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1Q24 investor deck

February 15, 2024

Forward-looking statements

This release 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, future financial performance and outlook, future dividend declarations, 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 release, 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 market conditions, inflation, rising interest rates, unemployment levels and the increased probability of a recession, and the related impact on consumer payment rates, savings rates and other behavior; global political and public health events and conditions, including ongoing wars and military conflicts; future credit performance, including the level of future delinquency and write-off rates; the loss of, or reduction in demand from, significant brand partners or customers in the highly competitive markets in which we compete; the concentration of our business in U.S. consumer credit; inaccuracies in the models and estimates on which we rely, including the amount of our Allowance for credit losses and our credit risk management models; the inability to realize the intended benefits of acquisitions, dispositions and other strategic initiatives; our level of indebtedness and ability to access financial or capital markets; pending and future legislation, 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 with respect to late fees, interchange fees or other charges; impacts arising from or relating to the transition of our credit card processing services to third party service providers that we completed in 2022; failures or breaches in our operational or security systems, including as a result of cyberattacks, unanticipated impacts from technology modernization projects or otherwise; and any tax liability, disputes or other adverse impacts arising out of or relating to the spinoff of our former LoyaltyOne segment or the bankruptcy filings of Loyalty Ventures Inc. and certain of its subsidiaries. In addition, a final CFPB rule is anticipated in the coming months that, if adopted as proposed and absent a successful legal challenge, will place significant limits on credit card late fees, which would have a significant impact on our business and results of operations for at least the short term and, depending on the effectiveness of the mitigating actions that we may take in response to the final rule, potentially over the long term; we cannot provide any assurance as to when any such rule will be issued, the provisions or effective date of any such rule, the result of any challenges or other litigation relating to such rule, or our ability to mitigate or offset the impact of any such rule on our business and results of operations. The foregoing factors, along with other risks and uncertainties that could cause actual results to differ materially from those expressed or implied in forward-looking statements, are described in greater detail under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the most recently ended fiscal year, which may be updated in Item 1A of, or elsewhere in, our Quarterly Reports on Form 10-Q filed for periods subsequent to such Form 10-K. Our forward-looking statements 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.

Non-GAAP financial measures

We prepare our audited 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, *Pretax pre-provision earnings* (PPNR) is calculated by increasing/decreasing Income from continuing operations before income taxes by the net provision/release in Provision for credit losses. *PPNR less gain on portfolio sales* then decreases PPNR by the gain on any portfolio sales in the period. We use PPNR and PPNR less gain on portfolio sales as metrics to evaluate our results of operations before income taxes, excluding the volatility that can occur within Provision for credit losses and the one-time nature of a gain on the sale of a portfolio. *Tangible common equity over Tangible assets* (TCE/TA) represents Total stockholders' equity reduced by Goodwill and intangible assets, net, (TCE) divided by Tangible assets (TA), which is Total assets reduced by Goodwill and intangible assets, net. We use TCE/TA as a metric to evaluate the Company's capital adequacy and estimate its ability to cover potential losses. *Tangible book value per common share* represents TCE divided by shares outstanding. We use Tangible book value per common share as a metric to estimate the Company's potential value. 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 the "Reconciliation of GAAP to Non-GAAP Financial Measures".

2024 focus areas

Responsible growth

Scale and diversify product offerings to align with the changing macroeconomic landscape, while optimizing brand partner growth and revenue opportunities

Manage macroeconomic and regulatory environment

Proactively execute strategies to mitigate business impacts resulting from government regulation and macroeconomic challenges

Accelerate digital and technology capabilities

Drive our digital-first strategy to enhance product offerings, further enable customer self-servicing, and improve the overall customer experience

Operational excellence

Accelerate continuous improvement gains to drive technology advancements, improved customer satisfaction, control enhancements, enterprise-wide efficiency, and value creation

Strengthened balance sheet

Improve capital metrics

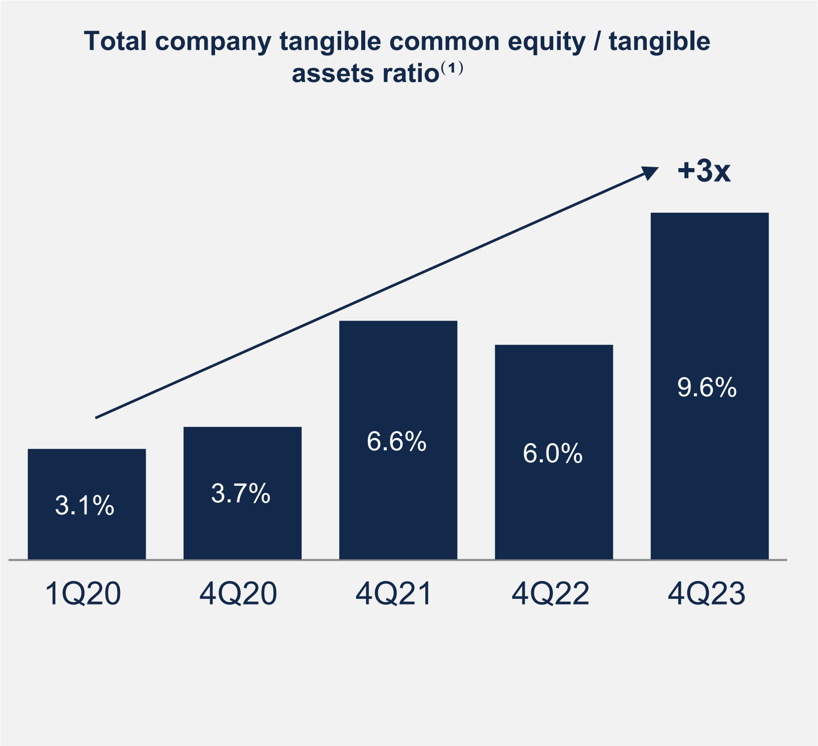
$1.4 billion tangible common equity build since 2020

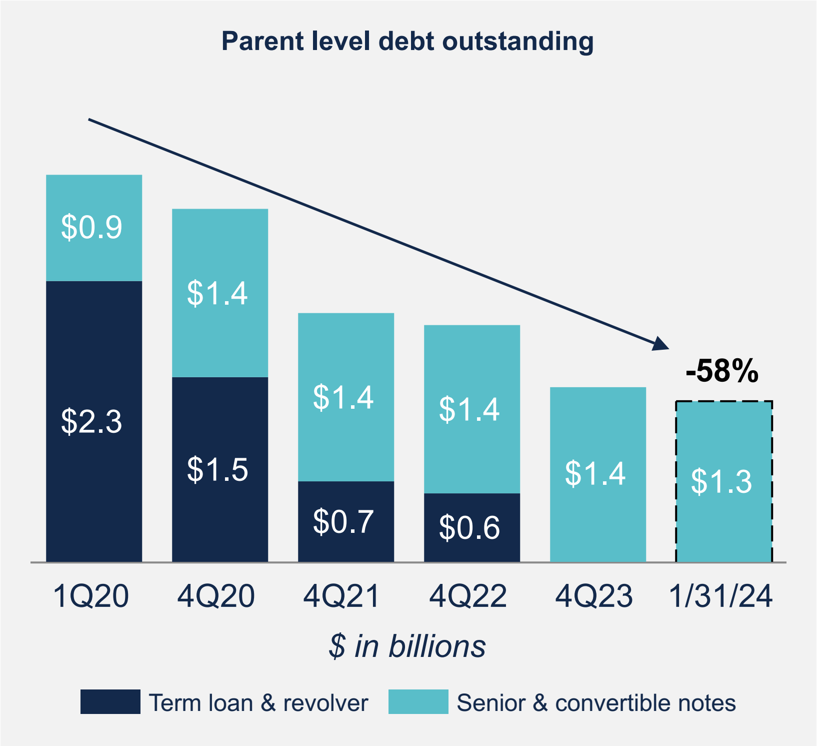
Reduce debt levels

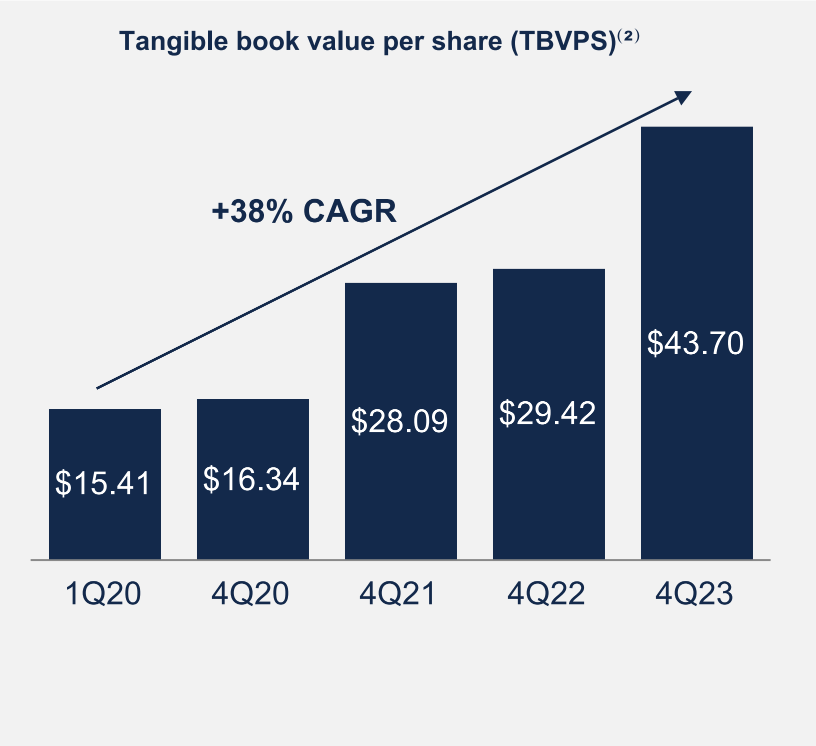
Paid down $1.8 billion since 2020

Drive shareholder value

~$28 increase in TBVPS since 2020







(1) Tangible common equity (TCE) represents Total stockholders' equity reduced by Goodwill and intangible assets, net. Tangible assets (TA) represents Total assets reduced by Goodwill and intangible assets, net. TCE/TA is a non-GAAP financial measure.
(2) Tangible book value per common share represents TCE divided by shares outstanding and is a non-GAAP financial measure.

Differentiated products and brand partnerships

Expanded product offerings provide consumer choices across the total addressable market

Budget/Cash Flow ←→ Rewards/Convenience

Gen Z | Millennial | Gen X | Baby Boomer

- Installment loans
- Private label credit card
- Co-brand credit card
- Proprietary credit card
- Split-pay (BNPL)
- Savings products

Product
graduation
from credit-building products to a full suite of financial offerings

Product
optimization
presents the right product, to the right customer, at the right time

Long history of brand partnership success

Card partner loyalty

5 largest partners
under contract through at least 2028

Well diversified

~100
card partners in multiple industry verticals

U.S. consumer penetration

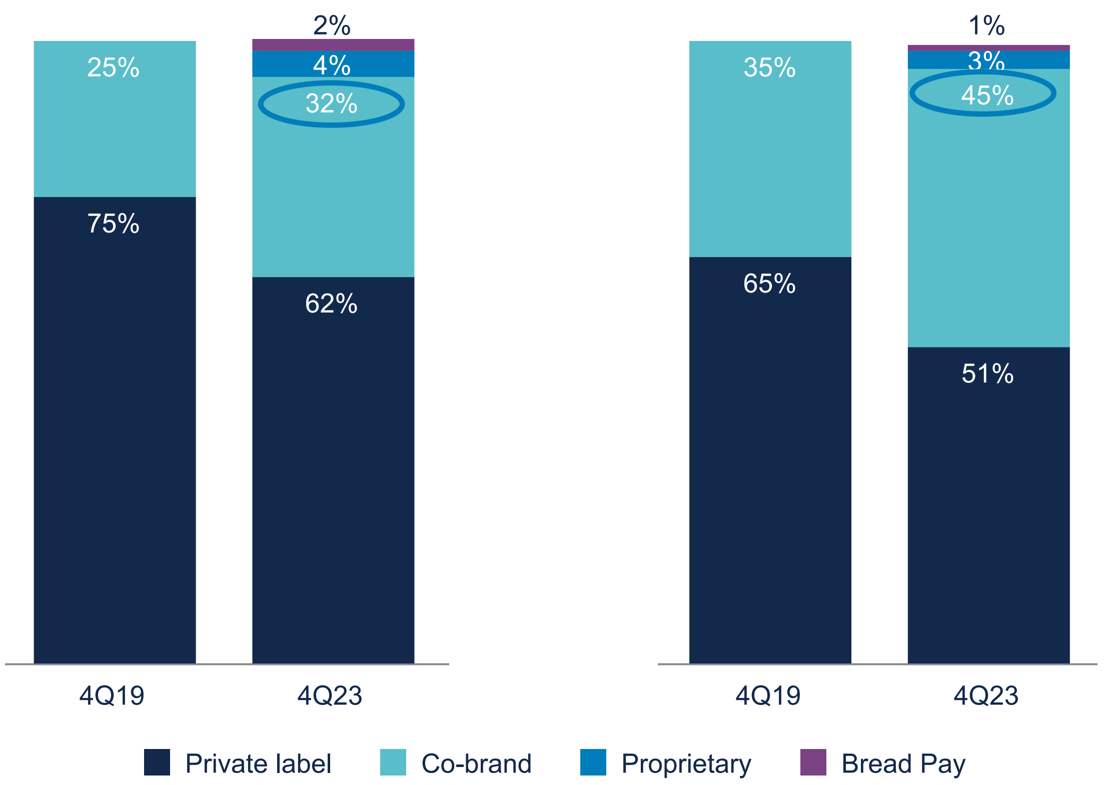
We've put a card in the wallets of
1 in 7
American adults

Diversified product and partner mix

Diversifying our product and partner mix to optimize risk-adjusted returns and deliver sustainable, profitable growth

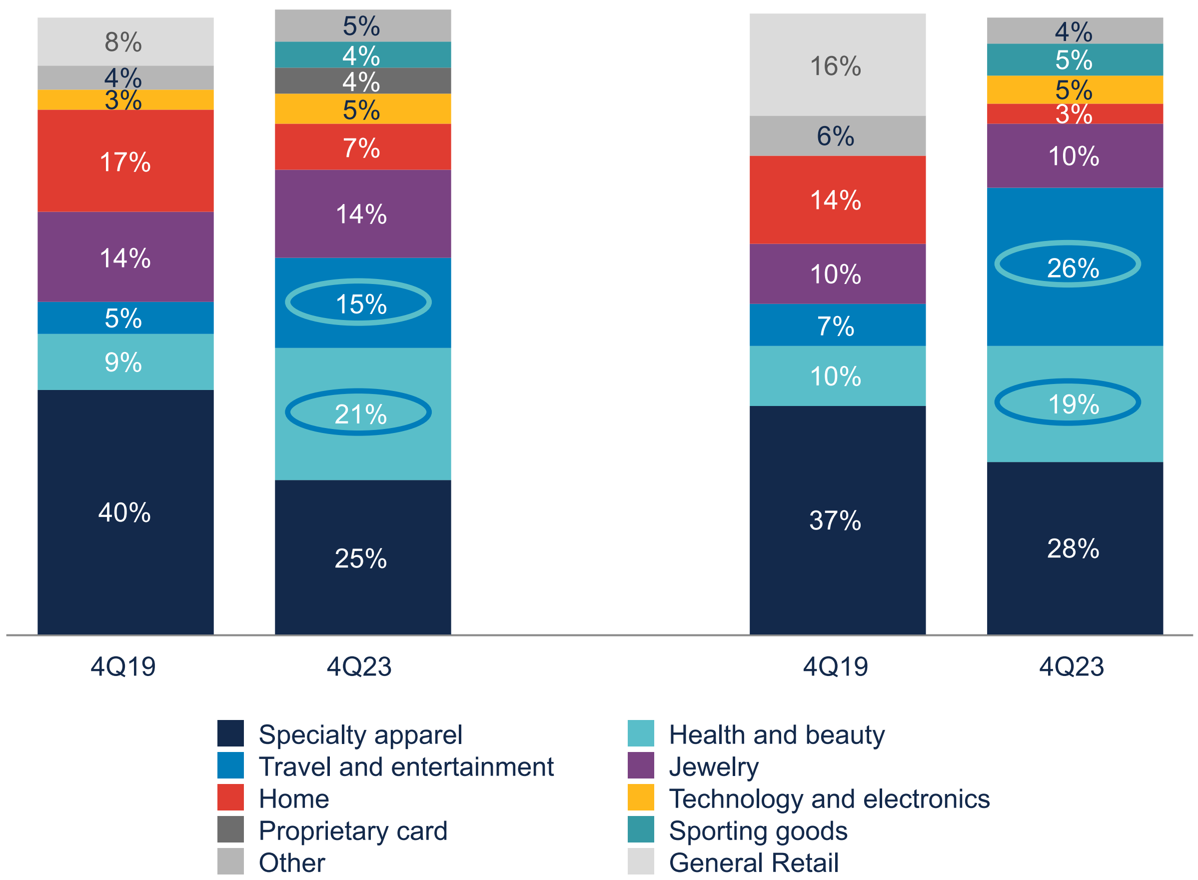
Product diversification

End-of-period loans | Credit sales

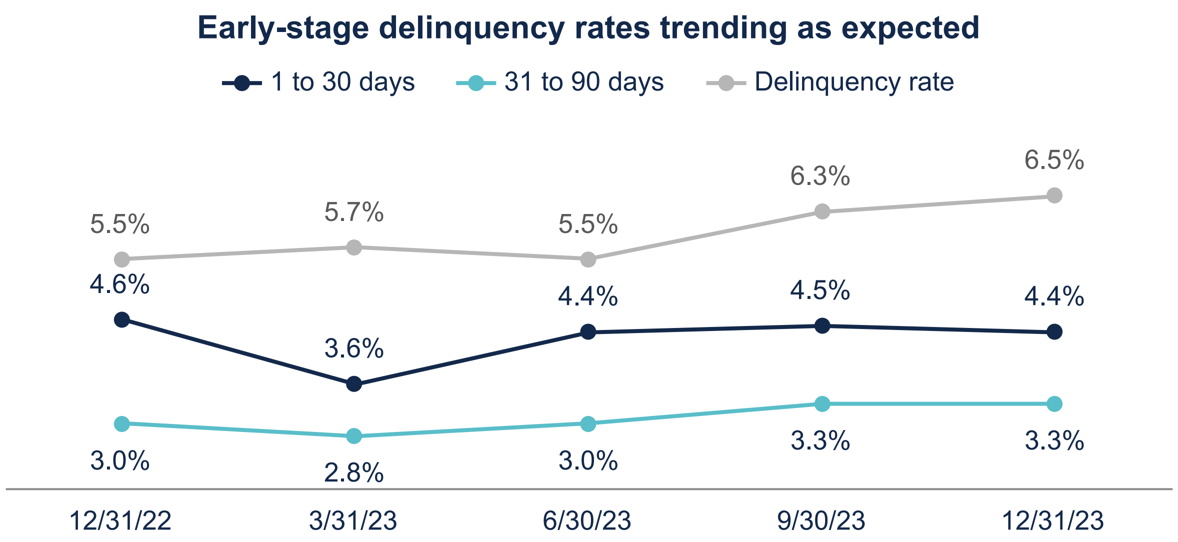


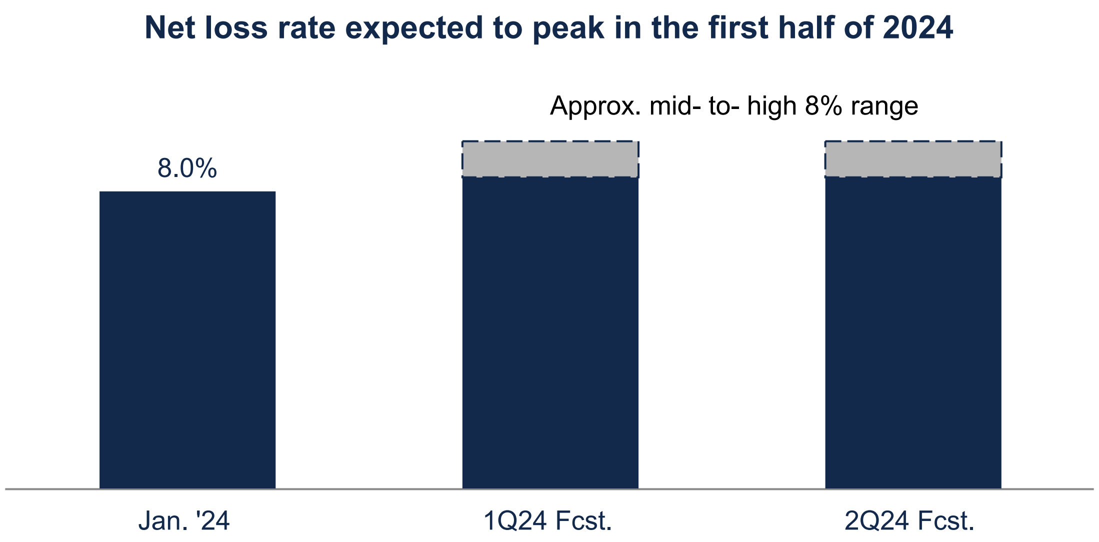
Partner diversification

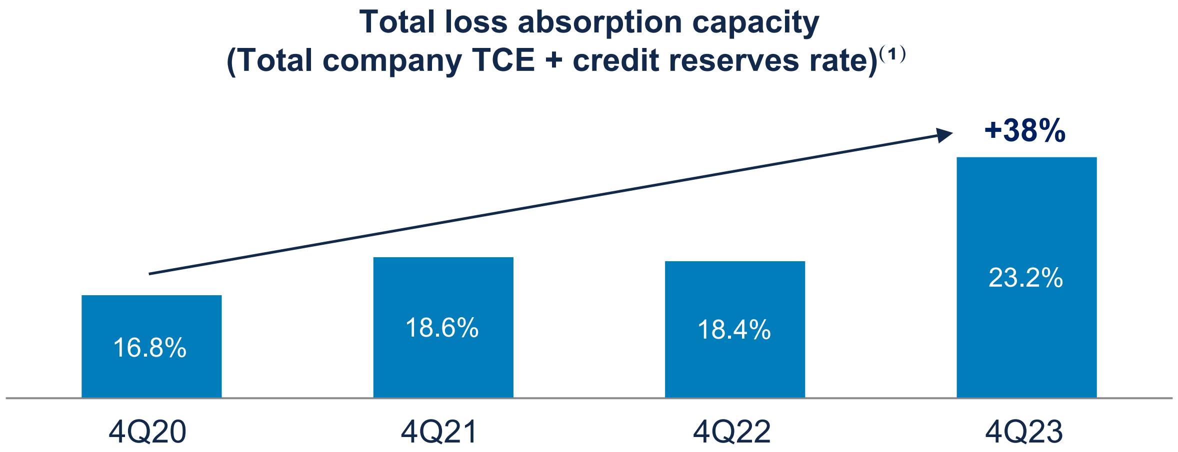
End-of-period loans | Credit sales

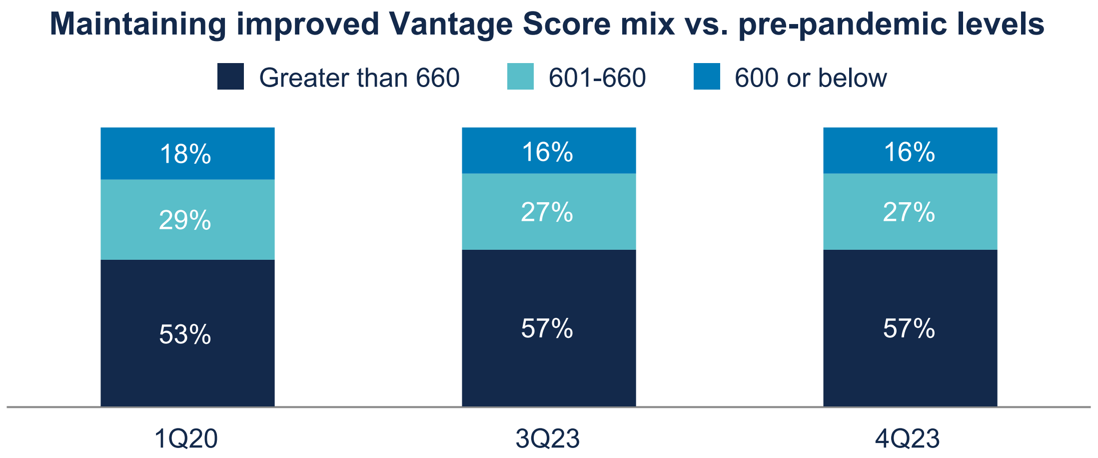


Credit performance update









(1) The "Tangible common equity + credit reserves rate" is calculated as the sum of Tangible common equity and Allowance for credit losses divided by End-of-period credit card and other loans.

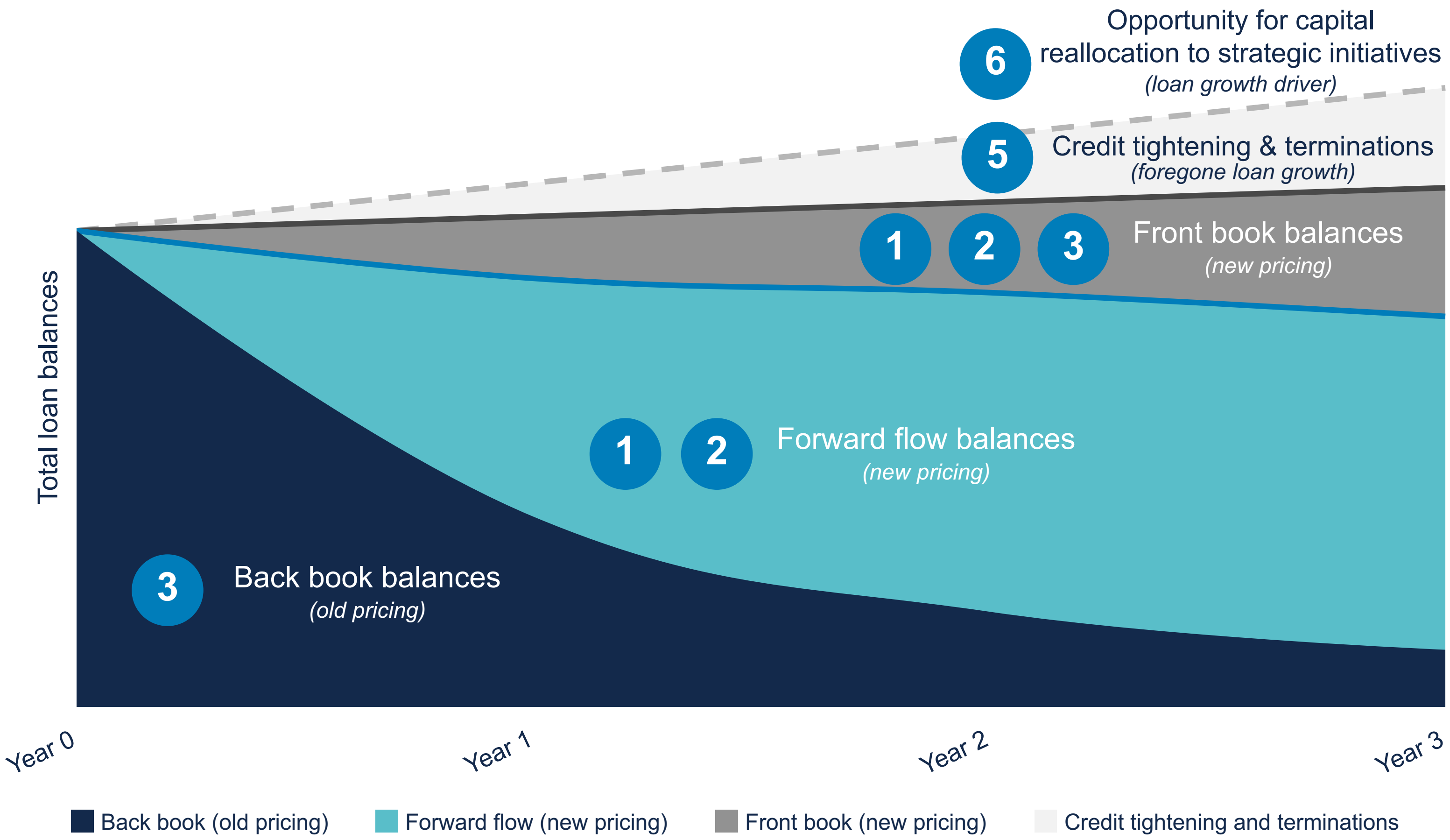
Strategies to mitigate proposed CFPB rule

Back book loan balance repricing will phase in over time

Specific actions we intend to implement

1. Increase APRs
2. Introductory promotional fees
3. Maintenance fees
4. Refine retailer share arrangements
   (no material loan balance impact)
5. Tighten underwriting
6. Strategic growth; adjacent products

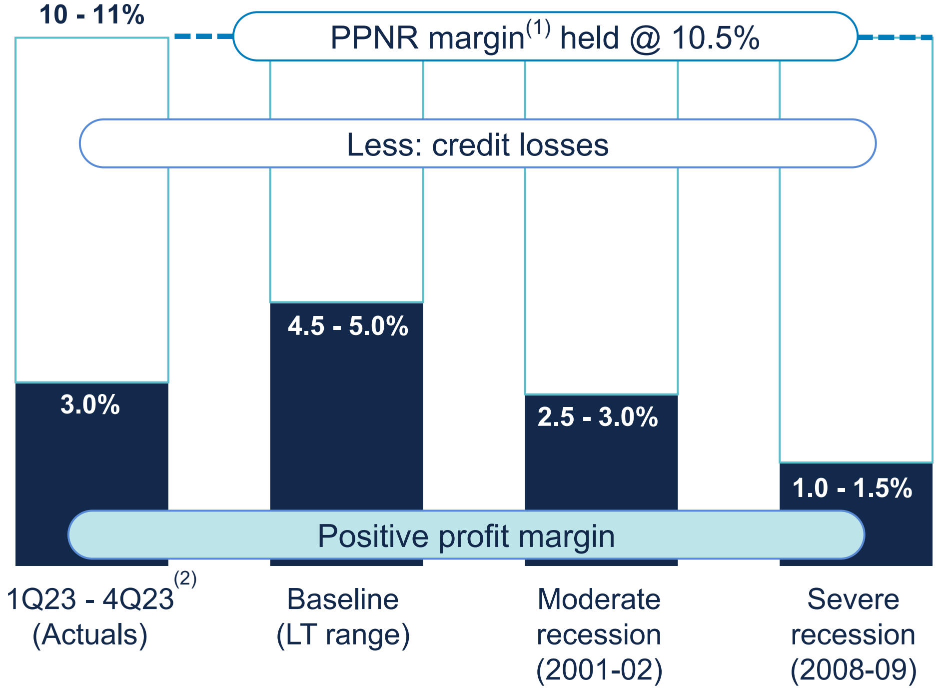
Total loan portfolio - pricing remix trend



Note: Under the CFPB's proposed rule-making, the late fee safe harbor amount would be reduced to $8 and late fees would not be permitted to exceed 25% of the consumer's required minimum payment. No final rule has been published at this time, and thus the terms and impact of any rule remain uncertain. See "Forward-Looking Statements" included elsewhere in this presentation.

Positioned for strong, durable profit margins

Positive profit margin maintained in stressed scenarios



Net loss rate	Range of net loss rates		
7.5%	5.5-6.0%	7.5-8.0%	9.0-9.5%

Expect to outperform historic loss levels due to enhanced credit risk management

In addition to strong profit margins, **strengthened balance sheet ratios and credit mix** provide more layers and confidence in resilience.

- **Attractive risk-adjusted loan yield[3] of 19.8%** on average over the previous four quarters. Approximately **360 basis points** higher than the closest peer.
- **Loan loss reserve materially higher.** Rate of **12.0%** in 4Q23, **up 600 bps** from year-end 2019 and prior pre-recession periods.
- **Capital ratios significantly improved.** TCE/TA ratio[4] at **9.6%** in 4Q23, an increase of **over 650** basis points from 1Q20.
- **Credit mix shifting to higher quality.** Risk score mix with >660 at **57%** in 4Q23, above pre-pandemic levels.

(1) Pretax pre-provision earnings (PPNR) margin represents PPNR divided by average loans. PPNR is a non-GAAP financial measure. See the Non-GAAP financial measures section and the Reconciliation of GAAP to non-GAAP financial measures included in the appendix.
(2) Excludes $230 million Gain on sale in 1Q23
(3) Risk-adjusted loan yield represents loan yield less the net principal loss rate.
(4) Tangible common equity (TCE) represents total stockholders' equity reduced by goodwill and intangible assets, net. Tangible assets (TA) represents total assets reduced by goodwill and intangible assets, net. TCE/TA is a non-GAAP financial measure. See the Non-GAAP financial measures section and the Reconciliation of GAAP to non-GAAP financial measures included in the appendix.

2024 financial outlook

Reflects moderating sales growth as a result of macroeconomic pressures and strategic credit tightening

Full year 2023 actuals	Full year 2024 outlook	Commentary
Average loans $18,216 million	Down low-single digits	• Based on our current economic outlook, ongoing strategic credit tightening actions, higher gross credit losses, and visibility into our pipeline, we expect 2024 average credit card and other loans to be down low-single digits relative to 2023. • Excluding the sold BJ's portfolio, we expect average loans to be up low-single digits.
Revenue (excl. Gain on sale) $4,059 million	Down low to mid-single digits	• Net interest margin is expected to be lower than the 2023 full year rate as a result of higher reversals of interest and fees due to higher gross credit losses, a continued shift in product mix to co-brand, proprietary, and installment lending products, as well as anticipated interest rate reductions by the Federal Reserve. • Revenue guidance excludes portfolio sale gains and any potential impact from the proposed CFPB late fee rule. • For context, while not included in our 2024 outlook, assuming a hypothetical October 1, 2024 effective date, if the CFPB credit card late fee rule were to be implemented as proposed, our current estimate is that the rule would reduce fourth quarter total revenue by approximately 25% relative to the fourth quarter of 2023, net of mitigation actions we will proactively implement. Once the final rule is published, we will take further mitigating actions with our partners. As these actions mature over time, the net impact of the rule will lessen.
Total non-interest expenses $2,092 million	Nominal positive operating leverage	• Expect to deliver nominal full year positive operating leverage, excluding gains on sales. • We continue to strategically invest in technology modernization, marketing, and product innovation to drive growth and efficiencies.
Net loss rate 7.5%	Low 8% range	• Our outlook is inclusive of continued inflationary pressure on consumers' ability to pay, our credit management actions, and expected slower loan growth.

Note: At this time, our outlook does not factor in potential impacts of the proposed CFPB late fee rule changes. Under the CFPB's proposed rule-making, the late fee safe harbor amount would be reduced to $8 and late fees would not be permitted to exceed 25% of the consumer's required minimum payment. No final rule has been published at this time, and thus the terms and impact of any rule remain uncertain. See "Forward-Looking Statements" included elsewhere in this presentation.

Appendix

Reconciliation of GAAP to non-GAAP financial measures

($ in millions)	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	2022	2023
Pretax pre-provision earnings (PPNR)											
Income (loss) before income taxes	$ 65	$ 302	$ 16	$ 189	$ (207)	$ 638	$ 86	$ 225	$ 19	$ 300	$ 968
Provision for credit losses	363	193	404	304	692	107	336	304	482	1,594	1,229
Pretax pre-provision earnings (PPNR)	**$ 428**	**$ 495**	**$ 420**	**$ 493**	**$ 485**	**$ 745**	**$ 422**	**$ 529**	**$ 501**	**$ 1,894**	**$ 2,197**
Less: Gain on portfolio sale	—	—	—	—	—	(230)	—	—	—	—	(230)
PPNR less gain on portfolio sale	$ 428	$ 495	$ 420	$ 493	$ 485	$ 515	$ 422	$ 529	$ 501	$ 1,894	$ 1,967

	1Q20	4Q20	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	2022	2023
Tangible common equity (TCE)													
Total stockholders' equity	$ 1,088	$ 1,522	$ 2,086	$ 2,268	$ 2,275	$ 2,399	$ 2,265	$ 2,716	$ 2,736	$ 2,864	$ 2,918	$ 2,265	$ 2,918
Less: Goodwill and intangible assets, net	(354)	(710)	(687)	(682)	(694)	(690)	(799)	(790)	(780)	(771)	(762)	(799)	(762)
Tangible common equity (TCE)	**$ 734**	**$ 812**	**$ 1,399**	**$ 1,586**	**$ 1,581**	**$ 1,709**	**$ 1,466**	**$ 1,926**	**$ 1,956**	**$ 2,093**	**$ 2,156**	**$ 1,466**	**$ 2,156**
Tangible assets (TA)													
Total assets	$ 24,235	$ 22,547	$ 21,746	$ 20,938	$ 21,811	$ 21,960	$ 25,407	$ 21,970	$ 21,609	$ 21,608	$ 23,141	$ 25,407	$ 23,141
Less: Goodwill and intangible assets, net	(354)	(710)	(687)	(682)	(694)	(690)	(799)	(790)	(780)	(771)	(762)	(799)	(762)
Tangible assets (TA)	**$ 23,881**	**$ 21,837**	**$ 21,059**	**$ 20,256**	**$ 21,117**	**$ 21,270**	**$ 24,608**	**$ 21,180**	**$ 20,829**	**$ 20,837**	**$ 22,379**	**$ 24,608**	**$ 22,379**