Goldman Sachs Financial Services Conference

December 11, 2024

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

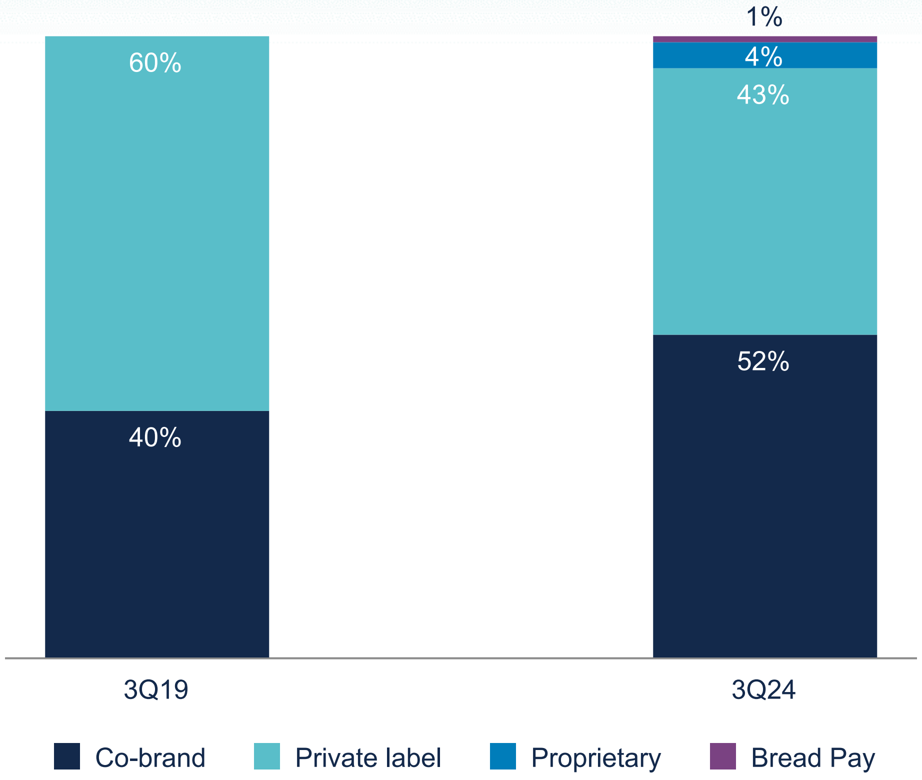
Drive our digital-first strategy to enhance product offerings, increase customer self-servicing, and improve the overall customer experience

Operational excellence

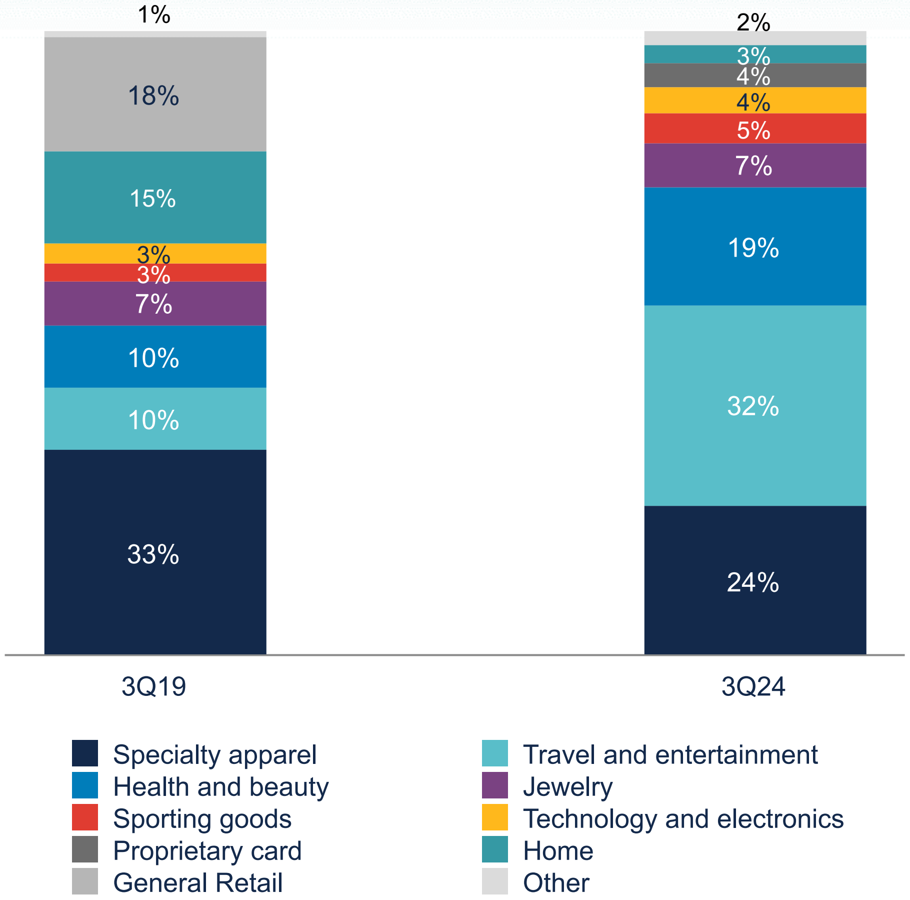
Accelerate continuous improvement gains to drive technology advancements, improved customer satisfaction, control enhancements, enterprise-wide efficiency, and value creation

Diversified product and partner mix

Product diversification - credit sales

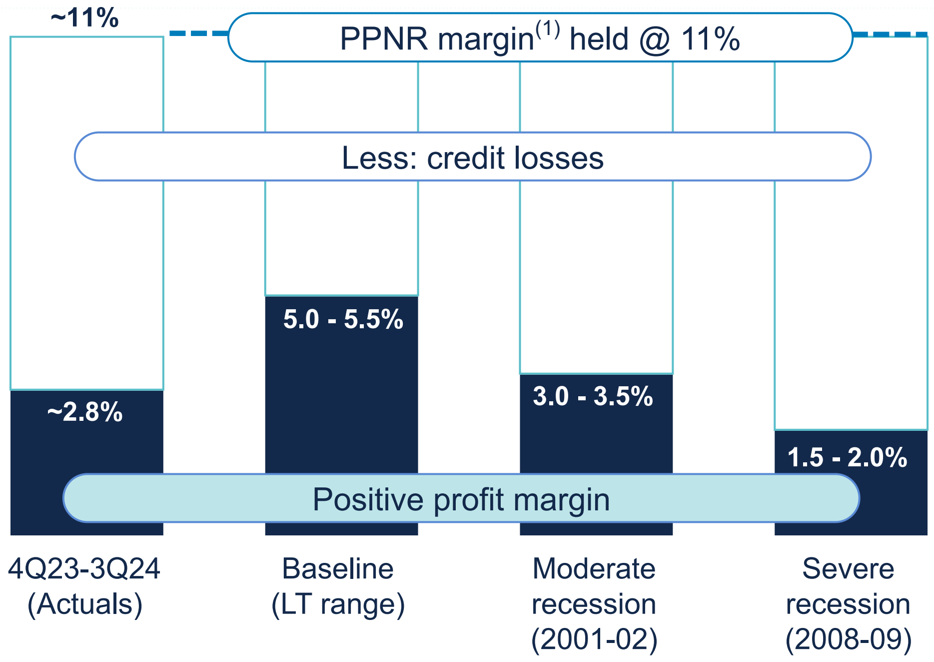


Partner diversification - credit sales



Enhanced financial resilience

Strong, durable profit margin provides financial resilience through different economic scenarios



Net loss rate	Range of net loss rates		
8.2%	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 our resilience.

- **Attractive risk-adjusted loan yield[2] of 18.9%** on average over the previous four quarters. Approximately **380 basis points** higher than the closest peer.
- **Loan loss reserve materially higher.** Rate of **12.2%** in 3Q24, **up 620 basis points** from year-end 2019 and prior pre-recession periods.
- **Capital ratios significantly improved. CET1** ratio[3] at **13.3%** in 3Q24, an increase of **270 basis points** from 3Q21.
- **Credit mix shifting to higher quality.** Risk score mix with >660 at **57%** in 3Q24, above pre-pandemic levels.

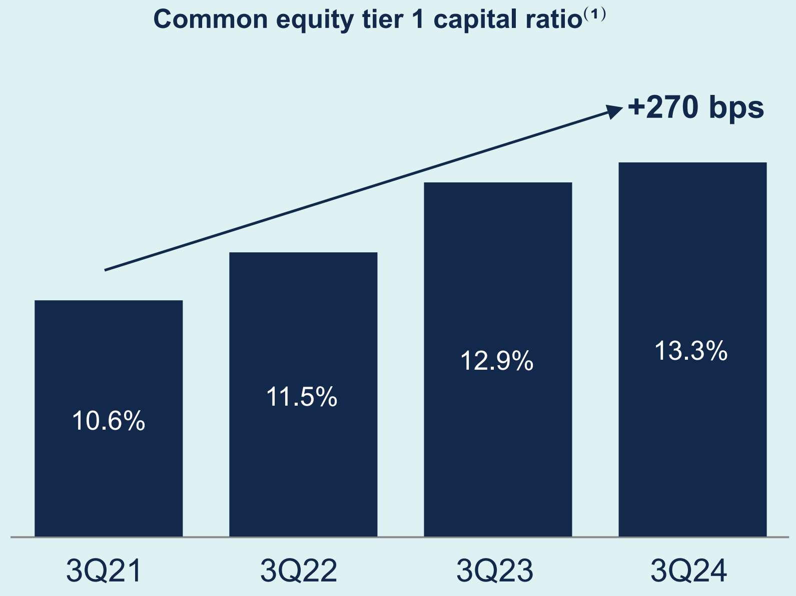
(1) Pretax pre-provision earnings (PPNR) margin represents PPNR excluding gain on portfolio sale and impact from repurchased Convertible Notes divided by average loans. PPNR is a non-GAAP financial measure. See "Non-GAAP Financial Measures" and "Reconciliation of GAAP to Non-GAAP Financial Measures".
(2) Risk-adjusted loan yield represents loan yield less the net principal loss rate.
(3) Common equity 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.

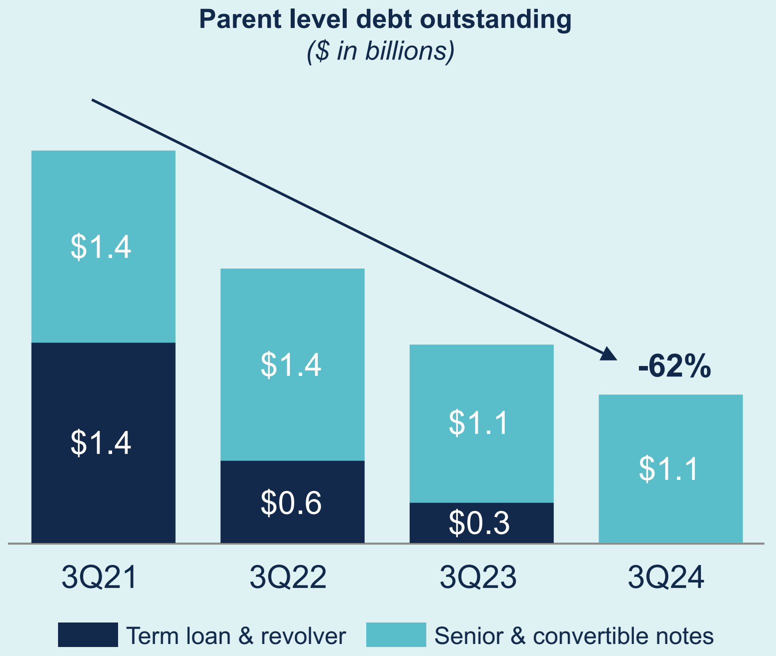
Strengthened balance sheet

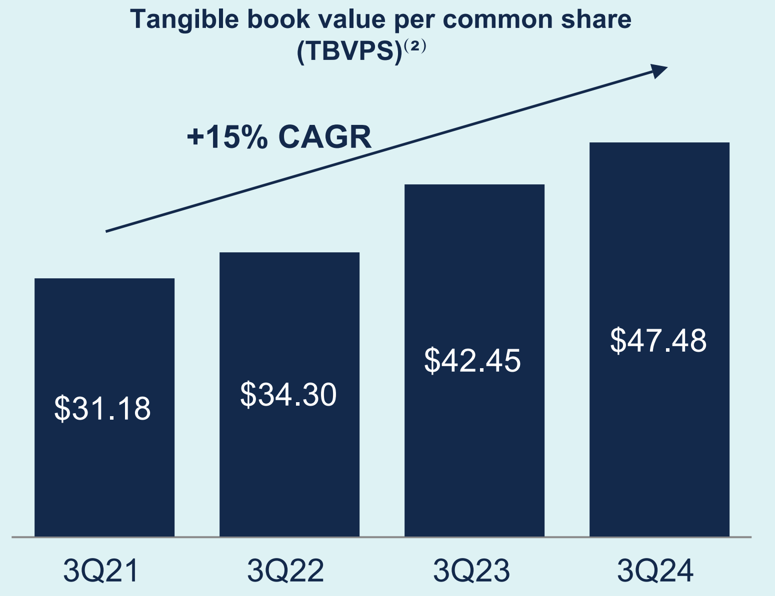
Improve capital metrics
CET1 ratio increased 270 bps over the last three years

Reduce debt levels
103% double leverage ratio, achieving <115% target

Drive shareholder value
~$16 increase in TBVPS over the last three years







(1) Common equity 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.
(2) Tangible book value per common share represents Tangible common equity (TCE) divided by shares outstanding and is a Non-GAAP financial measure. See "Non-GAAP Financial Measures" and "Reconciliation of GAAP to Non-GAAP Financial Measures".

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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, higher interest rates, labor market conditions, recessionary pressures or a concern over a prolonged economic slowdown, and the related impact on consumer spending behavior, payments, debt levels, savings rates and other behavior; global political and public health events and conditions, including ongoing wars and military conflicts and natural disasters; 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 federal and state 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 or other liability or 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 and subsequent litigation or other disputes. In addition, the Consumer Financial Protection Bureau (CFPB) has issued a final rule that, 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 have taken or may in the future take in anticipation of, or in response to, the final rule, may potentially adversely impact us over the long term; we cannot provide any assurance as to the effective date of the rule, the result of any pending or future challenges or other litigation relating to the rule, or our ability to mitigate or offset the impact of the 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:

- In August and again in September 2024, we entered into separate, privately negotiated repurchase agreements with a limited number of convertible note holders to repurchase a portion of our outstanding $316 million aggregate principal amount of 4.25% Convertible Senior Notes due 2028 (the Convertible Notes). From a GAAP perspective, we paid a premium to induce these repurchases which resulted in an impact to non-interest expenses. This aggregate $96 million impact is reflected in Total non-interest expenses.
- *Pretax pre-provision earnings* (PPNR) represents Income from continuing operations before income taxes and the Provision for credit losses. *PPNR excluding gain on portfolio sale and impact from repurchased Convertible Notes* then excludes from PPNR the gain on any portfolio sale in the period, as well as the inducement expense from our repurchased Convertible Notes in the period. We use PPNR and PPNR excluding gain on portfolio sale and impact from repurchased Convertible Notes 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 and/or the impact from repurchased Convertible Notes.
- *Return on average tangible common equity* (ROTCE) represents annualized Income from continuing operations divided by average Tangible common equity. Tangible common equity (TCE) represents Total stockholders' equity reduced by 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 shares outstanding. We use Tangible book value per common share, a metric used across the industry, to estimate liquidation 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”.

Reconciliation of GAAP to Non-GAAP Financial Measures

($ in millions)	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	YTD '23	YTD '24
Pretax pre-provision earnings (PPNR)											
Income (loss) before income taxes	$ 189	$ (207)	$ 638	$ 86	$ 225	$ 19	$ 188	$ 180	$ 40	$ 950	$ 408
Provision for credit losses	304	692	107	336	304	482	321	290	369	747	980
Pretax pre-provision earnings (PPNR)	**$ 493**	**$ 485**	**$ 745**	**$ 422**	**$ 529**	**$ 501**	**$ 509**	**$ 470**	**$ 409**	**$ 1,697**	**$ 1,388**
Less: Gain on portfolio sale	—	—	(230)	—	—	—	—	(5)	(4)	(230)	(9)
Add: Impact from repurchased Convertible Notes	—	—	—	—	—	—	—	—	96	—	96
PPNR excluding gain on portfolio sale and impact from repurchased Convertible Notes	**$ 493**	**$ 485**	**$ 515**	**$ 422**	**$ 529**	**$ 501**	**$ 509**	**$ 465**	**$ 501**	**$ 1,467**	**$ 1,475**
Tangible common equity (TCE)											
Total stockholders' equity	$ 2,399	$ 2,265	$ 2,716	$ 2,736	$ 2,864	$ 2,918	$ 3,032	$ 3,170	$ 3,112	$ 2,864	$ 3,112
Less: Goodwill and intangible assets, net	(690)	(799)	(790)	(780)	(771)	(762)	(753)	(744)	(754)	(771)	(754)
Tangible common equity (TCE)	**$ 1,709**	**$ 1,466**	**$ 1,926**	**$ 1,956**	**$ 2,093**	**$ 2,156**	**$ 2,279**	**$ 2,426**	**$ 2,358**	**$ 2,093**	**$ 2,358**
Weighted average shares outstanding – diluted	49.9	50.0	50.1	50.3	50.1	49.6	49.7	50.2	51.0	50.2	50.3