Bread Financial

Goldman Sachs Financial Services Conference

December 7, 2022

Forward-Looking Statements

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, future financial performance and outlook, initiation or completion of strategic initiatives, including the ability to realize the intended benefits of the spinoff of our former LoyaltyOne® segment, future dividend declarations, future economic conditions, including, but not limited to, market conditions, persistent inflation, rising interest rates, the increased probability of a recession and related impacts on consumer behavior, future legislative or regulatory actions that could have impact on our business and results of operations, including any such actions that may be taken with respect to late fees, interchange fees, or other charges, developments in the geopolitical environment, including the war in Ukraine, and the ongoing effects of the global COVID-19 pandemic, all of which factors remain difficult to predict.

We believe that our expectations are based on reasonable assumptions. Forward-looking statements, however, are subject to a number of risks and uncertainties that could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this presentation, and no assurances can be given that our expectations will prove to have been correct. These risks and uncertainties include, but are not limited to, factors set forth in the Risk Factors section and elsewhere 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 within this presentation, 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 build/release in Provision for credit losses. We use PPNR as a metric to evaluate our results of operations before income taxes, excluding the volatility that can occur within Provision for credit losses. 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 in relation to tangible assets per share. 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* that follows.

Conference Update

Quality growth with strong core performance trends

- Double-digit sales growth expected in the fourth quarter driven by addition of the AAA relationship in October
- Continued investments in digital and technology modernization and marketing driving higher fourth quarter expenses
- Fourth quarter credit metrics trending in line with expectations
- Full year outlook remains unchanged

Business development activity remains strong

- Signed a long-term co-brand card relationship with the New York Yankees

Our Business Transformation

Transforming our Company to deliver sustainable, profitable growth

- Expanded our product suite and direct-to-consumer offerings
- Enhanced our core technology and digital capabilities
- Focused on improving our capital ratios and reducing our leverage
- Increased emphasis on Environmental, Social, and Governance

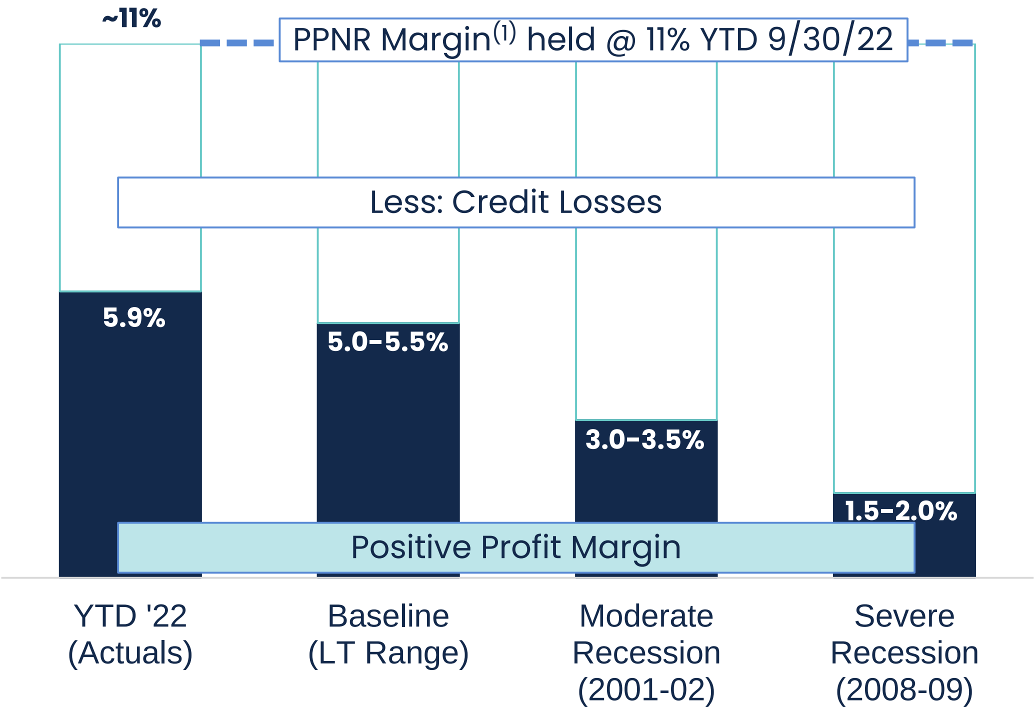
Guiding Business Principles

Strong corporate governance	Proactive risk management	Prudent balance sheet management	Disciplined expense management	Enhanced core capabilities

Strengthened Financial Resilience

Strong PPNR margin and strengthened balance sheet provide improved financial resilience

Positive Profit Margin Maintained in Stressed Scenarios



Net Loss Rate	Range of Net Loss Rates		
5.1%	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 of resilience.*

- **Loan loss reserve materially higher.** Rate of **11.4%, up 540 bps** from year-end 2019 and prior pre-recession periods.
- **Capital ratios significantly improved.** TCE/TA ratio[2] at **8.0%**; was negative during various prior periods.
- **Credit mix shifting to higher quality.** Risk score mix with >660 at **60%**, above pre-pandemic levels.

Enhanced Credit Risk Management

✓ Diversification across products, partners, and channels
✓ Stronger underwriting resulting from enhanced technology, monitoring, and data
✓ Prudent and proactive line management
✓ Well-established risk appetite metrics
✓ Recession readiness playbook in place

(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) *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.*

Appendix

Differentiated Products & Brand Partnerships

Expanded product offering provides consumer choice across the total addressable market

Budget/Cash Flow ⟷ Rewards/Convenience

Gen Z	Millennial	Gen X	Baby Boomer
Installment Loans	Installment Loans	Installment Loans	Installment Loans
	Private Label Credit Card	Private Label Credit Card	Private Label Credit Card
		Co-Brand Credit Card	Co-Brand Credit Card
	Proprietary Credit Card	Proprietary Credit Card	Proprietary Credit Card
Split-Pay (BNPL)	Split-Pay (BNPL)		
Savings Products	Savings Products	Savings Products	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

>90%
Partner renewal rate

15 years
Average tenure

Well Diversified

~130
Card partner programs in multiple industry verticals

U.S. Consumer Penetration

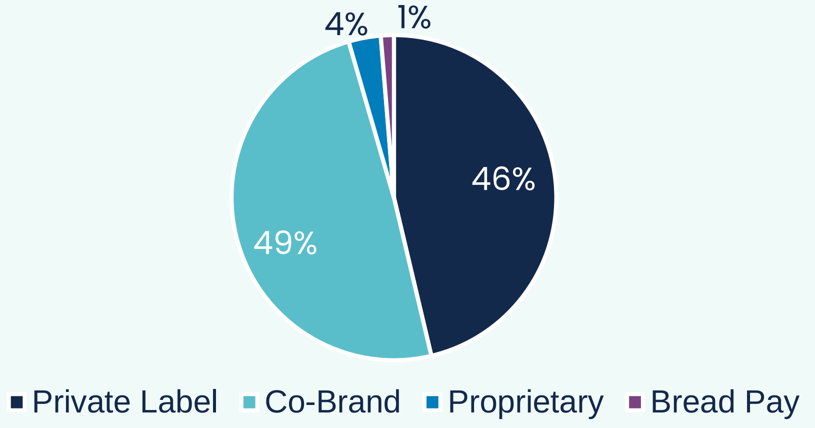
We've put a card in the wallets of
1 in 7
American adults, including 1 in 5 U.S. female adults

Product Diversification

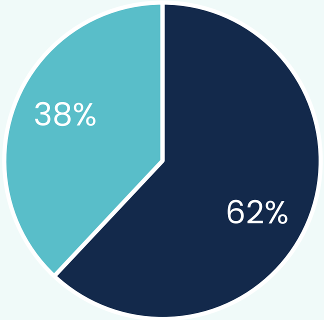
Diversifying our product mix to optimize risk-adjusted returns and deliver sustainable, profitable growth

Credit Sales by Product

YTD October 2022



YTD October 2019



Co-Brand, proprietary, and Bread Pay now comprise over 50% of credit sales

Private Label
(Closed Network)

- Long history of successes with programs tailored to build customer loyalty with our partners' brands
- Traditional PLCC average loan ~$400; also provide promotional "Big Ticket" PLCC financing
- Higher revenue yields; deeper underwriting; lower credit lines

Co-Brand
(Open Network)

- Ideal for well known brands; builds brand loyalty and enables general purpose network spend, improving diversification
- Majority of co-brand portfolio >660 Vantage Score
- Higher credit scores; higher credit lines; lower revenue yields

Proprietary
(Open Network)

- General purpose cashback cards to capture incremental spend, and build and retain customer relationships
- Increases total addressable market, including the Millennial and Gen Z populations
- No partner risk or share of economics

Bread Pay

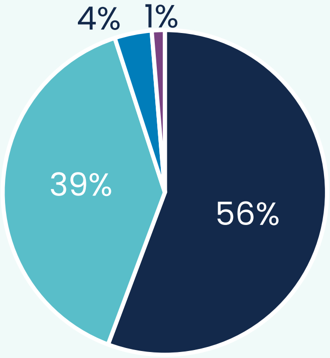
- Bread Pay consists of direct-to-consumer offerings including both digital installment and split pay (BNPL)
- Bolsters full suite of products to provide consumer choice with focus on Millennials and Gen Z
- Over 95% of loans are installment

Product and Partner Diversification

Diversifying products and brand partner portfolio to balance growth and expand addressable market

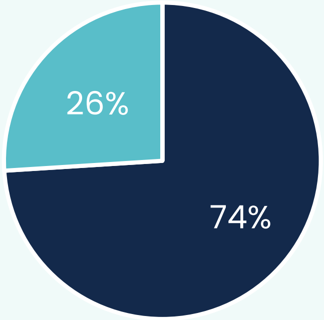
End-of-Period Loans by Product

October 2022



■ Private Label ■ Co-Brand ■ Proprietary ■ Bread Pay

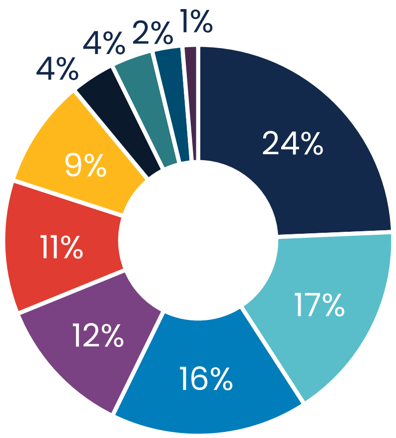
October 2019



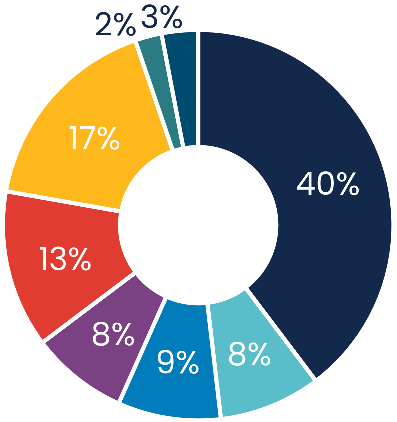
Co-Brand, proprietary, and Bread Pay now comprise nearly 45% of loans

End-of-Period Loans by Brand Partner

October 2022



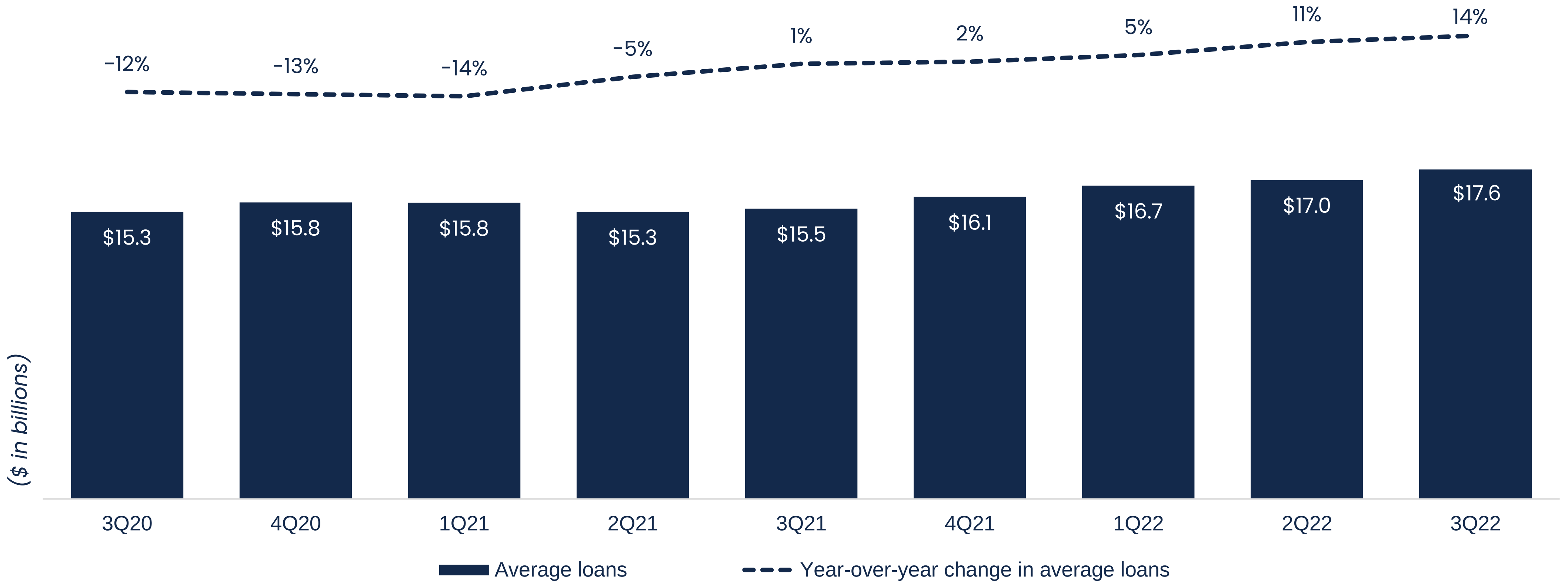
October 2019



- Specialty Apparel – Victoria's Secret
- Health & Beauty – Ulta Beauty
- Travel and Entertainment – NFL Extra Points
- General Retail
- Jewelry – Signet Jewelers
- Home – Big Lots!
- Prop Card – bread cashback
- Sporting Goods – Academy Sports + Outdoors
- Other – Petland
- Bread Pay – bread pay

Average Loans

Average loan growth continues to inflect higher



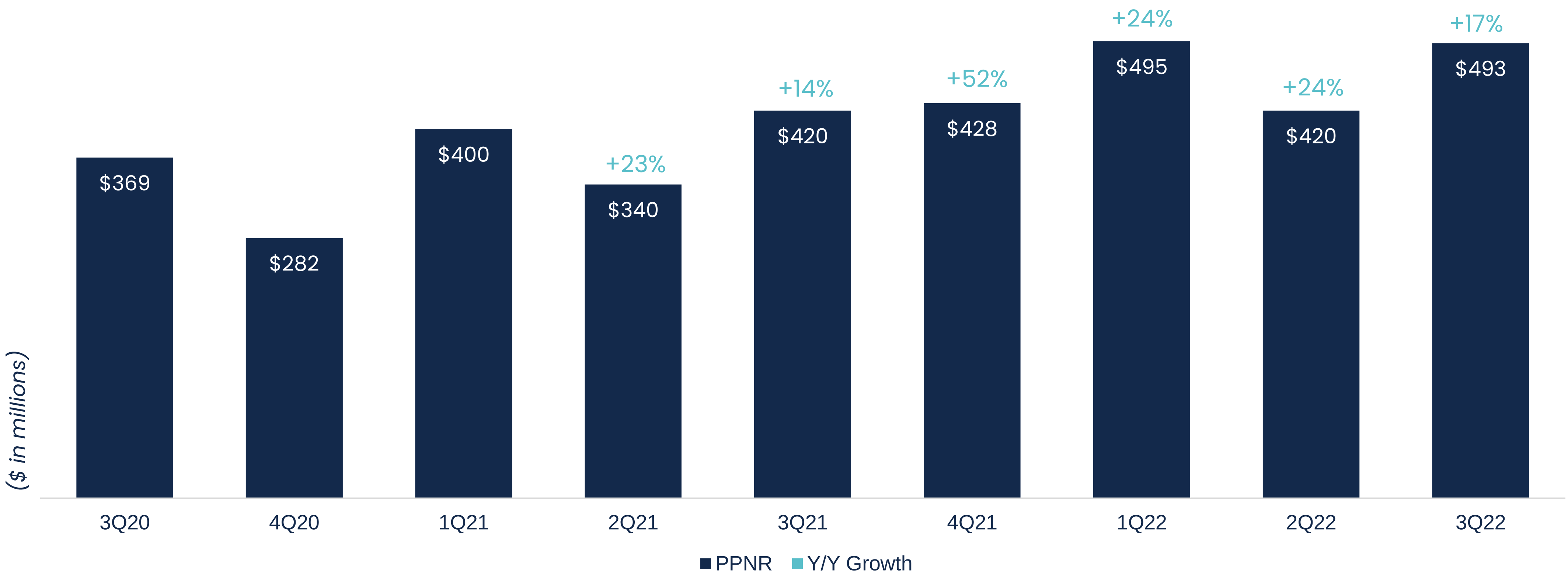
Payment rate for the month ended(1)

Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22
15.5%	16.2%	18.8%	17.6%	16.7%	17.2%	17.7%	15.3%	15.6%

(1) Payment rate represents monthly consumer payments divided by billed credit card and other loans from the month prior.

Pretax Pre-Provision Earnings(1)

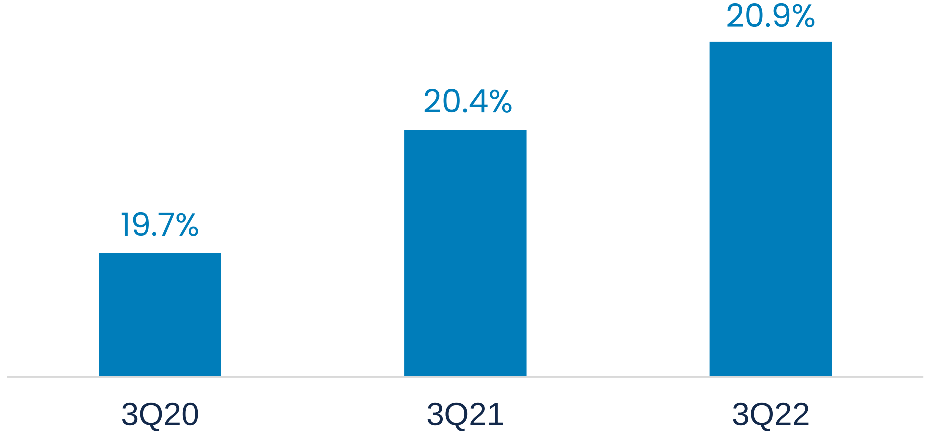
Continued strong PPNR growth

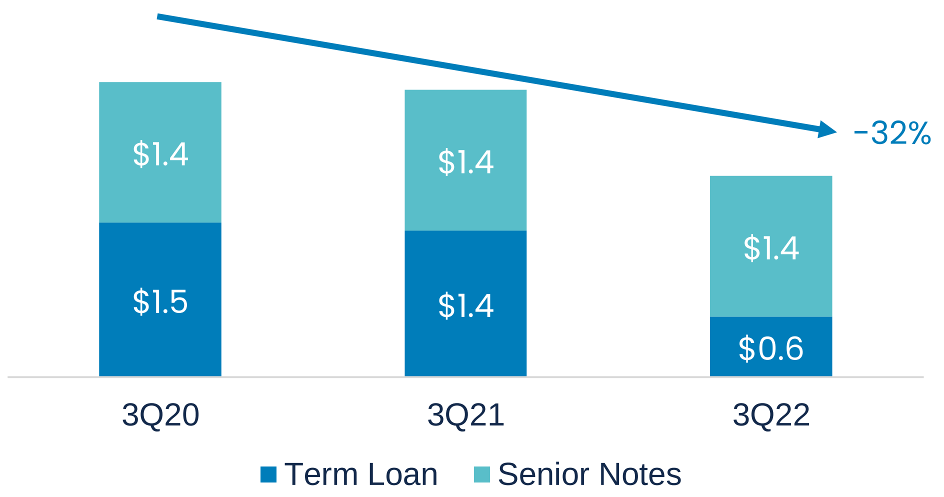


(1) Pretax Pre-Provision Earnings (PPNR) is a non-GAAP financial measure. See the Non-GAAP Financial Measures section and the Reconciliation of GAAP to Non-GAAP Financial Measures included in the Appendix.

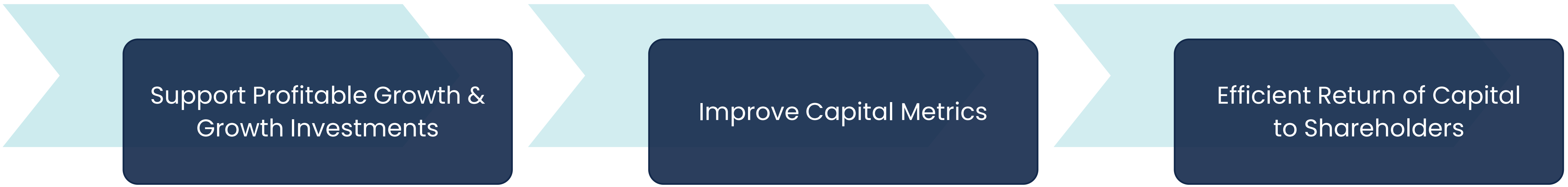
Capital and Debt

Building capital and loss absorption capacity; reducing parent level debt





Capital Priorities



(1) The "Tangible Equity + Credit Reserve Ratio" is calculated as the sum of Tangible Common Equity and Allowance for Credit Losses divided by end of period loans. This 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.

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Reconciliation of GAAP to Non-GAAP Financial Measures

($ in millions)	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	YTD '21	YTD '22
Pretax pre-provision earnings (PPNR)											
Income before income taxes	$162	$129	$367	$354	$259	$65	$302	$16	$189	$980	$508
Provision for credit losses	207	153	33	(14)	161	363	193	404	304	180	902
Pretax pre-provision earnings (PPNR)	**$369**	**$282**	**$400**	**$340**	**$420**	**$428**	**$495**	**$420**	**$493**	**$1,160**	**$1,410**
Tangible common equity (TCE)											
Total stockholders' equity	$1,323	$1,522	$1,764	$2,048	$2,246	$2,086	$2,268	$2,275	$2,399	$2,246	$2,399
Less: Goodwill and intangible assets, net	(336)	(710)	(704)	(699)	(694)	(686)	(682)	(694)	(690)	(694)	(690)
Tangible common equity (TCE)	**$987**	**$812**	**$1,060**	**$1,349**	**$1,552**	**$1,400**	**$1,586**	**$1,581**	**$1,709**	**$1,552**	**$1,709**
Tangible assets (TA)											
Total assets	$21,113	$22,547	$21,163	$21,812	$22,257	$21,746	$20,938	$21,811	$21,960	$22,257	$21,960
Less: Goodwill and intangible assets, net	(336)	(710)	(704)	(699)	(694)	(686)	(682)	(694)	(690)	(694)	(690)
Tangible assets (TA)	**$20,777**	**$21,837**	**$20,459**	**$21,113**	**$21,563**	**$21,060**	**$20,256**	**$21,117**	**$21,270**	**$21,563**	**$21,270**