

Alliance Data

KBW Virtual Fintech Payments Conference

February 23, 2021

Ralph Andretta – President & CEO

Tammy McConnaughey – EVP, Card Ops & Credit Risk

Tim King – EVP & CFO



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This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. 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, initiation or completion of strategic initiatives, future dividend declarations, and future economic conditions, including, but not limited to, fluctuation in currency exchange rates, market conditions and COVID-19 impacts related to relief measures for impacted borrowers and depositors, labor shortages due to quarantine, reduction in demand from clients, supply chain disruption for our reward suppliers and disruptions in the airline or travel industries.

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Agenda

Presentation

Ralph Andretta – President & CEO

- Opening Remarks
- A Year in Review (Ralph's one year anniversary with ADS)
- Business Updates
- Areas of Focus

Tammy McConnaughey – EVP, Card Services Operations & Credit Risk

- Macroeconomic Impacts on Credit
- Lending Philosophy & Underwriting
- Portfolio Mix

Fireside chat with Ralph, Tammy, and Tim

Alliance Data Overview

Leading provider of data-driven solutions to drive growth for partners



- ~8,000 associates worldwide
- Founded in 1996
- Top 3 in PLCC Industry*
- FORTUNE 500 company



- Leader in payment and lending solutions
- Branded private label and cobrand credit card programs with over 40 million active cardmembers
- Diversified across growing verticals, including beauty, pet, and home
- Brand-centric programs supported by data and analytics, digital capabilities, and our balanced risk approach in underwriting



- Recently acquired point-of-sale technology platform offering installment loans & buy now, pay later solutions
- White-label solutions with over 500 partners

LoyaltyOne® Segment



brandloyalty
happy people

- AIR MILES® is Canada's most recognized loyalty program representing approximately 2/3 of Canadian households
- BrandLoyalty is a global leader in short-term campaigns targeting mainly the grocery (or high frequency) retail vertical located in Europe, Asia Pacific, and the Americas



* Source: 2020 Nilson Report

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A Year in Review

Deliberate and thoughtful progress balancing the pandemic and future growth

These action items aim to restore profitable growth & drive enhanced long-term shareholder value

Recover ✓

- Associate safety & health
- Recession readiness plan
- Right-size expense base
- Disciplined risk management
- Review partner economics

Rebuild

- Expand digital offerings
- Technology flexibility & upgrades
- Enhance data & analytics
- Prudent balance sheet management

Regrow

- Focused investment
- Further digital enhancements
- Sustained, profitable growth
- Expense flexibility and discipline
- Drive shareholder value



EnhancedDigitalSuiteSM

fiserv.



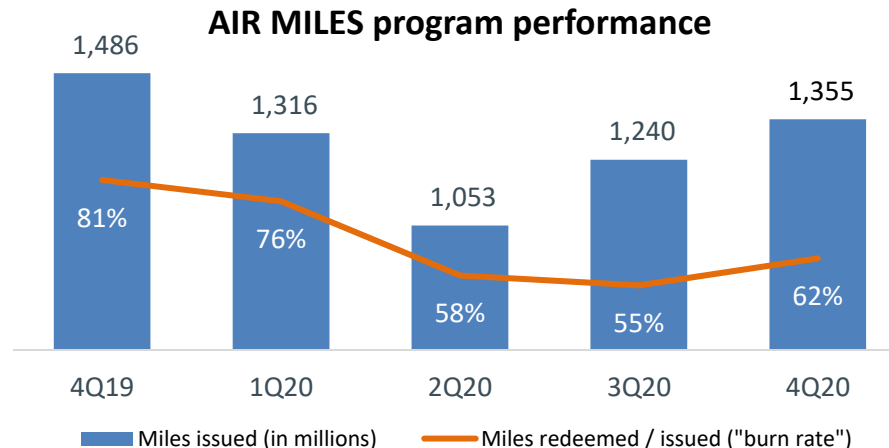
LoyaltyOne Update

Expectation for revenue growth in 2021



brandloyalty
happy people

- Continued gradual recovery in Reward miles issued and redeemed in 2H20
- AIR MILES continues to pivot the rewards portfolio to emphasize more non-travel options, driving higher merchandise redemptions
- Building potential opportunity in 2H21 due to pent-up travel demand
- Revenue improvements driven by growth in Europe and Asian Pacific regions
- Developed new concepts for programs based on pandemic-related themes like 'bring the world to your home' or 'health and hygiene'
- Providing sustainability-focused offers using 100% recycled plastic for rewards like luggage and kids promotions.

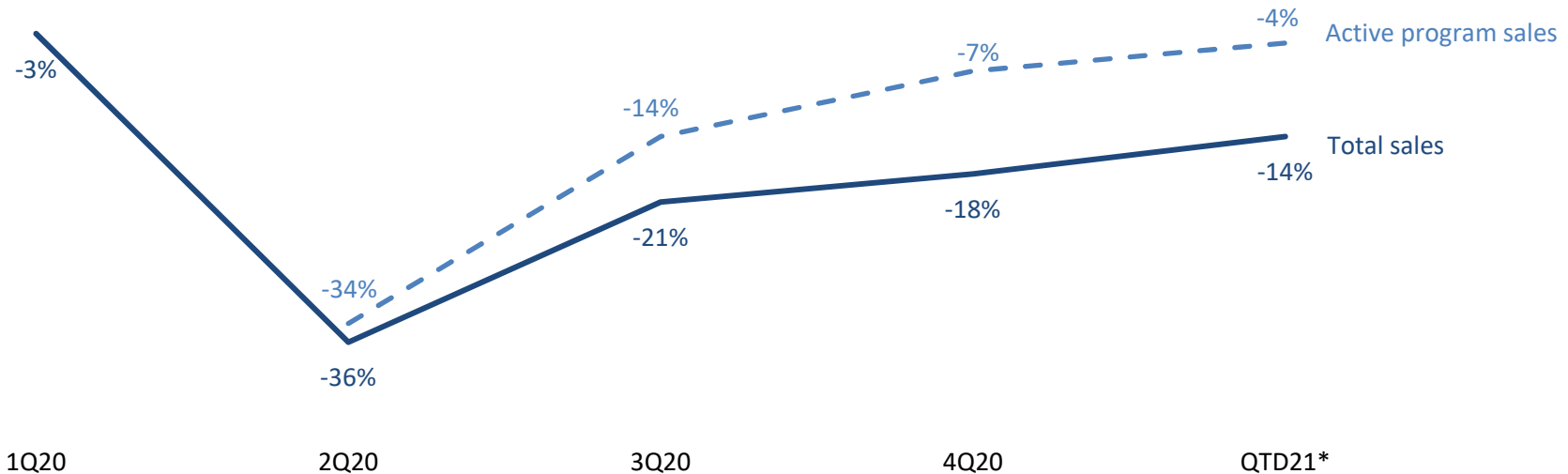


Card Services Update

Gradual recovery in credit sales continues from pandemic lows

- Credit sales declined 14% year-over-year through February 15 with active* program sales down 4%
- Online sales remained over 40% of total quarter-to-date
- New account volume continues to vary with an improvement in January










Year-over-year credit sales improving at a modest pace for total & active program sales



* Includes programs with active contracts as of February 15, 2021 and Comenity card balances

Bread Update

Full-spectrum product offering with improved customer experience

	Direct Acquisition (e.g. Bread / ADS)	Distribution (in discussions)	Tech Platform (e.g. RBC)
Merchant Relationships (Owns Merchant Relationship)	 Bread  AllianceData	Hybrid – Merchant Relationships	
Network / Platform (Always Bread)			
Issuer / Loan Originator (Owns Consumer Relationship)	 AllianceData	 AllianceData	

Installment loan and BNPL product can be white-labeled or branded Bread in the Direct Acquisition and Distribution model

- 2020 A/R of ~\$118 million expected to more than double in 2021 with long-term scalable expansion
- Significant investment in Bread platform in 2021 - majority of \$100 million incremental technology expense
- Developing a unified Software Development Kit (SDK) for Bread and the Enhanced Digital Suite
 - Common front-end for product offerings
 - Integrated data analytics & insights
 - Consumer choice of financing payment product

Areas of Focus

Continued progress on the execution of our strategic initiatives

**Technology
Innovation**

**Digital
Advancement**

**Product Diversification
and Development**

Data Science and Analytics

Key Foundational Elements

Proactive risk management

Prudent balance sheet management

Disciplined expense management

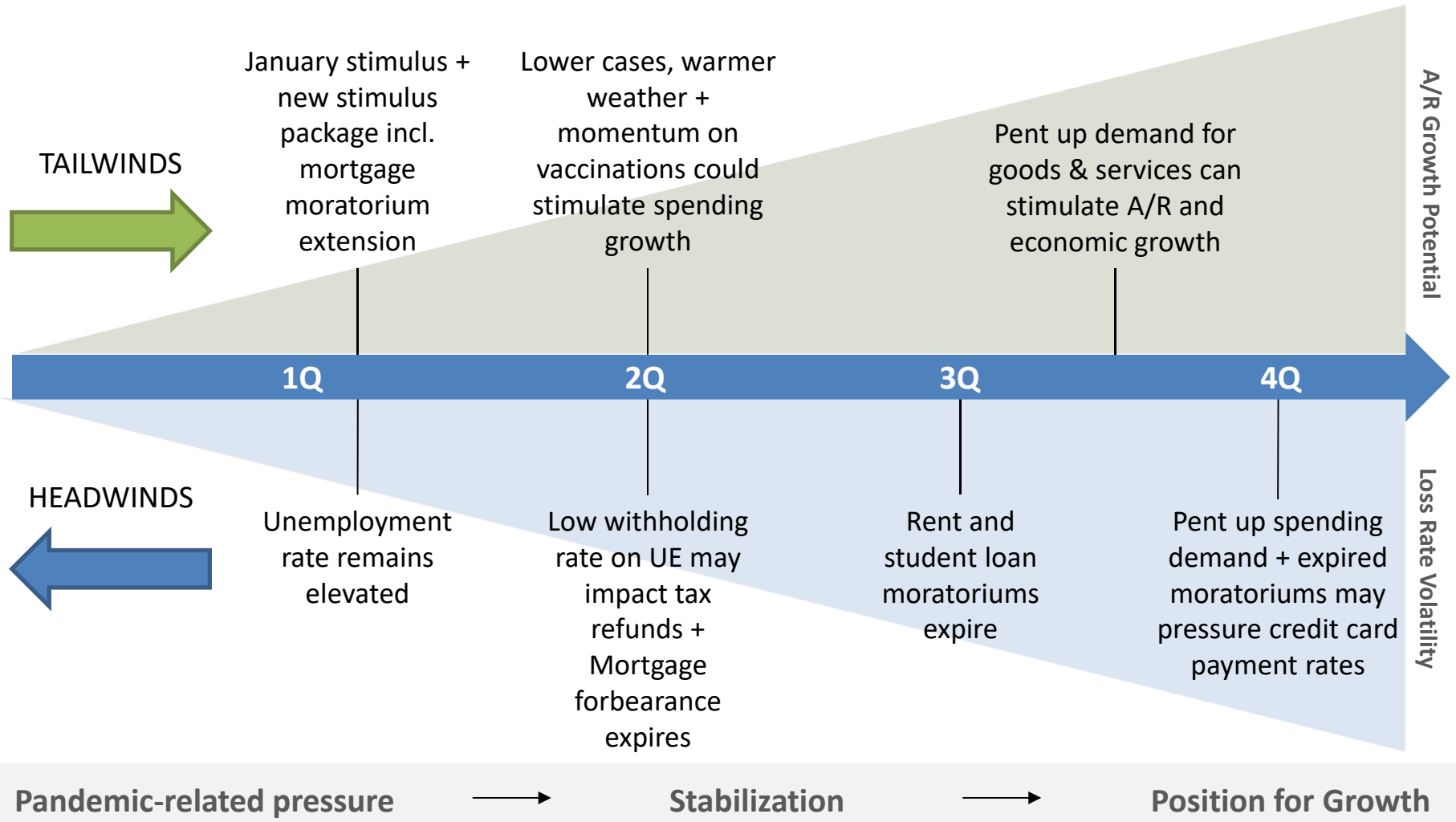
Tammy McConnaughey

EVP, Card Services Operations & Credit Risk



Macroeconomic Impacts on Credit

Near term payment rates remain strong; uncertainty remains in 2H21



Lending Philosophy

Profitable, fair, and responsible full-spectrum lending

Alliance Data enables responsible and fair lending to meet consumers' desires.

We facilitate purchases through frictionless payment options designed to reward consumers and inform our partners to their customer's needs while generating leading returns for our shareholders.

Consistent tenets of our lending philosophy and underwriting discipline

Well-established risk appetite metrics

Flexible technology and multiple scores

Grow & expand approach

Recent improvements

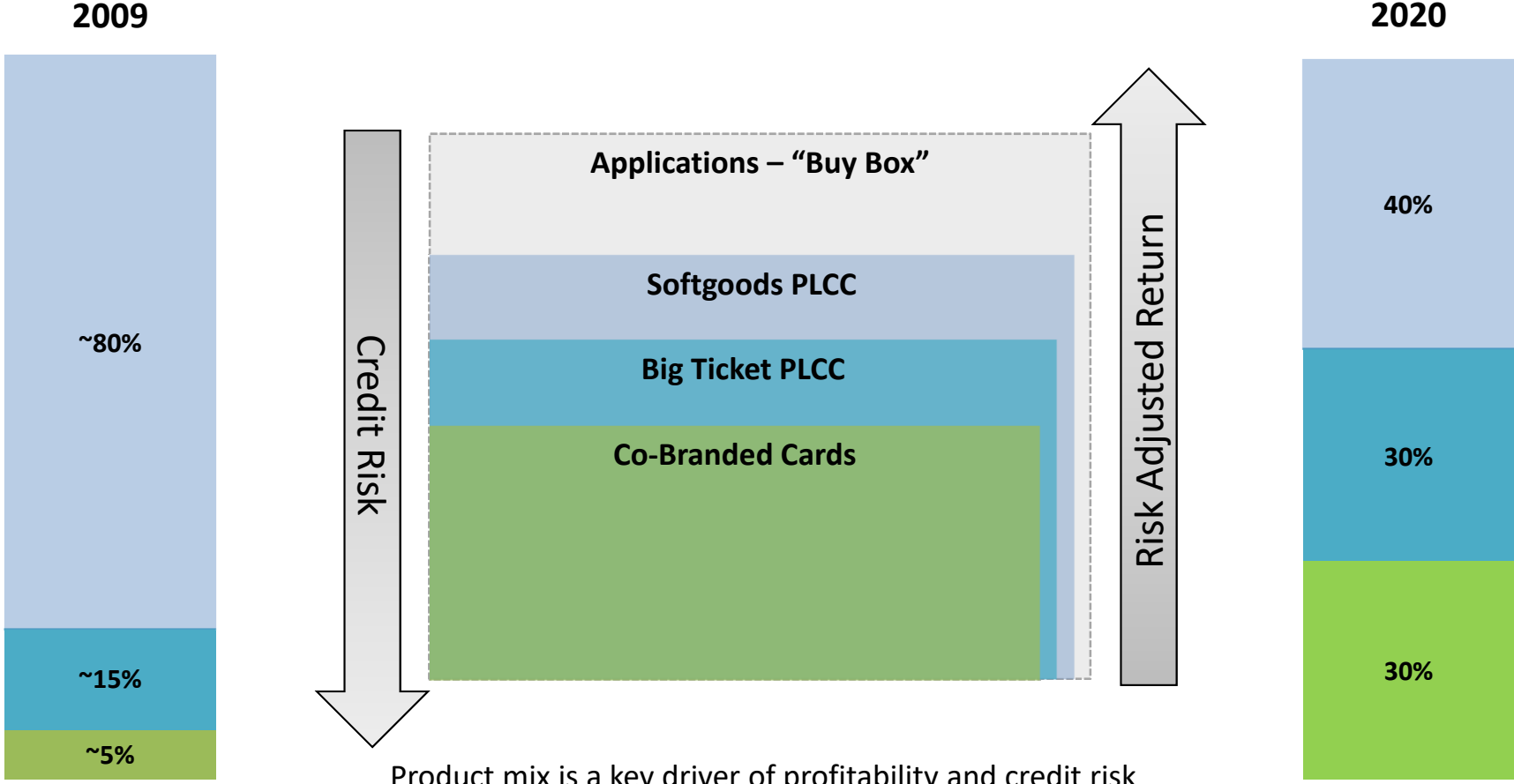
VantageScore 4.0:
Latest tri-bureau score to further stratify "good" vs. "bad" performers

Platform upgrades:
Cutting edge machine learning and more sophisticated strategies

Complex data model:
Leverage internal, bureau, and alternative data

Portfolio Mix

Balanced product mix for strong returns and well managed losses and growth



Questions & Answers

