First quarter 2026 results

April 23, 2026

First quarter 2026

Key highlights

Improved credit sales and returned to loan growth

- Credit sales of $6.5 billion increased 7% and end-of-period loans of $18.1 billion were up 2% year-over-year.
- Launched new card programs with Ford and Ethan Allen, further expanding our auto and home verticals.
- Offering Bread Pay installment loans with additional partners including AAA, Dell, and Ford.
- Academy Sports now offers a comprehensive suite of payment options, including co-brand, private label, and installment loans.

Strong financial results and strategic capital allocation

- Net income of $181 million and earnings per diluted common share (EPS) of $4.15(1).
- Tangible book value per common share(2) of $61.57 increased $12.66, or 26%, year-over-year.
- Retired a total of 3.5 million shares of common stock, or 8% of our outstanding shares as of year end 2025, as part of both our repurchase authorization and the full unwind of our capped call transactions.
- Also announced a $600 million increase to our Board approved common stock repurchase authorization, bringing the total available for stock repurchases to $690 million at quarter-end.

Proactive risk management and financial resilience

- Enhanced financial resilience through responsible growth, proactive credit risk management, prudent capital levels, and ongoing operational excellence initiatives.
- Our customers' financial health remains resilient as evidenced by positive sales and payments growth, and lower delinquencies and losses, despite ongoing inflationary concerns, a generally stable job market, and continuing weak consumer sentiment.
- Our emphasis on disciplined credit risk management and product diversification toward co-brand credit cards and installment products will continue to have positive impacts on risk and income diversification.

(1) See Additional footnotes and definitions of terms in the Appendix.
(2) Represents a Non-GAAP financial measure. See "Non-GAAP Financial Measures" and "Reconciliation of GAAP to Non-GAAP Financial Measures."

First quarter 2026 financial highlights

Revenue
$1,018 million

Net income
$181 million

Diluted EPS
$4.15

ROTCE[(1)]
27.4%

Year-over-year comparisons

- Credit sales were $6.5 billion, an increase of $0.4 billion, or 7%, driven by new partner growth and increased general-purpose spending.
- Average credit card and other loans of $18.3 billion were up 1%, and end-of-period credit card and other loans of $18.1 billion increased 2%, benefiting from the new partner growth and improved credit sales.
- End-of-period direct-to-consumer deposits of $8.7 billion increased 10% year-over-year.
- Revenue increased $48 million, or 5%, primarily reflecting the implementation of pricing changes and lower interest expense, partially offset by lower billed late fees and higher retailer share arrangements.
- Total non-interest expenses decreased $5 million, or 1%, primarily reflecting ongoing expense discipline, as well as a data processing credit received in the quarter, partially offset by higher employee compensation and benefits costs.
- Net income increased $43 million, primarily driven by higher revenue.
- PPNR[(1)] increased $53 million, or 11%.
- The delinquency rate of 5.59% decreased 34 basis points.
- The net loss rate of 7.33% decreased 83 basis points.

(1) Represents a Non-GAAP financial measure. See “Non-GAAP Financial Measures” and "Reconciliation of GAAP to Non-GAAP Financial Measures."

Summary P&L results

($ in millions, except per share amounts)	1Q26	1Q25	$ change	% change
Total interest income	$ 1,260	$ 1,231	$ 29	2
Total interest expense	193	225	(32)	(14)
Net interest income	**1,067**	**1,006**	**61**	**6**
Total non-interest income	(49)	(36)	(13)	38
Revenue	**1,018**	**970**	**48**	**5**
Net principal losses	331	365	(34)	(10)
Reserve release	(28)	(69)	41	(60)
Provision for credit losses	303	296	7	2
Total non-interest expenses	472	477	(5)	(1)
Income from continuing operations before income taxes	**243**	**197**	**46**	**23**
Provision for income taxes	62	55	7	11
Income from continuing operations	181	142	39	28
Loss from discontinued operations, net of income taxes	—	(4)	4	(100)
Net income	**$ 181**	**$ 138**	**$ 43**	**32**
Dividends declared to preferred stockholders	(2)	—	(2)	nm
Net income available to common stockholders	$ 179	$ 138	$ 41	30
Earnings per diluted common share	$ 4.15	$ 2.78	$ 1.37	50
Pretax pre-provision earnings[1]	$ 546	$ 493	$ 53	11

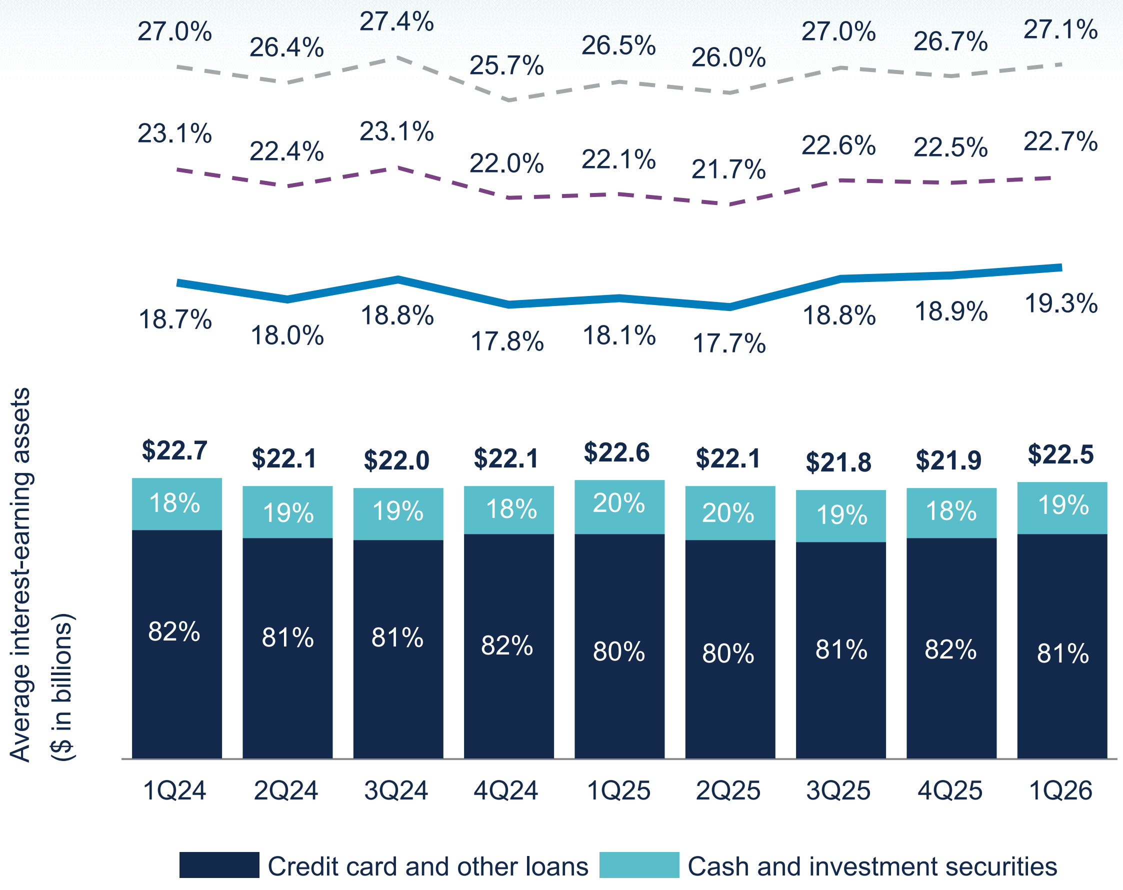
(1) Represents a Non-GAAP financial measure. See "Non-GAAP Financial Measures" and "Reconciliation of GAAP to Non-GAAP Financial Measures."

PPNR[1]

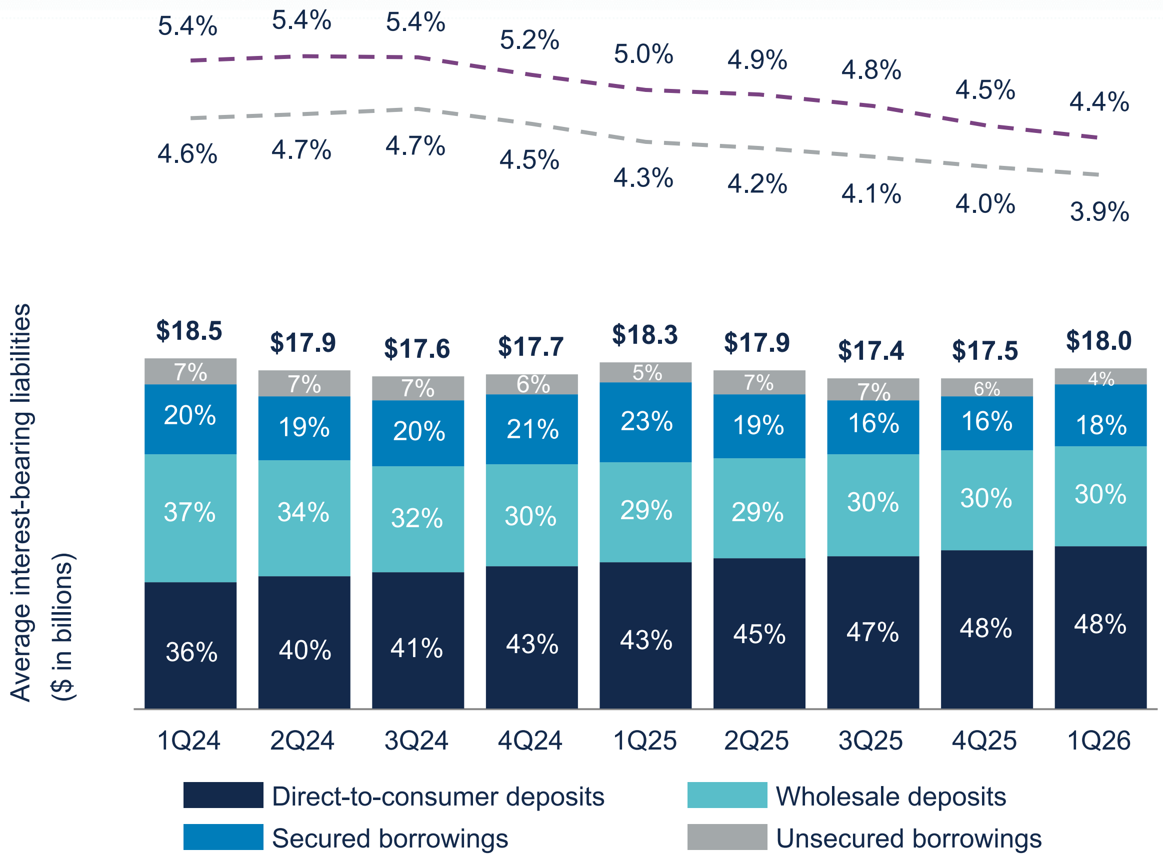
($ in millions)

Net interest margin

Interest-earning asset yields and mix



Interest-bearing liability costs and funding mix



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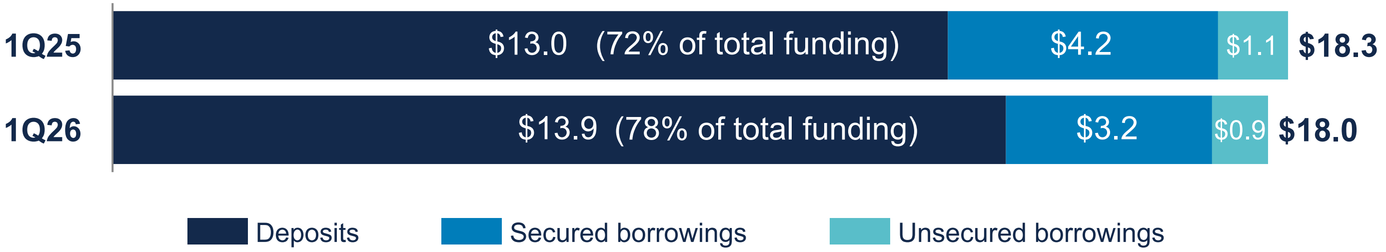
Funding, capital, and liquidity

Average funding sources

($ in billions)



End-of-period liquid resources

($ in billions)

	1Q26	1Q25
Liquid assets	3.6	4.2
Undrawn credit facilities	2.8	3.2
Total	**6.4**	**7.4**
% of liquid resources to total assets	**28.7%**	**33.0%**

CET1 capital ratio walk

	CET1
1Q25	**12.0 %**
Net earnings	3.4 %
Risk-weighted asset changes	(0.4)%
Preferred and common stock dividends	(0.2)%
Common stock repurchases	(1.9)%
Debt repurchases	(0.4)%
Other activity, net	0.8 %
1Q26	**13.3 %**

Capital ratios

CET1 capital ratio

Tier 1 capital ratio

Total risk-based capital ratio

TCE + credit reserve rate[1]

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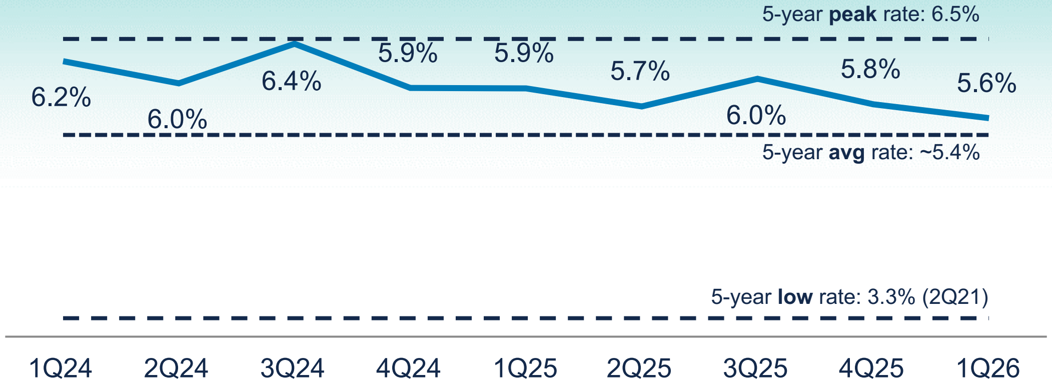
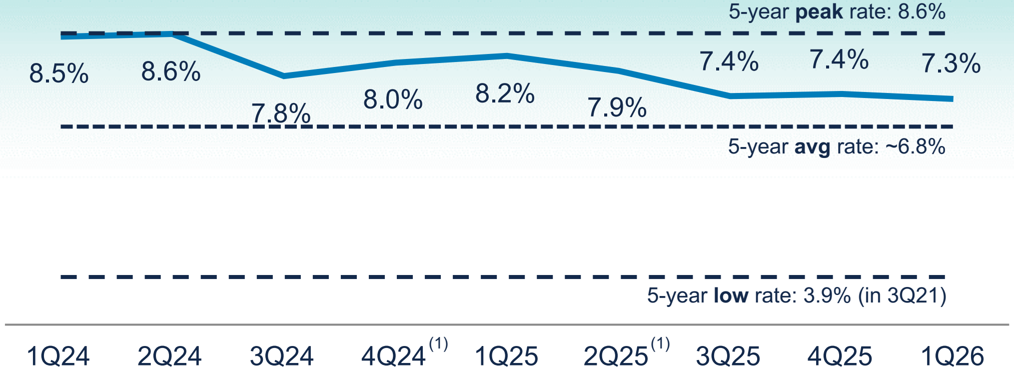
(1) Represents a Non-GAAP financial measure. See "Non-GAAP Financial Measures" and "Reconciliation of GAAP to Non-GAAP Financial Measures."

Credit quality and allowance

Delinquency rates

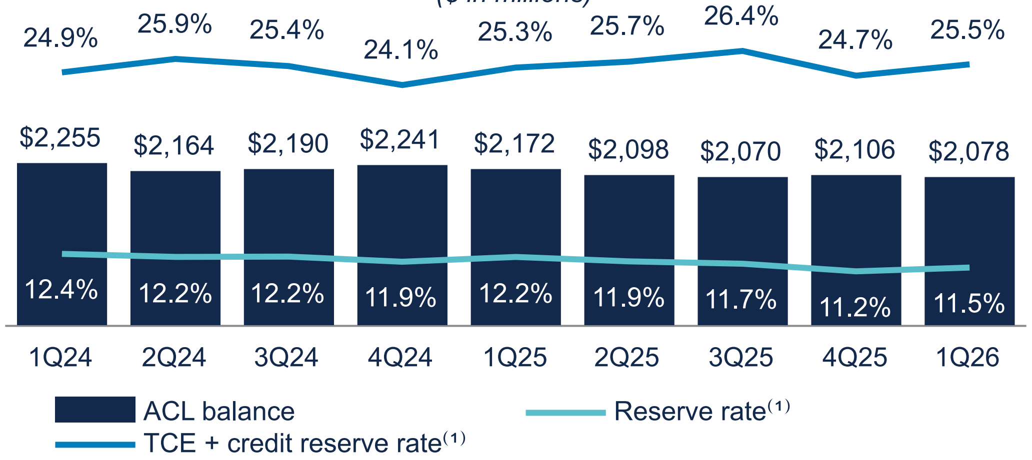


Net loss rates



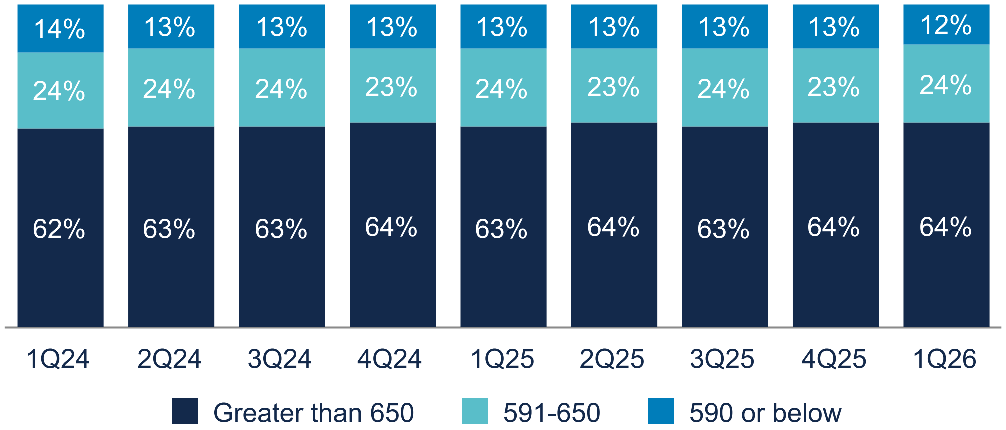
Reserve rates and loss absorption capacity

($ in millions)



Revolving loan credit risk distribution

(VantageScore)



(1) See Additional footnotes and definitions of terms in the Appendix.

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2026 financial outlook

As of 4/23/2026

Full year 2025 actuals	Full year 2026 outlook	Commentary
Average loans 2025: $17,850	Up low single digits	Based on our current economic outlook and visibility into our pipeline and partner growth, we expect 2026 average credit card and other loans growth to be up low single digits from full year 2025.
Revenue 2025: $3,845 million	Up low single digits	Revenue growth is expected to be up low single digits from 2025, largely in line with average loan growth.
Adjusted total non-interest expenses(1) 2025: $1,914 million	Positive operating leverage	Expense growth is managed based on revenue generation and investment opportunities. We expect to deliver positive operating leverage in 2026, excluding the pretax impacts from our debt repurchases. We continue to invest in AI capabilities, technology modernization, marketing, and product innovation to drive growth and efficiencies.
Net loss rate 2025: 7.7%	7.2% to 7.4%	2026 net loss rate is expected to improve from 2025 given a resilient consumer, our disciplined credit management, and continued risk and product mix shifts.

(1) Represents a Non-GAAP financial measure. We are unable to provide a quantitative reconciliation of the forward-looking 2026 financial outlook for this Non-GAAP financial measure 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. In the calculation of Full year 2025 actuals, Adjusted total non-interest expenses excludes from Total non-interest expenses a $74 million pre-tax impact from our debt repurchases.

Appendix

Building on our position of strength

2026 focus areas

Responsible growth

Accelerate sustainable growth through our diversified product suite and expand revenue generation opportunities, delivering value to our brand partners and customers

Proactive, strategic risk management

Execute strategies to improve credit performance and maintain strong risk and control effectiveness while reinforcing regulatory vigilance

Operational excellence

Accelerate initiatives to deliver AI capabilities, technology advancements, improved customer satisfaction, reduced risk exposure, and enterprise-wide efficiency

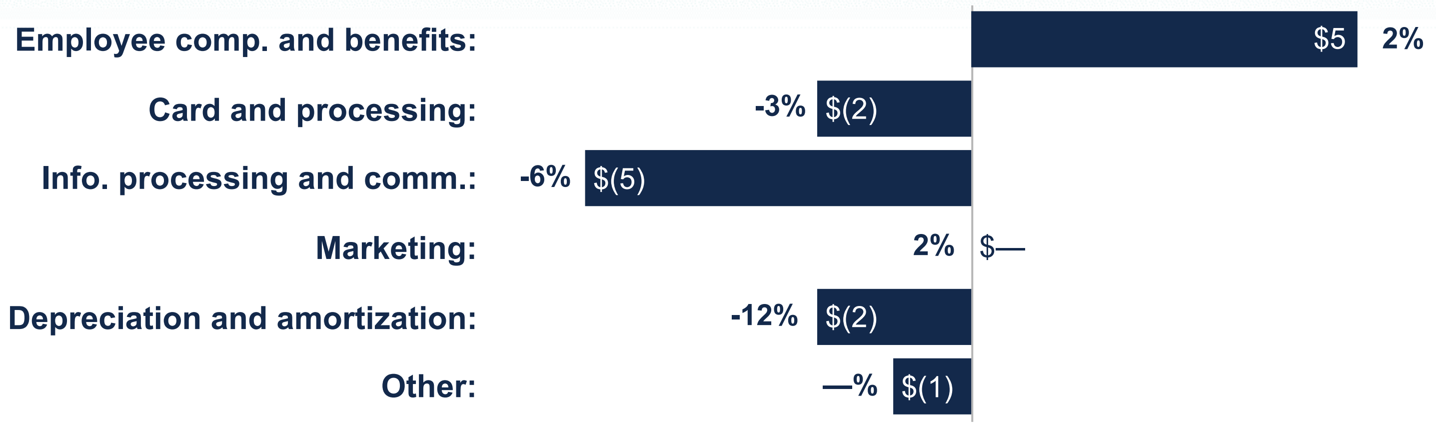
Disciplined capital allocation

Effectively manage capital ensuring appropriate returns on investments to achieve our long-term financial targets while maintaining a strong balance sheet

Total non-interest expenses

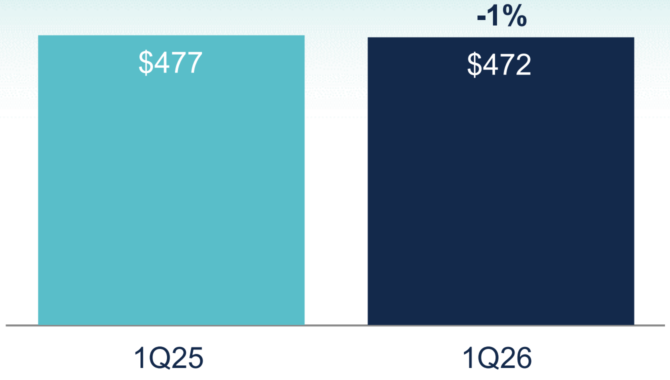
1Q26 vs. 1Q25 change in non-interest expenses

($ in millions)

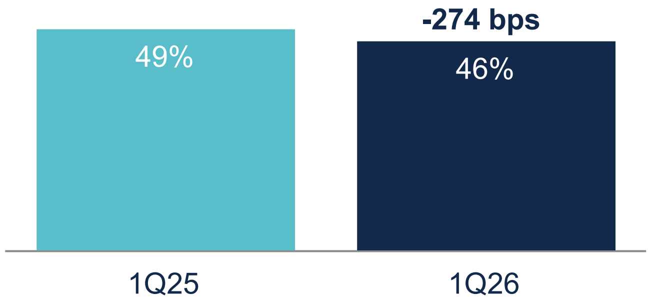


Total non-interest expenses

($ in millions)



Efficiency ratio

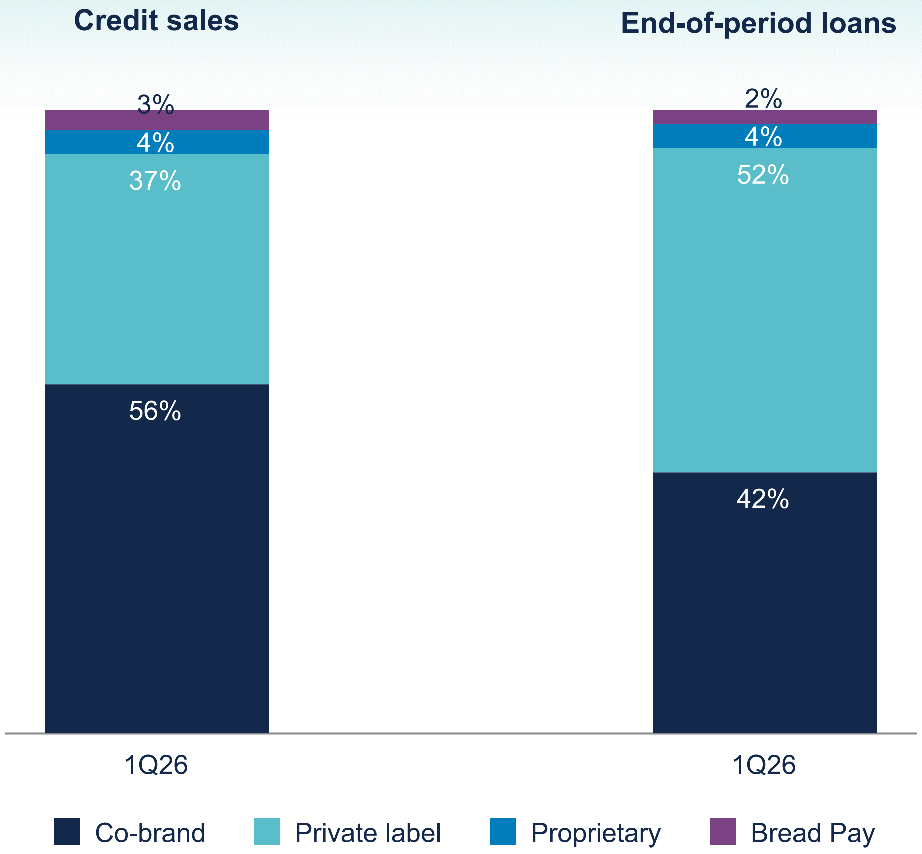


Total non-interest expenses decreased 1% versus 1Q25

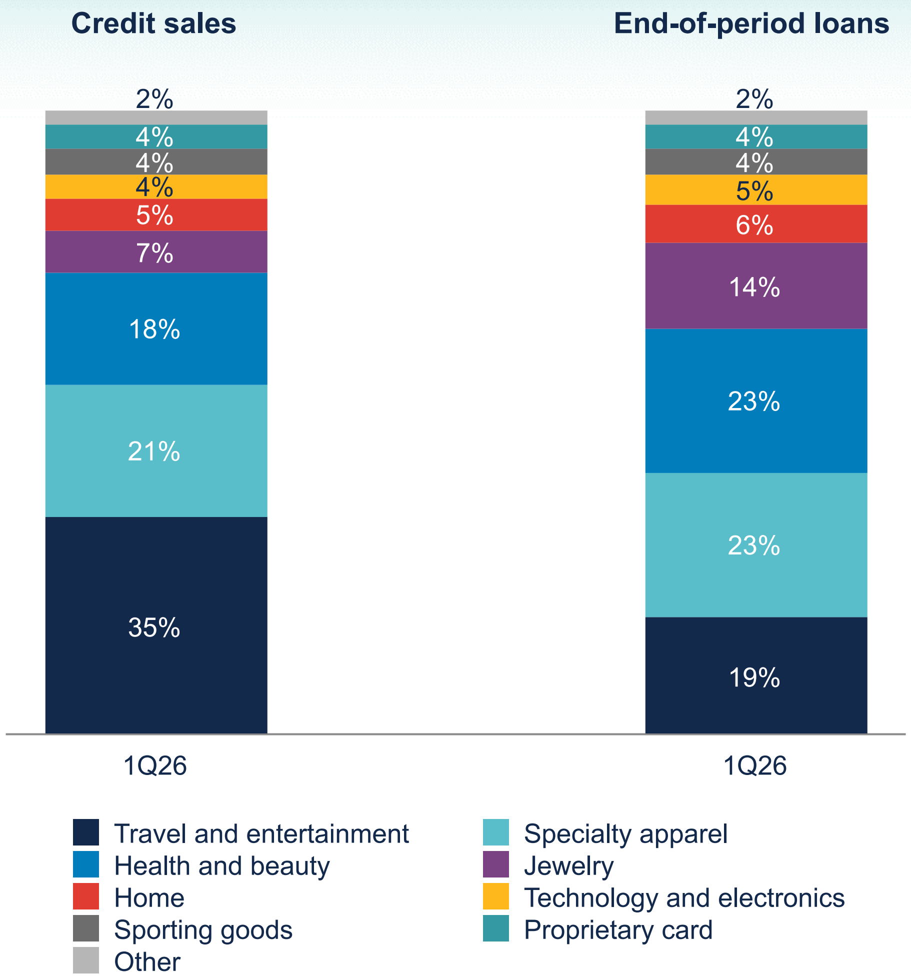
- Employee compensation and benefits costs increased primarily due to higher wages related to annual merit increases and incentive compensation, partially offset by operational excellence initiatives.
- Information processing and communication expenses decreased primarily due to a credit received in the quarter, lowering outsourced data processing costs.

Diversified product and partner mix

Product diversification

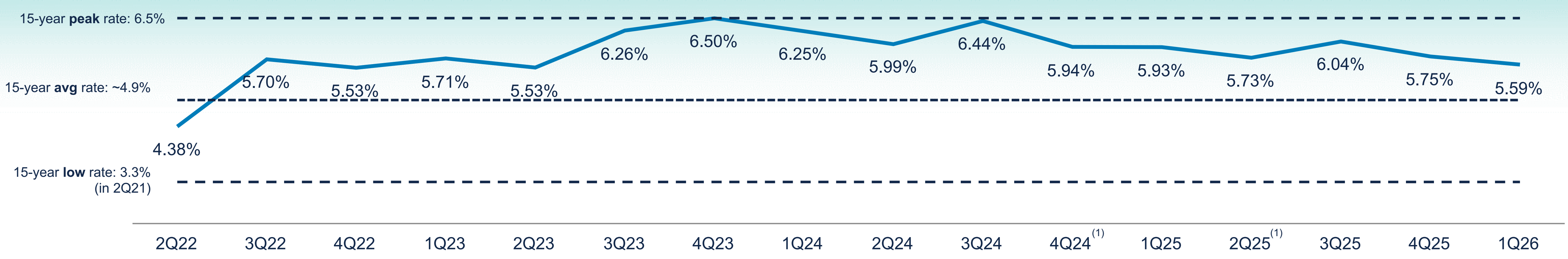


Partner diversification

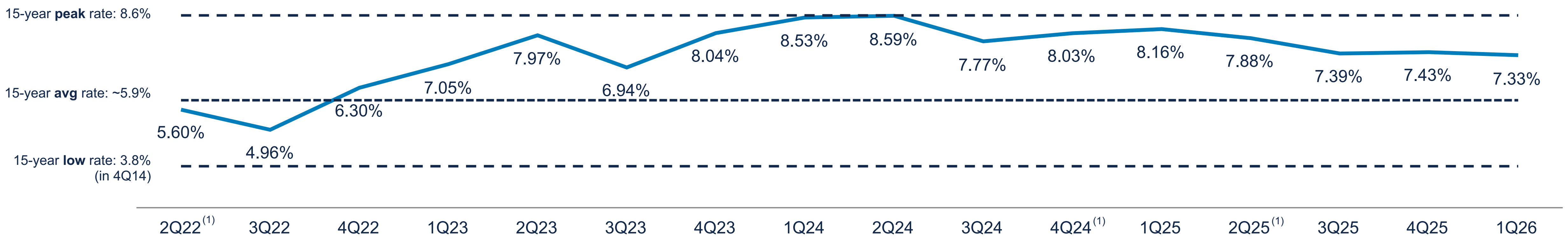


Credit quality trends

Delinquency rates



Net loss rates



(1) See Additional footnotes and definitions of terms in the Appendix.

Notes: Starting with 3Q22 through 2Q23, the Net loss rate was impacted by the transition of our credit card processing services in June 2022.

Additional footnotes and definitions of terms

- **Average daily balance:** Beginning in 2024, we revised the calculation of average balances to more closely align with industry practice by incorporating an average daily balance. Prior to 2024, average balances represent the average balance at the beginning and end of each month, averaged over the periods indicated.
- **Hurricanes Helene and Milton:** As a result of Hurricanes Helene and Milton in September and October 2024, we froze delinquency progression in the fourth quarter of 2024 for customers in Federal Emergency Management Agency identified impact zones for one billing cycle. We estimate the net loss rate benefited by more than 20 basis points in the fourth quarter of 2024 and was negatively impacted by approximately 30 basis points in the second quarter of 2025.
- **2022 Net loss rate:** The 2Q22 Net loss rate includes a 30 basis point increase from the effects of the purchase of previously written-off accounts that were sold to a third-party debt collection agency.
- **Reserve rate:** Reserve rate represents the percentage of the Allowance for credit losses to end-of-period Credit card and other loans.
- **TCE + credit reserve rate:** Tangible common equity (TCE) + credit reserve rate represents the sum of TCE and Allowance for credit losses divided by end-of-period Credit card and other loans. TCE is a Non-GAAP financial measure.

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, interest rates, labor 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; global 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 and 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, 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; 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; 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, 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; 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 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. 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 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) represents Income from continuing operations before income taxes and the Provision for credit losses. We use *PPNR* as a metric to evaluate our results of operations before income taxes, excluding the movements that can occur within Provision for credit losses.
- *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 the "Reconciliation of GAAP to Non-GAAP Financial Measures."

Reconciliation of GAAP to Non-GAAP financial measures

($ in millions)		1Q26		1Q25
Pretax pre-provision earnings (PPNR)				
Income from continuing operations before income taxes	$	243	$	197
Provision for credit losses		303		296
Pretax pre-provision earnings (PPNR)	**$**	**546**	**$**	**493**
Average Tangible common equity				
Average Total stockholders' equity	$	3,461	$	3,246
Less: average Preferred stock		(72)		—
Less: average Goodwill and intangible assets, net		(713)		(744)
Average Tangible common equity	**$**	**2,676**	**$**	**2,502**
Tangible common equity (TCE)				
Total stockholders' equity	$	3,325	$	3,068
Less: Preferred stock		(72)		—
Less: Goodwill and intangible assets, net		(708)		(738)
Tangible common equity (TCE)	**$**	**2,545**	**$**	**2,330**

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