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Bread Financial
Goldman Sachs Financial Services Conference

December 6, 2023

Ralph Andretta | President & Chief Executive Officer

Perry Beberman | EVP & Chief Financial Officer

Val Greer | EVP & Chief Commercial Officer

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 (including our strategies to mitigate the impact of the proposed CFPB late fees rule), 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 ruling is anticipated in the coming months that could place significant limits on credit card late fees; 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 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 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”.

2023 focus areas

Responsible growth

Support organic growth and new brand partner launches that deliver long-term value

Enhance balance sheet

Build capital and continue to reduce parent-level debt; ensure proactive credit, liquidity, and interest rate risk management

Optimize data & technology

Leverage new capabilities to create additional value and continue driving efficiencies

Strategically invest

Deliver exceptional value and experiences through marketing, loyalty, and technology innovation

Quarter-to-date key highlights

Moderating consumer spending and account acquisition

- Retail spending is easing amid persistent macroeconomic pressures
- The effects of lagged interest rate hikes, the resumption of student loan payments, and declining spending power are impacting consumer spending and new account acquisition

Proactive risk management given macroeconomic pressures

- Strategically tightening credit to optimize risk-adjusted returns
- Our credit risk distribution remains better than pre-pandemic levels due to diversification of products, including an increase in co-brand, and proactive credit risk management
- Proactively developing mitigation strategies for possible changes in governmental regulation

Committed to strengthening our balance sheet

- Continued progress on capital improvement and debt reduction
- Obtained inaugural holding company issuer credit rating

Strengthened balance sheet

Improve capital metrics

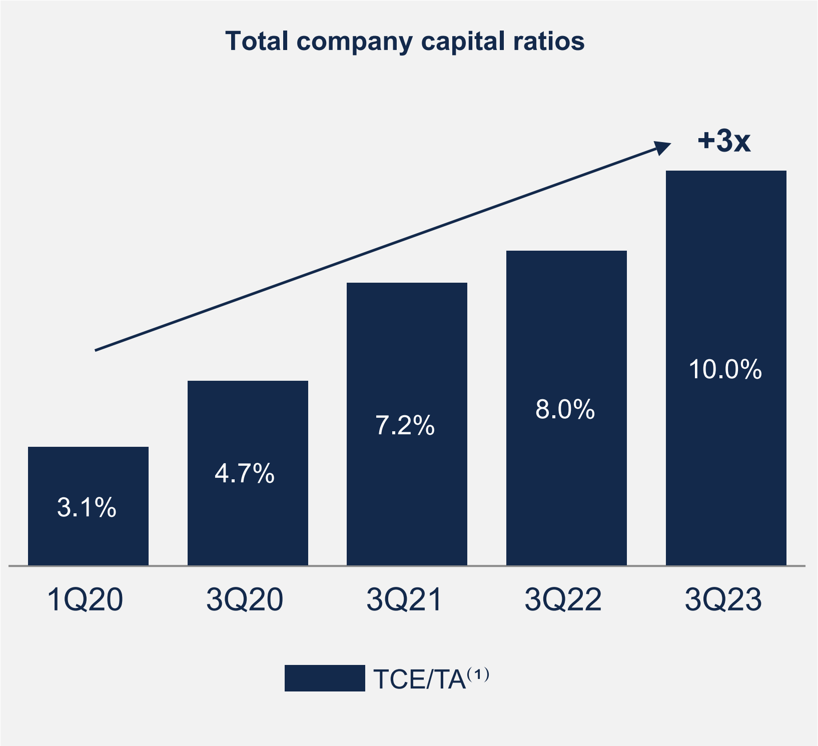
$1.4 billion tangible common equity build since 2020

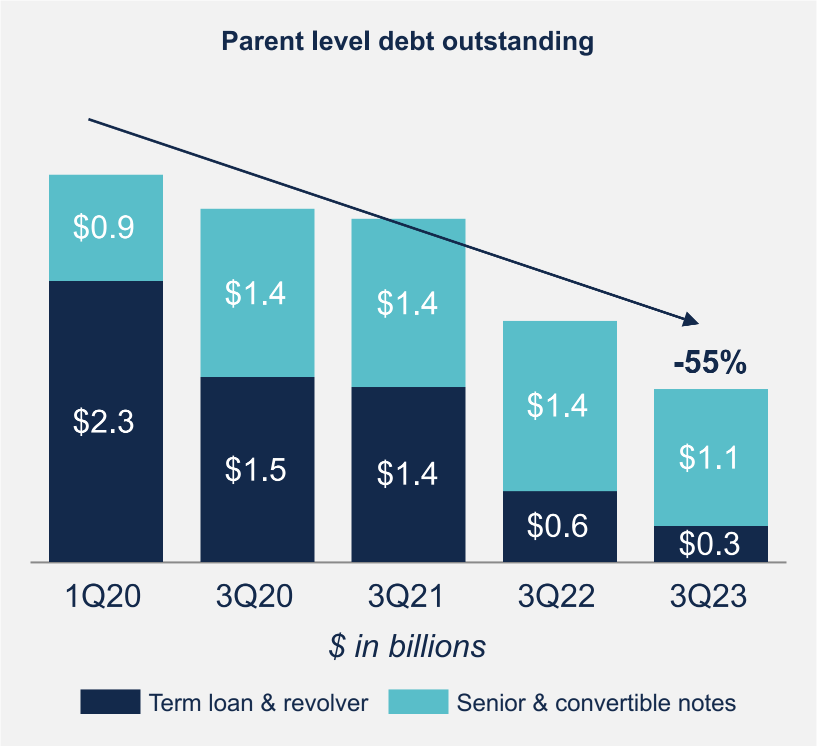
Reduce debt levels

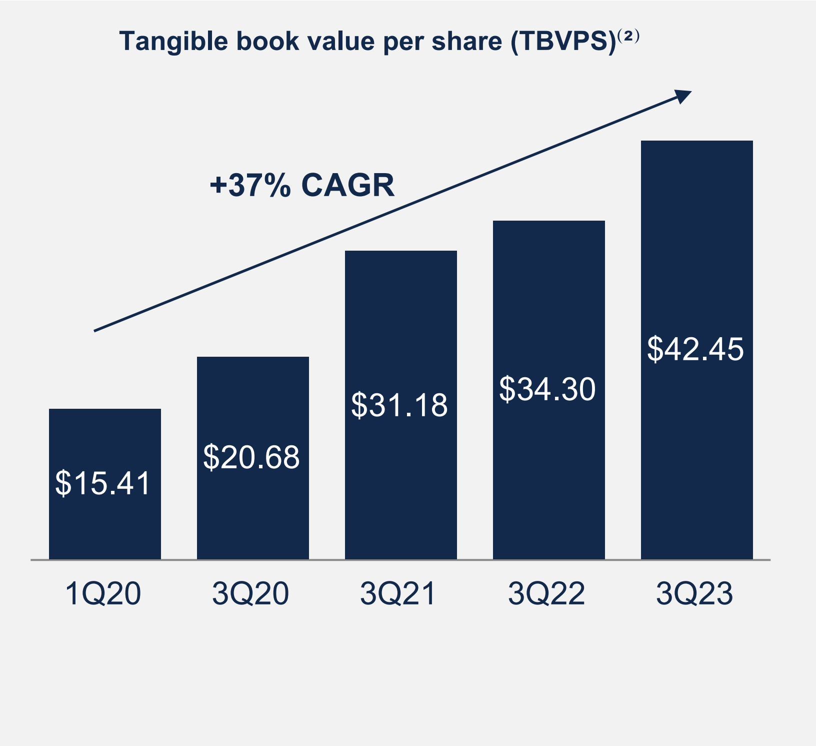
Paid down $1.7 billion since 2020

Drive shareholder value

~$27 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

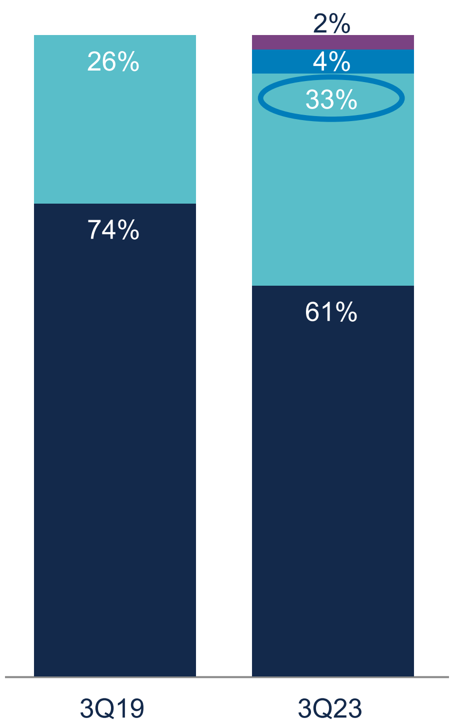
We've put a card in the wallets of
1 in 7
American adults

Diversified product and partner mix

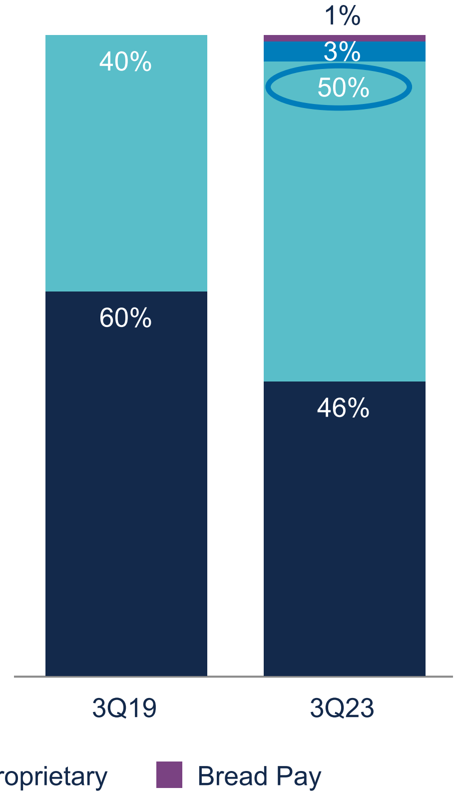
Diversifying our product and partner mix to optimize risk-adjusted returns and deliver sustainable, profitable growth

Product diversification

End-of-period loans

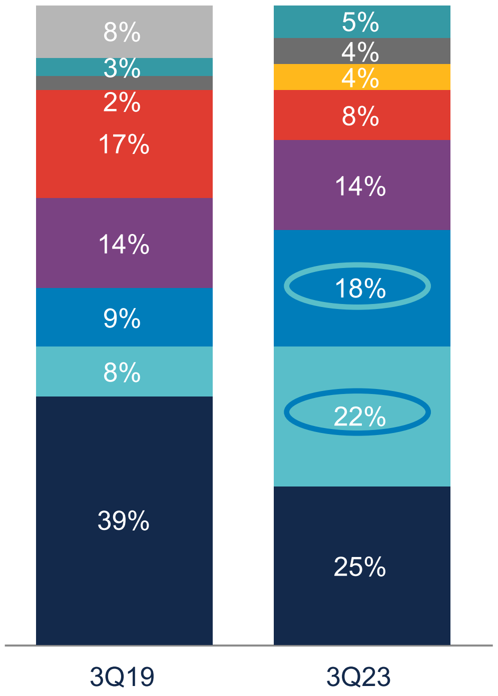


Credit sales

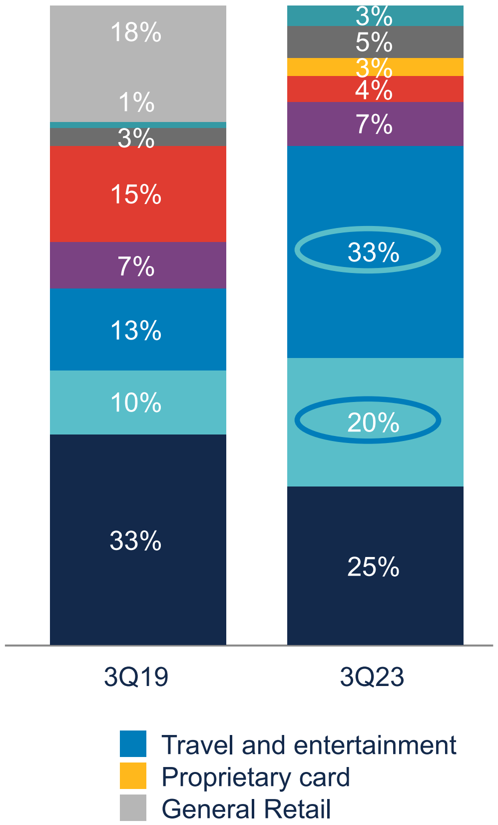


Partner diversification

End-of-period loans



Credit sales



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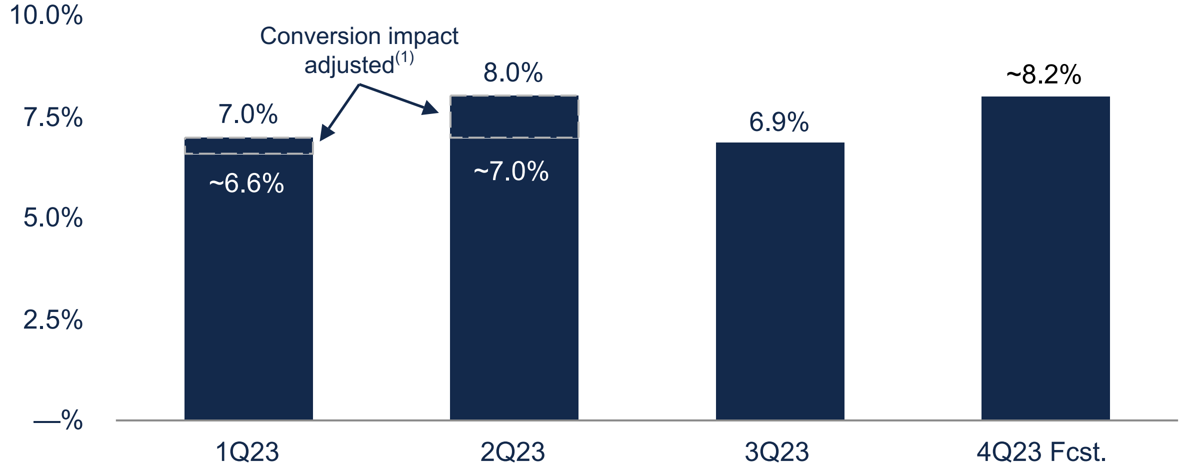
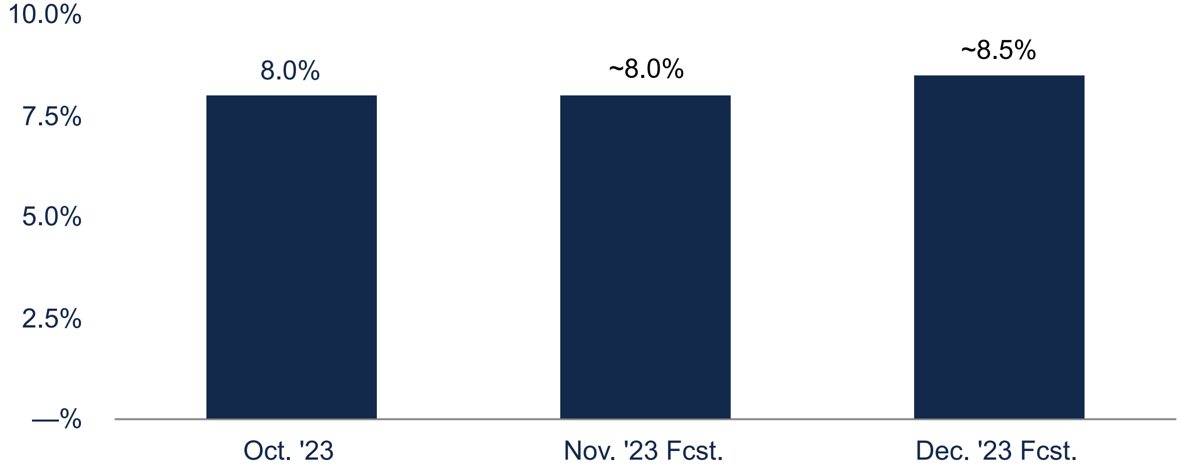
Credit performance update

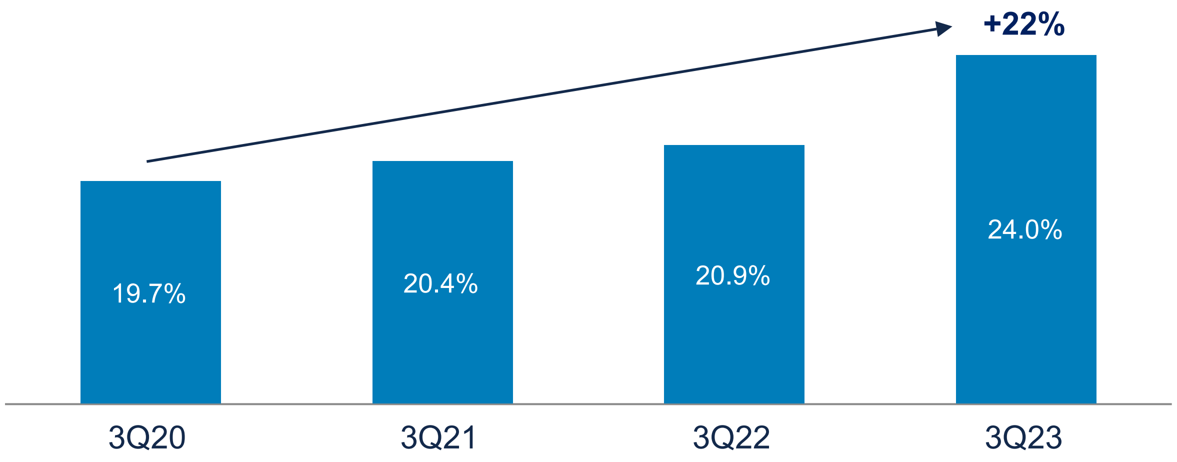
2023 net loss rate by quarter



Fourth quarter monthly net loss rate



Total company tangible common equity + credit reserves rate[2]



(1) Estimated impact on the net loss rate related to the transition of our credit card processing services.
(2) 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.

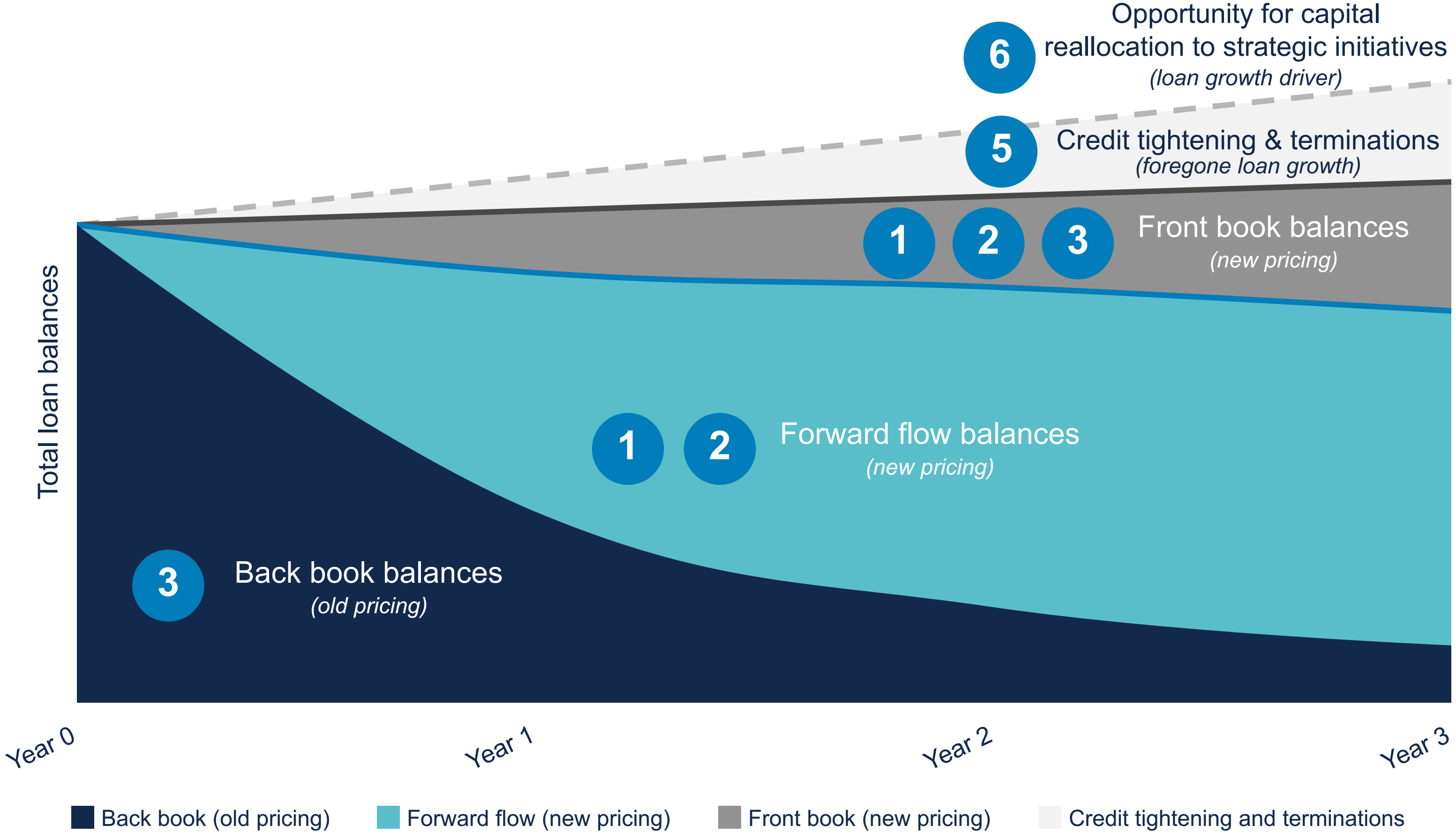
Strategies to mitigate proposed CFPB rule

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



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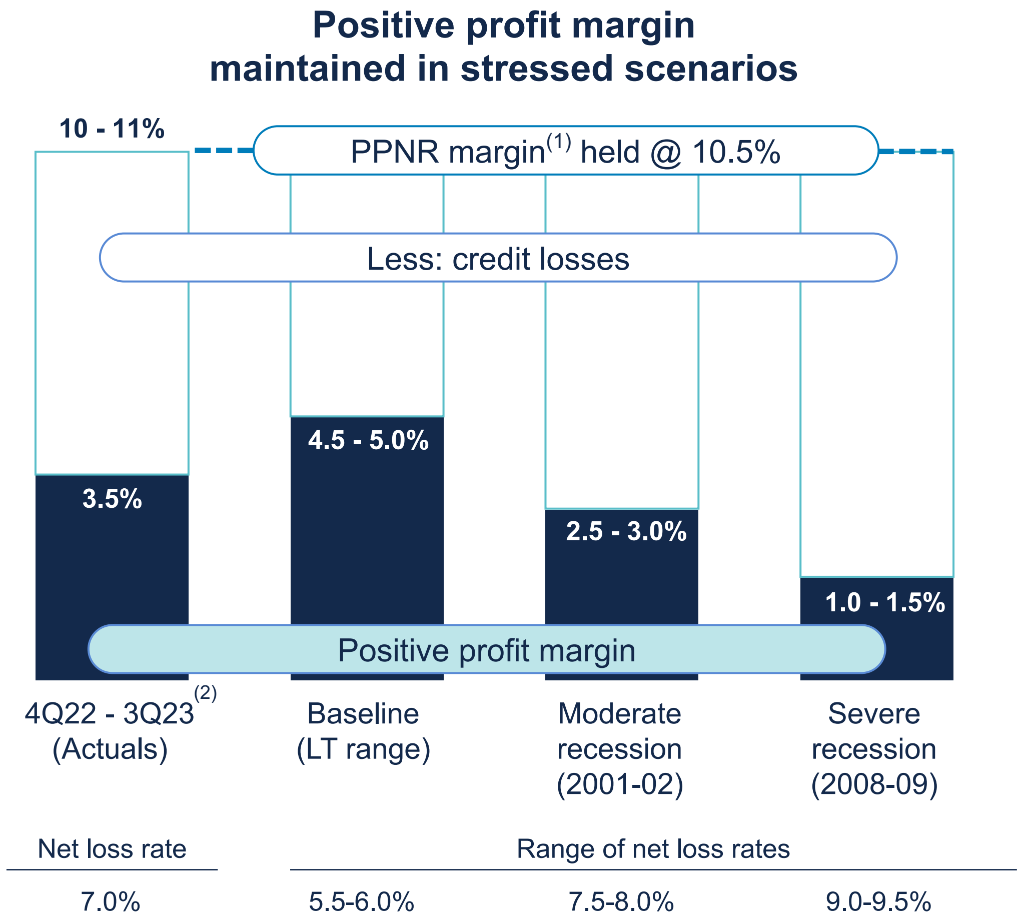
Positioned for strong, durable profit margins



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 **330 basis points** higher than the closest peer.
- **Loan loss reserve materially higher.** Rate of **12.3%** in 3Q23, **up 630 bps** from year-end 2019 and prior pre-recession periods.
- **Capital ratios significantly improved.** TCE/TA ratio[4] at **10.0%** in 3Q23, an increase of **over 690** basis points from 1Q20.
- **Credit mix shifting to higher quality.** Risk score mix with >660 at **57%** in 3Q23, 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.*

Appendix

Reconciliation of GAAP to non-GAAP financial measures

($ in millions)	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	YTD'22	YTD'23
Pretax pre-provision earnings (PPNR)											
Income (loss) before income taxes	$ 259	$ 65	$ 302	$ 16	$ 189	$ (207)	$ 638	$ 86	$ 225	$ 508	$ 950
Provision for credit losses	161	363	193	404	304	692	107	336	304	902	747
Pretax pre-provision earnings (PPNR)	**$ 420**	**$ 428**	**$ 495**	**$ 420**	**$ 493**	**$ 485**	**$ 745**	**$ 422**	**$ 529**	**$ 1,410**	**$ 1,697**
Less: Gain on portfolio sale	(10)	—	—	—	—	—	(230)	—	—	—	(230)
PPNR less gain on portfolio sale	$ 410	$ 428	$ 495	$ 420	$ 493	$ 485	$ 515	$ 422	$ 529	$ 1,410	$ 1,467

	1Q20	3Q20	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	YTD'22	YTD'23
Tangible common equity (TCE)													
Total stockholders' equity	$ 1,088	$ 1,323	$ 2,246	$ 2,086	$ 2,268	$ 2,275	$ 2,399	$ 2,265	$ 2,716	$ 2,736	$ 2,864	$ 2,399	$ 2,864
Less: Goodwill and intangible assets, net	(354)	(336)	(694)	(687)	(682)	(694)	(690)	(799)	(790)	(780)	(771)	(690)	(771)
Tangible common equity (TCE)	**$ 734**	**$ 987**	**$ 1,552**	**$ 1,399**	**$ 1,586**	**$ 1,581**	**$ 1,709**	**$ 1,466**	**$ 1,926**	**$ 1,956**	**$ 2,093**	**$ 1,709**	**$ 2,093**
Tangible assets (TA)													
Total assets	$ 24,235	$ 21,113	$ 22,257	$ 21,746	$ 20,938	$ 21,811	$ 21,960	$ 25,407	$ 21,970	$ 21,609	$ 21,608	$ 21,960	$ 21,608
Less: Goodwill and intangible assets, net	(354)	(336)	(694)	(687)	(682)	(694)	(690)	(799)	(790)	(780)	(771)	(690)	(771)
Tangible assets (TA)	**$ 23,881**	**$ 20,777**	**$ 21,563**	**$ 21,059**	**$ 20,256**	**$ 21,117**	**$ 21,270**	**$ 24,608**	**$ 21,180**	**$ 20,829**	**$ 20,837**	**$ 21,270**	**$ 20,837**

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