and (c) any right to reimbursements or in-kind benefits under this Retirement Agreement shall not be subject to liquidation or exchange for another benefit.

3.13. Understanding of Agreement. Executive is entering into this Retirement Agreement voluntarily, deliberately, and with all information needed to make an informed decision to enter into this Retirement Agreement. Bread Financial has provided Executive with the opportunity to ask any questions about this Retirement Agreement, and Executive is represented by an attorney who has reviewed the Retirement Agreement.

Executive acknowledges and agrees that this Retirement Agreement must be signed and returned to Bread Financial no later than July 8, 2026, or this Retirement Agreement shall be of no force and effect and the offers contained in the Retirement Agreement shall be considered withdrawn. Executive further agrees that Executive will re-execute the Retirement Agreement on the Retirement Date to reconfirm the terms and conditions of this Retirement Agreement and the releases and waivers made by Executive in Section 2 hereof for the period from the Transition Date through the Retirement Date.

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IN WITNESS WHEREOF, the Parties have executed this Retirement Agreement as follows:

VALERIE GREER

Executive Signature

Address

City, State, Zip

Date: _____

Executive reconfirms the terms and conditions of this Retirement Agreement and the releases and waivers made by her in Section 2 as of the date written below.

VALERIE GREER

Executive Signature

Date: _____

BREAD FINANCIAL PAYMENTS, INC.

By: _____
Joseph L. Motes

Its: EVP, Chief Legal & Administrative Officer

Date: _____

EXHIBIT A

Post-Employment Non-Disclosure, Non-Competition, and Non-Solicitation Agreement

POST EMPLOYMENT NON-DISCLOSURE, NON-COMPETITION, AND NON-SOLICITATION AGREEMENT

WHEREAS this Post Employment Non-Disclosure, Non-Competition, and Non-Solicitation Agreement (the “**Agreement**”), effective as of the date below, is between Executive, the employee identified below, and Bread Financial Payments, Inc. (f/k/a ADS Alliance Data Systems, Inc.) (the “Company”) on behalf of itself and its Affiliate (meaning an entity directly or indirectly controlling, controlled by, or under direct or indirect common control with the Company), and is entered into in connection with Executive’s transitioning of duties and separation of employment from the Company;

WHEREAS Executive has been employed in a special position of trust and confidence that involves access to Confidential Information (defined below), valuable business relationships and goodwill, and/or specialized training, which would give Executive an unfair advantage in the marketplace if Executive’s conduct was not subject to the limitations provided for in this Agreement;

WHEREAS the Company and Executive wish to enter into this Agreement for the benefit of: (i) Executive; and, (ii) the Company, any Affiliate that employs Executive, and any Affiliate that has a legitimate business interest in the protections provided through this Agreement due to Executive’s interaction with the Affiliate or access to the Confidential Information or customers of the Affiliate (collectively referred to hereafter as “**Bread Financial**”); and

WHEREAS it is understood that for purposes of this Agreement, “**Bread Financial’s Business**” means the business/industry that Bread Financial is or has been engaged in, or is demonstrably planning or preparing to engage in, during Executive’s employment, that Executive has had involvement with or access to Confidential Information about, and that Bread Financial remains engaged in at the time of enforcement; by way of illustration and not limitation, Bread Financial’s Business is currently understood to include (i) providing market-leading private label and co-brand credit card programs, (ii) providing loyalty reward programs and related card support, (iii) providing digital, online, or mobile point-of-sale consumer financing solutions whether online, app- or mobile-based, including if used in-store/in-person, and (iv) providing marketing, analysis, data and support services and products related to the foregoing products and services for Bread Financial customers.

NOW, THEREFORE, in exchange for the consideration provided in Section 1 of the Salary Continuation, Release, and Retirement Agreement (the “**Retirement Agreement**”) Executive has executed contemporaneously herewith, Executive agrees to the following restrictions, which Executive acknowledges are reasonable and necessary to protect Bread Financial’s legitimate business interests and constitute a material term of the Retirement Agreement. The parties agree as follows:

1. Confidential Information.

(a) In this agreement, “**Confidential Information**” refers to an item of information or a compilation of information in any form (tangible or intangible) related to Bread Financial’s Business that Executive first acquired or gained access to during or as a result of Executive’s employment or other association with Bread Financial if Bread Financial has not authorized public disclosure of it and it is not readily available through proper means to the general public or third parties who are under no obligation to keep it confidential.

(b) Confidential Information shall be presumed to include (without limitation), the following items of non-public information: customer lists and records of customers and customer contact information, as well as customer communications, private customer contract terms, unique customer preferences and historical transaction data; private bids, proposals, quotes, requests for proposal, and related analyses; financial records and analysis, and related non-public data regarding Bread Financial’s financial performance; business plans and strategies, forecasts and analyses; unpatented inventions and related information, patent applications, technological innovations, originally created and/or customized software (including but not limited to features, specifications, and source code), blueprints, design details and specifications, formulas, and research and development information regarding products and services of Bread Financial; Internal business methods, procedures, techniques, processes, know how, systems and

innovations; marketing plans, research and analyses; pricing information, and underlying pricing-related variables such as costs, volume discounting options, and profit margins not publicly published; joint venture, partnership, and business (stock and asset) sale and acquisition opportunities identified by Bread Financial and related analyses; management evaluations of Bread Financial's resources/assets (such as technology, real estate, and employee job performance); and, private contract terms with vendors and suppliers, and analysis of vendor and supplier business opportunities. Due to its special value and utility as a compilation, a confidential compilation of information by Bread Financial will remain protected even if individual items of information in it are public. Private disclosure of Confidential Information to parties Bread Financial is doing business with for business purposes shall not cause the information to lose its protected status as Confidential Information under this Agreement.

(c) Information that belongs to a third party and is entrusted to Bread Financial in confidence ("**Third Party Confidential Information**") will be treated as Confidential Information and handled by Executive in strict compliance with the agreement under which it is entrusted to Bread Financial and in accordance with any applicable laws and regulations related to the confidentiality of such information (such as, but not limited to, laws governing confidentiality of personal identifying information like Social Security Numbers).

2. Executive's Nondisclosure Obligations.

(a) Executive acknowledges Executive has and will continue to hold all Confidential Information in confidence and fiduciary trust for the benefit of Bread Financial. Executive has not and will not engage in any copying, use or disclosure of Confidential Information beyond that which was: authorized in the course of Executive's employment duties for Bread Financial, undertaken for the benefit of Bread Financial, and conducted in strict compliance with Bread Financial's policies and directives concerning the handling of such information. Executive has and will continue to use reasonable care and diligence to prevent the unauthorized destruction, copying, or publication of Confidential Information. The foregoing applies during the term of Executive's employment and for so long thereafter as the information at issue continues to qualify as Confidential Information under this Agreement. Information that would qualify as a Bread Financial trade secret absent this Agreement will remain protected as a trade secret of Bread Financial for as long as it qualifies as a trade secret and no provision of this Agreement will be construed, eliminate or reduce these protections. The purpose of the foregoing restriction is the protection of Bread Financial's Confidential Information, and it shall not be construed or applied broadly as a general restraint of trade or covenant not to compete. Executive's nondisclosure obligations under this Agreement shall not be construed to prohibit use of generally available knowledge, skill and education that is not specific to Bread Financial but instead knowledge generic to the industry or profession.

(b) In the event Executive is served with a subpoena, court order or similar legal mandate requiring the disclosure of Confidential Information, Executive will provide Bread Financial notice and opportunity to intervene and protect its Confidential Information prior to disclosure unless such notice is prohibited by law. Such notice will be provided within five (5) days of Executive's receipt of such subpoena or order to the Legal Department, Bread Financial Payments, Inc., 2600 Network Blvd. Suite 600, Frisco, Texas 75034.

3. Protective Covenants.

Executive agrees that confidentiality obligations and other provisions of this Agreement are insufficient standing alone to protect Bread Financial's trade secrets and other Confidential Information because some activities would by their nature lead to the undetectable and/or inadvertent use of trade secrets and other Confidential Information and cause irreparable harm to Bread Financial's business relationships and goodwill. Accordingly, Executive agrees to comply with the additional reasonable and necessary restrictions ("**Protective Covenants**") below to prevent such activities.

(a) Noncompete.

i. During employment and through the scheduled vesting date of Executive's last Long-Term Incentive ("**LTI**") grant in 2029, which is February 20, 2029 ("**Restricted Period**"), Executive will not provide or manage services (as an employee, consultant, board member, or otherwise) in the Restricted Area for a Competitor that (i) are the same as or similar in function or purpose to those Executive provided or managed for Bread Financial in the Look Back Period, (ii) involve providing competing goods or services to a customer of Bread Financial that was a customer when Executive's employment ended, (iii) involve the development of goods and/or services that compete with those of Bread Financial, or (iv) would otherwise involve the probable use or disclosure of Confidential Information. This paragraph shall be referred to as the "**Noncompete**."

ii. Notwithstanding the above, Executive agrees that during the Restricted Period, with prior written approval (not to be unreasonably delayed or withheld):

(aa) Executive may accept consulting or advisory engagements or board positions with parties that are not (directly) involved in the industry, and where the subject matter of the engagement would not present a competitive concern to Bread Financial; and

(bb) from and after December 31, 2027, through the end of the Restricted Period, Executive may accept consulting or advisory engagements with parties that are (directly or indirectly) involved in the industry, where the subject matter of the engagement would not present a competitive concern to Bread Financial (e.g., consulting with a Bread Financial brand partner on agent-commerce issues) and does not relate to (i) any renewal of an existing Bread Financial brand partner agreement or (ii) any request for proposal in which Bread Financial is participating.

(b) Customer Nonsolicit. During the Restricted Period, Executive has not and will not, for the benefit of a Competitor, directly or through others, (i) solicit or assist in soliciting competing business from any Covered Customer, or (ii) knowingly encourage or induce a Covered Customer to stop or reduce doing business with Bread Financial. This paragraph shall be referred to as the “**Customer Nonsolicit**.”

(c) Employee Nonsolicit. During the Restricted Period, Executive has not and will not, for the benefit of a Competitor, directly or through others, (i) solicit or knowingly induce any Covered Employee of Bread Financial to leave the employment of Bread Financial, or (ii) assist a Competitor in hiring a Covered Employee. This paragraph shall be referred to as the “**Employee Nonsolicit**.”

(d) Prohibited Interference. During the Restricted Period, Executive has not and will not, directly or through others, solicit or knowingly induce or encourage a supplier, vendor, or referral source of Bread Financial to stop or reduce doing business with Bread Financial. This paragraph shall be referred to as the “**Prohibited Interference Clause**.”

(e) Customer Goodwill Protection. During the Restricted Period, Executive has not and will not capitalize on Executive's familiarity with a Covered Customer for the benefit of a Competitor by participating in the acceptance or servicing of competitive business with a Covered Customer. This paragraph shall be referred to as the “**Goodwill Protection Clause**.”

(f) “Competitor” means any organization, entity or person who is engaged in Bread Financial's Business or is preparing to engage in Bread Financial's Business.

(g) “Covered Customer” means a customer of Bread Financial that Executive had material contact or interaction with (directly or through persons under Executive's supervision) on behalf of Bread Financial, or had access to Confidential Information about, in the Look Back Period. Material contact will be presumed to have occurred if Executive participated in communications with the customer or received commissions or other beneficial credit for business Bread Financial conducted with the customer. For purposes of the Protective Covenants, where permitted by law, a customer shall include a specifically identified customer-prospect that Bread Financial is actively pursuing in a demonstrable way when Executive's employment ends.

(h) “Covered Employee” means an employee that Executive worked with or gain knowledge of through employment with Bread Financial. Where permitted by law, an individual who resigns from employment with Bread Financial will also be treated as a Covered Employee for purposes of the Protective Covenants for a period of ninety (90) days after the individual's employment with Bread Financial ends.

(i) “Look Back Period” means the last two (2) years of Executive's employment with the Company, or whatever lesser period of time Executive may have been employed with Bread Financial, including any period of employment with predecessor that is now a part of the Company through merger, acquisition, or otherwise.

(j) “Restricted Area” means the county Executive resides in, the state Executive resides in, and each additional state and county in the United States or equivalent in a foreign country where the Company does business, or plans to do business, that Executive was provided Confidential Information about or had business related involvement with, directly or indirectly, in the Look Back Period. Given the lack of geographic boundaries applicable to Bread Financial's Business, and because of Executive's role as Bread Financial's Chief Commercial Officer, Executive acknowledges that Executive's all assigned geographic territory of work is and will remain through the remainder of Executive's employment, the Restricted Area described above and that the scope of Confidential Information Executive is provided encompasses all of the United States and India unless Executive shows by clear and convincing evidence that a lesser geographic area should apply. Executive stipulates that the provisions of the Agreement provide Executive with adequate means to reasonably determine the maximum scope of the restraints placed upon Executive at the time of Executive's employment termination.

(k) To “solicit” (or “solicitation”) means to engage in acts or communications that are intended to, or can reasonably be expected to induce or encourage a particular responsive action (such as buying a good or service or terminating a relationship), regardless of which party first initiates contact.

(l) The Customer Nonsolicit, Employee Nonsolicit, Prohibited Interference Clause, and Customer Goodwill Protection Clause are understood to be reasonably limited by geography to those locations and/or places of business where the individual shielded from solicitation or interference (such as a customer) is located and available for solicitation or interference. However, if a different form of geographic limitation is required under applicable law for the restriction to be enforceable then the restriction shall be deemed limited to the Restricted Area.

(m) The Protective Covenants do not prohibit general advertising that is not targeted at the Company's customers or employees such as advertisements directed to the general public or “help wanted” ads. They do not prohibit a passive and non-controlling ownership of less than 2% of the stock in a publicly traded company. The Protective Covenants will not be construed to generally prohibit Executive's employment in an entire industry or business sector, or to be an unreasonable restraint on Executive's ability to earn a living.

4. Injunctive Relief.

Executive agrees that damages alone would not be an adequate remedy for the irreparable harm to Bread Financial that would result from violation of this Agreement, and that Bread Financial shall be entitled to injunctive relief to secure specific performance and/or similar equitable remedy if a violation or threatened violation occurs. Executive hereby consents to the granting of such relief to enforce the provisions of this Agreement, and agrees that Bread Financial may enforce its rights under this Agreement by bringing suit for injunctive relief or specific performance without payment of bond or security (provided that if a bond is required for injunctive relief to issue a bond of \$1,000 shall be presumed sufficient). In the event that any restriction on Executive herein is found to be unenforceable as written due to overbreadth, the restriction shall nonetheless be enforced to such lesser extent as the court (or arbitrator if applicable) deems reasonable and enforceable to accomplish the intent of the parties and the protection of Bread Financial to the maximum extent allowed by law. In the event Executive violates a post-employment restriction provided for in this Agreement that is limited by time, the time applicable to such restriction shall be extended by one day for each day Executive is found to have been in violation of such restriction up to a maximum extension that is equal in length to the length of restraint originally provided for (an “**Equitable Extension Period**”) unless this provision would make the restriction unenforceable under applicable law.

5. Loyalty and Conflicting Obligations.

Executive acknowledges that during Executive's employment Executive has had, and will continue to have during the remainder of Executive's employment, a fiduciary duty of loyalty to Bread Financial that included the obligation to comply with Bread Financial's policies regarding avoiding conflicts of interest (such as competitive activities), reporting potential conflicts of interest, and informing Bread Financial of any business opportunities related to its line of business that Executive becomes aware of in a timely manner so that it may take advantage of such business opportunities wherever possible. Executive is under no binding legal obligations (by contract or otherwise) that would prevent Executive from performing the duties of Executive's position with Bread Financial, and if subject to any limiting obligations they have been identified in writing submitted to Bread Financial simultaneous with the execution of this Agreement.

6. Protected Conduct.

Nothing in this Agreement shall be used to impede or prohibit Executive from opposing or reporting to the relevant law-enforcement agency (such as but not limited to the Securities and Exchange Commission, Department of Labor, National Labor Relations Board, Equal Employment Opportunities Commission, Occupational Safety and Health Administration or law enforcement) an event that Executive reasonably and in good faith believes is a violation of law, obligates Executive to inform Bread Financial before or after making such a report, prohibits Executive from cooperating in an investigation conducted by such a government agency, limits or affects Executive's right to disclose or discuss criminal conduct, discrimination, harassment (including but not limited to sexual harassment or sexual assault) or retaliation, prohibits Executive from discussing such matters with Executive's own legal counsel, or prohibits Executive from providing truthful testimony in a legal, administrative or arbitration proceeding. Executive is given notice that pursuant to the 2016 Defend Trade Secrets Act (DTSA): (1) no individual (consultant, contractor or employee) will be held criminally or civilly liable under federal or state trade secret law for the disclosure of a trade secret that: (i) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and made solely for the purpose of reporting or investigating a suspected violation of law; or, (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal so that it is not made public; and, (2) an individual who pursues a lawsuit for retaliation by an employer for reporting a suspected

violation of the law may disclose the trade secret to the attorney of the individual and use the trade secret information in the legal proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except as permitted by legally binding order.

7. General.

(a) Independent Legal Advice. Executive acknowledges that Executive has been advised by Bread Financial to obtain independent legal advice, and has had an opportunity to obtain such advice, with respect to the Agreement.

(b) Entire Agreement. This is the entire agreement and supersedes all prior agreements and understandings, whether oral or written, between the parties with respect to the subject matter hereof. This Agreement may not be amended except by the written agreement of the parties hereto. Executive expressly warrants that no promise or agreement that is not herein expressed has been made to Executive in executing this Agreement and that Executive is not relying upon any statement or representation of Bread Financial not expressly contained in this Agreement. The introductory provisions of this Agreement (including "Whereas" clauses) are a material and substantive part of this Agreement.

(c) No Waiver / Survival. Bread Financial's rights under this Agreement can only be modified or waived in a writing signed by an authorized officer of Bread Financial; no delay or failure to assert rights or remedies shall be construed as a waiver by Bread Financial. The post-employment restrictions applicable to Executive under this Agreement shall survive the termination of employment regardless of the cause of the termination or which party terminates the relationship. This Agreement will be deemed to continue in effect despite any changes in terms and conditions of Executive's employment (including, but not limited to, changes in compensation, promotions, transfers, relocations, and changes in job duties).

(d) Severability. Each covenant by Executive contained in this Agreement shall be independent and severable from the others. The presence of a claim or cause of action by Executive against Bread Financial, whether meritorious or not, shall not constitute a defense to the enforcement of Executive's obligations under this Agreement. If a restriction provided for in this Agreement cannot be enforced as written due to over breadth (such as time, scope of activity, or geography) within the jurisdiction of the relevant court or arbitrator, the court or arbitrator will (for purposes of that jurisdiction) enforce the restrictions to such lesser extent as is allowed by law and/or reform the restriction to protect Bread Financial's legitimate business interests. If, despite the foregoing, a provision contained in this Agreement is determined to be void, illegal or unenforceable, then it shall be severed and the other provisions contained herein shall remain in full force and effect as if the provision that was determined to be void, illegal, or unenforceable had not been contained herein.

(e) Assignment and Beneficiaries. Executive's obligations under this Agreement are personal in nature and cannot be assigned or transferred without the consent of Bread Financial. This Agreement shall automatically inure to the benefit of Bread Financial, and its subsidiaries, affiliates, successor(s), and assigns, without the need for any further action by Executive. Executive acknowledges that Bread Financial and all Affiliates that constitute Bread Financial shall have the right to enforce this Agreement to protect their interests without such treatment imputing employer status on to any entity that is not otherwise characterized as Executive's employer in Company records. Executive acknowledges that the obligations of any one Bread Financial entity to Executive may be satisfied by another Bread Financial entity without the need for Executive's consent. Executive expressly agrees to the assignment of this Agreement and all rights and obligations hereunder, including, but not limited to, an assignment in connection with any merger, sale, transfer or acquisition consummated by Bread Financial, or relating to a change in ownership of all or part of its assets or the assets of its subsidiaries, affiliates or divisions.

(f) Governing Law / Choice of Forum. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio without regard to any choice of law rules of Ohio or another state to the contrary; provided, however, that any agreement to arbitrate between the parties (if there is one) will be controlled by the Federal Arbitration Act, 9 U.S.C. § 1 et seq. and federal law. Subject to the limitations contained in any arbitration agreement between the parties (if there is one), the parties agree that any legal claim arising from or related to this Agreement that may be pursued in a court of law shall be pursued in a court of law that is located in Ohio or Texas (the "Chosen Venues"). Executive expressly consents to the personal jurisdiction of the courts with applicable subject matter jurisdiction (state and/or federal) located in the Chosen Venues over Executive and waives any all claims and objections to the contrary (including, without limitation, any objection based on convenience or expense).

(g) Employment at Will / Preservation of Rights / Presumptions. Executive agrees and acknowledges that Executive's employment may be terminated at any time, with or without cause. Nothing in this Agreement or in any

policy statement or manual shall be construed to limit Bread Financial's right to terminate this employment relationship at any time. Nothing in this Agreement shall be construed to eliminate or diminish any rights or remedies Bread Financial would have concerning the protection of its interests absent this Agreement. To overcome a presumption provided for in this Agreement, Executive must present clear and convincing evidence, and if a presumption provided for in this Agreement would make a term of this Agreement unenforceable then it shall be severed and deemed inapplicable to that term.

IN WITNESS WHEREOF, the Company and Executive have entered into this Agreement as of the date Executive executes this Agreement (reflected below).

BREAD FINANCIAL PAYMENTS, INC.

EXECUTIVE

Authorized Signature

Joseph L. Motes

Printed Name

EVP, Chief Legal & Administrative Officer

Title

Date

Executive's Signature

Valerie Greer

Printed Name

EVP, Chief Commercial Officer

Title

Date

**CERTIFICATION OF THE
CHIEF EXECUTIVE OFFICER
OF
BREAD FINANCIAL HOLDINGS, INC.**

I, Ralph J. Andretta, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bread Financial Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2026

/s/ RALPH J. ANDRETTA

Ralph J. Andretta

Chief Executive Officer

**CERTIFICATION OF THE
CHIEF FINANCIAL OFFICER
OF
BREAD FINANCIAL HOLDINGS, INC.**

I, Perry S. Beberman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bread Financial Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 27, 2026

/s/ PERRY S. BEBERMAN

Perry S. Beberman
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Bread Financial Holdings, Inc. (the Company) for the quarterly period ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the Report), Ralph J. Andretta, as Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2026

/s/ RALPH J. ANDRETTA

Ralph J. Andretta

Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Bread Financial Holdings, Inc. (the Company) for the quarterly period ended September 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the Report), Perry S. Beberman, as Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- (i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 27, 2026

/s/ PERRY S. BEBERMAN

Perry S. Beberman
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.