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Third quarter 2025 results

October 23, 2025

Third quarter 2025

Key highlights

Demonstrated financial resilience and strategic capital allocation

- Enhanced financial resilience through ongoing operational excellence initiatives, responsible growth, proactive credit risk management, and prudent capital allocation.
- Net income of $188 million and earnings per diluted share of $3.96, including a favorable discrete tax item of $38 million and a $3 million post-tax impact from our repurchased debt.
- Tangible book value per common share(1) of $56.36 increased $8.88 or 19% year-over-year.
- Return on average tangible common equity(1) was 28.6%.
- Direct-to-consumer deposits of $8.2 billion increased 9% year-over-year, and now represent 47% of our average total funding.
- In August, announced share repurchase authorization of $200 million and repurchased 0.6 million shares during the quarter. In October, repurchased an additional 0.4 million shares for a total of 1.0 million shares or $60 million.
- Today, announced a $200 million increase to our share repurchase authorization, bringing the total amount currently available for share repurchases to $340 million.
- Declared a quarterly cash dividend of $0.23 per common share, a 10% increase from the prior quarter.
- Received credit ratings upgrade and continued positive outlook from Moody's in October.
- Expanded our home vertical, including signing Bed, Bath & Beyond, Furniture First, and Raymour & Flanigan.

Proactive risk management given macroeconomic uncertainty

- Actively monitoring any effects that trade and other government policies have on our consumers and our business.
- Our customers' financial health remains resilient as evidenced by strong sales and payments and lower delinquencies and losses, despite ongoing inflationary concerns, a slowing, yet stable job market, and continuing low consumer sentiment.
- Our emphasis on product diversification towards co-brand, our proprietary card, and installment products will continue to have positive impacts on risk and income diversification.

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

Third quarter 2025 financial highlights

Continuing operations[1]

Revenue
$1.0 billion

Net income	Adj. net income[2]
$188 million	**$191 million**

Diluted EPS	Adj. diluted EPS[2]
$3.96	**$4.02**

Year-over-year comparisons

- Credit sales were $6.8 billion for the third quarter of 2025, an increase of $0.3 billion, or 5%, driven by new partner growth and increased general-purpose spending.
- Average and end-of-period loans were $17.6 billion, down 1%, and $17.7 billion, down 2%, respectively, due to an increasing payment rate and the ongoing effect of elevated gross losses.
- Revenue decreased $12 million, or 1%, primarily due to lower billed late fees resulting from lower delinquencies, higher retailer share arrangements, and a $4 million gain on portfolio sale in the prior year, partially offset by lower interest expense and the implementation of pricing changes and paper statement fees.
- Total non-interest expenses decreased $98 million, or 17%, driven by the prior year impact from repurchased debt. Excluding the impacts from our repurchased debt, adjusted total non-interest expenses[2] decreased $5 million, or 1%, driven by our continued operational excellence initiatives.
- Income from continuing operations increased $185 million, reflecting the prior year impact of $91 million from our repurchased debt, and the current year impacts from a lower provision for credit losses, and a $38 million favorable discrete tax item. Excluding the impacts from our repurchased debt, adjusted income from continuing operations[2] increased $97 million, or 104%.
- The delinquency rate of 6.0% decreased from 6.4% in the third quarter of 2024.
- The net loss rate of 7.4% decreased from 7.8% in the third quarter of 2024.

Impacts from repurchased debt

($ in millions, except per share amounts)	Total non-interest expenses		Income from cont. ops.		Diluted EPS from cont. ops.	
	3Q24	3Q25	3Q24	3Q25	3Q24	3Q25
GAAP-basis	$ 574	$ 476	$ 3	$ 188	$ 0.06	$ 3.96
Impacts from repurchased debt	96	3	91	3	1.78	0.06
Adjusted GAAP-basis[2]	**$ 478**	**$ 473**	**$ 94**	**$ 191**	**$ 1.84**	**$ 4.02**

(1) Continuing operations excludes amounts associated with our former LoyaltyOne segment and our former Epsilon segment which previously have been disclosed as discontinued operations and classified accordingly.
(2) Adjusted GAAP-basis figures are Non-GAAP financial measures. See "Non-GAAP Financial Measures" and "Reconciliation of GAAP to Non-GAAP Financial Measures".

Summary P&L results

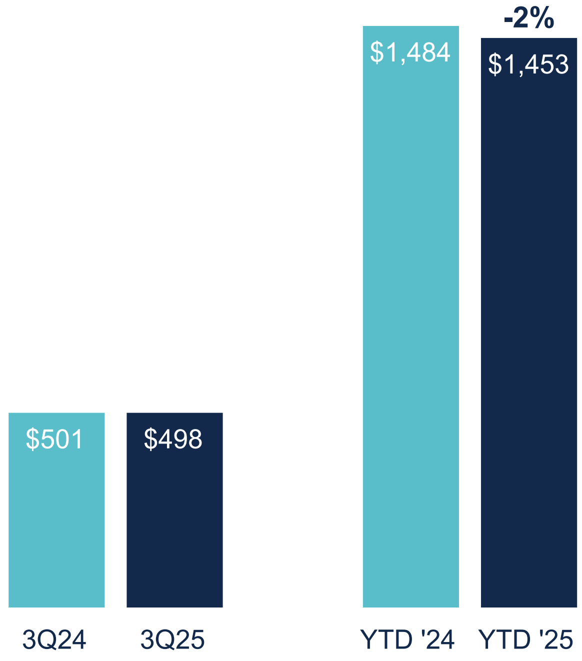
Continuing operations

($ in millions, except per share amounts)	3Q25	3Q24	$ change	% change	YTD '25	YTD '24	$ change	% change
Total interest income	$ 1,242	$ 1,277	$ (35)	(3)	$ 3,666	$ 3,806	$ (140)	(4)
Total interest expense	210	240	(30)	(12)	655	729	(74)	(10)
Net interest income	**1,032**	**1,037**	**(5)**	**(1)**	**3,011**	**3,077**	**(66)**	**(2)**
Total non-interest income	(61)	(54)	(7)	14	(141)	(164)	23	(14)
Revenue	**971**	**983**	**(12)**	**(1)**	**2,870**	**2,913**	**(43)**	**(1)**
Net principal losses	327	347	(20)	(6)	1,040	1,122	(82)	(7)
Reserve (release) build	(28)	22	(50)	(232)	(171)	(142)	(29)	21
Provision for credit losses	299	369	(70)	(19)	869	980	(111)	(11)
Total non-interest expenses	476	574	(98)	(17)	1,433	1,525	(92)	(6)
Income before income taxes	**196**	**40**	**156**	**395**	**568**	**408**	**160**	**39**
Provision for income taxes	8	37	(29)	(77)	100	136	(36)	(27)
Net income	**$ 188**	**$ 3**	**$ 185**	**nm**	**$ 468**	**$ 272**	**$ 196**	**72**
Earnings per diluted share	$ 3.96	$ 0.06	$ 3.90	nm	$ 9.74	$ 5.40	$ 4.34	80
Adjusted net income[(1)]	$ 191	$ 94	$ 97	104	$ 483	$ 370	$ 113	31
Adjusted earnings per diluted share[(1)]	$ 4.02	$ 1.84	$ 2.18	119	$ 10.05	$ 7.35	$ 2.70	37
Pretax pre-provision earnings[(1)]	$ 495	$ 409	$ 86	21	$ 1,437	$ 1,388	$ 49	3
Adjusted PPNR[(1)]	$ 498	$ 501	$ (3)	—	$ 1,453	$ 1,484	$ (31)	(2)

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

Adjusted PPNR[(1)]

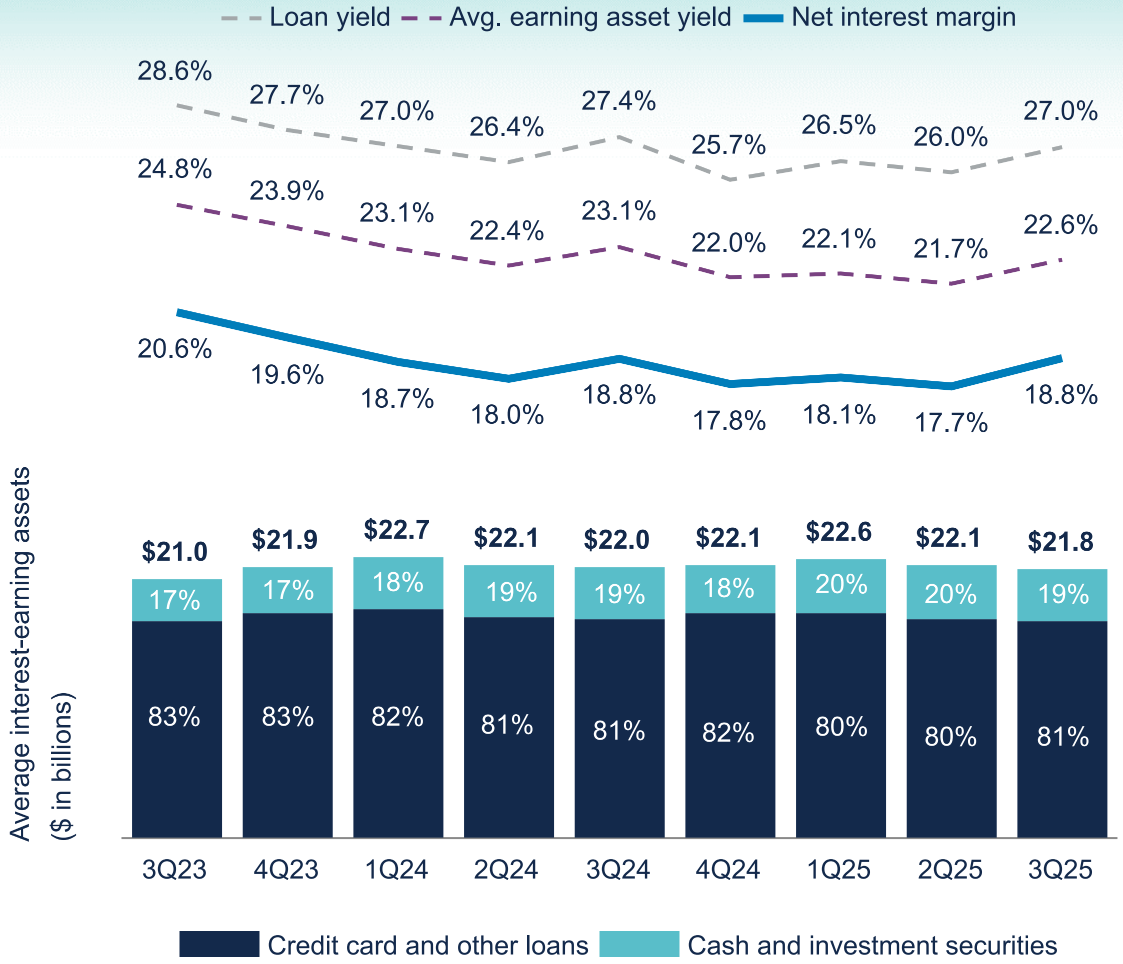
($ in millions)



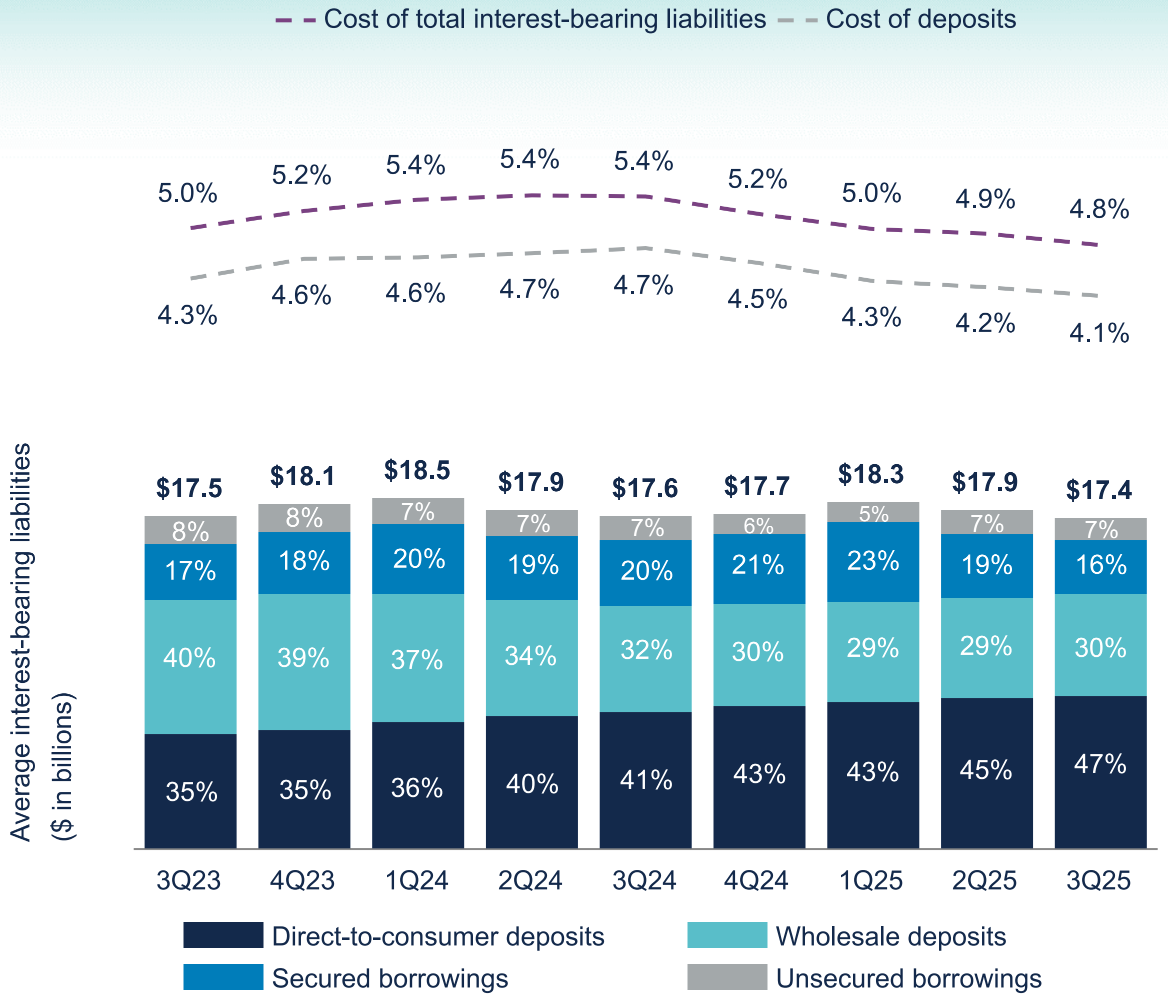
(excl. any gain on portfolio sale and impacts from repurchased debt)

Net interest margin

Interest-earning asset yields and mix



Interest-bearing liability costs and funding mix

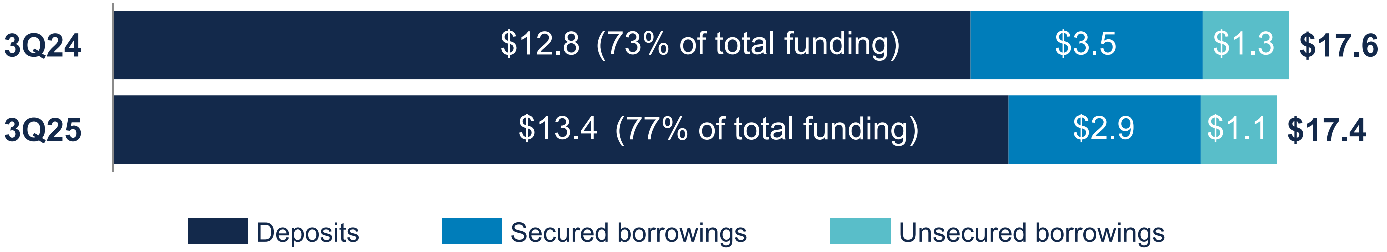


Note: Beginning in 2024, we revised the calculation of average balances to more closely align with industry practice by incorporating an average daily balance. Prior to 2024, average balances represent the average balance at the beginning and end of each month, averaged over the periods indicated.

Funding, capital, and liquidity

Average funding sources

($ in billions)



End-of-period liquid resources

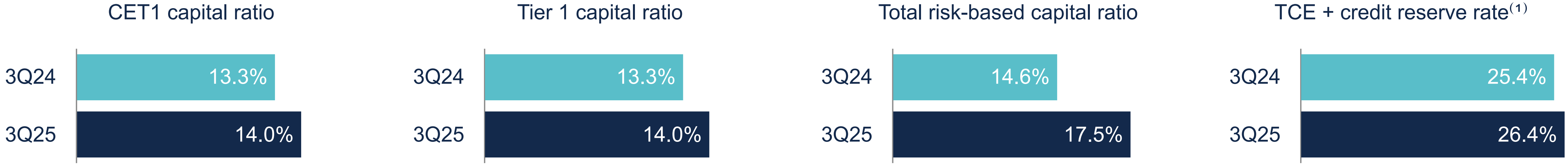
($ in billions)

	3Q24	3Q25
Liquid assets	3.5	3.8
Undrawn credit facilities	4.1	4.0
Total	**7.6**	**7.8**
% of liquid resources to total assets	**34.8%**	**35.8%**

CET1 capital ratio walk

	CET1
3Q24	**13.3 %**
Net earnings	2.6 %
Risk-weighted asset changes	0.2 %
Common dividends	(0.2)%
Share repurchases	(1.2)%
CECL transition provisions	(0.7)%
Repurchased debt	(0.3)%
Other activity, net	0.3 %
3Q25	**14.0 %**

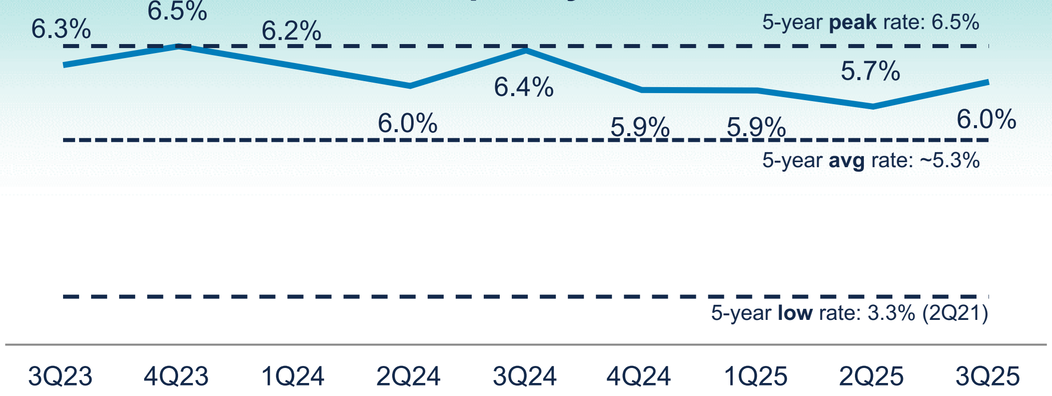
Capital ratios



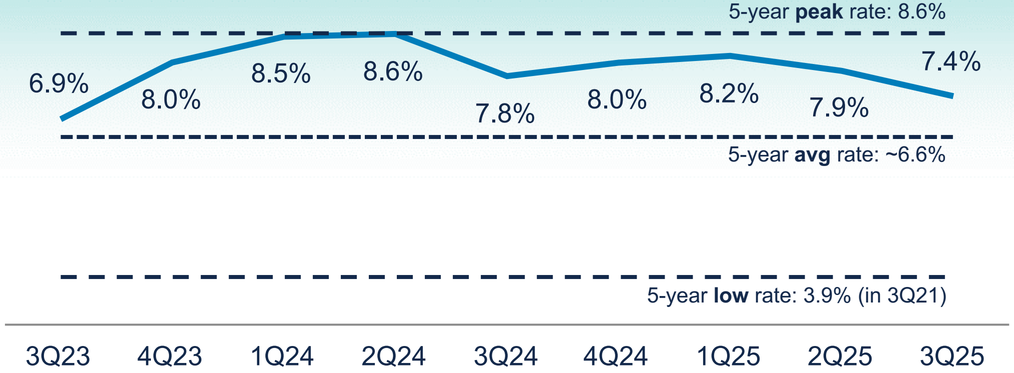
(1) Represents a Non-GAAP financial measure. See “Non-GAAP Financial Measures” and "Reconciliation of GAAP to Non-GAAP Financial Measures".

Credit quality and allowance

Delinquency rates

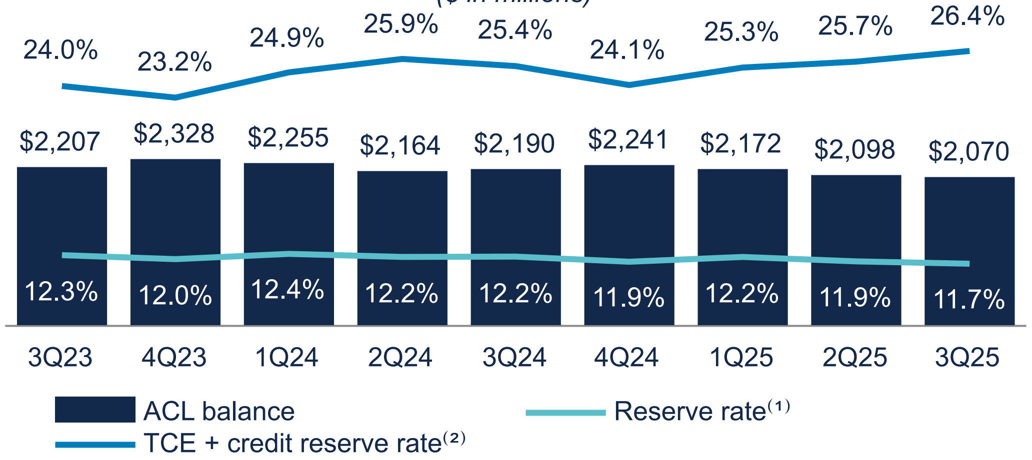


Net loss rates



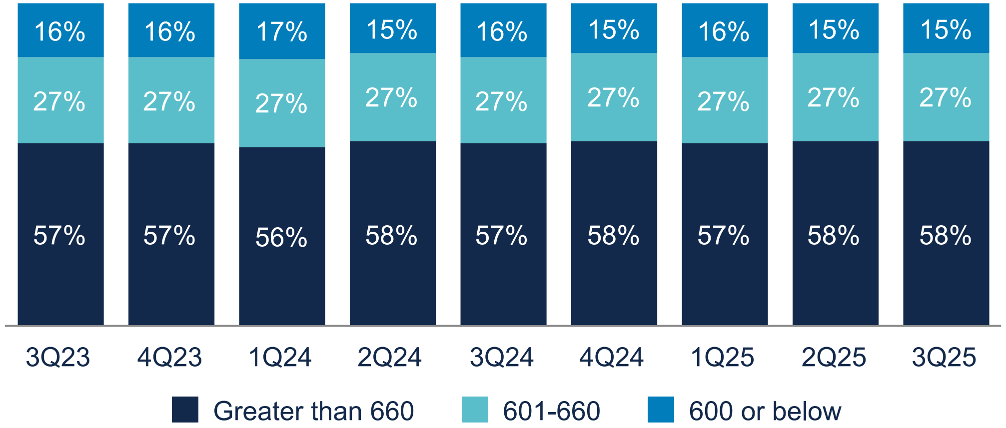
Reserve rates and loss absorption capacity

($ in millions)



Revolving loan credit risk distribution

(VantageScore)



Notes: See the Additional footnotes and definition of terms slides in the Appendix for an explanation of our change to the average daily balance methodology, as well as impacts from Hurricanes Helene and Milton in 4Q24 and 2Q25.
(1) and (2) See Additional footnotes and definitions of terms in the Appendix.

2025 financial outlook

As of 10/23/2025

Full year 2024 actuals	Full year 2025 outlook	Commentary
Average loans 2024: $18,084 million	Flat to slightly down	Based on our current economic outlook, an increased payment rate, elevated gross credit losses, and visibility into our pipeline and existing partners, we expect 2025 average credit card and other loans to be flat to slightly down versus full year 2024.
Revenue (excl. gain on sale)[1] 2024: $3,827 million	Flat	We expect revenue, excluding any gain on portfolio sale, to be relatively flat as a result of implemented pricing changes, offset by interest rate reductions by the Federal Reserve, lower billed late fees from improving delinquency trends, and a continued shift in risk and product mix.
Adjusted total non-interest expenses[1] 2024: $1,943 million	Positive operating leverage	We expect to deliver positive operating leverage, excluding any gain on portfolio sale and the pre-tax impacts from our repurchased debt, including convertible, senior, and subordinated notes. We continue to invest in technology modernization, marketing, and product innovation to drive growth and efficiencies.
Net loss rate 2024: 8.2%	7.8% to 7.9%	2025 net loss rate is expected to improve from 2024 given a resilient consumer, our credit management actions, and continued risk and product mix shifts.

(1) Represent Non-GAAP Financial Measures. We are unable to provide a quantitative reconciliation of the forward-looking 2025 financial outlook for these Non-GAAP Financial Measures to their most directly comparable forward-looking GAAP measures as we cannot reliably predict all of the necessary components of such forward-looking GAAP measures without unreasonable effort. In the calculation of full year 2024 actuals, Revenue (excl. gain on sale) excludes from Total revenue an $11 million gain on portfolio sale and Adjusted total non-interest expenses excludes from Total non-interest expenses a $117 million pre-tax impact from our repurchased debt.

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Appendix

Building on our position of strength

2025 focus areas

Responsible growth

Scale diversified product suite enabling growth and expanding revenue generation opportunities, meeting the evolving needs of our brand partners and customers

Manage to the macroeconomic and regulatory environment

Proactively execute strategies to improve credit performance and mitigate regulatory uncertainty

Disciplined capital allocation and risk management

Effectively manage capital ensuring appropriate returns on investments, reducing risk, and maintaining a strong balance sheet

Operational excellence

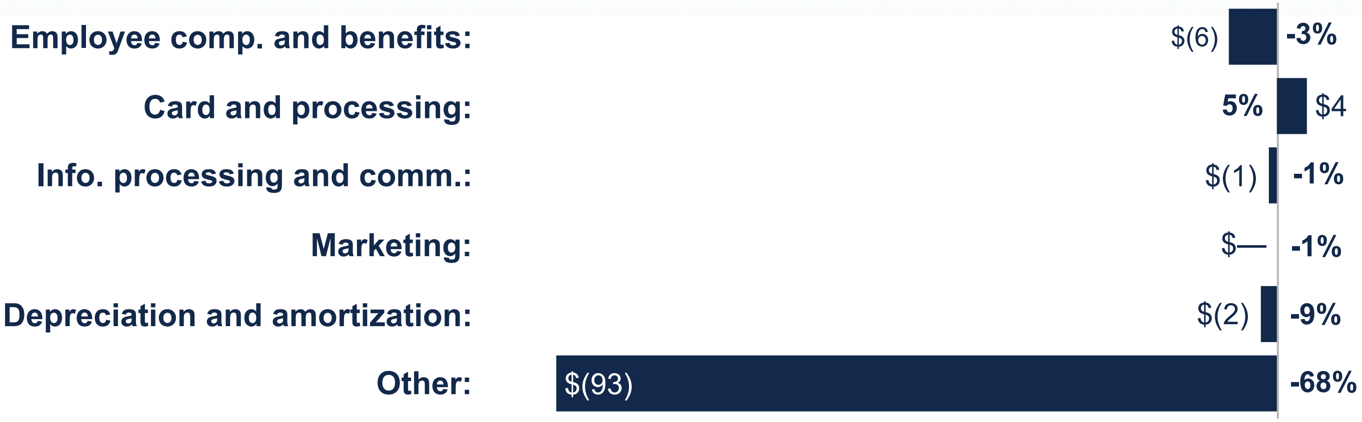
Accelerate continuous improvement initiatives to deliver technology advancements, improved customer satisfaction, reduced risk exposure, enterprise-wide efficiency, and value creation

Total non-interest expenses

Continuing operations

3Q25 vs. 3Q24 change in non-interest expenses

($ in millions)



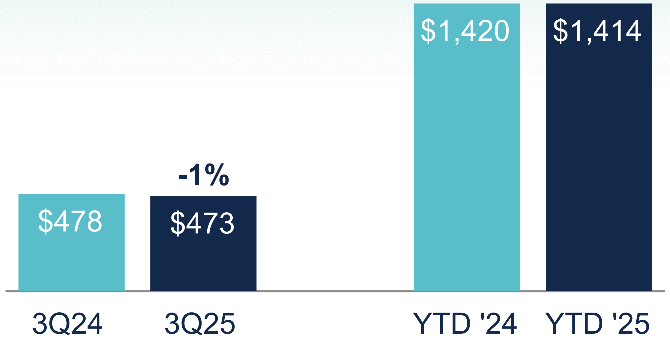
Total non-interest expenses decreased 17% versus 3Q24

- Employee compensation and benefits costs decreased primarily due to strategic adjustments in customer care staffing in the prior year.
- Card and processing expenses increased due primarily to higher network fees driven by our gradual shift in product mix.
- Other expenses decreased primarily due to the prior year impact from repurchased debt.

Adjusted total non-interest expenses

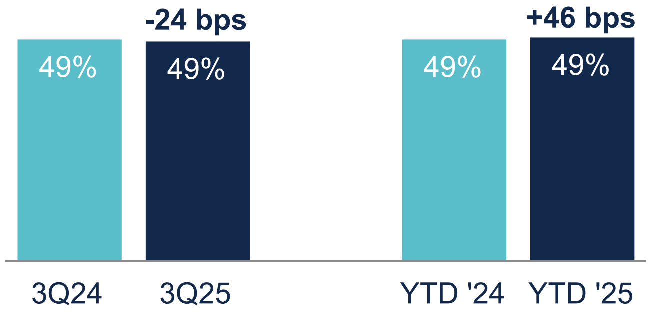
excl. impacts from repurchased debt(1)

($ in millions)



Adjusted efficiency ratio

excl. gain on portfolio sale and impacts from repurchased debt(2)



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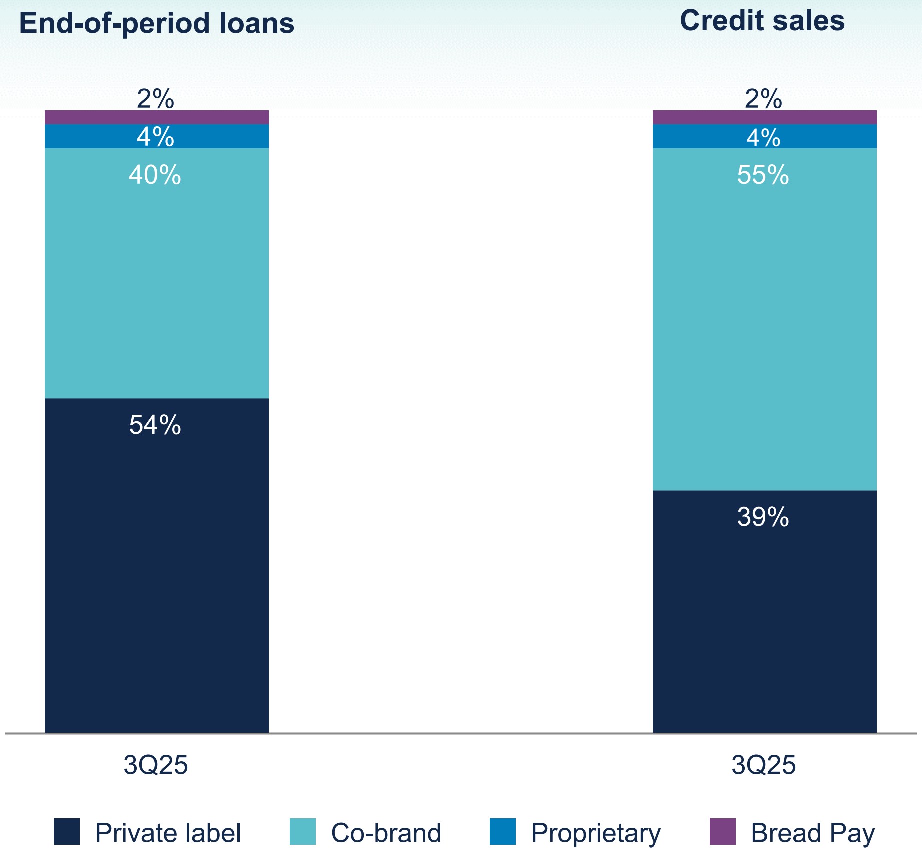
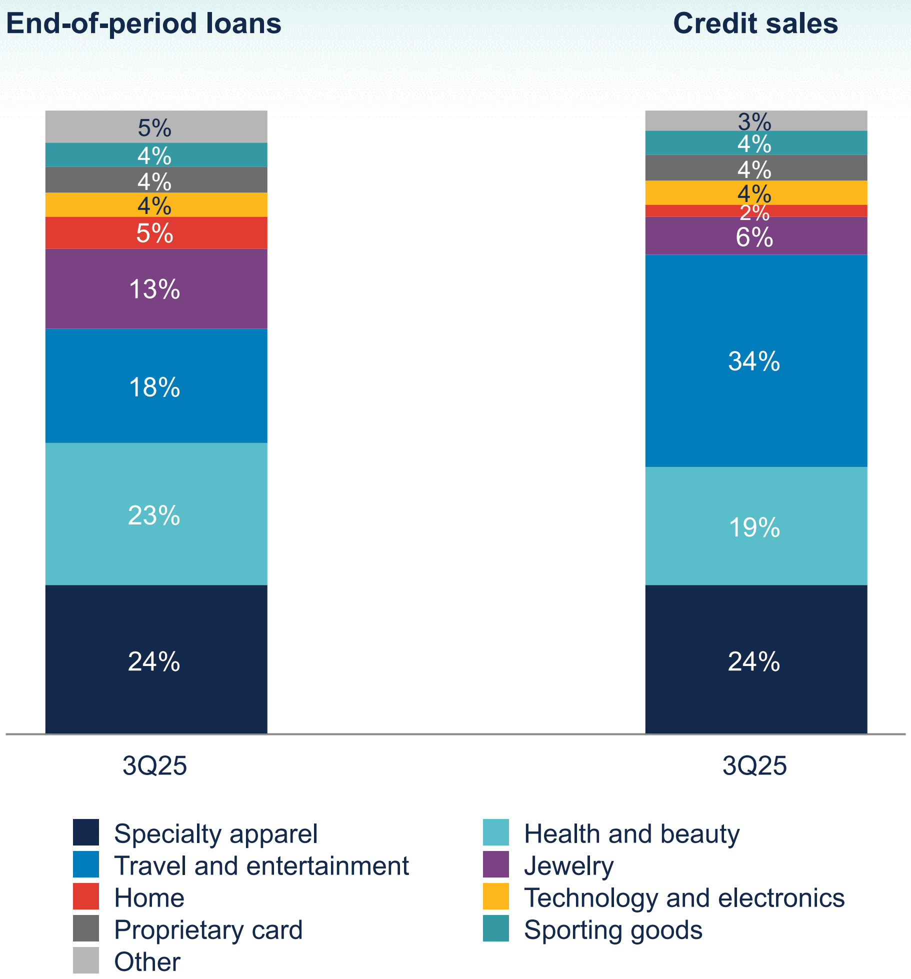
Diversified product and partner mix

Product diversification



Partner diversification



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Summary financial highlights

Continuing operations

($ in millions)	3Q25	3Q24	3Q25 vs 3Q24	2Q25	3Q25 vs 2Q25	YTD '25	YTD '24	YTD '25 vs YTD '24
Credit sales	$ 6,787	$ 6,464	5 %	$ 6,814	— %	$ 19,707	$ 19,064	3 %
Average credit card and other loans	$ 17,596	$ 17,766	(1)%	$ 17,686	(1)%	$ 17,813	$ 18,060	(1)%
End-of-period credit card and other loans	$ 17,655	$ 17,933	(2)%	$ 17,656	— %	$ 17,655	$ 17,933	(2)%
End-of-period direct-to-consumer deposits	$ 8,188	$ 7,483	9 %	$ 8,080	1 %	$ 8,188	$ 7,483	9 %
Return on average assets(1)	3.4%	0.1%	3.3 %	2.5%	0.9 %	2.8%	1.6%	1.2 %
Return on average equity(2)	22.4%	0.4%	22.0 %	17.5%	4.9 %	19.2%	11.3%	7.9 %
Return on average tangible common equity(3)	28.6%	0.5%	28.1 %	22.7%	5.9 %	24.8%	14.8%	10.0 %
Net interest margin(4)	18.8%	18.8%	— %	17.7%	1.1 %	18.2%	18.5%	(0.3)%
Loan yield(5)	27.0%	27.4%	(0.4)%	26.0%	1.0 %	26.5%	27.0%	(0.5)%
Efficiency ratio(6)	49.0%	58.4%	(9.4)%	51.8%	(2.8)%	49.9%	52.3%	(2.4)%
Adjusted efficiency ratio(6)	48.7%	48.9%	(0.2)%	50.5%	(1.8)%	49.3%	48.9%	0.4 %
Common equity tier 1 capital ratio(7)	14.0%	13.3%	0.7 %	13.0%	1.0 %	14.0%	13.3%	0.7 %
Tangible book value per common share(8)	$ 56.36	$ 47.48	19 %	$ 52.21	8 %	$ 56.36	$ 47.48	19 %
Payment rate(9)	14.9%	14.4%	0.5 %	15.0%	(0.1)%	14.9%	14.5%	0.4 %
Delinquency rate	6.0%	6.4%	(0.4)%	5.7%	0.3 %	6.0%	6.4%	(0.4)%
Net loss rate	7.4%	7.8%	(0.4)%	7.9%	(0.5)%	7.8%	8.3%	(0.5)%
Reserve rate	11.7%	12.2%	(0.5)%	11.9%	(0.2)%	11.7%	12.2%	(0.5)%

The terms associated with footnotes (1) through (9) are defined on the Additional footnotes and definition of terms slides in the Appendix.

Summary financial highlights – trending

Continuing operations

($ in millions)	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	YTD '24	YTD '25
Credit sales	$ 6,668	$ 7,802	$ 6,030	$ 6,570	$ 6,464	$ 7,898	$ 6,106	$ 6,814	$ 6,787	$ 19,064	$ 19,707
Year-over-year change	*(13)%*	*(23)%*	*(18)%*	*(7)%*	*(3)%*	*1 %*	*1 %*	*4 %*	*5 %*	*(10)%*	*3 %*
Average credit card and other loans	$ 17,540	$ 18,267	$ 18,546	$ 17,872	$ 17,766	$ 18,156	$ 18,164	$ 17,686	$ 17,596	$ 18,060	$ 17,813
Year-over-year change	*— %*	*(8)%*	*(4)%*	*1 %*	*1 %*	*(1)%*	*(2)%*	*(1)%*	*(1)%*	*(1)%*	*(1)%*
End-of-period credit card and other loans	$ 17,922	$ 19,333	$ 18,185	$ 17,743	$ 17,933	$ 18,896	$ 17,815	$ 17,656	$ 17,655	$ 17,933	$ 17,655
Year-over-year change	*(1)%*	*(10)%*	*1 %*	*(1)%*	*— %*	*(2)%*	*(2)%*	*— %*	*(2)%*	*— %*	*(2)%*
End-of-period direct-to-consumer deposits	$ 6,098	$ 6,454	$ 6,984	$ 7,193	$ 7,483	$ 7,687	$ 7,922	$ 8,080	$ 8,188	$ 7,483	$ 8,188
Year-over-year change	*18 %*	*18 %*	*24 %*	*20 %*	*23 %*	*19 %*	*13 %*	*12 %*	*9 %*	*23 %*	*9 %*
Return on average assets[1]	3.2 %	0.8 %	2.4 %	2.4 %	0.1 %	0.1 %	2.5 %	2.5 %	3.4 %	1.6 %	2.8 %
Return on average equity[2]	24.8 %	6.2 %	17.5 %	16.7 %	0.4 %	0.9 %	17.7 %	17.5 %	22.4 %	11.3 %	19.2 %
Return on average tangible common equity[3]	34.3 %	8.5 %	23.1 %	21.8 %	0.5 %	1.2 %	23.0 %	22.7 %	28.6 %	14.8 %	24.8 %
Net interest margin[4]	20.6 %	19.6 %	18.7 %	18.0 %	18.8 %	17.8 %	18.1 %	17.7 %	18.8 %	18.5 %	18.2 %
Loan yield[5]	28.6 %	27.7 %	27.0 %	26.4 %	27.4 %	25.7 %	26.5 %	26.0 %	27.0 %	27.0 %	26.5 %
Efficiency ratio[6]	48.7 %	50.8 %	48.6 %	49.9 %	58.4 %	57.8 %	49.1 %	51.8 %	49.0 %	52.3 %	49.9 %
Adjusted efficiency ratio[6]	48.7 %	50.7 %	47.6 %	50.2 %	48.9 %	56.7 %	48.9 %	50.5 %	48.7 %	48.9 %	49.3 %
Common equity tier 1 capital ratio[7]	12.9 %	12.2 %	12.6 %	13.8 %	13.3 %	12.4 %	12.0 %	13.0 %	14.0 %	13.3 %	14.0 %
Tangible book value per common share[8]	$ 42.45	$ 43.70	$ 45.96	$ 48.89	$ 47.48	$ 46.97	$ 48.92	$ 52.21	$ 56.36	$ 47.48	$ 56.36
Payment rate[9]	14.5 %	14.2 %	14.4 %	14.6 %	14.4 %	14.7 %	14.8 %	15.0 %	14.9 %	14.5 %	14.9 %
Delinquency rate	6.3 %	6.5 %	6.2 %	6.0 %	6.4 %	5.9 %	5.9 %	5.7 %	6.0 %	6.4 %	6.0 %
Net loss rate	6.9 %	8.0 %	8.5 %	8.6 %	7.8 %	8.0 %	8.2 %	7.9 %	7.4 %	8.3 %	7.8 %
Reserve rate	12.3 %	12.0 %	12.4 %	12.2 %	12.2 %	11.9 %	12.2 %	11.9 %	11.7 %	12.2 %	11.7 %

The terms associated with footnotes (1) through (9) are defined on the Additional footnotes and definition of terms slides in the Appendix.

Summary P&L results – trending

Continuing operations

($ in millions, except per share amounts)	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	YTD '24	YTD '25
Total interest income	$ 1,301	$ 1,312	$ 1,300	$ 1,228	$ 1,277	$ 1,219	$ 1,231	$ 1,194	$ 1,242	$ 3,806	$ 3,666
Total interest expense	219	237	248	241	240	231	225	220	210	729	655
Net interest income	**1,082**	**1,075**	**1,052**	**987**	**1,037**	**988**	**1,006**	**974**	**1,032**	**3,077**	**3,011**
Total non-interest income	(51)	(58)	(61)	(48)	(54)	(62)	(36)	(45)	(61)	(164)	(141)
Revenue	**1,031**	**1,017**	**991**	**939**	**983**	**926**	**970**	**929**	**971**	**2,913**	**2,870**
Net principal losses	304	367	394	382	347	367	366	348	327	1,122	1,040
Reserve build (release)	—	115	(73)	(92)	22	50	(70)	(74)	(28)	(142)	(171)
Provision for credit losses	**304**	**482**	**321**	**290**	**369**	**417**	**296**	**274**	**299**	**980**	**869**
Total non-interest expenses	502	516	482	469	574	536	477	481	476	1,525	1,433
Income (loss) before income taxes	**225**	**19**	**188**	**180**	**40**	**(27)**	**197**	**174**	**196**	**408**	**568**
Provision for income taxes	52	(26)	53	47	37	(35)	55	35	8	136	100
Net income	**$ 173**	**$ 45**	**$ 135**	**$ 133**	**$ 3**	**$ 8**	**$ 142**	**$ 139**	**$ 188**	**$ 272**	**$ 468**
Earnings per diluted share	$ 3.46	$ 0.90	$ 2.73	$ 2.65	$ 0.06	$ 0.15	$ 2.86	$ 2.93	$ 3.96	$ 5.40	$ 9.74
Adjusted net income(1)	$ 173	$ 46	$ 142	$ 133	$ 94	$ 21	$ 144	$ 149	$ 191	$ 370	$ 483
Adjusted earnings per diluted share(1)	$ 3.46	$ 0.92	$ 2.88	$ 2.65	$ 1.84	$ 0.41	$ 2.90	$ 3.14	$ 4.02	$ 7.35	$ 10.05
Pretax pre-provision earnings (PPNR)(1)	$ 529	$ 501	$ 509	$ 470	$ 409	$ 390	$ 493	$ 448	$ 495	$ 1,388	$ 1,437
Adjusted PPNR(1)	$ 529	$ 502	$ 518	$ 465	$ 501	$ 399	$ 495	$ 458	$ 498	$ 1,484	$ 1,453

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

Net interest margin

($ in millions)	3Q25			YTD '25		
	Average balance	Interest income / expense	Average yield / rate	Average balance	Interest income / expense	Average yield / rate
Cash and investment securities	$ 4,173	$ 44	4.2 %	$ 4,322	$ 135	4.2 %
Credit card and other loans	17,596	1,198	27.0 %	17,813	3,531	26.5 %
Total interest-earning assets	**21,769**	**1,242**	**22.6 %**	**22,135**	**3,666**	**22.1 %**
Direct-to-consumer (Retail)	8,139	86	4.2 %	7,994	262	4.4 %
Wholesale deposits	5,296	53	3.9 %	5,228	155	4.0 %
Interest-bearing deposits	**13,435**	**139**	**4.1 %**	**13,222**	**417**	**4.2 %**
Secured borrowings	2,872	43	5.9 %	3,481	152	5.8 %
Unsecured borrowings	1,129	28	9.9 %	1,159	86	9.9 %
Interest-bearing borrowings	**4,001**	**71**	**7.0 %**	**4,640**	**238**	**6.9 %**
Total interest-bearing liabilities	**$ 17,436**	**$ 210**	**4.8 %**	**$ 17,862**	**$ 655**	**4.9 %**
Net interest income		**$ 1,032**			**$ 3,011**	
Net interest margin[1]		**18.8 %**			**18.2 %**	

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

bread financial

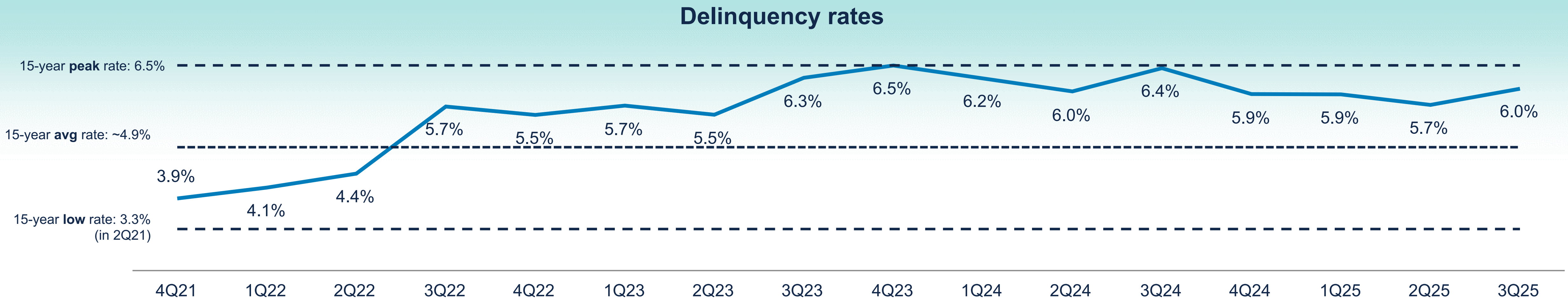
Capital

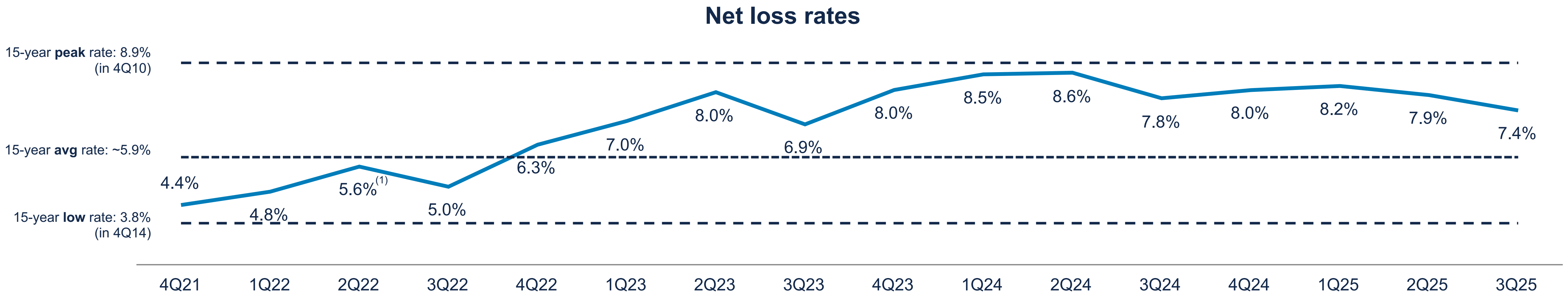
($ in millions)	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	Rolling 4 quarter avg.
Total company										
Common equity tier 1 capital ratio(1)	12.9 %	12.2 %	12.6 %	13.8 %	13.3 %	12.4 %	12.0 %	13.0 %	14.0 %	12.9 %
Total risk-based capital ratio(2)	14.2 %	13.6 %	14.0 %	15.1 %	14.6 %	13.8 %	15.5 %	16.5 %	17.5 %	15.8 %
Total risk-weighted assets(3)	$ 18,730	$ 20,140	$ 19,344	$ 18,859	$ 19,010	$ 19,928	$ 18,810	$ 18,730	$ 18,714	$ 19,046
Tangible common equity / tangible assets ratio(4)	10.0 %	9.6 %	10.6 %	11.3 %	11.2 %	10.4 %	10.8 %	11.5 %	12.4 %	11.3 %
Tangible common equity + credit reserve rate(5)	24.0 %	23.2 %	24.9 %	25.9 %	25.4 %	24.1 %	25.3 %	25.7 %	26.4 %	25.4 %
Comenity Bank										
Common equity tier 1 capital ratio(1)	20.3 %	19.7 %	18.2 %	18.0 %	17.4 %	16.5 %	17.0 %	15.8 %	15.4 %	16.2 %
Total risk-based capital ratio(2)	21.6 %	21.1 %	19.6 %	19.4 %	18.8 %	17.9 %	18.4 %	17.2 %	16.8 %	17.6 %
Comenity Capital Bank										
Common equity tier 1 capital ratio(1)	18.5 %	16.6 %	17.5 %	18.1 %	16.0 %	15.4 %	15.3 %	15.9 %	15.4 %	15.5 %
Total risk-based capital ratio(2)	19.9 %	18.0 %	18.9 %	19.5 %	17.4 %	16.7 %	18.9 %	19.5 %	19.0 %	18.5 %

The terms associated with footnotes (1) through (5) are defined on the Additional footnotes and definition of terms slides in the Appendix.

Note: The Common equity tier 1 capital ratio and Total risk-based capital ratio include adjustments for the phase-in of the effect of the current expected credit loss (CECL) model on regulatory capital over a three-year period beginning in the first quarter of 2022, through 2024. 75%, 50% and 25% of the phase-in is included in 2024, 2023 and 2022, respectively. The effects of CECL on our regulatory capital was fully phased-in beginning in the first quarter of 2025.

Credit quality trends





The explanation associated with footnote (1) is defined on the Additional footnotes and definition of terms slides 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

Credit quality and allowance

- 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.
- As a result of Hurricanes Helene and Milton, 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.

(1) **Reserve rate:** Reserve rate represents the percentage of the Allowance for credit losses to end-of-period Credit card and other loans.

(2) **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.

Total non-interest expenses

(1) **Adjusted efficiency ratio:** Efficiency ratio represents Total non-interest expenses divided by Total net interest and non-interest income. Adjusted efficiency ratio excludes any gain on portfolio sale and impacts from repurchased debt.

Summary financial highlights

(1) **Return on average assets:** Return on average assets represents annualized Income from continuing operations divided by average Total assets.

(2) **Return on average equity:** Return on average equity represents annualized Income from continuing operations divided by average Total stockholders' equity.

(3) **Return on average tangible common equity:** 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. ROTCE is a Non-GAAP financial measure.

(4) **Net interest margin:** Net interest margin represents annualized Net interest income divided by average Total interest-earning assets.

(5) **Loan yield:** Loan yield represents annualized Interest and fees on loans divided by Average credit card and other loans.

(6) **Efficiency ratio:** Efficiency ratio represents Total non-interest expenses divided by Total net interest and non-interest income. Adjusted efficiency ratio excludes any gain on portfolio sale and impacts from repurchased debt.

(7) **Common equity tier 1 capital ratio:** 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.

(8) **Tangible book value per common share:** Tangible book value per common share represents TCE divided by shares outstanding and is a Non-GAAP financial measure.

(9) **Payment rate:** Payment rate represents consumer payments during the period, divided by the aggregate of the opening monthly Credit card and other loans balances during the period, including held for sale in applicable periods.

Continued on the following page

Additional footnotes and definitions of terms

Net interest margin

(1) **Net interest margin:** Net interest margin represents annualized Net interest income divided by average Total interest-earning assets.

Capital

(1) **Common equity tier 1 capital ratio:** 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) **Total risk-based capital ratio:** Total risk-based capital ratio represents total capital divided by total risk-weighted assets. In the calculation of total capital, we follow the Basel III Standardized Approach and therefore tier 1 capital has been increased by tier 2 capital, which for us is comprised of subordinated notes, as well as the allowable portion of the Allowance for credit losses.

(3) **Total risk-weighted assets:** Total risk-weighted assets are generally measured by allocating assets, and specified off-balance sheet exposures, to various risk categories as defined by the Basel III Standardized Approach.

(4) **Tangible common equity/tangible assets ratio:** Tangible common equity over tangible assets (TCE/TA) represents TCE divided by Tangible assets (TA), which is Total assets reduced by Goodwill and intangible assets, net. TCE/TA is a Non-GAAP financial measure.

(5) **Tangible common equity (TCE) + credit reserve rate:** Tangible common equity + 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.

Credit quality trends

(1) 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.

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 and public health events and conditions, including significant shifts in trade policy, such as changes to, or the imposition of, tariffs and/or trade barriers and any economic impacts, volatility, uncertainty and geopolitical instability resulting therefrom, as well as ongoing wars and military conflicts and natural disasters; future credit performance, including the level of future delinquency and write-off rates; loss of, or reduction in demand for services 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 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. 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:

- We have previously repurchased and may, from time to time, in the future continue to repurchase debt, including our outstanding senior unsecured notes, subordinated notes or convertible notes. In such transactions, we may pay a premium to induce these repurchases, or in certain cases repurchase at a discount, which, from a GAAP perspective, would result in an impact to Total non-interest expenses, with a corresponding impact also reflected in Net income and consequently our Earnings per diluted share. For our prior debt repurchases, we show adjustments to these three financial statement line items, for total Company as well as for continuing operations, to exclude the impacts from our repurchased debt transactions. We use *Adjusted total non-interest expenses*, *Adjusted net income*, and *Adjusted earnings per diluted share* to evaluate the ongoing operations of the Company excluding the volatility that can occur from the impacts of our repurchased debt transactions.
- *Pretax pre-provision earnings* (PPNR) represents Income from continuing operations before income taxes and the Provision for credit losses. *PPNR excluding any gain on portfolio sale and impacts from repurchased debt* then excludes from PPNR the gain on any portfolio sale in the period, as well as the loss or gain on any repurchased debt in the period. We use *PPNR* and *PPNR excluding any gain on portfolio sale and impacts from repurchased debt* as metrics to evaluate our results of operations before income taxes, excluding the movements 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 impacts from repurchased debt.
- *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 common equity over Tangible assets* (TCE/TA) represents 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 absorb losses.
- *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, except per share amounts)	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	YTD '24	YTD '25
Adjusted total non-interest expenses											
Total non-interest expenses	$ 502	$ 516	$ 482	$ 469	$ 574	$ 536	$ 477	$ 481	$ 476	$ 1,525	$ 1,433
Impacts from repurchased debt	—	1	9	—	96	11	2	13	3	105	19
Adjusted total non-interest expenses	**$ 502**	**$ 515**	**$ 473**	**$ 469**	**$ 478**	**$ 525**	**$ 475**	**$ 468**	**$ 473**	**$ 1,420**	**$ 1,414**
Income from continuing operations, net of taxes	$ 173	$ 45	$ 135	$ 133	$ 3	$ 8	$ 142	$ 139	$ 188	$ 272	$ 468
Loss from discontinued operations, net of taxes	(2)	(2)	(1)	—	(1)	(1)	(4)	—	—	(2)	(4)
Net income	**$ 171**	**$ 43**	**$ 134**	**$ 133**	**$ 2**	**$ 7**	**$ 138**	**$ 139**	**$ 188**	**$ 270**	**$ 464**
Impacts from repurchased debt	—	1	7	—	91	13	2	10	3	98	15
Adjusted net income	**$ 171**	**$ 44**	**$ 141**	**$ 133**	**$ 93**	**$ 20**	**$ 140**	**$ 149**	**$ 191**	**$ 368**	**$ 479**
Adjusted income from continuing operations, net of taxes	$ 173	$ 46	$ 142	$ 133	$ 94	$ 21	$ 144	$ 149	$ 191	$ 370	$ 483
Weighted average shares outstanding – diluted	50.1	49.6	49.7	50.2	51.0	50.9	49.6	47.2	47.5	50.3	48.1
Income from continuing operations per diluted share	$ 3.46	$ 0.90	$ 2.73	$ 2.65	$ 0.06	$ 0.15	$ 2.86	$ 2.93	$ 3.96	$ 5.40	$ 9.74
(Loss) income from discontinued operations per diluted share	(0.04)	(0.03)	(0.03)	0.01	(0.01)	(0.01)	(0.08)	0.01	—	(0.03)	(0.09)
Net income per diluted share	**$ 3.42**	**$ 0.87**	**$ 2.70**	**$ 2.66**	**$ 0.05**	**$ 0.14**	**$ 2.78**	**$ 2.94**	**$ 3.96**	**$ 5.37**	**$ 9.65**
Impacts from repurchased debt	—	0.02	0.15	—	1.78	0.26	0.04	0.21	0.06	1.95	0.31
Adjusted net income per diluted share	**$ 3.42**	**$ 0.89**	**$ 2.85**	**$ 2.66**	**$ 1.83**	**$ 0.40**	**$ 2.82**	**$ 3.15**	**$ 4.02**	**$ 7.32**	**$ 9.96**
Adjusted income from continuing operations per diluted share	**$ 3.46**	**$ 0.92**	**$ 2.88**	**$ 2.65**	**$ 1.84**	**$ 0.41**	**$ 2.90**	**$ 3.14**	**$ 4.02**	**$ 7.35**	**$ 10.05**

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Reconciliation of GAAP to Non-GAAP financial measures

($ in millions)	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	YTD '24	YTD '25
Pretax pre-provision earnings (PPNR)											
Income (loss) before income taxes	$ 225	$ 19	$ 188	$ 180	$ 40	$ (27)	$ 197	$ 174	$ 196	$ 408	$ 568
Provision for credit losses	304	482	321	290	369	417	296	274	299	980	869
Pretax pre-provision earnings (PPNR)	**$ 529**	**$ 501**	**$ 509**	**$ 470**	**$ 409**	**$ 390**	**$ 493**	**$ 448**	**$ 495**	**$ 1,388**	**$ 1,437**
Less: Gain on portfolio sale	—	—	—	(5)	(4)	(2)	—	(3)	—	(9)	(3)
Add: Impacts from repurchased debt	—	1	9	—	96	11	2	13	3	105	19
Adjusted PPNR	**$ 529**	**$ 502**	**$ 518**	**$ 465**	**$ 501**	**$ 399**	**$ 495**	**$ 458**	**$ 498**	**$ 1,484**	**$ 1,453**
Average Tangible common equity											
Average Total stockholders' equity	$ 2,795	$ 2,866	$ 3,120	$ 3,202	$ 3,314	$ 3,217	$ 3,246	$ 3,183	$ 3,335	$ 3,213	$ 3,255
Less: average Goodwill and intangible assets, net	(775)	(766)	(759)	(750)	(748)	(752)	(744)	(735)	(728)	(753)	(736)
Average Tangible common equity	**$ 2,020**	**$ 2,100**	**$ 2,361**	**$ 2,452**	**$ 2,566**	**$ 2,465**	**$ 2,502**	**$ 2,448**	**$ 2,607**	**$ 2,460**	**$ 2,519**
Tangible common equity (TCE)											
Total stockholders' equity	$ 2,864	$ 2,918	$ 3,032	$ 3,170	$ 3,112	$ 3,051	$ 3,068	$ 3,166	$ 3,317	$ 3,112	$ 3,317
Less: Goodwill and intangible assets, net	(771)	(762)	(753)	(744)	(754)	(746)	(738)	(731)	(723)	(754)	(723)
Tangible common equity (TCE)	**$ 2,093**	**$ 2,156**	**$ 2,279**	**$ 2,426**	**$ 2,358**	**$ 2,305**	**$ 2,330**	**$ 2,435**	**$ 2,594**	**$ 2,358**	**$ 2,594**
Tangible assets (TA)											
Total assets	$ 21,608	$ 23,141	$ 22,299	$ 22,144	$ 21,736	$ 22,891	$ 22,382	$ 21,821	$ 21,714	$ 21,736	$ 21,714
Less: Goodwill and intangible assets, net	(771)	(762)	(753)	(744)	(754)	(746)	(738)	(731)	(723)	(754)	(723)
Tangible assets (TA)	**$ 20,837**	**$ 22,379**	**$ 21,546**	**$ 21,400**	**$ 20,982**	**$ 22,145**	**$ 21,644**	**$ 21,090**	**$ 20,991**	**$ 20,982**	**$ 20,991**