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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number 001-15749

BREAD FINANCIAL HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware		**31-1429215**
(State or other jurisdiction of incorporation or organization)		**(I.R.S. Employer Identification No.)**
3095 Loyalty Circle		**43219**
Columbus, Ohio		**(Zip Code)**
(Address of principal executive offices)		

(614) 729-4000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common stock, par value $0.01 per share	BFH	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2022, the aggregate market value of the common stock held by non-affiliates of the registrant was approximately $1.8 billion, based upon the closing sale price $37.06 as reported on the New York Stock Exchange.

As of February 22, 2023, 50,115,421 shares of common stock of the registrant were outstanding.

Documents Incorporated By Reference

Certain information called for by Part III is incorporated by reference to certain sections of the Proxy Statement for the 2023 Annual Meeting of our stockholders, which will be filed with the Securities and Exchange Commission not later than 120 days after December 31, 2022.

BREAD FINANCIAL HOLDINGS, INC.

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Effective March 23, 2022, we changed our corporate name to Bread Financial Holdings, Inc. from Alliance Data Systems Corporation, and on April 4, 2022, we changed our ticker to “BFH” from “ADS” on the New York Stock Exchange (NYSE). Neither the name change nor the NYSE ticker change affected our legal entity structure, nor did either change have an impact on our consolidated financial statements. On November 5, 2021, our former LoyaltyOne segment was spun off into an independent public company Loyalty Ventures Inc. (traded on The Nasdaq Stock Market LLC under the ticker “LYLT”) and therefore is reflected herein as Discontinued Operations.

Throughout this report, unless stated or the context implies otherwise, the terms “Bread Financial”, the “Company”, “we”, “our” or “us” refer to Bread Financial Holdings, Inc. and its subsidiaries on a consolidated basis. References to “Parent Company” refer to Bread Financial Holdings, Inc. on a parent-only standalone basis. In addition, in this report, we may refer to the retailers and other companies with whom we do business as our “partners”, “brand partners”, or “clients”, provided that the use of the term “partner”, “partnering” or any similar term does not mean or imply a formal legal partnership, and is not meant in any way to alter the terms of Bread Financial’s relationship with any third parties. We offer our credit products primarily through our insured depository institution subsidiaries, Comenity Bank and Comenity Capital Bank, which together are referred to herein as the “Banks”. Bread Financial is also used in this report to include references to transactions and arrangements occurring prior to the name change.

Cautionary Note Regarding Forward-Looking Statements

This Form 10-K and the documents incorporated by reference herein contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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 report, 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 or prolonged economic slowdown, and the related impact on consumer spending behavior, payments, debt levels, savings rates and other behavior;
- global political, market, public health and social events or conditions, including the ongoing war in Ukraine and the continuing effects of the COVID-19 pandemic;
- future credit performance of our customers, 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 compete;
- the concentration of our business in U.S. consumer credit;
- increases or volatility in the Allowance for credit losses that may result from the application of the current expected credit loss (CECL) model;
- 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;
- increases in fraudulent activity;
- failure to identify, complete or successfully integrate or disaggregate business acquisitions, divestitures and other strategic initiatives, including failure to realize the intended benefits of the spinoff of our former LoyaltyOne segment;
- the extent to which our results are dependent upon our brand partners, including our brand partners’ financial performance and reputation, as well as the effective promotion and support of our products by brand partners;
- continued financial responsibility with respect to a divested business, including required equity ownership, guarantees, indemnities or other financial obligations;
- increases in the cost of doing business, including market interest rates;
- our level of indebtedness and inability to access financial or capital markets, including asset-backed securitization funding or deposits markets;
- restrictions that limit our Banks’ ability to pay dividends to us;
- pending and future litigation;
- 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;
- increases in regulatory capital requirements or other support for our Banks;
- 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;
- loss of consumer information due to compromised physical or cyber security;
- any tax liability, disputes or other adverse impacts arising out of the spinoff of our former LoyaltyOne segment; and
- those factors discussed in Item 1A of this Form 10-K, elsewhere in this Form 10-K and in the documents incorporated by reference in this Form 10-K.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we projected.

Any forward-looking statements contained in this Form 10-K 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.

PART I

Item 1. Business.

We are a tech-forward financial services company that provides simple, personalized payment, lending and saving solutions. We create opportunities for our customers and partners through digitally enabled choices that offer ease, empowerment, financial flexibility and exceptional customer experiences. Driven by a digital-first approach, data insights and white-label technology, we deliver growth for our partners through a comprehensive product suite, including private label and co-brand credit cards and buy now, pay later products such as installment loans and our "split-pay" offerings. We also offer direct-to-consumer solutions that give customers more access, choice and freedom through our branded Bread Cashback™ American Express® Credit Card and Bread Savings™ products.

Our partner base consists of large consumer-based businesses, including well-known brands such as (alphabetically) AAA, Academy Sports + Outdoors, Caesars, Michaels, the NFL, Signet, Ulta and Victoria's Secret, as well as small- and medium-sized businesses (SMBs). Our partner base is also well diversified across a broad range of industries, including specialty apparel, sporting goods, health and beauty, jewelry, home goods and travel and entertainment. We believe our comprehensive suite of payment, lending and saving solutions, along with our related marketing and data and analytics, offers us a significant competitive advantage with products relevant across customer segments (Gen Z, Millennial, Gen X and Baby Boomers). The breadth and quality of our product and service offerings have enabled us to establish and maintain long-standing partner relationships.

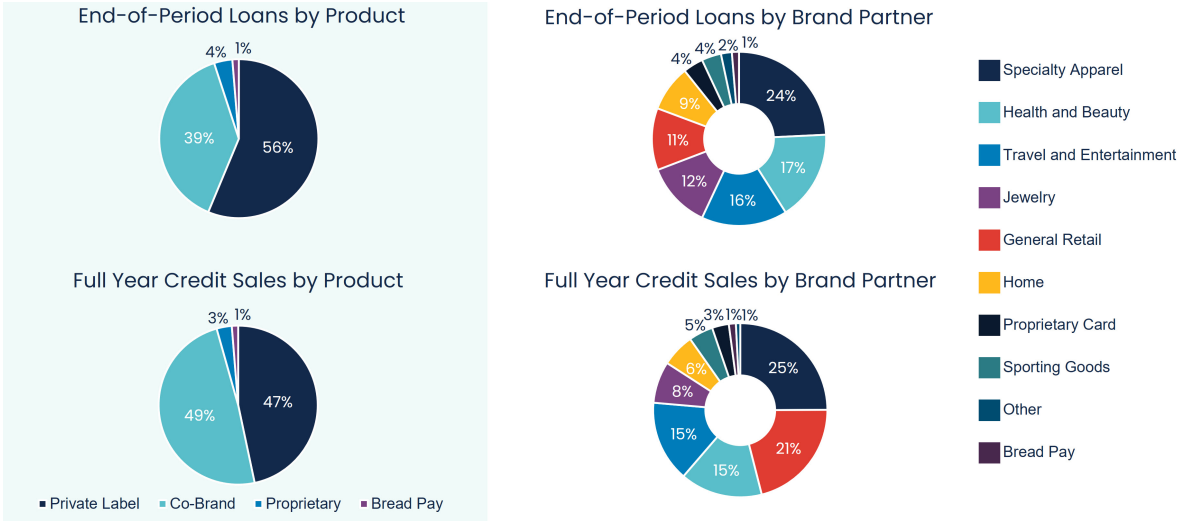
On November 5, 2021, we completed the spinoff of our former LoyaltyOne® segment, consisting of the Canadian AIR MILES® Reward Program and Netherlands-based BrandLoyalty businesses, into an independent, publicly traded company, Loyalty Ventures Inc. (LVI), which is listed on Nasdaq under the symbol "LYLT". The spinoff was completed through the pro rata distribution of 81% of the outstanding shares of LVI common stock to holders of our common stock at the close of business on the record date of October 27, 2021, with Bread Financial Holdings, Inc. retaining the remaining 19% of the outstanding shares of LVI common stock. Our stockholders of record received one share of LVI common stock for every two and one-half shares of Bread Financial Holdings, Inc. common stock held on the record date.

Unless otherwise noted, all discussion below, including amounts and percentages for all periods, reflect the results of operations and financial condition of Bread Financial Holdings, Inc.'s continuing operations. As such, the LoyaltyOne segment, which was classified as discontinued operations as of November 5, 2021, has been excluded from all presentations below, unless otherwise noted. Prior to the spinoff of the LoyaltyOne segment, we had two reportable operating segments (Card Services and LoyaltyOne). We now operate as a single segment that includes all of our continuing operations.

Business Strategy & Transformation

Beginning in 2018, our Board of Directors undertook a series of strategic initiatives based on an evaluation of the portfolio of businesses that constituted our company at that time. Subsequently, we completed the sale of our former Epsilon business in July 2019, the sale of our Precima® business in January 2020, and the spinoff of our LoyaltyOne segment in November 2021. Through these transactions and other initiatives, we have simplified our business model as a leading tech-forward financial services company providing payment, lending and saving solutions, while also reducing debt and improving leverage and capital ratios. As we have transformed the business, we have made strategic investments in assets with the highest growth potential, focused on expanding our product suite and direct-to-consumer offerings, diversifying our customer base, developing key strategic relationships, enhancing our core technology, and digital capabilities, and increasing our emphasis on environmental, social and governance (ESG) initiatives. Below is a timeline of key milestones in our business transformation since 2020:

We continue to make strategic investments in technology, people, data management tools and digital capabilities to further improve our competitive position and drive future growth. These investments further our objective to grow sales through the origination of credit card and other loans, making it easier for consumers to finance purchases and make payments wherever they occur— online, in store and in-app. By offering consumer choice, we provide relevant products across consumer segments, including Gen Z and Millennials who we believe are more likely to be drawn to cash flow management products such as installment lending and split-pay, while Gen X and Baby Boomers generally gravitate towards rewards and the convenience of a private label or co-brand card. With our broad suite of products, including private label and co-brand credit cards, installment lending and split-pay, together with digital, analytical and servicing capabilities to support those products, we drive incremental sales for our partners' businesses. We also intend to continue rebalancing our portfolio, prioritizing and investing in profitable, strong performing partners, targeting core and new industries, and becoming a more cost-efficient provider of financial products and services. In addition, we continue to expand our direct-to-consumer lending and payment products for new and existing customers, including our proprietary credit cards (Bread Cashback™) for growth and value retention. As reflected below, during 2022 we continued to diversify both our product offerings and the industries in which our partners operate, which we believe will allow us to balance growth and expand the addressable market:



Our Primary Product Offerings

Our primary product offerings consist of our: (i) private label and co-brand credit card programs with retailers and other brand partners; (ii) Bread Cashback™ products; (iii) Bread Pay™ products; and (iv) Bread Savings™ products. These product offerings are not exclusive, and, where appropriate, we seek to introduce partners and customers to our other product offerings.

Private Label and Co-Brand Credit Card Lending

Our core business, historically, has been to assist many of the country's best-known brands and retailers in driving sales and loyalty through their private label and co-brand credit card programs. In these programs, we (through our Banks) are the credit card issuer and lender to our partner's customers, and we also service the loans and provide a variety of other related services, which are described in more detail below. Our partner base, with approximately 100 brands and numerous online merchants, consists of many large consumer-based businesses, including well-known brands such as (alphabetically) AAA, Academy Sports + Outdoors, Caesars, Michaels, the NFL, Signet, Ulta and Victoria's Secret. Our partners benefit from customer insights and analytics, with each of our credit card branded programs tailored to our partner's brand and their unique customers.

Specifically, private label credit cards are partner-branded credit cards that are used exclusively for the purchase of goods and services from that particular partner. Credit under a private label credit card typically is extended either on standard terms only, which means accounts are assessed periodic interest charges using an agreed non-promotional fixed and/or variable interest rate, or pursuant to a promotional financing offer, involving deferred interest, reduced interest or no interest during a set promotional period (typically between six and 60 months). We receive a merchant discount from our partners to compensate us for all or part of the foregone interest income associated with promotional financing. The terms of these promotions vary by partner, but generally the longer the deferred interest, reduced interest or interest-free period, the greater the partner's merchant discount. Some offers permit customers to pay for a purchase in equal monthly payments with no interest or at a reduced interest rate, rather than deferring or delaying interest charges. We typically do not charge interchange or other fees to our partners when a customer uses a private label credit card to purchase our partners' goods and services through our payment system. Our private label credit card loan balances are typically smaller (with an average customer balance of approximately $400); although, we offer "big ticket" financing with certain private label brand partners, which often involves larger amounts. Relative to our co-brand loan portfolio, our private label loan portfolio generally has higher revenue yields, and customers with lower credit lines and lower credit scores.

Our co-brand credit cards are general purpose credit cards that can be used to purchase goods and services from the applicable partner, as well as other retailers wherever cards from those card networks are accepted. We currently issue co-brand credit cards for use on the MasterCard and Visa networks. Credit extended under our co-branded credit cards typically is extended on standard terms only. Charges made using a co-branded credit card, particularly charges made outside of that co-brand partner, generate interchange income for us. Relative to our private label loan portfolio, our co-brand loan portfolio generally has lower revenue yields, and customers with higher credit lines and higher credit scores (with the majority of our co-brand customers having a Vantage score in excess of 660).

As a general matter, the financial terms and conditions governing our private label and co-brand credit card products vary by program and product type and change over time, although we seek to standardize the non-financial provisions consistently across all products. The terms and conditions of all of our credit card products are governed by a cardholder agreement and applicable laws and regulations. We assign each card account a credit limit when the account is initially opened. Thereafter, we may increase or decrease individual credit limits from time to time, at our sole discretion, based primarily on our evaluation of the customer's creditworthiness and ability to pay. For the vast majority of accounts, periodic interest charges are calculated using the daily balance method, which results in daily compounding of periodic interest charges. Cash advances are not subject to a grace period, and some credit card programs do not provide a grace period for promotional purchases. In addition to periodic interest charges, we may impose other charges and fees on credit card accounts, including, as applicable and provided in the cardholder agreement, late fees where a customer has not paid at least the minimum payment due by the required due date. Typically, each customer with an outstanding amount due on his or her credit card account must make a minimum payment each month. A customer may pay the total amount due at any time without penalty. We also may enter into arrangements with delinquent customers to extend or otherwise change payment schedules and to waive interest charges and/or fees. To help further the ease with which customers can make payments, we offer automatic payment functionality on all cardholder accounts.

Bread Cashback™

In April 2022, we launched our branded Bread Cashback™ American Express® Credit Card, which is a direct-to-consumer, general purpose cashback credit card. This open-network card is an important new product for us to capture incremental spend and build and retain customer relationships. We anticipate the Bread Cashback™ American Express® Credit Card will increase our total addressable market, including the Millennial and Gen Z populations. The Bread Cashback™ American Express® Credit Card offers unlimited 2% cashback, no annual fee, no foreign transaction fees, premium protection benefits, American Express® lifestyle benefits and instant mobile acquisition and wallet provisioning. Prior to launching our new Bread Cashback™ American Express® Credit Card, since 2020 we have offered our Comenity-branded general purpose cash-back credit card.

Bread Pay™

Bread Pay™ is our pay-over-time payment technology solution, which includes both our installment loan and "split-pay" offerings, as described in more detail below. Through Bread Pay™, we offer an omnichannel solution for over 700 SMB retailers and merchants, and platform capabilities to bank partners. The Bread Pay™ offerings and on-boarding capabilities enhance the growth prospects of our industries and increase the addressable market of SMBs. Bread Pay™ also offers our existing private label and co-brand credit card partners a broader digital product suite and additional white-label product solutions for those customers preferring a "closed-end" payment option (i.e. a non-revolving loan with fixed repayment terms). As part of our Bread Pay™ products, we offer a flexible platform and robust suite of application programming interfaces (APIs) that allow merchants and partners to seamlessly integrate online point-of-sale financing and other digital payment products. As Bread Pay™ has grown, it has expanded our ability to leverage our digital offerings to build both strategic technology platform partnerships and more traditional brand partnership sales and loans.

Our Bread Pay™ installment loans are closed-end credit accounts where the customer pays down the outstanding balance in monthly installments, typically over a 3 to 48 month period. The terms of our installment loans are governed by customer agreements and applicable laws and regulations. Installment loans are generally assessed interest charges using fixed interest rates. We do not currently impose other charges or fees on loan accounts, such as late fees where a customer has not made the required payment by the required due date or returned payment fees.

Our "split-pay" loans are short-term, interest-free financing, to be repaid by the customer in four equal installments, with the first payment due at the time of purchase and the remaining three payments due in subsequent two-week intervals. The terms of our split-pay loans are governed by customer agreements and applicable laws and regulations. We do not currently impose charges or fees on these split-pay loan accounts, such as late fees where a customer has not made the required payment by the required due date or returned payment fees.

We have also been working to grow revenue generated through various Bread Pay™ strategic partnerships. For example, since 2021 we have licensed our payments technology platform on a white-label basis to RBC (NYSE:RY), a premier global financial services provider. RBC uses our platform to operate its PayPlan by RBC solution, which allows Canadian customers to pay for big-ticket items over time. We do not originate the loans made through PayPlan, but instead earn transaction and servicing fees. We are also working to expand our partnership with Sezzle (ASX:SZL), which we announced in October 2021. We offer our installment or other loan products through Sezzle's merchant network.

Bread Savings™

Bread Savings™ refers to our direct-to-consumer, or retail, deposit products, primarily in the form of certificates of deposit and savings accounts. Our Bread Savings™ products support loan growth and improve our funding mix, making us less reliant on our securitization programs and other sources of wholesale funding. In recent years, retail deposits have become an increasingly important source of funds for us, growing 72% from $3.2 billion as of December 31, 2021 to $5.5 billion as of December 31, 2022. As of December 31, 2022, retail deposits represented 26% of our total funding sources.

Our online Bread Savings™ platform is scalable allowing us to expand without having to rely on a traditional "brick and mortar" branch network. We continue to focus on growing our Bread Savings™ operations and believe we are well-positioned to continue to benefit from the consumer-driven shift from branch banking to direct banking. We seek to differentiate our deposit product offerings from our competitors on the basis of rates we pay on deposits, the quality of our customer service and the competitiveness of our digital banking capabilities.

Services Supporting our Primary Product Offerings

Our primary product offerings, as described above, are supported and enhanced by numerous services and capabilities that we provide, including: (i) risk management, account origination and funding services; (ii) loan processing and servicing; (iii) marketing and data and analytics; and (iv) our Enhanced Digital Suite.

Risk Management, Account Origination and Funding Services. We provide risk management solutions, account origination and funding services for our private label and co-brand credit card programs, as well as our Bread Pay™ partnerships.

We process millions of credit card applications each year using automated proprietary scoring technology and verification procedures to make responsible risk-based underwriting and origination decisions when approving new accounts and establishing credit limits. Credit quality is monitored on a regular and consistent basis, utilizing internal algorithms and external credit bureau risk scores. This information helps us segment new and existing customers into narrower risk ranges, allowing us to better evaluate individual credit risk. As macroeconomic conditions have weakened over the last year, we have continued to enhance our credit risk management, including through stronger underwriting resulting from enhanced technology, monitoring, and data, prudent and proactive line management, well-established risk appetite metrics, and we are proactively using our recession readiness playbook. As of December 31, 2022 we had $20.1 billion in principal loans from approximately 43 million active accounts, with an average balance for the year ended December 31, 2022 of approximately $870 for accounts with outstanding balances.

Loan Processing and Servicing. We manage and service the loans we originate for our private label and co-brand credit card programs, as well as our Bread Cashback™ and Bread Pay™ products. In 2022, we completed the transition of our credit card processing services to Fiserv, a leading global provider of outsourced payments and financial services technology solutions; with the transition we expect to improve our speed to market, including the ability to quickly and seamlessly add new products and capabilities that benefit our partners and cardholders. This transition enables efficient integration of digital technology, while supporting our data and analytics capabilities and improving operational efficiencies.

Our customer care operations are influenced by our retail heritage and we view every customer touch point as an opportunity to provide an exceptional experience. Our customer care operations offer omnichannel servicing, including phone, mail, fax, email, text and web. We provide focused training programs in all areas to achieve the highest possible customer service standards and monitor our performance by conducting surveys with our partners and our customers. In 2022, for the seventeenth time since 2003, we were certified as a Center of Excellence for the quality of our operations, the most prestigious ranking attainable, by BenchmarkPortal. Founded by Purdue University in 1995, BenchmarkPortal is a global leader of best practices for customer care centers. We blend domestic and off-shore locations as an important part of our servicing strategy, to maintain service availability beyond normal work hours in the United States and to optimize our cost structure.

Marketing and Data & Analytics. Through our integrated marketing services, we design and implement strategies that assist our partners in acquiring, retaining and expanding customer engagement to drive a more loyal, frequent shopper that increases customer lifetime value. Our programs capture transaction data that we analyze to better understand consumer behavior and use to increase the effectiveness of our partners' marketing activities. Through our data and analytics capabilities, including machine learning and artificial intelligence, we focus on data insights that drive actionable strategies and enhance revenue growth and customer retention. We use multi-channel marketing communication tools, including in-store, web, permission-based email, permission-based mobile messaging and direct mail to engage customers in the channel of their choice.

Enhanced Digital Suite. Through our Enhanced Digital Suite, a group of marketing and credit application features, we help our brand partners capitalize on online trends by bringing through more qualified applicants, a higher credit sales conversion rate and a higher average purchase value. Enhanced Digital Suite includes a unified software development kit (SDK) that provides access to our broad suite of products; it also promotes credit payment options, relevant to the customer, earlier in the shopping experience. The credit application is simple and easy, offers prefilled fields and pre-screens customers in real-time, allowing for immediate credit approval without leaving the brand partner's site.

For additional information relating to our business, business strategy and products and services, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Year in Review – Business Environment".

Technology/Systems

We leverage information and technology to help achieve our business objectives and to develop and deliver products and services that satisfy our brand partners and customers' needs. A key part of our strategic focus is the development and use of efficient, flexible computer and operational systems, such as cloud technology, to support complex marketing and account management strategies, the servicing of our customers, and the development of new and diversified products. We believe the continued development and integration of these systems is an important part of our efforts to reduce costs, improve quality and security, and provide faster, more flexible technology services. Consequently, we continuously review capabilities and develop or acquire systems, processes and competencies to meet our unique business requirements.

As part of our continuous efforts to review and improve our technologies, we may either develop such capabilities internally or rely on third-party outsourcers who have the ability to deliver technology that is of higher quality, lower cost, or both. We continue to rely on third-party outsourcers to help us deliver systems and operational infrastructure; these relationships include (but are not limited to): Microsoft and Amazon Web Services, Inc. for our cloud infrastructure and Fiserv for credit card processing services.

We are committed to safeguarding our customers' and our own information and technology, implementing backup and recovery systems, and generally require the same of our third-party service providers. We take measures that mitigate against known attacks and use internal and external resources to scan for vulnerabilities in platforms, systems, and applications necessary for delivering our products and services. For a discussion of the risks associated with our use of technology systems, see "Part I—Item 1A. Risk Factors" under the heading "Cybersecurity, Technology and Vendor Risks".

Disaster and Contingency Planning

We operate, either internally or through third-party service providers, multiple data processing centers to store and otherwise process our customer transaction data. Given the significant amount of data that we or our third-party service providers manage, much of which is real-time data to support our partners' commerce initiatives, we have established redundant capabilities for our data centers. We have a number of safeguards in place that are designed to protect us from data-related risks and in the event of a disaster, to restore our data centers' systems. For additional information, see "Item 1A. Risk Factors – Risk Management – Operational Risk".

Protection of Intellectual Property and Other Proprietary Rights

We rely on a combination of patents, copyright, trade secret and trademark laws, confidentiality procedures, contractual provisions and other similar measures to protect our proprietary information and technology used in our business. We generally enter into confidentiality or license agreements with our employees, consultants and corporate partners, and generally control access to and distribution of our technology, documentation and other proprietary information. Despite the efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain the use of our products or technology that we consider proprietary and third parties may attempt to develop similar technology independently. We have a number of domestic and foreign patents and pending patent applications. We pursue registration and protection of our trademarks primarily in the United States, although we also have either registered trademarks or applications pending for certain marks in other countries. No individual patent or license is material to us or our business.

Competition

The markets for our products and services are highly competitive, continuously changing, highly innovative, and subject to regulatory scrutiny and oversight. We compete with a wide range of businesses, including major financial institutions and financial technology firms, or fintechs. Some of our current and potential competitors may be larger than we are, have larger customer bases, greater brand recognition, longer operating histories, a dominant or more secure position, broader geographic scope, volume, scale, resources, and market share than we do, or offer products and services that we do not offer. Other competitors are smaller or younger companies that may be more agile in responding quickly to regulatory and technological changes. Many of the areas in which we compete evolve rapidly with innovative and disruptive technologies, emerging competitors, business alliances, shifting consumer habits and user needs, price sensitivity on the part of merchants and consumers, and frequent introductions of new products and services. The consumer credit and payments industry is highly competitive and we face an increasingly dynamic industry as emerging technologies enter the marketplace.

In competing to acquire and retain the business of brand partners and customers, our primary competition is with other financial institutions whose marketing focus has been on developing credit card programs with attractive value propositions and consequentially large revolving balances. These competitors further drive their businesses by cross-selling their other financial products to their cardholders. We also compete for partners on the basis of a number of factors, including program financial and other terms, underwriting standards and capabilities, marketing expertise, service levels, the breadth of our product and service offerings, digital, technological and integration capabilities, brand recognition and reputation. Our focus is on retailers and other brand partners that understand the competitive advantage of developing loyal customers. As a result, we focus on analyzing transaction data we obtain through partner loyalty programs and managing our lending programs, including customer specific transaction data and overall consumer spending patterns, to develop and implement successful marketing strategies for our partners.

As a form of payment, our customers have numerous consumer credit and other payment options available to them, and our products compete with cash, checks, electronic bank transfers, debit cards, general purpose credit cards (including Visa, MasterCard, American Express and Discover Card), various forms of consumer installment loans and split-pay products, other private label card brands, prepaid cards, digital wallets and mobile payment solutions, and other tools that simplify and personalize shopping experiences for consumers and merchants. Among other factors, our products compete with these other forms of payment on the basis of interest rates and fees, credit limits, reward programs and other product features. As the payments industry continues to evolve, in the future we expect increasing competition with emerging payment technologies from financial technology firms and payment networks. Moreover, some of our competitors, including new and emerging competitors in the digital and mobile payments space, are not subject to the same regulatory requirements or legislative scrutiny to which we are subject, which could place us at a competitive disadvantage.

In our retail deposits business, we have acquisition and servicing capabilities similar to other direct-banking competitors. We compete for deposits with traditional banks, and in seeking to grow our Bread Savings™ platform, we compete with other banks that have direct-banking models similar to ours. Competition among direct banks is intense because online banking provides customers the ability to quickly and easily deposit and withdraw funds, and open and close accounts in favor of products and services offered by competitors.

Supervision and Regulation

We operate primarily through our insured depository institution subsidiaries, Comenity Bank (CB) and Comenity Capital Bank (CCB), which, as noted above, together are referred to herein as the “Banks”. Federal and state laws and regulations extensively regulate the operations of the Banks. This regulatory framework is intended to protect individual consumers, depositors, the Deposit Insurance Fund (DIF) of the Federal Deposit Insurance Corporation (FDIC) and the U.S. banking system as a whole, rather than for the protection of stockholders and creditors. Set forth below is a summary of the significant laws and regulations applicable to each of CB and CCB. The description that follows is qualified in its entirety by reference to the full text of the statutes, regulations, and policies that are described. Such statutes, regulations, and policies are subject to ongoing review by Congress, state legislatures, and federal and state regulatory agencies. A change in any of the statutes, regulations, or regulatory policies applicable to CB and/or CCB, or in the leadership or direction of our regulators, could have a material effect on the operations or financial condition of Bread Financial Holdings, Inc. Further, the scope of regulation and the intensity of supervision will likely remain high in the current regulatory environment.

CB is a Delaware-chartered bank operating as a credit card bank under a Competitive Equality Banking Act (CEBA) exemption from the definition of “bank” under the Bank Holding Company Act (BHC Act). To maintain its status as a CEBA credit card bank, CB must continue to comply with the following requirements:

- engage only in credit card operations;
- do not accept demand deposits or deposits that the depositor may withdraw by check or similar means for payment to third parties;
- do not accept any savings or time deposits of less than $100,000, except for deposits pledged as collateral for its extensions of credit;
- maintain only one office that accepts deposits; and
- do not engage in the business of making commercial loans (except credit card loans to certain small businesses).

CB is subject to prudential regulation, supervision and examination by the Delaware Office of the State Bank Commissioner, as its chartering authority, and the FDIC as its primary federal regulator. CB’s deposits are insured by the DIF of the FDIC up to the applicable deposit insurance limits in accordance with applicable law and FDIC regulations. CB is not a member of the Federal Reserve System.

CCB is a Utah-chartered industrial bank. As an industrial bank, CCB is exempt from the definition of "bank" under the BHC Act. CCB is subject to prudential regulation, supervision and examination by the Utah Department of Financial Institutions, as its chartering authority, and the FDIC as its primary federal regulator. CCB's deposits are insured by the DIF of the FDIC up to the applicable deposit insurance limits in accordance with applicable law and FDIC regulations. CCB is not a member of the Federal Reserve System.

The Consumer Financial Protection Bureau (CFPB) promulgates regulations for the federal consumer financial protection laws and supervises and examines large banks (those with more than $10 billion of total assets) with respect to those laws. Banks in a multi-bank organization, such as CB and CCB, are subject to supervision and examination by the CFPB with respect to the federal consumer financial protection laws if at least one bank reports total assets over $10 billion for four consecutive quarters. While the Banks were subject to supervision and examination by the CFPB with respect to the federal consumer financial protection laws between 2016 and 2021, this reverted to the FDIC in 2022. However, CCB's total assets then exceeded $10 billion for four consecutive quarters as of September 30, 2022, and both Banks are now again subject to supervision and examination by the CFPB with respect to federal consumer protection laws.

The CFPB has broad rulemaking authority that has impacted, and is expected to continue impacting, the Banks' operations, including with respect to credit card late fees and other amounts that we may charge. For example, the CFPB's rulemaking authority may allow it to change regulations adopted in the past by other regulators including regulations issued under the Truth in Lending Act by the Board of Governors of the Federal Reserve System (Federal Reserve Board). Most recently, in February 2023, the CFPB published a proposed rule with request for public comment that would: (i) decrease the safe harbor dollar amount for credit card late fees to $8 and eliminate a higher safe harbor dollar amount for subsequent late payments; (ii) eliminate the annual inflation adjustments that currently exist for the late fee safe harbor dollar amounts; and (iii) require that late fees not exceed 25% of the consumer's required minimum payment. The "safe harbor" dollar amounts referenced in the CFPB's proposed rulemaking refer to the amounts that credit card issuers may charge as late fees under the Credit Card Accountability Responsibility and Disclosure Act of 2009 (CARD Act). Under the CARD Act, as implemented, these safe harbor amounts have been subject to annual adjustment based on changes in the consumer price index, and the safe harbor amounts are currently set at $30 for an initial late fee and $41 for subsequent late fees in one of the next six billing cycles. Accordingly, the proposed $8 safe harbor amount on late fees (and proposed elimination of the annual inflation-based adjustment thereto) would represent a significant decrease from the current safe harbor amounts. In addition, the proposed rulemaking seeks comment on whether late fees should be prohibited if the applicable payment is made within 15 days of the due date and whether, as a condition to utilizing the safe harbor, credit card issuers should be required to offer automatic payment options and/or provide certain notifications of upcoming payment due dates. We are closely monitoring the content and timing of the CFPB's proposed rulemaking and its impact on our business.

More generally, the CFPB's ability to rescind, modify or interpret past regulatory guidance could reduce fee income, increase our compliance costs and litigation exposure. Further, the CFPB has broad authority to enforce the prohibitions of "unfair, deceptive or abusive" acts or practices regardless of which agency supervises the Banks. The CFPB has taken enforcement action against other credit card issuers and financial services companies. Evolution of these standards could result in changes to pricing, practices, procedures and other activities relating to our credit card accounts in ways that could reduce the associated return from those accounts and potentially impact business growth plans. While the CFPB has taken public positions on certain matters, it is unclear what additional changes may be promulgated by the CFPB and what effect, if any, such changes would have on our credit accounts.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) authorizes certain state officials to enforce regulations issued by the CFPB and to enforce the Dodd- Frank Act's general prohibition against unfair, deceptive or abusive practices. To the extent that states enact requirements that differ from federal standards or courts adopt interpretations of federal consumer laws that differ from those adopted by the FDIC, the Federal Reserve Board and the Office of the Comptroller of the Currently (collectively, the Federal Banking Agencies), we may be required to alter products or services offered in some jurisdictions or cease offering products, which will increase compliance costs and reduce our ability to offer the same products and services to consumers nationwide.

Regulation of Bread Financial Holdings, Inc.

Because neither CB nor CCB is considered a "bank" within the meaning of the BHC Act, Bread Financial Holdings, Inc. is not a bank holding company (BHC) subject to regulation thereunder. If any of our entities became subject to regulation as a BHC, among other things, Bread Financial Holdings, Inc. and its non-bank subsidiaries would be subject to regulation, supervision and examination by the Federal Reserve Board and our operations would be limited to certain activities that are closely related to banking or financial services in nature.

However, under Section 616 of the Dodd-Frank Act, any company that directly or indirectly controls an insured depository institution is required to serve as a source of financial strength to its subsidiary institution and may not conduct its operations in an unsafe or unsound manner. This doctrine is commonly known as the "Source of Strength" doctrine. As such a company, this means that Bread Financial Holdings, Inc. must stand ready to use available resources to provide adequate capital funds to the Banks during periods of financial stress or adversity and should maintain the financial flexibility and capital-raising capacity to obtain additional resources to support the Banks. This support may be required at times when Bread Financial Holdings, Inc. might otherwise have determined not to provide it or when doing so is not otherwise in the interests of Bread Financial Holdings, Inc. or its stockholders or creditors. Bread Financial Holdings, Inc.'s failure to meet its obligation to serve as a source of strength to the Banks would generally be considered to be an unsafe and unsound banking practice.

Regulation of the Banks

Federal and state banking laws and regulations govern, among other things, the scope of a bank's business, the investments a bank may make, the reserves against deposits a bank must maintain, the loans a bank makes and collateral it takes, the activities of a bank with respect to mergers and acquisitions, management practices, and numerous other aspects of its operations.

Regulatory Capital Requirements

The Banks are subject to certain risk-based capital and leverage ratio requirements under the U.S. Basel III capital rules adopted by the FDIC. These rules implement the Basel III international regulatory capital standards in the United States, as well as certain provisions of the Dodd-Frank Act. These quantitative calculations are minimums, and the FDIC may determine that a bank, based on its size, complexity, or risk profile, must maintain a higher level of capital in order to operate in a safe and sound manner.

Under the U.S. Basel III capital rules, the Banks' assets, exposures, and certain off-balance sheet items are subject to risk weights used to determine an institution's risk-weighted assets, which then are used to determine the minimum capital that CB and CCB should keep as a reserve to reduce the risk of insolvency. These risk-weighted assets are used to calculate the following minimum capital ratios for the Banks:

- Common Equity Tier 1 (CET1) Risk-Based Capital Ratio - the ratio of CET1 capital to risk-weighted assets. CET1 capital primarily includes common stockholders' equity subject to certain regulatory adjustments and deductions, including goodwill, intangible assets, certain deferred tax assets, and Accumulated Other Comprehensive Income (AOCI).
- Tier 1 Risk-Based Capital Ratio - the ratio of Tier 1 capital to risk-weighted assets. Tier 1 capital is primarily comprised of CET1 capital, perpetual preferred stock, and certain qualifying capital instruments.
- Total Risk-Based Capital Ratio - the ratio of total capital, including CET1 capital, Tier 1 capital, and Tier 2 capital, to risk-weighted assets. Tier 2 capital primarily includes qualifying subordinated debt and qualifying Allowance for credit losses.

The Banks are also subject to the requirements of a fourth ratio, the Leverage ratio, which itself does not incorporate risk-weighted assets:

- Tier 1 Leverage Ratio - the ratio of Tier 1 capital to quarterly average assets (net of goodwill, certain other intangible assets, and certain other deductions).

Failure to be well-capitalized or to meet minimum capital requirements could result in certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a material adverse effect on our operations or financial condition. Failure to be well-capitalized or to meet minimum capital requirements could also result in restrictions on the Banks' ability to pay dividends or otherwise distribute capital or to receive regulatory approval of applications.

The U.S. Basel III capital rules require a minimum CET1 Risk-Based Capital Ratio of 4.5%, a minimum Tier 1 Risk-Based Capital Ratio of 6.0%, and a minimum Total Risk-Based Capital Ratio of 8.0%. In addition to meeting the minimum capital requirements, under the U.S. Basel III capital rules, the Banks must also maintain the required 2.5% Capital Conservation Buffer to avoid becoming subject to restrictions on capital distributions and certain discretionary bonus payments to executive management. The Capital Conservation Buffer is calculated as a ratio of CET1 capital to risk-weighted assets, and it essentially increases the required minimum risk-based capital ratios. As a result, the Banks must maintain a CET1 Risk-Based Capital Ratio of at least 7%, a Tier 1 Risk-Based Capital Ratio of at least 8.5% and a Total Risk-Based Capital Ratio of at least 10.5% to avoid being subject to restrictions on capital distributions and discretionary

bonus payments to its executive management. The Tier 1 Leverage Ratio is not impacted by the Capital Conservation Buffer, and a bank may be considered well-capitalized while remaining out of compliance with the Capital Conservation Buffer. The required minimum Tier 1 Leverage Ratio for all banks and BHCs is 4%.

To be considered well-capitalized, the Banks must maintain the following capital ratios which are in excess of the minimums described above:

- CET1 Risk-Based Capital Ratio of 6.5% or greater;
- Tier 1 Risk-Based Capital Ratio of 8.0% or greater;
- Total Risk-Based Capital Ratio of 10.0% or greater; and
- Tier 1 Leverage Ratio of 5.0% or greater.

As of December 31, 2022, the Banks' regulatory capital ratios were above the well-capitalized standards and met the Capital Conservation Buffer. The Banks seek to maintain capital levels and ratios in excess of the minimum regulatory requirements inclusive of the 2.5% Capital Conservation Buffer.

Dividends

Bread Financial Holdings, Inc. is a legal entity separate and distinct from the Banks. Declaration and payment of cash dividends depends upon cash dividend payments to Bread Financial Holdings, Inc. by the Banks, which are our primary source of revenue and cash flow. As state-chartered banks, under Delaware or Utah law, as applicable, the Banks are subject to regulatory restrictions on the payment and amounts of dividends. Further, the ability of the Banks to pay dividends to Bread Financial Holdings, Inc. is also subject to their profitability, financial condition, capital expenditures and other cash flow requirements, and any such dividends are also subject to the approval of the Board of Directors of the applicable Bank.

The payment of dividends by the Banks and Bread Financial Holdings, Inc. may also be affected by other factors, such as the requirement to maintain adequate capital above regulatory requirements. The Federal Banking Agencies have indicated that paying dividends that deplete a bank's capital base to an inadequate level would be an unsafe and unsound banking practice; a bank may not pay any dividend if payment would cause it to become undercapitalized or if it already is undercapitalized. Moreover, the Federal Banking Agencies have issued policy statements that provide that banks should generally only pay dividends out of current operating earnings. The Federal Banking Agencies have the authority to prohibit banks from paying a dividend if it is deemed that such payment would be an unsafe or unsound practice.

Prompt Corrective Action and Safety and Soundness

Under applicable "prompt corrective action" (PCA) statutes and regulations, insured depository institutions, such as the Banks, are placed into one of five capital categories, ranging from "well capitalized" to "critically undercapitalized". The PCA statute and regulations provide for progressively more stringent supervisory measures as an institution's capital category declines. An institution that is not well capitalized is generally prohibited from accepting brokered deposits and offering interest rates on deposits higher than the prevailing rate in its market. An undercapitalized institution must submit an acceptable restoration plan to the appropriate Federal Banking Agency. One requisite element of such a plan is that the institution's parent holding company guarantee the institution's compliance with the plan, subject to certain limitations. As of December 31, 2022, the Banks qualified as "well capitalized" under applicable regulatory capital standards.

Insured depository institutions may also be subject to potential enforcement actions of varying levels of severity by the Federal Banking Agencies for unsafe or unsound practices in conducting their businesses, or for violation of any law, rule, regulation, condition imposed in writing by the agency, or term of a written agreement with the agency. In more serious cases, enforcement actions may include the issuance of directives to increase capital; the issuance of formal and informal agreements; the imposition of civil monetary penalties; the issuance of a cease and desist order that can be judicially enforced; the issuance of removal and prohibition orders against officers, directors, and other institution-affiliated parties; the termination of the institution's deposit insurance; the appointment of a conservator or receiver for the institution; and the enforcement of such actions through injunctions or restraining orders based upon a judicial determination that the FDIC, as receiver, would be harmed if such equitable relief was not granted.

Reserve Requirements

Federal Reserve Board regulations require insured depository institutions to maintain cash reserves against their transaction accounts, primarily interest-bearing and regular checking accounts. The required cash reserves can be in the form of vault

cash and, if vault cash does not fully satisfy the required cash reserves, in the form of a balance maintained with Federal Reserve Banks. The regulations authorize different ranges of reserve requirement ratios depending on the amount of transaction account balances held. A zero percent reserve requirement ratio is applied to transaction balances below the reserve requirement exemption amount. In addition, transaction account balances maintained over the reserve requirement exemption amount and up to a certain amount, known as the low reserve tranche, may be subject to a reserve requirement ratio of not more than 3 percent (and which may be zero), and transaction account balances over the low reserve tranche may be subject to a reserve requirement ratio of not more than 14 percent (and which may be zero). The reserve requirement exemption and the low reserve tranche are both subject to adjustment on an annual basis, as applicable, by the Federal Reserve Board. Effective March 26, 2020, in response to the COVID-19 pandemic, the reserve requirement ratios on all net transaction accounts were reduced to zero percent, thereby eliminating reserve requirements for all depository institutions. The annual indexation of the reserve requirement exemption amount and the low reserve tranche for 2021, 2022 and 2023 was required by statute, but did not affect depository institutions' reserve requirements, which remain at zero.

Federal Deposit Insurance

The deposits of the Banks are insured up to applicable limits by the DIF of the FDIC. The current standard maximum deposit insurance amount is $250,000 per depositor, per insured depository institution, per ownership category, in accordance with applicable FDIC regulations.

The FDIC uses a risk-based assessment system that imposes insurance premiums based on a risk matrix that takes into account an institution's capital level and supervisory rating. The base for insurance assessments is the average consolidated total assets less tangible equity capital of an institution. Assessment rates are calculated using formulas that take into account the risk of the institution being assessed.

Under the Federal Deposit Insurance Act (the FDIA), the FDIC may terminate an institution's deposit insurance upon a finding that the institution has engaged in unsafe and unsound practices, is in an unsafe and unsound condition or has violated any applicable law, regulation, order or condition imposed by the FDIC.

Depositor Preference

The FDIA provides that, in the event of the liquidation or other resolution of an insured depository institution, the claims of depositors of the institution, including the claims of the FDIC as subrogee of insured depositors, and certain claims for administrative expenses of the FDIC as a receiver, will have priority over other general unsecured claims against the institution. If an insured depository institution fails, insured and uninsured depositors, along with the FDIC, will have priority in payment ahead of unsecured, non-deposit creditors, including the parent company, with respect to any extensions of credit they have made to such insured depository institution.

Restrictions on Transactions with Affiliates and Insiders

Sections 23A and 23B of the Federal Reserve Act limit the extent to which we can borrow or otherwise obtain credit from, or engage in other covered transactions with either of the Banks, which may have the effect of limiting the extent to which either Bank can finance or otherwise supply funds to us. "Covered transactions" include loans or extensions of credit, purchases of or investments in securities, purchases of assets, including assets subject to an agreement to repurchase, acceptance of securities as collateral for a loan or extension of credit, or the issuance of a guarantee, acceptance, or letter of credit. Although the applicable rules do not serve as an outright bar on engaging in covered transactions, they do require that we engage in "covered transactions" with either Bank only on terms and under circumstances that are substantially the same, or at least as favorable to the Bank, as those prevailing at the time for comparable transactions with nonaffiliated companies. Furthermore, with certain exceptions, each loan or extension of credit by either Bank to us or our non-bank subsidiaries must be secured by collateral with a market value ranging from 100% to 130% of the amount of the loan or extension of credit, depending on the type of collateral.

The Banks are also subject to Sections 22(g) and 22(h) of the Federal Reserve Act, and the implementing Regulation O as applied to the Banks. These provisions impose limitations on loans and extensions of credit by the Banks to their executive officers, directors and principal stockholders and their related interests, as well as those of the Banks' affiliates. The limitations restrict the terms and aggregate amount of such transactions. Regulation O also imposes certain recordkeeping and reporting requirements.

Restrictions on transactions with affiliates and insiders under Federal Reserve Act Sections 23A, 23B, 22(g) and 22(h), as well as the requirements of Regulation O, are monitored for compliance by our internal audit department.

Volcker Rule

Section 619 of the Dodd-Frank Act, commonly known as the Volcker Rule, restricts the ability of banking entities, such as Bread Financial Holdings, Inc. and the Banks, from (i) engaging in proprietary trading and (ii) investing in or sponsoring covered funds, subject to certain limited exceptions. Under the Volcker Rule, the term covered funds is defined as any issuer that would be an investment company under the Investment Company Act but for the exemption in section 3(c)(1) or 3(c)(7) of that Act, which includes collateralized loan obligation securities (CLO) and collateralized debt obligation securities. There are also several exemptions from the definition of covered funds, including, among other things, loan securitization, joint ventures, certain types of foreign funds, entities issuing asset-backed commercial paper, and registered investment companies. We do not engage in these restricted activities, including in proprietary trading.

Incentive Compensation

The Dodd-Frank Act requires the Federal Banking Agencies and the Securities and Exchange Commission (SEC) to establish joint regulations or guidelines prohibiting incentive-based payment arrangements at specified regulated entities, including the Banks, that encourage inappropriate risks by providing an executive officer, employee, director or principal stockholder with excessive compensation, fees, or benefits resulting from inappropriate risk taking, as these actions could lead to material financial loss to the entity. The Federal Banking Agencies and the SEC most recently proposed such regulations in 2016, but the regulations have not yet been finalized. If the regulations are adopted in the form initially proposed, the manner in which executive compensation is structured will be restricted.

The Dodd-Frank Act also requires publicly traded companies to give stockholders a non-binding vote on executive compensation at least every three years and on so-called “golden parachute” payments in connection with approvals of mergers and acquisitions. Bread Financial Holdings, Inc. has held its “say-on-pay” vote annually.

USA PATRIOT Act

Under Title III of the USA PATRIOT Act, all financial institutions are required to take certain measures to identify their customers, prevent money laundering, monitor customer transactions, and report suspicious activity to U.S. law enforcement agencies. Financial institutions also are required to respond to requests for information from Federal Banking Agencies and law enforcement agencies. Information sharing among financial institutions for the above purposes is encouraged by an exemption granted to complying financial institutions from the privacy provisions of the Gramm-Leach-Bliley Act (GLBA) and other privacy laws. Financial institutions that hold correspondent accounts for foreign banks or provide private banking services to foreign individuals are required to take measures to avoid dealing with certain foreign individuals or entities, including foreign banks with profiles that raise money laundering concerns, and are prohibited from dealing with foreign “shell banks” and persons from jurisdictions of particular concern. The Federal Banking Agencies and the Secretary of the Treasury have adopted regulations to implement several of these provisions. All financial institutions also are required to establish internal anti-money laundering programs. The effectiveness of a financial institution in combating money laundering activities is a factor to be considered in any application submitted by a financial institution to engage in a merger transaction under the Bank Merger Act. The Banks have in place a Bank Secrecy Act and USA PATRIOT Act compliance program and engage in very few transactions of any kind with foreign financial institutions or foreign persons.

Office of Foreign Assets Control Regulations

The United States government has imposed economic sanctions that affect transactions with designated foreign countries, nationals, and others. These are typically known as the “OFAC” rules based on their administration by the U.S. Treasury Department Office of Foreign Assets Control. The Office of Foreign Assets Control-administered sanctions targeting countries take many different forms. Generally, OFAC sanctions contain one or more of the following elements: (i) restrictions on trade with or investment in a sanctioned country, including prohibitions against direct or indirect imports from and exports to a sanctioned country and prohibitions on U.S. persons engaging in financial transactions relating to making investments in, or providing investment-related advice or assistance to, a sanctioned country; and (ii) a blocking of assets in which the government or specially designated nationals of the sanctioned country have an interest, by prohibiting transfers of property subject to U.S. jurisdiction (including property in the possession or control of U.S. persons). Blocked assets (e.g., property and bank deposits) cannot be paid out, withdrawn, set off, or transferred in any manner without a

license from the Office of Foreign Assets Control. Failure to comply with these sanctions could have serious legal and reputational consequences.

Identity Theft

The SEC and the Commodity Futures Trading Commission (CFTC) jointly issued final rules and guidelines implementing the provisions of the Fair Credit Reporting Act (FCRA), as amended by the Dodd-Frank Act, which require certain regulated entities to establish programs to address risks of identity theft. The rules require financial institutions and creditors to develop and implement a written identity theft prevention program that is designed to detect, prevent, and mitigate identity theft in connection with certain existing accounts or the opening of new accounts. The rules include guidelines to assist entities in the formulation and maintenance of programs that would satisfy these requirements. In addition, the rules establish special requirements for any credit and debit card issuers that are subject to the jurisdiction of the SEC or the CFTC to assess the validity of notifications of changes of address under certain circumstances. The Banks implemented an ID Theft Prevention Program, approved by their Boards of Directors, in compliance with these requirements.

Community Reinvestment Act

The Community Reinvestment Act of 1977 (CRA) is intended to encourage banks to help meet the credit needs of their service areas, including low- and moderate-income neighborhoods, consistent with safe and sound business practices. The relevant Federal Banking Agency, the FDIC in the Banks' case, examines each bank and assigns it a public CRA rating. A bank's record of fair lending compliance is part of the resulting CRA examination report. CRA performance evaluations are based on a four-tiered rating system: Outstanding, Satisfactory, Needs to Improve and Substantial Noncompliance. CRA performance evaluations are considered in evaluating applications for such things as mergers, acquisitions and applications to open branches. The Banks each received a CRA rating of "Outstanding" at their most recent CRA examinations.

Consumer Protection Regulation and Supervision

We are subject to the federal consumer financial protection laws implemented by the CFPB. We are also subject to certain state consumer protection laws and state attorneys general and other state officials are empowered to enforce certain federal consumer protection laws and regulations. State authorities have increased their focus on and enforcement of consumer protection rules. These federal and state consumer protection laws apply to a broad range of our activities and to various aspects of our business, and include laws relating to interest rates, fair lending, disclosures of credit terms and estimated transaction costs to consumer borrowers, debt collection practices, the use and provision of information to consumer reporting agencies, and the prohibition of unfair, deceptive, or abusive acts or practices in connection with the offer, sale, or provision of consumer financial products and services. Each Bank has in place an effective compliance management system to comply with these laws and regulations.

Privacy, Information Security and Data Protection

We are subject to various privacy, information security and data protection laws, including requirements concerning security breach notification. For example, in the United States, we are subject to the GLBA and implementing regulations and guidance. Among other things, the GLBA: (i) imposes certain limitations on the ability of financial institutions to share consumers' nonpublic personal information with nonaffiliated third parties; (ii) requires that financial institutions provide certain disclosures to consumers about their information collection, sharing and security practices and affords consumers the right to "opt out" of the institution's disclosure of their personal financial information to nonaffiliated third parties (with certain exceptions); and (iii) requires financial institutions to develop, implement and maintain a written comprehensive information security program containing safeguards that are appropriate to the financial institution's size and complexity, the nature and scope of the financial institution's activities, the sensitivity of consumer information processed by the financial institution as well as plans for responding to data security breaches.

Federal and state laws also require us to respond appropriately to data security breaches. A final rule issued by the Federal Reserve, OCC, and FDIC, which became effective in May 2022, requires banking organizations to notify their primary federal regulator of significant computer security incidents within 36 hours of determining that such an incident has occurred.

In 2018, the State of California enacted the California Consumer Privacy Act (CCPA). The CCPA requires covered businesses to comply with requirements that give consumers the right to know what information is being collected from them and whether such information is sold or disclosed to third parties. The statute also allows consumers to access, delete, and prevent the sale of personal information that has been collected by covered businesses in certain circumstances. The CCPA does not apply to personal information collected, processed, sold, or disclosed pursuant to the GLBA or the California Financial Information Privacy Act. We are a covered business under the CCPA, which became effective on January 1, 2020. In 2020, the State of California amended the CCPA by passing a ballot initiative known as the California Privacy Rights Act. This initiative added a number of requirements to the CCPA with which we are finalizing our compliance.

We continue to monitor, and have a program in place to comply with, applicable privacy, information security and data protection requirements imposed by federal, state, and foreign laws. However, if we experience a significant cybersecurity incident or our regulators deemed our information security controls to be inadequate, we could be subject to supervisory criticism or penalties, and/or suffer reputational harm. For further discussion of privacy, data protection and cybersecurity, and related risks for our business, see "Part I—Item 1A. Risk Factors" under the headings *"Regulation in the areas of privacy, data protection, data governance, account access and information and cyber security could increase our costs and affect or limit our business opportunities and how we collect and/or use personal information", "Failure to safeguard our data and consumer privacy could affect our reputation among our partners and their customers, and may expose us to legal claims",* and *"Business interruptions, including loss of data center capacity, interruption due to cyber-attacks, loss of network connectivity or inability to utilize proprietary software of third party vendors, could affect our ability to timely meet the needs of our partners and customers and harm our business".*

Human Capital

As of December 31, 2022, we employed approximately 7,500 associates worldwide, with the majority concentrated in the United States. Attracting, developing and retaining top talent is critical to our business. As a core component of our broader Environmental, Social and Corporate Governance (ESG) and sustainability efforts, our key human capital management objective is to promote an inclusive, engaged culture that empowers associates through opportunities to grow, develop and lead. Our associates have been, and will remain, the backbone of our business, and we take a holistic approach to our associates' experiences, recognizing that an engaged workforce drives our long-term growth and sustainability. Our Board of Directors and Compensation & Human Capital Committee provide the important oversight of our human capital management strategy, including diversity, equity and inclusion (DE&I) efforts, which are led by our Head of Diversity and Inclusion and our Chief Diversity Officer. Our Compensation & Human Capital Committee and our full Board of Directors receive regular updates from senior management and third-party consultants on human capital trends and developments, and other key human capital matters that drive our ongoing success and performance.

Associate Health and Wellbeing

Associate health and wellbeing remains a top human capital priority, and we are committed to providing our associates with competitive total compensation, benefits and wellness resources. Our associates continue to express enthusiasm for the flexible remote work policies that we adopted during the COVID-19 pandemic, and approximately 95% of our total workforce continues to successfully work from home, either on a fully-remote or hybrid basis. We intend to continue these flexible work arrangements, seeking to take advantage of the engagement and productivity benefits associated with increased flexibility, as well as opportunities for connectedness and social interaction. Other associate wellbeing resources include mental health awareness and counselling support, financial education and wellness courses, a variety of fitness and meditation classes, a wellbeing cost reimbursement program and other benefits to promote mental and physical health supportive of holistic wellbeing.

Additionally, during 2022 we further improved the competitiveness of our associate benefit offerings, including: (i) enhancements to our medical benefits, such as the removal of a 30-day waiting period for new hires to enroll and the addition of travel benefits for reproductive and other fertility services; (ii) improvements to our paid time off and flex time off policies; (iii) the addition of two new paid holidays (bringing the total to 11); and (iv) expanded mental health services, including increased access to free therapy sessions, dedicated care navigators and mental health medication management services.

Associate Experience and Engagement

Delivering an exceptional experience for our customers relies on our ability to cultivate an engaging and rewarding experience for our associates. We maintained high levels of associate engagement and retention in 2022 and were successful with talent acquisition, hiring several top industry leaders in key positions that further supported our transformation initiatives and business priorities. As discussed further below, in 2022 we continued to focus on developing our internal talent to increase lateral movement across the organization, with 34% of the 592 new jobs posted in 2022 being ultimately filled by internal candidates. We continue to listen to and act on feedback from our associates, including through our annual Associate Survey and other more frequent surveys and communications. Each year after the results of the annual Associate Survey have been tabulated, our senior management presents those results to our Compensation & Human Capital Committee and our Board of Directors, including discussion regarding trends observed and actions to be taken in response to the results. Input from our Board helps inform our human capital strategies and objectives going forward; our global themes for 2023 include promoting career opportunities for our associates, further optimizing our future work environment and ensuring associates have the appropriate tools, resources and technology to work effectively, whether in-office or remote.

Workforce Readiness, Growth and Advancement

As part of our broader multi-year business transformation, our "future workforce" steering committee, comprised of senior human resources, technology and operations management, continued to develop and execute human capital-intensive strategies to ensure our workforce readiness, growth and advancement. During the year we completed our second-annual, six-month apprenticeship program, which created a feeder pipeline from roles in our Care Centers to other non-Care Center opportunities across the organization, with 22 U.S. associates (or 96% of program participants) transitioning to new roles at the conclusion of their apprenticeships. Robust training and development remains central to our human capital strategy, and in 2022 we expanded our training programs to include a more advanced mentorship program that matches associates with an internal mentor who will help further their unique career journey and development needs. In addition to career-oriented training and development, we require annual associate training to ensure ongoing adherence to responsible business practices and ethical conduct, and all associates must certify annually that they have read and will adhere to our Code of Ethics. We believe these efforts resonated with our associates, as we saw a 3% improvement in associates' perceptions of the professional growth and development initiatives taken by us, reflected in our 2022 annual Associate Survey.

Diversity, Equity and Inclusion

We are committed to creating an inclusive culture that attracts and values diversity - of thought, experience, background, skills and ideas. Over the past few years, we have renewed and accelerated our actions and activities in support of DE&I. In 2021, we appointed a Chief Diversity Officer (CDO), hired a Vice President of DE&I and appointed an associate-led DE&I Council. Together, these actions resulted in establishing a Diversity, Equity and Inclusion Office, solidifying our focus on these efforts. Additionally our eight Business Resource Groups, made up of over 700 associate members, act as a catalyst for ensuring a fully inclusive and engaging work environment.

Our DE&I strategy is embedded into our overall governance process and business model, demonstrating our elevated commitment and accountability to this imperative. The strategy describes what we seek to accomplish and how we will measure progress across four focus areas: (i) Workforce - creating pathways for hiring and promotions that map to market availability; (ii) Workplace - promoting an inclusive, engaged culture that empowers associates through opportunities to grow, develop and lead; (iii) Marketplace - infusing DE&I into our growth strategy, product delivery, customer experience and supply chain; and (iv) Community – building strategic partnerships that empower our communities and advance business priorities.

As of December 31, 2022, approximately 67% of our total work force and 44% of our senior leaders were female, while approximately 47% of our total work force and 15% of our senior leaders were minorities.

ESG Strategy

We are committed to sustainability, including integrating ESG principles into our business strategy in ways that optimize opportunities to make positive impacts while advancing long-term financial and reputational goals. As part of our business transformation, in 2021, our Board approved an enhanced and modernized ESG strategy intended to drive additional progress on initiatives that promote sustainability, diversity, equity and inclusion, and increased transparency in our disclosures. We continue to advance the integration of ESG into our overall governance and risk management practices.

Additional information regarding our ESG strategy and initiatives can be found in our annual ESG reports, which are published on our corporate website at: https://investor.breadfinancial.com/sustainability/. No information from this website is incorporated by reference herein. Please also see “Human Capital” above.

Other Information

Our corporate headquarters are located at 3095 Loyalty Circle, Columbus, Ohio 43219, where our telephone number is 614-729-4000.

We file or furnish annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public at the SEC’s website at *www.sec.gov*. You may also obtain copies of our annual, quarterly and current reports, proxy statements and certain other information filed or furnished with the SEC, as well as amendments thereto, free of charge from our website, *www.BreadFinancial.com*. No information from this website is incorporated by reference herein. These documents are posted to our website as soon as reasonably practicable after we have filed or furnished these documents with the SEC. We post our Audit Committee, Risk Committee, Compensation & Human Capital Committee and Nominating and Corporate Governance Committee charters, our corporate governance guidelines, and our code of ethics, code of ethics for senior financial officers, and code of ethics for Board members on our website. These documents are available free of charge to any stockholder upon request.

Item 1A. Risk Factors.

RISK FACTORS

This section should be carefully reviewed, in addition to the other information appearing in this Form 10-K, including the sections entitled "Risk Management" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, for important information regarding risks and uncertainties that affect us. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the following risks actually occur, our business, financial condition, results of operations, and future prospects could be materially and adversely affected.

Summary

This risk factor summary is qualified in its entirety by reference to the complete description of our risk factors set forth immediately below.

Risks related to our macroeconomic, global, strategic, business and competitive environment include:

- Market conditions, inflation, rising interest rates, unemployment levels and the increased probability of a recession or prolonged economic slowdown, and the related impact on consumer spending behavior, payments, debt levels, savings rates and other behavior, could have a material adverse effect on our business.
- Global political, market, public health and social events or conditions, including the ongoing war in Ukraine and the continuing effects of the COVID-19 pandemic, may harm our business.
- Our unsecured loans make us reliant on the future credit performance of our customers, and if customers are unable to repay our loans, our level of future delinquency and write-off rates will increase.
- A significant percentage of our revenue is generated through relationships with a limited number of partners, and a decrease in business from, or the loss of, any of these partners, could have an adverse effect on our business.
- Our business is heavily concentrated in U.S. consumer credit, and therefore our results are more susceptible to fluctuations in the U.S. consumer credit market than a more diversified company.
- The amount of our Allowance for credit losses could adversely affect our business and may be insufficient to cover actual losses on our loans.
- We may be unable to successfully identify, complete or successfully integrate or disaggregate business acquisitions, divestitures and other strategic initiatives, including failure to realize the intended benefits of the spinoff of our former LoyaltyOne segment.
- Competition in our industry is intense.
- Our results of operations and growth depend on our ability to retain existing partners and attract new partners, and our results are impacted, to a significant extent, on the active and effective promotion and support of our products by our partners and on the financial performance of our partners.
- We rely extensively on models in managing many aspects of our business, and if they are not accurate or are misinterpreted, such factors could have a material adverse effect on our business and results of operations.
- Underwriting performance of acquired or new lending programs may not be consistent with existing experience.

Risks related to our liquidity, market and credit risk include:

- Adverse financial market conditions or our inability to effectively manage our funding and liquidity risk could have a material adverse effect on our business, liquidity and ability to meet our debt service requirements and other obligations.
- Our inability to effectively access the securitization or other capital markets could limit our funding opportunities for loans and other business opportunities.
- Competition for deposits and regulatory restrictions on deposit products can impact availability and cost of funds.
- Our level of indebtedness may restrict our ability to compete and grow our business.
- Our market valuation has been, and may continue to be, volatile, and returns to stockholders may be limited.
- We are a holding company and depend on dividends and other payments from our Banks, which are subject to various legal and regulatory restrictions.

Risks related to our legal, regulatory and compliance environment include:

- We face various risks related to the extensive government regulation and supervision of our business, including by the FDIC, CFPB and other federal and state authorities. These risks include pending and future laws and

regulations that may adversely impact our business, such as the CFPB's recent proposed rulemaking with respect to late fees, as well as supervisory and other actions that may be taken against us by our regulators.
- Pending and future litigation could subject us to significant fines, penalties, judgments and/or requirements.
- Regulations relating to privacy, information security and data protection could increase our costs, affect or limit how we collect and use personal information and adversely affect our business opportunities.
- Financial institution capital requirements may limit cash available for business operations, growth and returns to stockholders.

Risks related to cybersecurity, technology and third-party vendors include:

- We rely on third-party vendors, and we could be adversely impacted if such vendors fail to fulfill their obligations.
- Impacts arising from or relating to the transition of our credit card processing services to strategic outsourcing providers that we completed in 2022 have, and may continue, to adversely affect our business.
- Failures in data protection, cybersecurity and information security, as well as business interruptions to our data centers and other systems, could critically impair our products, services and ability to conduct business.
- Our industry is subject to rapid and significant technological changes, and we may be unable to successfully develop and commercialize new or enhanced products and services.

Risks related to the spinoff of our former LoyaltyOne segment include potential tax liability, disputes or other adverse impacts.

Macroeconomic, Strategic, Business and Competitive Risks

Weakness and instability in the macroeconomic environment could have a material adverse effect on our business, results of operations and financial condition.

Macroeconomic conditions historically have affected our business, results of operations and financial condition and will continue to affect them in the future. We offer an array of payment, lending and saving solutions to consumers, and a prolonged period of economic weakness, including a recession or economic slowdown, economic and market volatility, and other adverse economic conditions, including inflation, increased interest rates and high levels of unemployment, could have a material adverse effect on our business, results of operations and financial condition, as these macroeconomic conditions may reduce consumer confidence and negatively impact customers' payment and spending behavior. Some of the specific risks we face as a result of these conditions include the following:

- Adverse impacts on our customers' ability and willingness to pay amounts owed to us, increasing delinquencies, defaults, bankruptcies, charge-offs and Allowances for credit losses, and decreasing recoveries;
- Decreased consumer spending, changes in payment patterns, lower demand for credit and shifts in consumer payment behavior towards avoiding late fees, finance charges and other fees;
- Decreased reliability of the process and models we use to estimate our Allowance for credit losses, particularly if unexpected variations in key inputs and assumptions cause actual losses to diverge from the projections of our models and our estimates become increasingly subject to management's judgment; and
- Limitations on our ability to replace maturing liabilities and to access the capital markets to meet liquidity needs.

As an illustration of the potential impact of an economic downturn on our business, our Delinquency and Net loss rates peaked in 2009 during the financial crisis at 6.2% and 10.0%, respectively. As of December 31, 2022 our Delinquency rate was 5.5% and our full-year Net loss rate was 5.4% for the year ended December 31, 2022.

We continue to closely monitor economic conditions and indicators, including inflation, interest rates, housing values, consumer wages, consumer saving rates and debt levels, including student loan debt, unemployment, concerns about the level of U.S. government debt, as well as economic and political conditions in the U.S. and global markets, but the outcome of any of these conditions and indicators remains difficult to predict. During 2022, our Provision for credit losses increased relative to 2021 due to, in part, the economic scenario weightings in our credit reserve modeling reflecting an increasing probability of a recession, high inflation, and the increased cost of overall consumer debt. A recession or prolonged period of economic weakness would likely, among other things, adversely affect consumer discretionary spending levels and the ability and willingness of customers to pay amounts owed to us, and could have a material adverse effect on our business, key credit trends, results of operations and financial condition.

Global economic, political, market, health and social events or conditions, including the war in Ukraine and the ongoing effects of the COVID-19 pandemic, may harm our business.

Our revenues are largely dependent on the number and volume of credit transactions by consumers, whose spending patterns may be affected by economic, political, market, health and social events or conditions. As described above, adverse macroeconomic conditions within the U.S. or internationally, including but not limited to recessions, inflation, rising interest rates, high unemployment, currency fluctuations, actual or anticipated large-scale defaults or failures, volatility in energy prices, a slowdown of global trade, and reduced consumer and business spending, have a direct impact on our loan volumes and revenues. Furthermore, in efforts to deal with adverse macroeconomic conditions, governments may introduce new or additional initiatives or requests to reduce or eliminate late fees or other charges, which could result in additional financial pressures on our business.

In addition, outbreaks of illnesses, pandemics like COVID-19, or other local or global health issues, political uncertainties, international hostilities, armed conflict, war (such as the ongoing war in Ukraine), civil unrest, climate-related events, including the increasing frequency of extreme weather events, impacts to the power grid, and natural disasters have, to varying degrees, negatively impacted our operations, brand partners, service providers, activities, and consumer spending.

The ongoing effects of the COVID-19 pandemic remain difficult to predict due to numerous uncertainties, including the transmissibility, severity, duration and resurgence of the virus; the emergence of new variants of the virus; the uptake and effectiveness of health and safety measures or actions that are voluntarily adopted by the public or required by governments or public health authorities; the availability, effectiveness and consumer acceptance of vaccines and treatments; the indirect impact of the pandemic on global economic activity; the impact of the reopening of borders and the resumption of international travel; increased logistics costs; a continued competitive labor market; and the impact of the global COVID-19 pandemic on our employees, our operations, and the business of our brand partners and suppliers.

The Russia-Ukraine conflict has had, and could continue to have, significant negative effects on regional and global economic and financial markets, including increased volatility, reduced liquidity, supply chain concerns and overall uncertainty. Russia may take additional counter measures or retaliatory actions (including cyberattacks), which could exacerbate negative consequences on global financial markets and stability. The duration of ongoing hostilities and corresponding sanctions and related events cannot be predicted.

A decline in economic, political, market, health and social conditions could impact our brand partners as well, and their decisions could reduce the number of cards, accounts, and credit lines of their customers, which would ultimately impact our revenues. Our brand partners may implement cost-reduction initiatives that reduce or eliminate marketing budgets, and decrease spending on optional or enhanced value added services from us. Any events or conditions that impair the functioning of the financial markets, tighten the credit market, or lead to a downgrade of any present or future credit rating of ours could increase our future borrowing costs and impair our ability to access the capital and credit markets on favorable terms, which could affect our liquidity and capital resources, or significantly increase our cost of capital.

Finally, as governments, investors and other stakeholders face additional pressures to accelerate actions to address climate change and other environmental, social and governance topics, governments are implementing regulations and investors and other stakeholders, whether by stockholder proposals, public campaigns, proxy solicitations or otherwise, are imposing new expectations on, or focusing investments in ways that may cause significant shifts in, disclosure, commerce and consumption behaviors. Any of these developments may increase our operating costs and otherwise negatively impact our business. In addition, our inability to timely address these new and evolving requirements or pressures may result in regulatory enforcement actions or stockholder litigation, and otherwise damage our reputation. See "-*Damage to our reputation could damage our business*."

The loans we make are unsecured, and we may not be able to ultimately collect from customers that default on their loans.

The primary risk associated with unsecured consumer lending is the risk of default or bankruptcy of the borrower, resulting in the borrower's balance being written-off as uncollectible. We rely principally on the borrower's creditworthiness for repayment of the loan and therefore have no other recourse for collection. We may not be able to successfully identify and evaluate the creditworthiness of borrowers to minimize delinquencies and losses. The models and approaches we use to manage our credit risk, including our automated proprietary scoring technology and verification procedures for new account holders, establishing or adjusting their credit limits and applying our risk-based pricing, may not accurately predict future write-offs for various reasons discussed elsewhere in these Risk Factors, including see "*Our risk management*

policies and procedures may not be effective, and the models we rely on may not be accurate or may be misinterpreted." below. While we monitor credit quality on a regular and consistent basis, utilizing internal algorithms and external credit bureau risk scores and other data, these algorithms and data sources may be inaccurate or incomplete, including as a result of certain customers' credit profiles not fully reflecting their credit risk due to the less-regulated reporting requirements for many fintechs. An increase in defaults or net principal losses could result in a reduction in Net income. General economic conditions, including a recession or prolonged economic slowdown, inflation, rising interest rates, high unemployment or volatility in energy prices, may result in greater delinquencies that lead to greater credit losses. In addition to being affected by general economic conditions and the success of our collection and recovery efforts, the stability of our Delinquency and Net loss rates are affected by the credit risk inherent in our Credit card and other loans portfolio, and the vintage of the accounts in our various credit card portfolios. Further, our pricing strategy may not offset the negative impact on profitability caused by increases in delinquencies and losses, thus any material increases in delinquencies and losses beyond our current estimates could have a material adverse impact on us. For 2022, our Net principal loss rate was 5.4%, compared with 4.6% and 6.6% for 2021 and 2020, respectively. Our Delinquency rates were 5.5% of Credit card and other loans as of December 31, 2022, compared with 3.9% and 4.4% as of December 31, 2021 and 2020, respectively.

A significant percentage of our Total net interest and non-interest income, or revenue, is generated through our relationships with a limited number of partners, and a decrease in business from, or the loss of, any of these partners could cause a significant drop in our revenue.

We depend on a limited number of large partner relationships for a significant portion of our revenue. As of and for the year ended December 31, 2022, our five largest credit card programs accounted for approximately 47% of our Total net interest and non-interest income and 41% of our End-of-period credit card and other loans. In particular, our programs with (alphabetically) Ulta Beauty and Victoria's Secret & Co. and its retail affiliates each accounted for more than 10% of our Total net interest and non-interest income for the year ended December 31, 2022. A decrease in business from, or the loss of, any of our significant partners for any reason, could have a material adverse effect on our business. We previously announced the non-renewal of our contract with BJ's Wholesale Club (BJ's) and the sale of the BJ's portfolio, which closed in late February 2023. For the year ended December 31, 2022, BJ's branded co-brand accounts generated approximately 10% of our Total net interest and non-interest income. As of December 31, 2022, BJ's branded co-brand accounts were responsible for approximately 11% of our Total credit card and other loans.

Our business is heavily concentrated in U.S. consumer credit, and therefore our results are more susceptible to fluctuations in that market than a more diversified company.

Our business is heavily concentrated in U.S. consumer credit. As a result, we are more susceptible to fluctuations and risks particular to U.S. consumer credit than a more diversified company. For example, our business is particularly sensitive to macroeconomic conditions that affect the U.S. economy, consumer spending and consumer credit. We are also more susceptible to the risks of increased regulations and legal and other regulatory actions that are targeted at consumer credit or the specific consumer credit products that we offer (including promotional financing). Our business concentration could have an adverse effect on our results of operations.

We expect growth to result, in part, from new and acquired credit card and buy now, pay later (BNPL) programs whose credit card and other loans performance could result in increased portfolio losses and negatively impact our profitability.

We expect an important source of our growth to come from the acquisition of existing credit card programs and initiating credit card and BNPL programs with retailers and other merchants who either do not currently offer a private label or co-brand credit card or are initiating or transitioning from another BNPL platform. We believe that our pricing and models for determining credit risk are designed to effectively evaluate the credit risk of existing programs and ascertain the credit risk that we are willing to assume for acquired programs as well as those we initiate. We cannot be assured that the loss experience on acquired and initiated programs will be consistent with our more established programs, or that the cost to provide service to these new programs will not be higher than anticipated. The failure to successfully underwrite these acquired and initiated credit card or BNPL programs may result in defaults greater than our expectations and could have a material adverse impact on us and our profitability. See "*Our risk management policies and procedures may not be effective, and the models we rely on may not be accurate or may be misinterpreted.*". Moreover, under the CECL accounting rules, the acquisition of an existing credit card or BNPL portfolio typically has a negative impact on certain key financial metrics in the near-term, including net income and earnings per share, because we are required to include a reserve build in our Provision for credit losses for the estimated credit losses to be experienced over the life of the acquired portfolio. The amount of this reserve build (which is included in the reporting period in which the portfolio is obtained) is

often large relative to the amount of revenue generated through such date by the newly-acquired portfolio. See also "*–The amount of our Allowance for credit losses could adversely affect our business and may prove to be insufficient to cover actual losses on our loans.*" below.

Our risk management policies and procedures may not be effective, and the models we rely on may not be accurate or may be misinterpreted.

Our risk management framework that seeks to identify and mitigate current or future risks and appropriately balance risk and return may not be comprehensive or fully effective. As regulations and competition continue to evolve, our risk management framework may not always keep sufficient pace with those changes. If our risk management framework does not effectively identify or mitigate our risks, we could suffer unexpected losses and could be materially adversely affected.

We rely extensively on models in managing many aspects of our business, including liquidity and capital planning (including stress testing), customer selection, credit and other risk management, pricing, reserving and collections management. The models may prove in practice to be less predictive than we expect for a variety of reasons, including as a result of errors in constructing, interpreting or using the models or the use of inaccurate assumptions (including, models being calibrated on historical cycles and correlations which may not be predictive of the future, or failures to update assumptions appropriately or in a timely manner). Our assumptions may be inaccurate for many reasons including that they often involve matters that are inherently difficult to predict and beyond our control (e.g., macroeconomic conditions, including continued elevated inflation, low unemployment, increasing consumer debt levels and weakening in macroeconomic indicators, and their impact on partner and customer behaviors) and they often involve complex interactions between a number of dependent and independent variables, factors and other assumptions. The errors or inaccuracies in our models may be material, and could lead us to make poor or sub-optimal decisions in managing our business, and this could have a material adverse effect on our business, results of operations and financial condition.

Fraudulent activity associated with our products and services could negatively impact our operating results, brand and reputation and cause the use of our products and services to decrease and our fraud losses to increase.

We are subject to the risk of fraudulent activity associated with retailers, partners, other merchant parties or third-party service providers handling consumer information. Our fraud-related operational losses were $73 million, $71 million and $141 million for the years ended December 31, 2022, 2021 and 2020, respectively. Our products are susceptible to application fraud, because among other things, we provide immediate access to credit at the time of approval. In addition, digital sales on the internet and through mobile channels are becoming a larger part of our business and fraudulent activity is higher as a percentage of sales in those channels than in stores. The different financial products that we offer, including deposit products, are susceptible to different types of fraud, and, depending on our product mix and channel mix, we may continue to experience variations in, or levels of, fraud-related expense that are different from or higher than those experienced by some of our competitors or the industry generally. The risk of fraud continues to increase for the financial services industry, and credit card and deposit fraud, identity theft and related crimes are likely to continue to be prevalent, with increasingly sophisticated perpetrators. Our resources, technologies and fraud prevention tools may be insufficient to accurately detect and prevent fraud. High profile fraudulent activity could also negatively impact our brand and reputation, which could negatively impact the use of our services, leading to a material adverse effect on our results of operations. In addition, significant increases in fraudulent activity could lead to regulatory intervention, including, but not limited to, additional consumer notification requirements, increasing our costs and negatively impacting our operating results, net income and profitability.

The amount of our Allowance for credit losses could adversely affect our business and may prove to be insufficient to cover actual losses on our loans.

The Financial Accounting Standards Board's CECL accounting standard became effective for us on January 1, 2020 and requires us to determine periodic estimates of the lifetime expected credit losses on loans, and reserve for those expected credit losses through an allowance for credit losses against the loans. In addition, as mentioned above, for portfolios we may acquire when we enter into new partner program agreements, we are required to establish at the time of acquisition such an allowance. Any subsequent deterioration in the performance of a purchased portfolio after acquisition results in incremental credit loss reserves. Growth in our loan portfolio generally would also lead to an increase in our Allowance for credit losses.

The process for establishing an Allowance for credit losses is critical to our results of operations and financial condition, and requires complex models and judgments, including forecasts of economic conditions. The ongoing impact of CECL will be significantly influenced by the composition, characteristics and quality of our Credit card and other loans, as well as the prevailing economic conditions and forecasts utilized. For additional information regarding the adoption of CECL and its impact, see Note 3, "Allowance for Credit Losses" to our Consolidated Financial Statements included as part of this Annual Report on Form 10-K.

The CECL model may create more volatility in the level of our Allowance for credit losses. If we are required (as a result of any review, update, regulatory guidance or otherwise) to materially increase our level of Allowance for credit losses, such increase could adversely affect our business, financial condition, results of operations and opportunity to pursue new business. Moreover, we may underestimate our expected credit losses, and we cannot assure that our credit loss reserves will be sufficient to cover actual losses.

We may not be successful in realizing the benefits associated with our acquisitions, dispositions and strategic investments, and our business and reputation could be materially adversely affected.

Historically, we have acquired a number of businesses, as well as made strategic investments in businesses, products, technologies, platforms or other ventures, and we expect to continue to evaluate potential acquisitions, investments and other transactions in the future. There is no assurance that we will be able to successfully identify suitable candidates for any such opportunities, value any such opportunities accurately, negotiate favorable terms for any such opportunities, or successfully complete any such proposed transactions. If we are unable to identify attractive acquisition candidates or accretive new business opportunities, our growth could be limited.

Similarly, we may evaluate the potential disposition of, or elect to divest, assets or portfolios that no longer complement our long-term strategic objectives, as we did in November 2021, when we completed the spinoff of our LoyaltyOne segment. When a determination is made to divest assets or portfolios, we may encounter difficulty attaining buyers or effecting desired exit strategies in a timely manner or on acceptable terms and may be subject to market forces leading to a divestiture on less than optimal price or other terms.

In addition, there are numerous risks associated with acquisitions, dispositions and the implementation of new business opportunities, including, but not limited to:

- the difficulty and expense that we incur in connection with the acquisition, disposition or new business opportunity;
- the inability to satisfy pre-closing conditions preventing consummation of the acquisition, disposition or new business opportunity;
- the potential for adverse consequences when conforming the acquired company's accounting policies to ours;
- the diversion of management's attention from other business concerns;
- the potential loss of customers or key employees of the acquired company;
- the impact on our financial condition due to the timing of the acquisition, disposition or new business implementation or the failure of the acquired or new business to meet operating expectations;
- continued financial responsibility with respect to a divested business, including required equity ownership, guarantees, indemnities or other financial obligations;
- the assumption of unknown liabilities of the acquired company;
- the uncertainty of achieving expected benefits of an acquisition or disposition, including revenue, human resources, technological or other cost savings, operating efficiencies or synergies;
- the inability to integrate systems, personnel or technologies from our acquisitions and strategic investments;
- unforeseen legal, regulatory or other challenges that we may not be able to manage effectively;
- the reduction of cash available for operations, stock repurchase programs or other uses and potentially dilutive issuances of equity securities or incurrence of additional debt;
- the requirement to provide transition services in connection with a disposition resulting in the diversion of resources and focus; and
- the difficulty retaining and motivating key personnel from acquisitions or in connection with dispositions.

For example, upon the disposition of Epsilon in July 2019, we agreed to indemnify Publicis Groupe S.A. for the matter included in Note 15, "Commitments and Contingencies" to the Consolidated Financial Statements, which has resulted in a $150.0 million charge associated with Epsilon's deferred prosecution agreement with the United States Department of Justice requiring two $75.0 million payments in January 2021 and January 2022, respectively. In connection with the spinoff of our former LoyaltyOne segment into a standalone company, LVI, we retained a 19% ownership stake in LVI.

During 2022, LVI's stock price decreased significantly, and, as a result, we wrote down the value of our 19% shareholding in LVI from $50 million as of December 31, 2021 to $6 million as of December 31, 2022, and there can be no assurance that we will not experience further write-downs or other adverse impacts going forward. See "*Risks Related to the LoyaltyOne Spinoff.*" below.

Furthermore, if the operations of an acquired or new business do not meet expectations, our profitability may decline and we may seek to restructure the acquired business or to impair the value of some or all of the assets of the acquired or new business.

The markets for the services that we offer may contract or fail to expand and competition in our industry is intense, each of which could negatively impact our growth and profitability.

The markets for our products and services are highly competitive, and we expect this competition to intensify. Our growth and continued profitability depend on continued acceptance or adoption of the products and services we offer. We compete with a wide range of businesses, and some of our current competitors have longer operating histories, stronger brand names and greater financial, technical, marketing and other resources than we do. Moreover, the consumer credit and payments industry is highly competitive and we face an increasingly dynamic industry as emerging technologies enter the marketplace. For a more detailed discussion regarding the manner in which we compete with respect to each of our product categories, see "Item 1. Business—Competition" of this Form 10-K above. Additionally, downturns in the economy or the performance of our retail or other partners, including as a result of macroeconomic conditions, geopolitical events or global health events such as the COVID-19 pandemic, may result in a decrease in the demand for our products and services. Our ability to generate significant revenue from partners and consumers will depend on our ability to differentiate ourselves through the products and services we provide and the attractiveness of our programs to consumers. If we are not able to differentiate our products and services from those of our competitors, drive value for our partners and their customers, or effectively and efficiently align our resources with our goals and objectives, we may not be able to compete effectively in the market. Any decrease in the demand for our products and services for the reasons discussed above or any other reasons could have a material adverse effect on our growth, revenue and operating results.

Our results of operations and growth depend on our ability to retain existing partners and attract new partners.

Following the disposition of our Epsilon business and the spinoff of our LoyaltyOne segment, the majority of our revenue is generated from the credit products we provide to customers of our partners pursuant to program agreements that we enter into with our partners. As a result, our results of operations and growth depend on our ability to retain existing partners and attract new partners. Historically, there has been turnover in our partners, and we expect this will continue in the future. See also, "*A significant percentage of our Total net interest and non-interest income, or revenue, is generated through our relationships with a limited number of partners, and a decrease in business from, or the loss of, any of these partners could cause a significant drop in our revenue.*".

Credit card program agreements with our brand partners typically are for multi-year terms. These program agreements generally provide each party with certain early termination rights, i.e., events or circumstances that would permit the party to terminate the agreement prior to its scheduled termination date in accordance with the conditions specified in the applicable agreement. For example, in some cases, a brand partner may have the right to terminate if we fail to meet certain service levels as set forth in the applicable brand partner agreement. Generally, a brand partner would not have the right to terminate until providing us formal notice and an opportunity to cure the service level failure. As a result of the transition of our credit card processing services to our strategic outsourcing providers in late June 2022, we failed to meet certain service levels in a number of our credit card program agreements due to periods of unavailability of our customer support and account servicing functions, which could, in certain circumstances, have given rise to a termination right by an impacted brand partner. To date, no brand partner has sought to exercise any such termination right, and many other such rights have either been formally waived or lapsed pursuant to the terms of the applicable brand partner agreement. We cannot provide assurance that a brand partner from which we did not receive such a waiver will not attempt to terminate its program agreement or that future service level failures will not occur.

There is significant competition for our existing partners, and our failure to retain our existing larger partner relationships upon the expiration of a contractual arrangement or our earlier loss of a relationship upon the exercise of a partner's early termination rights, or the expiration or termination of a substantial number of smaller partner contracts or relationships, could have a material adverse effect on our results of operations (including growth rates) and financial condition to the extent we do not acquire new partners of similar size and profitability or otherwise grow our business. In addition, existing relationships may be renewed with less favorable terms to us in response to increased competition for such relationships.

The competition for new partners is also significant, and our failure to attract new partners could adversely affect our ability to grow.

Our results depend, to a significant extent, on the active and effective promotion and support of our products by our brand partners.

Our partners generally accept most major credit cards and various other forms of payment; therefore our success depends, in part, on their active and effective promotion of our products to their customers. We depend on our partners to integrate the use of our credit products into their operations, including into their in-store and online shopping experiences and loyalty programs. We rely on our partners to train their sales and call center associates about our products and to have their associates encourage customers to apply for, and use, our products and otherwise effectively market our products. If our partners do not effectively promote and support our products, or if they make changes in their business models that negatively impact card usage, these actions could have a material adverse effect on our business and results of operations. Partners may also implement or fail to implement changes in their systems and technologies that may disrupt the integration between their systems and technologies and ours, any of which could disrupt the use of our products. In addition, if our partners engage in improper business practices, do not adhere to the terms of our program agreements or other contractual arrangements or standards, or otherwise diminish the value of our brand, we may suffer reputational damage and customers may be less likely to use our products, which could have a material adverse effect on our business and results of operations.

Our results are impacted, to a significant extent, by the financial performance of our partners.

Our ability to originate new credit card accounts, generate new loans, and earn interest and fees and other income is dependent, in part, upon sales of merchandise and services by our partners. The retail and other industries in which our partners operate are intensely competitive. Our partners' sales may decrease or may not increase as we anticipate for various reasons, some of which are in the partners' control and some of which are not. For example, partner sales have been, and in the future may be adversely affected by the COVID-19 pandemic or other macroeconomic conditions having a national, regional or more local effect on consumer spending, business conditions affecting the general retail environment, such as supply chain distributions or the ability to maintain sufficient staffing levels, or a particular partner or industry, or natural disasters or other catastrophes affecting broad or more discrete geographic areas. If our partners' sales decline for any reason, it generally results in lower credit sales, and therefore lower loan volume and associated interest and fees and other income for us from our customers. In addition, if a partner closes some or all of its stores or becomes subject to a voluntary or involuntary bankruptcy proceeding (or if there is a perception that such an event may occur), its customers who have used our financing products may have less incentive to pay their outstanding balances to us, which could result in higher charge-off rates than anticipated and our costs for servicing its customers' accounts may increase. This risk is particularly acute with respect to our largest partners that account for a significant amount of our interest and fees on loans. See "*A significant percentage of our Total net interest and non-interest income, or revenue, is generated through our relationships with a limited number of partners, and a decrease in business from, or the loss of, any of these partners could cause a significant drop in our revenue.*". Moreover, if the financial condition of a partner deteriorates significantly or a partner becomes subject to a bankruptcy proceeding, we may not be able to recover customer returns, customer payments made in partner stores or other amounts due to us from the partner. A decrease in sales by our partners for any reason or a bankruptcy proceeding involving any of them could have a material adverse impact on our business and results of operations.

We may not be successful in our efforts to promote usage of our proprietary cards, or to effectively control the costs associated with such promotion, both of which may materially impact our profitability.

We have been investing in promoting the usage of our proprietary cards, including our Bread Cashback™ American Express® Credit Card that we launched in 2022, but there can be no assurance that our investments to acquire cardholders, provide differentiated features and services and increase usage of our proprietary cards will be effective, particularly with increasing competition from other card issuers and fintechs, as well as changing consumer and business behaviors. In addition, if we develop new products or offers that attract customers looking for short-term incentives rather than incentivizing long-term loyalty, cardholder attrition and costs could increase. Moreover, we may not be able to cost-effectively manage and expand cardholder benefits, including controlling the growth of marketing, promotion, rewards and cardholder services expenses in the future.

Reductions in interchange fees may reduce the competitive advantages our private label credit card products currently have by virtue of not charging interchange fees and would reduce our income earned from those fees on co-brand and general purpose credit card transactions.

Interchange is a fee merchants pay to the interchange network in exchange for the use of the network's infrastructure and payment facilitation, and which are paid to credit card issuers to compensate them for the risk they bear in lending money to customers. We earn interchange fees on co-brand and general purpose credit card transactions, but we typically do not charge or earn interchange fees from our partners or customers on our private label credit card products.

Merchants, trying to decrease their operating expenses, have sought to, and have had some success at, lowering interchange rates. Several recent events and actions indicate a continuing increase in focus on interchange by both regulators and merchants. In 2022, for example, legislation was introduced in the U.S. House of Representatives and Senate, which, among other things, would require large issuing banks to offer a choice of at least two unaffiliated networks over which electronic transactions may be processed. Furthermore, beyond pursuing litigation, legislation and regulation, merchants are also pursuing alternate payment platforms as a means to lower payment processing costs. To the extent interchange fees are reduced, one of our current competitive advantages with our partners—that we typically do not charge interchange fees when our private label credit card products are used to purchase our partners' goods and services—may be reduced. Moreover, to the extent interchange fees are reduced, our income from those fees will be lower on co-brand and general purpose credit card transactions. As a result, a reduction in interchange fees could have a material adverse effect on our business and results of operations. In addition, for our co-brand and general purpose credit cards, we are subject to the operating regulations and procedures set forth by the interchange network, and our failure to comply with these operating regulations, which may change from time to time, could subject us to various penalties or fees, or the termination of our license to use the interchange network, all of which could have a material adverse effect on our business and results of operations

We may not be able to retain and/or attract and hire a highly qualified and diverse workforce or maintain our corporate culture, and having a large segment of our workforce working from home may exacerbate these risks and cause new risks.

Our performance largely depends on the talents and efforts of our employees, particularly our key personnel and senior management. We may be unable to retain or to attract highly qualified employees. The market for key personnel is highly competitive, particularly in technology and other skill areas significant to our business. Failure to attract, hire, develop, motivate and retain highly qualified and diverse employee talent, or to maintain a corporate culture that fosters innovation, creativity and teamwork could harm our overall business and results of operations. We rely on key personnel to lead with integrity and decency. To the extent our leaders behave in a manner that is not consistent with our values, we could experience significant impact to our brand and reputation, as well as to our corporate culture.

Moreover, in connection with the COVID-19 pandemic, we transitioned nearly all of our workforce to work remotely, and a significant portion of our workforce continues to work in a mostly remote environment. Remote work by a majority of our employee population may impact our culture, and employee engagement with our company, which could affect productivity and our ability to retain employees who are critical to our operations and may increase our costs and impact our financial results of operations. In addition, an increase in work from home by other companies may create more job opportunities for employees and make it more difficult for us to attract and retain key talent, especially in light of changing worker expectations and talent marketplace variability regarding flexible work models. In addition, employees who work from home rely on residential communication networks and internet providers that may not be as resilient as commercial networks and providers and may be more susceptible to service interruptions and cyberattacks than commercial systems. Our business continuity and disaster recovery plans, which have been historically developed and tested with a focus on centralized delivery locations, may not work as effectively in a distributed work from home model, where weather impacts, network and power grid downtime may be difficult to manage. In addition, we may not be effective in timely updating our existing operating and administrative controls nor implementing new controls tailored to the work from home environment. If we are unable to manage the work from home environment effectively to address these and other risks, our reputation and results of operations may be impacted.

Damage to our reputation could damage our business.

In recent years, financial services companies have experienced increased reputational risk as consumers protest and regulators scrutinize business and compliance practices of such companies. Maintaining a positive reputation is critical to attracting and retaining partners, customers, investors and employees. Damage to our reputation can therefore cause

significant harm to our business and prospects. Harm to our reputation can arise from numerous sources, including, among others, employee misconduct; a breach of our, or our service providers' cybersecurity defenses; service outages, such as those many of our customers experienced in 2022 in connection with the transition of our credit card processing services to strategic outsourcing providers, or otherwise; litigation or regulatory outcomes; stockholder activism; failing to deliver minimum standards of service and quality; compliance failures; the use of our, or our partners' products to facilitate legal, but controversial, products and services, including adult content, cryptocurrencies, firearms and gambling activity; and the activities of customers, business partners and counterparties. Social media also can cause harm to our reputation. By its very nature, social media can reach a wide audience in a very short amount of time, which presents unique challenges for corporate communications. Negative or otherwise undesirable publicity generated through unexpected social media coverage can damage our reputation and brand. Negative publicity regarding us, whether or not true, may result in customer attrition and other harm to our business prospects. There has also been increased focus on topics related to environmental, social and governance policies, and criticism of our policies in these areas could also harm our reputation and/or potentially limit our access to some forms of capital or liquidity.

Liquidity, Market and Credit Risks

Adverse financial market conditions or our inability to effectively manage our funding and liquidity risk could have a material adverse effect on our business, liquidity and ability to meet our debt service requirements and other obligations.

We need to effectively manage our funding and liquidity in order to meet our cash requirements such as day-to-day operating expenses, extensions of credit to our customers, investments to grow our business, payments of principal and interest on our borrowings and payments on our other obligations. Our primary sources of funding and liquidity are collections from our customers, deposits, funds from securitized financings and proceeds from unsecured borrowings, including our credit facility and outstanding senior notes. If we do not have sufficient liquidity, we may not be able to meet our debt service requirements and other obligations, particularly during a liquidity stress event. If we maintain or are required to maintain too much liquidity, it could be costly and reduce our financial flexibility.

We will need additional financing in the future to repay or refinance our existing debt at maturity or otherwise and to fund our growth. As of December 31, 2022, we had $556 million of terms loans outstanding under our parent credit agreement, which matures in July 2024, as well as $850 million of 4.750% senior notes due in December 2024 and $500 million of 7.000% senior notes due in January 2026. The availability of additional financing will depend on a variety of factors such as financial market conditions generally, including the availability of credit to the financial services industry and our lender counterparties' willingness to lend to us, consumers' willingness to place money on deposit with us, our performance and credit ratings and the performance of our securitized portfolios. Disruptions, uncertainty or volatility in the capital, credit or deposit markets, such as the uncertainty and volatility experienced in the capital and credit markets during recessions and periods of financial stress, inflation, rising interest rates, high levels of unemployment, other economic and political conditions in the global markets and concern over the level of U.S. government debt and fiscal measures that may be taken over the longer term to address these matters, may limit our ability to obtain additional financing or refinance maturing liabilities on desired terms (including funding costs) in a timely manner, or at all. As a result, we may be forced to delay obtaining funding or be forced to issue or raise funding on undesirable terms, which could significantly reduce our financial flexibility and cause us to contract or not grow our business, all of which could have a material adverse effect on our results of operations and financial condition.

Given the current rising interest rate environment and other recessionary pressures, the debt markets are volatile, and there can be no assurance that significant disruptions, uncertainties and volatility will not occur in the future. Specifically, availability of capital from the non-investment grade debt markets is currently subject to significant volatility, and there can be no assurance that we will be able to access those markets at attractive rates, or at all. Given the maturities of our current outstanding debt and the current macroeconomic conditions, it is possible that we will be required to repay or refinance some or all of our maturing debt in volatile and/or unfavorable markets. If we are unable to continue to fund our business operations, access capital markets for debt refinancings and otherwise, and attract deposits on favorable terms and in a timely manner, or if we experience an increase in our borrowing costs or otherwise fail to manage our liquidity effectively, our results of operations and financial condition may be materially adversely affected.

If we are unable to securitize our credit card loans due to changes in the market or other circumstances or events, we may not be able to fund new credit card loans, which would have a material adverse effect on our operations and profitability.

A significant source of funding is our securitization of credit card loans, which involves the transfer of credit card loans to a trust, and the issuance by the trust of notes to third-party investors collateralized by the beneficial interest in the transferred credit card loans. A number of factors affect our ability to fund our credit card loans in the securitization market, some of which are beyond our control, including:

- conditions in the securities markets in general and the asset-backed securitization market in particular;
- availability of loans for securitization;
- conformity in the quality of our credit card loans to rating agency requirements and changes in that quality or those requirements;
- costs of securitizing our credit card loans;
- ability to fund required over-collateralization or credit enhancements, which are routinely utilized in order to achieve better credit ratings to lower borrowing cost; and
- the legal, regulatory, accounting or tax rules affecting securitization transactions and asset-backed securities, generally.

Moreover, as a result of Basel III, which refers generally to a set of regulatory reforms adopted in the U.S. and internationally that are meant to address issues that arose in the banking sector during the 2008-2010 financial crisis, banks have become subject to more stringent capital, liquidity and leverage requirements. In response to Basel III, certain lenders of private placement commitments within our securitization trusts have sought and obtained amendments to their respective transaction documents permitting them to delay disbursement of funding increases by up to 35 days. Although funding may be requested from other lenders who have not delayed their funding, access to financing could be disrupted if all of the lenders implement such delays or if the lending capacities of those who did not do so were insufficient to make up the shortfall. In addition, excess spread may be affected if the issuing entity's borrowing costs increase as a result of Basel III. Such cost increases may result, for example, because the investors are entitled to indemnification for increased costs resulting from such regulatory changes.

The inability to securitize credit card loans due to changes in the market, regulatory proposals, the unavailability of credit enhancements, or any other circumstance or event would have a material adverse effect on our operations, cost of funds and overall financial condition.

The occurrence of events that result in the early amortization of our existing credit card securitization transactions or an inability to delay the accumulation of principal collections for our existing credit card securitization transactions would materially adversely affect our liquidity.

Our liquidity and cost of funds would be materially adversely affected by the occurrence of events that could result in the early amortization of our existing credit card securitization transactions. Early amortization events may occur as a result of certain adverse events specified for each asset-backed securitization transaction, including, among others, deteriorating asset performance or material servicing defaults. In addition, certain series of funding securities issued by our securitization trusts are subject to early amortization based on triggers relating to the bankruptcy of one or more retailers or other partners. Deteriorating economic conditions and increased competition in the retail industry, among other factors, may lead to an increase in bankruptcies among retailers who have entered into credit card programs with us. The bankruptcy of one or more retailers or other partners could lead to a decline in the amount of new loans and could lead to increased delinquencies and defaults on the associated loans. Any of these effects of a partner bankruptcy could result in the commencement of an early amortization for one or more series of such funding securities, particularly if such an event were to occur with respect to a retailer or other partner relating to a large percentage of such securitization trust's assets. The occurrence of an early amortization event may significantly limit our ability to securitize additional loans and materially adversely affect our liquidity.

Lower payment rates on our securitized credit card loans could materially adversely affect our liquidity and financial condition.

Certain collections from our securitized credit card loans come back to us through our subsidiaries, and we use these collections to fund our purchase of newly originated loans to collateralize our securitized financings. If payment rates on our securitized credit card loans are lower than they have historically been, fewer collections will be remitted to us on an ongoing basis. Further, certain series of our asset-backed securities include a requirement that we accumulate principal

collections in a restricted account for a specified number of months prior to the applicable security's maturity date. We are required under the program documents to lengthen this accumulation period to the extent we expect the payment rates to be low enough that the current length of the accumulation period is inadequate to fully fund the restricted account by the applicable security's maturity date. Lower payment rates, and in particular payment rates that are low enough that we are required to lengthen our accumulation periods, could materially adversely affect our liquidity and financial condition.

Inability to grow or maintain our deposit levels in the future could have a material adverse effect on our liquidity, ability to grow our business and profitability.

A significant source of our funds is customer deposits, primarily in the form of certificates of deposit and other savings products. We obtain deposits directly from retail and commercial customers or through brokerage firms that offer our deposit products to their customers. In recent years, deposits have become an increasingly important source of funds for us, with, for example, our retail deposits growing 72% from $3.2 billion as of December 31, 2021 to $5.5 billion as of December 31, 2022, accounting for 26% of our funding base. Our funding strategy includes continued growth of our liquidity through deposits. The deposit business continues to experience intense competition in attracting and retaining deposits. We compete on the basis of the rates we pay on deposits, the quality of our customer service and the competitiveness of our digital banking capabilities. Our ability to attract and maintain retail deposits remains highly dependent on the products we offer, the strength of our Banks, the reputability of our business practices and our financial health. Adverse perceptions regarding our lending practices, regulatory compliance, protection of customer information or sales and marketing practices, or actions taken by regulators or others with respect to our Banks, could impede our competitive position in the deposits market.

The demand for the deposit products we offer may also be reduced due to a variety of factors, including macroeconomic events, changes in interest rates, changes in consumers' preferences, demographics or discretionary income, regulatory actions that decrease consumer access to particular products or the development or availability of competing products. Competition from other financial services firms and others that use deposit funding products may affect deposit renewal rates, costs or availability. Conversely, any adjustments we make to the rates offered on our deposit products to remain competitive may adversely affect our liquidity or our profitability.

The FDIA prohibits an insured bank from offering interest rates on any deposits that significantly exceed rates in its prevailing market, unless it is "well capitalized". A bank that is less than "well capitalized" may not pay an interest rate on any deposit in excess of 75 basis points over certain prevailing market rates. There are no such restrictions under the FDIA on a bank that is "well capitalized" and as of December 31, 2022, each of our Banks met or exceeded all applicable requirements to be deemed "well capitalized" for purposes of the FDIA. However, there can be no assurance that our Banks will continue to meet those requirements. Any limitation on the interest rates our Banks can pay on deposits may competitively disadvantage us in attracting and retaining deposits, resulting in a material adverse effect on our business.

The FDIA also prohibits an insured bank from accepting brokered deposits, unless it is "well capitalized" or it is "adequately capitalized" and receives a waiver from the FDIC. Limitations on our Banks' ability to accept brokered deposits for any reason (including regulatory limitations on the amount of brokered deposits in total or as a percentage of total assets) in the future could materially adversely impact our liquidity, funding costs and profitability. In December 2020, the FDIC updated its regulations that implement Section 29 of the FDIA to establish a new framework for analyzing whether certain deposit arrangements qualify as brokered deposits. This brokered deposit rule establishes bright-line standards for determining whether an entity meets the statutory definition of "deposit broker" and a consistent process for application of the primary purpose exception. All deposits on the Consolidated Balance Sheets of our Banks categorized as non-brokered in accordance with the updated regulations mentioned above comply with all application requirements of those regulations. Any limitation on the ability of our Banks to participate in the gathering of brokered deposits may competitively disadvantage us in meeting our funding goals and result in a material adverse effect on our business.

As of December 31, 2022, we had $13.8 billion in deposits, with approximately $6.7 billion in non-maturity savings deposits and approximately $7.1 billion in certificates of deposit. If, for whatever reason, we are unable to grow or maintain our deposit levels, our liquidity, ability to grow our business and profitability could be materially adversely affected.

Our level of indebtedness could materially adversely affect our ability to generate sufficient cash to repay our outstanding debt, and our ability to react to changes in our business and our incurrence of additional indebtedness to fund future needs could exacerbate these risks.

Our level of indebtedness requires a high level of interest and principal payments. Subject to the limits contained in our credit agreement, the indentures governing our senior notes and our other debt instruments, we may be able to incur substantial additional indebtedness from time-to-time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, the risks related to our level of indebtedness could intensify. Our level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay, when due, the principal of, interest on or other amounts due in respect of our indebtedness. Our level of indebtedness, combined with our other financial obligations and contractual commitments, could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations under any of our debt instruments, including restrictive covenants, could result in an event of default under our credit agreement, the indentures governing our senior notes and the agreements governing our other indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing funds available for working capital, capital expenditures, acquisitions or other new business and other corporate purposes;
- increase our vulnerability to adverse economic and industry conditions, which could place us at a competitive disadvantage or require us to dispose of assets to raise funds if needed for working capital or to pay, when due, the principal of, interest on or other amounts due in respect of our indebtedness;
- limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we and our brand partners operate;
- limit our ability to borrow additional funds, or to dispose of assets to raise funds, if needed, for working capital, capital expenditures, acquisitions or other new business and other corporate purposes;
- delay or abandon investments and capital expenditures;
- cause any refinancing of our indebtedness to be at higher interest rates and require us to comply with more onerous covenants, which could further restrict our business operations; and
- prevent us from raising the funds necessary to repurchase all senior notes tendered to us upon the occurrence of certain changes of control.

Restrictions imposed by the indentures governing our senior notes, our credit agreement and our other outstanding or future indebtedness may limit our ability to operate our business and to finance our future operations or capital needs or to engage in other business activities.

The terms of the indentures governing our senior notes, our credit agreement and agreements governing our other debt instruments limit us and our subsidiaries from engaging in specified types of transactions. These covenants limit our and our subsidiaries' ability, among other things, to:

- incur additional debt;
- declare or pay dividends, redeem stock or make other distributions to stockholders;
- make investments;
- create liens or use assets as security in other transactions;
- merge or consolidate, or sell, transfer, lease or dispose of substantially all of our assets;
- enter into transactions with affiliates;
- sell or transfer certain assets; and
- enter into any consensual encumbrance or restriction on the ability of certain of our subsidiaries to pay dividends or make loans or sell assets to us.

As a result of these covenants and restrictions, we may be limited in how we conduct our business and we may be unable to raise additional indebtedness to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure that we will be able to maintain compliance with these covenants in the future. If we fail to comply with such covenants, we may not be able to obtain waivers of non-compliance from the lenders and/or amend the covenants so that we are in compliance therewith.

Changes in market interest rates could negatively affect our profitability.

Changes in market interest rates cause our finance charges, net and our interest expense, net to increase or decrease, as certain of our assets and liabilities carry interest rates that fluctuate with market benchmarks. We fund credit card and other

loans with a combination of fixed rate and floating rate funding sources that include deposits and securitized financings. We also have unsecured term debt that is subject to variable interest rates, and we may in the future incur additional debt or issue preferred equity that rely on variable interest rates. Beginning in March 2022, the Federal Reserve Board began raising the federal funds rate in an effort to curb inflation, and we expect further interest rate increases by the Federal Reserve in 2023.

The interest rate benchmark for most of our floating rate assets is the Prime rate, and the interest rate benchmark for our floating rate liabilities is generally either the Secured Overnight Financing Rate (SOFR) or the Federal funds rate. The Prime rate and SOFR or the Federal funds rate could reset at different times or could diverge, leading to mismatches in the interest rates on our floating rate assets and floating rate liabilities. Interest rates are highly sensitive to many factors that are beyond our control, including general economic conditions, the competitive environment within our markets, consumer preferences for specific loan and deposit products, and policies of various governmental and regulatory agencies, in particular the Federal Reserve. Changes in monetary policy, including changes in interest rate controls being applied by the Federal Reserve, could influence the amount of interest we receive on our Credit card and other loans and the amount of interest we pay on deposits and borrowings. Further, we have only recently begun indexing our variable rate debt to SOFR as a result of the discontinuation of the London Interbank Offered Rate (LIBOR) beginning in 2021. SOFR is a relatively new reference rate, has a very limited history and is based on short-term repurchase agreements, backed by Treasury securities. Changes in SOFR can be volatile and difficult to predict, and there can be no assurance that SOFR will perform similarly to the way LIBOR would have performed at any time. As a result, the amount of interest we may pay on our credit facilities is difficult to predict.

If the interest we pay on deposits and other borrowings increases at a faster rate than the interest we receive on our Credit card and other loans, our profitability would be adversely affected. Conversely, our profitability could also be adversely affected if the interest we receive on our Credit card and other loans falls more quickly than the interest we pay on deposits and other borrowings. While the interest rate increases to date have resulted in a nominal benefit on our results, there can be no assurance that future rate increases will not impact us negatively. We recognize that a customers' ability and willingness to repay us can be negatively impacted by factors such as inflation, which may result in greater delinquencies that lead to greater credit losses, as reflected in our increased Allowance for credit losses. If the efforts to control inflation in the U.S. and globally are not successful and inflationary pressures persist, they could magnify the slowdown in the domestic and global economies and increase the risk of a recession or prolonged economic slowdown, which may adversely impact our business, results of operations and financial condition.

Future sales of our common stock, or the perception that future sales could occur, may adversely affect our common stock price.

As of February 22, 2023, we had an aggregate of 144,986,708 shares of our common stock authorized but unissued and not reserved for specific purposes. In general, we may issue all of these shares without any action or approval by our stockholders. We have reserved 5,329,044 shares of our common stock for issuance under our employee stock purchase plan and our long-term incentive plans, of which 672,776 shares have been issued and 1,927,320 shares are issuable upon vesting of restricted stock awards and restricted stock units. We have reserved for issuance 1,500,000 shares of our common stock, 241,603 of which remain issuable, under our 401(k) and Retirement Savings Plan as of December 31, 2022. In addition, we may issue shares of our common stock in connection with acquisitions. Sales or issuances of a substantial number of shares of common stock, or the perception that such transactions could occur, could adversely affect prevailing market prices of our common stock, and any sale or issuance of our common stock will dilute the ownership interests of existing stockholders.

The market price and trading volume of our common stock may be volatile and our stock price could decline.

The trading price of shares of our common stock has from time to time fluctuated widely and in the future may be subject to similar fluctuations. The trading price of our common stock may be affected by a number of factors, including our operating results, changes in our earnings estimates, additions or departures of key personnel, our financial condition, legislative and regulatory changes, general conditions in the industries in which we and our brand partners operate, general economic conditions, and general conditions in the securities markets. Other risks described in this Annual Report on Form 10-K could also materially adversely affect our share price.

There is no guarantee that we will pay future dividends or repurchase shares at a level anticipated by stockholders, which could reduce returns to our stockholders. Decisions to declare future dividends on, or repurchase, our common stock will be at the discretion of our Board of Directors based upon a review of relevant considerations.

Since October 2016, our Board of Directors has declared quarterly cash dividend payments on our outstanding common stock. Future declarations of quarterly dividends and the establishment of future record and payment dates are subject to approval by our Board of Directors. The Board's determination to declare dividends on, or repurchase shares of, our common stock will depend upon our profitability and financial condition, contractual restrictions, restrictions imposed by applicable laws and regulations, including those governing our Banks' ability to pay dividends and make distributions or other payments to us, and other factors that the Board of Directors deems relevant. For example, beginning with the second quarter of 2020, our Board of Directors reduced our quarterly dividend payment by 67% from $0.63 to $0.21 per quarter. Based on an evaluation of these factors, the Board of Directors may determine in the future not to declare dividends at all, to declare dividends at a reduced amount, not to repurchase shares or to repurchase shares at reduced levels compared to historical levels, any or all of which could reduce returns to our stockholders.

We are a holding company and depend on payments from our subsidiaries.

Bread Financial Holdings, Inc., our parent holding company, depends on dividends, distributions and other payments from subsidiaries, particularly our Banks, to fund dividend payments, any potential share repurchases, payment obligations, including debt obligations, and to provide funding and capital, as needed, to our other operating subsidiaries. Banking laws and regulations and our banking regulators may limit or prohibit our transfer of funds freely, either to or from our subsidiaries, at any time. These laws, regulations and rules may hinder our ability to access funds that we may need to make payments on our obligations or otherwise achieve strategic objectives. For more information, see "Business — Supervision and Regulation".

In preparing our financial statements we make certain assumptions, judgments and estimates that affect amounts reported in our consolidated financial statements, which, if not accurate, may significantly impact our financial results.

We make assumptions, judgments and estimates in determining the allowance for credit losses, accruals for employee-related liabilities, accruals for uncertain tax positions, valuation allowances on deferred tax assets and legal contingencies. We also make assumptions, judgments and estimates for items such as the fair value of financial instruments, goodwill, long-lived assets and other intangible assets, impairment, the fair value of stock awards, as well as the recognition of revenue. These assumptions, judgments and estimates are drawn from historical experience and various other factors that we believe are reasonable under the circumstances as of the date of the Consolidated Financial Statements. Actual results could differ materially from our estimates, and such differences could significantly impact our financial results.

Legal, Regulatory and Compliance Risks

Our business is subject to extensive government regulation and supervision, which could materially adversely affect our results of operations and financial condition.

We, primarily through our Banks and certain non-bank subsidiaries, are subject to extensive federal and state regulation and supervision. Banking and consumer financial protection regulations are intended to protect consumers, depositors' funds, the DIF, and the safety and soundness of the banking system as a whole, not stockholders. These regulations affect our lending practices, capital structure, investment practices, dividend policy and growth, among other things. Federal and state legislative bodies and regulatory agencies continually review banking laws, regulations and policies for possible changes. Compliance with laws and regulations can be difficult and costly, and changes to laws and regulations, as well as increased intensity in supervision, often impose additional compliance costs. The scope of the laws and regulations and the intensity of the supervision to which we are subject have increased in recent years, initially in response to the financial crisis, and more recently in light of other factors such as technological and market changes. Regulatory enforcement and fines have also increased across the banking and financial services sector. Further, the scope of regulation and the intensity of supervision will likely remain high in the current regulatory environment, including with respect to late fees, interchange fees and other matters. Such changes could subject us to additional costs, limit the types of financial services and products we may offer, and/or limit what we may charge for certain banking services, among other things. Most recently, in February 2023, the CFPB published a proposed rule with request for public comment that would: (i) decrease the safe harbor dollar amount for credit card late fees to $8 and eliminate a higher safe harbor dollar amount for subsequent late payments; (ii) eliminate the annual inflation adjustments that currently exist for the late fee safe harbor dollar amounts; and (iii) require that late fees not exceed 25% of the consumer's required minimum payment. The "safe harbor" dollar amounts

referenced in the CFPB's proposed rulemaking refer to the amounts that credit card issuers may charge as late fees under the CARD Act. Under the CARD Act, as implemented, these safe harbor amounts have been subject to annual adjustment based on changes in the consumer price index, and the safe harbor amounts are currently set at $30 for an initial late fee and $41 for subsequent late fees in one of the next six billing cycles. Accordingly, the proposed $8 safe harbor amount on late fees (and proposed elimination of the annual inflation-based adjustment thereto) would represent a significant decrease from the current safe harbor amounts. In addition, the proposed rulemaking seeks comment on whether late fees should be prohibited if the applicable payment is made within 15 days of the due date and whether, as a condition to utilizing the safe harbor, credit card issuers should be required to offer automatic payment options and/or provide certain notifications of upcoming payment due dates. We are closely monitoring the content and timing of the CFPB's proposed rulemaking and its impact on our business.

We expect that we, like the rest of the banking sector, will remain subject to increased regulation and supervision of our industry by bank regulatory agencies and that there may be additional and changing requirements and conditions imposed on us, any of which could increase our costs, require increased management attention, and adversely impact our results of operations.

In connection with their continuous supervision and examinations of us, the FDIC, CFPB and/or other regulatory agencies may require changes in our business or operations, and any such changes may be judicially enforceable or impractical for us to contest. We may also become subject to formal or informal enforcement and other supervisory actions, including memoranda of understanding, written agreements, cease-and-desist orders, and prompt-corrective-action or safety-and-soundness directives. Supervisory actions could entail significant restrictions on our existing business, our ability to develop new business, our flexibility in conducting operations, and our ability to pay dividends or utilize capital. Enforcement and other supervisory actions also can result in the imposition of civil monetary penalties or injunctions, related litigation by private plaintiffs, damage to our reputation, and a loss of customer or investor confidence. We could be required, as well, to dispose of specified assets and liabilities within a prescribed period of time. As a result, any enforcement or other supervisory action could have an adverse effect on our business, results of operations, financial condition and prospects.

In addition, changes in the regulatory and supervisory environments could adversely affect us in substantial and unpredictable ways, including by limiting the types of financial services and products we may offer, enhancing the ability of others to offer more competitive financial services and products, restricting our ability to make acquisitions or pursue other profitable opportunities, and negatively impacting our results of operations and financial condition. Changes in the prevailing interpretations of federal or state laws and related regulations could also invalidate or call into question the legality of certain of our services and business practices.

Our failure to comply with the laws, regulations, and supervisory actions to which we are subject, even if the failure is inadvertent or reflects a difference in interpretation, could subject us to fines, other penalties, and restrictions on our business activities, any of which could adversely affect our business, results of operations, financial condition, cash flows, capital base, and/or the price of our securities.

See "Business — Supervision and Regulation" for more information about certain laws and regulations to which we are subject and their impact on us.

Litigation and other actions and disputes could subject us to significant fines, penalties, judgments and/or requirements resulting in significantly increased expenses, damage to our reputation and/or a material adverse effect on our business.

Businesses in the financial services and payments industry has historically been, and continue to be, subject to significant legal actions, including class action lawsuits. Many of these actions have included claims for substantial compensatory or punitive damages. While we have historically relied on our arbitration clause (which includes a class action waiver) in agreements with customers to limit our exposure to class action litigation, there can be no assurance that we will always be successful in enforcing our arbitration clause in the future. There may also be legislative, regulatory or other efforts to limit or eliminate the use of arbitration clauses or class action waivers, and if our arbitration provisions are found to be unenforceable or are otherwise limited or eliminated, our exposure to class action litigation could increase significantly. Further, even if our arbitration clause remains enforceable, we may be subject to mass arbitrations in which large groups of consumers bring arbitrations against us simultaneously. The continued focus of merchants on issues relating to the acceptance of various forms of payment may lead to additional litigation and other legal actions. Given the inherent uncertainties involved in litigation, and the very large or indeterminate damages sought in some matters asserted against us, there is significant uncertainty as to the ultimate liability we may incur from litigation.

In addition to litigation and regulatory matters, from time to time, through our operational and compliance controls, we identify compliance issues that require us to make operational changes and, depending on the nature of the issue, result in financial remediation to impacted cardholders. These self-identified issues and voluntary remediation payments could be significant depending on the issue and the number of cardholders impacted. They also could generate litigation or regulatory investigations that subject us to additional adverse effects on our business, results of operations and financial condition.

Our Banks are subject to extensive federal and state regulation that may restrict their ability to make cash available to us and may require us to make capital contributions to them.

Federal and state laws and regulations extensively regulate the operations of our Banks, including to limit the ability of the Banks to pay dividends or make other distributions to us. Many of these laws and regulations are intended to maintain the safety and soundness of our Banks, and they impose significant restraints on them to which other non-regulated entities are not subject.

Our Banks must maintain minimum amounts of regulatory capital. If the Banks do not meet these capital requirements, their respective regulators have broad discretion to institute a number of corrective actions that could have a direct material effect on our liquidity, ability to grow our business and financial condition. To pay any dividend, the Banks must each maintain adequate capital above regulatory guidelines. Accordingly, neither CB nor CCB may be able to make any of their cash or other assets available to us, including to service our indebtedness. If either of our Banks were to fail to meet any of the capital requirements to which it is subject, we may be required to provide them with additional capital, which could also impair our ability to service our indebtedness.

In addition, under the "source of strength" requirement, we are required to serve as a source of financial strength to our Banks and may not conduct our operations in an unsafe or unsound manner. Under these requirements, in the future, we could be required to provide financial assistance to our Banks if the Banks experience financial distress. This support may be required at times when we might otherwise have determined not to provide it or when doing so is not otherwise in our interests or the interests of our stockholders or creditors.

If legislative attempts to amend the BHC Act to eliminate the exclusion of credit card banks or industrial loan companies from the definition of "bank" are successful, or if we voluntarily take such action that results in the Parent Company becoming a federally-regulated BHC, we would become subject to additional regulation applicable to BHCs, which could increase our compliance and regulatory costs and have other effects that could be materially adverse to our business.

The Dodd-Frank Act mandates multiple studies, which could result in future legislative or regulatory action. In particular, the Government Accountability Office issued its study on whether it is necessary, in order to strengthen the safety and soundness of institutions or the stability of the financial system of the United States, to eliminate the exemptions to the definition of "bank" under the BHC Act for certain institutions including limited purpose credit card banks and industrial loan companies. The study did not recommend the elimination of these exemptions. However, legislation is periodically introduced that would eliminate this exception for industrial loan companies and other "non-bank banks". If such legislation were enacted without any grandfathering of or accommodations for existing institutions, we could be required to become a BHC.

As a BHC, we and our non-bank subsidiaries would be subject to supervision, regulation and examination by the Federal Reserve Board. We would be required to provide annual reports and such additional information as the Federal Reserve Board may require pursuant to the BHC Act, and applicable regulations. In addition, we would be subject to consolidated regulatory capital requirements.

Pursuant to provisions of the BHC Act and regulations promulgated by the Federal Reserve Board thereunder, a BHC may only engage in, or own companies that engage in, activities deemed by the Federal Reserve Board to be permissible for BHCs or financial holding companies. Activities permissible for BHCs are those that are so closely related to the business of banking or managing or controlling banks as to be a proper incident thereto. Permissible activities for financial holding companies include those "so closely related to banking as to be a proper incident thereto" as well as certain additional activities deemed "financial in nature or incidental to such financial activity" or complementary to a financial activity and that do not pose a substantial risk to the safety and soundness of the depository institution or the financial system. If we were required to become a BHC, we may be required to modify or discontinue certain of our business activities, which may materially adversely affect our results of operations and financial condition.

Increases in FDIC insurance premiums may have a material adverse effect on our results of operations.

We are generally unable to control the amount of premiums that are required to be paid for FDIC insurance. If there are bank or financial institution failures, we may be required to pay significantly higher premiums than the levels currently imposed or additional special assessments or taxes that could adversely affect our earnings. Any future increases or required prepayments in FDIC insurance premiums may materially adversely affect our results of operations.

Noncompliance with the Bank Secrecy Act and other anti-money laundering statutes and regulations could cause us material financial loss.

The Bank Secrecy Act and the PATRIOT Act contain anti-money laundering and financial transparency provisions intended to detect and prevent the use of the U.S. financial system for money laundering and terrorist financing activities. The Bank Secrecy Act, as amended by the PATRIOT Act, requires depository institutions and their holding companies to undertake activities including maintaining an anti-money laundering program, verifying the identity of partners and customers, monitoring for and reporting suspicious transactions, reporting on cash transactions exceeding specified thresholds, and responding to requests for information by regulatory authorities and law enforcement agencies. The Financial Crimes Enforcement Network (FinCEN), a unit of the Treasury Department that administers the Bank Secrecy Act, is authorized to impose significant civil money penalties for violations of those requirements and has recently engaged in coordinated enforcement efforts with the Federal Banking Agencies, as well as the U.S. Department of Justice, Drug Enforcement Administration, and Internal Revenue Service (IRS).

Regulation in the areas of privacy, data protection, data governance, account access and information and cyber security could increase our costs and affect or limit our business opportunities and how we collect and/or use personal information.

Legislators and regulators in the United States and other countries are increasingly adopting or revising privacy, data protection, data governance, account access, and information and cyber security laws, including data localization, authentication and notification laws. As such laws are interpreted and applied (in some cases, with significant differences or conflicting requirements across jurisdictions), compliance and technology costs will continue to increase, particularly in the context of ensuring that adequate data governance, data protection, data transfer and account access mechanisms are in place.

Compliance with current or future privacy, data protection, data governance, account access, and information and cyber security laws could significantly impact our collection, use, sharing, retention and safeguarding of consumer and/or employee information and could restrict our ability to provide certain products and services, which could materially and adversely affect our profitability. Our failure to comply with such laws could result in potentially significant regulatory and/or governmental investigations and/or actions, litigation, fines, sanctions, ongoing regulatory monitoring, customer attrition, decreases in the use or acceptance of our cards and damage to our reputation and our brand.

For more information on regulatory and legislative activity in this area, see “Privacy and Data Protection Regulation” above.

We may not be able to effectively manage the operational and compliance risks to which we are exposed.

Operational risk is the risk arising from inadequate or failed internal processes or systems, human errors or misconduct, or adverse external events. Operational losses result from internal fraud; external fraud; inadequate or inappropriate employment practices and workplace safety; failure to meet professional obligations involving partners, products, and business practices; damage to physical assets; business disruption and systems failures; and/or failures in execution, delivery, and process management. As processes or organizations are changed, or new products and services are introduced, we may not fully appreciate or identify new operational risks that may arise from such changes. Through human error, fraud or malfeasance, conduct risk can result in harm to customers, broader markets and the company and its employees.

Compliance risk arises from the failure to adhere to applicable laws, rules, regulations and internal policies and procedures. We need to continually update and enhance our control environment to address operational and compliance risks. Operational and compliance failures or deficiencies in our control environment can expose us to reputational and legal risks as well as fines, civil money penalties or payment of damages and can lead to diminished business opportunities and diminished ability to expand key operations.

Our failure to protect our intellectual property rights and use of open source software may harm our competitive position, and litigation to protect our intellectual property rights or defend against third party allegations of infringement may be costly, any of which could negatively impact our business, results of operations and profitability.

Third parties may infringe or misappropriate our trademarks or other intellectual property rights, which could have a material adverse effect on our business, operating results or financial condition. The actions we take to protect our trademarks and other proprietary rights may not be adequate. Litigation may be necessary to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of the proprietary rights of others. Any infringement or misappropriation could harm any competitive advantage we currently derive or may derive from our proprietary rights. Third parties may also assert infringement claims against us. Any claims and an adverse determination in any resulting litigation could subject us to significant liability for damages and require us to either design around a third party's patent or license alternative technology from another party. In addition, litigation is time consuming and expensive to defend and could result in the diversion of our time and resources. Further, our competitors or other third parties may independently design around or develop similar technology, or otherwise duplicate our services or products in a way that would preclude us from asserting our intellectual property rights against them. In addition, our contractual arrangements may not effectively prevent disclosure of our intellectual property or confidential and proprietary information, or provide an adequate remedy in the event of an unauthorized disclosure.

Aspects of our platform include software covered by open source licenses. United States courts have not interpreted the terms of various open source licenses, but could interpret them in a manner that imposes unanticipated conditions or restrictions on our platform. If portions of our proprietary software are determined to be subject to an open source license, we could also be required to, under certain circumstances, publicly release or license, at no cost, our products that incorporate the open source software or the affected portions of our source code. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software because open source licensors generally do not provide warranties or other contractual protections regarding infringement, misappropriation, security vulnerabilities, defects or errors in the code or other violations, any of which could result in liability to us and negatively impact our business, results of operations, profitability and financial condition.

We have international operations that subject us to various international risks as well as increased compliance and regulatory risks and costs.

We have international operations, primarily in India, and some of our third-party service providers provide services to us from other countries, all of which subject us to a number of international risks, including, among other things, sovereign volatility and socio-political instability. Any future social or political instability in the countries in which we operate could have a material adverse effect on our business. U.S. regulations also govern various aspects of the international activities of domestic corporations and increase our compliance and regulatory risks and costs. Any failure on our part or the part of our service providers to comply with applicable U.S. regulations, as well as the regulations in the countries and markets in which we or they operate, could result in fines, penalties, injunctions or other similar restrictions, any of which could have a material adverse effect on our business, results of operations and financial condition.

Tax legislation initiatives or challenges to our tax positions could adversely affect our results of operations and financial condition.

We are subject to tax laws and regulations in U.S. federal, state, local and foreign jurisdictions. From time to time legislative initiatives may be proposed, which, if enacted, may impact our effective tax rate and could adversely affect our deferred tax assets, tax positions and/or our tax liabilities. In addition, U.S. federal, state, local, and foreign tax laws and regulations are extremely complex and subject to varying interpretations. There can be no assurance that our historical tax positions will not be challenged by the relevant taxing authorities, or that we would be successful in defending our positions in connection with any such challenge.

Anti-takeover provisions in our organizational documents and Delaware law may discourage or prevent a change of control, even if an acquisition would be beneficial to our stockholders, which could affect our stock price adversely and prevent or delay change of control transactions or attempts by our stockholders to replace or remove our current management.

Delaware law, as well as provisions of our certificate of incorporation, including those relating to our Board's authority to issue series of preferred stock without further stockholder approval, our bylaws and our existing and future debt

instruments, could discourage unsolicited proposals to acquire us, even though such proposals may be beneficial to our stockholders.

In addition, we are subject to the provisions of Section 203 of the Delaware General Corporation Law, which may prohibit certain business combinations with stockholders owning 15% or more of our outstanding voting stock. These and other provisions in our certificate of incorporation, bylaws and Delaware law could make it more difficult for stockholders or potential acquirers to obtain control of our Board of Directors or initiate actions that are opposed by our then-current Board of Directors, including a merger, tender offer or proxy contest involving us. Any delay or prevention of a change of control transaction or changes in our Board of Directors could cause the market price of our common stock to decline or delay or prevent our stockholders from receiving a premium over the market price of our common stock that they might otherwise receive.

Cybersecurity, Technology and Vendor Risks

We rely on third-party vendors to provide various products and services that are important to our operations, and our business could be adversely impacted if our vendors fail to fulfill their obligations.

Some services important to our business are outsourced to third-party vendors, and we contract with numerous other third-party vendors for a range of products and services. The inability or failure of these vendors to deliver products and services at contracted service levels or standards and in a timely manner could adversely affect our business. In addition, if a third-party vendor fails to meet other contractual requirements, such as compliance with applicable laws and regulations, or suffers a cyberattack or other security breach, our business operations could suffer economic or reputational harm that could have a material adverse impact on our business and results of operations. Further, if our significant vendors are unable or unwilling to fulfill or renew our existing contracts on current terms, we might not be able to replace the related product or service at the same cost, in a timely fashion, or at all, any of which could negatively impact our profitability, business and operations, in some cases materially.

We recently completed the transition of our credit card processing services to strategic outsourcing partners. The transition was a significant and complex undertaking, which resulted in unanticipated platform stability issues and related impacts that have adversely impacted, and may continue to adversely impact, our business, results of operations, reputation and brand.

In late June 2022, we completed the transition of our credit card processing services to strategic outsourcing partners, including Fiserv for our core processing services and Microsoft for related cloud infrastructure services. As we described in our 2021 Annual Report on Form 10-K, transitioning these services from our legacy platforms to strategic partners with established systems and functionality presented significant risks, including, but not limited to, potential losses or corruption of data, changes in security processes, implementation delays and cost overruns, resistance from current partners and account holders, disruption to operations, loss of customization or functionality, reliability issues with legacy systems prior to cutover and incurrence of outsized consulting costs to complete the transition. In addition, as previously disclosed, the pursuit of multiple new product integrations and outsourcing transitions simultaneously increased the complexity and risk, as well as magnified the potential for the unintended consequences, including an inability to retain or replace key personnel during the transition as well as the incurrence of unexpected expenses as we adopted new processes for managing these service providers and established controls and procedures to ensure regulatory compliance. In connection with the transition, we experienced unanticipated issues with platform stability, which resulted in outages and interruptions in our call center operations and online customer service platforms. These outages and interruptions resulted in a number of adverse impacts, including customer complaints, negative social media postings, reputational damage, regulatory scrutiny, lost potential revenue, remediation costs, timing-related impacts to our Delinquency rate and Net loss rate data, and increased consulting and professional fees. These challenges associated with the transition have adversely impacted, and may continue to adversely impact, our business, results of operations, financial condition, and result in damage to our reputation and our brand. Moreover, now that we have completed this transition, it would be difficult and disruptive for us to replace certain of these third-party vendors, particularly Fiserv, in a timely or seamless manner if they were unwilling or unable to continue to provide us with these services in the future (as a result of their financial or business conditions or otherwise), which could materially impact our business and operations.

Failure to safeguard our data and consumer privacy could affect our reputation among our partners and their customers, and may expose us to legal claims.

Although we have extensive physical and cyber security controls and associated procedures, our data has in the past been and in the future may be subject to unauthorized access. In such instances of unauthorized access, we may have data loss

that could harm our customers and brand partners. This in turn could lead to reputational risk as concerns with security and privacy of data may result in consumers not wanting to participate in our product offerings. We also have arrangements in place with our partners and other third parties through which we share and receive information about their customers who are or may become our customers, which magnifies certain information security issues. Information security risks for large financial institutions have increased with the adoption of new technologies, including those used on mobile devices, to conduct financial and other business transactions, and the increased sophistication and activity level of threat actors. The use of our products and services could decline if any compromise of physical or cyber security occurred. In addition, any unauthorized release of customer information or any public perception that we released customer information without authorization, could subject us to legal claims from our partners or their customers, consumers or regulatory enforcement actions, which may adversely affect our partner relationships and result in damage to our reputation and our brand. We cannot be certain that our cybersecurity insurance coverage will be adequate for cybersecurity liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that our insurer will not deny coverage as to any future claim.

Business interruptions, including loss of data center capacity, interruption due to cyber-attacks, loss of network connectivity or inability to utilize proprietary software of third party vendors, could affect our ability to timely meet the needs of our partners and customers and harm our business.

Our ability, and that of our third-party service providers and brand partners, to protect our data centers and other facilities and systems against damage, loss or performance degradation from power loss, network failure, cyber-attacks, including ransomware or denial of service attacks, insider threats, hardware and software defects or malfunctions, human error, computer viruses or other malware, public health crises, disruptions in telecommunications services, fraud, fires and other disasters and other events is critical. In order to provide many of our services, we must be able to store, retrieve, process and manage large amounts of data, as well as periodically expand and upgrade our technology capabilities. Any damage to our data centers or other facilities and systems, or those of our third-party service providers or brand partners, any failure of our network links that interrupts our operations or any impairment of our ability to use our software or the proprietary software of third party vendors, including impairments due to cyber-attacks, could adversely affect our ability to meet our partners' and customers' needs and their confidence in utilizing us for future services. In addition, any failure to successfully implement new information systems and technologies, or improvements or upgrades to existing information systems and technologies in a timely manner could have an adverse impact on our business if we are not able to be competitive with other financial services companies, and could also adversely impact our internal controls (including internal controls over financial reporting), results of operations, and financial condition.

If we are not able to invest successfully in, and compete at the leading edge of, technological developments in our industry, our revenue and profitability could be materially adversely affected.

Our industry is subject to rapid and significant technological changes. In order to compete in our industry, we need to continue to invest in technology across all areas of our business, including in access management, vulnerability management, transaction processing, data management and analytics, machine learning and artificial intelligence, customer interactions and communications, alternative payment and financing mechanisms, authentication technologies and digital identification, tokenization, real-time settlement, and risk management and compliance systems. Incorporating new technologies into our products and services, including developing the appropriate governance and controls consistent with regulatory expectations, requires substantial expenditures and takes considerable time, and ultimately may not be successful. We expect that new technologies in the payments industry will continue to emerge, and these new technologies may be superior to, or render obsolete, our existing technology.

The process of developing new products and services, enhancing existing products and services and adapting to technological changes and evolving industry standards is complex, costly and uncertain, and any failure by us to anticipate partners' and customers' changing needs and emerging technological trends accurately could significantly impede our ability to compete effectively. Partner and customer adoption is a key competitive factor and our competitors may develop products, platforms or technologies that become more widely adopted than ours. In addition, we may underestimate the time and expense we must invest in new products and services before they generate significant revenues, if at all. Our use of artificial intelligence and machine learning is subject to risks related to flaws in our algorithms and datasets that may be insufficient or contain biased information. These deficiencies could undermine the decisions based on impact to data quality, predictions or analysis such technologies produce, subjecting us to competitive harm, legal liability, and harm to our reputation or brand.

Our ability to develop, acquire or access competitive technologies or business processes on acceptable terms may also be limited by intellectual property rights that third parties, including those that current and potential competitors, may assert. In addition, our ability to adopt new technologies may be inhibited by the emergence of industry-wide standards, a changing legislative and regulatory environment, an inability to develop appropriate governance and controls, a lack of internal product and engineering expertise, resistance to change from partners or consumers, lack of appropriate change management processes or the complexity of our systems.

Risks Related to the LoyaltyOne Spinoff

The LoyaltyOne spinoff could result in substantial tax liability to us and our stockholders, and more generally we could be adversely affected by the performance of, or disputes involving, LVI.

In November 2021, we completed the spinoff of our former LoyaltyOne segment, consisting of the Canadian AIR MILES® Reward Program and the Netherlands-based BrandLoyalty businesses, into an independent, publicly traded company, LVI. As part of the spinoff, we retained 19% of the outstanding shares of common stock of LVI.

We received a private letter ruling, or PLR, from the IRS and an opinion from our tax advisor to the effect that the spinoff of our former LoyaltyOne segment qualified as tax-free for U.S. federal income tax purposes for us and our stockholders (except for cash received in lieu of fractional shares). However, if the factual assumptions or representations made by us in connection with the delivery of the PLR opinion are inaccurate or incomplete in any material respect, including those relating to the past and future conduct of our business, we may not be able to rely on the PLR opinion. Furthermore, the PLR does not address all the issues that are relevant to determining whether the spinoff qualified for tax-free treatment, and the opinion from our tax advisor is not binding on the IRS or the courts. If, notwithstanding receipt of the PLR and the opinion from our tax advisor, the spinoff transaction and certain related transactions are determined to be taxable, we would be subject to a substantial tax liability. In addition, if the spinoff transaction is taxable, each holder of our common stock who received shares of LVI in connection with the spinoff would generally be treated as receiving a taxable distribution of property in an amount equal to the fair market value of the shares received.

Even if the spinoff otherwise qualifies as a tax-free transaction, the distribution would be taxable to us (but not to our stockholders) in certain circumstances if future significant acquisitions of our stock or the stock of LVI are deemed to be part of a plan or series of related transactions that included the spinoff. In this event, the resulting tax liability could be substantial, and could discourage, delay or prevent a change of control of us. In connection with the spinoff, we entered into a tax matters agreement with LVI, pursuant to which LVI agreed to not enter into any transaction that could cause any portion of the spinoff to be taxable to us without our consent and to indemnify us for any tax liability resulting from any such transaction. Subsequently, we agreed to accommodate LVI's potential disposition of certain assets. While we believe that such disposition should not affect the qualification of the spinoff as a tax-free transaction, it is possible the IRS could disagree and successfully assert that the spinoff should be taxable to us and our shareholders that received LVI shares in the spinoff. In addition, it is possible that the IRS could view this disposition as inconsistent with the PLR and, as a result, the IRS could take the position that we cannot rely on the PLR.

More generally, we could continue to be adversely affected by the performance of LVI. During 2022, LVI's stock price decreased significantly and, as a result, we wrote down the value of our 19% shareholding in LVI from $50 million as of December 31, 2021 to $6 million as of December 31, 2022. While we had intended to divest our ownership position in LVI in a tax-efficient manner within 12 months of the spinoff, market conditions and other factors prevented us from doing so. As such, we may be unable to divest our ownership position in LVI a timely manner and may be required to write down further the value of our position. Also, our post-spinoff arrangements and relationships with LVI may be impacted by the performance of LVI.

Moreover, though we believe that our process and decision-making with respect to the spinoff transaction were entirely appropriate, we could become involved in disputes with LVI or other third parties relating to the spinoff. Any dispute relating to the spinoff could distract management, result in legal and other costs, and otherwise adversely impact our financial position, results of operations and financial condition.

RISK MANAGEMENT

Our Enterprise Risk Management (ERM) program is designed to ensure that all significant risks are identified, measured, monitored and addressed. Our ERM program reflects our risk appetite, governance, culture and reporting. We manage enterprise risk using our Board-approved Enterprise Risk Management Framework, which includes Board-level oversight, risk management committees, and a dedicated risk management team led by our Chief Risk Officer (CRO). Our Board and executive management determine the level of risk the Company is willing to accept in pursuit of its objectives through the ERM program and the well-defined risk appetite statements developed thereunder. We utilize the "three lines of defense" risk management model to assign roles, responsibilities and accountabilities in the Company for taking and managing risk.

Governance and Accountability

Board and Board Committees

Our Board of Directors, as a whole and through its committees, maintains responsibilities for the oversight of risk management, including monitoring the "tone at the top," and our risk culture and overseeing emerging and strategic risks. While our Board's Risk Committee has primary responsibility for oversight of enterprise risk management, the Audit, Compensation & Human Capital and Nominating & Corporate Governance Committees also oversee risks within their respective areas of responsibilities. Each of these Board Committees consists entirely of independent directors and provides regular reports to the full Board regarding matters reviewed at their Committee meetings.

Risk Management Roles and Responsibilities

In addition to our Board and Board Committees, responsibility for risk management also flows to other individuals and entities throughout the Company, including various management committees and executive management. Our ERM Framework defines our "three lines of defense" risk management model, which includes the following:

- The "first line of defense" is comprised of the business areas that engage in activities that generate revenue or provide operational support or services that introduce risk to the Company. As the business owner, the first line of defense is responsible for, among other things, identifying, owning, managing and controlling key risks associated with their activities, timely addressing issues and remediation, and implementing processes and procedures to strengthen the risk and control environment. The first line of defense identifies and manages key risk indicators and risks and controls consistent with the Company's risk appetite. The executive officers who serve as leaders in the "first line of defense," are responsible for ensuring that their respective functions operate within established risk limits, in accordance with our risk appetite. These leaders are also responsible for identifying risks, considering risk when developing strategic plans, budgets and new products, and implementing appropriate risk controls when pursuing business strategies and objectives. In addition, these leaders are responsible for deploying sufficient financial resources and qualified personnel to manage the risks inherent in our business activities.
- The "second line of defense" consists of an independent risk management team charged with oversight and monitoring of risk within the business. The second line of defense is responsible for, among other things, formulating our ERM Framework and related policies and procedures, challenging the first line of defense and identifying, monitoring and reporting on aggregate risks of the business and support functions.

  Our risk management team, which is led by our CRO and includes compliance, provides oversight of our risk profile and is responsible for maintaining a compliance program that includes compliance risk assessment, policy development, testing and reporting activities.

  The CRO manages our risk management team and is responsible for establishing and implementing standards for the identification, management, measurement, monitoring and reporting of risk on an Enterprise-wide basis. The CRO is responsible for developing an appropriate risk appetite with corresponding limits that aligns with supervisory expectations, and proposing our risk appetite to the Board of Directors. The CRO regularly reports to the Risk Committee as well as the Banks' Risk and Compliance Committees on risk management matters.
- The "third line of defense" is comprised of the Global Audit organization. The third line of defense provides an independent review and objective assessment of the design and operating effectiveness of the first and second lines of defense, governance, policies, procedures, processes and internal controls, and reports its findings to executive management and the Board, through the Audit Committee. Global Audit is responsible for performing periodic, independent reviews and testing compliance with the Company's and the Banks' risk management policies and standards, as well as with regulatory guidance and industry best practices. Global Audit also assesses

the design of the Company'' and the Banks' policies and standards and validates the effectiveness of risk management controls, and reports the results of such reviews to the Audit Committee.

Management Committees

The Company operates several internal management committees, including at each of our Banks a Bank Risk Management Committee (BRMC) and, effective January 2023, an IT Governance Committee (ITGC). The BRMCs and ITGCs are the highest-level management committees at the Banks to oversee risks and are responsible for risk governance, risk oversight and making recommendations on the Banks' risk appetite. The BRMCs and ITGC's monitor compliance with limits and related escalation requirements, and oversee implementation of risk policies.

In addition to the BRMCs, we maintain the following risk management committees at each of our Banks to oversee the risks listed below: the Credit Risk Management Committee; Compliance Risk Management Committee; Operational Risk Management Committee; Model Risk Management Committee; and the Asset & Liability Management Committee. Each of these Committees is responsible for one or more of the Banks' eight risk categories, which are described in greater detail below under the heading "Risk Categories". For its risk category(ies) of responsibility, each Committee provides risk governance, risk oversight and monitoring. Each Committee reviews key risk exposures, trends and significant compliance matters, and provides guidance on steps to monitor, control and escalate significant risks. We include the risk information provided by the BRMCs and the ITGC, and these management risk committees, along with additional risk information that is identified at the Parent Company level in our determination and assessment of the risks that are presented to and discussed with our Board and Board Committees.

Risk Categories

We have divided risk into the following eight categories: credit, market, liquidity, operational, compliance, model, strategic and reputational risk. We evaluate the potential impact of a risk event on us (including our subsidiaries) by assessing the customer, partner, financial, reputational, and legal and regulatory impacts.

Credit Risk

Credit Risk is the risk arising from an obligor's failure to meet the terms of any contract or otherwise perform as agreed. Credit Risk is found in all activities in which settlement or repayment depends on counterparty, issuer, or borrower performance.
We are exposed to credit risk relating to the credit card, installment or other loans we make to our customers. Our credit risk relates to the risk that consumers using the private label, co-brand, general purpose or business credit cards or installment or other loans that we issue will not repay their loan balances. To minimize our risk of credit card, installment or other loan write-offs, we have developed automated proprietary scoring technology and verification procedures to make risk-based origination decisions when approving new accountholders, establishing or adjusting accountholder credit limits and applying our risk-based pricing. The credit risk on our credit card, installment or other loans is quantified through our Allowance for credit losses which is recorded net with Credit card and other loans on our Consolidated Balance Sheets. Credit risk is overseen and monitored by the Credit Risk Management Committee.

Market Risk

Market Risk includes interest rate risk which is the risk arising from movements in interest rates. Interest rate risk results from:

- differences between the timing of rate changes and the timing of cash flows (repricing risk);
- changing rate relationships among different yield curves affecting an organization's activities (basis risk);
- hanging rate relationships across the spectrum of maturities (yield curve risk); and
- interest-related options embedded in certain products (options risk).

Our principal market risk exposures arise from volatility in interest rates and their impact on economic value, capitalization levels and earnings. We use various market risk measurement techniques and analyses to measure, assess and manage the impact of changes in interest rates on our Net interest income. The approach we use to quantify interest rate risk is a sensitivity analysis, which we believe best reflects the risk inherent in our business. This approach calculates the impact on Net interest income from an instantaneous and sustained 100 basis point increase or decrease in interest rates. Due to the mix of fixed and floating rate assets and liabilities on our Consolidated Balance Sheet as of December 31, 2022, this

hypothetical instantaneous 100 basis point increase or decrease in interest rates would have an insignificant impact on our annual Net interest income. Actual changes in our Net interest income will depend on many factors, and therefore may differ from our estimated risk to changes in interest rates. The Asset & Liability Management Committee assists the Banks' Board of Directors and Bank Management in overseeing, reviewing, and monitoring market risk.

Liquidity Risk

Liquidity Risk is the risk arising from an inability to meet obligations when they come due. Liquidity Risk includes the inability to access funding sources or manage fluctuations in funding levels. Liquidity Risk also results from an organization's failure to recognize or address changes in market conditions. The primary liquidity objective is to maintain a liquidity profile that will enable us, even in times of stress or market disruption, to fund our existing assets and meet liabilities in a timely manner and at an acceptable cost. Policy and risk appetite limits require the Company and the Banks to ensure that sufficient liquid assets are available to survive liquidity stresses over a specified time period. The Asset & Liability Management Committee assists the Banks Board of Directors and Bank Management in overseeing, reviewing, and monitoring liquidity risk.

Operational Risk

Operational Risk is the risk arising from inadequate or failed internal processes or systems, human errors or misconduct, or adverse external events. Operational losses result from internal fraud; external fraud; inadequate or inappropriate employment practices and workplace safety; failure to meet obligations involving customers, partners, products, and business practices; damage to physical assets; business disruption and systems failures; and/or failures in execution, delivery, and process management.

Operational risk is inherent in all business activities and can impact us through direct or indirect financial loss, brand damage, customer dissatisfaction, and legal and regulatory penalties. The Company has implemented a comprehensive operational risk framework that is defined in the Operational Risk Management Policy. The Operational Risk Management Committee, chaired by our Chief Operational Risk Officer, oversees and monitors operational risk exposures, including escalating issues and recommending policies, procedures and practices to manage operational risks.

As part of our Operational Risk Program, we maintain an information and cyber security program, which is led by our Chief Information Security Officer and is designed to protect the confidentiality, integrity, and availability of information and information systems from unauthorized access, use, disclosure, disruption, modification, or destruction. The Program is built upon a foundation of advanced security technology, a well-staffed and highly trained team of experts, and robust operations based on the National Institute of Standards and Technology Cybersecurity Framework. This consists of controls designed to identify, protect, detect, respond and recover from information and cyber security incidents. We continue to invest in enhancements to cyber security capabilities and engage in industry and government forums to promote advancements to the broader financial services cyber security ecosystem.

Compliance Risk

Compliance Risk is the risk arising from violations of laws or regulations, or from nonconformance with prescribed practices, internal policies and procedures, or ethical standards. This risk exposes organizations to fines, payment of damages, and the voiding of contracts. Our Compliance organization is responsible for establishing and maintaining our Compliance Risk Management Program. Pursuant to this Program, we seek to manage and mitigate compliance risk by assessing, controlling, monitoring, measuring and reporting the legal and regulatory risks to which we are exposed. The Compliance Risk Management Committee, chaired by the Chief Compliance Officer, oversees the implementation and execution of the Compliance Management System and monitors compliance exposures to manage compliance risks.

Model Risk

Model Risk is the risk arising from decisions based on incorrect or misused model outputs and reports. Model risk occurs primarily for three reasons: (1) a model may have fundamental errors and produce inaccurate outputs when viewed against its design objective and intended business uses; (2) a model may be used incorrectly or inappropriately, or there may be a misunderstanding about its limitations and assumptions; or (3) the model produces results that are not compliant with fair lending or other laws and regulations.

We manage model risk through a comprehensive model governance framework, including policies and procedures for model development, maintenance and performance monitoring activities, independent model validation and change management capabilities. We also assess model performance on an ongoing basis. Model Risk oversight and monitoring is conducted by the Model Risk Management Committee.

Strategic Risk

Strategic Risk is the risk arising from adverse business decisions, poor implementation of business decisions, or lack of responsiveness to changes in the industry and operating environment. This risk is a function of an organization's strategic goals, business strategies, resources, and quality of implementation. Strategic decisions are reviewed and approved by business leaders and various committees and must be aligned with our Company policies. We seek to manage strategic and business risks through risk controls embedded in these processes, as well as overall risk management oversight over business goals. Existing product performance is reviewed periodically by various of our Committees and executive management.

Reputational Risk

Reputational Risk is the risk arising from negative public opinion. This risk may impair our competitiveness by affecting our ability to establish new relationships or services, or continue servicing existing relationships. Reputational Risk is inherent in all activities and requires us to exercise caution in dealing with stakeholders, such as customers, counterparties, correspondents, investors, regulators, employees, and the community. Executive management is responsible for considering the reputational risk implications of business activities and strategies, and ensuring the relevant subject matter experts are engaged as needed.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

As of December 31, 2022, we leased 14 general office properties, comprised of approximately 1 million square feet. These facilities are used to carry out our operational, sales and administrative functions. Our principal facilities are as follows:

Location	Approximate Square Footage	Lease Expiration Date
Chadds Ford, Pennsylvania	9,853	April 30, 2027
Coeur D'Alene, Idaho	114,000	July 31, 2038
Columbus, Ohio	326,354 [1]	September 12, 2032
Columbus, Ohio	103,161	June 30, 2024
Draper, Utah	22,869 [1]	August 31, 2031
New York, New York	18,500	January 31, 2026
Plano, Texas	27,925 [1]	June 30, 2026
Wilmington, Delaware	5,198	June 30, 2023

[1] Excludes square footage of subleased portion.

We believe our current facilities are suitable to our businesses and that we will be able to lease, purchase or newly construct additional facilities as needed.

Item 3. Legal Proceedings.

Refer to Part I, Item 1A, "Risk Factors—Legal, Regulatory and Compliance Risks" and Note 15 "Commitments and Contingencies" to our Consolidated Financial Statements, which is incorporated herein by reference.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is listed on the NYSE, and trades under the symbol "BFH".

Holders

As of February 22, 2023, the closing price of our common stock was $40.23 per share, there were 50,115,421 shares of our common stock outstanding, and there were 99 holders of record of our common stock.

Dividends

Payment of future dividends is subject to declaration by our Board of Directors. Factors considered in determining dividends include, but are not limited to, our profitability, expected capital needs and legal, regulatory and contractual restrictions. See also "Risk Factors—*There is no guarantee that we will pay future dividends or repurchase shares at a level anticipated by stockholders, which could reduce returns to our stockholders.*". Subject to these qualifications, we presently expect to continue to pay dividends on a quarterly basis.

On January 26, 2023, our Board of Directors declared a quarterly cash dividend of $0.21 per share on our common stock, payable on March 17, 2023, to stockholders of record at the close of business on February 10, 2023.

Issuer Purchases of Equity Securities

The following table presents information with respect to purchases of our common stock made during the three months ended December 31, 2022:

Period	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
				(Millions)
October 1-31	4,076	$ 30.61	—	$ —
November 1-30	3,651	36.75	—	—
December 1-31	3,816	38.22	—	—
Total	11,543	$ 35.07	—	$ —

[1] During the periods presented, 11,543 shares of our common stock were purchased by the administrator of our Bread Financial 401(k) Plan for the benefit of the employees who participated in that portion of the Plan.

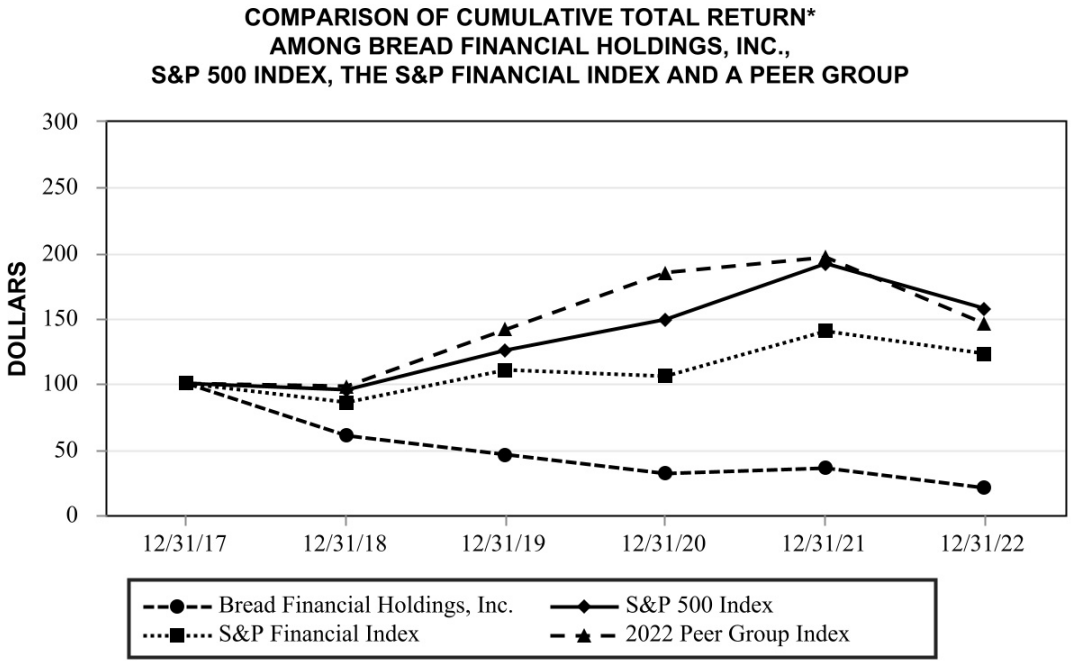
Stock Performance Graph

The following Stock Performance Graph shows the cumulative total stockholder return on our common stock compared to an overall stock market index, the S&P Composite 500 Stock Index (S&P 500 Index), and a published industry index, the S&P Financial Composite Index (S&P Financial Index), over the five-year period commencing December 31, 2017 and ended December 31, 2022. As described under the heading "Business Strategy & Transformation" in "Part I —Item 1. Business" above, through a series of strategic initiatives and transactions, we have simplified our business model as a tech-forward financial services company. In connection with this transformation, we have elected to use the S&P Financial Index as our selected index under Item 201(e)(1)(ii) of Regulation S-K for purposes of this Stock Performance Graph. In our Annual Report on Form 10-K for the year ended December 31, 2021, we included a peer group index as our selected index under Item 201(e)(1)(ii). Accordingly, as required under Item 201(e)(4) of Regulation S-K, we have also included the total stockholder return of a peer group in the Stock Performance Graph below, which consists of the following companies: PayPal Holdings, Inc., MasterCard Incorporated, Synchrony Financial, Discover Financial Services, Fifth Third Bancorp, Key Corp, Citizens Financial Group, Inc., Ally Financial Inc., M&T Bank Corporation, Regions Financial Corporation, Huntington Bancshares Incorporated, Comerica Incorporated, SVB Financial Group and Capital One

Financial Corporation. This peer group is the same as the peer group used in our Annual Report on Form 10-K for the year ended December 31, 2021, except for the removal of Santander Consumer USA Holdings Inc., which was the subject of a take-private transaction in January 2022.

The Stock Performance Graph assumes that $100 was invested in our common stock and each index, and that all dividends were reinvested. For the purpose of this Stock Performance Graph, historical stock prices have been adjusted to reflect the impact of the spinoff of LVI on November 5, 2021. The stock price performance on the graph below is not necessarily indicative of future performance.

Effective March 23, 2022, we changed our corporate name to Bread Financial Holdings, Inc. from Alliance Data Systems Corporation, and on April 4, 2022, we changed our ticker to "BFH" from "ADS" on the NYSE.



	Bread Financial Holdings, Inc.	S&P 500 Index	S&P Financial Index	2022 Peer Group Index
December 31, 2017	$ 100.00	$ 100.00	$ 100.00	$ 100.00
December 31, 2018	59.98	95.62	86.97	98.31
December 31, 2019	45.92	125.72	114.91	141.60
December 31, 2020	31.08	148.85	112.96	184.87
December 31, 2021	35.39	191.58	152.54	196.11
December 31, 2022	20.37	156.89	136.48	145.48

Our future filings with the SEC may "incorporate information by reference," including this Annual Report on Form 10-K. Unless we specifically state otherwise, this Stock Performance Graph shall not be deemed to be incorporated by reference and shall not constitute soliciting material or otherwise be considered filed under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A).

The following discussion and analysis of our results of operations and financial condition should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. Some of the information contained in this discussion and analysis constitutes forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Annual Report on Form 10-K particularly under "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements." Unless otherwise specified, references to Notes to our Consolidated Financial Statements are to the Notes to our audited Consolidated Financial Statements as of December 31, 2022 and 2021 and for years ended December 31, 2022, 2021 and 2020.

OVERVIEW

We are a tech-forward financial services company that provides simple, personalized payment, lending and saving solutions. We create opportunities for our customers and partners through digitally enabled choices that offer ease, empowerment, financial flexibility and exceptional customer experiences. Driven by a digital-first approach, data insights and white-label technology, we deliver growth for our partners through a comprehensive product suite, including private label and co-brand credit cards and buy now, pay later products such as installment loans and our "split-pay" offerings. We also offer direct-to-consumer solutions that give customers more access, choice and freedom through our branded Bread Cashback™ American Express® Credit Card and Bread Savings™ products.

Effective March 23, 2022, we changed our corporate name to Bread Financial Holdings, Inc. from Alliance Data Systems Corporation, and on April 4, 2022, we changed our ticker to "BFH" from "ADS" on the NYSE. Neither the name change nor the NYSE ticker change affected our legal entity structure, nor did either change have an impact on our Consolidated Financial Statements. On November 5, 2021, our former LoyaltyOne segment was spun off into an independent public company Loyalty Ventures Inc. (traded on The Nasdaq Stock Market LLC under the ticker "LYLT") and therefore is reflected herein as Discontinued Operations. Our primary source of revenue is from Interest and fees on loans from our various credit card and other loan products, and to a lesser extent from contractual relationships with our brand partners.

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 Annual Report on Form 10-K, 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. 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 "Table 6: Reconciliation of GAAP to Non-GAAP Financial Measures" that follows.

BUSINESS ENVIRONMENT

This Business Environment section provides an overview of our results of operations and financial position for 2022, as well as our related outlook for 2023 and certain of the uncertainties associated with achieving that outlook. This section should be read in conjunction with the other information appearing in this Annual Report on Form 10-K, including "Consolidated Results of Operations", "Risk Factors", and "Cautionary Note Regarding Forward-Looking Statements", which provides further discussion of variances in our results of operations over the years of comparison, along with other factors that could impact future results and the Company achieving its outlook.

2022 was a transformational year in which we rebranded to Bread Financial Holdings, Inc. in March, and executed on our strategic objectives, including expanding our product offerings with the launch of the Bread Cashback™ American Express® Credit Card, securing new diverse program agreements and long-term renewals with iconic brands, and advancing our technology modernization through major enhancements to our core platform and surrounding digital assets.

Credit sales of $32.9 billion were up 11% when compared with 2021, driven by organic growth from our existing brand partners, as well as the addition of our new brand partners and new product offerings. Average credit card and other loans of $17.8 billion grew 13%, with End-of-period loan balances up 23%. Growth in Total net interest and non-interest income of 17% exceeded the growth in average Credit card and other loans, compared with 2021; in particular Total interest income increased from the prior year due to higher average loan balances and improved loan yields. Interchange revenue, net of retailer share arrangements increased year-over-year due in part to cardholder and brand partner engagement initiatives, as well as increases in our brand partners' share of the economics under new retailer share arrangements, while Other non-interest income decreased primarily due to the write-down of our equity method investment in LVI. Total non-interest expenses increased 15%, driven by portfolio growth and ongoing investments in technology modernization, digital advancement, marketing and product innovation.

Provision for credit losses increased relative to 2021 as a result of a reserve build due to the increase in End-of-period loan balances, including through the acquisition of new portfolios in the year, increased net principal losses and a higher reserve rate. Our Allowance for credit losses increased, with a reserve rate of 11.5% as of December 31, 2022, relative to 10.5% as of December 31, 2021. The reserve rate increased due to continued elevated inflation, increasing consumer debt levels and weakening in macroeconomic indicators, negatively affecting our base case scenario outlook, which was partially offset by the addition of higher quality portfolios throughout the year.

Overall, Income from continuing operations of $224 million was down 72% compared with 2021, reflecting a higher Provision for credit losses as discussed previously. We remained disciplined, generating more than 200 basis points of operating leverage for the year, as we managed our expenses in alignment with our revenue and growth outlook, while continuing to invest in our future. We also strengthened our balance sheet and bolstered our financial resilience through greater product and funding diversification, and growth in capital and increased tangible book value.

Our 2023 financial outlook assumes a more challenging macroeconomic landscape. We are closely monitoring the impact of inflation, rising interest rates and other macroeconomic factors on our consumers and partners, which remain difficult to predict and therefore could have an impact on our 2023 outlook. We are experiencing a shift toward non-discretionary spending with payment rates approaching pre-pandemic levels and expecting the unemployment rate to gradually move to the mid-to-upper 4% range by year-end 2023. Our outlook assumes additional interest rate increases by the Federal Reserve Board which will result in a nominal benefit to Net interest income.

Our outlook for growth in Average credit card and other loans in 2023, based on our new and renewed brand partner announcements, visibility into our pipeline, the sale of BJ's, and the current economic outlook, is in the mid-single digit range relative to 2022. For the year ended December 31, 2022, BJ's branded co-brand accounts generated approximately 10% of Total net interest and non-interest income. As of December 31, 2022, BJ's branded co-brand accounts were responsible for approximately 11% of Total credit card and other loans. We expect Total net interest and non-interest income growth for 2023, excluding the BJ's portfolio gain on sale, to be aligned with growth in Average credit card and other loans; with a full year 2023 Net interest margin expected to be consistent with the 2022 full year rate of 19.2%.

In 2023, as a result of ongoing investments in technology modernization, digital advancement, marketing, and product innovation, along with continued portfolio growth, we anticipate an increase in Total non-interest expenses relative to 2022. We remain focused on delivering nominal positive operating leverage for 2023 as we manage the pace and timing of our investments to align with our full year revenue and growth outlook.

Our 2023 financial outlook also assumes a net loss rate of approximately 7%, inclusive of impacts from the 2022 transition of our credit card processing services as well as continued pressure on consumers' ability to pay due to persistent inflation.

Although we recognize the more challenging macroeconomic landscape, we remain focused on executing on our strategic priorities and making the investments that position us to drive sustainable, profitable growth.

CONSOLIDATED RESULTS OF OPERATIONS

The following discussion provides commentary on the variances in our results of operations for the year ended December 31, 2022, compared with the year ended December 31, 2021, as presented in the accompanying tables. This discussion should be read in conjunction with the discussion under "Business Environment", above. For a discussion of the financial condition and results of operations for 2021 compared with 2020, please refer to Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)" in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 25, 2022, which discussion is incorporated herein by reference.

Table 1: Summary of Our Financial Performance

	Years Ended December 31,			$ Change		% Change	
(Millions, except per share amounts and percentages)	2022	2021	2020	2022 to 2021	2021 to 2020	2022 to 2021	2021 to 2020
Total net interest and non-interest income	$ 3,826	$ 3,272	$ 3,298	$ 554	$ (26)	17	(1)
Provision for credit losses	1,594	544	1,266	1,050	(722)	193	(57)
Total non-interest expenses	1,932	1,684	1,731	248	(47)	15	(3)
Income from continuing operations before income taxes	300	1,044	301	(744)	743	(71)	nm
Provision for income taxes	76	247	93	(171)	154	(69)	168
Income from continuing operations	224	797	208	(573)	589	(72)	nm
(Loss) income from discontinued operations, net of income taxes	(1)	4	6	(5)	(2)	(111)	(38)
Net income	223	801	214	(578)	587	(72)	nm
Net income per diluted share	$ 4.46	$ 16.02	$ 4.46	$ (11.56)	$ 11.56	(72)	nm
Income from continuing operations per diluted share	$ 4.47	$ 15.95	$ 4.35	$ (11.48)	$ 11.60	(72)	nm
Net interest margin [1]	19.2 %	18.2 %	16.8 %			1.0	1.4
Return on average equity [2]	9.8 %	40.7 %	16.7 %			(30.9)	24.0
Effective income tax rate - continuing operations	25.4 %	23.7 %	30.7 %			1.7	(7.0)

[1] Net interest margin represents annualized Net interest income divided by average Total interest-earning assets. See also **Table 5: Net Interest Margin**.

[2] Return on average equity represents annualized Income from continuing operations divided by average Total stockholders' equity.

[nm] Not meaningful

Table 2: Summary of Total Net Interest and Non-interest Income, After Provision for Credit Losses

(Millions, except percentages)	Years Ended December 31, 2022	2021	2020	$ Change 2022 to 2021	$ Change 2021 to 2020	% Change 2022 to 2021	% Change 2021 to 2020
Interest income							
Interest and fees on loans	$ 4,615	$ 3,861	$ 3,931	$ 754	$ (70)	20	(2)
Interest on cash and investment securities	69	7	21	62	(14)	nm	(64)
Total interest income	4,684	3,868	3,952	816	(84)	21	(2)
Interest expense							
Interest on deposits	243	167	238	76	(71)	46	(30)
Interest on borrowings	260	216	261	44	(45)	20	(18)
Total interest expense	503	383	499	120	(116)	31	(23)
Net interest income	4,181	3,485	3,453	696	32	20	1
Non-interest income							
Interchange revenue, net of retailer share arrangements	(469)	(369)	(332)	(100)	(37)	27	11
Other	114	156	177	(42)	(21)	(27)	(12)
Total non-interest income	(355)	(213)	(155)	(142)	(58)	66	38
Total net interest and non-interest income	3,826	3,272	3,298	554	(26)	17	(1)
Provision for credit losses	1,594	544	1,266	1,050	(722)	193	(57)
Total net interest and non-interest income, after provision for credit losses	$ 2,232	$ 2,728	$ 2,032	$ (496)	$ 696	(18)	34

(nm) Not meaningful

Total Net Interest and Non-interest Income, After Provision for Credit Losses

Interest income: Total interest income increased for the year ended December 31, 2022, primarily resulting from Interest and fees on loans. The increase during the period, relative to the prior year, was due to increases in Average credit card and other loans driven by new originations and moderation in the consumer payment rate, as well as an increase in finance charge yields of approximately 131 basis points.

Interest expense: Total interest expense increased for the year ended December 31, 2022, due to the following:

- *Interest on deposits* increased $76 million due to higher average interest rates which increased interest expense by approximately $72 million, as well as higher average balances which increased interest expense by $4 million.
- *Interest on borrowings* increased $44 million due to higher interest rates which increased funding costs $72 million, offset by lower average borrowings which decreased funding costs by approximately $28 million.

Non-interest income: Total non-interest income increased for the year ended December 31, 2022, due to the following:

- *Interchange revenue, net of retailer share arrangements* increased due to cardholder and brand partner engagement initiatives, as well as increases in our brand partners' share of the economics under new retailer share arrangements, partially offset by fees earned from increased credit sales.
- *Other* decreased primarily due to the write-down of our equity method investment in LVI of $44 million.

Provision for credit losses increased for the year ended December 31, 2022, due primarily to a reserve build of $626 million, driven by a 23% higher End-of-period loan balance, higher net principal losses, and a higher reserve rate due to economic scenario weightings in our credit reserve modeling as a result of weakening in macroeconomic indicators, elevated inflation, and the increased cost of overall consumer debt.

Table 3: Summary of Total Non-interest Expenses

(Millions, except percentages)	Years Ended December 31, 2022	2021	2020	$ Change 2022 to 2021	$ Change 2021 to 2020	% Change 2022 to 2021	% Change 2021 to 2020
Non-interest expenses							
Employee compensation and benefits	$ 779	$ 671	$ 609	$ 108	$ 62	16	10
Card and processing expenses	359	323	396	36	(73)	11	(18)
Information processing and communication	274	216	191	58	25	27	13
Marketing expenses	180	160	143	20	17	13	12
Depreciation and amortization	113	92	106	21	(14)	23	(13)
Other	227	222	286	5	(64)	2	(23)
Total non-interest expenses	$ 1,932	$ 1,684	$ 1,731	$ 248	$ (47)	15	(3)

Total Non-interest Expenses

Non-interest expenses: Total non-interest expenses increased for the year ended December 31, 2022, due to the following:

- *Employee compensation and benefits* increased due to increased salaries, contract labor, which itself was driven by continued digital and technology modernization-related hiring, and incentive compensation, as well as higher volume-related staffing levels.
- *Card and processing expenses* increased due to higher volumes, primarily related to the acquisition of the AAA credit card portfolio, and higher fraud losses.
- *Information processing and communication* increased due to an increase in data processing expense driven by the transition of our credit card processing services.
- *Marketing expenses* increased due to increased spending associated with higher sales and brand partner joint marketing campaigns, as well as on expanding our new brand, products and direct-to-consumer offerings.
- *Depreciation and amortization* increased due to increased amortization for developed technology associated with the Lon Inc. acquisition, which was completed in December 2020.

Income Taxes

Provision for income taxes decreased for the year ended December 31, 2022, primarily related to a $744 million decrease in Income from continuing operations before income taxes in 2022. The effective tax rate for the year ended December 31, 2022 was 25.4% as compared to 23.7% for the year ended December 31, 2021. The 2022 effective tax rate was unfavorably impacted by lower Income from continuing operations before income taxes and an increase to the deferred tax asset valuation allowance, offset by favorable settlements with tax authorities. The lower effective tax rate in 2021 included a discrete tax benefit related to a favorable settlement with a state tax authority and a discrete tax benefit triggered by the divestiture of our former LoyaltyOne segment.

Table 4: Summary Financial Highlights – Continuing Operations

(Millions, except per share amounts and percentages)	As of or for the Years Ended December 31, 2022	2021	2020	% Change 2022 to 2021	% Change 2021 to 2020
Credit sales	$ 32,883	$ 29,603	$ 24,707	11	20
PPNR[1]	1,894	1,588	1,567	19	1
Average credit card and other loans	17,768	15,656	16,367	13	(4)
End-of-period credit card and other loans	21,365	17,399	16,784	23	4
End-of-period direct-to-consumer deposits	5,466	3,180	1,700	72	87
Return on average assets[2]	1.0 %	3.6 %	0.9 %	(2.6)	2.7
Return on average equity[3]	9.8 %	40.7 %	16.7 %	(30.9)	24.0
Net interest margin[4]	19.2 %	18.2 %	16.8 %	1.0	1.4
Loan yield[5]	26.0 %	24.7 %	24.0 %	1.3	0.7
Efficiency ratio[6]	50.5 %	51.5 %	52.5 %	(1.0)	(1.0)
Tangible common equity / Tangible assets ratio (TCE/TA)[7]	6.0 %	6.6 %	3.7 %	(0.6)	2.9
Tangible book value per common share [8]	$ 29.42	$ 28.09	$ 16.34	4.7	71.9
Cash dividend per common share	$ 0.84	$ 0.84	$ 1.26	—	(33.3)
Payment rate[9]	16.4 %	17.2 %	16.2 %	(0.8)	1.0
Delinquency rate[10]	5.5 %	3.9 %	4.4 %	1.6	(0.5)
Net loss rate[10]	5.4 %	4.6 %	6.6 %	0.8	(2.0)
Reserve rate	11.5 %	10.5 %	12.0 %	1.0	(1.5)

(1) PPNR, is calculated by increasing/decreasing Income from continuing operations before income taxes by the net provision/release in Provision for credit losses. PPNR is a non-GAAP financial measure. See "Non-GAAP Financial Measures" and **Table 6: Reconciliation of GAAP to Non-GAAP Financial Measures**.

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

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

(4) Net interest margin represents annualized Net interest income divided by average Total interest-earning assets. See also **Table 5: Net Interest Margin**.

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

(6) Efficiency ratio represents Total non-interest expenses divided by Total net interest and non-interest income.

(7) 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 "Non-GAAP Financial Measures" and **Table 6: Reconciliation of GAAP to Non-GAAP Financial Measures**.

(8) Tangible book value per common share represents TCE divided by shares outstanding and is a non-GAAP financial measure. See "Non-GAAP Financial Measures" and **Table 6: Reconciliation of GAAP to Non-GAAP Financial Measures**.

(9) Payment rate represents consumer payments during the last month of the period, divided by the beginning-of-month credit card and other loans, including held for sale in applicable periods.

(10) Delinquency and Net loss rates as of or for the year ended December 31, 2022 were impacted by the transition of our credit card processing services.

Table 5: Net Interest Margin

(Millions, except percentages)	Year Ended December 31, 2022		
	Average Balance*	Interest Income / Expense	Average Yield / Rate
Cash and investment securities	$ 3,954	$ 69	1.75 %
Credit card and other loans	17,768	4,615	25.97 %
Total interest-earning assets	21,722	4,684	21.56 %
Direct-to-consumer (retail) deposits	4,342	81	1.87 %
Wholesale deposits	7,358	162	2.21 %
Interest-bearing deposits	11,700	243	2.08 %
Secured borrowings	5,089	153	2.99 %
Unsecured borrowings	1,966	107	5.46 %
Interest-bearing borrowings	7,055	260	3.68 %
Total interest-bearing liabilities	18,755	503	2.68 %
Net interest income		$ 4,181	
Net interest margin (NIM)[1]		19.2 %	

(Millions, except percentages)	Year Ended December 31, 2021		
	Average Balance*	Interest Income / Expense	Average Yield / Rate
Cash and investment securities	$ 3,480	$ 7	0.21 %
Credit card and other loans	15,656	3,861	24.66 %
Total interest-earning assets	19,136	3,868	20.21 %
Direct-to-consumer deposits (retail)	2,490	23	0.91 %
Wholesale deposits	7,509	144	1.92 %
Interest-bearing deposits	9,999	167	1.67 %
Secured borrowings	4,596	112	2.43 %
Unsecured borrowings	2,699	104	3.84 %
Interest-bearing borrowings	7,295	216	2.95 %
Total interest-bearing liabilities	17,294	383	2.21 %
Net interest income		$ 3,485	
Net interest margin (NIM)[1]		18.2 %	

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

Table 6: Reconciliation of GAAP to Non-GAAP Financial Measures

(Millions, except percentages)	Years Ended December 31, 2022	2021	2020	% Change 2022 to 2021	% Change 2021 to 2020
Pretax pre-provision earnings (PPNR)					
Income from continuing operations before income taxes	$ 300	$ 1,044	$ 301	(71)	nm
Provision for credit losses	1,594	544	1,266	193	(57)
Pretax pre-provision earnings (PPNR)	$ 1,894	$ 1,588	$ 1,567	19	1
Tangible common equity (TCE)					
Total stockholders' equity	$ 2,265	$ 2,086	$ 1,522	9	37
Less: Goodwill and intangible assets, net	(799)	(687)	(710)	16	(3)
Tangible common equity (TCE)	$ 1,466	$ 1,399	$ 812	5	72
Tangible assets (TA)					
Total assets	$ 25,407	$ 21,746	$ 22,547	17	(4)
Less: Goodwill and intangible assets, net	(799)	(687)	(710)	16	(3)
Tangible assets (TA)	$ 24,608	$ 21,059	$ 21,837	17	(4)

(nm) Not meaningful

ASSET QUALITY

Given the nature of our business, the quality of our assets, in particular our Credit card and other loans, is a key determinant underlying our ongoing financial performance and overall financial condition. When it comes to our Credit card and other loans portfolio, we closely monitor two metrics – Delinquency rates and Net principal loss rates – which reflect, among other factors, our underwriting, the inherent credit risk in our portfolio, the success of our collection and recovery efforts, and more broadly, the general macroeconomic conditions.

Delinquencies: An account is contractually delinquent if we do not receive the minimum payment due by the specified due date. Our policy is to continue to accrue interest and fee income on all accounts, except in limited circumstances, until the balance and all related interest and fees are paid or charged-off. After an account becomes 30 days past due, a proprietary collection scoring algorithm automatically scores the risk of the account becoming further delinquent; based upon the level of risk indicated, a collection strategy is deployed. If after exhausting all in-house collection efforts we are unable to collect on the account, we may engage collection agencies or outside attorneys to continue those efforts, or sell the charged-off balances.

The Delinquency rate is calculated by dividing outstanding balances that are contractually delinquent (i.e., balances greater than 30 days past due) as of the end of the period, by the outstanding principal amount of credit cards and other loans as of the same period-end.

The following table presents the delinquency trends on our Credit card and other loans portfolio based on the principal balances outstanding as of December 31:

Table 7: Delinquency Trends on Credit Card and Other Loans

(Millions, except percentages)	2022	% of Total	2021	% of Total
Credit card and other loans outstanding ─ principal	$ 20,107	100.0 %	$ 16,590	100.0 %
Outstanding balances contractually delinquent:[1]				
31 to 60 days	$ 366	1.8 %	$ 219	1.3 %
61 to 90 days	231	1.2	147	0.9
91 or more days	515	2.6	281	1.7
Total	$ 1,112	5.5 %	$ 647	3.9 %

[1] As of December 31, 2022 the Outstanding balances contractually delinquent, and the related % of Total (i.e., the Delinquency rate), were impacted by the transition of our credit card processing services.

As part of our collections strategy, we may offer temporary, short term (six-months or less) loan modifications in order to improve the likelihood of collections and meet the needs of our customers. Our modifications for customers who have requested assistance and meet certain qualifying requirements, come in the form of reduced or deferred payment requirements, interest rate reductions and late fee waivers. We do not offer programs involving the forgiveness of principal. These temporary loan modifications may assist in cases where we believe the customer will recover from the short-term hardship and resume scheduled payments. Under these forbearance modification programs, those accounts receiving relief may not advance to the next delinquency cycle, including charge-off, in the same time frame that would have occurred had the relief not been granted. We evaluate our loan modification programs to determine if they represent a more than insignificant delay in payment, in which case they would then be considered a troubled debt restructuring. For additional information, see Note 2 “Credit Card and Other Loans – Modified Credit Card Loans”, to the Consolidated Financial Statements.

Net Principal Losses: Our net principal losses include the principal amount of losses that are deemed uncollectible, less recoveries, and exclude charged-off interest, fees and third-party fraud losses (including synthetic fraud). Charged-off interest and fees reduce Interest and fees on loans while third-party fraud losses are recorded in Card and processing expenses. Credit card loans, including unpaid interest and fees, are generally charged-off in the month during which an account becomes 180 days past due. BNPL loans, including unpaid interest, are generally charged-off when a loan becomes 120 days past due. However, in the case of a customer bankruptcy or death, credit card and other loans, including unpaid interest and fees, as applicable, are charged-off in each month subsequent to 60 days after receipt of the notification of the bankruptcy or death, but in no case longer than 180 days past due for credit card loans and 120 days past due for BNPL loans.

The net principal loss rate is calculated by dividing net principal losses for the period by the Average credit card and other loans for the same period. Average credit card and other loans represent the average balance of the loans at the beginning and end of each month, averaged over the periods indicated. The following table presents our net principal losses for the years ended December 31:

Table 8: Net Principal Losses on Credit Card and Other Loans

(Millions, except percentages)	2022	2021	2020
Average credit card and other loans	$ 17,768	$ 15,656	$ 16,367
Net principal losses	968	720	1,083
Net principal losses as a percentage of average credit card and other loans[1]	5.4 %	4.6 %	6.6 %

[1] Net principal losses as a percentage of Average credit card and other loans for the year ended December 31, 2022 was impacted by the transition of our credit card processing services.

CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

We maintain a strong focus on liquidity and capital. Our funding, liquidity and capital policies are designed to ensure that our business has the liquidity and capital resources necessary to support our daily operations, our business growth, our credit ratings related to our secured financings, and meet our regulatory and policy requirements (including capital and leverage ratio requirements applicable to CB and CCB under FDIC regulations) in a cost effective and prudent manner through expected and unexpected market environments.

Our primary sources of liquidity include cash generated from operating activities, our Credit Agreement and issuances of debt securities, and our securitization programs and deposits issued by the Banks, in addition to our ongoing efforts to renew and expand our various sources of liquidity.

Our primary uses of liquidity are for ongoing and varied lending operations, scheduled payments of principal and interest on our debt, operational expenses, capital expenditures, including digital and product innovation and technology enhancements, and dividends.

We may from time to time seek to retire or purchase our outstanding debt through cash purchases or exchanges for other securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges would depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors, and may be funded through the issuance of debt securities. The amounts involved may be material.

We will also need additional financing in the future to repay or refinance the existing debt at maturity or otherwise and to fund our growth. Given the maturities of our current outstanding debt and the current macroeconomic conditions, it is possible that we will be required to repay or refinance some or all of our maturing debt in volatile and/or unfavorable markets.

Because of the alternatives available to us as discussed above, we believe our short-term and long-term sources of liquidity are adequate to fund not only our current operations, but also our near-term and long-term funding requirements including dividend payments, debt service obligations and repayment of debt maturities and other amounts that may ultimately be paid in connection with contingencies. However, the adequacy of our liquidity could be impacted by various factors, including macroeconomic conditions and volatility in the financial and capital markets, limiting our access to or increasing our cost of capital, which could make capital unavailable or available on terms that are unfavorable to us. These factors could significantly reduce our financial flexibility and cause us to contract or not grow our business, which could have a material adverse effect on our results of operations and financial condition.

Funding Sources

Credit Agreement

Parent Company, as borrower, and certain of our non-Bank wholly-owned subsidiaries, as guarantors, are party to our Credit Agreement with various agents and lenders dated June 14, 2017, as amended.

As of December 31, 2022, we had $556 million aggregate principal amount of term loans outstanding and a $750 million revolving line of credit under the Credit Agreement; we had no borrowings on our revolving line of credit. The Credit Agreement matures on July 1, 2024.

The Credit Agreement includes various restrictive financial and non-financial covenants. If we do not comply with these covenants, the maturity of amounts outstanding under the Credit Agreement may be accelerated and become payable and the associated commitments may be terminated. As of December 31, 2022, we were in compliance with all financial covenants under the Credit Agreement.

The Credit Agreement was amended in December 2022 to index borrowings to the Secured Overnight Financing Rate (SOFR) with the discontinuation of the London Interbank Offered Rate (LIBOR). SOFR is based on short-term repurchase agreements that are backed by Treasury securities.

Deposits

We utilize a variety of deposit products to finance our operating activities, including funding for our non-securitized credit card and other loans, and to fund the securitization enhancement requirements of the Banks. We offer both direct-to-consumer retail deposit products as well as deposits sourced through contractual arrangements with various financial counterparties (often referred to as wholesale or brokered deposits). Across both our retail and wholesale deposits, the Banks offer various non-maturity deposit products that are generally redeemable on demand by the customer, and as such have no scheduled maturity date; the Banks also issue certificates of deposit with scheduled maturity dates ranging between January 2023 and December 2027, in denominations of at least $1,000, on which interest is paid either monthly or at maturity.

The following table summarizes our retail and wholesale deposit products by type and associated attributes, as of December 31, 2022 and December 31, 2021:

Table 9: Deposits

(Millions, except percentages)	December 31, 2022	December 31, 2021
Deposits		
Direct-to-consumer (retail)	$ 5,466	$ 3,180
Wholesale	8,321	7,847
Non-maturity deposit products		
Non-maturity deposits	$ 6,736	$ 5,586
Interest rate range	0.70% - 4.70%	0.05% - 3.50%
Weighted-average interest rate	2.56 %	0.68 %
Certificates of deposit		
Certificates of deposit	$ 7,051	$ 5,441
Interest rate range	0.40% - 4.95%	0.20% - 3.75%
Weighted-average interest rate	3.11 %	1.91 %

Securitization Programs and Conduit Facilities

We sell a majority of the credit card loans originated by the Banks to certain of our master trusts (the Trusts). These securitization programs are a principal vehicle through which we finance the Banks' credit card loans. We use a combination of public term asset-backed notes and private conduit facilities for this purpose. During the year ended December 31, 2022, $1.6 billion of asset-backed term notes matured and were repaid, of which $74 million were previously retained by us and therefore eliminated from the Consolidated Balance Sheets.

During the year ended December 31, 2022, we obtained increased lender commitments under our private conduit facilities of $2.1 billion and extended the various maturities to June 2023 and July 2023. As of December 31, 2022, total capacity under the conduit facilities was $6.5 billion, of which $6.1 billion had been drawn and was included in Debt issued by consolidated variable interest entities (VIEs) in the Consolidated Balance Sheet.

In April 2022, the World Financial Network Credit Card Master Trust III amended its 2009-VFC conduit facility, increasing the capacity from $225 million to $275 million and extending the maturity to July 2023. In addition, in April 2022, the World Financial Capital Master Note Trust amended its 2009-VFN conduit facility, increasing the capacity from $1.5 billion to $2.5 billion and extending the maturity to July 2023. In June 2022, the Comenity Capital Asset Securitization Trust was formed for the purpose of funding a portfolio acquisition completed in October 2022. The capacity was negotiated to be $1.0 billion and the maturity was set as June 2023.

As of December 31, 2022, we had approximately $15.4 billion of securitized credit card loans. Securitizations require credit enhancements in the form of cash, spread deposits, additional loans and subordinated classes. The credit enhancement is

principally based on the outstanding balances of the series issued by the Trusts and by the performance of the credit card loans in the Trusts.

The following table shows the maturities of borrowing commitments as of December 31, 2022 for the Trusts by year:

Table 10: Borrowing Commitment Maturities

(Millions)	2023	2024	Thereafter	Total
Conduit facilities [1]	6,525	—	—	6,525
Total [2]	$ 6,525	$ —	$ —	$ 6,525

[1] Amount represents borrowing capacity, not outstanding borrowings.

[2] Total amounts do not include $1.9 billion of debt issued by the Trusts, which was retained by us as a credit enhancement and therefore has been eliminated from the Total.

Early amortization events as defined within each asset-backed securitization transaction are generally driven by asset performance. We do not believe it is reasonably likely that an early amortization event will occur due to asset performance. However, if an early amortization event were declared for a Trust, the trustee of the particular Trust would retain the interest in the loans along with the excess spread that would otherwise be paid to our Bank subsidiary until the investors were fully repaid. The occurrence of an early amortization event would significantly limit or negate our ability to securitize additional credit card loans.

We have secured and continue to secure the necessary commitments to fund our credit card and other loans. However, certain of these commitments are short-term in nature and subject to renewal. There is no guarantee that these funding sources, when they mature, will be renewed on similar terms, or at all, as they are dependent on the availability of the asset-backed securitization and deposit markets at the time.

Regulation RR (Credit Risk Retention) adopted by the FDIC, the SEC, the Federal Reserve and certain other federal regulators mandates a minimum five percent risk retention requirement for securitizations. Such risk retention requirements may limit our liquidity by restricting the amount of asset-backed securities we are able to issue or affecting the timing of future issuances of asset-backed securities. We satisfy such risk retention requirements by maintaining a seller's interest calculated in accordance with Regulation RR.

Stock Repurchase Programs

On February 28, 2022, the Company's Board of Directors approved a stock repurchase program to acquire up to 200,000 shares of our outstanding common stock in the open market during the one-year period ending on February 28, 2023. As of March 31, 2022, we had repurchased all 200,000 shares of our common stock available under this program for an aggregate of $12 million. Following their repurchase, these 200,000 shares ceased to be outstanding shares of common stock and are now treated as authorized but unissued shares of common stock.

Dividends

For the years ended December 31, 2022, 2021 and 2020, we paid $43 million, $42 million and $61 million, respectively, in dividends to our shareholders of common stock. On January 26, 2023, our Board of Directors declared a quarterly cash dividend of $0.21 per share on our common stock, payable on March 17, 2023, to stockholders of record at the close of business on February 10, 2023.

Contractual Obligations

In the normal course of business, we enter into various contractual obligations that may require future cash payments, the vast majority of which relate to deposits, debt issued by consolidated VIEs, long-term and other debt and operating leases.

We believe that we will have access to sufficient resources to meet these commitments.

Cash Flows

The table below summarizes our cash flow activity for the years indicated, followed by a discussion of the variance drivers impacting our Operating, Investing and Financing activities:

Table 11: Cash Flows

(Millions)	2022	2021	2020
Total cash provided by (used in):			
Operating activities	$ 1,848	$ 1,543	$ 1,883
Investing activities	(5,111)	(1,691)	1,774
Financing activities	3,267	608	(4,167)
Effect of foreign currency exchange rates	—	—	15
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 4	$ 460	$ (495)

Cash Flows from Operating Activities primarily include net income adjusted for (i) non-cash items included in net income, such as provision for credit losses, depreciation and amortization, deferred taxes and other non-cash items, and (ii) changes in the balances of operating assets and liabilities, which can fluctuate in the normal course of business due to the amount and timing of payments. We generated cash flows from operating activities of $1,848 million and $1,543 million for the years ended December 31, 2022 and 2021, respectively. For the years ended December 31, 2022 and 2021, the net cash provided by operating activities was primarily driven by cash generated from net income for the period after adjusting for the provision for credit losses.

Cash Flows from Investing Activities primarily include changes in Credit card and other loans. Cash used in investing activities was $5,111 million and $1,691 million for the years ended December 31, 2022 and 2021, respective. For the year ended December 31, 2022, the net cash used in investing activities was primarily due to growth in credit sales and the consequential growth in Credit card and other loans, as well as the acquisition of credit card loan portfolios. For the year ended December 31, 2021, the net cash used in investing activities was primarily due to growth in Credit card and other loans, partially offset by the sale of a credit card loan portfolio.

Cash Flows from Financing Activities primarily include changes in deposits and long-term debt. Cash provided by financing activities was $3,267 million and $608 million for the years ended December 31, 2022 and 2021, respectively. For the year ended December 31, 2022, the net cash provided by financing activities was primarily driven by a net increase in deposits and net borrowings under conduit facilities. For the year ended December 31, 2021, the net cash provided by financing activities was driven by a net increase in deposits, partially offset by net repayments of securitizations.

INFLATION AND SEASONALITY

Although we cannot precisely determine the impact of inflation on our operations, we do not believe, at this time, that we have been significantly affected by inflation. For the most part we have relied on operating efficiencies from scale, technology modernization and digital advancement, and expansion in lower cost jurisdictions, in select circumstances, to offset increased costs of employee compensation and other operating expenses. We also recognize that a customer's ability and willingness to repay us has been negatively impacted by factors such as inflation, which results in greater delinquencies that could lead to greater credit losses, as reflected in our increased Allowance for credit losses. If the efforts to control inflation in the U.S. and globally are not successful and inflationary pressures continue to persist, they could magnify the slowdown in the domestic and global economies and increase the risk of a recession, which may adversely impact our business, results of operations and financial condition.

With respect to seasonality, our revenues, earnings and cash flows are affected by increased consumer spending patterns leading up to and including the holiday shopping period in the fourth quarter and, to a lesser extent, during the first quarter as Credit card and other loans are paid down.

LEGISLATIVE AND REGULATORY MATTERS

CB is subject to various regulatory capital requirements administered by the State of Delaware and the FDIC. CCB is also subject to various regulatory capital requirements administered by the FDIC, as well as the State of Utah. Failure to meet minimum capital requirements can trigger certain mandatory and possibly additional discretionary actions by our regulators. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, both Banks must meet specific capital guidelines that involve quantitative measures of their assets and liabilities as calculated under regulatory accounting practices. The capital amounts and classification are also subject to qualitative judgments by these regulators about components, risk weightings and other factors. In addition, both Banks are limited in the amounts they can pay as dividends to the Parent Company. For additional information about legislative and regulatory matters impacting us, see "Business–Supervision and Regulation" under Part I of this Annual Report on Form 10-K.

Quantitative measures, established by regulations to ensure capital adequacy, require the Banks to maintain minimum amounts and ratios of Tier 1 capital to average assets, and Common equity tier 1, Tier 1 capital and Total capital, all to risk weighted assets. Failure to meet these minimum capital requirements can result in certain mandatory, and possibly additional discretionary actions by the Banks' regulators that if undertaken, could have a direct material effect on CB's and/or CCB's operating activities, as well as our operating activities. Based on these regulations, as of December 31, 2022 and 2021, each Bank met all capital requirements to which it was subject, and maintained capital ratios in excess of the minimums required to qualify as well capitalized. The Banks are considered well capitalized and seek to maintain capital levels and ratios in excess of the minimum regulatory requirements inclusive of the 2.5% Capital Conservation Buffer. The actual capital ratios and minimum ratios for each Bank, as well as the Combined Banks, are as follows as of December 31, 2022:

Table 12: Capital Ratios

	Actual Ratio	Minimum Ratio for Capital Adequacy Purposes	Minimum Ratio to be Well Capitalized under Prompt Corrective Action Provisions
Comenity Bank			
Common Equity Tier 1 capital ratio[(1)]	18.4 %	4.5 %	6.5 %
Tier 1 capital ratio[(2)]	18.4	6.0	8.0
Total Risk-based capital ratio[(3)]	19.7	8.0	10.0
Tier 1 Leverage capital ratio[(4)]	16.7	4.0	5.0
Comenity Capital Bank			
Common Equity Tier 1 capital ratio[(1)]	16.1 %	4.5 %	6.5 %
Tier 1 capital ratio[(2)]	16.1	6.0	8.0
Total Risk-based capital ratio[(3)]	17.4	8.0	10.0
Tier 1 Leverage capital ratio[(4)]	14.9	4.0	8.0
Combined Banks			
Common Equity Tier 1 capital ratio[(1)]	17.0 %	4.5 %	6.5 %
Tier 1 capital ratio[(2)]	17.0	6.0	8.0
Total Risk-based capital ratio[(3)]	18.3	8.0	10.0
Tier 1 Leverage capital ratio[(4)]	15.6	4.0	5.0

(1) The Common Equity Tier 1 capital ratio represents common equity tier 1 capital divided by total risk-weighted assets.

(2) The Tier 1 capital ratio represents tier 1 capital divided by total risk-weighted assets.

(3) The Total Risk-based capital ratio represents total capital divided by total risk-weighted assets.

(4) The Tier 1 Leverage capital ratio represents tier 1 capital divided by total average assets, after certain adjustments.

The Banks adopted the option provided by the interim final rule issued by joint federal bank regulatory agencies, which largely delayed the effects of CECL on their regulatory capital for two years, until January 1, 2022, after which the effects are phased-in over a three-year period through December 31, 2024. Under the interim final rule, the amount of adjustments to regulatory capital deferred until the phase-in period includes both the initial impact of our adoption of CECL as of January 1, 2020, and 25% of subsequent changes in our Allowance for credit losses during each quarter of the two-year period ended December 31, 2021. In accordance with the interim final rule, we began to phase-in these effects on January 1, 2022.

DISCUSSION OF CRITICAL ACCOUNTING ESTIMATES

Our discussion and analysis of our results of operations and overall financial condition is based upon our Consolidated Financial Statements, which have been prepared in accordance with the accounting policies described in Note 1, “Description of Business and Summary of Significant Accounting Policies” to our Consolidated Financial Statements included as part of this Annual Report on Form 10-K. The preparation of Consolidated Financial Statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We continually evaluate our estimates and judgments in determination of our financial position and operating results. Estimates are based on information available as of the date of the Consolidated Financial Statements and, accordingly, actual results could differ from these estimates, sometimes materially. Critical accounting estimates are defined as those that are both most important to the portrayal of our financial position and operating results, and require management’s most subjective judgments, which for us is our Allowance for credit losses and Provision for income taxes.

Allowance for Credit Losses

The Allowance for credit losses is an estimate of expected credit losses, measured over the estimated life of our Credit card and other loans, that considers forecasts of future economic conditions in addition to information about past events and current conditions. The estimate under the credit reserving methodology referred to as the CECL model is significantly influenced by the composition, characteristics and quality of our Credit card and other loans portfolio, as well as the prevailing economic conditions and forecasts utilized. The estimate of the Allowance for credit losses includes an estimate for uncollectible principal as well as unpaid interest and fees. Principal losses, net of recoveries are deducted from the Allowance. Losses for unpaid interest and fees, as well as any adjustments to the Allowance associated with unpaid interest and fees are recorded as a reduction to Interest and fees on loans. The Allowance is maintained through an adjustment to the Provision for credit losses and is evaluated quarterly for appropriateness.

In estimating our Allowance for credit losses, for each identified group, management uses various models and estimation techniques based on historical loss experience, current conditions, reasonable and supportable forecasts and other relevant factors. These models use historical data and applicable macroeconomic variables, along with statistical analysis and behavioral relationships, to determine expected credit performance. Our quantitative estimate of expected credit losses under CECL is impacted by certain forecasted economic factors. We consider the forecast used to be reasonable and supportable over the estimated life of the credit card and other loans, with no reversion period. In addition to the quantitative estimate of expected credit losses, we also incorporate qualitative adjustments for certain factors such as Company-specific risks, changes in current economic conditions that may not be captured in the quantitatively derived results, or other relevant factors to ensure the Allowance for credit losses reflects our best estimate of current expected credit losses.

Since the implementation of the CECL standard, we have maintained a consistent approach to the forecasting of the life of loan losses for purposes of establishing the Allowance for credit losses. The approach involves the use of third-party projections of economic variables, and applies those projections to their historical correlation to losses in segments of our loan portfolio exhibiting common risk characteristics. The level of the Allowance includes qualitative overlays to the model output to address risks not inherently covered by the model output, as well as management-perceived risks in the economic environment. These overlays have changed over the periods since implementation through December 31, 2022 to reflect changes in the macroeconomic environment and the impact on our loan portfolio.

If we used different assumptions in estimating current expected credit losses, the impact on the Allowance for credit losses could have a material effect on our consolidated financial position and results of operations. For example, a 100 basis point increase in the Allowance as a percentage of the amortized cost of our Credit card and other loans could have resulted in a change of approximately $210 million in the Allowance for credit losses as of December 31, 2022, with a corresponding change in the Provision for credit losses.

Income Taxes

The income tax laws of the United States, as well as its states and municipalities in which we operate, are inherently complex; the manners in which they apply to our facts is often open to interpretation, and consequentially requires us to make judgments in establishing our Provision for income taxes.

Differences between the Consolidated Financial Statements and tax bases of assets and liabilities give rise to deferred tax assets and liabilities, which measure the future tax effects of items recognized in the Consolidated Financial Statements and require certain estimates and judgments, in particular with deferred tax assets, in order to determine whether it is more likely than not that all or a portion of the benefit of a deferred tax asset will not be realized. In evaluating our deferred tax assets on a quarterly basis as new facts and circumstances emerge, we analyze and estimate the impact of future taxable income, reversing temporary differences and available tax planning strategies. Uncertainties can lead to changes in the ultimate realization of our deferred tax assets.

A liability for unrecognized tax benefits, representing the difference between a tax position taken or expected to be taken in a tax return and the benefit recognized in the Consolidated Financial Statements, inherently requires estimates and judgments. A tax position is recognized only when it is more likely than not to be sustained, based purely on its technical merits after examination by the relevant taxing authority, and the amount recognized is the benefit we believe is more likely than not to be realized upon ultimate settlement. We evaluate our tax positions as new facts and circumstances become available, making adjustments to our unrecognized tax benefits as appropriate. Uncertainties can mean the tax

benefits ultimately realized differ from amounts previously recognized, with any differences recorded in Provision for income taxes.

Our assessment of the technical merits and measurement of tax benefits associated with uncertain tax positions is subject to a high degree of judgment and estimation. Actual results may differ from our current judgments due to a variety of factors, including interpretations of law by the relevant taxing authorities that differ from our assessments and results of tax examinations. We believe we have adequately provided for any reasonably foreseeable outcome related to these matters. However, our future results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are made or resolved, or when statutes of limitation on potential assessments expire. As of December 31, 2022, we had $282 million in unrecognized tax benefits, including interest and penalties, recorded in Other liabilities on the Consolidated Balance Sheet.

RECENTLY ISSUED ACCOUNTING STANDARDS

See “Recently Issued Accounting Standards” under Note 1, “Description of Business and Summary of Significant Accounting Policies”, to our Consolidated Financial Statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

See “Risk Management” within Item 1A.

Item 8. Financial Statements and Supplementary Data.

Our Consolidated Financial Statements begin on page F-1 of this Annual Report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this Report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, our disclosure controls and procedures are effective and designed to ensure that the information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the requisite time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fourth quarter of 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management’s Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America (GAAP), and include those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2022. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework (2013)*. Based on those criteria and management's assessment, with the participation of the Chief Executive Officer and Chief Financial Officer, we conclude that, as of December 31, 2022, our internal control over financial reporting was effective.

The effectiveness of internal control over financial reporting as of December 31, 2022, has been audited by Deloitte & Touche LLP, our independent registered public accounting firm who also audited our Consolidated Financial Statements; their attestation report on the effectiveness of our internal control over financial reporting appears on page F-4.

Item 9B. Other Information.

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Incorporated by reference to the Proxy Statement for the 2023 Annual Meeting of our stockholders, which will be filed with the SEC not later than 120 days after December 31, 2022.

Item 11. Executive Compensation.

Incorporated by reference to the Proxy Statement for the 2023 Annual Meeting of our stockholders, which will be filed with the SEC not later than 120 days after December 31, 2022.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Incorporated by reference to the Proxy Statement for the 2023 Annual Meeting of our stockholders, which will be filed with the SEC not later than 120 days after December 31, 2022.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Incorporated by reference to the Proxy Statement for the 2023 Annual Meeting of our stockholders, which will be filed with the SEC not later than 120 days after December 31, 2022.

Item 14. Principal Accounting Fees and Services.

Incorporated by reference to the Proxy Statement for the 2023 Annual Meeting of our stockholders, which will be filed with the SEC not later than 120 days after December 31, 2022.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

a) The following documents are filed as part of this Annual Report on Form 10-K:

(1) Financial Statements

(2) Financial Statement Schedules.
Separate financial statement schedules have been omitted either because they are not applicable or because the required information is included in the consolidated financial statements.

(3) Exhibits.
The following exhibits are filed as part of this Annual Report on Form 10-K or, where indicated, were previously filed and are hereby incorporated by reference.

			Incorporated by Reference		
Exhibit No.	Filer	Description	Form	Exhibit	Filing Date
3.1	(a)	Third Amended and Restated Certificate of Incorporation of the Registrant.	8-K	3.2	6/10/16
3.2	(a)	Certificate of Amendment to Third Amended and Restated Certificate of Incorporation of the Registrant.	8-K	3.1	3/24/22
3.3	(a)	Certificate of Designations of Series A Preferred Non-Voting Convertible Preferred Stock of the Registrant	8-K	3.1	4/29/19
3.4	(a)	Sixth Amended and Restated Bylaws of the Registrant.	8-K	3.2	3/24/22
4.1	(a)	Specimen Certificate for shares of Common Stock of the Registrant.	10-Q	4.0	8/8/03
*4.2	(a)	Description of Registrant's Common Stock			
+10.1	(a)	Bread Financial Holdings, Inc. Executive Deferred Compensation Plan, amended and restated effective January 1, 2018.	8-K	10.1	11/24/17
+10.2	(a)	Bread Financial Holdings, Inc. 2010 Omnibus Incentive Plan.	DEF 14A	A	4/20/10
+10.3	(a)	Bread Financial Holdings, Inc. 2015 Omnibus Incentive Plan.	DEF 14A	B	4/20/15
+10.4	(a)	Bread Financial Holdings, Inc. 2020 Omnibus Incentive Plan.	DEF 14A	A	4/23/20
+10.5	(a)	Bread Financial Holdings, Inc. 2022 Omnibus Incentive Plan.	DEF 14A	A	4/13/22
+10.6	(a)	Form of Time-Based Restricted Stock Unit Award Agreement under the Bread Financial Holdings, Inc. 2015 Omnibus Incentive Plan.	8-K	10.1	2/20/18
+10.7	(a)	Form of Performance-Based Restricted Stock Unit Award Agreement under the Bread Financial Holdings, Inc. 2015 Omnibus Incentive Plan (2020 grant Strategic)	8-K	10.3	2/20/20

Exhibit No.	Filer	Description	Incorporated by Reference		
			Form	Exhibit	Filing Date
+10.8	(a)	Form of Time-Based Restricted Stock Unit Award Agreement under the Bread Financial Holdings, Inc. 2020 Omnibus Incentive Plan.	8-K	10.1	2/18/21
^+10.9	(a)	Form of Performance-Based Restricted Stock Unit Award Agreement under the Bread Financial Holdings, Inc. 2020 Omnibus Incentive Plan.	8-K	10.2	2/18/21
*+10.10	(a)	Form of Time-Based Restricted Stock Unit Award Agreement under the Bread Financial Holdings, Inc. 2022 Omnibus Incentive Plan.			
*^+10.11	(a)	Form of Performance-Based Restricted Stock Unit Award Agreement under the Bread Financial Holdings, Inc. 2022 Omnibus Incentive Plan.			
+10.12	(a)	Form of Non-employee Director Restricted Stock Unit Award Agreement under the Bread Financial Holdings, Inc. 2010 Omnibus Incentive Plan.	10-K	10.52	2/28/13
+10.13	(a)	Form of Non-employee Director Restricted Stock Unit Award Agreement under the Bread Financial Holdings, Inc. 2015 Omnibus Incentive Plan.	10-Q	10.6	8/7/17
+10.14	(a)	Form of Non-employee Director Restricted Stock Unit Award Agreement under the Bread Financial Holdings, Inc. 2020 Omnibus Incentive Plan.	8-K	10.1	6/15/21
*+10.15	(a)	Form of Non-employee Director Restricted Stock Unit Award Agreement under the Bread Financial Holdings, Inc. 2022 Omnibus Incentive Plan.			
+10.16	(a)	Bread Financial Holdings, Inc. Non-Employee Director Deferred Compensation Plan.	8-K	10.1	6/9/06
+10.17	(a)	Form of Bread Financial Associate Confidentiality Agreement.	10-K	10.18	2/27/17
+10.18	(a)	Form of Bread Financial Holdings, Inc. Indemnification Agreement for Officers and Directors.	8-K	10.1	6/5/15
+10.19	(a)	Bread Financial Holdings, Inc. Amended and Restated 2015 Employee Stock Purchase Plan, effective March 23, 2022.	DEF 14A	C	4/20/15
10.20	(b) (c)	Second Amended and Restated Pooling and Servicing Agreement, dated as of January 17, 1996 as amended and restated as of September 17, 1999 and August 1, 2001, by and among WFN Credit Company, LLC, World Financial Network National Bank, and BNY Midwest Trust Company.	8-K	4.6	8/31/01
10.21	(b) (c) (d)	Second Amendment to the Second Amended and Restated Pooling and Servicing Agreement, dated as of May 19, 2004, among World Financial Network National Bank, WFN Credit Company, LLC and BNY Midwest Trust Company.	8-K	4.1	8/4/04
10.22	(b) (c) (d)	Third Amendment to the Second Amended and Restated Pooling and Servicing Agreement, dated as of March 30, 2005, among World Financial Network National Bank, WFN Credit Company, LLC and BNY Midwest Trust Company.	8-K	4.1	4/5/05

Exhibit No.	Filer	Description	Incorporated by Reference		
			Form	Exhibit	Filing Date
10.23	(b) (d)	Fourth Amendment to the Second Amended and Restated Pooling and Servicing Agreement, dated as of June 13, 2007, among World Financial Network National Bank, WFN Credit Company, LLC and BNY Midwest Trust Company.	8-K	4.1	6/15/07
10.24	(b) (c) (d)	Fifth Amendment to the Second Amended and Restated Pooling and Servicing Agreement, dated as of October 26, 2007, among World Financial Network National Bank, WFN Credit Company, LLC and BNY Midwest Trust Company.	8-K	4.1	10/31/07
10.25	(b) (d)	Sixth Amendment to the Second Amended and Restated Pooling and Servicing Agreement, dated as of May 27, 2008, among World Financial Network National Bank, WFN Credit Company, LLC, and The Bank of New York Trust Company, N.A.	8-K	4.1	5/29/08
10.26	(b) (d)	Seventh Amendment to the Second Amended and Restated Pooling and Servicing Agreement, dated as of June 28, 2010, among World Financial Network National Bank, WFN Credit Company, LLC, and The Bank of New York Mellon Trust Company, N.A.	8-K	4.2	6/30/10
10.27	(b) (d)	Supplemental Agreement to Second Amended and Restated Pooling and Servicing Agreement, dated as of August 9, 2010, among World Financial Network National Bank, WFN Credit Company, LLC, and The Bank of New York Mellon Trust Company, N.A.	8-K	4.1	8/12/10
10.28	(b) (c) (d)	Eighth Amendment to the Second Amended and Restated Pooling and Servicing Agreement, dated as of November 9, 2011, among World Financial Network Bank, WFN Credit Company, LLC, and The Bank of New York Mellon Trust Company, N.A.	8-K	4.1	11/14/11
10.29	(b) (c) (d)	Ninth Amendment to Second Amended and Restated Pooling and Servicing Agreement, dated as of December 1, 2016, among Comenity Bank, WFN Credit Company, LLC, and MUFG Union Bank, N.A.	8-K	4.1	12/2/16
10.30	(b) (c) (d)	Tenth Amendment to Second Amended and Restated Pooling and Servicing Agreement, dated as of August 16, 2018, among Comenity Bank, WFN Credit Company, LLC, and MUFG Union Bank, N.A.	8-K	4.1	8/20/18
10.31	(b) (c) (d)	Eleventh Amendment to Second Amended and Restated Pooling and Servicing Agreement, dated as of June 11, 2020, among Comenity Bank, WFN Credit Company, LLC, and MUFG Union Bank, N.A.	8-K	4.2	6/16/20
10.32	(b) (c)	Twelfth Amendment to Second Amended and Restated Pooling and Servicing Agreement, dated as of October 27, 2020, among WFN Credit Company, LLC, as transferor, Comenity Bank, as servicer, and MUFG Union Bank, N.A., as trustee.	8-K	4.1	10/30/20
10.33	(b) (c)	Collateral Series Supplement to Second Amended and Restated Pooling and Servicing Agreement, dated as of August 21, 2001, among WFN Credit Company, LLC, World Financial Network National Bank and BNY Midwest Trust Company.	8-K	4.7	8/31/01

Exhibit No.	Filer	Description	Incorporated by Reference		
			Form	Exhibit	Filing Date
10.34	(b) (c)	First Amendment to Collateral Series Supplement, dated as of November 7, 2002, among WFN Credit Company, LLC, World Financial Network National Bank and BNY Midwest Trust Company.	8-K	4.3	11/20/02
10.35	(b) (c) (d)	Second Amendment to Collateral Series Supplement, dated as of July 6, 2016, among WFN Credit Company, LLC, Comenity Bank and MUFG Union Bank, N.A.	8-K	4.1	7/8/16
10.36	(b) (c)	Transfer and Servicing Agreement, dated as of August 1, 2001, between WFN Credit Company, LLC, World Financial Network National Bank, and World Financial Network Credit Card Master Note Trust.	8-K	4.3	8/31/01
10.37	(b) (c)	First Amendment to the Transfer and Servicing Agreement, dated as of November 7, 2002, among WFN Credit Company, LLC, World Financial Network National Bank and World Financial Network Credit Card Master Note Trust.	8-K	4.2	11/20/02
10.38	(b) (c) (d)	Third Amendment to the Transfer and Servicing Agreement, dated as of May 19, 2004, among WFN Credit Company, LLC, World Financial Network National Bank and World Financial Network Credit Card Master Note Trust.	8-K	4.2	8/4/04
10.39	(b) (c) (d)	Fourth Amendment to the Transfer and Servicing Agreement, dated as of March 30, 2005, among WFN Credit Company, LLC, World Financial Network National Bank and World Financial Network Credit Card Master Note Trust.	8-K	4.2	4/5/05
10.40	(b) (d)	Fifth Amendment to the Transfer and Servicing Agreement, dated as of June 13, 2007, among WFN Credit Company, LLC, World Financial Network National Bank and World Financial Network Credit Card Master Note Trust.	8-K	4.2	6/15/07
10.41	(b) (c) (d)	Sixth Amendment to the Transfer and Servicing Agreement, dated as of October 26, 2007, among WFN Credit Company, LLC, World Financial Network National Bank and World Financial Network Credit Card Master Note Trust.	8-K	4.2	10/31/07
10.42	(b) (d)	Seventh Amendment to Transfer and Servicing Agreement, dated as of June 28, 2010, among World Financial Network National Bank, WFN Credit Company, LLC, and World Financial Network Credit Card Master Note Trust.	8-K	4.4	6/30/10
10.43	(b) (d)	Supplemental Agreement to Transfer and Servicing Agreement, dated as of August 9, 2010, among World Financial Network National Bank, WFN Credit Company, LLC, and World Financial Network Credit Card Master Note Trust.	8-K	4.3	8/12/10
10.44	(b) (c) (d)	Eighth Amendment to Transfer and Servicing Agreement, dated as of June 15, 2011, among World Financial Network National Bank, WFN Credit Company, LLC, and World Financial Network Credit Card Master Note Trust.	8-K	4.1	6/15/11

Exhibit No.	Filer	Description	Incorporated by Reference		
			Form	Exhibit	Filing Date
10.45	(b) (c) (d)	Ninth Amendment to Transfer and Servicing Agreement, dated as of November 9, 2011, among World Financial Network Bank, WFN Credit Company, LLC, and World Financial Network Credit Card Master Note Trust.	8-K	4.3	11/14/11
10.46	(b) (c) (d)	Tenth Amendment to the Transfer and Servicing Agreement, dated as of July 6, 2016, among Comenity Bank, WFN Credit Company, LLC and World Financial Network Credit Card Master Note Trust.	8-K	4.4	7/8/16
10.47	(b) (d)	Receivables Purchase Agreement, dated as of August 1, 2001, between World Financial Network National Bank and WFN Credit Company, LLC.	8-K	4.8	8/31/01
10.48	(b) (d)	First Amendment to Receivables Purchase Agreement, dated as of June 28, 2010, between World Financial Network National Bank and WFN Credit Company, LLC.	8-K	4.3	6/30/10
10.49	(b) (d)	Supplemental Agreement to Receivables Purchase Agreement, dated as of August 9, 2010, between World Financial Network National Bank and WFN Credit Company, LLC.	8-K	4.2	8/12/10
10.50	(b) (c) (d)	Second Amendment to Receivables Purchase Agreement, dated as of November 9, 2011, between World Financial Network Bank and WFN Credit Company, LLC.	8-K	4.2	11/14/11
10.51	(b) (c) (d)	Third Amendment to Receivables Purchase Agreement, dated as of July 6, 2016, between Comenity Bank and WFN Credit Company, LLC.	8-K	4.2	7/8/16
10.52	(b) (c) (d)	Fourth Amendment to Receivables Purchase Agreement, dated as of June 11, 2020, between Comenity Bank and WFN Credit Company, LLC.	8-K	4.3	6/16/20
10.53	(b) (c)	Master Indenture, dated as of August 1, 2001, between World Financial Network Credit Card Master Note Trust and BNY Midwest Trust Company.	8-K	4.1	8/31/01
10.54	(b) (c)	Omnibus Amendment, dated as of March 31, 2003, among WFN Credit Company, LLC, World Financial Network Credit Card Master Trust, World Financial Network National Bank and BNY Midwest Trust Company.	8-K	4	4/22/03
10.55	(b) (d)	Supplemental Indenture No. 1, dated as of August 13, 2003, between World Financial Network Credit Card Master Note Trust and BNY Midwest Trust Company.	8-K	4.2	8/28/03
10.56	(b) (d)	Supplemental Indenture No. 2, dated as of June 13, 2007, between World Financial Network Credit Card Master Note Trust and BNY Midwest Trust Company.	8-K	4.3	6/15/07

Exhibit No.	Filer	Description	Incorporated by Reference		
			Form	Exhibit	Filing Date
10.57	(b) (d)	Supplemental Indenture No. 3, dated as of May 27, 2008, between World Financial Network Credit Card Master Note Trust and The Bank of New York Trust Company, N.A.	8-K	4.2	5/29/08
10.58	(b) (d)	Supplemental Indenture No. 4, dated as of June 28, 2010, between World Financial Network Credit Card Master Note Trust and The Bank of New York Mellon Trust Company, N.A.	8-K	4.1	6/30/10
10.59	(b) (c) (d)	Supplemental Indenture No. 5, dated as of February 20, 2013, between World Financial Network Credit Card Master Note Trust and Union Bank, N.A.	8-K	4.2	2/22/13
10.60	(b) (c) (d)	Supplemental Indenture No. 6 to Master Indenture, dated as of July 6, 2016, between World Financial Network Credit Card Master Note Trust and MUFG Union Bank, N.A.	8-K	4.3	7/8/16
10.61	(b) (c) (d)	Supplemental Indenture No. 7 to Master Indenture, dated as of June 11, 2020, between World Financial Network Credit Card Master Note Trust and MUFG Union Bank, N.A.	8-K	4.1	6/16/20
10.62	(b) (c) (d)	Agreement of Resignation, Appointment and Acceptance, dated as of May 25, 2021, by and among WFN Credit Company, LLC, U.S. Bank Trust National Association and Citicorp Trust Delaware, National Association.	8-K	4.1	5/28/21
10.63	(b) (c) (d)	Succession Agreement, dated as of June 18, 2021, by and among Comenity Bank, World Financial Network Credit Card Master Note Trust, MUFG Union Bank, N.A. and U.S. Bank National Association.	8-K	4.1	6/24/21
10.64	(b) (c) (d)	Succession Agreement, dated as of June 18, 2021, among WFN Credit Company, LLC, MUFG Union Bank, N.A. and U.S. Bank National Association.	8-K	4.2	6/24/21
10.65	(b) (d)	Amended and Restated Trust Agreement, dated as of August 1, 2001, between WFN Credit Company, LLC and Chase Manhattan Bank USA, National Association.	8-K	4.4	8/31/01
10.66	(b) (c) (d)	First Amendment to Amended and Restated Trust Agreement, dated as of May 25, 2021, between WFN Credit Company, LLC and Citicorp Trust Delaware, National Association.	8-K	4.2	5/28/21
10.67	(b) (d)	Administration Agreement, dated as of August 1, 2001, between World Financial Network Credit Card Master Note Trust and World Financial Network National Bank.	8-K	4.5	8/31/01
10.68	(b) (d)	First Amendment to Administration Agreement, dated as of July 31, 2009, between World Financial Network Credit Card Master Note Trust and World Financial Network National Bank.	8-K	4.1	7/31/09
10.69	(b) (c) (d)	Fourth Amended and Restated Service Agreement, dated as of June 1, 2022, by and between Comenity Bank and Comenity Servicing LLC.	10-D	99.2	6/15/22

Exhibit No.	Filer	Description	Incorporated by Reference		
			Form	Exhibit	Filing Date
10.70	(b) (c) (d)	First Addendum to Appendix A of Fourth Amended and Restated Service Agreement, dated as of July 29, 2022, between Comenity Servicing LLC and Comenity Bank.	8-K	99.1	8/4/22
10.71	(b) (c) (d)	Second Addendum to Appendix A of Fourth Amended and Restated Service Agreement, dated as of August 31, 2022, between Comenity Servicing LLC and Comenity Bank.	8-K	99.1	9/7/22
10.72	(b) (c) (d)	Third Addendum to Appendix A of Fourth Amended and Restated Service Agreement, dated as of October 7, 2022, between Comenity Servicing LLC and Comenity Bank.	8-K	99.1	10/12/22
10.73	(b) (c) (d)	Fourth Addendum to Appendix A of Fourth Amended and Restated Service Agreement, dated as of October 31, 2022, between Comenity Servicing LLC and Comenity Bank.	8-K	99.1	11/2/22
10.74	(b) (c) (d)	Fifth Addendum to Appendix A of Fourth Amended and Restated Service Agreement, dated as of November 30, 2022, between Comenity Servicing LLC and Comenity Bank.	8-K	99.1	12/1/22
10.75	(b) (c) (d)	Sixth Addendum to Appendix A of Fourth Amended and Restated Service Agreement, dated as of January 11, 2023, between Comenity Servicing LLC and Comenity Bank.	8-K	99.1	1/12/23
10.76	(b) (c) (d)	Seventh Addendum to Appendix A of Fourth Amended and Restated Service Agreement, dated as of January 31, 2023, between Comenity Servicing LLC and Comenity Bank.	8-K	99.1	2/2/23
10.77	(b) (c) (d)	Asset Representations Review Agreement, dated as of July 6, 2016, among Comenity Bank, WFN Credit Company, LLC, World Financial Network Credit Card Master Note Trust and FTI Consulting, Inc.	8-K	10.1	7/8/16
10.78	(a)	Receivables Purchase Agreement, dated as of September 28, 2001, between World Financial Network National Bank and WFN Credit Company, LLC.	10-Q	10.5	11/7/08
10.79	(a)	First Amendment to Receivables Purchase Agreement, dated as of June 24, 2008, between World Financial Network National Bank and WFN Credit Company, LLC.	10-K	10.94	3/2/09
10.80	(a)	Second Amendment to Receivables Purchase Agreement, dated as of March 30, 2010, between World Financial Network National Bank and WFN Credit Company, LLC.	10-K	10.127	2/28/11
10.81	(a)	Supplemental Agreement to Receivables Purchase Agreement, dated as of August 9, 2010, between World Financial Network National Bank and WFN Credit Company, LLC.	10-K	10.128	2/28/11
10.82	(a)	Third Amendment to Receivables Purchase Agreement, dated as of September 30, 2011, between World Financial Network Bank and WFN Credit Company, LLC.	10-Q	10.4	11/7/11

Exhibit No.	Filer	Description	Incorporated by Reference		
			Form	Exhibit	Filing Date
10.83	(a)	World Financial Network Credit Card Master Trust III Amended and Restated Pooling and Servicing Agreement, dated as of September 28, 2001, among WFN Credit Company, LLC, World Financial Network National Bank, and The Chase Manhattan Bank, USA, National Association.	10-Q	10.6	11/7/08
10.84	(a)	First Amendment to the Amended and Restated Pooling and Servicing Agreement, dated as of April 7, 2004, among WFN Credit Company, LLC, World Financial Network National Bank, and The Chase Manhattan Bank, USA, National Association.	10-Q	10.7	11/7/08
10.85	(a)	Second Amendment to the Amended and Restated Pooling and Servicing Agreement, dated as of March 23, 2005, among WFN Credit Company, LLC, World Financial Network National Bank, and The Chase Manhattan Bank, USA, National Association.	10-Q	10.8	11/7/08
10.86	(a)	Third Amendment to the Amended and Restated Pooling and Servicing Agreement, dated as of October 26, 2007, among WFN Credit Company, LLC, World Financial Network National Bank, and Union Bank of California, N.A. (successor to JPMorgan Chase Bank, N.A.).	10-Q	10.9	11/7/08
10.87	(a)	Fourth Amendment to Amended and Restated Pooling and Servicing Agreement, dated as of March 30, 2010, among WFN Credit Company, LLC, World Financial Network National Bank, and Union Bank, N.A.	10-Q	10.9	5/7/10
10.88	(a)	Fifth Amendment to Amended and Restated Pooling and Servicing Agreement, dated as of September 30, 2011, among WFN Credit Company, LLC, World Financial Network Bank, and Union Bank, N.A.	10-Q	10.3	11/7/11
10.89	(a)	Sixth Amendment to Amended and Restated Pooling and Servicing Agreement, dated as of December 1, 2016, among WFN Credit Company, LLC, Comenity Bank, and Deutsche Bank Trust Company Americas.	10-K	10.94	2/27/17
10.90	(a)	Seventh Amendment to Amended and Restated Pooling and Servicing Agreement, dated as of September 1, 2017, among WFN Credit Company, LLC, Comenity Bank, and U.S. Bank National Association (successor to Deutsche Bank Trust Company Americas).	10-K	10.96	2/27/18
10.91	(a)	Eighth Amendment to Amended and Restated Pooling and Servicing Agreement, dated as of November 16, 2020, among WFN Credit Company, LLC, Comenity Bank, and U.S. Bank National Association (successor to Deutsche Bank Trust Company Americas).	10-K	10.105	2/26/21
10.92	(a)	Supplemental Agreement to Amended and Restated Pooling and Servicing Agreement, dated as of August 9, 2010, among WFN Credit Company, LLC, World Financial Network National Bank, and Union Bank, N.A.	10-K	10.134	2/28/11
10.93	(a)	Receivables Purchase Agreement, dated as of September 29, 2008, between World Financial Capital Bank and World Financial Capital Credit Company, LLC.	10-Q	10.3	11/7/08

Exhibit No.	Filer	Description	Incorporated by Reference		
			Form	Exhibit	Filing Date
10.94	(a)	Amendment No. 1 to Receivables Purchase Agreement, dated as of June 4, 2010, between World Financial Capital Bank and World Financial Capital Credit Company, LLC.	10-Q	10.11	8/9/10
10.95	(a)	Transfer and Servicing Agreement, dated as of September 29, 2008, among World Financial Capital Credit Company, LLC, World Financial Capital Bank and World Financial Capital Master Note Trust.	10-Q	10.4	11/7/08
10.96	(a)	Amendment No. 1 to Transfer and Servicing Agreement, dated as of June 4, 2010, among World Financial Capital Credit Company, LLC, World Financial Capital Bank and World Financial Capital Master Note Trust.	10-Q	10.12	8/9/10
10.97	(a)	Master Indenture, dated as of September 29, 2008, between World Financial Capital Master Note Trust and U.S. Bank National Association, together with Supplemental Indenture Nos. 1 - 3.	10-K	10.104	2/27/18
*10.98	(a)	Receivables Purchase Agreement, dated as of June 17, 2022, between Comenity Capital Bank and Comenity Capital Credit Company, LLC.			
*10.99	(a)	Transfer Agreement, dated as of June 17, 2022, between Comenity Capital Credit Company, LLC and Comenity Capital Asset Securitization Trust.			
*10.100	(a)	Servicing Agreement, dated as of June 17, 2022, between Comenity Capital Credit Company, LLC, Comenity Capital Bank and Comenity Capital Asset Securitization Trust.			
*10.101	(a)	Master Indenture, dated as of June 17, 2022, between Comenity Capital Asset Securitization Trust and U.S. Bank Trust Company, National Association.			
10.102	(a)	Fourth Amended and Restated Series 2009-VFN Indenture Supplement, dated as of February 28, 2014, between World Financial Network Credit Card Master Note Trust and Union Bank, N.A.	10-K	10.129	2/27/15
10.103	(a)	First Amendment to Fourth Amended and Restated Series 2009-VFN Indenture Supplement, dated as of July 10, 2017, between World Financial Network Credit Card Master Note Trust and MUFG Union Bank, N.A., formerly known as Union Bank, N.A.	10-Q	10.8	8/7/17
10.104	(a)	Second Amendment to Fourth Amended and Restated Series 2009-VFN Indenture Supplement, dated as of December 1, 2017, between World Financial Network Credit Card Master Note Trust and MUFG Union Bank, N.A., formerly known as Union Bank, N.A.	10-K	10.109	2/27/18
10.105	(a)	Third Amendment to Fourth Amended and Restated Series 2009-VFN Indenture Supplement, dated as of May 3, 2018, between World Financial Network Credit Card Master Note Trust and MUFG Union Bank, N.A., formerly known as Union Bank, N.A.	10-K	10.110	2/26/19

Exhibit No.	Filer	Description	Incorporated by Reference		
			Form	Exhibit	Filing Date
10.106	(a)	Fourth Amendment to Fourth Amended and Restated Series 2009-VFN Indenture Supplement, dated as of August 31, 2018, between World Financial Network Credit Card Master Note Trust and MUFG Union Bank, N.A., formerly known as Union Bank, N.A.	10-K	10.111	2/26/19
10.107	(a)	Fifth Amendment to Fourth Amended and Restated Series 2009-VFN Indenture Supplement, dated as of February 1, 2019, between World Financial Network Credit Card Master Note Trust and MUFG Union Bank, N.A., formerly known as Union Bank, N.A.	10-K	10.112	2/26/19
10.108	(a)	Sixth Amendment to Fourth Amended and Restated Series 2009-VFN Indenture Supplement, dated as of June 11, 2020, between World Financial Network Credit Card Master Note Trust and MUFG Union Bank, N.A., formerly known as Union Bank, N.A.	10-K	10.118	2/26/21
10.109	(a)	Seventh Amendment to Fourth Amended and Restated Series 2009-VFN Indenture Supplement, dated as of September 10, 2020, between World Financial Network Credit Card Master Note Trust and MUFG Union Bank, N.A., formerly known as Union Bank, N.A.	10-K	10.119	2/26/21
*10.110	(a)	Eighth Amendment to Fourth Amended and Restated Series 2009-VFN Indenture Supplement, dated as of August 1, 2022, between World Financial Network Credit Card Master Note Trust and U.S. Bank National Association, as successor to MUFG Union Bank, N.A.			
10.111	(a)	Third Amended and Restated Series 2009-VFC1 Supplement, dated as of April 28, 2017, among WFN Credit Company, LLC, Comenity Bank and Deutsche Bank Trust Company Americas.	10-Q	10.7	8/7/17
10.112	(a)	First Amendment to Third Amended and Restated Series 2009-VFC1 Supplement, dated as of October 19, 2017, among WFN Credit Company, LLC, Comenity Bank and U.S. Bank National Association (successor to Deutsche Bank Trust Company Americas).	10-Q	10.4	11/8/17
10.113	(a)	Second Amendment to Third Amended and Restated Series 2009-VFC1 Supplement, dated as of August 31, 2018, among WFN Credit Company, LLC, Comenity Bank and U.S. Bank National Association (successor to Deutsche Bank Trust Company Americas).	10-K	10.115	2/26/19
10.114	(a)	Third Amendment to Third Amended and Restated Series 2009-VFC1 Supplement, dated as of June 28, 2019, among WFN Credit Company, LLC, Comenity Bank and U.S. Bank National Association (successor to Deutsche Bank Trust Company Americas).	10-K	10.123	2/26/21
10.115	(a)	Fourth Amendment to Third Amended and Restated Series 2009-VFC1 Supplement, dated as of April 17, 2020, among WFN Credit Company, LLC, Comenity Bank and U.S. Bank National Association (successor to Deutsche Bank Trust Company Americas).	10-K	10.124	2/26/21
10.116	(a)	Fifth Amended and Restated Series 2009-VFN Indenture Supplement, dated as of November 1, 2016, between World Financial Capital Master Note Trust and Deutsche Bank Trust Company Americas.	10-K	10.102	2/27/17

Exhibit No.	Filer	Description	Incorporated by Reference		
			Form	Exhibit	Filing Date
10.117	(a)	First Amendment to Fifth Amended and Restated Series 2009-VFN Indenture Supplement, dated as of November 1, 2017, between World Financial Capital Master Note Trust and U.S. Bank National Association (successor to Deutsche Bank Trust Company Americas).	10-Q	10.5	11/8/17
10.118	(a)	Second Amendment to Fifth Amended and Restated Series 2009-VFN Indenture Supplement, dated as of September 28, 2018, between World Financial Capital Master Note Trust and U.S. Bank National Association (successor to Deutsche Bank Trust Company Americas).	10-Q	10.3	11/6/18
*10.119	(a)	Series 2022-VFN1 Indenture Supplement, dated as of June 17, 2022, between Comenity Capital Asset Securitization Trust and U.S. Bank Trust Company, National Association.			
10.120	(a)	Amended and Restated Credit Agreement, dated as of June 14, 2017, by and among Bread Financial Holdings, Inc., certain subsidiaries parties thereto, as guarantors, Wells Fargo Bank, National Association, as Administrative Agent, and various other agents and lenders.	8-K	10.1	6/19/17
10.121	(a)	First Amendment to Amended and Restated Credit Agreement and Incremental Amendment, dated as of June 16, 2017, by and among Bread Financial Holdings, Inc., and certain subsidiaries parties thereto, as guarantors, Wells Fargo Bank, National Association, as Administrative Agent, and various other lenders.	8-K	10.2	6/19/17
10.122	(a)	Second Amendment to Amended and Restated Credit Agreement, dated as of July 5, 2018, by and among Bread Financial Holdings, Inc., and certain subsidiaries parties thereto, as guarantors, Wells Fargo Bank, National Association, as Administrative Agent, and various other lenders.	10-Q	10.2	8/7/18
10.123	(a)	Third Amendment to Amended and Restated Credit Agreement, dated as of April 30, 2019, by and among Registrant, and certain subsidiaries parties thereto, as guarantors, Wells Fargo Bank, National Association, as Administrative Agent, and various other lenders.	10-Q	10.7	5/6/19
10.124	(a)	Fourth Amendment to Amended and Restated Credit Agreement, dated as of December 20, 2019, by and among Bread Financial Holdings, Inc., certain of its subsidiaries as guarantors, Wells Fargo Bank, National Association, as administrative agent, and various other agents and lenders.	8-K	10.2	12/23/19
10.125	(a)	Fifth Amendment to Amended and Restated Credit Agreement, dated as of February 13, 2020, by and among Bread Financial Holdings, Inc., certain of its subsidiaries as guarantors, Wells Fargo Bank, National Association, as administrative agent, and various other agents and lenders.	10-K	10.125	2/28/20
10.126	(a)	Sixth Amendment to Amended and Restated Credit Agreement, dated as of September 22, 2020, by and among Bread Financial Holdings, Inc., certain of its subsidiaries as guarantors, Wells Fargo Bank, National Association, as administrative agent, and various other agents and lenders.	8-K	10.2	9/23/20

Exhibit No.	Filer	Description	Incorporated by Reference		
			Form	Exhibit	Filing Date
10.127	(a)	Seventh Amendment to Amended and Restated Credit Agreement, dated as of July 9, 2021, by and among Bread Financial Holdings, Inc., certain of its subsidiaries as guarantors, Wells Fargo Bank, National Association, as administrative agent, and various other agents and lenders.	8-K	10.1	7/14/21
10.128	(a)	Eighth Amendment to Amended and Restated Credit Agreement, dated as of December 13, 2022, by and among Bread Financial Holdings, Inc., certain of its subsidiaries as guarantors, Wells Fargo Bank, National Association, as administrative agent, and various other agents and lenders.	8-K	10.1	12/15/22
10.129	(a)	Indenture, dated as of December 20, 2019, among Bread Financial Holdings, Inc., certain of its subsidiaries as guarantors and MUFG Union Bank, N.A., as trustee (including the form of the Company's 4.750% Senior Note due December 15, 2024).	8-K	4.1	12/23/19
10.130	(a)	First Supplemental Indenture, dated as of August 6, 2021, among Bread Financial Holdings, Inc., certain of its subsidiaries as guarantors and MUFG Union Bank, N.A., as trustee under the Indenture dated as of December 20, 2019.	10-Q	10.4	11/3/21
10.131	(a)	Indenture, dated as of September 22, 2020, among Bread Financial Holdings, Inc., certain of its subsidiaries as guarantors and MUFG Union Bank, N.A., as trustee (including the form of the Company's 7.000% Senior Note due January 15, 2026).	8-K	4.1	9/23/20
^10.132	(a)	First Supplemental Indenture, dated as of August 6, 2021, among Bread Financial Holdings, Inc., certain of its subsidiaries as guarantors and MUFG Union Bank, N.A., as trustee under the Indenture dated as of September 22, 2020.	10-Q	10.5	11/3/21
*21	(a)	Subsidiaries of the Registrant			
*23.1	(a)	Consent of Deloitte & Touche LLP			
*31.1	(a)	Certification of Chief Executive Officer of Bread Financial Holdings, Inc. pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.			
*31.2	(a)	Certification of Chief Financial Officer of Bread Financial Holdings, Inc. pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.			
**32.1	(a)	Certification of Chief Executive Officer of Bread Financial Holdings, Inc. pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code.			
**32.2	(a)	Certification of Chief Financial Officer of Bread Financial Holdings, Inc. pursuant to Rule 13a-14(b) promulgated under the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code.			

Exhibit No.	Filer	Description	Incorporated by Reference		
			Form	Exhibit	Filing Date
*101	(a)	The following financial information from Bread Financial Holdings, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2022, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Income, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows and (vi) Notes to Consolidated Financial Statements.			
*104	(a)	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			

* Filed herewith

** Furnished herewith

+ Management contract, compensatory plan or arrangement

^ Certain exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. Bread Financial Holdings, Inc. hereby undertakes to furnish supplementally copies of any of the omitted exhibits upon request by the U.S. Securities and Exchange Commission.

(a) Bread Financial Holdings, Inc.

(b) WFN Credit Company, LLC

(c) World Financial Network Credit Card Master Trust

(d) World Financial Network Credit Card Master Note Trust

Item 16. Form 10-K Summary.

None.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

BREAD FINANCIAL HOLDINGS, INC.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Bread Financial Holdings, Inc.

Opinion on the Financial Statements

We have audited the accompanying Consolidated Balance Sheets of Bread Financial Holdings, Inc. and subsidiaries (the "Company") as of December 31, 2022 and 2021, the related Consolidated Statements of Income, Comprehensive income, Stockholders' equity, and Cash flows for each of the three years in the period ended December 31, 2022 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Allowance for Credit Losses — Refer to Notes 1 and 3 to the financial statements

Critical Audit Matter Description

The Allowance for credit losses is an estimate of expected credit losses, measured over the estimated life of its credit card and other loans that considers forecasts of future economic conditions in addition to information about past events and current conditions. The estimate under the credit reserving methodology referred to as the Current Expected Credit Loss (CECL) model is significantly influenced by the composition, characteristics, and quality of the Company's portfolio of credit card and other loans, as well as the prevailing economic conditions and forecasts utilized. The estimate of the Allowance for credit losses includes an estimate for uncollectible principal as well as unpaid interest and fees. Principal losses, net of recoveries are deducted from the Allowance. Principal losses for unpaid interest and fees as well as any adjustments to the Allowance associated with unpaid interest and fees are recorded as a reduction to Interest and fees on

loans. The Allowance is maintained through an adjustment to the Provision for credit losses and is evaluated for appropriateness.

In estimating its Allowance for credit losses, for each identified group, management utilizes various models and estimation techniques based on historical loss experience, current conditions, reasonable and supportable forecasts and other relevant factors. These models utilize historical data and applicable macroeconomic variables with statistical analysis and behavioral relationships, to determine expected credit performance. The Company's quantitative estimate of expected credit losses under CECL is impacted by certain forecasted economic factors. The Company considers the forecast used to be reasonable and supportable over the estimated life of the credit card and other loans, with no reversion period. In addition to the quantitative estimate of expected credit losses, the Company also incorporates qualitative adjustments for certain factors such as Company-specific risks, changes in current economic conditions that may not be captured in the quantitatively derived results, or other relevant factors to ensure the Allowance for credit losses reflects the Company's best estimate of current expected credit losses. At December 31, 2022, the total Allowance for credit losses was $2.5 billion.

Given the significant judgments made by management in estimating its Allowance for credit losses related to credit card loans, performing audit procedures to evaluate the reasonableness of the estimated Allowance for credit losses, including procedures to evaluate the qualitative adjustments, required a high degree of auditor judgment and an increased extent of effort, including the need to involve our credit modeling specialists.

How the Critical Audit Matter Was Addressed in the Audit

- We tested the design and operating effectiveness of management's controls over the determination and review of model methodology, significant assumptions and qualitative adjustments.
- We evaluated whether the method (including the model), data, and significant assumptions are appropriate in the context of the applicable financial reporting framework.
- We tested the completeness and accuracy of the historical data used in management's models.
- With assistance from credit modeling specialists, we evaluated whether the model is suitable for determining the estimate, which included understanding the model methodology and logic, whether the selected method for estimating credit losses is appropriate and whether the significant assumptions were reasonable.
- We evaluated the reasonableness of the selection of forecasted macroeconomic variables, considered alternative forecasted scenarios and evaluated any contradictory evidence.
- We evaluated whether judgments have been applied consistently to the model and that any qualitative adjustments to the output of the model are consistent with the measurement objective of the applicable financial reporting framework and are appropriate in the circumstances.
- We considered any contradictory evidence that arose while performing our procedures, and whether or not this evidence was indicative of management bias.

/s/ Deloitte & Touche LLP
Columbus, Ohio
February 28, 2023

We have served as the Company's auditor since 1998.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Bread Financial Holdings, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Bread Financial Holdings, Inc. and subsidiaries (the "Company") as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022, of the Company and our report dated February 28, 2023 expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP
Columbus, Ohio
February 28, 2023

BREAD FINANCIAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF INCOME

(Millions, except per share amounts)	Years Ended December 31, 2022	2021	2020
Interest income			
Interest and fees on loans	$ 4,615	$ 3,861	$ 3,931
Interest on cash and investment securities	69	7	21
Total interest income	4,684	3,868	3,952
Interest expense			
Interest on deposits	243	167	238
Interest on borrowings	260	216	261
Total interest expense	503	383	499
Net interest income	**4,181**	**3,485**	**3,453**
Non-interest income			
Interchange revenue, net of retailer share arrangements	(469)	(369)	(332)
Other	114	156	177
Total non-interest income	(355)	(213)	(155)
Total net interest and non-interest income	**3,826**	**3,272**	**3,298**
Provision for credit losses	**1,594**	**544**	**1,266**
Total net interest and non-interest income, after provision for credit losses	2,232	2,728	2,032
Non-interest expenses			
Employee compensation and benefits	779	671	609
Card and processing expenses	359	323	396
Information processing and communication	274	216	191
Marketing expenses	180	160	143
Depreciation and amortization	113	92	106
Other	227	222	286
Total non-interest expenses	**1,932**	**1,684**	**1,731**
Income from continuing operations before income taxes	300	1,044	301
Provision for income taxes	76	247	93
Income from continuing operations	224	797	208
(Loss) income from discontinued operations, net of income taxes	(1)	4	6
Net income	**$ 223**	**$ 801**	**$ 214**
Basic income per share			
Income from continuing operations	$ 4.48	$ 16.02	$ 4.36
(Loss) income from discontinued operations	$ (0.01)	$ 0.07	$ 0.11
Net income per share	$ 4.47	$ 16.09	$ 4.47
Diluted income per share			
Income from continuing operations	$ 4.47	$ 15.95	$ 4.35
(Loss) income from discontinued operations	$ (0.01)	$ 0.07	$ 0.11
Net income per share	$ 4.46	$ 16.02	$ 4.46
Weighted average common shares outstanding			
Basic	49.9	49.7	47.8
Diluted	50.0	50.0	47.9

See Notes to Consolidated Financial Statements.

BREAD FINANCIAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Millions)	Years Ended December 31, 2022	2021	2020
Net income	$ 223	$ 801	$ 214
Other comprehensive (loss) income			
Unrealized (loss) gain on available-for-sale securities	(25)	(24)	22
Tax benefit (expense)	6	2	(1)
Unrealized (loss) gain on available-for-sale securities, net of tax	(19)	(22)	21
Unrealized gain (loss) on cash flow hedges	—	1	(1)
Tax benefit	—	—	—
Unrealized gain (loss) on cash flow hedges, net of tax	—	1	(1)
Unrealized gain on net investment hedge	—	20	—
Tax expense	—	(13)	—
Unrealized gain on net investment hedge, net of tax	—	7	—
Foreign currency translation adjustments (inclusive of deconsolidation of $54 million and $4 million for the years ended December 31, 2021 and 2020, respectively, related to the disposition of businesses)	—	17	75
Other comprehensive (loss) income, net of tax	(19)	3	95
Total comprehensive income, net of tax	$ 204	$ 804	$ 309

See Notes to Consolidated Financial Statements.

BREAD FINANCIAL HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS

(Millions, except per share amounts)	December 31, 2022	December 31, 2021
ASSETS		
Cash and cash equivalents	$ 3,891	$ 3,046
Credit card and other loans		
Total credit card and other loans (includes loans available to settle obligations of consolidated variable interest entities: 2022, $15,383; 2021, $11,215)	21,365	17,399
Allowance for credit losses	(2,464)	(1,832)
Credit card and other loans, net	18,901	15,567
Investment securities	221	239
Property and equipment, net	195	215
Goodwill and intangible assets, net	799	687
Other assets	1,400	1,992
Total assets	**$ 25,407**	**$ 21,746**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	$ 13,826	$ 11,027
Debt issued by consolidated variable interest entities	6,115	5,453
Long-term and other debt	1,892	1,986
Other liabilities	1,309	1,194
Total liabilities	**23,142**	**19,660**
Commitments and contingencies (Note 15)		
Stockholders' equity		
Common stock, $0.01 par value; authorized, 200.0 million shares; issued, 49.9 million and 49.8 million shares as of December 31, 2022 and December 31, 2021, respectively	1	1
Additional paid-in capital	2,192	2,174
Retained earnings (accumulated deficit)	93	(87)
Accumulated other comprehensive loss	(21)	(2)
Total stockholders' equity	**2,265**	**2,086**
Total liabilities and stockholders' equity	**$ 25,407**	**$ 21,746**

See Notes to Consolidated Financial Statements.

BREAD FINANCIAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Millions)	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Treasury Stock	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
January 1, 2020	115.0	$ 1	$ 3,258	$ (6,733)	$ 5,163	$ (100)	$ 1,589
Net income	—	—	—	—	214	—	214
Cumulative effect of change in accounting principle — Allowance for credit losses	—	—	—	—	(485)	—	(485)
Other comprehensive income	—	—	—	—	—	95	95
Stock-based compensation	—	—	21	—	—	—	21
Common stock issued as consideration for acquired business	1.9	—	149	—	—	—	149
Dividends and dividend equivalent rights declared ($1.26 per common share)	—	—	—	—	(60)	—	(60)
Issuance of shares to employees, net of shares withheld for employee taxes	0.2	—	(1)	—	—	—	(1)
December 31, 2020	117.1	$ 1	$ 3,427	$ (6,733)	$ 4,832	$ (5)	$ 1,522
Net income	—	—	—	—	801	—	801
Other comprehensive income	—	—	—	—	—	3	3
Stock-based compensation	—	—	29	—	—	—	29
Dividends and dividend equivalent rights declared ($0.84 per common share)	—	—	—	—	(42)	—	(42)
Retirement of treasury stock	(67)	—	(1,280)	6,733	(5,453)	—	—
Spinoff of Loyalty Ventures Inc.	—	—	—	—	(225)	—	(225)
Issuance of shares to employees, net of shares withheld for employee taxes	0.1	—	(2)	—	—	—	(2)
December 31, 2021	49.8	$ 1	$ 2,174	$ —	$ (87)	$ (2)	$ 2,086
Net income	—	—	—	—	223	—	223
Other comprehensive loss	—	—	—	—	—	(19)	(19)
Stock-based compensation	—	—	33	—	—	—	33
Repurchase of common stock	(0.2)	—	(12)	—	—	—	(12)
Dividends and dividend equivalent rights declared ($0.84 per common share)	—	—	—	—	(43)	—	(43)
Issuance of shares to employees, net of shares withheld for employee taxes	0.3	—	(3)	—	—	—	(3)
December 31, 2022	49.9	$ 1	$ 2,192	$ —	$ 93	$ (21)	$ 2,265

See Notes to Consolidated Financial Statements

BREAD FINANCIAL HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions)	Years Ended December 31, 2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 223	$ 801	$ 214
Adjustments to reconcile net income to net cash provided by operating activities			
Provision for credit losses	1,594	544	1,266
Depreciation and amortization	113	123	184
Deferred income taxes	(245)	(15)	(223)
Non-cash stock compensation	33	29	21
Amortization of deferred financing costs	24	31	36
Amortization of deferred origination costs	86	75	74
Asset impairment charges	—	—	64
Other	67	(4)	(36)
Change in other operating assets and liabilities, net of acquisitions and dispositions			
Change in other assets	(134)	(30)	210
Change in other liabilities	87	(11)	73
Net cash provided by operating activities	1,848	1,543	1,883
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in credit card and other loans	(3,222)	(1,805)	1,784
Change in redemption settlement assets	—	(113)	(41)
Payments for acquired businesses, net of cash and restricted cash	—	(75)	(267)
Proceeds from sale of credit card loan portfolios	—	512	289
Purchase of credit card loan portfolios	(1,804)	(110)	—
Capital expenditures	(68)	(84)	(54)
Purchases of investment securities	(43)	(93)	(40)
Maturities of investment securities	30	73	77
Other	(4)	4	26
Net cash (used in) provided by investing activities	(5,111)	(1,691)	1,774
CASH FLOWS FROM FINANCING ACTIVITIES			
Unsecured borrowings under debt agreements	218	38	1,276
Repayments/maturities of unsecured borrowings under debt agreements	(319)	(864)	(1,320)
Debt issued by consolidated variable interest entities	4,248	4,278	2,419
Repayments/maturities of debt issued by consolidated variable interest entities	(3,587)	(4,538)	(4,096)
Net increase (decrease) in deposits	2,778	1,228	(2,370)
Debt proceeds from spinoff of Loyalty Ventures Inc.	—	652	—
Transfers to Loyalty Ventures Inc. related to spinoff	—	(127)	—
Payment of deferred financing costs	(13)	(13)	(19)
Dividends paid	(43)	(42)	(61)
Other	(15)	(4)	4
Net cash provided by (used in) financing activities	3,267	608	(4,167)
Effect of foreign currency exchange rates on cash, cash equivalents and restricted cash	—	—	15
Change in cash, cash equivalents and restricted cash	4	460	(495)
Cash, cash equivalents and restricted cash at beginning of period	3,923	3,463	3,958
Cash, cash equivalents and restricted cash at end of period	$ 3,927	$ 3,923	$ 3,463
SUPPLEMENTAL CASH FLOW INFORMATION			
Cash paid during the year for interest	$ 466	$ 357	$ 488
Cash paid during the year for income taxes, net	$ 338	$ 325	$ 268

The Consolidated Statements of Cash Flows are presented with the combined cash flows from continuing and discontinued operations.
See Notes to Consolidated Financial Statements.

BREAD FINANCIAL HOLDINGS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF THE BUSINESS

Bread Financial Holdings, Inc. (BFH) or, including its consolidated subsidiaries and variable interest entities (VIEs), the Company) is a tech-forward financial services company that provides simple, personalized payment, lending and saving solutions. The Company creates opportunities for its customers and partners through digitally enabled choices that offer ease, empowerment, financial flexibility and exceptional customer experiences. Driven by a digital-first approach, data insights and white-label technology, the Company delivers growth for its partners through a comprehensive product suite, including private label and co-brand credit cards and buy now, pay later products such as installment loans and "split-pay" offerings. The Company also offers direct-to-consumer solutions that give customers more access, choice and freedom through its branded Bread Cashback™ American Express® Credit Card and Bread Savings™ products.

Effective March 23, 2022, Alliance Data Systems Corporation was renamed Bread Financial Holdings, Inc., and on April 4, 2022, the Company changed its New York Stock Exchange ticker from "ADS" to "BFH". Neither the name change nor the ticker change affected the Company's legal entity structure, nor did either change have an impact on its Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). For purposes of comparability, certain prior period amounts have been reclassified to conform to the current year presentation, in particular, as a result of the spinoff of its LoyaltyOne segment and its classification as discontinued operations, the Company has adjusted the presentation of its Consolidated Financial Statements from its historical approach under Securities and Exchange Commission (SEC) Regulation S-X Article 5, which is broadly applicable to all "commercial and industrial companies", to Article 9, which is applicable to "bank holding companies" (BHCs). While neither the Company nor any of its subsidiaries are considered a "bank" within the meaning of the Bank Holding Company Act, the changes from the historical presentation, to the BHC presentation, the most significant of which reflect a reclassification of Interest expense within Net interest income, are intended to reflect the Company's operations going forward and better align the Company with its peers for comparability purposes. For a discussion of the prior period reclassifications, please refer to Note 22, "Discontinued Operations and Bank Holding Company Presentation" in our Annual Report on Form 10-K for the year ended December 31, 2021. As noted above, the Company's Consolidated Financial Statements have been presented with its LoyaltyOne segment as discontinued operations, see Note 22, "Discontinued Operations", for more information.

SIGNIFICANT ACCOUNTING POLICIES

The Company presents its accounting policies within the Notes to the Consolidated Financial Statements to which they relate; the table below lists such accounting policies and the related Notes. The remaining significant accounting policies applied by the Company are included following the table.

Significant Accounting Policy	Note Number	Note Title
Credit Card and Other Loans	Note 2	Credit Card and Other Loans
Allowance for Credit Losses	Note 3	Allowance for Credit Losses
Transfers of Financial Assets	Note 4	Securitizations
Investment Securities	Note 5	Investment Securities
Property and Equipment	Note 6	Property and Equipment, Net
Goodwill	Note 7	Goodwill and Intangible Assets, Net
Intangible Assets, Net	Note 7	Goodwill and Intangible Assets, Net
Leases	Note 9	Leases
Stock Compensation Expense	Note 18	Stockholders' Equity
Income Taxes	Note 19	Income Taxes
Earnings Per Share	Note 20	Earnings Per Share

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of BFH and all subsidiaries in which the Company has a controlling financial interest. For voting interest entities, a controlling financial interest is determined when the Company is able to exercise control over the operating and financial decisions of the investee. For variable interest entities (VIEs), which are themselves determined based on the amount and characteristics of the equity in the entity, the Company has a controlling financial interest when it is determined to be the primary beneficiary. The primary beneficiary is the party having both the power to exercise control over the activities that most significantly impact the VIE's financial performance, as well as the obligation to absorb the losses of, or the right to receive the benefits from, the VIE that could potentially be significant to that VIE. The Company is the primary beneficiary of its securitization trusts (the Trusts) and therefore consolidates these Trusts within its Consolidated Financial Statements.

In cases where the Company does not have a controlling financial interest, but is able to exert significant influence over the operating and financial decisions of the entity, the Company accounts for such investments under the equity method.

All intercompany transactions have been eliminated.

Currency Translation

The Company's monetary assets and liabilities denominated in foreign currencies, for example those of subsidiaries outside of the United States of America (U.S.), are translated into U.S. dollars based on the rates of exchange in effect at the end of the reporting period, while non-monetary assets and liabilities are translated based on the rates of exchange in effect as of the date of the transaction giving rise to the asset or liability. Income and expense items are translated at the average exchange rates prevailing during the period. The resulting effects, along with any related hedge or tax impacts, are recorded in Accumulated other comprehensive loss, a component of stockholders' equity. Translation adjustments, along with the related hedge and tax impacts, are recognized in the Consolidated Statements of Income upon the sale or substantial liquidation of an investment in a foreign subsidiary. Gains and losses resulting from transactions in currencies other than the entity's functional currency are recognized in Other non-interest expenses in the Consolidated Statements of Income, and were insignificant for each of the periods presented. Historically, the Company's impacts from foreign currency exchange rate fluctuations were most prevalent within businesses that have been spun off, such as LoyaltyOne.

Amounts Based on Estimates and Judgments

The preparation of financial statements in conformity with GAAP requires management to make estimates and judgments about future events that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements, as well as the reported amounts of income and expenses during the reporting periods. The most significant of those estimates and judgments relate to the Company's Allowance for credit losses and Provision for income taxes; actual results could differ.

Revenue Recognition

The Company's primary source of revenue is from Interest and fees on loans from its various credit card and other loan products, and to a lesser extent from contractual relationships with its brand partners. The following describes the Company's recognition policies across its various sources of revenue.

Interest and fees on loans: Represent revenue earned on customer accounts owned by the Company, and is recognized in the period earned in accordance with the contractual provisions of the credit agreements. Interest and fees continue to accrue on all accounts, except in limited circumstances, until the account balance and all related interest and fees are paid or charged-off, in the month during which an account becomes 180 days past due for credit card loans or 120 days past due for other loans, which are buy now, pay later products such as installment loans and the Company's "split-pay" offerings (BNPL) loans. Charge-offs for unpaid interest and fees, as well as any adjustments to the allowance associated with unpaid interest and fees, are recorded as a reduction of Interest and fees on loans. Direct loan origination costs on Credit card and other loans are deferred and amortized on a straight-line basis over a one-year period for credit card loans, or for BNPL loans over the life of the loan, and are recorded as a reduction to Interest and fees on loans. As of December 31, 2022 and 2021, the remaining unamortized deferred direct loan origination costs were $46 million and $48 million, respectively, and included in Total credit card and other loans.

Interest on cash and investment securities: Represents revenue earned on cash and cash equivalents as well as investments in debt and equity securities, and is recognized in the period earned.

Interchange revenue, net of retailer share arrangements: Represents revenue earned from merchants, including our brand partners, and cardholders from processing and servicing accounts, and is recognized as such services are performed. Revenue earned from merchants, including our brand partners, primarily consists of merchant and interchange fees, which are transaction fees charged to the merchant for the processing of credit card transactions and are recognized at the time the cardholder transaction occurs. Our credit card program agreements may also provide for royalty payments to our brand partners based on purchased volume or if certain contractual incentives are met, such as if the economic performance of the program exceeds a contractually defined threshold, or for payments for new accounts. These amounts are recorded as a reduction of revenue in the period incurred.

Other non-interest income: Represents ancillary revenues earned from cardholders, consisting primarily of monthly fees from the purchase of certain payment protection products which are recognized based on the average cardholder account balance over time and can be cancelled at any point by the cardholder, as well as gains or losses on the sales of loan portfolios, and income or losses from equity method investments.

Contract Costs: The Company recognizes as an asset contract costs, such as up-front payments pursuant to contractual agreements with brand partners. Such costs are deferred and recognized on a straight-line basis over the term of the related agreement. Depending on the nature of the contract costs, the amortization is recorded as a reduction to Non-interest income, or as a charge to Non-interest expenses, in the Company's Consolidated Statements of Income. Amortization of contract costs recorded as a reduction of Interchange revenue, net of retailer share arrangements was $72 million, $64 million and $65 million for the years ended December 31, 2022, 2021 and 2020, respectively; amortization of contract costs recorded in Non-interest expenses totaled $12 million, $11 million and $12 million for the years ended December 31, 2022, 2021 and 2020, respectively. As of December 31, 2022 and 2021, the remaining unamortized contract costs were $344 million and $364 million, respectively, and are included in Other assets on the Consolidated Balance Sheets.

The Company performs an impairment assessment when events or changes in circumstances indicate that the carrying amount of contract costs may not be recoverable. For the year ended December 31, 2020, due to the COVID-19 pandemic and resulting retail store closures and significant declines in credit sales, the Company recognized an impairment charge of $38 million in Non-interest expenses in its Consolidated Statement of Income. No impairment charges were recognized in either of the years ended December 31, 2022 or 2021.

Cash and Cash Equivalents

Cash and cash equivalents include cash and due from banks, interest-bearing cash balances such as those invested in money market funds, as well as other highly liquid short-term investments with an original maturity of three months or less, and restricted cash. As of December 31, 2022 and 2021, cash and due from banks was $288 million and $251 million, respectively, interest-bearing cash balances were $3.5 billion and $2.7 billion, respectively, and short-term investments were $130 million and $80 million, respectively.

Restricted cash primarily represents cash restricted for principal and interest repayments of debt issued by consolidated VIEs, and is recorded in Other assets on the Consolidated Balance Sheets. Restricted cash totaled $36 million and $877 million as of December 31, 2022 and 2021, respectively.

Derivative Financial Instruments

From time to time, the Company uses derivative financial instruments to manage its exposure to various financial risks; the Company does not trade or speculate in derivative financial instruments. Subject to the criteria set forth in GAAP, the Company will either designate its derivative financial instruments in hedging relationships, or as economic hedges should the criteria in GAAP not be met.

The Company's derivative financial instruments were insignificant to the Consolidated Financial Statements for the periods presented.

CONCENTRATIONS

The Company depends on a limited number of large partner relationships for a significant portion of its revenue. As of and for the year ended December 31, 2022, the Company's five largest credit card programs accounted for approximately 47% of its Total net interest and non-interest income and 41% of its End-of-period credit card and other loans. In particular, the Company's programs with (alphabetically) Ulta Beauty and Victoria's Secret & Co. and its retail affiliates each accounted for more than 10% of its Total net interest and non-interest income for the year ended December 31, 2022. A decrease in business from, or the loss of, any of the Company's significant partners for any reason, could have a material adverse effect on its business. The Company previously announced the non-renewal of its contract with BJ's Wholesale Club (BJ's) and the sale of the BJ's portfolio, which closed in late February 2023. For the year ended December 31, 2022, BJ's branded co-brand accounts generated approximately 10% of the Company's Total net interest and non-interest income. As of December 31, 2022, BJ's branded co-brand accounts were responsible for approximately 11% of the Company's Total credit card and other loans.

RECENTLY ISSUED ACCOUNTING STANDARDS

In March 2022, the Financial Accounting Standards Board issued new accounting and disclosure guidance for troubled debt restructurings effective January 1, 2023, with early adoption permitted. Specifically, the new guidance eliminates the previous recognition and measurement guidance for troubled debt restructurings while enhancing the disclosure requirements for certain loan modifications, including requiring disclosure of gross principal losses by year of loan origination. Effective January 1, 2023, the Company adopted the guidance, with no significant impact on its financial position, results of operations and regulatory risk-based capital, or anticipated impacts on its operational processes, controls and governance in support of the new guidance.

2. CREDIT CARD AND OTHER LOANS

The Company's payment and lending solutions result in the generation of credit card and other loans, which are recorded at the time a borrower enters into a point-of-sale transaction with a merchant. Credit card loans represent revolving amounts due and have a range of terms that include credit limits, interest rates and fees, which can be revised over time based on new information about the cardholder, in accordance with applicable regulations and the governing terms and conditions. Cardholders choosing to make a payment of less than the full balance due, instead of paying in full, are subject to finance charges and are required to make monthly payments based on pre-established amounts. Other loans, which again are BNPL products such as installment loans and the Company's "split-pay" offerings, have a range of fixed terms such as interest rates, fees and repayment periods, and borrowers are required to make pre-established monthly payments over the term of the loan in accordance with the applicable terms and conditions. Credit card and other loans are presented on the Consolidated Balance Sheets net of the Allowance for credit losses, and include principal and any related accrued interest and fees. The Company continues to accrue interest and fee income on all accounts, except in limited circumstances, until the related balance and all related interest and fees are paid or charged-off; an Allowance for credit losses is established for uncollectable interest and fees.

Primarily, the Company classifies its Credit card and other loans as held for investment. The Company sells a majority of its credit card loans originated by Comenity Bank (CB) and by Comenity Capital Bank (CCB), which together are referred to herein as the "Banks", to the Trusts, which are themselves consolidated VIEs, and therefore these loans are restricted for securitization investors. All new originations of Credit card and other loans are determined to be held for investment at origination because the Company has the intent and ability to hold them for the foreseeable future. In determining what constitutes the foreseeable future, the Company considers the average life and homogenous nature of its Credit card and other loans. In assessing whether its Credit card and other loans continue to be held for investment, the Company also considers capital levels and scheduled maturities of funding instruments used. The assertion regarding the intent and ability to hold Credit card and other loans for the foreseeable future can be made with a high degree of certainty given the maturity distribution of the Company's direct-to-consumer deposits and other funding instruments; the demonstrated ability to replace maturing time-based deposits and other borrowings with new deposits or borrowings; and historic payment activity on its Credit card and other loans. Due to the homogenous nature of the Company's credit card loans, amounts are classified as held for investment on a brand partner portfolio basis. From time to time certain Credit card loans are classified as held for sale, as determined on a brand partner basis. The Company carries these assets at the lower of aggregate cost or fair value, and continues to recognize finance charges on an accrual basis. Cash flows associated with Credit card and other loans originated or purchased for investment are classified as Cash flows from investing activities, regardless of any subsequent change in intent and ability.

The Company's Credit card and other loans were as follows, as of December 31:

(Millions)	2022	2021
Credit card loans	$ 21,065	$ 17,217
Installment or other loans	300	182
Total credit card and other loans [1][2]	21,365	17,399
Less: Allowance for credit losses	(2,464)	(1,832)
Credit card and other loans, net	$ 18,901	$ 15,567

(1) Includes $15.4 billion and $11.2 billion of Credit card and other loans available to settle obligations of consolidated VIEs as of December 31, 2022 and 2021, respectively.

(2) Includes $307 million and $224 million, of accrued interest and fees that have not yet been billed to cardholders as of December 31, 2022 and 2021, respectively.

Credit Card and Other Loans Aging

An account is contractually delinquent if the Company does not receive the minimum payment due by the specified due date. The Company's policy is to continue to accrue interest and fee income on all accounts, except in limited circumstances, until the balance and all related interest and fees are paid or charged-off. After an account becomes 30 days past due, a proprietary collection scoring algorithm automatically scores the risk of the account becoming further delinquent; based upon the level of risk indicated, a collection strategy is deployed. If after exhausting all in-house collection efforts the Company is unable to collect on the account, it may engage collection agencies or outside attorneys to continue those efforts, or sell the charged-off balances.

The following table presents the delinquency trends on the Company's Credit card and other loans portfolio based on the amortized cost:

	Aging Analysis of Delinquent Amortized Cost Credit Card and Other Loans [1]					
(Millions)	31 to 60 days delinquent	61 to 90 days delinquent	91 or more days delinquent	Total delinquent	Current	Total
As of December 31, 2022	$ 444	$ 296	$ 732	$ 1,472	$ 19,559	$ 21,031
As of December 31, 2021	$ 262	$ 186	$ 401	$ 849	$ 16,284	$ 17,133

(1) BNPL loan delinquencies have been included with credit card loan delinquencies in the table above, as amounts were insignificant as of each period presented. As permitted by GAAP, the Company excludes unbilled finance charges and fees from its amortized cost basis of Credit card and other loans. As of December 31, 2022 and 2021, again, accrued interest and fees that have not yet been billed to cardholders were $307 million and $224 million, respectively, included in Credit card and other loans on the Consolidated Balance Sheets.

From time to time the Company may re-age cardholders' accounts, which is intended to assist delinquent cardholders who have experienced financial difficulties but who demonstrate both an ability and willingness to repay the amounts due; this practice affects credit card loan delinquencies and principal losses. Accounts meeting specific defined criteria are re-aged when the cardholder makes one or more consecutive payments aggregating to a certain pre-defined amount of their account balance. Upon re-aging, the outstanding balance of a delinquent account is returned to Current status. For the years ended December 31, 2022, 2021 and 2020, the Company's re-aged accounts as a percentage of total Credit card and other loans represented 1.4%, 1.7% and 2.8%, respectively. The Company's re-aging practices comply with regulatory guidelines.

Net Principal Losses

The Company's net principal losses include the principal amount of losses that are deemed uncollectible, less recoveries, and exclude charged-off interest, fees and third-party fraud losses (including synthetic fraud). Charged-off interest and fees reduce Interest and fees on loans, while third-party fraud losses (including synthetic fraud) are recorded in Card and processing expenses. Credit card loans, including unpaid interest and fees, are generally charged-off in the month during which an account becomes 180 days past due. BNPL loans, including unpaid interest, are generally charged-off when a loan becomes 120 days past due. However, in the case of a customer bankruptcy or death, Credit card and other loans, including unpaid interest and fees as applicable, are charged-off in each month subsequent to 60 days after the receipt of notification of the bankruptcy or death, but in any case not later than 180 days past due for credit card loans and 120 days past due for BNPL loans. The Company records the actual losses for unpaid interest and fees as a reduction to Interest and fees on loans, which were $651 million, $456 million and $717 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Modified Credit Card Loans

Forbearance Programs

As part of the Company's collections strategy, the Company may offer temporary, short term (six-months or less) forbearance programs in order to improve the likelihood of collections and meet the needs of the Company's customers. The Company's modifications for customers who have requested assistance and meet certain qualifying requirements, come in the form of reduced or deferred payment requirements, interest rate reductions and late fee waivers. The Company does not offer programs involving the forgiveness of principal. These temporary loan modifications may assist in cases where the Company believes the customer will recover from the short-term hardship and resume scheduled payments. Under these forbearance modification programs, those accounts receiving relief may not advance to the next delinquency cycle, including to charge-off, in the same time frame that would have occurred had the relief not been granted. The Company evaluates its forbearance modification programs to determine if they represent a more than insignificant delay in payment, in which case they would then be considered a troubled debt restructuring (TDR). Loans in these short term programs that are determined to be TDR's, will be included as such in the disclosures below.

Credit Card Loans Modified as TDRs

The Company considers impaired loans to be loans for which it is probable that it will be unable to collect all amounts due according to the original contractual terms of the cardholder agreement, including credit card loans modified as TDRs. In instances where cardholders are experiencing financial difficulty, the Company may modify its credit card loans with the intention of minimizing losses and improving collectability, while providing cardholders with financial relief; such credit card loans are classified as TDRs, exclusive of the forbearance programs described above. Modifications, including for temporary hardship and permanent workout programs, include concessions consisting primarily of a reduced minimum payment, late fee waiver, and an interest rate reduction. The temporary programs' concessions remain in place for a period no longer than twelve months, while the permanent programs remain in place through the payoff of the credit card loans if the cardholder complies with the terms of the program.

TDR concessions do not include the forgiveness of unpaid principal, but may involve the reversal of certain unpaid interest or fee assessments, and the cardholder's ability to make future purchases is either limited, or suspended until the cardholder successfully exits from the modification program. In accordance with the terms of the Company's temporary hardship and permanent workout programs, the credit agreement reverts back to its original contractual terms (including the contractual interest rate) when the customer exits the program, which is either when all payments have been made in accordance with the program, or when the customer defaults out of the program.

TDRs are collectively evaluated for impairment on a pooled basis in measuring the appropriate Allowance for credit losses. The Company's impaired credit card loans represented 1% and 2% of total credit card loans for year ended December 31, 2022 and 2021, respectively. As of those same dates, the Company's recorded investment in impaired credit card loans was $257 million and $281 million, respectively, with an associated Allowance for credit losses of $70 million and $81 million, respectively. The average recorded investment in impaired credit card loans was $257 million and $383 million for the year ended December 31, 2022 and 2021, respectively.

Interest income on these impaired credit card loans is accounted for in the same manner as non-impaired credit card loans, and cash collections are allocated according to the same payment hierarchy methodology applied for credit card loans not in modification programs. The Company recognized $15 million, $26 million and $30 million for the year ended December 31, 2022, 2021 and 2020, respectively, in interest income associated with credit card loans in modification programs, during the period that such loans were impaired.

The following table provides additional information regarding credit card loans modified as TDRs for the years ended December 31:

	2022			2021		
(Millions, except for Number of restructurings)	Number of Restructurings	Pre-modification Outstanding Balance	Post-modification Outstanding Balance	Number of Restructurings	Pre-modification Outstanding Balance	Post-modification Outstanding Balance
Troubled debt restructurings	149,815	$ 227	$ 227	171,993	$ 254	$ 254

The following table provides additional information regarding credit card loans modified as TDRs that have subsequently defaulted within 12 months of their modification dates for the years ended December 31; the probability of default is factored into the Allowance for credit losses:

	2022		2021	
(Millions, except for Number of restructurings)	Number of Restructurings	Outstanding Balance	Number of Restructurings	Outstanding Balance
Troubled debt restructurings that subsequently defaulted	63,726	$ 88	114,531	$ 154

Credit Quality

Credit Card Loans

As part of the Company's credit risk management activities, the Company assesses overall credit quality by reviewing information related to the performance of a credit cardholder's account, as well as information from credit bureaus relating to the cardholder's broader credit performance. The Company utilizes VantageScore (Vantage) credit scores to assist in its assessment of credit quality. Vantage credit scores are obtained at origination of the account and are refreshed monthly thereafter to assist in predicting customer behavior. The Company categorizes these Vantage credit scores into the following three credit score categories: (i) 661 or higher, which are considered the strongest credits and therefore have the lowest credit risk; (ii) 601 to 660, considered to have moderate credit risk; and (iii) 600 or less, which are considered weaker credits and therefore have the highest credit risk. In certain limited circumstances there are customer accounts for which a Vantage score is not available and the Company uses alternative sources to assess credit risk and predict behavior. The table below excludes 0.6% and 0.1% of the total credit card loans balance as of December 31, 2022 and 2021, respectively, representing those customer accounts for which a Vantage credit score is not available. The following table reflects the distribution of the Company's credit card loans by Vantage score as of December 31:

	Vantage					
	2022			2021		
	661 or Higher	601 to 660	600 or Less	661 or Higher	601 to 660	600 or Less
Credit card loans	62 %	26 %	12 %	62 %	26 %	12 %

BNPL Loans

The amortized cost basis of the Company's BNPL loans totaled $299 million and $182 million as of December 31, 2022 and 2021, respectively. As of December 31, 2022, approximately 86% of these loans were originated with customers with Fair Isaac Corporation (FICO) scores of 660 or above, and correspondingly approximately 14% of these loans were

originated with customers with FICO scores below 660. Similarly, as of December 31, 2021, approximately 84% and 16% of these loans were originated by customers with FICO scores of 660 or above, and below 660, respectively.

Unfunded Loan Commitments

The Company is active in originating private label and co-brand credit cards in the U.S. The Company manages potential credit risk in its unfunded lending commitments by reviewing each potential customer's credit application and evaluating the applicant's financial history and ability and perceived willingness to repay. Credit card loans are made primarily on an unsecured basis. Cardholders reside throughout the U.S. and are not significantly concentrated in any one geographic area.

The Company manages its potential risk in credit commitments by limiting the total amount of credit, both by individual customer and in total, by monitoring the size and maturity of its portfolios and applying consistent underwriting standards. The Company has the unilateral ability to cancel or reduce unused credit card lines at any time. Unused credit card lines available to cardholders totaled approximately $128 billion and $112 billion as of December 31, 2022 and 2021, respectively. While this amount represented the total available unused credit card lines, the Company has not experienced and does not anticipate that all cardholders will access their entire available line at any given point in time.

Portfolio Sales

In August 2021, the Company sold a credit card portfolio for cash consideration of approximately $512 million and recognized a gain of approximately $10 million on the transaction, which was recorded in Other non-interest income.

As of December 31, 2022 and December 31, 2021, there were no credit card loans held for sale and no portfolio sales were made during the year end December 31, 2022.

The Company previously announced the non-renewal of its contract with BJ's and the sale of the BJ's portfolio, which closed in late February 2023, for a total preliminary purchase price of approximately $2.5 billion on a loan portfolio of approximately $2.3 billion, subject to customary purchase price adjustments.

Portfolio Acquisitions

In April 2022, the Company acquired a credit card portfolio for cash consideration of approximately $249 million, which primarily consisted of credit card loans, and also included intangible assets (primarily purchased credit card relationships) and rewards liabilities. For Consolidated Financial Statement disclosure purposes, allocation of the purchase price to the credit card loans and intangible assets acquired is not significant.

In October 2022, the Company acquired the AAA credit card portfolio for cash consideration of approximately $1.6 billion, which primarily consisted of $1.5 billion of credit card loans, and also included $118 million of intangible assets (primarily purchased credit card relationships) and reward liabilities, and is subject to customary purchase price adjustments.

3. ALLOWANCE FOR CREDIT LOSSES

The Allowance for credit losses is an estimate of expected credit losses, measured over the estimated life of its Credit card and other loans that considers forecasts of future economic conditions in addition to information about past events and current conditions. The estimate under the credit reserving methodology referred to as the Current Expected Credit Loss (CECL) model is significantly influenced by the composition, characteristics and quality of the Company's portfolio of credit card and other loans, as well as the prevailing economic conditions and forecasts utilized. The estimate of the Allowance for credit losses includes an estimate for uncollectible principal as well as unpaid interest and fees. Principal losses, net of recoveries are deducted from the Allowance. Principal losses for unpaid interest and fees as well as any adjustments to the Allowance associated with unpaid interest and fees are recorded as a reduction to Interest and fees on loans. The Allowance is maintained through an adjustment to the Provision for credit losses and is evaluated for appropriateness.

In estimating its Allowance for credit losses, for each identified group, management utilizes various models and estimation techniques based on historical loss experience, current conditions, reasonable and supportable forecasts and other relevant factors. These models utilize historical data and applicable macroeconomic variables with statistical analysis and

behavioral relationships, to determine expected credit performance. The Company's quantitative estimate of expected credit losses under CECL is impacted by certain forecasted economic factors. The Company considers the forecast used to be reasonable and supportable over the estimated life of the credit card and other loans, with no reversion period. In addition to the quantitative estimate of expected credit losses, the Company also incorporates qualitative adjustments for certain factors such as Company-specific risks, changes in current economic conditions that may not be captured in the quantitatively derived results, or other relevant factors to ensure the Allowance for credit losses reflects the Company's best estimate of current expected credit losses.

Credit Card Loans

The Company uses a "pooled" approach to estimate expected credit losses for financial assets with similar risk characteristics. The Company has evaluated multiple risk characteristics across its credit card loans portfolio, and determined delinquency status and credit quality to be the most significant characteristics for estimating expected credit losses. To estimate its Allowance for credit losses, the Company segments its credit card loans on the basis of delinquency status, credit quality risk score and product. These risk characteristics are evaluated on at least an annual basis, or more frequently as facts and circumstances warrant. In determining the estimated life of the Company's credit card loans, payments were applied to the measurement date balance with no payments allocated to future purchase activity. The Company uses a combination of First In First Out and the Credit Card Accountability, Responsibility, and Disclosure Act of 2009 (CARD Act) methodologies to model balance paydown.

BNPL Loans

The Company measures its Allowance for credit losses on BNPL loans using a statistical model to estimate projected losses over the remaining terms of the loans, inclusive of an assumption for prepayments. The model is based on the historical statistical relationship between loan loss performance and certain macroeconomic data pooled based on credit quality risk score, term of the underlying loans, vintage and geographic location. As of December 31, 2022 and 2021, the Allowance for credit losses on BNPL loans was $21 million and $14 million, respectively.

Allowance for Credit Losses Rollforward

The following table presents the Company's Allowance for credit losses for its Credit card and other loans. With the acquisition of Lon, Inc. in December 2020, the Company acquired certain BNPL loans which represented a separate portfolio segment; the amount of the related Allowance for credit losses was insignificant and therefore has been included in the table below. The amounts presented are for the years ended December 31:

(Millions)	2022	2021	2020
Beginning balance[1]	$ 1,832	$ 2,008	$ 1,815
Provision for credit losses[2]	1,594	544	1,266
Change in estimate for uncollectible unpaid interest and fees	10	—	10
Net principal losses[3]	(972)	(720)	(1,083)
Ending balance	$ 2,464	$ 1,832	$ 2,008

(1) The 2020 Beginning balance includes an increase of $644 million as of January 1, 2020, related to the adoption of the CECL methodology.

(2) Provision for credit losses includes a build/release for the Allowance, as well as replenishment of Net principal losses.

(3) Net principal losses are presented net of recoveries of $187 million, $163 million and $205 million for the years ended December 31, 2022, 2021 and 2020, respectively. Net principal losses for the year ended December 31, 2022 include a $5 million adjustment related to the effects of the purchase of previously written-off accounts that were sold to a third-party debt collection agency; no such adjustment was made in the comparative periods.

For the year ended December 31, 2022, the factors that influenced the increase in the Allowance for credit losses are a higher End-of-period credit card and other loan balance, a higher reserve rate due to economic scenario weightings in the

Company's credit reserve modeling as a result of weakening in macroeconomic indicators, elevated inflation, and the increased cost of overall consumer debt.

4. SECURITIZATIONS

The Company accounts for transfers of financial assets as either sales or financings. Transfers of financial assets that are accounted for as sales are removed from the Consolidated Balance Sheets with any realized gain or loss reflected in the Consolidated Statements of Income during the period in which the sale occurs. Transfers of financial assets that are not accounted for as a sale are treated as a financing.

The Company regularly securitizes the majority of its credit card loans through the transfer of those loans to one of its Trusts. The Company performs the decision making for the Trusts, as well as servicing the cardholder accounts that generate the credit card loans held by the Trusts. In its capacity as a servicer, the Company administers the loans, collects payments and charges-off uncollectible balances. Servicing fees are earned by a subsidiary of the Company, which are eliminated in consolidation.

The Trusts are consolidated VIEs because they have insufficient equity at risk to finance their activities – being the issuance of debt securities and notes, collateralized by the underlying credit card loans. Because the Company performs the decision making and servicing for the Trusts, it has the power to direct the activities that most significantly impact the Trusts' economic performance (the collection of the underlying credit card loans). In addition, the Company holds all of the variable interests in the Trusts, with the exception of the liabilities held by third-parties. These variable interests provide the Company with the right to receive benefits and the obligation to absorb losses, which could be significant to the Trusts. As a result of these considerations, the Company is deemed to be the primary beneficiary of the Trusts and therefore consolidates the Trusts.

The Trusts issue debt securities and notes, which are non-recourse to the Company. The collections on the securitized credit card loans held by the Trusts are available only for payment of those debt securities and notes, or other obligations arising in the securitization transactions. For its securitized credit card loans, during the initial phase of a securitization reinvestment period, the Company generally retains principal collections in exchange for the transfer of additional credit card loans into the securitized pool of assets. During the amortization or accumulation period of a securitization, the investors' share of principal collections (in certain cases, up to a maximum specified amount each month) is either distributed to the investors or held in an account until it accumulates to the total amount due, at which time it is paid to the investors in a lump sum.

The Company is required to maintain minimum interests in its Trusts ranging from 4% to 10% of the securitized credit card loans. This requirement is met through a transferor's interest and is supplemented through excess funding deposits which represent cash amounts deposited with the trustee of the securitizations. Cash collateral, restricted deposits are generally released proportionately as investors are repaid. Under the terms of the Trusts, the occurrence of certain triggering events associated with the performance of the securitized credit card loans in each Trust could result in certain required actions, including payment of Trust expenses, the establishment of reserve funds, or early amortization of the debt securities and/or notes, in a worst-case scenario. During the years ended December 31, 2022, 2021 and 2020, no such triggering events occurred.

The following tables provide the total securitized credit card loans and related delinquencies as of December 31, and net principal losses of securitized credit card loans for the years ended December 31:

(Millions)	2022	2021
Total credit card loans – available to settle obligations of consolidated VIEs	$ 15,383	$ 11,215
Of which: principal amount of credit card loans 91 days or more past due	$ 307	$ 159

(Millions)	2022	2021	2020
Net principal losses of securitized credit card loans	$ 554	$ 453	$ 756

5. INVESTMENT SECURITIES

The Company's investment securities consist of available-for-sale (AFS) securities, which are debt securities and mutual funds. The Company also holds equity securities within its investment securities portfolio. Collectively, these investments are carried at fair value on the Consolidated Balance Sheets within Investment securities.

For any AFS debt securities in an unrealized loss position, the CECL methodology requires estimation of the lifetime expected credit losses which then would be recognized in the Consolidated Statements of Income by establishing, or adjusting an existing allowance for those credit losses. The Company did not have any such credit losses for the periods presented. Any unrealized gains, or any portion of a security's non-credit-related unrealized losses are recorded in the Consolidated Statements of Comprehensive Income, net of tax. The Company typically invests in highly-rated securities with low probabilities of default.

Gains and losses on investments in equity securities are recorded in Other non-interest expenses in the Consolidated Statements of Income.

Realized gains and losses are recognized upon disposition of the investment securities, using the specific identification method. The table below reflects unrealized gains and losses as of December 31, 2022 and December 31, 2021, respectively:

	2022				2021			
(Millions)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Available-for-sale securities	$ 175	$ —	$ (23)	$ 152	$ 173	$ 4	$ (2)	$ 175
Equity securities	$ 69	$ —	$ —	$ 69	$ 64	$ —	$ —	$ 64
Total	$ 244	$ —	$ (23)	$ 221	$ 237	$ 4	$ (2)	$ 239

The following tables provide information about the Company's AFS debt securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss position, as of December 31, 2022 and December 31, 2021, respectively:

	December 31, 2022					
	Less than 12 months		12 Months or Greater		Total	
(Millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available-for-sale securities	$ 95	$ (9)	$ 57	$ (14)	$ 152	$ (23)
Total	$ 95	$ (9)	$ 57	$ (14)	$ 152	$ (23)

	December 31, 2021					
	Less than 12 months		12 Months or Greater		Total	
(Millions)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available-for-sale securities	$ 57	$ (1)	$ 15	$ (1)	$ 72	$ (2)
Total	$ 57	$ (1)	$ 15	$ (1)	$ 72	$ (2)

As of December 31, 2022, the amortized cost and estimated fair value of the Company's AFS debt securities, which are mortgage-backed securities with no stated maturities, was $175 million and $152 million, respectively.

There were no realized gains or losses from the sale of any investment securities for the years ended December 31, 2022, 2021 and 2020.

6. PROPERTY AND EQUIPMENT, NET

Furniture, equipment, buildings and leasehold improvements are carried at cost less accumulated depreciation, and depreciation is measured on a straight-line basis. Costs incurred during construction are capitalized; depreciation begins once the asset is placed in service. As of December 31, 2022, the Company's furniture and equipment has remaining estimated useful lives ranging from less than one year to 10 years. Leasehold improvements are depreciated over the lesser of the remaining terms of the respective leases, or the economic lives of the improvements, and range from less than one year to 16 years, as of December 31, 2022.

Costs associated with the acquisition or development of internal-use software are also capitalized and recorded in Property and equipment, net. Once the internal-use software is ready for its intended use, the cost is amortized on a straight-line basis over the software's estimated useful life. As of December 31, 2022, the Company's internal-use software has remaining estimated useful lives ranging from less than one year to 10 years.

The Company reviews long-lived assets and asset groups for impairment whenever events or circumstances indicate their carrying amounts may not be recoverable. An impairment is recognized if the carrying amount is not recoverable and exceeds the asset or asset group's fair value.

Property and equipment consists of the following as of December 31:

(Millions)	2022	2021
Internal-use computer software and development	$ 305	$ 263
Furniture and equipment	96	107
Land and leasehold improvements	72	76
Construction in progress	9	25
Total	482	471
Accumulated depreciation and amortization	(287)	(256)
Property and equipment	$ 195	$ 215

Depreciation expense totaled $19 million, $26 million and $57 million for the years ended December 31, 2022, 2021 and 2020, respectively, and includes purchased software. Amortization expense on capitalized internal-use software costs totaled $68 million, $37 million and $15 million for the years ended December 31, 2022, 2021 and 2020, respectively.

As of December 31, 2022 and 2021, the net amount of unamortized capitalized internal-use software costs included in Property and equipment, net on the Consolidated Balance Sheets was $112 million and $113 million, respectively.

7. GOODWILL AND INTANGIBLE ASSETS, NET

Goodwill

Goodwill is reviewed at least annually for impairment, or more frequently if circumstances indicate that an impairment is probable, using qualitative or quantitative analysis. No goodwill impairment has been recognized during any of the years ended December 31, 2022, 2021, or 2020.

The changes in the carrying amount of goodwill for the years ended December 31, 2022 and 2021, respectively, were as follows:

(Millions)	
Balance as of December 31, 2020	$ 634
Goodwill acquired during the period	—
Balance as of December 31, 2021	$ 634
Goodwill acquired during the period	—
Balance as of December 31, 2022	$ 634

There were no accumulated goodwill impairment losses as of both December 31, 2022 and 2021.

Intangible Assets, net

The Company's identifiable intangible assets consist of both amortizable and non-amortizable intangible assets. Definite-lived intangible assets are subject to amortization and are amortized on a straight-line basis over their estimated useful lives; indefinite-lived intangible assets are not amortized. The Company reviews long-lived assets and asset groups, including intangible assets, for impairment whenever events and circumstances indicate their carrying amounts may not be recoverable; recognizing an impairment if the carrying amount is not recoverable and exceeds the fair value of the asset or asset group. No impairment of intangible assets has been recognized during any of the years ended December 31, 2022, 2021, or 2020.

Intangible assets consist of the following as of December 31:

	2022			
(Millions)	Gross Assets	Accumulated Amortization	Net	Useful Life
Definite-Lived Assets				
Customer contracts and lists	$ 9	$ (6)	$ 3	3 years
Premium on purchased credit card loan portfolios	$ 230	$ (73)	$ 157	4-13 years
Non-compete agreements	$ 2	$ (1)	$ 1	5 years
	$ 241	$ (80)	$ 161	
Indefinite-Lived Assets				
Tradename	$ 4	$ —	$ 4	Indefinite life
Total intangible assets	$ 245	$ (80)	$ 165	

	2021			
(Millions)	Gross Assets	Accumulated Amortization	Net	Useful Life
Definite-Lived Assets				
Customer contracts and lists	$ 9	$ (3)	$ 6	3 years
Premium on purchased credit card loan portfolios	133	(89)	44	1-13 years
Non-compete agreements	2	—	2	5 years
	$ 144	$ (92)	$ 52	
Indefinite-Lived Assets				
Tradename	1	—	1	Indefinite life
Total intangible assets	$ 145	$ (92)	$ 53	

Amortization expense related to intangible assets was approximately $26 million, $29 million and $34 million for the years ended December 31, 2022, 2021 and 2020, respectively.

The estimated amortization expense related to intangible assets for the next five years and thereafter is as follows for the years ending December 31:

(Millions)	
2023	41
2024	37
2025	29
2026	24
2027	8
Thereafter	22
	161

8. OTHER ASSETS

The following is a summary of Other assets as of December 31:

(Millions)	2022	2021
Deferred tax asset, net	$ 552	$ 302
Deferred contract costs	344	364
Accounts receivable, net [1]	164	151
Right-of-use assets - operating	88	97
Restricted cash [2]	36	877
Investment in Loyalty Ventures Inc. (LVI)	6	50
Other [3]	210	151
Total other assets	$ 1,400	$ 1,992

[1] Primarily related to federal, state and foreign income tax receivables (including a tax-related receivable in the amount of $49 million, net, which the Company is entitled to receive through LVI), and amounts receivable from various brand partners.

[2] The balance as of December 31, 2021 represents principal accumulation for the repayment of debt issued by consolidated VIEs that matured in 2022.

[3] Primarily comprised of prepaid expenses and non-income-based tax receivables.

9. LEASES

The Company has various operating leases for facilities and equipment which are recorded as lease-related assets (right-of-use assets) and liabilities for those leases with terms greater than 12 months. The Company does not have any finance leases. The Company determines if an arrangement is a lease or contains a lease at inception, and does not separate lease and non-lease components. Right-of-use assets are recognized as of the lease commencement date at amounts equal to the respective lease liabilities, adjusted for any prepaid lease payments, initial direct costs and lease incentives. The Company's lease liabilities are recognized as of the lease commencement date, or upon modification of the lease, at the present value of the contractual fixed lease payments, discounted using the Company's incremental borrowing rate as the rate implicit in the lease is typically not readily determinable. Operating lease expense is recognized on a straight-line basis over the lease term, while variable lease payments are expensed as incurred.

As of both December 31, 2022 and 2021, the weighted average discount rate applied by the Company was 5.8%. As of December 31, 2022, the Company's leases have remaining lease terms ranging from less than one year, up to 16 years, some of which may include renewal options, while the weighted average remaining lease term was 8.8 years and 9.8 years

as of December 31, 2022 and 2021, respectively. Leases with an initial term of 12 months or less are not recognized on the Consolidated Balance Sheets; lease expense for these leases is recognized on a straight-line basis over the lease term.
As with other long-lived assets, right-of-use assets are reviewed for impairment whenever events and circumstances indicate their carrying amounts may not be recoverable.

The components of lease expense were as follows for the years ended December 31:

(Millions)	2022	2021	2020
Operating lease cost	$ 17	$ 23	$ 25
Short-term lease cost	—	—	1
Variable lease cost	3	2	2
Sublease income	(7)	(5)	(1)
Total	$ 13	$ 20	$ 27

Supplemental lease-related cash flow information was as follows for the years ended December 31:

(Millions)	2022	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 23	$ 25	$ 28
Right-of-use assets obtained in exchange for lease obligations:			
Operating leases	$ —	$ 5	$ 1

Future, maturities of the Company’s lease liabilities, by year, were as follows as of December 31, 2022:

(Millions)	
2023	$ 19
2024	20
2025	19
2026	18
2027	16
Thereafter	70
Total undiscounted lease liabilities	162
Less: Amount representing interest	(36)
Total present value of minimum lease payments	$ 126

10. DEPOSITS

Deposits were categorized as interest-bearing or non-interest-bearing as follows, as of December 31:

(Millions)	2022	2021
Interest-bearing	$ 13,787	$ 11,027
Non-interest-bearing (including cardholder credit balances)	39	—
Total deposits	$ 13,826	$ 11,027

Deposits by deposit type were as follows as of December 31:

(Millions)	2022	2021
Savings accounts		
Direct-to-consumer (retail)	$ 2,782	$ 1,713
Wholesale	3,954	3,873
Certificates of deposit		
Direct-to-consumer (retail)	2,684	1,467
Wholesale	4,367	3,974
Cardholder credit balances	39	—
Total deposits	$ 13,826	$ 11,027

The scheduled maturities of certificates of deposit were as follows as of December 31, 2022:

(Millions)	
2023[(1)]	$ 4,437
2024	1,333
2025	482
2026	234
2027	565
Thereafter	—
Total certificates of deposit	$ 7,051

(1) The 2023 balance includes $9 million in unamortized debt issuance costs, which are associated with the entire portfolio of certificates of deposit.

As of December 31, 2022 and December 31, 2021, certificates of deposit that exceeded applicable FDIC insurance limits, which are generally $250,000 or more, in the aggregate, were $822 million and $500 million, respectively.

11. BORROWINGS OF LONG-TERM AND OTHER DEBT

Long-term and other debt consisted of the following as of December 31:

Description (Millions, except percentages)	2022	2021	Contractual Maturities	Interest Rates
Long-term and other debt:				
Revolving line of credit	$ —	$ —	July 2024	(1)
Term loans	556	658	July 2024	(2)
Senior notes due 2024	850	850	December 2024	4.750%
Senior notes due 2026	500	500	January 2026	7.000%
Subtotal	1,906	2,008		
Less: Unamortized debt issuance costs	14	22		
Total long-term and other debt	$ 1,892	$ 1,986		
Debt issued by consolidated VIEs:				
Fixed rate asset-backed term note securities	$ —	$ 1,572		
Conduit asset-backed securities	6,115	3,883	Various – Jun 2023 to Oct 2023	(3)
Subtotal	6,115	5,455		
Less: Unamortized debt issuance costs	—	2		
Total debt issued by consolidated VIEs	$ 6,115	$ 5,453		
Total borrowings of long-term and other debt	$ 8,007	$ 7,439		

(1) The interest rate in 2022 is based upon the Secured Overnight Financing Rate (SOFR) plus an applicable margin. The interest rate in 2021 is based upon the London Interbank Offered Rate (LIBOR) plus an applicable margin.

(2) The interest rate in 2022 is based upon SOFR plus an applicable margin. The interest rate in 2021 is based upon LIBOR plus an applicable margin. The weighted average interest rate for the term loans was 3.24% and 1.85% as of December 31, 2022 and 2021, respectively.

(3) The interest rate in 2022 is based upon SOFR, or the asset-backed commercial paper costs of each individual conduit provider plus an applicable margin. The interest rate in 2021 is based upon LIBOR, or the asset-backed commercial paper costs of each individual conduit provider plus an applicable margin. As of December 31, 2022, the interest rates ranged from 5.08% to 5.93%. As of December 31, 2021, the interest rates ranged from 0.89% to 0.96%.

Certain of the Company's long-term debt agreements contain various restrictive financial and non-financial covenants. If the Company does not comply with these covenants, the maturity of amounts outstanding may be accelerated and become payable and the associated commitments may be terminated. As of December 31, 2022, the Company was in compliance with all such covenants.

Long-term and Other Debt

Credit Agreement

The Company, as borrower, and certain of its non-Bank wholly-owned subsidiaries, as guarantors, are party to a Credit Agreement with various agents and lenders dated June 14, 2017, as amended (the Credit Agreement). As of December 31, 2022, the Credit Agreement had $556 million aggregate principal amount of term loans outstanding (the term loans) and provided for a $750 million revolving credit facility (the revolving line of credit) which was undrawn as of December 31, 2022. The Credit Agreement matures on July 1, 2024.

The Credit Agreement contains the usual and customary negative and affirmative covenants, including, but not limited to, restrictions on the Company's ability and in certain instances, its subsidiaries' ability to consolidate or merge; substantially change the nature of its business; sell, lease, or otherwise transfer any substantial part of its assets; create or incur indebtedness; create liens; and make acquisitions. The negative covenants are subject to certain exceptions as specified in the Credit Agreement. The Credit Agreement also requires the Company to comply with certain financial covenants and

includes customary events of default. The Credit Agreement was amended in December 2022 to index borrowings SOFR, with the discontinuation of LIBOR. SOFR is based on short-term repurchase agreements that are backed by Treasury securities.

Senior Notes Due 2024 and 2026

The Senior Notes set forth below are each governed by their respective indenture that includes usual and customary negative covenants and events of default. These Senior Notes are unsecured and are guaranteed on a senior unsecured basis by certain of the Company's existing and future domestic restricted subsidiaries that incurs or in any other manner becomes liable for any debt under the Company's domestic credit facilities, including the Credit Agreement.

Due December 15, 2024: In December 2019, the Company issued and sold $850 million aggregate principal amount of 4.750% Senior Notes due December 15, 2024 (the Senior Notes due 2024). The Senior Notes due 2024 accrue interest on the outstanding principal amount at the rate of 4.750% per annum from December 20, 2019, payable semi-annually in arrears, on June 15 and December 15 of each year, beginning on June 15, 2020. The Senior Notes due 2024 will mature on December 15, 2024, subject to earlier repurchase or redemption.

Due January 15, 2026: In September 2020, the Company issued and sold $500 million aggregate principal amount of 7.000% Senior Notes due January 15, 2026 (the Senior Notes due 2026). The Senior Notes due 2026 accrue interest on the outstanding principal amount at the rate of 7.000% per annum from September 22, 2020, payable semi-annually in arrears, on March 15 and September 15 of each year, beginning on March 15, 2021. The Senior Notes due 2026 will mature on January 15, 2026, subject to earlier repurchase or redemption.

Debt Issued by Consolidated VIEs

An asset-backed security is a security whose value and income payments are derived from and collateralized by a specified pool of underlying assets – in the case of the Company, its credit card loans. The sale of the pool of underlying assets to general investors is accomplished through a securitization process. The Company regularly sells its credit card loans to its Trusts, which are consolidated by the Company. The liabilities of these consolidated VIEs include asset-backed securities for which creditors, or beneficial interest holders, do not have recourse to the general credit of the Company.

Asset-Backed Term Notes

For the year ended December 31, 2022, no asset-backed term notes were issued, and $1.6 billion of asset-backed term notes matured and were repaid, of which $74 million were previously retained by the Company and therefore eliminated from the Consolidated Balance Sheets.

Conduit Facilities

The Company maintained committed syndicated bank Conduit Facilities to support the funding of its credit card loans for its Trusts. Borrowings outstanding under each private Conduit Facility bear interest at a margin above SOFR, or the asset-backed commercial paper costs of each individual conduit provider.

During the year ended December 31, 2022, the Company obtained increased lender commitments under its Conduit Facilities of $2.1 billion and extended the various maturities to June 2023 and July 2023. Specifically, in April 2022, the World Financial Network Credit Card Master Trust III amended its 2009-VFC Conduit Facility, increasing the capacity from $225 million to $275 million and extending the maturity to July 2023. In addition, in April 2022, the World Financial Capital Master Note Trust amended its 2009-VFN Conduit Facility, increasing the capacity from $1.5 billion to $2.5 billion and extending the maturity to July 2023. In June 2022, the Comenity Capital Asset Securitization Trust was formed for the purpose of funding a portfolio acquisition completed in October 2022. The capacity was negotiated to be $1.0 billion and the maturity was set as June 2023.

As of December 31, 2022, total capacity under the Conduit Facilities was $6.5 billion, of which $6.1 billion had been drawn.

Maturities

The future principal payments for the Company's long-term and other debt are as follows, as of December 31, 2022:

Year	Long-Term and Other Debt	Debt Issued by Consolidated VIEs	Total
(Millions)			
2023	$ 152	$ 6,115	$ 6,267
2024	1,254	—	1,254
2025	—	—	—
2026	500	—	500
2027	—	—	—
Thereafter	—	—	—
Total maturities	1,906	6,115	8,021
Unamortized debt issuance costs	(14)	—	(14)
	$ 1,892	$ 6,115	$ 8,007

12. OTHER LIABILITIES

The following is a summary of Other liabilities as of December 31:

	2022	2021
(Millions)		
Accounts payable and other brand partner liabilities	$ 398	$ 291
Accrued liabilities [1]	306	314
Long-term tax reserves	306	313
Operating lease liabilities	126	140
Other[2]	173	136
Total other liabilities	$ 1,309	$ 1,194

[1] Primarily related to accrued payroll and benefits, marketing, taxes and professional services expenses.

[2] Primarily comprised of long-term unearned revenue and cardholder liabilities.

13. OTHER NON-INTEREST INCOME AND OTHER NON-INTEREST EXPENSES

The following table provides the components of Other non-interest income for the years ended December 31:

	2022	2021	2020
(Millions)			
Payment protection products	$ 154	$ 141	$ 156
Loss from equity method investment	(44)	2	—
Other	4	13	21
Total other non-interest income	$ 114	$ 156	$ 177

The following table provides the components of Other non-interest expenses for the years ended December 31:

(Millions)	2022	2021	2020
Professional services and regulatory fees	$ 142	$ 136	$ 114
Asset impairment charges	—	—	64
Other [1]	85	86	108
Total other non-interest expense	$ 227	$ 222	$ 286

[1] Primarily related to occupancy expense and non-income based taxes.

14. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined under GAAP as the price that would be required to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; with such transaction based on the principal market, or in the absence of a principal market the most advantageous market for the specific instrument. GAAP provides for a three-level fair value hierarchy that classifies the inputs to valuation techniques used to measure fair value, defined as follows:

Level 1: Inputs that are unadjusted quoted prices for identical assets or liabilities in active markets that the entity can access.

Level 2: Inputs, other than those included within Level 1, that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Inputs that are unobservable (e.g., internally derived assumptions) and reflect an entity's own estimates about estimates market participants would use in pricing the asset or liability based on the best information available under the circumstances. In particular, Level 3 inputs and valuation techniques involve judgment and as a result are not necessarily indicative of amounts the Company would realize in a current market exchange. The use of different assumptions or estimation techniques may have a material effect on the estimated fair value amounts.

The Company monitors the market conditions and evaluates the fair value hierarchy levels quarterly. For the years ended December 31, 2022 and 2021, there were no transfers into or out of Level 3, and no transfers between Levels 1 and 2.

The following table summarizes the carrying values and fair values of the Company's financial assets and financial liabilities as of December 31:

	2022		2021	
(Millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Credit card and other loans, net	$ 18,901	$ 21,328	$ 15,567	$ 17,989
Investment securities	221	221	239	239
Financial liabilities				
Deposits	13,826	13,731	11,027	11,135
Debt issued by consolidated VIEs	6,115	6,115	5,453	5,467
Long-term and other debt	1,892	1,759	1,986	2,053

Valuation Techniques Used in the Fair Value Measurement of Financial Assets and Financial Liabilities

Credit card and other loans, net: The Company's Credit card and other loans are recorded at historical cost, less the Allowance for credit losses, on the Consolidated Balance Sheets. In estimating the fair values, the Company uses a discounted cash flow model (i.e., Level 3 inputs), primarily because a comparable whole loan sales market for similar loans does not exist, and therefore there is a lack of observable pricing inputs. The Company uses various internally derived inputs, including projected income, discount rates and forecasted write-offs; economic value attributable to future loans generated by the cardholder accounts is not included in the fair values.

Investment securities: Investment securities consist of AFS securities, which are debt securities and mutual funds, as well as equity securities, and are recorded at fair value on the Consolidated Balance Sheets. Quoted prices of identical or similar investment securities in active markets are used to estimate the fair values (i.e., Level 1 or Level 2 inputs).

Deposits: Money market and other non-maturity deposits carrying values approximate their fair values because they are short-term in duration and have no defined maturity. Certificates of deposit are recorded at their historical issuance cost on the Consolidated Balance Sheets, adjusted for unamortized fees, with fair value being estimated based on the currently observable market rates available to the Company for similar deposits with similar remaining maturities (i.e., Level 2 inputs). Interest payable is included within Other liabilities on the Consolidated Balance Sheets.

Debt issued by consolidated VIEs: The Company records debt issued by its consolidated VIEs at historical issuance cost on the Consolidated Balance Sheets, adjusted for unamortized fees, as well as premiums or discounts, as applicable. Interest payable is included within Other liabilities on the Consolidated Balance Sheets. Fair value is estimated based on the currently observable market rates available to the Company for similar debt instruments with similar remaining maturities or quoted market prices for the same transaction (i.e., Level 2 inputs).

Long-term and other debt: The Company records its long-term and other debt at historical issuance cost on the Consolidated Balance Sheets, adjusted for unamortized fees, as well as premiums or discounts, as applicable. Interest payable is included within Other liabilities on the Consolidated Balance Sheets. The fair value is estimated based on the currently observable market rates available to the Company for similar debt instruments with similar remaining maturities, or quoted market prices for the same transaction (i.e., Level 2 inputs).

The following tables summarize the Company's financial assets and financial liabilities measured at fair value on a recurring basis, categorized by the fair value hierarchy described in the preceding paragraphs, as of December 31:

	2022			
	Total	Level 1	Level 2	Level 3
(Millions)				
Investment securities	$ 221	$ 44	$ 177	$ —
Total assets measured at fair value	$ 221	$ 44	$ 177	$ —

	2021			
	Total	Level 1	Level 2	Level 3
(Millions)				
Investment securities	$ 239	$ 48	$ 191	$ —
Total assets measured at fair value	$ 239	$ 48	$ 191	$ —

Financial Instruments Disclosed but Not Carried at Fair Value

The following tables summarize the Company's financial assets and financial liabilities that are measured at amortized cost, and not required to be carried at fair value on a recurring basis, as of December 31, 2022 and 2021. The fair values of these financial instruments are estimates as of December 31, 2022 and 2021, and require management's judgment; therefore, these figures may not be indicative of future fair values, nor can the fair value of the Company be estimated by aggregating all of the amounts presented.

	2022			
(Millions)	Fair Value	Level 1	Level 2	Level 3
Financial assets:				
Credit card and other loans, net	$ 21,328	$ —	$ —	$ 21,328
Total	$ 21,328	$ —	$ —	$ 21,328
Financial liabilities:				
Deposits	$ 13,731	$ —	$ 13,731	$ —
Debt issued by consolidated VIEs	6,115	—	6,115	—
Long-term and other debt	1,759	—	1,759	—
Total	$ 21,605	$ —	$ 21,605	$ —

	2021			
(Millions)	Fair Value	Level 1	Level 2	Level 3
Financial assets:				
Credit card and other loans, net	$ 17,989	$ —	$ —	$ 17,989
Total	$ 17,989	$ —	$ —	$ 17,989
Financial liabilities:				
Deposits	$ 11,135	$ —	$ 11,135	$ —
Debt issued by consolidated VIEs	5,467	—	5,467	—
Long-term and other debt	2,053	—	2,053	—
Total	$ 18,655	$ —	$ 18,655	$ —

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets and liabilities are recognized or disclosed at fair value on a nonrecurring basis, including property and equipment, right-of-use assets, deferred contract assets, goodwill and intangible assets. These assets are not measured at fair value on a recurring basis but are subject to fair value adjustments in certain circumstances, such as upon impairment. For the year ended December 31, 2022, the Company recognized a write-down of its equity method investment in LVI of $44 million; as of December 31, 2022, the carrying amount of its investment was $6 million and the fair value was $11 million. The Company did not have any impairments for the year ended December 31, 2021.

15. COMMITMENTS AND CONTINGENCIES

Regulatory Matters

CB is regulated, supervised and examined by the State of Delaware and the Federal Deposit Insurance Corporation (FDIC). The Company's industrial bank, CCB, is regulated, supervised and examined by the State of Utah and the FDIC.

The Consumer Financial Protection Bureau (CFPB) promulgates regulations for the federal consumer financial protection laws and supervises and examines large banks (those with more than $10 billion of total assets) with respect to those laws. Banks in a multi-bank organization, such as CB and CCB, are subject to supervision and examination by the CFPB with respect to the federal consumer financial protection laws if at least one bank reports total assets over $10 billion for four consecutive quarters. While the Banks were subject to supervision and examination by the CFPB with respect to the federal consumer financial protection laws between 2016 and 2021, this reverted to the FDIC in 2022. However, CCB's total assets then exceeded $10 billion for four consecutive quarters as of September 30, 2022, and both Banks are now again subject to supervision and examination by the CFPB with respect to federal consumer protection laws.

Quantitative measures established by regulations to ensure capital adequacy require CB and CCB to maintain minimum amounts and ratios of Tier 1 capital to average assets, Common equity tier 1, Tier 1 capital and Total capital, all to risk weighted assets. Failure to meet these minimum capital requirements can result in certain mandatory, and possibly additional discretionary actions by the Banks' regulators that if undertaken, could have a direct material effect on CB's and/or CCB's operating activities, as well as those of the Company. Based on these regulations, as of December 31, 2022 and 2021, each Bank met all capital requirements to which it was subject, and maintained capital ratios in excess of the minimums required to qualify as well capitalized. The Banks are considered well capitalized and seek to maintain capital levels and ratios in excess of the minimum regulatory requirements inclusive of the 2.5% Capital Conservation Buffer. The actual capital ratios and minimum ratios for each Bank, as well as the Combined Banks, are as follows as of December 31, 2022:

	Actual Ratio	Minimum Ratio for Capital Adequacy Purposes	Minimum Ratio to be Well Capitalized under Prompt Corrective Action Provisions
Comenity Bank			
Common Equity Tier 1 capital ratio[1]	18.4 %	4.5 %	6.5 %
Tier 1 capital ratio[2]	18.4	6.0	8.0
Total Risk-based capital ratio[3]	19.7	8.0	10.0
Tier 1 Leverage capital ratio[4]	16.7	4.0	5.0
Comenity Capital Bank			
Common Equity Tier 1 capital ratio[1]	16.1 %	4.5 %	6.5 %
Tier 1 capital ratio[2]	16.1	6.0	8.0
Total Risk-based capital ratio[3]	17.4	8.0	10.0
Tier 1 Leverage capital ratio[4]	14.9	4.0	8.0
Combined Banks			
Common Equity Tier 1 capital ratio[1]	17.0 %	4.5 %	6.5 %
Tier 1 capital ratio[2]	17.0	6.0	8.0
Total Risk-based capital ratio[3]	18.3	8.0	10.0
Tier 1 Leverage capital ratio[4]	15.6	4.0	5.0

(1) The Common Equity Tier 1 capital ratio represents common equity tier 1 capital divided by total risk-weighted assets.

(2) The Tier 1 capital ratio represents tier 1 capital divided by total risk-weighted assets.

(3) The Total Risk-based capital ratio represents total capital divided by total risk-weighted assets.

(4) The Tier 1 Leverage capital ratio represents tier 1 capital divided by total average assets, after certain adjustments.

Indemnification

On July 1, 2019, the Company completed the sale of its Epsilon segment to Publicis Groupe S.A. (Publicis). Under the terms of the agreement governing that transaction, the Company agreed to indemnify Publicis and its affiliates from and against any losses arising out of or related to a U.S. Department of Justice (DOJ) investigation. The DOJ investigation related to third-party marketers who sent, or allegedly sent, deceptive mailings and the provision of data and services to those marketers by Epsilon's data practice. Epsilon actively cooperated with the DOJ in connection with the investigation. On January 19, 2021, Epsilon entered into a deferred prosecution agreement (DPA) with the DOJ to resolve the matters that were the subject of the investigation. Pursuant to the DPA, Epsilon agreed, among other things, to pay penalties and consumer compensation in the aggregate amount of $150 million, to be paid in two equal installments, the first in January 2021 and the second in January 2022. A $150 million loss contingency was recorded as of December 31, 2020. Pursuant to

its contractual indemnification obligation, in January 2021 the Company paid $75 million to Publicis, and in January 2022 the Company paid the remaining $75 million installment to Publicis.

Legal Proceedings

From time to time the Company is involved in various claims and lawsuits and other proceedings, arising in the ordinary course of business that it believes will not have a material adverse effect on its business, consolidated financial condition or liquidity, including claims and lawsuits alleging breaches of the Company's contractual obligations, arbitrations, class actions and other litigation, arising in connection with its business activities. The Company is also involved, from time to time, in reviews, investigations, subpoenas, supervisory actions and other proceedings (both formal and informal) by governmental agencies regarding its business, which could subject the Company to significant fines, penalties, obligations to change its business practices, significant restrictions on its existing business or ability to develop new business, cease-and-desist orders, safety-and-soundness directives or other requirements resulting in increased expenses, diminished income and damage to the Company's reputation.

16. EMPLOYEE BENEFIT PLANS

Employee Stock Purchase Plan

In March 2015, the Company's Board of Directors adopted the 2015 Employee Stock Purchase Plan (the 2015 ESPP), which was subsequently approved by the Company's stockholders on June 3, 2015. The 2015 ESPP became effective July 1, 2015 with no definitive expiration date. The Company's Board of Directors may at any time and for any reason terminate or amend the 2015 ESPP. No employee may purchase more than $25,000 worth of stock under the 2015 ESPP in any calendar year, and no employee may purchase stock under the 2015 ESPP if such purchase would cause the employee to own more than 5% of the voting rights or value of the Company's common stock. The 2015 ESPP provides for six-month offering periods, commencing on the first trading day of the first and third calendar quarter of each year and ending on the last trading day of each subsequent calendar quarter. The purchase price of the common stock upon exercise is 85% of the fair market value of shares on the applicable purchase date as determined by averaging the high and low trading prices of the last trading day of each six-month period as defined above. An employee elects to participate and have contributions deducted through payroll deductions. The 2015 ESPP provides for the issuance of any remaining shares available for issuance under the 2005 ESPP, which were 441,327 shares at June 30, 2015. The 2015 ESPP reserved an additional 1,000,000 shares of the Company's common stock for issuance under the 2015 Plan, bringing the maximum number of shares reserved for issuance under the 2015 ESPP to 1,441,327 shares, subject to adjustment as provided in the 2015 ESPP.

During the year ended December 31, 2022, the Company issued 100,951 shares of common stock under the 2015 ESPP at a weighted-average issue price of $31.48. Since its adoption on July 1, 2015, 672,776 shares of common stock have been issued, with 768,551 shares available for issuance under the 2015 ESPP.

401(k) Retirement Savings Plan

The Bread Financial Holdings, Inc. 401(k) and Retirement Savings Plan (the RSP) is a defined contribution plan that is qualified under Section 401(k) of the Internal Revenue Code of 1986. The Company amended the RSP effective December 3, 2020. The RSP is an IRS-approved safe harbor plan design that eliminates the need for most discrimination testing. Eligible employees can participate in the RSP immediately upon joining the Company and after 180 days of employment begin receiving company matching contributions; "seasonal" or "on-call" employees must complete a year of eligibility service before they may participate. The RSP covers U.S. employees of Bread Financial Holdings, Inc. who are at least 18 years old, one of the Company's wholly-owned subsidiaries, and any other subsidiary or affiliated organization that adopts the RSP; employees of the Company and all of its U.S. subsidiaries are currently covered.

The RSP permits eligible employees to make Roth elective deferrals, which are included in the employee's taxable income at the time of contribution, but not when distributed. Regular, or Non-Roth elective deferrals made by employees, together with contributions by the Company to the RSP, and income earned on these contributions, are not taxable until withdrawn from the RSP. The Company matches an employee's contribution dollar-for-dollar up to five percent of the employee's eligible compensation; all Company matching contributions immediately vest. For the years ended December 31, 2022, 2021 and 2020, Company matching contributions were $17 million, $15 million and $16 million, respectively.

Participants in the RSP can direct their contributions and the Company's matching contribution to numerous investment options, including the Company's common stock. On July 20, 2001, the Company registered 1,500,000 shares of its common stock for issuance in accordance with the RSP pursuant to a Registration Statement on Form S-8, File No. 333-65556. As of December 31, 2022, 241,603 of such shares remain available for issuance.

Executive Deferred Compensation Plan

The Company also maintains an Executive Deferred Compensation Plan (EDCP). The EDCP permits a defined group of management and highly compensated employees to defer on a pre-tax basis a portion of their base salary and incentive compensation (as defined in the EDCP) payable for services rendered. Deferrals under the EDCP are unfunded and subject to the claims of the Company's creditors. Each participant in the EDCP is 100% vested in their account, and account balances accrue interest at a rate established and adjusted periodically by the Compensation & Human Capital committee of the Company's Board of Directors. As of December 31, 2022 and 2021, the Company's outstanding liability related to the EDCP, which was included in Other liabilities on the Consolidated Balance Sheets, was $20 million and $18 million, respectively.

17. CHANGES IN ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in each component of accumulated other comprehensive loss, net of tax effects, are as follows:

(Millions)	Net Unrealized Gains (Losses) on AFS Securities	Net Unrealized Losses on Cash Flow Hedges	Net Unrealized Losses on Net Investment Hedge	Foreign Currency Translation Losses [1]	Accumulated Other Comprehensive Loss
Balance as of January 1, 2020	$ 2	$ —	$ (7)	$ (95)	$ (100)
Changes in other comprehensive income (loss)	21	(1)	—	71	91
Recognition resulting from the sale of Precima's foreign subsidiaries	—	—	—	4	4
Balance as of December 31, 2020	$ 23	$ (1)	$ (7)	$ (20)	$ (5)
Changes in other comprehensive (loss) income	(21)	2	—	(37)	(56)
Recognition resulting from the spinoff of LoyaltyOne's foreign subsidiaries	(1)	(1)	7	54	59
Balance as of December 31, 2021	$ 1	$ —	$ —	$ (3)	$ (2)
Changes in other comprehensive (loss) income	(19)	—	—	—	(19)
Balance as of December 31, 2022	$ (18)	$ —	$ —	$ (3)	$ (21)

[1] Primarily related to the impact of changes in the Canadian dollar and Euro foreign currency exchange rates from the Company's former LoyaltyOne segment, which was spun off in November 2021.

With the spinoff of the Company's former LoyaltyOne segment on November 5, 2021, the $7 million net unrealized loss on its net investment hedge related to its net investment in BrandLoyalty was reclassified into net income. Upon the sale of Precima on January 10, 2020, $4 million of accumulated foreign currency translation adjustments attributable to Precima's foreign subsidiaries sold were reclassified from Accumulated other comprehensive loss and included in the calculation of the gain on the sale of Precima.

18. STOCKHOLDERS' EQUITY

Stock Repurchase Programs

On February 28, 2022, the Company's Board of Directors approved a stock repurchase program to acquire up to 200,000 shares of the Company's outstanding common stock in the open market during the one-year period ending on February 28, 2023. As of March 31, 2022, the Company had repurchased all 200,000 shares of its common stock available under this program for an aggregate of $12 million. Following their repurchase, these 200,000 shares ceased to be outstanding shares of common stock and are now treated as authorized but unissued shares of common stock.

Stock Compensation Plans

The Company has adopted equity compensation plans to advance the interests of the Company by rewarding certain employees for their contributions to the financial success of the Company and thereby motivating them to continue to make such contributions in the future.

The 2015 Omnibus Incentive Plan (the 2015 Plan) became effective July 1, 2015, subsequently expired on June 30, 2020, and reserved 5,100,000 shares of common stock for grants of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock unit awards (RSUs), performance share awards, cash incentive awards, deferred stock units, and other stock-based and cash-based awards to selected officers, employees, non-employee directors and consultants who performed services for the Company or its affiliates, with only employees eligible to receive incentive stock options.

The 2020 Omnibus Incentive Plan (the 2020 Plan) became effective July 1, 2020 and reserved 2,400,000 shares of common stock for grants of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, RSUs, performance share awards, cash incentive awards, deferred stock units, and other stock-based and cash-based awards to selected officers, employees, non-employee directors and consultants performing services for the Company or its affiliates, with only employees being eligible to receive incentive stock options. The 2020 Plan expires on June 30, 2030; provided that, pursuant to the terms of the 2022 Plan (as defined below), no new grants shall be made under the 2020 Plan.

In March 2022, the Company's Board of Directors adopted the 2022 Omnibus Incentive Plan (the 2022 Plan), which was subsequently approved by the Company's stockholders on May 24, 2022. The 2022 Plan became effective July 1, 2022 and expires on June 30, 2032. The 2022 Plan reserves 3,075,000 shares of common stock for grants of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, RSUs, performance share awards, cash incentive awards, deferred stock units, and other stock-based and cash-based awards to selected officers, employees, non-employee directors and consultants performing services for the Company or its affiliates, with only employees being eligible to receive incentive stock options. The maximum amount that may be awarded to any independent member of the Company's Board of Directors in any one calendar year may not exceed $1 million. On June 22, 2022, the Company registered 3,075,000 shares of its common stock for issuance in accordance with the 2022 Plan pursuant to a Registration Statement on Form S-8, File No. 333-265771. Terms of all awards under the 2022 Plan are determined by the Board of Directors or the Compensation & Human Capital Committee of the Board of Directors or its designee at the time of award.

Stock Compensation Expense

Stock-based compensation expense is measured at the grant date of the award, based on the fair value of the award, and is recognized ratably over the requisite service period. Stock-based compensation expense recognized in Employee compensation and benefits expense in the Consolidated Statements of Income for the years ended December 31, 2022, 2021 and 2020 was $32 million, $25 million and $15 million, respectively, with corresponding income tax benefits of $5 million, $4 million and $3 million, respectively.

As the amount of stock-based compensation expense recognized is based on awards ultimately expected to vest, the amount recognized in the Company's Consolidated Statements of Income has been reduced for estimated forfeitures. The Company estimates forfeitures at each grant date based on historical experience, with forfeiture estimates to be revised, if necessary, in subsequent periods should actual forfeitures differ from those estimates; forfeitures were estimated at 5% for each of the years ended December 31, 2022, 2021 and 2020.

As of December 31, 2022, there was approximately $55 million of unrecognized expense, adjusted for estimated forfeitures, related to non-vested, stock-based equity awards granted to employees, which is expected to be recognized over a weighted average remaining period of approximately 2.2 years.

Restricted Stock Unit Awards

The following table summarizes RSUs activity under the Company's equity compensation plans:

	Market-Based [1]	Performance-Based [1]	Service-Based	Total	Weighted Average Fair Value
Balance as of January 1, 2020	24,288	230,272	258,572	513,132	$ 172.06
Shares granted	20,770	219,186	241,610	481,566	89.11
Shares vested	—	(42,097)	(127,921)	(170,018)	175.09
Shares forfeited	(22,831)	(186,135)	(38,447)	(247,413)	166.93
Balance as of December 31, 2020	22,227	221,226	333,814	577,267	$ 103.89
Shares granted [2]	2,641	111,542	774,062	888,245	88.18
Shares vested	—	(24,677)	(167,723)	(192,400)	118.78
Shares forfeited	(5,801)	(216,675)	(291,201)	(513,677)	93.16
Balance as of December 31, 2021	19,067	91,416	648,952	759,435	$ 89.14
Shares granted	—	82,513	766,178	848,691	63.22
Shares vested	—	(8,983)	(218,077)	(227,060)	78.23
Shares forfeited	(19,067)	—	(89,390)	(108,457)	65.83
Balance as of December 31, 2022	—	164,946	1,107,663	1,272,609	$ 68.86
Outstanding and Expected to Vest				1,238,212	$ 69.17

(1) Shares granted reflect a 100% target attainment of the respective market-based or performance-based metric. Shares forfeited include those restricted stock units forfeited as a result of the Company not meeting the respective market-based or performance-based metric conditions.

(2) Shares granted reflect a November 2021 make-whole equity adjustment to unvested shares due to the reduction in the Company's share value resulting from the spinoff of LVI. This adjustment increased shares granted by 2,641 shares, 12,659 shares and 96,556 shares for market-based, performance-based and service-based awards, respectively. These shares were excluded from the weighted average fair value calculation.

For performance-based and service-based awards, the fair value of the RSUs was estimated using the Company's closing share price on the date of grant. Service-based RSUs typically vest ratably over a three year period. Performance-based RSUs typically cliff vest at the end of three years, if specified performance measures tied to the Company's financial performance are met, which are measured annually over the three year period. For the performance-based RSUs awarded in 2022 and 2021, the pre-defined vesting criteria typically permit a range from 0% to 150% to be earned. Accruals of compensation cost for an award with a performance condition are based on the probable outcome of that performance condition.

The total fair value of RSUs vested was $18 million, $23 million and $30 million for the years ended December 31, 2022, 2021 and 2020, respectively. As of December 31, 2022, the aggregate intrinsic value of RSUs outstanding and expected to vest was $47 million.

Dividends

For the years ended December 31, 2022, 2021 and 2020, the Company paid $43 million, $42 million and $61 million, respectively, in dividends to its shareholders of common stock. On January 26, 2023, the Company's Board of Directors declared a quarterly cash dividend of $0.21 per share on its common stock, payable on March 17, 2023, to stockholders of record at the close of business on February 10, 2023.

Treasury Stock

On July 30, 2021, the Company retired its 67.4 million shares of treasury stock outstanding, which increased Treasury stock by $6,733 million, reduced Retained earnings by $5,453 million, reduced Additional paid-in capital by $1,280 million and reduced Common stock by an immaterial amount, with no impact to total stockholders' equity, on the Consolidated Balance Sheets.

19. INCOME TAXES

The Company files income tax returns in federal, state, local and foreign jurisdictions, as applicable. Provisions for current income tax liabilities are calculated and accrued on income and expense amounts expected to be included in the income tax returns for the current year. Income taxes reported in earnings also include deferred income tax provisions and provisions for uncertain tax positions.

Differences between the Consolidated Financial Statements and tax bases of assets and liabilities give rise to deferred tax assets and liabilities, which measure the future tax effects of items recognized in the Consolidated Financial Statements. Changes in deferred income tax assets and liabilities associated with components of Other comprehensive (loss) income are charged or credited directly to Other comprehensive (loss) income. Otherwise, changes in deferred income tax assets and liabilities are included as a component of Provision for income taxes. The effect on deferred income tax assets and liabilities attributable to changes in enacted tax rates are charged or credited to Provision for income taxes in the period of enactment.

Deferred tax assets require certain estimates and judgments in order to determine whether it is more likely than not that all or a portion of the benefit of a deferred tax asset will not be realized. In evaluating the Company's deferred tax assets on a quarterly basis as new facts and circumstances emerge, the Company analyzes and estimates the impact of future taxable income, reversing temporary differences and available tax planning strategies. Uncertainties can lead to changes in the ultimate realization of deferred tax assets. A liability for unrecognized tax benefits, representing the difference between a tax position taken or expected to be taken in a tax return and the benefit recognized in the Consolidated Financial Statements, inherently requires estimates and judgments. A tax position is recognized only when it is more likely than not to be sustained, based purely on its technical merits after examination by the relevant taxing authority, and the amount recognized is the benefit the Company believes is more likely than not to be realized upon ultimate settlement. The Company evaluates its tax positions as new facts and circumstances become available, making adjustments to unrecognized tax benefits as appropriate. Uncertainties can mean the tax benefits ultimately realized differ from amounts previously recognized, with any differences recorded in Provision for income taxes, along with amounts for estimated interest and penalties related to uncertain tax positions.

The components of the Company's Provision for income taxes included in the Consolidated Statements of Income were as follows for the years ended December 31:

(Millions)	2022	2021	2020
Current			
Federal	$ 280	$ 218	$ 228
State	41	49	36
Total current income tax expense	321	267	264
Deferred			
Federal	(201)	(13)	(143)
State	(44)	(7)	(28)
Total deferred income tax benefit	(245)	(20)	(171)
Total Provision for income taxes	$ 76	$ 247	$ 93

A reconciliation of the Company's expected income tax expense computed by applying the federal statutory rate to income from continuing operations before income taxes, to the recorded Provision for income taxes, is as follows for the years ended December 31:

(Millions)	2022	2021	2020
Expected expense at statutory rate	$ 63	$ 219	$ 63
(Decrease) increase in income taxes resulting from:			
State and local income taxes, net of federal benefit	(2)	33	6
Impact of 2017 Tax Reform	—	(8)	(2)
Non-deductible expenses	6	4	6
IRC Section 199, net of tax reserves	4	—	12
Basis difference in unconsolidated subsidiaries	(8)	—	—
Valuation allowance	16	—	—
Other	(3)	(1)	8
Total	$ 76	$ 247	$ 93

For the year ended December 31, 2022, the Company increased its reserve for Internal Revenue Code (IRC) Section 199 deductions by approximately $4 million as a result of an unfavorable court ruling. In addition, the Company recorded an income tax benefit (deferred tax asset) of approximately $8 million related to the initial recognition of the basis difference in an unconsolidated subsidiary, against which the Company recorded a $16 million valuation allowance as of December 31, 2022.

H.R. 1, originally known as the Tax Cuts and Jobs Act of 2017 (the 2017 Tax Reform) was enacted on December 22, 2017 and permanently reduced the corporate tax rate to 21% from 35%, effective January 1, 2018. For the year ended December 31, 2021, the Company recorded an income tax benefit of approximately $8 million related to the 2017 Tax Reform rate differential that was released from Other comprehensive (loss) income due to the divestiture of the Company's former LoyaltyOne segment.

For the year ended December 31, 2020, the Company recorded an income tax benefit of approximately $2 million related to the rate benefit for a capital loss that will be carried back to a year preceding the 2017 Tax Reform rate reduction. The Company is currently under audit with the Internal Revenue Service and as a result of the preliminary audit findings, the Company increased its reserve for IRC Section 199 deductions by $12 million during the year ended December 31, 2020.

On August 16, 2022, the Inflation Reduction Act (the Act) was signed into law in the U.S., which includes a new 15 percent corporate minimum tax on certain large corporations and a one percent excise tax on stock repurchases made after December 31, 2022. The Company does not anticipate the Act will have a significant impact on its financial position, results of operations or cash flows, nor does it expect significant changes to operational processes, controls or governance as a result of the Act.

The following table reflects the significant components of Deferred tax assets and liabilities as of December 31:

(Millions)	2022	2021
Deferred tax assets		
Deferred revenue	$ 14	$ 17
Allowance for credit losses	598	447
Net operating loss carryforwards and other carryforwards	39	42
Operating lease liabilities	30	33
Accrued expenses and other	88	65
Total deferred tax assets	769	604
Valuation allowance	(26)	(8)
Deferred tax assets, net of valuation allowance	743	596
Deferred tax liabilities		
Deferred income	$ 148	$ 221
Depreciation	7	28
Right of use assets	20	22
Intangible assets	16	23
Total deferred tax liabilities	191	294
Net deferred tax assets	$ 552	$ 302
Amounts recognized on the Consolidated Balance Sheets:		
Other assets	$ 552	$ 302

As of December 31, 2022, included in the Company's U.S. tax returns are approximately $124 million of U.S. federal net operating loss carryovers (NOLs) and approximately $34 million of foreign tax credits. With the exception of NOLs generated after December 31, 2017, these attributes expire at various times through the year 2037. As of December 31, 2022, the Company has state NOLs of approximately $231 million and state credits of approximately $2 million, both available to offset future state taxable income, and state capital losses of approximately $7 million to offset capital gains. The state NOLs, credits and capital losses will expire at various times through the year 2040.

The Company uses the portfolio approach relating to the release of stranded tax effects recorded in Accumulated other comprehensive loss. Under the portfolio approach, the net unrealized gains or losses recorded in Accumulated other comprehensive loss would be eliminated only on the date the entire portfolio of Available-for-sale investment securities is sold or otherwise disposed of.

The following table presents changes in unrecognized tax benefits:

(Millions)		
Balance as of January 1, 2020	$	215
Increases related to prior years' tax positions		59
Decreases related to prior years' tax positions		(23)
Increases related to current year tax positions		11
Settlements during the period		(5)
Lapses of applicable statutes of limitation		(2)
Balance as of December 31, 2020	$	255
Increases related to prior years' tax positions		1
Decreases related to prior years' tax positions		(13)
Increases related to current year tax positions		12
Settlements during the period		(8)
Balance as of December 31, 2021	$	247
Increases related to prior years' tax positions		8
Decreases related to prior years' tax positions		(25)
Increases related to current year tax positions		14
Settlements during the period		(2)
Balance as of December 31, 2022	$	242

The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits in Provision for income taxes. The Company has potential cumulative interest and penalties with respect to unrecognized tax benefits of approximately $74 million, $76 million and $69 million as of December 31, 2022, 2021 and 2020, respectively. For the years ended December 31, 2022, 2021 and 2020, the Company recorded approximately a $1 million benefit and $8 million and $9 million expense, respectively, in Provision for income taxes for potential interest and penalties for unrecognized tax benefits.

As of December 31, 2022, 2021 and 2020, the Company had unrecognized tax benefits of approximately $238 million, $241 million and $243 million, respectively, that, if recognized, would impact the effective tax rate. The Company does not anticipate a significant change to the total amount of unrecognized tax benefits over the next twelve months.

The Company files income tax returns in U.S. federal, state and foreign jurisdictions, as applicable. With some exceptions, the tax returns filed by the Company are no longer subject to U.S. federal income tax, and state and local examinations for the years before 2015, or foreign income tax examinations for years before 2018.

20. EARNINGS PER SHARE

Basic earnings (losses) per share (EPS) is based only on the weighted average number of common shares outstanding, excluding any dilutive effects of stock options, unvested restricted stock awards, or other dilutive securities. Diluted EPS is based on the weighted average number of common and potentially dilutive common shares (dilutive stock options, unvested restricted stock awards and other dilutive securities outstanding during the year) pursuant to the Treasury Stock method.

The following table sets forth the computation of basic and diluted EPS attributable to common stockholders for the years ended December 31:

(Millions, except per share amounts)	2022	2021	2020
Numerator			
Income from continuing operations	$ 224	$ 797	$ 208
(Loss) income from discontinued operations, net of income taxes	(1)	4	6
Net income	$ 223	$ 801	$ 214
Denominator			
Basic: Weighted average common stock	49.9	49.7	47.8
Weighted average effect of dilutive securities			
Net effect of dilutive unvested restricted stock awards [1]	0.1	0.3	0.1
Denominator for diluted calculation	50.0	50.0	47.9
Basic EPS			
Income from continuing operations	$ 4.48	$ 16.02	$ 4.36
(Loss) income from discontinued operations, net of income taxes	$ (0.01)	$ 0.07	$ 0.11
Net income	$ 4.47	$ 16.09	$ 4.47
Diluted EPS			
Income from continuing operations	$ 4.47	$ 15.95	$ 4.35
(Loss) income from discontinued operations, net of income taxes	$ (0.01)	$ 0.07	$ 0.11
Net income	$ 4.46	$ 16.02	$ 4.46

[1] For the years ended December 31, 2022, 2021 and 2020, an insignificant amount of restricted stock awards were excluded from each calculation of weighted average dilutive common shares as the effect would have been anti-dilutive.

21. SUPPLEMENTAL CASH FLOW INFORMATION

The Consolidated Statements of Cash Flows are presented with the combined cash flows from continuing and discontinued operations. The following table provides a reconciliation of cash and cash equivalents to the total of the amounts reported in the Consolidated Statements of Cash Flows as of December 31:

(Millions)	2022	2021
Cash and Cash Equivalents	$ 3,891	$ 3,046
Restricted Cash included within Other Assets	36	877
Total cash, cash equivalents and restricted cash	$ 3,927	$ 3,923

Non-cash investing and financing activities for the year ended December 31, 2021 included the Company's equity method investment in LVI upon spinoff, on November 5, 2021, which totaled $48 million, and the Company's retirement of its outstanding treasury stock in July 2021. For more information, see Note 22, "Discontinued Operations", and Note 18, "Stockholders' Equity", respectively.

22. DISCONTINUED OPERATIONS

LoyaltyOne

On November 5, 2021, the separation of LVI from the Company was completed after market close (the Separation). The Separation, which has been classified as discontinued operations, was achieved through the Company's distribution of 81% of the shares of LVI common stock to holders of the Company's common stock as of the close of business on the record date of October 27, 2021. The Company's stockholders of record received one share of LVI common stock for every two and a half shares of the Company's common stock. Following this distribution, LVI became an independent, publicly-traded company, in which the Company has retained a 19% ownership interest.

The Company accounts for its 19% ownership interest in LVI following the equity method of accounting. As of December 31, 2022, the carrying amount of the Company's ownership interest in LVI, which totaled $6 million, is included in Other assets in the Consolidated Balance Sheets, while earnings (losses) are recorded in Other non-interest income in the Consolidated Statements of Income.

The following table summarizes the results of operations of the Company's former LoyaltyOne segment, direct costs identifiable to the former LoyaltyOne segment, and the allocation of interest expense on corporate debt, for the years ended December 31:

(Millions)	2022	2021	2020
Total interest income	$ —	$ 1	$ 1
Total interest expense [1]	—	11	17
Net interest income	—	(10)	(16)
Total non-interest income	—	574	765
Total non-interest expenses	1	519	656
Income before provision from income taxes	(1)	45	93
Provision for income taxes	—	36	6
Income from discontinued operations, net of income taxes	$ (1)	$ 9	$ 87

[1] The Company's Credit Agreement, as amended, required a $725 million prepayment of term loans in conjunction with the LoyaltyOne spinoff. As a result, the interest expense reflected above is the allocation to discontinued operations of interest on the basis of this $725 million mandatory prepayment.

The following table summarizes the depreciation and amortization, and capital expenditures of the Company's former LoyaltyOne segment for the years ended December 31:

(Millions)	2022	2021	2020
Depreciation and amortization	$ —	$ 31	$ 78
Capital expenditures	$ —	$ 15	$ 24

The Company did not have any assets or liabilities of its former LoyaltyOne segment as of December 31, 2022 or 2021.

23. PARENT COMPANY FINANCIAL STATEMENTS

The following BFH financial statements are provided in accordance with the rules of the SEC, which require such disclosure when the restricted net assets of consolidated subsidiaries exceed 25 percent of consolidated net assets. Certain

of the Company's subsidiaries may be restricted in distributing cash or other assets to BFH, which could be utilized to service its indebtedness. The stand-alone parent-only financial statements are presented below.

Parent Company – Condensed Balance Sheets

	December 31,	
	2022	2021
(Millions)		
Assets		
Cash and cash equivalents	$ 5	$ —
Investment in subsidiaries	4,159	4,446
Investment in LVI	6	50
Other assets	119	123
Total assets	**$ 4,289**	**$ 4,619**
Liabilities		
Long-term and other debt	$ 1,892	$ 1,985
Intercompany liabilities, net	86	482
Other liabilities	46	66
Total liabilities	**2,024**	**2,533**
Stockholders' equity	**2,265**	**2,086**
Total liabilities and stockholders' equity	**$ 4,289**	**$ 4,619**

Parent Company – Condensed Statements of Income

	Years Ended December 31,		
	2022	2021	2020
(Millions)			
Total interest income	$ 11	$ 12	$ 13
Total interest expense	107	103	110
Net interest expense	**(96)**	**(91)**	**(97)**
Dividends from subsidiaries	382	535	256
Loss from equity method investment	(44)	—	—
Total net interest and non-interest income	**242**	**444**	**159**
Total non-interest expenses	1	1	1
Income before income taxes and equity in undistributed net income of subsidiaries	241	443	158
Benefit for income taxes	22	36	21
Income before equity in undistributed net income of subsidiaries	263	479	179
Equity in undistributed net (loss) income of subsidiaries	(40)	322	35
Net income	**$ 223**	**$ 801**	**$ 214**

Parent Company – Condensed Statements of Comprehensive Income

	Years Ended December 31,		
	2022	2021	2020
(Millions)			
Net income	$ 223	$ 801	$ 214
Other comprehensive (loss) income, net of tax	(3)	7	—
Total comprehensive income, net of tax	$ 220	$ 808	$ 214

Parent Company – Condensed Statements of Cash Flows

(Millions)	Years Ended December 31, 2022	2021	2020
Net cash used in operating activities	$ (219)	$ (398)	$ (138)
Investing activities:			
Investment in subsidiaries	—	—	(3)
Dividends received	383	533	256
Purchases of available-for-sale securities	—	(10)	—
Net cash provided by investing activities	383	523	253
Financing activities:			
Debt proceeds from spinoff of LVI	—	750	—
Borrowings under debt agreements	218	38	1,276
Repayments of borrowings	(319)	(864)	(1,320)
Payment of deferred financing costs	—	(4)	(9)
Dividends paid	(43)	(42)	(61)
Other	(15)	(3)	(1)
Net cash used in financing activities	(159)	(125)	(115)
Change in cash, cash equivalents and restricted cash	5	—	—
Cash, cash equivalents and restricted cash at beginning of year	—	—	—
Cash, cash equivalents and restricted cash at end of year	$ 5	$ —	$ —

Non-cash investing and financing activities related to the Parent Company – Condensed Statements of Cash Flows for the year ended December 31, 2022 included the dissolution of a subsidiary, ADS Foreign Holdings, Inc.

Non-cash investing and financing activities for the year ended December 31, 2021 included the Company's equity method investment in LVI upon spinoff, on November 5, 2021, which totaled $48 million.

Non-cash investing and financing activities related to the Parent Company – Condensed Statements of Cash Flows for the year ended December 31, 2020, included the issuance of approximately 1.9 million shares of the Company's common stock as non-cash consideration in the acquisition of Lon Inc. on December 3, 2020.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Bread Financial Holdings, Inc. has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Bread Financial Holdings, Inc.

By: /S/ RALPH J. ANDRETTA
Ralph J. Andretta
President and Chief Executive Officer

DATE: February 28, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Bread Financial Holdings, Inc. and in the capacities and on the dates indicated.

Name	Title	Date
/S/ RALPH J. ANDRETTA **Ralph J. Andretta**	President, Chief Executive Officer and Director	February 28, 2023
/S/ PERRY S. BEBERMAN **Perry S. Beberman**	Executive Vice President and Chief Financial Officer	February 28, 2023
/S/ J. BRYAN CAMPBELL **J. Bryan Campbell**	Senior Vice President and Chief Accounting Officer	February 28, 2023
/S/ ROGER H. BALLOU **Roger H. Ballou**	Chairman of the Board, Director	February 28, 2023
/S/ JOHN C. GERSPACH, JR. **John C. Gerspach, Jr.**	Director	February 28, 2023
/S/ KARIN J. KIMBROUGH **Karin J. Kimbrough**	Director	February 28, 2023
/S/ RAJESH NATARAJAN **Rajesh Natarajan**	Director	February 28, 2023
/S/ TIMOTHY J. THERIAULT **Timothy J. Theriault**	Director	February 28, 2023
/S/ LAURIE A. TUCKER **Laurie A. Tucker**	Director	February 28, 2023
/S/ SHAREN J. TURNEY **Sharen J. Turney**	Director	February 28, 2023

EXHIBIT 4.2

DESCRIPTION OF CAPITAL STOCK

General

Bread Financial Holdings, Inc.'s (the "Company," "us," "we" or "our") Third Amended and Restated Certificate of Incorporation, as amended ("charter") is filed as Exhibits 3.1, 3.2 and 3.3 to this Annual Report on Form 10-K and incorporated herein by reference. Our Sixth Amended and Restated Bylaws ("bylaws") is filed as Exhibit 3.4 to this Annual Report on Form 10-K and incorporated herein by reference. As of December 31, 2022, we had one class of securities, our common stock, outstanding and registered under Section 12(b) of the Securities Exchange Act of 1934, as amended.

Our common stock is traded on the New York Stock Exchange under the symbol "BFH." The transfer agent and registrar for our common stock is Computershare Investor Services.

The following summary is not complete. You should refer to the applicable provisions of our charter and bylaws as well as to Delaware General Corporation Law (the "DGCL") for a complete statement of the terms and rights of our common stock.

Authorized Capital Stock

Our charter currently authorizes issuance of 219,880,000 shares, including 200,000,000 shares of Common Stock, $.01 par value per share and 19,880,000 shares of preferred stock, $.01 par value per share, of which 300,000 have been designated as Series A Non-Voting Convertible Preferred Stock.

Undesignated Preferred Stock

The board of directors of the Company is authorized to determine the powers, designations, preferences and relative, participating, optional or other special rights, including voting rights, and the qualifications, limitations or restrictions thereof of each class of capital stock and of each series within such class.

Common Stock

The voting, dividend and liquidation rights of the holders of our Common Stock are subject to and qualified by the rights of the holders of any series of preferred stock.

Dividends

Holders of Common Stock are entitled to receive dividends when, as and if declared by our board of directors out of funds legally available for their payment, subject to the rights of holders of any preferred stock that may be issued and outstanding and to restrictions contained in agreements to which the Company is a party.

Voting Rights

Subject to the rights of holders of any preferred stock that may be issued and outstanding, each share of Common Stock entitles the holder to one vote per share on all matters submitted to a vote of stockholders. In general, matters submitted for stockholder action shall be approved if the votes cast "for" the matter exceed the votes cast "against" a matter, unless a greater or different vote threshold is required by any applicable law, rule or regulation, the rights of any authorized class of stock, or our charter or bylaws. Other than in a contested election where directors are elected by a plurality vote, a director nominee shall be elected to the board if the votes cast "for" such nominee's election exceed the votes cast "against" such nominee's election. Holders of Common Stock may not cumulate their votes.

Consents in Lieu of Meetings

Any action required to be, or that may be taken, at any meeting of stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt, written notice of the action taken by means of any such consent that is other than unanimous shall be given to those stockholders who have not consented in writing.

Rights upon Liquidation

In the event of the liquidation or dissolution of the Company, whether voluntary or involuntary, holders of the Common Stock will be entitled to receive all assets of the Company available for distribution to its stockholders, subject to the rights of any then outstanding shares of preferred stock.

Other Rights

Holders of Common Stock are not entitled to preemptive, conversion or redemption rights and there are no sinking fund provisions applicable to shares of our Common Stock. All outstanding share of Common Stock are fully paid and non-assessable.

Special Meetings

Special meetings of the stockholders of the Company, for any purpose(s), may be called by (i) the chief executive officer or president; (2) the secretary of the Company upon a resolution adopted by a majority of the whole board; or (iii) the secretary of the Company upon the request of the stockholders of record of at least 25% of the Common Stock entitled to vote.

Proxy Access
Our bylaws permit a stockholder, or a group of up to 20 stockholders, owning at least three percent of our outstanding common stock continuously for at least three years to nominate and include in our annual meeting proxy materials director nominees constituting up to the greater of two directors or twenty percent of our board of directors, provided that the stockholders and nominees satisfy the requirements specified in our bylaws.

Removal of Directors; Vacancies

Any director may be removed at any annual or special stockholders' meeting upon the affirmative vote of the holders of more than 50% of the outstanding shares of voting stock entitled to vote on the matter. Vacancies and newly-created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director

Other Provisions of Our Charter, Bylaws or the Delaware General Corporation Law That May Have Anti-Takeover Effects

Advance Notice Provisions for Stockholder Proposals and Director Nominations

Our bylaws provide that a stockholder must notify us in writing, within timeframes specified in the bylaws, of any stockholder nomination of a director and of any other business that the stockholder intends to bring at a meeting of stockholders. Our bylaws further provide requirements as to the timing, form and content of a stockholder's notice.

Amendments to our Bylaws

Our charter and bylaws provide that our bylaws may be adopted, amended or repealed by the affirmative vote of the majority of the whole board or by the stockholders at any annual or special meeting providing notice of such action.

Delaware Business Combination Statute

We are subject to the provisions of Section 203 of the DGCL. In general, the statute prohibits a Delaware corporation that has either a class of stock listed on a national stock exchange or at least 2,000 stockholders of record from engaging in a business combination with an interested stockholder (generally, the beneficial owner of 15% or more of the corporation's outstanding voting stock) for three years following the time the stockholder became an interested stockholder, unless, prior to that time: (1) the corporation's board of directors approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder, (2) at least two-thirds of the outstanding shares not owned by that interested stockholder approve the business combination, or (3) upon becoming an interested stockholder, that stockholder owned at least 85% of the outstanding shares, excluding those held by officers, directors and some employee stock plans. A "business combination" includes a merger, asset sale, or other transaction resulting in a financial benefit, other than proportionately as a stockholder, to the interested stockholder.

Exhibit 10.10

TIME-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT
UNDER THE BREAD FINANCIAL
2022 OMNIBUS INCENTIVE PLAN

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (the "***Agreement***"), made as of [GRANT DATE] (the "***Grant Date***") by and between Bread Financial Holdings, Inc. (the "***Company***") and [PARTICIPANT NAME] (the "***Participant***") who is an employee of the Company or one of its Affiliates, evidences the grant by the Company of an award of restricted stock units (the "***Award***") to the Participant and the Participant's acceptance of the Award in accordance with the provisions of the Bread Financial 2022 Omnibus Incentive Plan (the "***Plan***"). The Company and the Participant agree as follows:

1. **Basis for Award**. The Award is made under the Plan pursuant to Section 6(e) thereof.

2. **Award**.

(a) The Company hereby awards to the Participant, in the aggregate, [SHARES GRANTED] Restricted Stock Units which shall be subject to the conditions set forth in the Plan and this Agreement.

(b) Restricted Stock Units shall be evidenced by an account established and maintained for the Participant, which shall be credited for the number of Restricted Stock Units granted to the Participant. By accepting this Award, the Participant acknowledges that the Company does not have an adequate remedy in damages for the breach by the Participant of the conditions and covenants set forth in this Agreement and agrees that the Company is entitled to and may obtain an order or a decree of specific performance against the Participant issued by any court having jurisdiction.

(c) Except as provided in the Plan or this Agreement, prior to vesting as provided in Section 3 of this Agreement, the Restricted Stock Units will be forfeited by the Participant and all of the Participant's rights to Stock or cash underlying the Award shall immediately terminate without any payment or consideration by the Company, in the event of a Participant's termination of Service, as provided in Section 4 of this Agreement below.

(d) Dividend Equivalent Rights. If the Company pays any cash dividend on its outstanding Stock for which the record date occurs after the Grant Date, the Committee will credit the Participant's account as of the dividend payment date in an amount equal to the cash dividend paid on one share of Stock multiplied by the number of Restricted Stock Units under this Agreement that have not been settled as of that record date ("***Dividend Equivalents***"). Such Dividend Equivalents will be subject to the vesting requirements of Section 3 of this Agreement below, and no Dividend Equivalents will vest or be paid to the Participant unless and until the corresponding Restricted Stock Unit vests and is settled.

(e) Rights as Stockholder. The Participant shall have no rights as a stockholder with respect to any Restricted Stock Unit until he or she shall have become the holder of record of such Stock, and except as otherwise provided in this Agreement or the Plan, no adjustment shall be made for dividends or distributions or other rights for which the record date is prior to the date upon which the Participant shall become the holder of record thereof.

3. **Vesting; Settlement**. Subject to Sections 2 and 4 of this Agreement, the Award will vest with respect to (a) 33% upon the day of the first anniversary of the Grant Date; (b) an additional 33% upon the day of the second anniversary of the Grant Date; and (c) the final 34% upon the day of the third anniversary of the Grant Date (each, a "***Vesting Date***"), subject to the Participant's continuous Service through the applicable Vesting Date. "***Service,***" for purposes of this Agreement, shall mean service by the Participant as an employee or director of, or consultant to, the Company or any of its Affiliates. Subject to Section 19 of this Agreement, within 30 days following the applicable Vesting Date (or vesting event pursuant to Sections 6(b) or 6(c)) and consistent with Section 409A of the Code, payment shall be made in Stock and cash in the amount of any Dividend Equivalents credited to the Participant's account with respect to such shares of Stock. The Committee shall cause the Stock to be electronically delivered to the Participant's electronic account with respect to such Stock free of all restrictions. Pursuant to Section 11 of this Agreement, the cash and/or the number of shares delivered shall be net of the amount of cash and/or the number of shares withheld for satisfaction of Tax-Related Items (as defined below), if applicable.

4. **Termination of Employment**.

(a) Forfeiture Upon Termination. Unless otherwise determined by the Committee (to the extent the Award does not constitute Deferred Compensation (as defined in Section 19(b) of Agreement), as determined by the Committee in its sole discretion) or except as otherwise provided in the Plan or in Section 4(b) below, if the Participant's Service terminates for any reason, whether or not such termination is later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed, any unvested portion of the Award held by a Participant on the date of termination of Service shall be forfeited. The Participant's date of termination of Service shall mean the date upon which the Participant's active Service terminates, regardless of any notice period or period in lieu of notice of termination of employment or similar period mandated under employment laws in the jurisdiction where the Participant is employed or the terms of a written employment or service agreement, if any. The Committee shall have the exclusive discretion to determine when the Participant's active Service terminates for purposes of this Award (*i.e.*, when the Participant has ceased active performance of services for purposes of vesting in this Award), including whether a leave of absence constitutes a termination of Service for purposes of this Award.

(b) Termination Due to Retirement. If the Participant's Service terminates by reason of Retirement after the date that is 12 months following the Grant Date, the Participant shall continue to vest in the unvested portion of the Award eligible to vest on any Vesting Date following the date of termination (in accordance with the schedule set forth in Section 3 hereof) without regard to the requirement that the Participant continue in Service through the applicable Vesting Date. For purposes of this Agreement, "***Retirement***" means a termination of Service by the Participant on or after the date that the Participant has either: (i) attained the age of sixty (60) years and completed a period of 5 years or more of Service; or (ii) attained the age of sixty-five (65) years as of the date of termination. For purposes of the Award, a "Retirement" shall not include: (i) a termination by the Company for Cause; (ii) a termination of Service or resignation by the Participant after receiving notice that the Company has elected to terminate Participant's Service for Cause; (iii) a termination or resignation by the Participant during the pendency of an investigation with respect to the Participant or while the Participant is on a performance improvement plan; or (iv) any other circumstance upon which the Company determines in good faith the Participant is not in good standing at the time of such termination at the sole discretion of the Company.

5. **Participant**. Whenever the word "***Participant***" is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to

the beneficiaries, the executors, the administrators, or the person or persons to whom the Restricted Stock Units and Dividend Equivalents may be transferred by will or by the laws of descent and distribution, the word "Participant" shall be deemed to include such person or persons.

6. **Adjustments; Change in Control**.

(a) In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Stock or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase or exchange of Stock or other securities, liquidation, dissolution, or other similar corporate transaction or event, affects the Stock such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of Participants under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of the number and kind of shares that may be issued in respect of Restricted Stock Units. In addition, the Committee is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, events described in the preceding sentence) affecting the Company or any Affiliate or the financial statements of the Company or any Affiliate or in response to changes in applicable laws, regulations, or accounting principles.

(b) In connection with a Change in Control, the Committee may, in its sole discretion, accelerate the vesting and/or the lapse of restrictions with respect to the Award, provided however, that if the Award constitutes Deferred Compensation (as defined in Section 19(b) below), any acceleration of vesting and/or lapse of restrictions with respect to the Award contemplated in the foregoing shall not be given effect to the extent it would result in the payment of the Award in a manner that would fail to comply with the requirements of Section 409A of the Code. If the Award is not assumed, substituted for an award of equal value, or otherwise continued after a Change in Control, the Award shall automatically vest prior to the Change in Control at a time designated by the Committee. Timing of any payment or delivery of shares of Stock under this provision shall be subject to Section 409A of the Code.

(c) All outstanding Restricted Stock Units and Dividend Equivalents (if any) that are assumed, substituted for an award of an equal value, or otherwise continued after a Change in Control shall immediately vest upon a termination of Service by the Company or an Affiliate without Cause, within twelve months after a Change in Control.

7. **Clawback**. Notwithstanding anything in the Plan or this Agreement to the contrary, in the event that the Participant breaches any nonsolicitation, noncompetition or confidentiality agreement entered into with, or while acting on behalf of, the Company or any Affiliate, the Committee may (a) cancel the Award, in whole or in part, whether or not vested, and/or (b) require such Participant or former Participant to repay to the Company any gain realized or payment or shares received upon the exercise or payment of, or lapse of restrictions with respect to, such Award (with such gain, payment or shares valued as of the date of exercise, payment or lapse of restrictions). Notwithstanding anything in the Plan, in this Agreement or any other agreement to the contrary, (i) if any of the Company's financial statements are required to be restated due to errors, omissions, fraud, or misconduct, the Committee may, in its sole discretion but acting in good faith, direct the Company to recover all or a portion of any Award or any past or future compensation from any Participant or former Participant with respect to any fiscal year of the Company for which the financial results are negatively affected by such restatement, including through cancellation of an Award or repayment of any gain realized (with such gain valued as of the date of exercise, payment or lapse of restrictions) and (ii) the Award shall be subject to cancellation and the payment of any amounts hereunder shall be subject to repayment as the Committee deems necessary or desirable in order to facilitate compliance with the

requirement of the U.S. Securities and Exchange Commission or any applicable securities law, including the requirements of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, or any securities exchange on which the Stock is listed or traded, as may be in effect from time to time. Such cancellation or repayment obligation shall be effective as of the date specified by the Committee. Any repayment obligation may be satisfied in shares of Stock or cash or a combination thereof (based upon the Fair Market Value of the shares of Stock on the date of repayment) or pursuant to any policy adopted to give effect to the cancellation and repayment requirements contemplated pursuant to this Section 7, and the Committee may provide for an offset to any future payments owed by the Company or any Affiliate to the Participant if necessary to satisfy the repayment obligation; provided, however, that if any such offset is prohibited under applicable law, the Committee shall not permit any offsets and may require immediate repayment by the Participant.

8. **Compliance with Law**. Notwithstanding any of the provisions in this Agreement or in the Plan, the Company will not be obligated to issue or deliver any Stock to the Participant hereunder, if the exercise thereof or the issuance or delivery of such Stock shall constitute a violation by the Participant or the Company of any provisions of any law or regulation of any governmental authority. Any determination in this connection by the Committee shall be final, binding and conclusive. The Company shall in no event be obliged to register any securities pursuant to the U.S. Securities Act of 1933 (as now in effect or as hereafter amended) or to take any other affirmative action in order to cause the issuance or delivery of Stock pursuant thereto to comply with any law or regulation of any governmental authority.

9. **No Right to Continued Service**. Nothing in this Agreement or in the Plan shall be construed as giving the Participant, any employee or other person the right to continue in Service of the Company or any Affiliate, nor shall it interfere in any way with the right of the Company or any Affiliate to terminate the Participant's continued Service, or any employee's or other person's Service at any time. The Participant acknowledges and agrees that the continued vesting of the Restricted Stock Units granted hereunder is premised upon attainment of the conditions set forth herein and vesting of such Restricted Stock Units shall not accelerate upon Participant's termination of Service, unless specifically provided for herein.

10. **Representations and Warranties of Participant**. The Participant represents and warrants to the Company that:

(a) Agrees to Terms of the Plan. The Participant has received a copy of the Plan and has read and understands the terms of the Plan and this Agreement and agrees to be bound by their terms and conditions. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Agreement, the Plan shall govern and control. **All capitalized terms not defined herein shall have the meaning ascribed to them as set forth in the Plan.**

(b) Cooperation. The Participant agrees to sign such additional documentation as may reasonably be required from time to time by the Company.

(c) No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Stock. The Participant should consult with the Participant's own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan or this Award.

11. **Responsibility for Taxes**. The Participant acknowledges that, regardless of any action taken by the Company or, if different, the Affiliate that employs the Participant (the "***Employer***"), the ultimate liability for all income tax, social insurance, payroll tax, fringe

benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("***Tax-Related Items***") is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting or settlement of the Award, the subsequent sale of shares of Stock acquired pursuant to the Award and the receipt of any Dividend Equivalents; and (b) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the Award to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Furthermore, if the Participant has become subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

In connection with any relevant taxable or tax withholding event, as applicable, the Participant will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by: (i) requiring a cash payment from the Participant; (ii) withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or the Employer, (iii) withholding from the proceeds of the sale of Stock acquired pursuant to the Award, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization without further consent); and/or (iv) withholding from the shares of Stock subject to the Restricted Stock Units, provided, however, that if the Participant is a Section 16 officer of the Company under the Securities Exchange Act of 1934, as amended ("***Exchange Act***"), then the Participant may elect the form of withholding from the alternatives above in advance of any tax withholding event, and in the absence of the Participant's timely election, the Company will withhold in shares of Stock (other than U.S. Federal Insurance Contribution Act taxes or other Tax-Related Items that become payable in a year prior to the year in which shares of Stock are issued upon settlement of the Restricted Stock Units), or the Committee (as constituted in accordance with Rule 16b-3 under the Exchange Act) may determine that a particular method be used to satisfy any withholding obligations for Tax-Related Items.

The Company may withhold or account for Tax-Related Items by considering statutory or other applicable withholding rates, including maximum applicable rates, in which case the Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Stock. If the obligation for Tax-Related Items is satisfied by withholding in shares of Stock, the Participant is deemed, for tax purposes, to have been issued the full number of shares of Stock subject to the vested Restricted Stock Units, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items.

The Company may refuse to issue or deliver the Stock, the proceeds of the sale of Stock or cash in the amount of any Dividend Equivalents if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

12. **Notice**. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; provided, that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to

the Participant may be given to the Participant personally or may be mailed to Participant's address as recorded in the records of the Company.

13. **Governing Law; Choice of Venue**. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to its conflict of law principles.

For purposes of litigating any dispute that arises under this grant or the Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Texas, agree that such litigation shall be conducted in the courts of Collin County, Texas, or the federal courts for the United States for the Eastern District of Texas, where this grant is made and/or to be performed.

14. **Electronic Transmission and Participation**. The Company reserves the right to deliver any notice or Award by email in accordance with its policy or practice for electronic transmission and any written Award or notice referred to herein or under the Plan may be given in accordance with such electronic transmission policy or practice. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or any third party designated by the Company.

15. **Country-Specific Provisions**. The Award shall be subject to any special terms and conditions set forth in the appendix to this Agreement for the Participant's country (the "***Appendix***"). Moreover, if the Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

16. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, or the Award, or on the Restricted Stock Units and on any Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

17. **Severability**. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

18. **Waiver**. The Participant acknowledges that a waiver by the Company of breach of any provision of the Agreement shall not operate or be construed as a waiver of any other provision of the Agreement, or of any subsequent breach by the Participant or any other Participant.

19. **Section 409A**. Notwithstanding any other provision of the Plan or this Agreement, the following provision shall apply if the Participant is subject to taxation under the laws of the United States.

(a) It is intended that the Restricted Stock Units shall qualify for exemption from the application of, or comply with, Section 409A of the Code, and any ambiguities herein will be interpreted with this intention. The Committee reserves the right (but shall not be obligated), to the extent the Committee deems necessary or advisable in its sole discretion, to unilaterally amend or modify this Agreement as may be necessary to ensure that the Restricted Stock Units qualify for exemption from, or comply with Section 409A of the Code or to mitigate any additional taxes, interest, penalties or other adverse tax consequences that may apply under

Section 409A of the Code if compliance is not practical; provided, however, that the compensation payable under this Agreement will be exempt from or compliant with Section 409A of the Code and does not guarantee that the compensation payable hereunder will not be subject to any taxes, interest, penalties or other adverse tax consequences under Section 409A of the Code. Nothing in this Agreement shall provide a basis for any person to take any action against the Company or any Affiliate based on matters covered by Section 409A of the Code, including the tax treatment of any amounts paid under this Agreement.

(b) Additional Payment Requirements Applicable to Award. Restricted Stock Units that constitute non-qualified deferred compensation subject to Section 409A of the Code ("***Deferred Compensation***") and are payable either (i) upon a Change in Control or (ii) termination of Service following a Change in Control, in each case, where the Change in Control does not constitute a "change in control event" within the meaning of Section 409A of the Code and U.S. Treasury Regulations, shall instead be payable on the Vesting Dates set forth in Section 3. Further, Restricted Stock Units that constitute Deferred Compensation and are payable on, or that is by reference to, the date of the Participant's termination of Service shall not be paid on such date unless the termination of Service constitutes a "separation from service" within the meaning of Section 409A of the Code, and if the Participant is a "specified employee" within the meaning of Section 409A of the Code on the date the Participant experiences a separation from service, then the Restricted Stock Units shall instead be paid on the first business day of the seventh month following the Participant's separation from service, or, if earlier, on the date of the Participant's death, to the extent such delayed payment is required in order to avoid a prohibited distribution under Section 409A of the Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BREAD FINANICIAL HOLDINGS, INC.

By: _____
Joseph L. Motes III
Executive VP, Chief Administrative Officer, General Counsel and Secretary

PARTICIPANT

_____
[PARTICIPANT NAME]

APPENDIX TO THE
TIME-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT
UNDER THE BREAD FINANCIAL
2022 OMNIBUS INCENTIVE PLAN

This Appendix contains additional (or, if so indicated, different) terms and conditions that govern the Award if the Participant is or becomes located outside of the United States of America (the "U.S."). All capitalized terms not defined herein shall have the meaning ascribed to them as set forth in the Plan or the main body of this Agreement, as applicable. To the extent there are any inconsistencies between these additional terms and conditions and those set forth in the Agreement, these additional terms and conditions shall prevail.

If Participant is a citizen or resident of a country other than the one in which he or she is currently working, is considered a citizen or resident of another country for local law purposes, or transfers employment or residency to another country after the Award is granted, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to the Participant.

ALL COUNTRIES

Nature of Grant. By accepting the Award, the Participant acknowledges, understands and agrees that:

a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time, to the extent permitted by the Plan;

b) the grant of the Award is voluntary and occasional and does not create any contractual or other right to receive future awards, or benefits in lieu of awards, even if awards have been granted in the past;

c) all decisions with respect to future awards, if any, will be at the sole discretion of the Company;

d) the Participant's participation in the Plan is voluntary;

e) the Award and any Stock or cash underlying or acquired pursuant to the Award, and the income and value of same, are not part of normal or expected compensation or salary for any purposes, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

f) the future value of the Stock underlying the Award is unknown, indeterminable and cannot be predicted with certainty;

g) unless otherwise agreed with the Company, the Award is not granted as consideration for, or in connection with, the service the Participant may provide as a director of any Affiliate;

h) no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Award resulting from termination of the Participant's employment relationship (for any reason whatsoever and regardless of whether later found to be

invalid or in breach of applicable laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any);

i) except as otherwise stated in the country specific provisions below, for purposes of the Award, the Participant's employment relationship will be considered terminated as of the date the Participant is no longer actively providing services to the Company or any Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of applicable laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, the Participant's right to vest in the Award, if any, will terminate effective as of such date and will not be extended by any notice period (*e.g.*, the Participant's period of employment would not include any contractual notice period or any period of "garden leave" or similar period mandated under the applicable laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any); the Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the Award (including whether the Participant may still be considered to be providing services while on a leave of absence);

j) unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits under the Plan evidenced by this Agreement do not create any entitlement to have this Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Stock or this Award; and

k) neither the Company, the Employer nor any other Affiliate shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. dollar that may affect the value of the Award or of any amounts due to the Participant pursuant to the Award or the subsequent sale of any shares of Stock acquired under the Plan.

Data Privacy Information and Consent.

a) Data Collection and Usage. The Company and the Employer may collect, process and use certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is the Participant's consent.

b) Stock Plan Administration Service Providers. The Company transfers Data to Fidelity Brokerage Services LLC and its affiliated companies ("Fidelity"), an independent service provider based in the United States, which is assisting the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with such other provider serving in a similar manner. The Participant acknowledges and understands that Fidelity will open an account for the Participant to receive this Award and to receive and trade shares of Stock, if any, acquired under the Plan. The Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the Participant's ability to participate in the Plan.

c) International Data Transfers. The Company and its service providers are based in the United States. Participant's country or jurisdiction may have different data privacy laws and protections than the United States. In the absence of appropriate safeguards, such as standard data protection clauses, the processing of the Participant's Data in the United States or, as the case may be, other countries might not be subject to substantive data processing principles or supervision by data protection authorities. In addition, the Participant might not have enforceable rights regarding the processing of the Participant's Data in such countries. The Company's legal basis, where required, for the transfer of Data is Participant's consent.

d) Data Retention. The Company will hold and use the Data only as long as is necessary to implement, administer and manage the Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.

e) Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and the Participant is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing the Participant's consent is that the Company would not be able to grant this Award or other awards to the Participant or administer or maintain such awards.

f) Data Subject Rights. The Participant may have a number of rights under data privacy laws in the Participant's jurisdiction. Depending on where the Participant is located, such rights may include the right to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in the Participant's jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, Participant may contact his or her local human resources representative.

By accepting the Award and indicating consent via the Company's online acceptance procedure, the Participant is declaring that he or she agrees with the data processing practices described herein and consents to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

Language. The Participant acknowledges and represents that he or she is proficient in the English language or has consulted with an advisor who is sufficiently proficient in English, as to allow the Participant to understand the terms of the Agreement and any other document related to this Award and/or the Plan. If the Participant has received the Agreement, or any other document related to this Award and/or the Plan translated into a language other than English and the meaning of the translated version is different than the English version, the English version will control.

Insider Trading Restrictions/Market Abuse Laws. The Participant acknowledges that the Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions including, but not limited to, the United States and Participant's country of residence, which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of Stock, rights to Stock (*e.g.*, Restricted Stock Units) or rights linked to the value of Stock during such times the Participant is considered to have "inside information" regarding the

Company as defined in the laws or regulations in the applicable jurisdictions. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is his or her responsibility to comply with any restrictions and the Participant should consult his or her personal legal advisor on this matter.

Foreign Asset / Account and Exchange Control Reporting Obligations. The Participant may be subject to certain foreign asset and/or account reporting requirements and/or exchange control restrictions, reporting requirements or repatriation obligations related to the Award and participation in the Plan. Such requirements and restrictions may be triggered by the grant of the Award, the opening of a brokerage account in connection with the Plan, the acquisition of shares of Stock or dividends paid on the Stock or cash proceeds from the sale of the shares of Stock, or other activities or transactions related to the Plan. The Participant acknowledges that it is his or her responsibility to be compliant with any applicable requirements, and the Participant should consult his or her personal tax or legal advisor with any questions about such requirements.

INDIA

Additional Terms and Conditions

None.

Notifications

Exchange Control Information. Any funds realized in connection with the Plan (*e.g.*, proceeds from the sale of shares of Stock and cash dividends paid on the shares of Stock) must be repatriated to India within a specified period of time after receipt as prescribed under Indian exchange control laws. Participant is personally responsible for obtaining a foreign inward remittance certificate ("***FIRC***") from the bank where Participant deposits the foreign currency and holding the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Employer requests proof of repatriation. Participant is personally responsible for complying with exchange control laws in India, and neither the Company nor the Employer will be liable for any fines or penalties resulting from Participant's failure to comply with applicable laws. Participant should consult with Participant's personal advisor(s) regarding any personal legal, regulatory or foreign exchange obligations Participant may have in connection with Participant's participation in the Plan.

Foreign Asset/Account Reporting Information. Participant is required to declare Participant's foreign bank accounts and any foreign financial assets (including shares of Stock acquired under the Plan held outside India) in Participant's annual tax return. Participant should consult with Participant's personal advisor(s) regarding any personal foreign asset/foreign account tax obligations Participant may have in connection with Participant's participation in the Plan.

Exhibit 10.11

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT
UNDER THE BREAD FINANCIAL
2022 OMNIBUS INCENTIVE PLAN

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (the "***Agreement***"), made as of [GRANT DATE] (the "***Grant Date***") by and between Bread Financial Holdings, Inc. (the "***Company***") and [PARTICIPANT NAME] (the "***Participant***") who is an employee of the Company or one of its Affiliates, evidences the grant by the Company of an award of restricted stock units (the "***Award***") to the Participant and the Participant's acceptance of the Award in accordance with the provisions of the Bread Financial 2022 Omnibus Incentive Plan (the "***Plan***"). The Company and the Participant agree as follows:

1. **Basis for Award**. The Award is made under the Plan pursuant to Sections 6(e) and 6(f) thereof.

2. **Award**.

(a) The Company hereby awards to the Participant, in the aggregate, [SHARES GRANTED] Restricted Stock Units which shall be subject to the conditions set forth in the Plan and this Agreement.

(b) Restricted Stock Units shall be evidenced by an account established and maintained for the Participant, which shall be credited for the number of Restricted Stock Units granted to the Participant. By accepting this Award, the Participant acknowledges that the Company does not have an adequate remedy in damages for the breach by the Participant of the conditions and covenants set forth in this Agreement and agrees that the Company is entitled to and may obtain an order or a decree of specific performance against the Participant issued by any court having jurisdiction.

(c) Except as provided in the Plan or this Agreement, prior to vesting as provided in Section 3 of this Agreement, the Restricted Stock Units will be forfeited by the Participant and all of the Participant's rights to Stock underlying the Award shall immediately terminate without any payment or consideration by the Company in the event of a Participant's termination of Service, as provided in Section 4 of this Agreement below.

(d) Dividend Equivalent Rights. If the Company pays any cash dividend on its outstanding Stock for which the record date occurs after the Grant Date, the Committee will credit the Participant's account as of the dividend payment date in an amount equal to the cash dividend paid on one share of Stock multiplied by the number of Restricted Stock Units under this Agreement that have not been settled as of that record date ("***Dividend Equivalents***"). Such Dividend Equivalents will be subject to the vesting requirements of Section 3 of this Agreement below, and no Dividend Equivalents will vest or be paid to the Participant unless and until the corresponding Restricted Stock Unit vests and is settled.

(e) Rights as Stockholder. The Participant shall have no rights as a stockholder with respect to any Restricted Stock Unit until he or she shall have become the holder of record of such Stock, and except as otherwise provided in this Agreement or the Plan, no adjustment shall be made for dividends or distributions or other rights for which the record date is prior to the date upon which the Participant shall become the holder of record thereof.

3. **Vesting; Settlement**. Subject to Sections 2 and 4 of this Agreement, the restrictions on the Award will lapse upon determination by the Company's Board or the Compensation Committee of the Company's Board that the performance metrics set forth in Schedule 1 attached to this Agreement have been met and 100% of the Award will vest upon the day of the third anniversary of the Grant Date (the "***Vesting Date***") following any such determination, subject to the Participant's continuous Service with the Company or an Affiliate through the Vesting Date. "***Service***," for purposes of this Agreement, shall mean service by the Participant as an employee or director of, or consultant to, the Company or any of its Affiliates. Subject to Section 19 of this Agreement, within 30 days following the applicable Vesting Date (or vesting event pursuant to Sections 6(b) or 6(c)) and consistent with Section 409A of the Code, payment shall be made in Stock (based upon the Fair Market Value of the Stock on the day all restrictions lapse) and cash in the amount of any Dividend Equivalents credited to the Participant's account with respect to such shares of Stock. The Committee shall cause the Stock to be electronically delivered to the Participant's electronic account with respect to such Stock free of all restrictions. Pursuant to Section 11 of this Agreement, the cash and/or the number of shares delivered shall be net of the amount of cash and/or the number of shares withheld for satisfaction of Tax-Related Items (as defined below), if any.

4. **Termination of Employment**.

(a) Forfeiture Upon Termination. Unless otherwise determined by the Committee (to the extent the Award does not constitute Deferred Compensation (as defined in Section 19(b) of Agreement), as determined by the Committee in its sole discretion) or except as otherwise provided in the Plan or in Section 4(b) below, if the Participant's Service terminates for any reason, whether or not such termination is later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed, any unvested portion of the Award held by a Participant on the date of termination of Service shall be forfeited. The Participant's date of termination of Service shall mean the date upon which the Participant's active Service terminates, regardless of any notice period or period in lieu of notice of termination of employment or similar period mandated under employment laws in the jurisdiction where the Participant is employed or the terms of a written employment or service agreement, if any. The Committee shall have the exclusive discretion to determine when the Participant's active Service terminates for purposes of this Award (*i.e.*, when the Participant has ceased active performance of services for purposes of vesting in this Award), including whether a leave of absence constitutes a termination of Service for purposes of this Award.

(b) Termination Due to Retirement. If the Participant's Service terminates by reason of Retirement after the date that is 12 months following the Grant Date, the Participant shall continue to be eligible to vest in the Award on the Vesting Date following the date of termination of Service (based on the attainment level of the performance metrics set forth in Schedule 1) without regard to the requirement that the Participant continue in Service through the Vesting Date. For purposes of this Agreement, "***Retirement***" means a termination of Service by the Participant on or after the date that the Participant has either: (i) attained the age of sixty (60) years and completed a period of 5 years or more of Service; or (ii) attained the age of sixty-five (65) years as of the date of termination of Service. For purposes of the Award, a "Retirement" shall not include: (i) a termination of Service by the Company for Cause; (ii) a termination of Service or resignation by the Participant after receiving notice that the Company has elected to terminate Participant's Service for Cause; (iii) a termination of Service or resignation by the Participant during the pendency of an investigation with respect to the Participant or while the Participant is on a performance improvement plan; or (iv) any other

circumstance upon which the Company determines in good faith the Participant is not in good standing at the time of such termination of Service at the sole discretion of the Company.

5. **Participant**. Whenever the word "***Participant***" is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the beneficiaries, the executors, the administrators, or the person or persons to whom the Restricted Stock Units and Dividend Equivalents may be transferred by will or by the laws of descent and distribution, the word "Participant" shall be deemed to include such person or persons.

6. **Adjustments; Change in Control**.

(a) In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Stock or other property), recapitalization, forward or reverse split, reorganization, merger, consolidation, spin-off, combination, repurchase or exchange of Stock or other securities, liquidation, dissolution, or other similar corporate transaction or event, affects the Stock such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of Participants under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of the number and kind of shares that may be issued in respect of Restricted Stock Units. In addition, the Committee is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, events described in the preceding sentence) affecting the Company or any Affiliate or the financial statements of the Company or any Affiliate or in response to changes in applicable laws, regulations, or accounting principles.

(b) In connection with a Change in Control, the Committee may, in its sole discretion, accelerate the vesting and/or the lapse of restrictions with respect to the Award, provided however, that if the Award constitutes Deferred Compensation (as defined in Section 19(b) below), any acceleration of vesting and/or lapse of restrictions with respect to the Award contemplated in the foregoing shall not be given effect to the extent it would result in the payment of the Award in a manner that would fail to comply with the requirements of Section 409A of the Code. If the Award is not assumed, substituted for an award of equal value, or otherwise continued after a Change in Control, the Award shall automatically vest prior to the Change in Control at a time designated by the Committee. Timing of any payment or delivery of shares of Stock under this provision shall be subject to Section 409A of the Code.

(c) All outstanding Restricted Stock Units and Dividend Equivalents (if any) that are assumed, substituted for an award of equal value, or otherwise continued after a Change of in Control shall immediately vest upon a termination of Service by the Company or an Affiliate without Cause, within twelve months after a Change in Control.

7. **Clawback**. Notwithstanding anything in the Plan or this Agreement to the contrary, in the event that the Participant breaches any nonsolicitation, noncompetition or confidentiality agreement entered into with, or while acting on behalf of, the Company or any Affiliate, the Committee may (a) cancel the Award, in whole or in part, whether or not vested, and/or (b) require such Participant or former Participant to repay to the Company any gain realized or payment or shares received upon the exercise or payment of, or lapse of restrictions with respect to, such Award (with such gain, payment or shares valued as of the date of exercise, payment or lapse of restrictions). Notwithstanding anything in the Plan, in this Agreement or any other agreement to the contrary, (i) if any of the Company's financial statements are required to be restated due to errors, omissions, fraud, or misconduct, the Committee may, in its sole discretion but acting in good faith, direct the Company to recover all or a portion of any Award or any past or future compensation from any Participant or former Participant with respect to any fiscal year

of the Company for which the financial results are negatively affected by such restatement, including through cancellation of an Award or repayment of any gain realized (with such gain valued as of the date of exercise, payment or lapse of restrictions) and (ii) the Award shall be subject to cancellation and the payment of any amounts hereunder shall be subject to repayment as the Committee deems necessary or desirable in order to facilitate compliance with the requirement of the U.S. Securities and Exchange Commission or any applicable securities law, including the requirements of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, or any securities exchange on which the Stock is listed or traded, as may be in effect from time to time. Such cancellation or repayment obligation shall be effective as of the date specified by the Committee. Such cancellation or repayment obligation shall be effective as of the date specified by the Committee. Any repayment obligation may be satisfied in shares of Stock or cash or a combination thereof (based upon the Fair Market Value of the shares of Stock on the date of repayment) and the Committee may provide for an offset to any future payments owed by the Company or any Affiliate to the Participant if necessary to satisfy the repayment obligation; provided, however, that if any such offset is prohibited under applicable law, the Committee shall not permit any offsets and may require immediate repayment by the Participant.

8. **Compliance with Law**. Notwithstanding any of the provisions in this Agreement or the Plan, the Company will not be obligated to issue or deliver any Stock to the Participant hereunder, if the exercise thereof or the issuance or delivery of such Stock shall constitute a violation by the Participant or the Company of any provisions of any law or regulation of any governmental authority. Any determination in this connection by the Committee shall be final, binding and conclusive. The Company shall in no event be obliged to register any securities pursuant to the U.S. Securities Act of 1933 (as now in effect or as hereafter amended) or to take any other affirmative action in order to cause the issuance or delivery of Stock pursuant thereto to comply with any law or regulation of any governmental authority.

9. **No Right to Continued Service**. Nothing in this Agreement or in the Plan shall be construed as giving the Participant, employee or other person the right to continue in service of the Company or any Affiliate, nor shall it interfere in any way with the right of the Company or any Affiliate to terminate the Participant's continued Service, or any employee's or other person's Service at any time. The Participant acknowledges and agrees that the continued vesting of the Restricted Stock Units granted hereunder is premised upon attainment of the performance goals set forth herein and vesting of such Restricted Stock Units shall not accelerate upon Participant's termination of Service, unless specifically provided for herein.

10. **Representations and Warranties of Participant**. The Participant represents and warrants to the Company that:

(a) Agrees to Terms of the Plan. The Participant has received a copy of the Plan and has read and understands the terms of the Plan and this Agreement and agrees to be bound by their terms and conditions. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Agreement, the Plan shall govern and control. **All capitalized terms not defined herein shall have the meaning ascribed to them as set forth in the Plan.**

(b) Cooperation. The Participant agrees to sign such additional documentation as may reasonably be required from time to time by the Company.

(c) No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Stock. The

Participant should consult with the Participant's own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan or this Award.

11. **Responsibility for Taxes**. The Participant acknowledges that, regardless of any action taken by the Company or, if different, the Affiliate that employs the Participant (the "***Employer***"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("***Tax-Related Items***") is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting or settlement of the Award, the subsequent sale of shares of Stock acquired pursuant to the Award and the receipt of any Dividend Equivalents; and (b) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the Award to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Furthermore, if the Participant has become subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

In connection with any relevant taxable or tax withholding event, as applicable, the Participant will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by: (i) requiring a cash payment from the Participant; (ii) withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or the Employer, (iii) withholding from the proceeds of the sale of Stock acquired pursuant to the Award, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization without further consent); and/or (iv) withholding from the shares of Stock subject to the Restricted Stock Units, provided, however, that if the Participant is a Section 16 officer of the Company under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"), then the Participant may elect the form of withholding from the alternatives above in advance of any tax withholding event, and in the absence of the Participant's timely election, the Company will withhold in shares of Stock (other than U.S. Federal Insurance Contribution Act taxes or other Tax-Related Items that become payable in a year prior to the year in which shares of Stock are issued upon settlement of the Restricted Stock Units), or the Committee (as constituted in accordance with Rule 16b-3 under the Exchange Act) may determine that a particular method be used to satisfy any withholding obligations for Tax-Related Items.

The Company may withhold or account for Tax-Related Items by considering statutory or other applicable withholding rates, including maximum applicable rates, in which case the Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Stock. If the obligation for Tax-Related Items is satisfied by withholding in shares of Stock, the Participant is deemed, for tax purposes, to have been issued the full number of shares of Stock subject to the vested Restricted Stock Units, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items.

The Company may refuse to issue or deliver the Stock, the proceeds of the sale of Stock or cash in the amount of any Dividend Equivalents if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

12. **Notice**. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; provided, that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to Participant's address as recorded in the records of the Company.

13. **Governing Law; Choice of Venue**. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to its conflict of law principles.

For purposes of litigating any dispute that arises under this grant or the Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Texas, agree that such litigation shall be conducted in the courts of Collin County, Texas, or the federal courts for the United States for the Eastern District of Texas, where this grant is made and/or to be performed.

14. **Electronic Transmission and Participation**. The Company reserves the right to deliver any notice or Award by email in accordance with its policy or practice for electronic transmission and any written Award or notice referred to herein or under the Plan may be given in accordance with such electronic transmission policy or practice. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or any third party designated by the Company.

15. **Country-Specific Provisions**. The Award shall be subject to any special terms and conditions set forth in the appendix to this Agreement for the Participant's country (the "***Appendix***"). Moreover, if the Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

16. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Participant's participation in the Plan or the Award, or on the Restricted Stock Units and on any Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

17. **Severability**. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

18. **Waiver**. The Participant acknowledges that a waiver by the Company of breach of any provision of the Agreement shall not operate or be construed as a waiver of any other

provision of the Agreement, or of any subsequent breach by the Participant or any other Participant.

19. **Section 409A**. Notwithstanding any other provision of the Plan or this Agreement, the following provision shall apply if the Participant is subject to taxation under the laws of the United States.

(a) It is intended that the Restricted Stock Units shall qualify for exemption from the application of, or comply with, Section 409A of the Code, and any ambiguities herein will be interpreted with this intention. The Committee reserves the right (but shall not be obligated), to the extent the Committee deems necessary or advisable in its sole discretion, to unilaterally amend or modify this Agreement as may be necessary to ensure that the Restricted Stock Units qualify for exemption from, or comply with Section 409A of the Code or to mitigate any additional taxes, interest, penalties or other adverse tax consequences that may apply under Section 409A of the Code if compliance is not practical; provided, however, that the compensation payable under this Agreement will be exempt from or compliant with Section 409A of the Code and does not guarantee that the compensation payable hereunder will not be subject to any taxes, interest, penalties or other adverse tax consequences under Section 409A of the Code. Nothing in this Agreement shall provide a basis for any person to take any action against the Company or any Affiliate based on matters covered by Section 409A of the Code, including the tax treatment of any amounts paid under this Agreement.

(b) Additional Payment Requirements Applicable to Award. Restricted Stock Units that constitute non-qualified deferred compensation subject to Section 409A of the Code ("***Deferred Compensation***") and are payable either (i) upon a Change in Control or (ii) termination of Service following a Change in Control, in each case, where the Change in Control does not constitute a "change in control event" within the meaning of Section 409A of the Code and U.S. Treasury Regulations, shall instead be payable on the Vesting Date set forth in Section 3. Further, Restricted Stock Units that are Deferred Compensation and are payable on, or that is by reference to, the date of the Participant's termination of Service shall not be paid on such date unless the termination of Service constitutes a "separation from service" within the meaning of Section 409A of the Code, and if the Participant is a "specified employee" within the meaning of Section 409A of the Code on the date the Participant experiences a separation from service, then the Restricted Stock Units shall instead be paid on the first business day of the seventh month following the Participant's separation from service, or, if earlier, on the date of the Participant's death, to the extent such delayed payment is required in order to avoid a prohibited distribution under Section 409A of the Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BREAD FINANICIAL HOLDINGS, INC.

By: _____
Joseph L. Motes III
Executive VP, Chief Administrative Officer, General Counsel and Secretary

PARTICIPANT

_____
[PARTICIPANT NAME]

APPENDIX TO THE
PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT
UNDER THE Bread Financial Holdings, Inc 2022 OMNIBUS INCENTIVE PLAN

This Appendix contains additional (or, if so indicated, different) terms and conditions that govern the Award if the Participant is or becomes located outside of the United States of America (the "U.S."). All capitalized terms not defined herein shall have the meaning ascribed to them as set forth in the Plan or the main body of this Agreement, as applicable. To the extent there are any inconsistencies between these additional terms and conditions and those set forth in the Agreement, these additional terms and conditions shall prevail.

If Participant is a citizen or resident of a country other than the one in which he or she is currently working, is considered a citizen or resident of another country for local law purposes, or transfers employment or residency to another country after the Award is granted, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to the Participant.

ALL COUNTRIES

Nature of Grant. By accepting the Award, the Participant acknowledges, understands and agrees that:

a) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time, to the extent permitted by the Plan;

b) the grant of the Award is voluntary and occasional and does not create any contractual or other right to receive future awards, or benefits in lieu of awards, even if awards have been granted in the past;

c) all decisions with respect to future awards, if any, will be at the sole discretion of the Company;

d) the Participant’s participation in the Plan is voluntary;

e) the Award and any Stock or cash underlying or acquired pursuant to the Award, and the income and value of same, are not part of normal or expected compensation or salary for any purposes, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

f) the future value of the Stock underlying the Award is unknown, indeterminable and cannot be predicted with certainty;

g) unless otherwise agreed with the Company, the Award is not granted as consideration for, or in connection with, the service the Participant may provide as a director of any Affiliate;

h) no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Award resulting from termination of the Participant’s employment relationship (for any reason whatsoever and regardless of whether later found to be

invalid or in breach of applicable laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any);

i) except as otherwise stated in the country specific provisions below, for purposes of the Award, the Participant's employment relationship will be considered terminated as of the date the Participant is no longer actively providing services to the Company or any Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of applicable laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, the Participant's right to vest in the Award, if any, will terminate effective as of such date and will not be extended by any notice period (*e.g.*, the Participant's period of employment would not include any contractual notice period or any period of "garden leave" or similar period mandated under the applicable laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any); the Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the Award (including whether the Participant may still be considered to be providing services while on a leave of absence);

j) unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits under the Plan evidenced by this Agreement do not create any entitlement to have this Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Stock or this Award; and

k) neither the Company, the Employer nor any other Affiliate shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. dollar that may affect the value of the Award or of any amounts due to the Participant pursuant to the Award or the subsequent sale of any shares of Stock acquired under the Plan.

Data Privacy Information and Consent.

a) Data Collection and Usage. The Company and the Employer may collect, process and use certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is the Participant's consent.

b) Incentive Plan Administration Service Providers. The Company transfers Data to Fidelity Brokerage Services LLC and its affiliated companies ("Fidelity"), an independent service provider based in the United States, which is assisting the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with such other provider serving in a similar manner. The Participant acknowledges and understands that Fidelity will open an account for the Participant to receive this Award and to receive and trade shares of Stock, if any, acquired under the Plan. The Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the Participant's ability to participate in the Plan.

c) International Data Transfers. The Company and its service providers are based in the United States. Participant's country or jurisdiction may have different data privacy laws and protections than the United States. In the absence of appropriate safeguards, such as standard data protection clauses, the processing of the Participant's Data in the United States or, as the case may be, other countries might not be subject to substantive data processing principles or supervision by data protection authorities. In addition, the Participant might not have enforceable rights regarding the processing of the Participant's Data in such countries. The Company's legal basis, where required, for the transfer of Data is Participant's consent.

d) Data Retention. The Company will hold and use the Data only as long as is necessary to implement, administer and manage the Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.

e) Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and the Participant is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing the Participant's consent is that the Company would not be able to grant this Award or other awards to the Participant or administer or maintain such awards.

f) Data Subject Rights. The Participant may have a number of rights under data privacy laws in the Participant's jurisdiction. Depending on where the Participant is located, such rights may include the right to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in the Participant's jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, Participant may contact his or her local human resources representative.

By accepting the Award and indicating consent via the Company's online acceptance procedure, the Participant is declaring that he or she agrees with the data processing practices described herein and consents to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

Language. The Participant acknowledges and represents that he or she is proficient in the English language or has consulted with an advisor who is sufficiently proficient in English, as to allow the Participant to understand the terms of the Agreement and any other document related to this Award and/or the Plan. If the Participant has received the Agreement, or any other document related to this Award and/or the Plan translated into a language other than English and the meaning of the translated version is different than the English version, the English version will control.

Insider Trading Restrictions/Market Abuse Laws. The Participant acknowledges that the Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions including, but not limited to, the United States and Participant's country of residence, which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of Stock, rights to Stock (*e.g.*, Restricted Stock Units) or rights linked to the value of Stock during such times the Participant is considered to have "inside information" regarding the

Company as defined in the laws or regulations in the applicable jurisdictions. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is his or her responsibility to comply with any restrictions and the Participant should consult his or her personal legal advisor on this matter.

Foreign Asset / Account and Exchange Control Reporting Obligations. The Participant may be subject to certain foreign asset and/or account reporting requirements and/or exchange control restrictions, reporting requirements or repatriation obligations related to the Award and participation in the Plan. Such requirements and restrictions may be triggered by the grant of the Award, the opening of a brokerage account in connection with the Plan, the acquisition of shares of Stock or dividends paid on the Stock or cash proceeds from the sale of the shares of Stock, or other activities or transactions related to the Plan. The Participant acknowledges that it is his or her responsibility to be compliant with any applicable requirements, and the Participant should consult his or her personal tax or legal advisor with any questions about such requirements.

INDIA

Additional Terms and Conditions

None.

Notifications

Exchange Control Information. Any funds realized in connection with the Plan (*e.g.*, proceeds from the sale of shares of Stock and cash dividends paid on the shares of Stock) must be repatriated to India within a specified period of time after receipt as prescribed under Indian exchange control laws. Participant is personally responsible for obtaining a foreign inward remittance certificate ("***FIRC***") from the bank where Participant deposits the foreign currency and holding the FIRC as evidence of the repatriation of funds in the event the Reserve Bank of India or the Employer requests proof of repatriation. Participant is personally responsible for complying with exchange control laws in India, and neither the Company nor the Employer will be liable for any fines or penalties resulting from Participant's failure to comply with applicable laws. Participant should consult with Participant's personal advisor(s) regarding any personal legal, regulatory or foreign exchange obligations Participant may have in connection with Participant's participation in the Plan.

Foreign Asset/Account Reporting Information. Participant is required to declare Participant's foreign bank accounts and any foreign financial assets (including shares of Stock acquired under the Plan held outside India) in Participant's annual tax return. Participant should consult with Participant's personal advisor(s) regarding any personal foreign asset/foreign account tax obligations Participant may have in connection with Participant's participation in the Plan.

Exhibit 10.15

NON-EMPLOYEE DIRECTOR RESTRICTED STOCK UNIT AWARD AGREEMENT
UNDER THE BREAD FINANCIAL HOLDINGS, INC.
2022 OMNIBUS INCENTIVE PLAN

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (the "***Agreement***"), made as of January 17, 2023 (the "***Grant Date***") by and between Bread Financial Holdings, Inc. (the "***Company***") and [Name] (the "***Participant***") who is a non-employee director of the Company.

WHEREAS, pursuant to the Company's 2022 Omnibus Incentive Plan (the "***Plan***"), the Company desires to afford the Participant the opportunity to acquire, or enlarge his or her ownership of, the Company's common stock, $0.01 par value per share ("***Stock***"), so that the Participant may have a direct proprietary interest in the Company's success.

WHEREAS, the Company desires to have the Participant continue to serve on the Company's Board of Directors ("***Board***") and to provide the Participant with an incentive.

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

1. **Basis for Award**. The Award is made under the Plan pursuant to Section 6(e) thereof.

2. **Award**.

(a) The Company hereby awards to the Participant, in the aggregate, [SHARES GRANTED] Restricted Stock Units which shall be subject to the conditions set forth in the Plan and this Agreement.

(b) Restricted Stock Units shall be evidenced by an account established and maintained for the Participant, which shall be credited for the number of Restricted Stock Units granted to the Participant. By accepting this Award, the Participant acknowledges that the Company does not have an adequate remedy in damages for the breach by the Participant of the conditions and covenants set forth in this Agreement and agrees that the Company is entitled to and may obtain an order or a decree of specific performance against the Participant issued by any court having jurisdiction.

(c) Except as provided in the Plan or this Agreement, prior to vesting as provided in Section 3 of this Agreement, the Restricted Stock Units will be forfeited by the Participant and all of the Participant's rights to Stock or cash underlying the Award shall immediately terminate without any payment or consideration by the Company, in the event of a Participant's termination of Service, as provided in Section 4 of this Agreement below.

(d) Dividend Equivalent Rights. If the Company pays any cash dividend on its outstanding Stock for which the record date occurs after the Grant Date, the Committee will credit the Participant's account as of the dividend payment date in an amount equal to the cash dividend paid on one share of Stock multiplied by the number of Restricted Stock Units under this Agreement that have not been settled as of that record date ("***Dividend Equivalents***"). Such Dividend Equivalents will be subject to the vesting requirements of Section 3 of this Agreement

below, and no Dividend Equivalents will vest or be paid to the Participant unless and until the corresponding Restricted Stock Unit vests and is settled.

(e) Rights as Stockholder. The Participant shall have no rights as a stockholder with respect to any Restricted Stock Unit until he or she shall have become the holder of record of such Stock, and except as otherwise provided in this Agreement or the Plan, no adjustment shall be made for dividends or distributions or other rights for which the record date is prior to the date upon which the Participant shall become the holder of record thereof.

3. **Vesting; Settlement**. Subject to Sections 2 and 4 of this Agreement, the restrictions thereon will lapse and Award will vest upon the earlier of:

(a) The Participant's termination of service, which for the purposes of this Agreement is defined as (i) the Participant's separation of service from the Board at the end of the Participant's elected term of service; (ii) the Participant's death; or (iii) the Participant's Disability; or

(b) January 17, 2033.

Provided, however, pursuant to Section 6(e)(iv) of the Plan, this Award shall not vest prior to January 17, 2024. Notwithstanding the foregoing, subject to the limitations of the Plan, the Committee may accelerate the vesting of all or part of the Award at any time and for any reason. As soon as practicable after the Award vests and consistent with Section 409A of the Code, payment shall be made in Stock (based upon the Fair Market Value of the Stock on the day all restrictions lapse) and cash in the amount of any Dividend Equivalents credited to the Participant's account with respect to such shares of Stock. The Committee shall cause the Stock to be electronically delivered to the Participant's electronic account with respect to such Stock free of all restrictions. Pursuant to Section 11, any cash and/or the number of shares of Stock delivered shall be net of cash and/or the number of shares of Stock withheld for satisfaction of Tax-Related Items (as defined below), if applicable.

4. **Forfeiture for Early Termination of Service**. Unless otherwise determined by the Committee at time of grant or thereafter or as otherwise provided in the Plan, if the Participant terminates his or her service prior to the end of his or her elected term, any unvested portion of any outstanding Award held by a Participant at the time of such early termination of service will be forfeited upon such termination.

5. **Participant**. Whenever the word "***Participant***" is used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the beneficiaries, the executors, the administrators, or the person or persons to whom the Restricted Stock Units and Dividend Equivalents may be transferred by will or by the laws of descent and distribution, the word "Participant" shall be deemed to include such person or persons.

6. **Adjustments; Change in Control**.

(1) In the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Stock or other property), recapitalization, forward or reverse split,

reorganization, merger, consolidation, spin-off, combination, repurchase or exchange of Stock or other securities, liquidation, dissolution, or other similar corporate transaction or event, affects the Stock such that an adjustment is appropriate in order to prevent dilution or enlargement of the rights of Participants under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of the number and kind of shares that may be issued in respect of Restricted Stock Units. In addition, the Committee is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, events described in the preceding sentence) affecting the Company or any Affiliate or the financial statements of the Company or any Affiliate or in response to changes in applicable laws, regulations, or accounting principles.

(2) In connection with a Change in Control, the Committee may, in its sole discretion, accelerate the vesting and/or the lapse of restrictions with respect to the Award. If the Award is not assumed, substituted for an award of equal value, or otherwise continued after a Change in Control, the Award shall automatically vest prior to the Change in Control at a time designated by the Committee. Timing of any payment or delivery of shares of Stock under this provision shall be subject to Section 409A of the Code.

(3) All outstanding Restricted Stock Units and Dividend Equivalents (if any) that are assumed, substituted for an award of an equal value, or otherwise continued after a Change in Control shall immediately vest upon a termination of Service by the Company or an Affiliate without Cause, within twelve months after a Change in Control.

7. **Clawback**. Notwithstanding anything in the Plan or this Agreement to the contrary, in the event that the Participant breaches any nonsolicitation, noncompetition or confidentiality agreement entered into with, or while acting on behalf of, the Company or any Affiliate, the Committee may (a) cancel the Award, in whole or in part, whether or not vested, and/or (b) require such Participant or former Participant to repay to the Company any gain realized or payment or shares received upon the exercise or payment of, or lapse of restrictions with respect to, such Award (with such gain, payment or shares valued as of the date of exercise, payment or lapse of restrictions). Notwithstanding anything in the Plan, in this Agreement or any other agreement to the contrary, (i) if any of the Company's financial statements are required to be restated due to errors, omissions, fraud, or misconduct, the Committee may, in its sole discretion but acting in good faith, direct the Company to recover all or a portion of any Award or any past or future compensation from any Participant or former Participant with respect to any fiscal year of the Company for which the financial results are negatively affected by such restatement, including through cancellation of an Award or repayment of any gain realized (with such gain valued as of the date of exercise, payment or lapse of restrictions) and (ii) the Award shall be subject to cancellation and the payment of any amounts hereunder shall be subject to repayment as the Committee deems necessary or desirable in order to facilitate compliance with the requirement of the U.S. Securities and Exchange Commission or any applicable securities law, including the requirements of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, or any securities exchange on which the Stock is listed or traded, as may be in effect from time to time. Such cancellation or repayment obligation shall be effective as of the date specified

by the Committee. Any repayment obligation may be satisfied in shares of Stock or cash or a combination thereof (based upon the Fair Market Value of the shares of Stock on the date of repayment) or pursuant to any policy adopted to give effect to the cancellation and repayment requirements contemplated pursuant to this Section 7, and the Committee may provide for an offset to any future payments owed by the Company or any Affiliate to the Participant if necessary to satisfy the repayment obligation; provided, however, that if any such offset is prohibited under applicable law, the Committee shall not permit any offsets and may require immediate repayment by the Participant.

8.**Compliance with Law**. Notwithstanding any of the provisions in this Agreement or in the Plan, the Company will not be obligated to issue or deliver any Stock to the Participant hereunder, if the exercise thereof or the issuance or delivery of such Stock shall constitute a violation by the Participant or the Company of any provisions of any law or regulation of any governmental authority. Any determination in this connection by the Committee shall be final, binding and conclusive. The Company shall in no event be obliged to register any securities pursuant to the U.S. Securities Act of 1933 (as now in effect or as hereafter amended) or to take any other affirmative action in order to cause the issuance or delivery of Stock pursuant thereto to comply with any law or regulation of any governmental authority.

9.**No Right to Continued Service**. Nothing in this Agreement or in the Plan shall be construed as giving the Participant, any employee or other person the right to continue in Service of the Company or any Affiliate, nor shall it interfere in any way with the right of the Company or any Affiliate to terminate the Participant's continued Service, or any employee's or other person's Service at any time. The Participant acknowledges and agrees that the continued vesting of the Restricted Stock Units granted hereunder is premised upon attainment of the conditions set forth herein and vesting of such Restricted Stock Units shall not accelerate upon Participant's termination of Service, unless specifically provided for herein.

10. **Representations and Warranties of Participant**. The Participant represents and warrants to the Company that:

(1) Agrees to Terms of the Plan. The Participant has received a copy of the Plan and has read and understands the terms of the Plan and this Agreement, and agrees to be bound by their terms and conditions. In the event of a conflict or inconsistency between the terms and provisions of the Plan and the provisions of this Agreement, the Plan shall govern and control. **All capitalized terms not defined herein shall have the meaning ascribed to them as set forth in the Plan.**

(2) Cooperation. The Participant agrees to sign such additional documentation as may reasonably be required from time to time by the Company.

(3) No Advice Regarding Grant. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Stock. The Participant should consult with the Participant's own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to the Plan or this Award.

11. **Responsibility for Taxes**. The Participant acknowledges that, regardless of any action taken by the Company or, if different, the Affiliate that employs the Participant (the ***"Employer"***), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("***Tax-Related Items***") is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including, but not limited to, the grant, vesting or settlement of the Award, the subsequent sale of shares of Stock acquired pursuant to the Award and the receipt of any Dividend Equivalents; and (b) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the Award to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Furthermore, if the Participant has become subject to Tax-Related Items in more than one jurisdiction, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

In connection with any relevant taxable or tax withholding event, as applicable, the Participant will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or the Employer, or their respective agents, at their discretion, to satisfy their withholding obligations with regard to all Tax-Related Items by: (i) requiring a cash payment from the Participant; (ii) withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or the Employer, (iii) withholding from the proceeds of the sale of Stock acquired pursuant to the Award, either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization without further consent); and/or (iv) withholding from the shares of Stock subject to the Restricted Stock Units, provided, however, that if the Participant is a Section 16 officer of the Company under the Securities Exchange Act of 1934, as amended ("***Exchange Act***"), then the Participant may elect the form of withholding from the alternatives above in advance of any tax withholding event, and in the absence of the Participant's timely election, the Company will withhold in shares of Stock, or the Committee (as constituted in accordance with Rule 16b-3 under the Exchange Act) may determine that a particular method be used to satisfy any withholding obligations for Tax-Related Items.

The Company may withhold or account for Tax-Related Items by considering statutory or other applicable withholding rates, including maximum applicable rates, in which case the Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the equivalent in Stock. If the obligation for Tax-Related Items is satisfied by withholding in shares of Stock, the Participant is deemed, for tax purposes, to have been issued the full number of shares of Stock subject to the vested Restricted Stock Units, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items.

The Company may refuse to issue or deliver the Stock, the proceeds of the sale of Stock or cash in the amount of any Dividend Equivalents if the Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

12. **Notice**. Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as

herein provided; provided, that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to Participant's address as recorded in the records of the Company.

13. **Governing Law; Choice of Venue**. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to its conflict of law principles.

For purposes of litigating any dispute that arises under this grant or the Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Texas, agree that such litigation shall be conducted in the courts of Collin County, Texas, or the federal courts for the United States for the Eastern District of Texas, where this grant is made and/or to be performed.

14. **Electronic Transmission and Participation**. The Company reserves the right to deliver any notice or Award by email in accordance with its policy or practice for electronic transmission and any written Award or notice referred to herein or under the Plan may be given in accordance with such electronic transmission policy or practice. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or any third party designated by the Company.

15. **Country-Specific Provisions**. The Award shall be subject to any special terms and conditions set forth in the appendix to this Agreement for the Participant's country (the "***Appendix***"). Moreover, if the Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

16. **Imposition of Other Requirements**. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, or the Award, or on the Restricted Stock Units and on any Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

17. **Severability**. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

18. **Waiver**. The Participant acknowledges that a waiver by the Company of breach of any provision of the Agreement shall not operate or be construed as a waiver of any other provision of the Agreement, or of any subsequent breach by the Participant or any other Participant.

19. **Section 409A**. Notwithstanding any other provision of the Plan or this Agreement, the following provision shall apply if the Participant is subject to taxation under the laws of the United States.

(a) It is intended that the Restricted Stock Units shall qualify for exemption from the application of, or comply with, Section 409A of the Code, and any ambiguities herein will be interpreted with this intention. The Committee reserves the right (but shall not be obligated), to the extent the Committee deems necessary or advisable in its sole discretion, to unilaterally amend or modify this Agreement as may be necessary to ensure that the Restricted Stock Units qualify for exemption from, or comply with Section 409A of the Code or to mitigate any additional taxes, interest, penalties or other adverse tax consequences that may apply under Section 409A of the Code if compliance is not practical; provided, however, that the compensation payable under this Agreement will be exempt from or compliant with Section 409A of the Code and does not guarantee that the compensation payable hereunder will not be subject to any taxes, interest, penalties or other adverse tax consequences under Section 409A of the Code. Nothing in this Agreement shall provide a basis for any person to take any action against the Company or any Affiliate based on matters covered by Section 409A of the Code, including the tax treatment of any amounts paid under this Agreement.

(b) Additional Payment Requirements Applicable to Award. Restricted Stock Units that constitute non-qualified deferred compensation subject to Section 409A of the Code ("***Deferred Compensation***") and are payable either (i) upon a Change in Control or (ii) termination of Service following a Change in Control, in each case, where the Change in Control does not constitute a "change in control event" within the meaning of Section 409A of the Code and U.S. Treasury Regulations, shall instead be payable on the Vesting Dates set forth in Section 3. Further, Restricted Stock Units that constitute Deferred Compensation and are payable on, or that is by reference to, the date of the Participant's termination of Service shall not be paid on such date unless the termination of Service constitutes a "separation from service" within the meaning of Section 409A of the Code, and if the Participant is a "specified employee" within the meaning of Section 409A of the Code on the date the Participant experiences a separation from service, then the Restricted Stock Units shall instead be paid on the first business day of the seventh month following the Participant's separation from service, or, if earlier, on the date of the Participant's death, to the extent such delayed payment is required in order to avoid a prohibited distribution under Section 409A of the Code.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

BREAD FINANICIAL HOLDINGS, INC.

By: _____
Joseph L. Motes III
Executive VP, Chief Administrative Officer, General Counsel and Secretary

PARTICIPANT

[PARTICIPANT NAME]

APPENDIX TO THE
TIME-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT
UNDER THE BREAD FINANICAL
2022 OMNIBUS INCENTIVE PLAN

This Appendix contains additional (or, if so indicated, different) terms and conditions that govern the Award if the Participant is or becomes located outside of the United States of America (the "***U.S.***"). All capitalized terms not defined herein shall have the meaning ascribed to them as set forth in the Plan or the main body of this Agreement, as applicable. To the extent there are any inconsistencies between these additional terms and conditions and those set forth in the Agreement, these additional terms and conditions shall prevail.

If Participant is a citizen or resident of a country other than the one in which he or she is currently working, is considered a citizen or resident of another country for local law purposes, or transfers employment or residency to another country after the Award is granted, the Company shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to the Participant.

ALL COUNTRIES

Nature of Grant. By accepting the Award, the Participant acknowledges, understands and agrees that:

1) the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time, to the extent permitted by the Plan;

2) the grant of the Award is voluntary and occasional and does not create any contractual or other right to receive future awards, or benefits in lieu of awards, even if awards have been granted in the past;

3) all decisions with respect to future awards, if any, will be at the sole discretion of the Company;

4) the Participant's participation in the Plan is voluntary;

5) the Award and any Stock or cash underlying or acquired pursuant to the Award, and the income and value of same, are not part of normal or expected compensation or salary for any purposes, including, without limitation, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

6) the future value of the Stock underlying the Award is unknown, indeterminable and cannot be predicted with certainty;

7) unless otherwise agreed with the Company, the Award is not granted as consideration for, or in connection with, the service the Participant may provide as a director of any Affiliate;

8) no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Award resulting from termination of the Participant's employment relationship (for any reason whatsoever and regardless of whether later found to be invalid or in breach of applicable laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any);

9) except as otherwise stated in the country specific provisions below, for purposes of the Award, the Participant's employment relationship will be considered terminated as of the date the Participant is no longer actively providing services to the Company or any Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of applicable laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and unless otherwise expressly provided in this Agreement or determined by the Company, the Participant's right to vest in the Award, if any, will terminate effective as of such date and will not be extended by any notice period (*e.g.*, the Participant's period of employment would not include any contractual notice period or any period of "garden leave" or similar period mandated under the applicable laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any); the Committee shall have the exclusive discretion to determine when the Participant is no longer actively providing services for purposes of the Award (including whether the Participant may still be considered to be providing services while on a leave of absence);

10) unless otherwise provided in the Plan or by the Company in its discretion, the Award and the benefits under the Plan evidenced by this Agreement do not create any entitlement to have this Award or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Stock or this Award; and

11) neither the Company, the Employer nor any other Affiliate shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the U.S. dollar that may affect the value of the Award or of any amounts due to the Participant pursuant to the Award or the subsequent sale of any shares of Stock acquired under the Plan.

Data Privacy Information and Consent.

1) ***Data Collection and Usage. The Company and the Employer may collect, process and use certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor ("Data"), for the purposes of implementing, administering and managing the Plan. The legal basis, where required, for the processing of Data is the Participant's consent.***

2) ***Stock Plan Administration Service Providers. The Company transfers Data to Fidelity Brokerage Services LLC and its affiliated companies ("Fidelity"), an independent service provider based in the United States, which is assisting the Company with the implementation, administration and management of the Plan. In the future, the Company may select a different service provider and share Data with such other provider serving in a similar manner. The Participant acknowledges and understands that Fidelity will open an account for the Participant to receive this Award and to***

receive and trade shares of Stock, if any, acquired under the Plan. The Participant may be asked to agree on separate terms and data processing practices with the service provider, with such agreement being a condition to the Participant's ability to participate in the Plan.

3) ***International Data Transfers. The Company and its service providers are based in the United States. Participant's country or jurisdiction may have different data privacy laws and protections than the United States. In the absence of appropriate safeguards, such as standard data protection clauses, the processing of the Participant's Data in the United States or, as the case may be, other countries might not be subject to substantive data processing principles or supervision by data protection authorities. In addition, the Participant might not have enforceable rights regarding the processing of the Participant's Data in such countries. The Company's legal basis, where required, for the transfer of Data is Participant's consent.***

4) ***Data Retention. The Company will hold and use the Data only as long as is necessary to implement, administer and manage the Participant's participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax and security laws.***

5) ***Voluntariness and Consequences of Consent Denial or Withdrawal. Participation in the Plan is voluntary and the Participant is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's salary from or employment and career with the Employer will not be affected; the only consequence of refusing or withdrawing the Participant's consent is that the Company would not be able to grant this Award or other awards to the Participant or administer or maintain such awards.***

6) ***Data Subject Rights. The Participant may have a number of rights under data privacy laws in the Participant's jurisdiction. Depending on where the Participant is located, such rights may include the right to (i) request access or copies of Data the Company processes, (ii) rectification of incorrect Data, (iii) deletion of Data, (iv) restrictions on processing of Data, (v) portability of Data, (vi) lodge complaints with competent authorities in the Participant's jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, Participant may contact his or her local human resources representative.***

By accepting the Award and indicating consent via the Company's online acceptance procedure, the Participant is declaring that he or she agrees with the data processing practices described herein and consents to the collection, processing and use of Data by the Company and the transfer of Data to the recipients mentioned above, including recipients located in countries which do not adduce an adequate level of protection from a European (or other non-U.S.) data protection law perspective, for the purposes described above.

Language. The Participant acknowledges and represents that he or she is proficient in the English language or has consulted with an advisor who is sufficiently proficient in English, as to allow the Participant to understand the terms of the Agreement and any other document related to this Award and/or the Plan. If the Participant has received the Agreement, or any other document related to this Award and/or the Plan translated into a language other than English and the

meaning of the translated version is different than the English version, the English version will control.

Insider Trading Restrictions/Market Abuse Laws. The Participant acknowledges that the Participant may be subject to insider trading restrictions and/or market abuse laws in applicable jurisdictions including, but not limited to, the United States and Participant's country of residence, which may affect the Participant's ability to accept, acquire, sell or otherwise dispose of Stock, rights to Stock (*e.g.*, Restricted Stock Units) or rights linked to the value of Stock during such times the Participant is considered to have "inside information" regarding the Company as defined in the laws or regulations in the applicable jurisdictions. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is his or her responsibility to comply with any restrictions and the Participant should consult his or her personal legal advisor on this matter.

Foreign Asset / Account and Exchange Control Reporting Obligations. The Participant may be subject to certain foreign asset and/or account reporting requirements and/or exchange control restrictions, reporting requirements or repatriation obligations related to the Award and participation in the Plan. Such requirements and restrictions may be triggered by the grant of the Award, the opening of a brokerage account in connection with the Plan, the acquisition of shares of Stock or dividends paid on the Stock or cash proceeds from the sale of the shares of Stock, or other activities or transactions related to the Plan. The Participant acknowledges that it is his or her responsibility to be compliant with any applicable requirements, and the Participant should consult his or her personal tax or legal advisor with any questions about such requirements.

CANADA

VESTING AND PAYMENT OF THE AWARD. THIS PROVISION SUPPLEMENTS SECTION 3 OF THE MAIN BODY OF THE AGREEMENT:

For the avoidance of doubt, payment of the Award shall be in Stock as described herein (and not in cash as described in Section 6(e)(v) of the Plan).

Termination of Employment. The following provision replaces Section 4 of the Agreement:

Unless otherwise determined by the Committee at time of grant or thereafter or as otherwise provided in the Plan, any unvested portion of any outstanding Award held by a Participant at the time of termination of employment will not vest, and will be forfeited, upon such termination, except to the extent provided under the Canada specific "Nature of Grant" provision of the Appendix below.

Nature of Grant. The following provision replaces subsection (i) of the "Nature of Grant" provision of the Appendix:

For purposes of the Award and the Participant's right (if any) to earn, seek damages in lieu of, or otherwise be paid any portion of the Award, whether in cash or in Stock (and any related Dividend Equivalents), pursuant to this Agreement, the Participant's employment relationship will be considered terminated as of the date that is the earlier of (i) the date the Participant's employment with the Employer is terminated, whether by the Participant, by the Employer, or by way of contractual frustration, or (ii) the date the Participant receives notice of termination (either written or otherwise), regardless of any period during which notice, pay in lieu of notice

or related payments or damages are provided or required to be provided under local law. For greater certainty, Participant will not earn or be entitled to any pro-rated vesting for that portion of time before the date on which Participant's right to vest terminates, nor will Participant be entitled to any compensation for lost vesting. Notwithstanding the foregoing, if applicable employment standards legislation explicitly requires continued vesting during a statutory notice period, Participant's right to vest in the Award, whether in cash or in Stock (and any related Dividend Equivalents), if any, will terminate effective upon the expiration of Participant's minimum statutory notice period, and Participant will not earn or be entitled to pro-rated vesting if the vesting date falls after the end of Participant's statutory notice period, nor will Participant be entitled to any compensation for lost vesting.

Data Privacy. The following provision supplements the "Data Privacy" provision of the Appendix:

To the extent necessary for the purposes of administering the Plan, the Participant hereby authorizes the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel, professional or not, involved in the administration and operation of the Plan. The Participant further authorizes the Company, any Affiliate and the administrator of the Plan (including Fidelity) to disclose and discuss the Plan with their advisors. The Participant acknowledges and agrees that the Participant's personal information, including any sensitive personal information, may be transferred or disclosed outside of the Province of Quebec, including to the United States. The Participant further authorizes the Company and any Affiliate to record such information and to keep such information in the Participant's employee file. The Participant also acknowledges and authorizes the Company and any Affiliate, and other parties involved in the administration of the Plan to use technology for profiling purposes and to make automated decisions that may have an impact on the Participant or on the administration of the Plan.

Securities Law Information. The Participant acknowledges that he or she is permitted to sell the Stock acquired under the Plan through the designated broker appointed by the Company, provided the sale of the Stock takes place outside of Canada through facilities of a stock exchange on which the shares of Stock are listed (*i.e.*, at the time of this Award, the NYSE).

INDIA

No country-specific provisions apply.

MEXICO

Labor Law Policy and Acknowledgment. By accepting the Award, the Participant expressly recognizes that Bread Financial Holdings, Inc, with registered offices at 3095 Loyalty Circle, Columbus, OH 43219, USA, is solely responsible for the administration of the Plan and that the Participant's participation in the Plan and acquisition of shares of Stock do not constitute an employment relationship between the Participant and the Company since the Participant is participating in the Plan on a wholly commercial basis and Participant's sole Employer ("***Bread Financial Mexico***") is an entity other than the Company. Based on the foregoing, the Participant expressly recognizes that the Plan and the benefits that the Participant may derive from his or her participation in the Plan do not establish any rights between the Participant and Bread Financial Mexico, and do not form part of the employment conditions and/or benefits provided by Bread Financial Mexico and any modification of the Plan or its termination shall not constitute a change or impairment of the terms and conditions of the Participant's employment.

The Participant further understands that his or her participation in the Plan is a result of a unilateral and discretionary decision of the Company; therefore, the Company reserves the absolute right to amend and/or discontinue Participant's participation at any time without any liability to the Participant.

Finally, the Participant hereby declares that he or she does not reserve any action or right to bring any claim against the Company for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and the Participant therefore grants a full and broad release to the Company, its Affiliates, branches, representation offices, its shareholders, officers, agents or legal representatives with respect to any claim that may arise.

Plan Document Acknowledgment. By accepting the Award, the Participant acknowledges that Participant has received a copy of the Plan, has reviewed the Plan and the Agreement in their entirety and fully understands and accepts all provisions of the Plan and the Agreement. In addition, by accepting the Award, the Participant acknowledges that Participant has read and specifically and expressly approves the terms and conditions in the "Nature of the Grant" provision of the Appendix, in which the following is clearly described and established: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) neither the Company, the Employer nor any Affiliate is responsible for any decrease in the value of the shares of Stock, if any, underlying the Award.

Política de la Ley Laboral y Reconocimiento. *Al aceptar el Premio, el Participante reconoce expresamente que Bread Financial Holdings, Inc, con oficinas registradas ubicadas a 3095 Loyalty Circle, Columbus, OH 43219, USA, es el único responsable de la administración del Plan y que participación del Participante en el mismo y la adquisición de Acciones no constituye de ninguna manera una relación laboral entre el Participante y la Compañía, debido a que la participación de esa persona en el Plan deriva únicamente de una relación comercial y el único Patrón del participante ("**Bread Financial Mexico**") es una entidad distinta a la Compañía. Derivado de lo anterior, el Participante reconoce expresamente que el Plan y los beneficios que pudieran derivar para el Participante por su participación en el mismo, no establecen ningún*

derecho entre el Participante y Bread Financial Mexico, y no forman parte de las condiciones laborales y/o prestaciones otorgadas por Bread Financial Mexico, y cualquier modificación al Plan o la terminación del mismo de ninguna manera podrá ser interpretada como una modificación o detrimento de los términos y condiciones de trabajo del Participante.

Asimismo, el Participante reconoce que su participación en el Plan es resultado de la decisión unilateral y discrecional de la Compañía, por lo tanto, la Compañía se reserva el derecho absoluto para modificar y/o discontinuar la participación del Participante en cualquier momento, sin ninguna responsabilidad hacia el Participante.

Finalmente el Participante manifiesta que no se reserva ninguna acción o derecho que ejercitar en contra dela Compañía, por cualquier compensación o daños o perjuicios en relación con cualquier disposición del Plan o de los beneficios derivados del mismo, y en consecuencia exime amplia y completamente a la Compañía, sus Afiliadas, sucursales, oficinas de representación, sus accionistas, administradores, agentes y representantes legales con respecto a cualquier reclamo que pudiera surgir.

***Reconocimiento de Documentos del Plan**. Al aceptar el premio, el Participante reconoce que ha recibido una copia del Plan, que ha revisado el Plan y el Acuerdo en su totalidad y entiende y acepta los términos del Plan y del Acuerdo. Adicionalmente, al aceptar el Premio, el Participante reconoce que ha leído y específica y expresamente aprueba los términos y condiciones denominado "Naturaleza de la Concesión), donde claramente se establece que (i) la participación en el Plan no constituye un derecho adquirido, (ii) el Plan y la participación en el Plan es ofrecido por la Compañía en forma totalmente discresional; (iii) la participación en el Plan es voluntaria; y (iv) ni la Compañía ni el Patrón ni su Afiliada es responsable por el decremento en el valor de las acciones del premio respectivo.*

Securities Law Information. The Award and the shares of Stock offered under the Plan have not been registered with the National Register of Securities maintained by the Mexican National Banking and Securities Commission and cannot be offered or sold publicly in Mexico. In addition, the Plan, the Agreement and any other document relating to Award may not be publicly distributed in Mexico. These materials are addressed to Participant only because of Participant's existing relationship with the Company and these materials should not be reproduced or copied in any form. The offer contained in these materials does not constitute a public offering of securities but rather constitutes a private placement of securities addressed specifically to individuals who are present employees of the Employer made in accordance with the provisions of the Mexican Securities Market Law, and any rights under such offering shall not be assigned or transferred.

Exhibit 10.98

RECEIVABLES PURCHASE AGREEMENT

between

COMENITY CAPITAL BANK

RPA Seller,

and

COMENITY CAPITAL CREDIT COMPANY, LLC

Purchaser

Dated as of June 17, 2022

THIS RECEIVABLES PURCHASE AGREEMENT, dated as of June 17, 2022 (this "Agreement") is by and between COMENITY CAPITAL BANK, a Utah industrial bank, ("CCB"), as seller ("RPA Seller"), and COMENITY CAPITAL CREDIT COMPANY, LLC, a Delaware limited liability company, as purchaser ("Purchaser").

R E C I T A L S:

WHEREAS, Purchaser desires to purchase, from time to time, certain Receivables arising under certain specified Accounts of RPA Seller;

WHEREAS, RPA Seller desires to sell and assign such Receivables to Purchaser, from time to time, upon the terms and conditions hereinafter set forth; and

WHEREAS, it is contemplated that the Receivables purchased hereunder will be transferred by Purchaser to Comenity Capital Asset Securitization Trust (the "Trust") pursuant to the Transfer Agreement, dated as of June 17, 2022 (the "Transfer Agreement") between Purchaser, as Transferor, and the Trust, and that the Trust will thereafter pledge all of its right, title and interest therein to U.S. Bank Trust Company, National Association ("Indenture Trustee"), as Indenture Trustee for the benefit of the Noteholders under the Master Indenture, dated as of June 17, 2022 (the "Indenture") between Indenture Trustee and the Trust;

NOW, THEREFORE, it is hereby agreed by and between Purchaser and RPA Seller as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Each capitalized term used herein or in any certificate, document, or Conveyance Paper made or delivered pursuant hereto, and not defined herein or therein, shall have the meaning specified in Annex A to the Indenture.

Section 1.2 Other Definitional Provisions. All terms defined directly or by reference in this Agreement shall have the defined meanings when used in any certificate or other document delivered pursuant hereto unless otherwise defined therein. For purposes of this Agreement and all such certificates and other documents, unless the context otherwise requires: (i) accounting terms not otherwise defined in this Agreement, and accounting terms partly defined in this Agreement to the extent not defined, shall have the respective meanings given to them under generally accepted accounting principles; (ii) terms defined in Article 9 of the UCC as in effect in the State of New York and not otherwise defined in this Agreement are used as defined in that Article; (iii) any reference to each Rating Agency shall only apply to any specific rating agency if such rating agency is then rating any outstanding Series; (iv) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (v) the words "hereof," "herein" and "hereunder" and words of similar import refer to this Agreement (or the certificate or other document in which they are used) as a whole and not to any particular provision of this Agreement (or such certificate or document); (vi) references to any Section, Schedule or Exhibit are references to Sections, Schedules and Exhibits in or to this Agreement (or the certificate or other document in which the reference is made), and references to any paragraph, Section, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (vii) the term "including" means "including without limitation"; (viii) references to any law or regulation refer to that law or regulation as amended from time to time and include any successor law or regulation; (ix) references to any Person include that Person's

successors and assigns; (x) references to any agreement refer to that agreement as amended, supplemented or otherwise modified from time to time; and (xi) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

ARTICLE II

SALE AND CONTRIBUTION OF RECEIVABLES

Section 2.1 Sales and Contributions.

(a) RPA Seller hereby transfers, assigns, sets over and otherwise conveys to Purchaser without recourse (except as expressly provided herein), and Purchaser purchases and/or accepts as a capital contribution, as applicable, from RPA Seller, all of RPA Seller's right, title and interest in and to the Receivables existing as of the close of business on the Addition Cut Off Date, with respect to Supplemental Accounts, or the Addition Date, with respect to Automatic Additional Accounts, as applicable, and thereafter arising from time to time in the Accounts and all Related Assets with respect thereto, including Interchange allocated to the Accounts in accordance with Section 5.1(l) from time to time; provided, however, that the following shall be not conveyed hereunder: (i) Principal Receivables originated after the occurrence of an Insolvency Event with respect to RPA Seller and (ii) any amount realized by RPA Seller on account of merchant fees and discounts related to credit sales with respect to the Accounts.

(b) RPA Seller agrees (i) to record and file, at its own expense, financing statements (and continuation statements when applicable) with respect to the Receivables now existing and hereafter created, meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect, and maintain perfection of, the conveyance of the Receivables and the Related Assets to Purchaser and the first priority nature of Purchaser's interest in the Receivables and the Related Assets and (ii) to deliver a file-stamped copy of such financing statements or other evidence of such filings to Purchaser (which evidence may, for purposes of this Section 2.1, may consist of telephone confirmation of such filing to Purchaser, followed by delivery of a file stamped copy to Purchaser as soon as is practicable after filing) on or prior to the Effective Date, and in the case of any continuation statements filed pursuant to this Section 2.1, as soon as practicable after receipt thereof by RPA Seller.

(c) RPA Seller further agrees, at its own expense, (i) on or prior to (A) the Automatic Addition Termination Date or an Automatic Addition Suspension Date, or subsequent to a Restart Date, in the case of any Accounts designated pursuant hereto prior to such date, (B) the applicable Addition Date, in the case of Supplemental Accounts, and (C) the applicable Removal Date, in the case of Removed Accounts, to indicate in its appropriate computer files that Receivables created in connection with the Accounts (other than Removed Accounts) have been sold to Purchaser pursuant to this Agreement, transferred by Purchaser to the Trust pursuant to the Transfer Agreement and pledged to the Indenture Trustee pursuant to the Indenture (or conveyed to the Transferor or its designee in accordance with Section 2.7 of the Transfer Agreement, in the case of Removed Accounts) by including in such computer files the code identifying each such Account (or, in the case of Removed Accounts, either including such a code identifying the Removed Accounts only if the removal occurs prior to the Automatic Addition Termination Date or Automatic Addition Suspension Date or subsequent to a Restart Date, or deleting such code thereafter) and (ii) on or prior to the date referred to in clauses (i)(A), (B) or (C), as applicable, to deliver to Purchaser an Account Schedule (provided that such Account Schedule shall be provided in respect of Automatic Additional Accounts on or prior to the Determination Date relating to the Monthly Period during which the respective Addition Dates occur) specifying for each such Account, as of the Automatic Addition Termination Date

or Automatic Addition Suspension Date, in the case of clause (i)(A), the applicable Addition Cut Off Date, in the case of Supplemental Accounts, and the Removal Date, in the case of Removed Accounts, its account number, the aggregate amount outstanding in such Account and the aggregate amount of Principal Receivables in such Account. Once the code referenced in clause (i) of this paragraph has been included with respect to any Account, RPA Seller further agrees not to alter such code or other notation during the term of this Agreement unless and until (x) such Account becomes a Removed Account, (y) a Restart Date has occurred on which Purchaser starts including Automatic Additional Accounts as Accounts or (z) RPA Seller shall have delivered to Purchaser and the Indenture Trustee at least 30 days prior written notice of its intention to do so and has taken such action as is necessary or advisable to cause the respective interests of Purchaser, the Trust and the Indenture Trustee in the Receivables and other Trust Assets to continue to be perfected with the priority required by this Agreement, the Transfer Agreement and the Indenture, respectively.

(d) It is the intention of the parties hereto that the conveyances of the Receivables and the other Related Assets by RPA Seller to Purchaser as provided in this Section 2.1 be, and be construed as, an absolute sales or capital contributions without recourse except as explicitly provided herein, of the Receivables and the other Related Assets by RPA Seller to Purchaser. Furthermore, it is not intended that such conveyance be deemed a pledge of the Receivables and the other Related Assets by RPA Seller to Purchaser to secure a debt or other obligation of RPA Seller. If, however, notwithstanding the intention of the parties, the conveyance provided for in this Section 2.1 is determined to be a transfer for security, then this Agreement shall also be deemed to be a security agreement and RPA Seller hereby grants to Purchaser a security interest in all of RPA Seller's right, title and interest, whether now owned or hereafter acquired, in and to the Receivables and the other Related Assets.

Section 2.2 Addition of Additional Accounts.

(a) Required Additions. If Purchaser is required, pursuant to Section 2.6 of the Transfer Agreement, to designate additional Eligible Accounts as Supplemental Accounts or to convey Participation Interests to the Trust, Purchaser shall so notify RPA Seller. RPA Seller shall designate such Eligible Accounts as Supplemental Accounts and shall convey to Purchaser Receivables in such Supplemental Accounts or (if it so elects) shall convey such Participation Interests to Purchaser, subject to the same qualifications and restrictions as are set forth in Section 2.6 of the Transfer Agreement, as applicable, with respect to Purchaser; provided, however, that the failure of RPA Seller to transfer Receivables or Participation Interests to Purchaser as provided in this paragraph solely as a result of the unavailability of a sufficient amount of Eligible Receivables shall not constitute a breach of this Agreement; provided further, that any such failure which has not been timely cured will nevertheless result in the occurrence of an Early Amortization Event with respect to each Series for which, pursuant to the Indenture Supplement therefor, a failure by Purchaser to convey Receivables in Additional Accounts or Participation Interests to the Trust by the day on which it is required to convey such Receivables or Participation Interests constitutes an "Early Amortization Event" (as defined in such Indenture Supplement) after passage of any applicable grace period specified in the related Indenture Supplement.

(b) Permitted Additions. Subject to the restrictions and qualifications set forth in Section 2.6 of the Transfer Agreement, Purchaser shall exercise its rights to designate additional Eligible Accounts as Supplemental Accounts or Automatic Additional Accounts pursuant to Sections 2.6(a) and (c) of the Transfer Agreement when requested to do so by RPA Seller.

(c) Additional Approved Portfolios. Subject to the restrictions and qualifications set forth in Section 2.6 of the Transfer Agreement, Purchaser shall exercise its rights to designate

additional portfolios of accounts as "Approved Portfolios" when requested to do so by RPA Seller.

(d) Delivery of Documents. RPA Seller agrees to provide to Purchaser such information, certificates, financing statements, opinions and other materials as are reasonably necessary to enable Purchaser to satisfy its obligations under Section 2.6 of the Transfer Agreement with respect to Supplemental Accounts, Automatic Additional Accounts or Participation Interests of RPA Seller. In the case of the designation of Supplemental Accounts, RPA Seller shall deliver to Purchaser on the date specified in Section 2.1(c), (i) the computer file, compact disc or other written list or electronic file required to be delivered pursuant to Section 7.1(c) with respect to such Supplemental Accounts and (ii) a duly executed, written assignment, substantially in the form of Exhibit A (the "Supplemental Conveyance").

(e) Representations and Warranties. In connection with the designation of any Eligible Account as a Supplemental Account, the conveyance of any Participation Interests to Purchaser, RPA Seller shall represent and warrant that:

(i) each Supplemental Account is, as of the Addition Date, an Eligible Account, and each Receivable in such Supplemental Account is, as of the Addition Cut Off Date, an Eligible Receivable; no selection procedures believed by RPA Seller to be materially adverse to the interests of Purchaser or the Holders were utilized in selecting the Additional Accounts from the available Eligible Accounts in an Approved Portfolio; and that as of the Addition Date, RPA Seller is not insolvent; and

(ii) as of the Addition Date, the Supplemental Conveyance constitutes a valid sale to Purchaser of all right, title and interest of RPA Seller in and to the Receivables and the Related Assets then existing and thereafter created from time to time in the Supplemental Accounts, and such property will be held by Purchaser free and clear of any Lien (other than Liens permitted by Section 2.5(b) of the Transfer Agreement).

Section 2.3 Removal of Accounts. Purchaser may remove Accounts from the Trust in accordance with Section 2.7 of the Transfer Agreement. On each day on which Accounts are removed from the Trust pursuant to Section 2.7 of the Transfer Agreement, RPA Seller and Purchaser may, but shall not be required to, by mutual agreement, remove Accounts from the operation of this Agreement. RPA Seller agrees to provide to Purchaser such information, certificates, financing statement, opinions and other materials as are reasonably necessary to enable Purchaser to satisfy its obligations under Section 2.7 of the Transfer Agreement with respect to the removal of Accounts.

ARTICLE III

CONSIDERATION AND PAYMENT

Section 3.1 Purchase Price.

(a) The "Purchase Price" for the Receivables (including Receivables in Additional Accounts) to be conveyed to Purchaser under this Agreement that come into existence on or after the Effective Date shall be payable on each Business Day on which such Receivables are conveyed by RPA Seller to Purchaser in an amount equal to 100% of the Principal Receivables so conveyed, adjusted from time to time with respect to Principal Receivables originated hereafter to reflect such factors as RPA Seller and Purchaser mutually agree will result in a Purchase Price determined to approximate the fair market value of such Principal Receivables. If and to the extent that Purchaser shall not have funds available to pay RPA Seller the Purchase Price for the Receivables transferred on any day, an amount equal to the portion of the Purchase

Price for such Receivables for which Purchaser shall not have funds shall be deemed to be a borrowing by Purchaser from RPA Seller under the Subordinated Note in the amount of such deficiency; provided that no borrowing may be made under the Subordinated Note if, after giving effect to such borrowing, Purchaser Tangible Equity would be less than Required Purchaser Tangible Equity; and provided, further, that RPA Seller may, in its discretion, contribute Receivables on any Business Day and the Purchase Price of such Receivables shall be deemed to be a capital contribution from RPA Seller to Purchaser.

(b) RPA Seller is hereby authorized by Purchaser to endorse on the schedule attached to the Subordinated Note (or a continuation of such schedule attached thereto and made a part thereof) an appropriate notation evidencing the date and amount of each borrowing thereunder, as well as the date and amount of each payment made with respect thereto; provided that the failure of any Person to make such a notation shall not affect any obligations of Purchaser thereunder.

(c) Subject to the terms and conditions of the Subordinated Note, all borrowings thereunder shall be as follows:

(i) All amounts paid by Purchaser with respect to the Subordinated Note shall be allocated first to the repayment of accrued interest until all such interest is paid, and then to the outstanding principal amount of the Subordinated Note.

(ii) The outstanding principal amount of the Subordinated Note shall bear interest at a fixed rate per annum of 10% from the Effective Date, calculated based on a 360-day year consistently of twelve thirty-day months, or such other rate as shall be agreed upon by RPA Seller and Purchaser on an arms-length basis from time to time (such rate as in effect from time to time, the "Subordinated Note Rate"). Interest on the Subordinated Note shall be payable on the 15th day of each calendar month during which amounts are outstanding thereunder, or if the 15th is not a Business Day, the next succeeding Business Day (each such date, an "Interest Payment Date"). If on any Interest Payment Date, the amount of funds available to pay interest on the Subordinated Note is insufficient to pay any amount due under the Subordinated Note, then interest shall be payable only to the extent funds are available thereof. All interest in the Subordinated Note that is not paid when due pursuant to this paragraph shall be payable on the next Interest Payment Date on which funds are available therefore and all such unpaid interest shall accrue interest at the Subordinated Note Rate until paid in full.

(iii) Purchaser may at its option, prepay the Subordinated Note at any time and from time to time; provided that in no event shall RPA Seller or any holder of the Subordinated Note have any right to demand any payment of principal under the Subordinated Note prior to the date that is one year and one day after the latest occurring Series Termination Date for any Series of Notes (the "Subordinated Note Maturity Date").

Section 3.2 Adjustments to Purchase Price. During any Monthly Period, if Servicer adjusts downward the amount of any Receivable because of a rebate, refund, unauthorized charge or billing error to an accountholder, or because such Receivable was created in respect of merchandise which was refused or returned by an accountholder, or if Servicer otherwise adjusts downward the amount of any Receivable without receiving Collections therefor or charging off such amount as uncollectible, then the Purchase Price shall be reduced as provided below (a "Credit Adjustment"). The amount of such Credit Adjustment with respect to any Receivable adjusted downward as described in the preceding sentence, shall be equal to the amount of such adjustment. The amount of any Credit Adjustment may be offset against any amounts due from Purchaser to RPA Seller on such day; provided that, subject to the following proviso, RPA Seller

shall not be obligated to make any cash payment with respect to a Credit Adjustment until the Distribution Date following the Monthly Period in which such Credit Adjustment arose in accordance with Section 3.3.

Section 3.3 Settlement and Ongoing Payment of Purchase Price. On each Distribution Date, RPA Seller shall deliver a settlement statement (the "Settlement Statement"), showing the aggregate Purchase Price of Receivables conveyed to Purchaser during the prior Monthly Period (or, with respect to the first Distribution Date following the Effective Date, the period from and including the Effective Date through the last day of the calendar month preceding such Distribution Date), and the amount which remains unpaid as Credit Adjustments made with respect to such period pursuant to Section 3.2 or any adjustment to the Purchase Price of Receivables with respect to such period pursuant to Section 6.1, each of which shall reduce the aggregate Purchase Price payable by Purchaser for such period. Any balance due from Purchaser to RPA Seller shall be paid in accordance with Section 3.1. Any balance due from RPA Seller to Purchaser shall be paid in immediately available funds.

Section 3.4 Netting Arrangements. Except as otherwise required by Section 8.4(a) of the Indenture (with respect to In-Store Payments) and the terms of any Indenture Supplement, RPA Seller may permit or require payments owed by any Merchant with respect to In-Store Payments and Merchant Adjustment Payments to be netted against amounts owed by RPA Seller to that Merchant. RPA Seller shall pay to Purchaser (or, so long as RPA Seller is Servicer, deposit directly into the Collection Account) on each Business Day an amount equal to the aggregate amount of In-Store Payments netted against amounts owed by RPA Seller to the various Merchants on that Business Day. If, however, Purchaser is required under any Indenture Supplement to require RPA Seller to discontinue such netting as to any Merchant, then RPA Seller shall not permit In-Store Payments or Merchant Adjustment Payments to be netted against amounts payable by RPA Seller to that Merchant, but instead RPA Seller shall cause that Merchant to transfer to RPA Seller, not later than the second Business Day following receipt by such Merchant of any In-Store Payments or any event obligating that Merchant to make a Merchant Adjustment Payment, an amount equal to the sum of such In-Store Payments and Merchant Adjustment Payments.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties of RPA Seller Relating to RPA Seller.

(a) Representations and Warranties. RPA Seller hereby represents and warrants to, and agrees with, Purchaser as of the Effective Date and on each Closing Date, that:

(i) Organization and Good Standing. RPA Seller is a Utah industrial bank validly existing in good standing under the laws of the State of Utah, and has full corporate power, authority and legal right to own its properties and conduct its business as presently owned and conducted, and to execute, deliver and perform its obligations under this Agreement.

(ii) Due Qualification. RPA Seller is duly qualified to do business and is in good standing (or is exempt from such requirements), and has obtained all necessary licenses and approvals in each jurisdiction in which failure to so qualify or to obtain such licenses and approvals would have a material adverse effect on the interests of Purchaser or the Holders.

(iii) Due Authorization. The execution, delivery and performance of this Agreement and any other document or instrument delivered pursuant hereto (such other documents or instruments, collectively, the "Conveyance Papers") and the consummation of the transactions provided for in this Agreement or any other Conveyance Papers have been duly authorized by all necessary corporate action on the part of RPA Seller.

(iv) No Conflict. The execution and delivery of this Agreement and the Conveyance Papers by RPA Seller, the performance of the transactions contemplated by this Agreement and the Conveyance Papers, and the fulfillment of the terms of this Agreement and the Conveyance Papers applicable to RPA Seller will not conflict with, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any indenture, contract, agreement, mortgage, deed of trust, or other instrument to which RPA Seller is a party or by which it or any of its properties are bound.

(v) No Violation. The execution, delivery and performance of this Agreement and the Conveyance Papers by RPA Seller and the fulfillment by RPA Seller of the terms hereof and thereof will not conflict with or violate any Requirements of Law applicable to RPA Seller.

(vi) No Proceedings. There are no proceedings or investigations pending or, to the best knowledge of RPA Seller, threatened against RPA Seller, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality (i) asserting the invalidity of this Agreement or any of the Conveyance Papers, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any of the Conveyance Papers, (iii) seeking any determination or ruling that, in the reasonable judgment of RPA Seller, would materially and adversely affect the performance by RPA Seller of its obligations under this Agreement or any of the Conveyance Papers, (iv) seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this Agreement or any of the Conveyance Papers or (v) seeking to affect adversely the income tax attributes of the Trust under Federal or applicable state income or franchise tax systems.

(vii) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or any governmental body or official required in connection with the execution and delivery by RPA Seller of this Agreement or any of the Conveyance Papers and the performance of the transactions contemplated by this Agreement or any of the Conveyance Papers by RPA Seller have been obtained.

(viii) Insolvency. RPA Seller is not insolvent and no Insolvency Event with respect to RPA Seller has occurred, and the transfer of the Receivables and Related Assets by RPA Seller to Purchaser contemplated hereby has not been made in contemplation of such insolvency or Insolvency Event.

(b) Notice of Breach; Reliance. The representations and warranties of RPA Seller set forth in this Section 4.1 shall survive the transfer and assignment by RPA Seller of the Receivables to Purchaser and the transfer and assignment by Purchaser of the Receivables to the Trust. Upon discovery by RPA Seller or Purchaser of a breach of any of the representations and warranties by RPA Seller set forth in this Section 4.1, the party discovering such breach shall give prompt written notice to the other and to each Enhancement Provider, if any, entitled thereto pursuant to the relevant Indenture Supplement. RPA Seller hereby acknowledges that Purchaser intends to rely on the representations hereunder in connection with representations made by Purchaser to secured parties, assignees or subsequent transferees, including transfers made by

Purchaser to the Trust pursuant to the Transfer Agreement. RPA Seller agrees to cooperate with Purchaser, Servicer and the Indenture Trustee in attempting to cure any such breach.

Section 4.2 Representations and Warranties of RPA Seller Relating to the Agreement and the Receivables.

(a) Representations and Warranties. RPA Seller hereby represents and warrants to Purchaser as of the Effective Date and, with respect to Additional Accounts, as of the related Addition Date that:

(i) this Agreement and, in the case of Supplemental Accounts, the related Supplemental Conveyance, when executed and delivered on behalf of RPA Seller, each constitutes a legal, valid and binding obligation of RPA Seller, enforceable against RPA Seller in accordance with its terms, except as such enforceability may be limited by applicable Debtor Relief Laws now or hereafter in effect and by general principles of equity (whether considered in a suit at law or in equity);

(ii) as of the Automatic Addition Termination Date or an Automatic Addition Suspension Date, as of each subsequent Addition Date with respect to Supplemental Accounts, and as of the applicable Removal Date with respect to Removed Accounts, the Account Schedule delivered pursuant to this Agreement, as supplemented to such date, is an accurate and complete listing in all material respects of all the related Accounts as of such Automatic Addition Termination Date or Automatic Addition Suspension Date, the related Addition Cut Off Date or such Removal Date, as the case may be, and the information contained therein with respect to the identity of such Accounts and the Receivables existing thereunder is true and correct in all material respects as of such specified date;

(iii) RPA Seller is the legal and beneficial owner of all right, title and interest in each Receivable and the Related Assets and RPA Seller has the full right, power and authority to transfer the Receivables and the Related Assets pursuant to this Agreement, and each Receivable and the Related Assets conveyed to Purchaser by RPA Seller has been conveyed to Purchaser free and clear of any Lien (other than Liens permitted under Section 2.5(b) of the Transfer Agreement) and in compliance, in all material respects, with all Requirements of Law applicable to RPA Seller;

(iv) all authorizations, consents, orders or approvals of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by RPA Seller in connection with the conveyance of the Receivables to Purchaser have been duly obtained, effected or given and are in full force and effect;

(v) this Agreement or, in the case of Supplemental Accounts, the related Supplemental Conveyance, upon execution and delivery on behalf of RPA Seller, constitutes a valid transfer and assignment to Purchaser of all right, title and interest of RPA Seller in and to the Receivables and the other Related Assets, and the Purchaser has a first priority perfected security interest in the Receivables and the Related Assets;

(vi) except as otherwise expressly provided in this Agreement, the Transfer Agreement, the Servicing Agreement, the Indenture or any Indenture Supplement neither RPA Seller nor any Person claiming through or under RPA Seller has any claim to or interest in the Collection Account, the Excess Funding Account, any Series Account or any Enhancement;

(vii) with respect to each Automatic Additional Account, on the date of its creation or, if later, the date it otherwise becomes an Automatic Additional Account, and with respect to each Supplemental Account, on the related Addition Cut Off Date each such Account is classified as an Eligible Account;

(viii) on the date of creation of each Automatic Additional Account or, if later, on the date the related account otherwise becomes an Automatic Additional Account, each Receivable contained in such Automatic Additional Account is an Eligible Receivable and, on the applicable Addition Cut Off Date, each Receivable contained in any related Supplemental Account is an Eligible Receivable; and

(ix) as of the date of the transfer of any Receivable to Purchaser, such Receivable to the Purchaser is an Eligible Receivable.

(b) Perfection Representations and Warranties. Debtor hereby makes the Perfection Representations and Warranties to the Secured Party. For purposes of this Section 4.2(b): Debtor shall mean RPA Seller, Secured Party shall mean Transferor, and Specified Agreement shall mean this Receivables Purchase Agreement. The rights and remedies with respect to any breach of the Perfection Representations and Warranties made under this Section 4.2(b*)* shall be continuing and shall survive any termination of the Specified Agreement. Secured Party shall not waive a breach of any Perfection Representation and Warranty. In order to evidence the interests of Debtor and Secured Party under the Specified Agreement, the Debtor shall, from time to time take such action, and execute and deliver such instruments as are necessary in order to maintain and perfect, as a first priority interest, the Secured Party's security interest in the Receivables. The Debtor hereby authorizes Purchaser and Servicer to file any financing statements and amendments thereto under the UCC as may be required to be filed pursuant to the preceding sentence, or as may be necessary or advisable to perfect the transfer of the Receivables and the Related Assets to the Purchaser.

(c) Notice of Breach; Reliance. The representations and warranties of RPA Seller set forth in this Section 4.2 shall survive the transfer and assignment by RPA Seller of the Receivables to Purchaser and the transfer and assignment by Purchaser of the Receivables to the Trust. Upon discovery by RPA Seller or Purchaser of a breach of any of the representations and warranties by RPA Seller set forth in this Section 4.2, the party discovering such breach shall give prompt written notice to the other. RPA Seller hereby acknowledges that Purchaser intends to rely on the representations hereunder in connection with representations made by Purchaser to secured parties, assignees or subsequent transferees, including transfers made by Purchaser to the Trust pursuant to the Transfer Agreement. RPA Seller agrees to cooperate with Purchaser, Servicer and the Indenture Trustee in attempting to cure any such breach.

Section 4.3 Representations and Warranties of Purchaser.

(a) Representations and Warranties. As of the Effective Date and each Closing Date, Purchaser hereby represents and warrants to, and agrees with, RPA Seller that:

(i) Organization and Good Standing. Purchaser is a limited liability company validly existing in good standing under the laws of the State of Delaware and has full power and authority to own its properties and conduct its business as presently owned and conducted and to execute, deliver and perform its obligations under this Agreement and the Conveyance Papers.

(ii) Due Authorization. The execution and delivery of this Agreement and the Conveyance Papers and the consummation of the transactions provided for in this

Agreement and the Conveyance Papers have been duly authorized by Purchaser by all necessary limited liability company action on the part of Purchaser.

(iii) No Conflict. The execution and delivery of this Agreement and the Conveyance Papers, the performance of the transactions contemplated by this Agreement and the Conveyance Papers, and the fulfillment of the terms hereof and thereof, will not conflict with, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any indenture, contract, agreement, mortgage, deed of trust or other instrument to which Purchaser is a party or by which it or any of its properties are bound.

(iv) No Violation. The execution, delivery and performance of this Agreement and the Conveyance Papers by Purchaser and the fulfillment by Purchaser of the terms contemplated herein and therein will not conflict with or violate any Requirements of Law applicable to Purchaser.

(v) No Proceedings. There are no proceedings or investigations pending or, to the best knowledge of Purchaser, threatened against Purchaser, before any court, regulatory body, administrative agency, or other tribunal or governmental instrumentality (i) asserting the invalidity of this Agreement or any of the Conveyance Papers, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or any of the Conveyance Papers, (iii) seeking any determination or ruling that, in the reasonable judgment of Purchaser, would materially and adversely affect the performance by Purchaser of its obligations under this Agreement or any of the Conveyance Papers or (iv) seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this Agreement or any of the Conveyance Papers.

(vi) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or of any governmental body or official required in connection with the execution and delivery by Purchaser of this Agreement and Conveyance Papers, the performance by Purchaser of the transactions contemplated by this Agreement and the Conveyance Papers and the fulfillment by Purchaser of the terms hereof and thereof, have been obtained.

(b) Notice of Breach. The representations and warranties of RPA Seller set forth in this Section 4.3 shall survive the transfer and assignment by RPA Seller of the Receivables to Purchaser. Upon discovery by RPA Seller or Purchaser of a breach of any of the representations and warranties by Purchaser set forth in this Section 4.3, the party discovering such breach shall give prompt written notice to the Indenture Trustee. Purchaser agrees to cooperate with RPA Seller, Servicer and Indenture Trustee in attempting to cure any such breach. For purposes of the representations and warranties set forth in this Section 4.3, each reference to an Indenture Supplement shall be deemed to refer only to those Indenture Supplements in effect as of the relevant Closing Date.

ARTICLE V

COVENANTS

Section 5.1 RPA Seller Covenants. RPA Seller hereby covenants and agrees with Purchaser as follows:

(a) Receivables not to be Evidenced by Promissory Notes. Except in connection with the enforcement or collection of an Account, RPA Seller will take no action to cause any

Receivable transferred by it pursuant hereto to be evidenced by any instrument or chattel paper and, if any such Receivable is so evidenced (whether or not in connection with the enforcement or collection of an Account), it shall be deemed to be an Ineligible Receivable in accordance with Section 6.1.

(b) Security Interests. Except for the conveyances hereunder or as otherwise provided herein, RPA Seller will not sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist, any Lien on any Receivable or any Related Asset, whether now existing or hereafter created, or any interest therein; and RPA Seller will immediately notify Purchaser of the existence of any Lien on any Receivable of which RPA Seller has knowledge; and RPA Seller shall defend the right, title and interest of Purchaser in, to and under the Receivables, whether now existing or hereafter created, against all claims of third parties claiming through or under RPA Seller; provided that nothing in this Section 5.1(b) shall prevent or be deemed to prohibit RPA Seller from suffering to exist upon any of the Receivables any Lien that is permitted by Section 2.5(b) of the Transfer Agreement.

(c) Delivery of Collections. If RPA Seller receives Collections, RPA Seller agrees to pay to Purchaser (or the Servicer if Purchaser so directs) all such Collections as soon as practicable after receipt thereof but in no event later than two Business Days after the Date of Processing by RPA Seller; provided that for so long as RPA Seller is acting as Servicer pursuant to the Servicing Agreement, RPA Seller shall apply Collections received by it in accordance with the Servicing Agreement.

(d) Notice of Liens. RPA Seller shall notify Purchaser promptly after becoming aware of any Lien on any Receivable other than the conveyances hereunder, the Transfer Agreement or the Indenture or any Lien permitted under Section 5.1(b) hereof or Section 2.5(b) of the Transfer Agreement.

(e) Documentation of Transfer. RPA Seller shall cause to be executed, filed and delivered to Indenture Trustee (with copies to Purchaser) any documents (including financing statements and/or continuation statements under the UCC) that would be necessary to perfect and maintain the security interest (and its priority) in and to the Receivables and the Related Assets contemplated by this Agreement.

(f) Approval. The execution, delivery and performance of RPA Seller's obligations under this Agreement, and the transactions contemplated hereby, have been duly approved by RPA Seller's Board of Directors.

(g) [Reserved].

(h) Continuous Perfection. RPA Seller shall not change its name, type or jurisdiction of organization, or organizational identification number unless RPA Seller shall have delivered to Purchaser at least 30 days prior written notice thereof and, no later than 30 days after making such change, shall have taken all action necessary or advisable to maintain the perfection and priority of the transfer of the Receivables and the Related Assets to the Purchaser.

(i) Account Agreements and Account Guidelines. RPA Seller shall comply with and perform its obligations under the Account Agreements relating to the Accounts and the Account Guidelines except insofar as any failure to comply or perform would not materially or adversely affect the rights of the Trust, or the Noteholders. RPA Seller may change the terms and provisions of the Account Agreements or the Account Guidelines in any respect (including the reduction of the required minimum monthly payment, the calculation of the amount, or the timing, of charge offs and Periodic Finance Charges), but only if such change is made applicable to any comparable segment of the revolving credit accounts owned and serviced by RPA Seller

which have characteristics the same as, or substantially similar to, the Accounts that are the subject of such change, except as otherwise restricted by an endorsement, sponsorship or other agreement between RPA Seller and an unrelated third party or by the terms of the Account Agreements.

(j) Insured Status under the FDIA. RPA Seller shall preserve its status as an insured bank under the FDIA in accordance with the provisions of the FDIA and FDIC regulations.

(k) Separate Corporate Existence. The RPA Seller hereby acknowledges that the Indenture Trustee, the Holders and the Trust are, and will be, entering into the transactions contemplated by the Transaction Documents in reliance upon Purchaser's identity as a legal entity separate from RPA Seller, the Servicer and any other Person. Therefore, RPA Seller shall take all reasonable steps to maintain its existence as a corporation separate and apart from Purchaser and to make it apparent to third parties that it is an entity with assets and liabilities distinct from those of Purchaser and that Purchaser is not a division of RPA Seller.

(l) Interchange.

(i) On or prior to each Determination Date, RPA Seller shall notify the Servicer of the "Account Interchange Amount", which amount shall be equal to the product of:

(A) The total amount of Interchange for all open-ended credit accounts owned by RPA Seller paid to RPA Seller during the preceding Monthly Period; and

(B) A fraction the numerator of which is the volume during the preceding Monthly Period of sales net of cash advances on the Accounts and the denominator of which is the amount of sales net of cash advances during such Monthly Period on all open-ended credit accounts owned by RPA Seller;

or such other amount as RPA Seller may reasonably calculate or estimate as Interchange attributable to the Accounts.

(ii) On each Transfer Date, RPA Seller shall pay to the Servicer the Account Interchange Amount and such amount shall be treated as Collections of Finance Charge Receivables for the related Monthly Period

Section 5.2 Compliance with the FDIC Rule.

(a) Each of Purchaser and RPA Seller acknowledges and agrees that the purpose of this Section 5.2 is to comply with the provisions of the FDIC Rule and FDIC Rule Interpretations.

(b) Schedule 2 is expressly incorporated in this Agreement. Each of Purchaser and RPA Seller agree to perform their respective obligations set forth in Schedule 2.

(c) In the event that CCB becomes the subject of an insolvency proceeding and the FDIC as receiver or conservator provides a written notice of repudiation as contemplated by paragraph (d)(4)(ii) of the FDIC Rule to Purchaser or RPA Seller, the party receiving such notice shall promptly deliver such notice to the other party, with a copy to Indenture Trustee.

ARTICLE VI

REPURCHASE OBLIGATION

Section 6.1 Reassignment of Ineligible Receivables. If any representation or warranty under Section 4.2(a)(ii), (iii), (iv), (vii), (viii) or (ix) is not true and correct in any material respect as of the date specified therein with respect to any Receivable or any related Account and, as a result thereof, the Purchaser is required to accept a reassignment of Ineligible Receivables pursuant to Section 2.4(c) of the Transfer Agreement, RPA Seller shall pay to Purchaser an amount in cash equal to the Purchase Price paid for any such Ineligible Receivable by Purchaser to RPA Seller (including any portion thereof deemed to be a borrowing under the Subordinated Note or deemed to be a capital contribution from RPA Seller to Purchaser). Such amount may be offset against any amounts due from Purchaser to RPA Seller with respect to the Purchase Price for Receivables sold to Purchaser on such day; provided that RPA Seller shall not be obligated to make any such cash payment until the Distribution Date following a Monthly Period with respect to amounts owing for such Monthly Period in accordance with Section 3.3. The obligation of RPA Seller set forth in this Section shall constitute the sole remedy respecting any breach of the representations and warranties set forth in the above-referenced Sections or failure to meet the conditions set forth in the definition in the Indenture of Eligible Receivable with respect to such Receivable available to Purchaser.

Section 6.2 Reassignment of Holders' Interest in Trust Portfolio. If any representation or warranty set forth in Section 4.1(a)(i), (ii) or (iii) or Section 4.2(a)(i), (v) or (vi) is not true and correct in any material respect and, as a result thereof, the Purchaser is required to accept a reassignment of the Receivables transferred to the Trust by Purchaser pursuant to Section 2.4(e) of the Transfer Agreement, RPA Seller shall be obligated to accept a reassignment of Purchaser's interest in such Receivables on the terms set forth below.

RPA Seller shall pay to Purchaser by depositing in the Collection Account in same-day funds, not later than 10:00 A.M. New York City time, on the Transfer Date following the Monthly Period in which such reassignment obligation arises, in payment for such reassignment, an amount equal to the Portfolio Reassignment Price. The obligation of RPA Seller set forth in this Section shall constitute the sole remedy respecting any breach of the representations and warranties set forth in the above-referenced Sections available to Purchaser.

Section 6.3 Conveyance of Reassigned Receivables. Upon the request of RPA Seller, Purchaser shall execute and deliver to RPA Seller a reconveyance substantially in such form and upon such terms as shall be acceptable to RPA Seller, pursuant to which Purchaser evidences the conveyance to RPA Seller of all of Purchaser's right, title, and interest in any Receivables reconveyed to RPA Seller pursuant to Sections 6.1 and 6.2. Purchaser shall execute such other documents or instruments of conveyance or take such other actions as RPA Seller may reasonably require to effect any repurchase of Receivables pursuant to this Article VI.

ARTICLE VII

CONDITIONS PRECEDENT

Section 7.1 Conditions to Purchaser's Obligations in this Agreement. The obligations of the Purchaser hereunder shall be subject to the satisfaction of the following conditions:

(a) All representations and warranties of the RPA Seller contained in this Agreement shall be true and correct on the Effective Date with the same effect as though such representations and warranties had been made on such date;

(b) All information concerning the Accounts provided to the Purchaser shall be true and correct as of the Effective Date in all material respects;

(c) The RPA Seller shall have (i) delivered to Purchaser a computer file, compact disc or other written list or electronic file containing the information required by Section 2.1(c) and (ii) substantially performed all other obligations required to be performed by the provisions of this Agreement;

(d) RPA Seller shall have recorded and filed, at its expense, any UCC-1 or other financing statement as required as of the Effective Date pursuant to Section 2.1(b); and

(e) On or before the Effective Date, (i) the Purchaser and the Owner Trustee shall have entered into the Trust Agreement, (ii) the Purchaser and the Trust shall have entered into the Transfer Agreement, (iii) the RPA Seller, the Purchaser and the Trust shall have entered into the Servicing Agreement and (iv) the Trust and the Indenture Trustee shall have entered into the Indenture.

Section 7.2 Conditions to Purchaser's Obligations Regarding Additional Receivables. The obligations of Purchaser to purchase any Receivables created on or after the Effective Date shall be subject to the satisfaction of the following conditions:

(a) All representations and warranties of RPA Seller contained in this Agreement shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on the date of such purchase (unless any representation or warranty relates solely to a specific earlier date, in which case it shall be true and correct in all material respects as of such earlier date);

(b) All information (concerning any Account to which such Receivables relate) provided to Purchaser shall be true and correct in all material respects as of the date of such purchase; and

(c) RPA Seller shall have recorded and filed, at its expense, any UCC-1 or other financing statement as required as of the date of such purchase pursuant to Section 2.1(b).

Section 7.3 Conditions Precedent to Obligations of RPA Seller. The obligations of RPA Seller to sell on any date Receivables shall be subject to the satisfaction of the following conditions:

(a) All representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on the date of such sale (unless any representation or warranty relates solely to a specific earlier date, in which case it shall be true and correct in all material respects as of such earlier date); and

(b) Payment or provision for payment of the Purchase Price in accordance with the provision of Sections 3.1, 3.2 and 3.3 hereof shall have been made.

ARTICLE VIII

TERM AND PURCHASE TERMINATION

Section 8.1 Term. This Agreement shall commence as of the Effective Date and shall continue until the termination of the Trust as provided in Section 8.1 of the Trust Agreement.

Section 8.2 Purchase Termination. If an Insolvency Event shall occur with respect to RPA Seller, then RPA Seller shall immediately cease to transfer Principal Receivables to Purchaser and shall promptly give notice to Purchaser and the Indenture Trustee of such Insolvency Event. Notwithstanding any cessation of the transfer to Purchaser of additional Principal Receivables, Principal Receivables transferred to Purchaser prior to the occurrence of such Insolvency Event and Collections in respect of such Principal Receivables and Finance Charge Receivables whenever created, accrued in respect of such Principal Receivables, shall continue to be property of Purchaser transferable by Purchaser to the Trust pursuant to the Transfer Agreement.

ARTICLE IX

MISCELLANEOUS PROVISIONS

Section 9.1 Amendment. This Agreement and any Conveyance Papers and the rights and obligations of the parties hereunder may not be changed orally, but only by an instrument in writing signed by Purchaser and RPA Seller in accordance with this Section 9.1. This Agreement and any Conveyance Papers may be amended, modified or altered and any provision of this Agreement or of any such other Conveyance Paper may be waived in writing from time to time by Purchaser and RPA Seller, without the consent of any of Indenture Trustee or any Noteholder to cure any ambiguity, to correct or supplement any provisions herein which may be inconsistent with any other provisions herein or in any such other Conveyance Paper, or to add any other provisions with respect to matters or questions raised under this Agreement or any Conveyance Paper which shall not be inconsistent with the provisions of this Agreement or any Conveyance Paper; provided, however, that any such action shall not adversely affect in any material respect the interests of any of the Noteholders. Additionally, this Agreement and any Conveyance Paper may be amended, modified or altered for any other purpose and any provision of this Agreement or any Conveyance Paper may be waived in writing from time to time by Purchaser and RPA Seller by a written instrument signed by each of them, without the consent of Indenture Trustee or any of the Noteholders; provided that (i) Purchaser shall have delivered to Indenture Trustee and Owner Trustee an Officer's Certificate, dated the date of any such action, stating that Purchaser reasonably believes that such amendment will not have an Adverse Effect or (ii) the Rating Agency Condition shall have been satisfied with respect to any such action. Any reconveyance executed in accordance with the provisions hereof shall not be considered to be an amendment to this Agreement. A copy of any amendment to this Agreement shall be sent to Indenture Trustee and each Rating Agency.

SECTION 9.2 GOVERNING LAW. **THIS AGREEMENT AND THE CONVEYANCE PAPERS SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.**

Section 9.3 Notices. All demands, notices, instructions, directions and communications under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered at, mailed by registered mail, return receipt requested, or sent by facsimile transmission to (a) in the case of Purchaser, to Comenity Capital Credit Company, LLC, 12921 South Vista Station Blvd., Suite 400, Draper, Utah 84020, Attention: President, (b) in the case of RPA Seller, to Comenity Capital Bank, 12921 South Vista Station Blvd., Suite 400, Draper, Utah 84020, Attention: President, (c) in the case of the Indenture Trustee, at the Corporate Trust Office and (d) in the case of the Rating Agency for a particular Series, the address, if any, specified in the Indenture Supplement relating to such Series.

Section 9.4 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement or any Conveyance Paper shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions, or terms shall be deemed severable from the remaining covenants, agreements, provisions, and terms of this Agreement or any Conveyance Paper and shall in no way affect the validity or enforceability of the other provisions of this Agreement or of any Conveyance Paper.

Section 9.5 Merger or Consolidation of, or Assumption of the Obligations of, RPA Seller. i) RPA Seller shall not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person unless:

(i) the Person formed by such consolidation or into which RPA Seller is merged or the Person which acquires by conveyance or transfer the properties and assets of RPA Seller substantially as an entirety shall be, if RPA Seller is not the surviving entity, an entity organized and existing under the laws of the United States of America or any State or the District of Columbia, and, if RPA Seller is not the surviving entity, such entity shall expressly assume, by an agreement supplemental hereto, executed and delivered to Purchaser, in form reasonably satisfactory to Purchaser, the performance of every covenant and obligation of RPA Seller hereunder;

(ii) RPA Seller has delivered to Purchaser (A) an Officer's Certificate stating that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section and that all conditions precedent herein provided for relating to such transaction have been complied with, and (B) an Opinion of Counsel to the effect that such supplemental agreement is a valid and binding obligation of such surviving entity enforceable against such surviving entity in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally from time to time in effect and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(iii) RPA Seller shall have delivered to Purchaser and each Rating Agency a Tax Opinion, dated the date of such consolidation, merger, conveyance or transfer, with respect thereto, an opinion as to the attachment, perfection and priority of the security interest of the Transferor in the Receivables in the Accounts; and

(iv) if RPA Seller is not the surviving entity, the surviving entity shall file new UCC-1 financing statements necessary or advisable to perfect the transfer of the Receivables and the Related Assets to the Purchaser.

(b) This Section 9.5 shall not be construed to prohibit or in any way limit RPA Seller's ability to effectuate any consolidation or merger pursuant to which RPA Seller would be surviving entity.

(c) RPA Seller shall notify each Rating Agency promptly after any consolidation, merger, conveyance or transfer effected pursuant to this Section 9.5;

(d) The obligations of RPA Seller hereunder shall not be assignable nor shall any Person succeed to the obligations of RPA Seller hereunder except in each case in accordance with the provisions of the foregoing paragraphs.

Section 9.6 Acknowledgement and Agreement of RPA Seller. By execution below, RPA Seller expressly acknowledges and agrees that all of Purchaser's right, title, and interest in, to, and under this Agreement, including all of Purchaser's right, title, and interest in and to the Receivables purchased pursuant to this Agreement, will be assigned by Purchaser to the Trust, and RPA Seller consents to such assignment and agrees and acknowledges that the provisions of this Agreement and any Supplemental Conveyance may be enforced directly against the RPA Seller by the Issuer or the Indenture Trustee. Additionally, RPA Seller agrees for the benefit of the Holders and the Trust that any amounts payable by RPA Seller to Purchaser hereunder which are to be paid by Purchaser to the Trust shall be paid by RPA Seller, on behalf of Purchaser, directly to the Trust or the Servicer. Any payment required to be made on or before a specified date in same-day funds may be made on the prior business day in next-day funds.

(a) To the extent that RPA Seller retains any interest in the Receivables now existing and arising from time to time in the Accounts and the Related Assets, RPA Seller hereby grants to the Indenture Trustee for benefit of the Noteholders, a security interest in all of RPA Seller's right, title and interest, whether now owned or hereafter arising, in, to and under (i) the Receivables existing at the opening of business on the Effective Date and arising from the Accounts and all Related Assets with respect to such Receivables and (ii) the Receivables now existing and arising from time to time in the Accounts and the Related Assets with respect thereto, (iii) its right to receive Merchant Adjustment Payments from any Merchant, (iv) any collateral security granted to, or guaranty for the benefit of, RPA Seller with respect to Merchant Adjustment Payments, (v) all amounts received from any Merchant on account of Merchant Adjustment Payments and (vi) all proceeds of such rights and such amounts, to secure the performance of all of the obligations of RPA Seller hereunder, under the Indenture and the other Transaction Documents.

Section 9.7 Further Assurances. Each of Purchaser and RPA Seller agrees to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by each other and by their respective permitted successors and assigns in order to more fully to effect the purposes of this Agreement and the Conveyance Papers, including the authorization or execution of any UCC financing statements or continuation statements or equivalent documents relating to the Receivables and the Related Assets for filing under the provisions of the UCC or other law of any applicable jurisdiction.

Section 9.8 Nonpetition Covenant. Notwithstanding any prior termination of this Agreement, RPA Seller shall not, at any time, institute against, solicit or join or cooperate with or encourage any institution against Purchaser of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceedings under any United States federal or state bankruptcy or similar law.

Section 9.9 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of Purchaser or RPA Seller, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

Section 9.10 Counterparts. This Agreement and all Conveyance Papers may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument. Each party agrees that this Agreement and any other documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures appearing on this Agreement or such other documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

Section 9.11 Binding Third-Party Beneficiaries. This Agreement and the Conveyance Papers will inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. The parties hereto intend that the Trust, the Owner Trustee, and the Indenture Trustee shall be third-party beneficiaries of this Agreement.

Section 9.12 Merger and Integration. Except as specifically stated otherwise herein, this Agreement and the Conveyance Papers set forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement and the Conveyance Papers.

Section 9.13 Schedules and Exhibits. The schedules and exhibits attached hereto and referred to herein shall constitute a part of this Agreement and are incorporated into this Agreement for all purposes.

IN WITNESS WHEREOF, Purchaser and RPA Seller have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

COMENITY CAPITAL CREDIT COMPANY, LLC,
as Purchaser

By: /s/ Michael Blackham
Name: Michael Blackham
Title: Treasurer

COMENITY CAPITAL BANK, as RPA Seller
By: /s/ Gregory Opincar
Name: Gregory Opincar
Title: Chief Financial Officer

Acknowledged and Accepted:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Indenture Trustee

By: /s/ Mark Esposito
Name: Mark Esposito
Title: Vice President

Exhibit 10.99

TRANSFER AGREEMENT

between

COMENITY CAPITAL CREDIT COMPANY, LLC,

Transferor

and

COMENITY CAPITAL ASSET SECURITIZATION TRUST,

Issuer,

Dated as of June 17, 2022

THIS TRANSFER AGREEMENT, dated as of June 17, 2022 (this "Agreement"), by and between COMENITY CAPITAL CREDIT COMPANY, LLC, a Delaware limited liability company, as Transferor, and COMENITY CAPITAL ASSET SECURITIZATION TRUST, a statutory trust organized under the laws of the State of Delaware, as Issuer.

In consideration of the mutual agreements herein contained, each party agrees as follows for the benefit of the other parties, the Noteholders and any Enhancement Provider to the extent provided herein, in the Indenture and in any Indenture Supplement:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Capitalized terms used herein and not otherwise defined herein are defined in Annex A to the Master Indenture, dated as of the date hereof, between Comenity Capital Asset Securitization Trust and U.S. Bank Trust Company, National Association.

Section 1.2 Other Definitional Provisions. All terms defined directly or by reference in this Agreement shall have the defined meanings when used in any certificate or other document delivered pursuant hereto unless otherwise defined therein. For purposes of this Agreement and all such certificates and other documents, unless the context otherwise requires: (a) accounting terms not otherwise defined in this Agreement, and accounting terms partly defined in this Agreement to the extent not defined, shall have the respective meanings given to them under GAAP; (b) terms defined in Article 9 of the UCC as in effect in the State of New York and not otherwise defined in this Agreement are used as defined in that Article; (c) any reference to each Rating Agency shall only apply to any specific rating agency if such rating agency is then rating any outstanding Series; (d) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (e) the words "hereof," "herein" and "hereunder" and words of similar import refer to this Agreement (or the certificate or other document in which they are used) as a whole and not to any particular provision of this Agreement (or such certificate or document); (f) references to any Section, Schedule or Exhibit are references to Sections, Schedules and Exhibits in or to this Agreement (or the certificate or other document in which the reference is made), and references to any paragraph, subsection, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (g) the term "including" means "including without limitation"; (h) references to any law or regulation refer to that law or regulation as amended from time to time and include any successor law or regulation; (i) references to any Person include that Person's successors and assigns; (j) references to any agreement refer to that agreement as amended, supplemented or otherwise modified form time to time; and (k) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

ARTICLE II

CONVEYANCE OF RECEIVABLES

Section 2.1 Conveyance of Receivables. i) By execution of this Agreement, Transferor does hereby transfer, assign, set over and otherwise convey to Issuer, without recourse except as provided herein, all its right, title and interest in, to and under (i) the Receivables existing at the [opening] of business on the Addition Cut Off Date, with respect to Supplemental Accounts, or the Addition Date, with respect to Automatic Additional Accounts, as applicable, and thereafter created from time to time until the termination of the Issuer, all Collections allocable to Issuer as provided herein and the right to any Enhancement with respect to any Series, in each case together with all monies due or to become due and all amounts received or receivable with respect thereto and all proceeds thereof and Insurance Proceeds relating thereto and (ii) without limiting the generality of the foregoing or the following, all of Transferor's right, title and interest in and under the Receivables Purchase Agreement, including the right to receive from the RPA Seller payments made by any Merchant under any Account Processing Agreement on account of amounts received by such Merchant in payment of Receivables ("In-Store Payments") and all proceeds of such rights. Such property, together with all monies and other property credited to the Collection Account, the Series Accounts and the Excess Funding Account (including any subaccounts of any such account) and the rights of Issuer under this Agreement and the Trust Agreement shall constitute the assets of Issuer (the "Trust Assets"). The foregoing does not constitute and is not intended to result in the creation or assumption by Issuer, Owner Trustee, Indenture Trustee or any Noteholder of any obligation of any Account Originator, Servicer, Transferor or any other Person in connection with the Accounts or the Receivables or under any agreement or instrument relating thereto, including any obligation to Obligors, merchant banks, merchants, clearance systems or insurers.

(b) The Transferor agrees to (i) authorize, record and file, at its own expense, financing statements (and continuation statements when applicable) with respect to the Receivables and other Trust Assets conveyed by Transferor existing on the Effective Date and thereafter created meeting the requirements of applicable state law in such manner and in such jurisdictions as are necessary to perfect, and maintain the perfection and priority of, the transfer and assignment of the Trust Assets to Issuer, and (ii) to deliver a file stamped copy of each such financing statement or other evidence of such filing (which may, for purposes of this Section 2.1 consist of telephone confirmation of such filing promptly followed by delivery to Owner Trustee of a file-stamped copy) to the Owner Trustee as soon as practicable after the applicable Addition Date, in the case of Receivables arising in Supplemental Accounts and any related Automatic Additional Accounts. Owner Trustee shall be under no obligation whatsoever to file such financing or continuation statements or to make any other filing under the UCC in connection with such transfer and assignment.

(c) Transferor further agrees, at its own expense, (i) on or prior to (y) the applicable Addition Date, in the case of Supplemental Accounts and (z) the applicable Removal Date, in the case of Removed Accounts, to indicate in the appropriate computer files that Receivables created (or reassigned, in the case of Removed Accounts) in connection with the Accounts owned by the Originator have been conveyed to Issuer pursuant to this Agreement (or conveyed to Transferor or its designee in accordance with Section 2.7, in the case of Removed Accounts) by including in such computer files the code identifying each such Account (or, in the case of Removed Accounts, either including such a code identifying the Removed Accounts only if the removal occurs prior to the Automatic Addition Termination Date or an Automatic Addition Suspension Date, or subsequent to a Restart Date, or deleting such code thereafter) and (ii) on or prior to the date referred to in clauses (i), (x), (y) or (z), as applicable, to deliver to Issuer an Account Schedule (provided that such Account Schedule shall be provided in respect of Automatic

Additional Accounts on or prior to the Determination Date relating to the Monthly Period during which their respective Addition Dates occur), specifying for each such Account, as of the Initial Cut Off Date, in the case of clause (i)(x), as of the Automatic Addition Termination Date, the Automatic Addition Suspension Date or Restart Date, in the case of clause (i)(y), the applicable Addition Cut Off Date, in the case of Supplemental Accounts and the Removal Date, in the case of Removed Accounts, its Account Number and, the aggregate amount outstanding in such Account and the aggregate amount of Principal Receivables outstanding in such Account. Such Account Schedule, as supplemented from time to time to reflect Additional Accounts and Removed Accounts shall be marked as Schedule 1 to this Agreement and is hereby incorporated into and made a part of this Agreement. Once the code referenced in clause (i) of this subsection (c) has been included with respect to any Account, Transferor further agrees not to alter such code during the remaining term of this Agreement unless and until (x) such Account becomes a Removed Account, (y) a Restart Date has occurred on which Transferor starts including Automatic Additional Accounts as Accounts or (z) Transferor shall have delivered to Issuer at least 30 days' prior written notice of its intention to do so and has taken such action as is necessary or advisable to cause the interest of Issuer in the Receivables and the other Trust Assets to continue to be perfected with the priority required by this Agreement.

(d) If the arrangements with respect to the Receivables hereunder shall constitute a loan and not a purchase and sale of such Receivables, it is the intention of the parties hereto that this Agreement shall constitute a security agreement under applicable law, and Transferor hereby grants to Issuer, a first priority perfected security interest in all of Transferor's right, title and interest, whether now owned or hereafter acquired, in, to and under the Receivables and the other Trust Assets.

(e) On or prior to each Determination Date, Transferor shall cause the Seller to notify Servicer of the Account Interchange Amount to be included as Collections of Finance Charge Receivables allocable to the Accounts with respect to the related Monthly Period. On each Transfer Date, the Transferor shall pay Servicer, or cause RPA Seller to pay to Servicer, the Account Interchange Amount and Servicer shall treat the Account Interchange Amount as Collections of Finance Charge Receivables and deposit the Account Interchange Amount into the Collection Account to the extent required by Section 5.1(l) of the Receivables Purchase Agreement and treat such amount as Collections of Finance Charge Receivables.

Section 2.2 Acceptance by Issuer.

(a) Issuer hereby acknowledges its acceptance of all right, title and interest to the property, now existing and hereafter created, conveyed to Issuer pursuant to Section 2.1. Owner Trustee shall maintain a copy of each Account Schedule, as delivered to it from time to time, at its Corporate Trust Office.

(b) The Owner Trustee hereby agrees: (a) not to disclose to any Person any Account Numbers or any other information contained in any Account Schedule, or any other consumer information related to the Accounts which meets the definition of "Non-Public Personal Information" under the Gramm-Leach-Bliley Act ("GLB Act") and its implementing regulations (the "Privacy Regulations") (collectively, the "Consumer Information"), except (i) to a Successor Servicer or as required by a Requirement of Law applicable to the Indenture Trustee, or (ii) in connection with the performance of the Owner Trustee's duties hereunder, (b) to take such measures as shall be reasonably requested by the Transferor to protect and maintain the security and confidentiality of such information, (c) to comply with and cause its Affiliates and subcontractors to comply with the GLB Act and the Privacy Regulations (to the extent applicable to any of them) in their handling of the Consumer Information and to maintain (and cause such Affiliates and subcontractors to maintain) applicable physical, electronic and procedural safeguards that comply with the GLB Act and the Privacy Regulations (and any other similar

requirements adopted by any Regulatory Authority having authority over the Owner Trustee) with respect to all Consumer Information in its possession (and in connection therewith, the Owner Trustee shall allow the Transferor or its duly authorized representatives to inspect the Owner Trustee's policies and procedures to ensure compliance with the terms of this Section 2.2(b) as they specifically relate to this Agreement or otherwise to its activities as the Owner Trustee from time to time during normal business hours upon prior written notice), and (d) not to use any Account Schedule information or other Consumer Information for any purpose other than the transactions contemplated hereby (including, without limitation, to compete, directly or indirectly, with the Transferor, any Account Originator or their respective Affiliates, or in any manner prohibited by the GLB Act and the Privacy Regulations). The Owner Trustee shall promptly notify the Transferor of any request received by the Owner Trustee to disclose any Consumer Information, which notice shall in any event be provided no later than five (5) Business Days prior to disclosure of any such information unless the Owner Trustee is compelled pursuant to a Requirement of Law to disclose such information prior to the date that is five (5) Business Days after the giving of such notice. Nothing contained herein shall be deemed to restrict in any manner any disclosure of the tax treatment or tax structure of the transaction (as defined in Section 1.6011-4 of the Treasury Regulations or applicable state or local tax law) or any materials relating to such tax treatment and tax structure. The Owner Trustee will promptly report to, and cooperate with the Servicer, Transferor and Administrator in investigating, any security breaches, lapses or vulnerabilities that have resulted in the disclosure of Consumer Information to any Person (except for any disclosures permitted by this Section 2.2(b)). The terms of this Section 2.2(b) shall survive the termination of this Agreement.

Section 2.3 Representations and Warranties of Transferor Relating to Transferor. Transferor hereby represents and warrants to Issuer as of each Closing Date that:

(a) Organization and Good Standing. Transferor is a limited liability company validly existing in good standing under the laws of the State of Delaware, and has full power, authority and legal right to own its properties and conduct its business as presently owned and conducted, to execute, deliver and perform its obligations under each Transaction Document.

(b) Due Qualification. Transferor is duly qualified to do business and is in good standing as a foreign corporation (or is exempt from such requirements), and has obtained all necessary licenses and approvals in each jurisdiction in which failure to so qualify or to obtain such licenses and approvals would render any Account Agreement or any Receivable transferred to Issuer by Transferor unenforceable by the Account Originator, Transferor, Servicer, Issuer or Indenture Trustee and would have a material adverse effect on the interests of the Holders.

(c) Due Authorization. The execution, delivery and performance by Transferor of this Agreement and each other Transaction Document to which it is a party, and the consummation by Transferor of the transactions provided for in each Transaction Document to which it is a party have been duly authorized by Transferor by all necessary limited liability company action on the part of Transferor.

(d) No Conflict. The execution and delivery by Transferor of each Transaction Document to which it is a party, the performance by Transferor of the transactions contemplated by each Transaction Document to which it is a party and the fulfillment by Transferor of the terms hereof and thereof will not conflict with, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any indenture, contract, agreement, mortgage, deed of trust, or other instrument to which Transferor is a party or by which it or any of its properties are bound.

(e) No Violation. The execution and delivery by Transferor of each Transaction Document to which it is a party, the performance by Transferor of the transactions contemplated

by the Transaction Documents and the fulfillment by Transferor of the terms thereof will not conflict with or violate any Requirements of Law applicable to Transferor.

(f) No Proceedings. There are no proceedings or investigations pending or, to the best knowledge of Transferor, threatened against Transferor, before any court, regulatory body, administrative agency, or other tribunal or governmental instrumentality (i) asserting the invalidity of any Transaction Documents or the Notes, (ii) seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by any Transaction Documents or the Notes, (iii) seeking any determination or ruling that, in the reasonable judgment of Transferor, would materially and adversely affect the performance by Transferor of its obligations under any Transaction Document, (iv) seeking any determination or ruling that would materially and adversely affect the validity or enforceability of any Transaction Documents or the Notes or (v) seeking to affect adversely the income tax attributes of Issuer under the Federal or applicable state income or franchise tax systems.

(g) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or of any governmental body or official required in connection with the execution and delivery by Transferor of each Transaction Document to which the Transferor is a party, the performance by Transferor of the transactions contemplated by each Transaction Document, and the fulfillment of or terms hereof and thereof, have been obtained.

(h) Insolvency. No Insolvency Event with respect to Transferor has occurred. Transferor did not (i) execute the Transaction Documents, (ii) grant to Issuer the security interests described in Section 2.1, (iii) cause, permit, or suffer the perfection or attachment of such a security interest, (iv) otherwise effectuate or consummate any transfer to Issuer pursuant to any Transaction Document or (v) acquire its interest in Issuer, in each case:

(A) in contemplation of insolvency;

(B) with a view to preferring one creditor over another or to preventing the application of its assets in the manner required by applicable law or regulations;

(C) after committing an act of insolvency; or

(D) with any intent to hinder, delay, or defraud itself or its creditors.

The representations and warranties set forth in this Section 2.3 shall survive the transfer and assignment by Transferor of the Receivables and other Trust Assets to Issuer and the pledge thereof to Indenture Trustee pursuant to the Indenture. Upon discovery by Transferor or Owner Trustee of a breach of any of the representations and warranties set forth in this Section 2.3, the party discovering such breach shall give prompt written notice to the others and each Enhancement Provider, if any, entitled thereto pursuant to the relevant Indenture Supplement. Transferor agrees to cooperate with Servicer and Owner Trustee in attempting to cure any such breach. For purposes of the representations and warranties set forth in this Section 2.3, each reference to an Indenture Supplement shall be deemed to refer only to those Indenture Supplements in effect as of the relevant Closing Date.

Section 2.4 Representations and Warranties of Transferor Relating to Transaction Documents and the Receivables.

(a) Representations and Warranties. Transferor represents and warrants to Issuer as of the date of the Effective Date, each Closing Date, and, with respect to Supplemental Accounts, the related Addition Date that:

(i) each Transaction Document to which the Transferor is a party constitutes and, in the case of Supplemental Accounts, the related Assignment, when executed and delivered on behalf of the Transferor, will constitute a legal, valid and binding obligation of Transferor, enforceable against Transferor in accordance with its terms, except as such enforceability may be limited by applicable Debtor Relief Laws now or hereafter in effect and by general principles of equity (whether considered in a suit at law or in equity);

(ii) as of the Effective Date, Automatic Addition Termination Date or any Automatic Addition Suspension Date and as of each subsequent Addition Date with respect to Supplemental Accounts, and as of the applicable Removal Date with respect to the Removed Accounts, the Account Schedule delivered pursuant to this Agreement, as supplemented to such date, is an accurate and complete listing in all material respects of all the Accounts as of such Effective Date, Automatic Addition Termination Date, such Automatic Addition Suspension Date, the related Addition Cut Off Date or such Removal Date, as the case may be, and the information contained therein with respect to the identity of such Accounts and the Receivables existing in such Accounts is true and correct in all material respects as of such specified date;

(iii) Transferor is the legal and beneficial owner of all right, title and interest in each Receivable and Transferor has the full right, power and authority to transfer such Receivables to Issuer, and each Receivable conveyed to Issuer by Transferor has been conveyed to Issuer free and clear of any Lien of any Person claiming through or under Transferor or any of its Affiliates (other than Liens permitted under Section 2.5(b)) and in compliance, in all material respects, with all Requirements of Law applicable to Transferor;

(iv) all authorizations, consents, orders or approvals of or registrations or declarations with any Governmental Authority required to be obtained, effected or given by Transferor in connection with the conveyance by Transferor of the Receivables to Issuer have been duly obtained, effected or given and are in full force and effect;

(v) this Agreement or, in the case of Supplemental Accounts, the related Assignment, upon execution and delivery on behalf of Transferor, constitutes either a valid sale, transfer and assignment to Issuer of all right, title and interest of Transferor in the Receivables and other Trust Assets conveyed to Issuer by Transferor and all monies due or to become due with respect thereto and the proceeds thereof or a grant of a security interest in such property to Issuer, which, (A) with respect to Receivables existing on the Effective Date and the proceeds thereof, is enforceable upon the Effective Date, or (B) with respect to the then existing Receivables in Supplemental Accounts, as of the applicable Addition Date, and which will be enforceable with respect to such Receivables thereafter created and the proceeds thereof upon such creation, in each case except as such enforceability may be limited by applicable Debtor Relief Laws, now or hereafter in effect, and by general principles of equity (whether considered in a suit at law or in equity). Upon the filing of the financing statements pursuant to Section 2.1 and, in the case of Receivables hereafter created and the proceeds thereof, upon the creation thereof, Issuer shall have a first priority perfected security interest in the Trust Assets and proceeds except for Liens permitted under Section 2.5(b);

(vi) except as otherwise expressly provided in this Agreement, the Indenture or any Indenture Supplement, neither Transferor nor any Person claiming through or under Transferor has any claim to or interest in the Collection Account, the Excess Funding Account, any Series Account or any Enhancement;

(vii) on the date of its creation or, if later, the date it otherwise becomes an Automatic Additional Account, with respect to each Automatic Additional Account and, on the applicable Addition Cut Off Date, with respect to each related Supplemental Account, each such Account is an Eligible Account;

(viii) on the date of creation of each Automatic Additional Account or, if later, the date the related account otherwise becomes an Automatic Additional Account, each Receivable contained in such Automatic Additional Account is an Eligible Receivable and, on the applicable Addition Cut Off Date, each Receivable contained in any related Supplemental Account is an Eligible Receivable; and

(ix) as of the date of the transfer of any new Receivable to Issuer, such Receivable is an Eligible Receivable.

(b) Notice of Breach. The representations and warranties of Transferor set forth in this Section 2.4 shall survive the transfer and assignment by Transferor of the Receivables to Issuer and the pledge thereof to Indenture Trustee pursuant to the Indenture. Upon discovery by Transferor or a Responsible Officer of Owner Trustee of a breach of any of the representations and warranties by Transferor set forth in this Section 2.4, the party discovering such breach shall give prompt written notice to the others and to each Enhancement Provider, if any, entitled thereto pursuant to the relevant Indenture Supplement. Transferor agrees to cooperate with Owner Trustee in attempting to cure any such breach. For purposes of the representations and warranties set forth in this Section 2.4, each reference to an Indenture Supplement shall be deemed to refer only to those Indenture Supplements in effect as of the date of the relevant representations or warranties.

(c) Reassignment of Ineligible Receivables. If (i) any representation or warranty of Transferor contained in Section 2.4(a)(ii), (iii), (iv), (ix), (x) or (xi) is not true and correct in any material respect as of the date specified therein with respect to any Receivable transferred to Issuer by Transferor or any Account and as a result of such breach any Receivables in the related Account become Defaulted Receivables or Issuer's rights in, to or under such Receivables or the proceeds of such Receivables are impaired or such proceeds are not available for any reason to Issuer free and clear of any Lien, unless cured within 60 days (or such longer period, not in excess of 150 days, as may be agreed to by Indenture Trustee (at the direction of the Majority Holders)) after the earlier to occur of the discovery thereof by Transferor or receipt by Transferor or a designee of Transferor of notice thereof given by Indenture Trustee (at the direction of the Majority Holders), or (ii) it is so provided in Section 2.5(a) with respect to any Receivables transferred to Issuer by Transferor, then such Receivable shall be designated an "Ineligible Receivable" and shall be assigned a principal balance of zero for the purpose of determining the aggregate amount of Principal Receivables on any day; provided that such Receivables will not be deemed to be Ineligible Receivables but will be deemed Eligible Receivables and such Principal Receivables shall be included in determining the aggregate Principal Receivables in Issuer if, on any day prior to the end of such 60-day or longer period, (x) either (A) in the case of an event described in clause (i), the relevant representation and warranty shall be true and correct in all material respects as if made on such day or (B) in the case of an event described in clause (ii), the circumstances causing such Receivable to become an Ineligible Receivable shall no longer exist and (y) Transferor shall have delivered an Officer's Certificate describing the nature of such breach and the manner in which the relevant representation and warranty became true and correct.

(d) Price of Reassignment. On and after the date of its designation as an Ineligible Receivable, each Ineligible Receivable shall not be given credit in determining the aggregate amount of Principal Receivables used to calculate the Transferor Amount or the Allocation Percentages applicable to any Series. If, following the exclusion of such Principal Receivables

from the calculation of the Transferor Amount, the Transferor Amount would be less than the Specified Transferor Amount, Transferor shall make a deposit into the Excess Funding Account in immediately available funds prior to the next succeeding Business Day in an amount equal to the amount by which the Transferor Amount would be less than the Specified Transferor Amount (up to the amount of such Principal Receivables). The payment of such deposit amount in immediately available funds shall otherwise be considered payment in full of all of the Ineligible Receivables.

The obligation of Transferor to make the deposits, if any, required to be made to the Excess Funding Account as provided in this Section, shall constitute the sole remedy respecting the event giving rise to such obligation available to Issuer, Owner Trustee, the Holders (or Indenture Trustee on behalf of the Noteholders) or any Enhancement Provider.

(e) Reassignment of Receivables in Trust Portfolio. If any representation or warranty of Transferor contained in Section 2.3(a), (b) or (c) or Section 2.4(a)(i), (vii) or (viii) of this Agreement is not true and correct in any material respect and such breach has a material adverse effect on the Receivables transferred to Issuer by Transferor or the availability of the proceeds thereof to Issuer, then any of Issuer, Indenture Trustee or the Majority Holders, by notice then given to Transferor and Servicer (and to Indenture Trustee if given by the Majority Holders), may direct Transferor to accept a reassignment of the Receivables transferred to Issuer by Transferor if such breach and any material adverse effect caused by such breach is not cured within 60 days of such notice (or within such longer period, not in excess of 150 days, as may be specified in such notice), and upon those conditions Transferor shall be obligated to accept such reassignment on the terms set forth below; provided that such Receivables will not be reassigned to Transferor if, on any day prior to the end of such 60-day or longer period (i) the relevant representation and warranty shall be true and correct in all material respects as if made on such day and (ii) Transferor shall have delivered an Officer's Certificate describing the nature of such breach and the manner in which the relevant representation and warranty became true and correct.

Transferor shall deposit in the Collection Account in immediately available funds not later than 12:00 noon, New York City time, on the first Distribution Date following the Monthly Period in which such reassignment obligation arises, in payment for such reassignment, an amount equal to the sum of the amounts specified therefor with respect to each outstanding Series in the related Indenture Supplement. Notwithstanding anything to the contrary in this Agreement, such amounts shall be distributed on such Distribution Date in accordance with the Indenture and each Indenture Supplement. The payment of such deposit amount in immediately available funds shall otherwise be considered payment in full of all of the Receivables.

Upon the deposit, if any, required to be made to the Collection Account as provided in this Section 2.4(e), Issuer shall automatically and without further action be deemed to transfer, assign, set over and otherwise convey to Transferor or its designee, without recourse, representation or warranty, all the right, title and interest of Issuer in and to the applicable Receivables, all moneys due or to become due and all amounts received with respect thereto and all proceeds thereof and Interchange (if any) applicable to the related Accounts. Issuer shall execute such documents and instruments of transfer or assignment and take such other actions as shall reasonably be requested by Transferor to effect the conveyance of such Receivables pursuant to this Section. The obligation of Transferor to accept reassignment of any Receivables, and to make the deposits required to be made to the Collection Account as provided in this Section, shall constitute the sole remedy respecting the event giving rise to such obligation available to Issuer, Owner Trustee, the Holders (or Indenture Trustee on behalf of the Noteholders).

Section 2.5 Covenants of Transferor. Transferor hereby covenants that:

(a) Receivables to be Accounts. Except in connection with the enforcement or collection of an Account, Transferor will take no action to cause any Receivable transferred by it to Issuer to be evidenced by any instrument and, if any such Receivable is so evidenced (whether or not in connection with the enforcement or collection of an Account), it shall be deemed to be an Ineligible Receivable in accordance with Section 2.4(d) and shall be reassigned to Transferor in accordance with Section 2.4(d).

(b) Security Interests. Except for the conveyances hereunder, Transferor will not sell, pledge, assign or transfer or otherwise convey to any other Person, or grant, create, incur, assume or suffer to exist any Lien on any Receivable, whether now existing or hereafter created, or any interest therein. Transferor will immediately notify Issuer and Indenture Trustee of the existence of any Lien on any Receivable of which Transferor has knowledge; and Transferor shall defend the right, title and interest of the Issuer and Indenture Trustee in, to and under the Receivables, whether now existing or hereafter created, against all claims of third parties claiming through or under Transferor or RPA Seller; provided that nothing in this Section 2.5(b) shall prevent or be deemed to prohibit Transferor from suffering to exist upon any of the Receivables any Liens for taxes if such taxes shall not at the time be due and payable or if Transferor or RPA Seller, as applicable, shall currently be contesting the validity thereof in good faith by appropriate proceedings and shall have set aside on its books adequate reserves with respect thereto. Notwithstanding the foregoing, nothing in this Section 2.5(b) shall be construed to prevent or be deemed to prohibit the transfer of the Transferor Interest in accordance with this Agreement and the Trust Agreement.

(c) The Transferor Interest. Except as otherwise permitted herein and in the Trust Agreement, including in Sections 2.9 and 3.2 of this Agreement and in Section 3.4 of the Trust Agreement, Transferor agrees not to transfer, assign, exchange, participate or otherwise convey or pledge, hypothecate, rehypothecate or otherwise grant a security interest in the Transferor Interest (or any interest therein) or any Supplemental Interest (or any interest therein) and any such attempted transfer, assignment, exchange, participation, conveyance, pledge, hypothecation, rehypothecation or grant shall be void.

(d) Delivery of Collections. If Transferor receives Collections, then Transferor agrees to pay Servicer all such Collections as soon as practicable after receipt thereof but in no event later than two Business Days after the Date of Processing by Transferor.

(e) Notice of Liens. Transferor shall notify Issuer, Indenture Trustee and each Enhancement Provider, if any, entitled to such notice pursuant to the relevant Indenture Supplement promptly after becoming aware of any Lien on any Receivable other than the conveyances hereunder or Liens permitted under Section 2.5(b).

(f) Continuous Perfection. Transferor shall not change its name, type or jurisdiction or organization, or organizational identification number unless Transferor shall have delivered to Issuer at least 30 days prior written notice thereof and, no later than 30 days after making such change, shall have taken all action necessary or advisable to perfect, and maintain the perfection and priority of, the transfer of the Trust Assets to the Issuer.

(g) Account Agreement and Account Guidelines. Transferor shall enforce the covenant in the Receivables Purchase Agreement requiring the Originator to comply with and perform its obligations under the Account Agreements relating to the Accounts and the Account Guidelines except insofar as any failure to comply or perform would not materially or adversely affect the rights of Issuer or the Holders under any Transaction Document or the Notes.

Transferor may permit the Originator to change the terms and provisions of the Account Agreements or the Account Guidelines in any respect (including the reduction of the required minimum monthly payment, the calculation of the amount, or the timing, of charge offs and Periodic Finance Charges), but only if such change is made applicable to any comparable segment of the revolving credit card accounts owned and serviced by the Originator which have characteristics the same as, or substantially similar to, the Accounts that are the subject of such change, except as otherwise restricted by an endorsement, sponsorship or other agreement between the Originator and an unrelated third party or by the terms of the Account Agreements.

(h) Receivables Purchase Agreement. Transferor, in its capacity as Purchaser of Receivables from the RPA Seller under the Receivables Purchase Agreement, shall enforce the covenants and agreements of the RPA Seller set forth in such Receivables Purchase Agreement, where a failure of the RPA Seller to comply would have an Adverse Effect.

(i) Account Allocations. If Transferor is unable for any reason to transfer Receivables to Issuer in accordance with the provisions of this Agreement (including by reason of the application of the provisions of Section 4.1 or an order by any Federal governmental agency having regulatory authority over Transferor or any court of competent jurisdiction that Transferor not transfer any additional Principal Receivables to the Issuer) then, in any such event: (A) Transferor agrees to allocate and pay to the Issuer, after the date of such inability, all Collections with respect to Principal Receivables, all Discount Option Receivables Collections, and all amounts which would have constituted Collections with respect to Principal Receivables and all Discount Option Receivables Collections but for Transferor's inability to transfer such Receivables (up to an aggregate amount equal to the amount of Principal Receivables and the Discount Option Receivables Amount in Issuer on such date); (B) Transferor agrees to have such amounts applied as Collections in accordance with Article VIII of the Indenture; and (C) for only so long as all Collections and all amounts which would have constituted Collections are allocated and applied in accordance with clauses (A) and (B), Principal Receivables and Discount Option Receivables (and all amounts which would have constituted Principal Receivables or Discount Option Receivables, as the case may be, but for Transferor's inability to transfer Receivables to the Trust) that are charged off as uncollectible in accordance with this Agreement shall continue to be allocated in accordance with Article VIII of the Indenture, and all amounts that would have constituted Principal Receivables or Discount Option Receivables, as the case may be, but for Transferor's inability to transfer Receivables to the Trust shall be deemed to be Principal Receivables or Discount Option Receivables, as the case may be, for the purpose of calculating the applicable Allocation Percentage with respect to any Series. If Transferor is unable pursuant to any Requirement of Law to allocate Collections as described above, Transferor agrees that it shall in any such event allocate, after the occurrence of such event, payments on each Account with respect to the principal balance of such Account first to the oldest principal balance of such Account and to have such payments applied as Collections in accordance with Article VIII of the Indenture. The parties hereto agree that Finance Charge Receivables, whenever created, accrued in respect of Principal Receivables that have been conveyed to Issuer, or that would have been conveyed to Issuer but for the above described inability to transfer such Receivables, shall continue to be property of Issuer notwithstanding any cessation of the transfer of additional Principal Receivables and Discount Option Receivables to Issuer, and Collections with respect thereto shall continue to be allocated and paid in accordance with Article VIII of the Indenture.

(j) [Reserved].

(k) Notices of Certain Events. Transferor shall promptly notify each Rating Agency after Transferor obtains knowledge that: (i) any Merchant whose program gives rise to more than 10% of the Principal Receivables (measured as of the end of the most recent Monthly Period) terminates its program with CCB or (ii) Indenture Trustee gives a resignation notice pursuant to Section 6.8 of the Indenture.

(l) [Reserved].

(m) Amendment of the Organizational Documents. Transferor shall not amend in any material respect its certificate of formation or its limited liability company agreement without (i) satisfying the Rating Agency Condition, (ii) delivering as Officer's Certificate regarding no material adverse effect or (iii) obtaining consent of not less than 66 2/3% of the Outstanding Amount of the Notes, in each case, as required under the limited liability company agreement.

(n) Other Indebtedness. Except as contemplated by the Receivables Purchase Agreement, Transferor shall not incur any additional debt, unless (i) such debt is contemplated by the Transaction Documents or (ii) the Rating Agencies are provided with notice no later than the fifth Business Day prior to the incurrence of such additional debt (unless the right to such notice is waived by the Rating Agency) and the Rating Agency Condition is satisfied with respect to the incurrence of such debt.

(o) Separate Corporate Existence. Transferor shall:

(i) Maintain in full effect its existence, rights and franchises as a limited liability company under the laws of the state of its organization and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Agreement and the Receivables Purchase Agreement and each other instrument or agreement necessary or appropriate to proper administration hereof and permit and effectuate the transactions contemplated hereby.

(ii) Except as provided herein, maintain its own deposit, securities and other account or accounts, separate from those of any Affiliate of Transferor, with financial institutions. The funds of Transferor shall not be diverted to any other Person or for other than the corporate use of Transferor, and, except as may be expressly permitted by this Agreement or the Receivables Purchase Agreement, the funds of Transferor shall not be commingled with those of any other person or entity.

(iii) Ensure that, to the extent that it shares the same officers or other employees as any of its stockholders or Affiliates, the salaries of and the expenses related to providing benefits to such officers and other employees shall be fairly allocated among such entities, and each such entity shall bear its fair share of the salary and benefit costs associated with all such common officers and employees.

(iv) Ensure that, to the extent that it jointly contracts with any of its stockholders or Affiliates to do business with vendors or service providers or to share overhead expenses, the costs incurred in so doing shall be allocated fairly among entities, and each such entity shall bear its fair share of such costs. To the extent that Transferor contracts or does business with vendors or service providers where the goods and services provided are partially for the benefit of any other Person, the costs incurred in so doing shall be fairly allocated to or among such entities for whose benefit the goods and services are provided, and each such entity shall bear its fair share of such costs. All material transactions between Transferor and any of its Affiliates shall be only on an arm's-length basis and shall receive the approval of Transferor's Board of Directors including at least one Independent Director (defined below).

(v) Maintain a principal executive and administrative office through which its business is conducted and a telephone number separate from those of its stockholders and Affiliates. To the extent that Transferor and any of its members or Affiliates have offices

in contiguous space, there shall be fair and appropriate allocation of overhead costs (including rent) among them, and each such entity shall bear its fair share of such expenses.

(vi) Conduct its affairs strictly in accordance with its certificate of formation and observe all necessary, appropriate and customary corporate formalities including, but not limited to, holding all regular and special directors' meetings appropriate to authorize all limited liability company action, keeping separate and accurate minutes of such meetings, passing all resolutions or consents necessary to authorize actions taken or to be taken, and maintaining accurate and separate books, records and accounts, including, but not limited to, intercompany transaction accounts. Regular directors' meetings shall be held at least annually.

(vii) Ensure that its board of directors shall at all times include at least two Independent Directors (for purposes hereof, "Independent Director" shall mean any member of the board of directors of such Transferor that is not and has not at any time been (x) an officer, agent, advisor, consultant, attorney, accountant, employee or shareholder of any Affiliate which is not a special purpose entity of such Transferor, (y) a director of any Affiliate of such Transferor other than an independent director of any Affiliate which is a special purpose entity or (z) a member of the immediate family of any of the foregoing).

(viii) Ensure that decisions with respect to its business and daily operations shall be independently made by Transferor (although the officer making any particular decision may also be an officer or director of an Affiliate of Transferor) and shall not be dictated by any Affiliate of Transferor.

(ix) Act solely in its own legal name and through its own authorized officers and agents, and, except as contemplated by the Transaction Documents, no Affiliate of Transferor shall be appointed to act as agent of Transferor. Transferor shall at all times use its own stationery and business forms and describe itself as a separate legal entity.

(x) Ensure that none of its Affiliates shall advance funds to it, and no Affiliate of Transferor will otherwise guaranty its debts.

(xi) Other than organizational expenses and as expressly provided herein, pay all expenses, indebtedness and other obligations incurred by it using its own funds.

(xii) Not enter into any guaranty, or otherwise become liable, with respect to or hold its assets or creditworthiness out as being available for the payment of any obligation of any of its Affiliates.

(xiii) Ensure that any financial reports required of Transferor shall comply with GAAP and shall be issued separately from, but may be consolidated with, any reports prepared for any of its Affiliates so long as such consolidated reports contain footnotes identifying Transferor as a separate entity and describing the effect of the transactions between Transferor and such Affiliate.

(xiv) Ensure that at all times it is adequately capitalized to engage in the transactions contemplated in its certificate of formation and limited liability company agreement.

Section 2.6 Addition of Accounts.

(a) Automatic Additional Accounts. Subject to any limitations specified in any Indenture Supplement, Automatic Additional Accounts shall be included as Accounts from and after the date upon which they are created, and all Receivables in Automatic Additional Accounts purchased by Transferor pursuant to the Receivables Purchase Agreement, whether such Receivables are then existing or thereafter created, shall be transferred automatically to Issuer upon their creation. For all purposes of this Agreement, all receivables relating to Automatic Additional Accounts shall be treated as Receivables upon their creation and shall be subject to the eligibility criteria specified in the definitions of "Eligible Receivable" and "Eligible Account" and other criteria specified upon designation of the applicable portfolio as an Approved Portfolio. Transferor may elect at any time to terminate the inclusion in Accounts of new accounts which would otherwise be Automatic Additional Accounts as of any Business Day (the "Automatic Addition Termination Date"), or suspend any such inclusion as of any Business Day (an "Automatic Addition Suspension Date") until a date (the "Restart Date") to be notified in writing by Transferor to Issuer by delivering to Issuer, Indenture Trustee, Servicer and each Rating Agency ten days prior written notice of such election at least 10 days prior to such Automatic Addition Termination Date, Automatic Addition Suspension Date or Restart Date, as the case may be. Promptly after each of an Automatic Addition Termination Date, an Automatic Addition Suspension Date and a Restart Date, Transferor agrees to record and file at its own expense, an amendment to the financing statements referred to in Section 2.1 to specify the accounts then subject to this Agreement (which specification may incorporate a list of accounts by reference) and, except in connection with any such filing made after a Restart Date, to release any security interest in any accounts created after the Automatic Addition Termination Date or Automatic Addition Suspension Date.

(b) Required Additions of Supplemental Accounts. Subject to the third following sentence, if as of the last day of any Monthly Period, the Transferor Amount averaged over that Monthly Period is less than the Minimum Transferor Amount for that Monthly Period, Transferor shall designate additional Eligible Accounts ("Supplemental Accounts") to be included as Accounts in a sufficient amount such that the average Transferor Amount for such Monthly Period as of the last day of such Monthly Period, computed by assuming that the amount of the Principal Receivables of such Supplemental Accounts shall be deemed to be outstanding in Issuer during each day of such Monthly Period, is at least equal to the Minimum Transferor Amount. Subject to the second following sentence, if, on the last day of any Monthly Period, the Aggregate Principal Balance is less than the Required Principal Balance, Transferor shall designate Supplemental Accounts from any Approved Portfolio to be included as Accounts in a sufficient amount such that the Aggregate Principal Balance will be equal to or greater than the Required Principal Balance. Subject to the following sentence, if on the last day of any Monthly Period, the Seller's Interest is less than the Required Seller's Interest, Transferor shall designate Supplemental Accounts from any Approved Portfolio to be included as Accounts in a sufficient amount such that the Aggregate Principal Balance will be equal to or greater than the Required Principal Balance. Receivables from all such Supplemental Accounts shall be transferred to Issuer on or before the tenth Business Day following the end of such Monthly Period (the "Required Designation Date"); provided that no designation of Supplemental Accounts shall be required pursuant to the preceding three sentences if the Transferor Amount would otherwise be equal to or greater than the Minimum Transferor Amount, the Aggregate Principal Balance would otherwise be equal to or greater than the Required Principal Balance and the Seller's Interest would otherwise be equal to or greater than the Required Seller's Interest on the Required Designation Date. In lieu of, or in addition to, designating Supplemental Accounts as required above, Transferor may convey to Issuer participations or trust certificates representing undivided legal or beneficial interests in a pool of assets primarily consisting of receivables arising under revolving credit card accounts or other revolving credit accounts owned by Transferor or any of its Affiliates and collections thereon ("Participation Interests"). Any addition of Participation Interests to Issuer (whether pursuant to this paragraph (b) or paragraph

(c) below) shall be effected by an amendment hereto, dated the applicable Addition Date, pursuant to subsection 6.1(a).

(c) Permitted Additions. In addition to its obligation under paragraph (b), Transferor may, but shall not be obligated to, from time to time designate Supplemental Accounts or Participation Interests to be included as Trust Assets, in either case as of the applicable Addition Date, so long as after giving effect to such addition no more than 20% of the Receivables, by outstanding balance, will be 30 or more days delinquent.

(d) Certain Conditions for Additions of Supplemental Accounts and Participation Interests. Transferor agrees that any transfer of Receivables from Supplemental Accounts or Participation Interests under paragraphs (b) or (c) shall occur only upon satisfaction of the following conditions (to the extent applicable):

(i) on or before the tenth Business Day prior to the Addition Date (the "Notice Date"), Transferor shall give Issuer, Indenture Trustee, each Rating Agency and Servicer written notice that such Supplemental Accounts or Participation Interests will be included, which notice shall specify the approximate aggregate amount of the Receivables or Participation Interests to be transferred; and, in the case of any transfer pursuant to paragraph (c), the Rating Agency Condition shall have been satisfied;

(ii) on or before the Addition Date, Transferor shall have delivered to Issuer (with a copy to the Indenture Trustee) a written assignment (including an acceptance by Issuer) in substantially the form of Exhibit A (the "Assignment") and the Originator shall have indicated in its computer files that the Receivables created in connection with the Supplemental Accounts have been transferred to Issuer and, within five Business Days thereafter, Transferor shall have delivered to Issuer an Account Schedule listing such Supplemental Accounts, which as of the date of such Assignment, shall be deemed incorporated into and made a part of such Assignment and this Agreement; and

(iii) Transferor shall represent and warrant that (x) each Supplemental Account is, as of the Addition Date, an Eligible Account, and each Receivable in such Supplemental Account is, as of the Addition Cut Off Date, an Eligible Receivable, (y) no selection procedures believed by Transferor to be materially adverse to the interests of the Noteholders were utilized in selecting the Additional Accounts from the available Eligible Accounts in an Approved Portfolio, and (z) as of the Addition Date, Transferor is not insolvent.

(e) Additional Approved Portfolios. Transferor may from time to time designate additional portfolios of accounts (which may include any applicable defining characteristics or other screening criteria) as "Approved Portfolios" if the Rating Agency Condition is satisfied with respect to that designation (except as to any Series or Class that expressly waives this requirement in the applicable Indenture Supplement). Transferor agrees that prior to any transfer of Receivables from Automatic Additional Accounts arising in a portfolio that is designated as an Approved Portfolio pursuant to the immediately preceding sentence Transferor shall satisfy the following requirements:

(i) on or before the Addition Date, Transferor shall have delivered to Issuer (with a copy to Indenture Trustee) a written Assignment (including an acceptance by Issuer) substantially in the form of Exhibit A (with appropriate modifications) and the Originator shall have indicated in its computer files that the Receivables created in connection with the Automatic Additional Accounts have been transferred to Issuer; and

(ii) Transferor shall represent and warrant that (x) each Automatic Additional Account is, as of the Addition Date, an Eligible Account, and each Receivable in such Automatic Additional Account is, as of the Addition Date, an Eligible Receivable, (y) no selection procedures believed by Transferor to be materially adverse to the interests of the Noteholders were utilized in selecting the new Approved Portfolio, and (z) as of the Addition Date, Transferor is not insolvent.

Transferor may change any of the defining characteristics or other screening criteria specified for any Approved Portfolio upon five (5) Business Days' prior written notice to Issuer, Indenture Trustee and Servicer, so long as such change is not believed by Transferor to be materially adverse to the interests of the Noteholders.

Section 2.7 Removal of Accounts.

(a) Transferor shall have the right to require the reassignment to it or its designee of all Issuer's right, title and interest in, to and under the Receivables then existing and thereafter created, all moneys due or to become due and all amounts received with respect thereto and all proceeds thereof in or with respect to the Accounts then owned by the Originator and designated by Transferor (the "Removed Accounts") or Participation Interests (unless otherwise set forth in the applicable Indenture Supplement), upon satisfaction of the following conditions:

(i) on or before the tenth Business Day immediately preceding the Removal Date (the "Removal Notice Date") Transferor shall have given Issuer, Servicer, each Rating Agency and any Enhancement Provider entitled thereto pursuant to the relevant Indenture Supplement written notice of such removal and specifying the date for removal of the Removed Accounts and Participation Interests (the "Removal Date"); Transferor shall provide each Rating Agency with such additional information relating to such removal as the Rating Agency shall reasonably request;

(ii) with respect to Removed Accounts, on or prior to the date that is three (3) Business Days after the Removal Date, Transferor shall have delivered to Issuer (with a copy to Indenture Trustee) an Account Schedule listing the Removed Accounts and specifying for each such Account, as of the Removal Notice Date, its Account Number, the aggregate amount outstanding, and the aggregate amount of Principal Receivables outstanding in such Account;

(iii) with respect to Removed Accounts, Transferor shall have represented and warranted as of the Removal Date that the list of Removed Accounts delivered pursuant to paragraph (ii), as of the Removal Date, is true and complete in all material respects;

(iv) Transferor shall have delivered to Indenture Trustee and any Enhancement Provider entitled thereto pursuant to the relevant Indenture Supplement an Officer's Certificate, dated as of the Removal Date, to the effect that Transferor reasonably believes that (A) in the case of any removal other than an Involuntary Removal, such removal will not, based on the facts known to such officer at the time of such certification, then or thereafter cause an Early Amortization Event to occur with respect to any Series, (B) in the case of any Involuntary Removal, Transferor has used reasonable efforts to avoid having such removal result in an Early Amortization Event and (C) in either case, no selection procedure believed by Transferor to be materially adverse to the interests of the Noteholders has been used in removing Removed Accounts from among any pool of Accounts or Participation Interests of a similar type (it being understood that Transferor will not be deemed to have used such an adverse selection procedure in connection with any Involuntary Removal);

(v) in the case of any removal pursuant to Section 2.7(a), the aggregate Principal Receivables in the Removed Accounts shall not result in an Asset Deficiency as measured as of the end of the most recently ended Monthly Period.

Upon satisfaction of the above conditions, Issuer shall execute and deliver to Transferor or its designee a written reassignment in substantially the form of Exhibit B (the "Reassignment") and shall, without further action, be deemed to transfer, assign, set over and otherwise convey to Transferor or its designee, effective as of the Removal Date, without recourse, representation or warranty, all the right, title and interest of Issuer in and to the Receivables arising in the Removed Accounts or the Participation Interests, all moneys due and to become due and all amounts received with respect thereto and all proceeds thereof. In addition, Issuer shall execute such other documents and instruments of transfer or assignment and take such other actions as shall reasonably be requested by Transferor to effect the conveyance of Receivables pursuant to this Section. Except as required by Section 2.7(b), the consideration for the reassignment of Receivables in Removed Accounts shall be a reduction in the Transferor Amount and Transferor shall not otherwise be required to pay a cash purchase price.

(b) Transferor may from time to time designate as Removed Accounts any Accounts designated for purchase by a Merchant pursuant to the terms of the related Account Processing Agreement (an "Involuntary Removal"). Any repurchase of the Receivables in Removed Accounts designated pursuant to this Section 2.7(b) shall be effected by satisfying the requirements of clauses (i) through (iv) in Section 2.7(a) and at a price equal to the amount by which the Transferor Amount would be less than the Specified Transferor Amount after giving effect to such reassignment (up to the amount of such Principal Receivables in the Removed Accounts). Amounts deposited in the Collection Account in connection therewith shall be deemed to be Collections of Principal Receivables and shall be applied in accordance with the terms of Article VIII of the Indenture and each Indenture Supplement.

(c) Treatment of Defaulted Receivables. On the date when any Receivable in an Account becomes a Defaulted Receivable, the Trust shall automatically and without further action be deemed to transfer, set over and otherwise convey to the Transferor, without recourse, representation or warranty, all right, title and interest of the Trust in and to the Defaulted Receivables and related Finance Charge Receivables in such Account, all monies and amounts due or to become due with respect thereto and all proceeds thereof. For the avoidance of doubt, the Transferor shall not be required to transfer or cause to be transferred to the Issuer any Recoveries, including any proceeds received by the Transferor from the sale of Defaulted Receivables.

Section 2.8 Discount Option. ii) Transferor shall have the option to designate at any time a fixed or floating percentage (the "Discount Percentage") of the amount of Receivables arising in the Accounts on or after the date such designation becomes effective that would otherwise constitute Principal Receivables (prior to subtracting from Principal Receivables, Finance Charge Receivables that are Discount Option Receivables) to be treated as Finance Charge Receivables. Transferor may from time to time increase (subject to the limitations described below), reduce or eliminate the Discount Percentage for Discount Option Receivables arising in the Accounts on and after the date of such change. Transferor must provide 5 days' prior written notice to Servicer, Issuer, Indenture Trustee and each Rating Agency of any such increase, reduction or elimination, and such increase, reduction or elimination shall become effective on the date specified therein only if Transferor has delivered to Indenture Trustee an Officer's Certificate to the effect that, based on the facts known to such officer at the time, Transferor reasonably believes that such increase, reduction or elimination will not at the time of its occurrence cause an Early Amortization Event, or an event which with notice or the lapse of time would constitute an Early Amortization Event, to occur with respect to any Series.

(b) On each Date of Processing after the date on which Transferor's exercise of its discount option takes effect, Transferor shall treat Discount Option Receivables Collections as Collections of Finance Charge Receivables.

Section 2.9 Additional Transferors. Transferor may designate additional or substitute Persons to be included as Transferors under this Agreement by an amendment to this Agreement (which amendment shall be subject to Section 6.1, any applicable restrictions in the Indenture Supplement for any outstanding Series and satisfaction of the Rating Agency Condition) and in connection with such designation, the initial Transferor shall transfer a portion of the Transferor Interest to such additional Transferor reflecting such additional Transferor's interest in the Transferor Interest; provided that prior to any such designation and issuance the conditions set forth in Section 3.4(b) of Trust Agreement shall have been satisfied with respect to a transfer of Transferor's Interest.

Section 2.10 Additional Account Originators. Transferor may designate additional Persons as Account Originators under this Agreement by an amendment to this Agreement (which amendment shall be subject to Section 6.1, satisfaction of the Rating Agency Condition and any applicable restrictions in the Indenture Supplement for any outstanding Series).

Section 2.11 Perfection Representations and Warranties. The parties hereto agree that the Perfection Representations and Warranties shall be a part of this Agreement for all purposes. For purposes of the Perfection Representations and Warranties, this Agreement shall be the "Specified Agreement", the Transferor shall be the "Debtor" and the Issuer shall be the "Secured Party".

ARTICLE III

OTHER MATTERS RELATING TO TRANSFEROR

Section 3.1 Liability of Transferor. Transferor shall be liable in accordance herewith to the extent, and only to the extent, of the obligations specifically undertaken by it in its capacity as Transferor hereunder.

Section 3.2 Merger or Consolidation of, or Assumption of the Obligations of, Transferor etc.

(a) Transferor shall not consolidate with or merge into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person unless:

(i) the Person formed by such consolidation or into which Transferor is merged or the Person which acquires by conveyance or transfer the properties and assets of Transferor substantially as an entirety shall be, if Transferor is not the surviving entity, an entity organized and existing under the laws of the United States of America or any state therein or the District of Columbia, and, if Transferor is not the surviving entity, such entity shall expressly assume, by an agreement supplemental hereto, executed and delivered to the Owner, in form reasonably satisfactory to Owner Trustee, the performance of every covenant and obligation of Transferor hereunder;

(ii) Transferor has delivered to Indenture Trustee (A) an Officer's Certificate stating that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section and that all conditions precedent herein provided for relating to such transaction have been complied with, and (B) an Opinion of Counsel to the effect that such supplemental agreement is a valid and binding obligation of such

surviving entity enforceable against such surviving entity in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally from time to time in effect and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity);

(iii) Transferor shall have delivered to Indenture Trustee and each Rating Agency a Tax Opinion, dated the date of such consolidation, merger, conveyance or transfer, with respect thereto, and an opinion as to the attachment, perfection and priority of the security interest of the Transferor in the Receivables in the Accounts;

(iv) in connection with any merger or consolidation, or any conveyance or transfer referred to above, the business entity into which Transferor shall merge or consolidate, or to which such conveyance or transfer is made, shall be (x) a business entity that may not become a debtor in any case, action or other proceeding under Title 11 of the United States Code or (y) a special-purpose entity, the powers and activities of which shall be limited to the performance of Transferor's obligations under this Agreement and the other Transaction Documents; and

(v) if Transferor is not the surviving entity, the surviving entity shall file new UCC-1 financing statements with respect to the transfer of the Trust Assets to the Issuer.

(b) This Section 3.2 shall not be construed to prohibit or in any way limit Transferor's ability to effectuate any consolidation or merger pursuant to which Transferor would be the surviving entity.

(c) Transferor shall notify each Rating Agency promptly after any consolidation, merger, conveyance or transfer effected pursuant to this Section 3.2.

(d) The obligations of Transferor hereunder shall not be assignable nor shall any Person succeed to the obligations of Transferor hereunder except in each case in accordance with (i) the provisions of the foregoing paragraphs or (ii) Section 2.9 of this Agreement or Section 3.4 of the Trust Agreement.

Section 3.3 Limitation on Liability of Transferor. Subject to Section 3.1, neither Transferor, any Holder of the Transferor Interest nor any of the directors, officers, employees or agents of Transferor or any Holder of the Transferor Interest acting in such capacities shall be under any liability to Issuer, Owner Trustee, the Holders, any Enhancement Provider or any other Person for any action taken or for refraining from the taking of any action in good faith in their capacities as Transferor pursuant to this Agreement; provided that this provision shall not protect Transferor, any Holder of the Transferor Interest or any such Person against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder. Transferor and any director, officer, employee or agent of Transferor may rely in good faith on any document of any kind prima facie properly executed and submitted by any Person (other than Transferor) respecting any matters arising hereunder.

Section 3.4 Compliance with the FDIC Rule.

(a) Each of Transferor and Issuer acknowledges and agrees that the purpose of this Section 3.4 is to comply with the provisions of the FDIC Rule and FDIC Rule Interpretations.

(b) Schedule 3.4 is expressly incorporated in this Agreement. Each of Transferor and Issuer agree to perform their respective obligations set forth in Schedule 3.4.

(c) In the event that CCB becomes the subject of an insolvency proceeding and the FDIC as receiver or conservator provides a written notice of repudiation as contemplated by paragraph (d)(4)(ii) of the FDIC Rule to Transferor or Issuer, the party receiving such notice shall promptly deliver such notice to the other party, with a copy to Indenture Trustee.

ARTICLE IV

INSOLVENCY EVENTS

Section 4.1 Rights upon the Occurrence of an Insolvency Event. If an Insolvency Event occurs with respect to Transferor or any Holder of the Transferor Interest (excluding any Supplemental Interest), Transferor shall on the day any such event occurs, immediately cease to transfer Principal Receivables, or interests in Principal Receivables represented by any Participation Interests to Issuer and shall promptly give notice to Indenture Trustee, Owner Trustee and the Rating Agencies thereof. Notwithstanding any cessation of the transfer to Issuer of additional Principal Receivables or any Participation Interests, Principal Receivables or any Participation Interests transferred to Issuer prior to the occurrence of such Insolvency Event and Collections in respect of such Principal Receivables and Participation Interests, and Finance Charge Receivables whenever created accrued in respect of such Principal Receivables, shall continue to be property of Issuer.

ARTICLE V

TERMINATION

Section 5.1 Termination of Agreement. This Agreement and the respective obligations and responsibilities of Issuer, Transferor and Servicer under this Agreement shall terminate on the Trust Termination Date.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.1 Amendment; Waiver of Past Defaults.

(a) This Agreement may be amended, modified or altered and any provision of this Agreement may be waived in writing from time to time by Transferor and Issuer, without the consent of any of Indenture Trustee or any Noteholder to cure any ambiguity, to correct or supplement any provisions herein which may be inconsistent with any other provisions herein, or to add any other provisions with respect to matters or questions raised under this Agreement which shall not be inconsistent with the provisions of this Agreement; provided, however, that any such action shall not adversely affect in any material respect the interests of any of the Noteholders. Additionally, this Agreement may be amended, modified or altered for any other purpose and any provision of this Agreement may be waived in writing from time to time by Transferor and Issuer by a written instrument signed by each of them, without the consent of Indenture Trustee or any of the Noteholders; provided that (i) Transferor shall have delivered to Indenture Trustee and Owner Trustee an Officer's Certificate, dated the date of any such action, stating that Transferor reasonably believes that such amendment will not have an Adverse Effect or (ii) the Rating Agency Condition shall have been satisfied with respect to any such action. Additionally, notwithstanding the preceding sentence, this Agreement will be amended by Issuer at the direction of Transferor without the consent of Indenture Trustee or any of the Noteholders or Enhancement Providers to add, modify or eliminate such provisions as may be necessary or advisable in order to enable all or a portion of Issuer to avoid the imposition of state or local

income or franchise taxes imposed on Issuer's property or its income; provided, however, that (A) Transferor delivers to Indenture Trustee and Owner Trustee an Officer's Certificate to the effect that the proposed amendments meet the requirements set forth in this Section and (B) such amendment does not affect the rights, duties or obligations of Indenture Trustee or Owner Trustee hereunder. The amendments which Transferor may make without the consent of Noteholders or Enhancement Providers pursuant to the preceding sentence may include the addition of a Transferor.

(b) This Agreement may also be amended, modified or altered and any provision of this Agreement may be waived in writing from time to time by Transferor and Issuer, with the consent of the Noteholders holding more than 50% of the Outstanding principal amount of the Notes of each Series affected thereby for which Transferor has not delivered an Officer's Certificate stating that there is no Adverse Effect; provided, however, that no such action shall (i) reduce the interest rate or principal amount of any Note or delay the final maturity date of any Note or the amount available under any Enhancement without the consent of each affected Noteholder, (ii) change the definition of or the manner of calculating the interest of any Noteholder without the consent of each affected Noteholder or (iii) reduce the aforesaid percentage required to consent to any such action without the consent of each Noteholder.

(c) Promptly after the execution of any such amendment or waiver, Issuer shall furnish notification of the substance of such action to Indenture Trustee and each Noteholder, and Transferor shall furnish notification of the substance of such amendment to each Rating Agency and each Enhancement Provider.

(d) It shall not be necessary for the consent of Noteholders under this Section 6.1 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent shall approve the substance thereof. The manner of obtaining such consents and of evidencing the authorization of the execution thereof by Noteholders shall be subject to such reasonable requirements as Indenture Trustee may prescribe.

(e) Any Indenture Supplement executed in accordance with the provisions of Article X of the Indenture shall not be considered an amendment of this Agreement for the purposes of this Section 6.1.

(f) Owner Trustee may, but shall not be obligated to, enter into any such amendment which affects Owner Trustee's rights, duties or immunities under this Agreement or otherwise. In connection with the execution of any amendment hereunder, Owner Trustee shall be entitled to receive and conclusively rely upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Agreement and that all conditions precedent to the execution and delivery of such amendment have been satisfied.

Section 6.2 Protection of Right, Title and Interest to Issuer.

(a) Transferor shall cause this Agreement, all amendments and supplements hereto and all financing statements and continuation statements and any other necessary documents covering Indenture Trustee's and Issuer's right, title and interest in the Trust Assets to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by law fully to preserve, perfect and protect the right, title and interest of Indenture Trustee, Noteholders and Issuer hereunder to all property comprising the Trust Assets. Transferor shall deliver to Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. Transferor shall cooperate fully with Servicer in connection with the obligations set forth above and will execute any and all documents reasonably required to fulfill the intent of this paragraph.

(b) Transferor shall at all times be organized under the laws of a jurisdiction located within the United States.

Section 6.3 GOVERNING LAW; Waiver of Jury Trial.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

(b) Each of the parties hereto hereby irrevocably and unconditionally, to the extent permitted by applicable law, irrevocably waives all right of trial by jury in any action, proceeding or counterclaim based on, or arising out of, under or in connection with this Agreement, any other Transaction Document, or any matter arising hereunder or thereunder.

Section 6.4 Notices; Payments.

(a) All demands, notices, instructions, directions and communications (collectively, "Notices") under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered at, mailed by registered mail, return receipt requested, or sent by facsimile transmission (i) in the case of Transferor, to Comenity Capital Credit Company, LLC, 12921 South Vista Station Blvd., Suite 400, Draper, Utah 84020, Attention: President and (ii) in the case of Issuer or Owner Trustee, to the Corporate Trust Office, Attn: Institutional Trust Services, with a copy to the Administrator, (iii) in the case of the Rating Agency for a particular Series, the address, if any, specified in the Indenture Supplement relating to such Series, and (iv) to any other Person as specified in the Indenture or any Indenture Supplement; or, as to each party, at such other address or facsimile number as shall be designated by such party in a written notice to each other party.

(b) Any Notice required or permitted to be given to a Holder of Registered Notes shall be given by first-class mail, postage prepaid, at the address of such Holder as shown in the Note Register. Any Notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Noteholder receives such Notice.

Section 6.5 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall for any reason whatsoever be held invalid, then such provisions shall be deemed severable from the remaining provisions of this Agreement and shall in no way affect the validity or enforceability of the remaining provisions of this Agreement or of the Notes or the rights of the Noteholders.

Section 6.6 Further Assurances. Transferor agrees to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by Owner Trustee and Indenture Trustee more fully to effect the purposes of this Agreement, including the authorization of any financing statements or continuation statements relating to the Receivables for filing under the provisions of the UCC of any applicable jurisdiction.

Section 6.7 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of Owner Trustee, Indenture Trustee or the Noteholders, any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof; nor shall any

single or partial exercise of any right, remedy, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided under this Agreement are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

Section 6.8 Counterparts. This Agreement may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument. Each party agrees that this Agreement and any other documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures appearing on this Agreement or such other documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

Section 6.9 Third-Party Beneficiaries. This Agreement will inure to the benefit of and be binding upon the parties hereto, Owner Trustee, Indenture Trustee, the Noteholders, and any Enhancement Provider. Except as otherwise expressly provided in this Agreement, no other Person will have any right or obligation hereunder.

Section 6.10 Actions by Noteholders.

(a) Wherever in this Agreement a provision is made that an action may be taken or a Notice given by Noteholders, such action or Notice may be taken or given by any Noteholder, unless such provision requires a specific percentage of Noteholders.

(b) Any Notice, request, authorization, direction, consent, waiver or other act by the Noteholder shall bind such Holder and every subsequent Holder of such Note and of any Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done or omitted to be done by Issuer, Owner Trustee, Transferor or Servicer in reliance thereon, whether or not notation of such action is made upon such Note.

Section 6.11 Rule 144A Information. For so long as any of the Notes of any Series or Class are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, each of Transferor, Owner Trustee, Indenture Trustee and any Enhancement Provider agree to cooperate with each other to provide to any Noteholders of such Series or Class and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such holder or prospective purchaser to satisfy the condition set forth in Rule 144A(d)(4) under the Securities Act.

Section 6.12 Merger and Integration. Except as specifically stated otherwise herein, this Agreement sets forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement. This Agreement may not be modified, amended, waived or supplemented except as provided herein.

Section 6.13 No Bankruptcy Petition. Each of Issuer (with respect to Transferor only), each Holder of a Supplemental Interest and Transferor (with respect to Issuer only) severally and not jointly, hereby covenants and agrees that it will not at any time institute against, solicit or join or cooperate with or encourage any institution against Issuer or Transferor of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under any United States federal or state bankruptcy or similar law. Nothing in this Section 6.13 shall preclude, or be deemed to estop, any of the foregoing Persons from taking (to the extent such action is otherwise permitted to be taken by such Person hereunder) or omitting to take any action prior to such date in (i) any case or proceeding with respect to Issuer or Transferor voluntarily filed or commenced by or on behalf of Issuer or Transferor, respectively,

under or pursuant to any such law or (ii) any involuntary case or proceeding pertaining to Issuer or Transferor, as applicable under or pursuant to any such law, which involuntary use was not commenced by any of the foregoing Persons.

Section 6.14 Rights of Indenture Trustee. Indenture Trustee shall have herein the same rights, protections, indemnities and immunities as specified in the Indenture.

Section 6.15 Rights of Owner Trustee. It is expressly understood and agreed by the parties that (a) this document is executed and delivered by BNY Mellon Trust of Delaware, not individually or personally, but solely as Owner Trustee of the Issuer, in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, warranties, covenants, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, warranties, covenants undertakings and agreements by BNY Mellon Trust of Delaware, but is made and intended for the purpose of binding only the Issuer, as the case may be, (c) nothing herein contained shall be construed as creating any liability on BNY Mellon Trust of Delaware, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any person claiming by, through or under the parties hereto (d) BNY Mellon Trust of Delaware has made no investigation as to the accuracy or completeness of any representations or warranties made by the Owner Trustee or the Issuer in this Agreement and (d) under no circumstances shall BNY Mellon Trust of Delaware, be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Agreement or under the Notes or any of the other Transaction Documents or in any of the certificates, notices or agreements delivered pursuant thereto, as to all of which recourse shall be had solely to the assets of the Issuer.

IN WITNESS WHEREOF, Transferor and Issuer have caused this Transfer Agreement to be duly executed by their respective officers as of the day and year first above written.

COMENITY CAPITAL CREDIT COMPANY,
LLC, as Transferor

By: /s/ Michael
Name: Michael Blackham
Title: Treasurer

COMENITY CAPITAL ASSET
SECURITIZATION TRUST, Issuer

By: BNY Mellon Trust of Delaware, not in its individual capacity but solely as Owner Trustee on behalf of Issuer

By: /s/ Kevin J. Randle
Name: Kevin J. Randle
Title: Vice President

Acknowledged and Accepted:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
not in its individual capacity but
solely as Indenture Trustee

By: /s/ Mark Esposito
Name: Mark Esposito
Title: Vice President

Exhibit 10.100

SERVICING AGREEMENT

between

COMENITY CAPITAL CREDIT COMPANY, LLC,

Transferor,

COMENITY CAPITAL BANK,

Servicer,

and

COMENITY CAPITAL ASSET SECURITIZATION TRUST,

Issuer,

Dated as of June 17, 2022

THIS SERVICING AGREEMENT, dated as of June 17, 2022 (this "Agreement"), by and among COMENITY CAPITAL CREDIT COMPANY, LLC, a Delaware limited liability company, as Transferor, COMENITY CAPITAL BANK, a Utah industrial bank, as Servicer, and COMENITY CAPITAL ASSET SECURITIZATION TRUST, a statutory trust organized under the laws of the State of Delaware, as Issuer.

In consideration of the mutual agreements herein contained, each party agrees as follows for the benefit of the other parties, the Noteholders and any Enhancement Provider to the extent provided herein, in the Indenture and in any Indenture Supplement:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Capitalized terms used herein and not otherwise defined herein are defined in Annex A to the Master Indenture, dated as of the date hereof, between Comenity Capital Asset Securitization Trust and U.S. Bank Trust Company, National Association.

Section 1.2 Other Definitional Provisions. All terms defined directly or by reference in this Agreement shall have the defined meanings when used in any certificate or other document delivered pursuant hereto unless otherwise defined therein. For purposes of this Agreement and all such certificates and other documents, unless the context otherwise requires: (a) accounting terms not otherwise defined in this Agreement, and accounting terms partly defined in this Agreement to the extent not defined, shall have the respective meanings given to them under GAAP; (b) terms defined in Article 9 of the UCC as in effect in the State of New York and not otherwise defined in this Agreement are used as defined in that Article; (c) any reference to each Rating Agency shall only apply to any specific rating agency if such rating agency is then rating any outstanding Series; (d) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (e) the words "hereof," "herein" and "hereunder" and words of similar import refer to this Agreement (or the certificate or other document in which they are used) as a whole and not to any particular provision of this Agreement (or such certificate or document); (f) references to any Section, Schedule or Exhibit are references to Sections, Schedules and Exhibits in or to this Agreement (or the certificate or other document in which the reference is made), and references to any paragraph, subsection, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (g) the term "including" means "including without limitation"; (h) references to any law or regulation refer to that law or regulation as amended from time to time and include any successor law or regulation; (i) references to any Person include that Person's successors and assigns; (j) references to any agreement refer to that agreement as amended, supplemented or otherwise modified form time to time; and (k) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

ARTICLE II

ADMINISTRATION AND SERVICING OF RECEIVABLES

Section 2.1 Acceptance of Appointment and Other Matters Relating to Servicer.

(a) CCB agrees to act as Servicer under this Agreement. The Noteholders by their acceptance of the Notes consent to CCB acting as Servicer.

(b) Subject to the provisions of this Agreement, Servicer shall service and administer the Receivables, shall collect payments due under the Receivables and shall charge off as uncollectible Receivables, all in accordance with its customary and usual servicing procedures for servicing credit card and other credit receivables comparable to the Receivables. Servicer shall have full power and authority, acting alone or through any party properly designated by it hereunder, to do any and all things in connection with such servicing and administration which it may deem necessary or desirable. Without limiting the generality of the foregoing, subject to Sections 4.1 and 4.2, Servicer or its designee (rather than Indenture Trustee or Owner Trustee) is hereby authorized and empowered (i) to instruct Indenture Trustee to make withdrawals from the Collection Account and any Series Account, as set forth in this Agreement, the Indenture or any Indenture Supplement, (ii) to instruct Indenture Trustee to make withdrawals and payments from the Collection Account and any Series Accounts in accordance with such instructions as set forth in this Agreement, the Indenture or any Indenture Supplement, (iii) to instruct Indenture Trustee in writing as provided herein, (iv) to take any action required or permitted under any Enhancement, as set forth in this Agreement, the Indenture or any Indenture Supplement and (v) to execute and deliver, on behalf of Issuer for the benefit of the Noteholders, any and all instruments of satisfaction or cancellation, or of partial or full release or discharge, and all other comparable instruments, with respect to the Receivables and, after the delinquency of any Receivable and to the extent permitted under and in compliance with applicable law and regulations, to commence enforcement proceedings with respect to such Receivables. Without limiting the generality of the foregoing and subject to Sections 4.1 and 4.2, Servicer or its designee is authorized and empowered to make any filings, reports, notices, applications and registrations with, and to seek any consents or authorizations from, the Commission and any state securities authority on behalf of Issuer as may be necessary or advisable to comply with any federal or state securities laws or reporting requirements. Indenture Trustee shall furnish Servicer with any powers of attorney or other documents necessary or appropriate to enable Servicer to carry out its servicing and administrative duties hereunder. Owner Trustee shall furnish Servicer with any powers of attorney and other documents necessary or appropriate to enable Servicer to carry out its servicing and administrative duties hereunder.

(c) Servicer shall not be obligated to use separate servicing procedures, offices, employees or accounts for servicing the Receivables from the procedures, offices, employees and accounts used by Servicer in connection with servicing other credit card receivables.

(d) Servicer shall comply with and perform its servicing obligations with respect to the Accounts and Receivables in accordance with the Account Agreements relating to the Accounts and the Account Guidelines except insofar as any failure to so comply or perform would not materially and adversely affect Issuer or the Noteholders.

(e) Servicer shall be liable for the payment, without reimbursement, of all expenses incurred in connection with Issuer and the servicing activities hereunder including expenses related to enforcement of the Receivables, fees and disbursements of Owner Trustee that are due and payable to it under Article VII of the Trust Agreement, Indenture Trustee, the Administrator, any Paying Agent and any Transfer Agent and Registrar (including the reasonable fees and expenses of its counsel), fees and disbursements of independent accountants and all other fees and expenses, including the costs of filing UCC continuation statements and the costs and expenses relating to obtaining and maintaining the listing of any Notes on any stock exchange, that are not expressly stated in this Agreement to be payable by Issuer, the Noteholders of a Series or Transferor (other than federal, state, local and foreign income, franchise and other taxes, if any, or any interest or penalties with respect thereto, assessed on Issuer).

(f) Servicer shall maintain fidelity bond or other appropriate insurance coverage insuring against losses through wrongdoing of its officers and employees who are involved in the

servicing of credit card receivables covering such actions and in such amounts as Servicer believes to be reasonable from time to time.

Section 2.2 Servicing Compensation. Subject to Section 4.3(c) hereof, as full compensation for its servicing activities hereunder and as reimbursement for any expense incurred by it in connection therewith, Servicer shall be entitled to receive a servicing fee (the "Servicing Fee") with respect to each Monthly Period, payable monthly on the related Distribution Date, in an amount equal to one-twelfth of the product of (a) the weighted average of the Series Servicing Fee Percentages with respect to each outstanding Series (based upon the Series Servicing Fee Percentage for each Series and the Collateral Amount (or such other amount as specified in the related Indenture Supplement) of such Series, in each case as of the last day of the prior Monthly Period) and (b) the amount of Principal Receivables on the last day of the prior Monthly Period. The share of the Servicing Fee allocable to each Series with respect to any Monthly Period (the "Noteholder Servicing Fee") will be determined in accordance with the relevant Indenture Supplement. The portion of the Servicing Fee with respect to any Monthly Period not so allocated to a particular Series, or otherwise allocated in any Indenture Supplement, shall be paid from Finance Charge Collections allocable to Transferor on the related Distribution Date. In no event shall Issuer, Indenture Trustee, the Noteholders of any Series or any Enhancement Provider be liable for the share of the Servicing Fee with respect to any Monthly Period allocable to the Transferor Amount.

Section 2.3 Representations, Warranties and Covenants of Servicer. CCB, as initial Servicer, hereby makes, and any successor Servicer by its appointment hereunder shall make, on each Closing Date (and on the date of any such appointment) the following representations and warranties and covenants to Issuer on which Owner Trustee has relied in accepting the Receivables in trust, Owner Trustee has relied in executing the Notes and Indenture Trustee has relied in authenticating Notes:

(a) Organization and Good Standing. Servicer is a Utah industrial bank (or with respect to such Successor Servicer, such other corporate entity as may be applicable) duly organized, validly existing and in good standing under the laws of the State of Utah, and has full corporate power, authority and legal right to execute, deliver and perform its obligations under this Agreement and, in all material respects, to own its properties and conduct its business as such properties are presently owned and as such business is presently conducted.

(b) Due Qualification. Servicer is duly qualified to do business and is in good standing as a foreign corporation (or is exempt from such requirements), and has obtained all necessary licenses and approvals in each jurisdiction in which failure to so qualify or to obtain such licenses and approvals would have a material adverse effect on the interests of the Noteholders.

(c) Due Authorization. The execution, delivery, and performance of this Agreement have been duly authorized by Servicer by all necessary corporate action on the part of Servicer.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of Servicer, enforceable against Servicer in accordance with its terms, except as enforceability may be limited by applicable Debtor Relief Laws now or hereafter in effect (or with respect to such Successor Servicer, such other corporate entity as may be applicable) and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity).

(e) No Violation. The execution and delivery of this Agreement by Servicer, the performance of the transactions contemplated by this Agreement and the other Transaction Documents and the fulfillment of the terms hereof and thereof applicable to Servicer, will not

conflict with, violate, result in any breach of any of the material terms and provisions of, or constitute (with or without notice or lapse of time or both) a material default under, any Requirement of Law applicable to Servicer or any indenture, contract, agreement, mortgage, deed of trust or other instrument to which Servicer is a party or by which it or any of its properties are bound.

(f) No Proceedings. There are no proceedings or investigations pending or, to the best knowledge of Servicer, threatened against Servicer before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by this Agreement and the other Transaction Documents to which it is a party, or seeking any determination or ruling that, in the reasonable judgment of Servicer, would materially and adversely affect the performance by Servicer of its obligations under this Agreement and the other Transaction Documents, or seeking any determination or ruling that would materially and adversely affect the validity or enforceability of this Agreement and the other Transaction Documents.

(g) Compliance with Requirements of Law. Servicer shall duly satisfy all obligations on its part to be fulfilled under or in connection with the Receivables and the related Accounts, will maintain in effect all qualifications required under Requirements of Law in order to properly service the Receivables and the related Accounts and will comply in all material respects with all other Requirements of Law in connection with servicing the Receivables and the related Accounts, the failure to comply with which would have a material adverse effect on the interests of the Noteholders.

(h) No Rescission or Cancellation. Servicer shall not permit any rescission or cancellation of a Receivable except as ordered by a court of competent jurisdiction or other Governmental Authority or in the ordinary course of its business and in accordance with the Account Guidelines. Servicer shall reflect any such rescission or cancellation in its computer file of revolving credit card accounts. In addition, Servicer may waive the accrual and/or payment of certain Finance Charge Receivables in respect of certain past due Accounts, the Obligors of which have enrolled with a consumer credit counseling service, and the Receivables in such Accounts shall not fail to be Eligible Receivables solely as a result of such waiver.

(i) Protection of Holders' Rights. Servicer shall take no action which, nor omit to take any action the omission of which, would materially impair the rights of Holders in any Receivable or Account, nor shall it, except in the ordinary course of its business and in accordance with the Account Guidelines, reschedule, revise or defer Collections due on the Receivables.

(j) Receivables Not to Be Evidenced by Promissory Notes. Except in connection with its enforcement or collection of an Account, Servicer will take no action to cause any Receivable to be evidenced by any instrument, other than an instrument that, taken together with one or more other writings, constitutes chattel paper and, if any Receivable is so evidenced (whether or not in connection with the enforcement or collection of an Account), it shall be reassigned or assigned to Servicer as provided in this Section.

(k) All Consents Required. All approvals, authorizations, consents, orders or other actions of any Person or of any governmental body or official required in connection with the execution and delivery by Servicer of this Agreement, the performance by Servicer of the transactions contemplated by this Agreement and the other Transaction Documents and the fulfillment by Servicer of the terms hereof and thereof have been obtained; provided that Servicer makes no representation or warranty as to state securities or "blue sky" laws.

(l) Maintenance of Records and Books of Account. Servicer shall maintain and implement administrative and operating procedures (including the ability to recreate records evidencing the Receivables in the event of the destruction of the originals thereof), and keep and maintain all documents, books, computer records and other information, reasonably necessary or advisable for the collection of all the Receivables. Such documents, books and computer records shall reflect all facts giving rise to the Receivables, all payments and credits with respect thereto, and, to the extent required in order to facilitate the Transferor complying with Section 2.1 of the Transfer Agreement, such documents, books and computer records shall indicate the interests of Issuer in the Receivables.

(m) [Reserved].

(n) Servicer Discovery of Breach of Transferor Representations and Warranties. Subject to Sections 2.3 and 2.4 of the Transfer Agreement, upon discovery by Servicer of a breach of any of the representations and warranties of Transferor set forth in such Sections, Servicer shall give prompt written notice to Transferor, Owner Trustee and each Enhancement Provider, if any, entitled thereto pursuant to the relevant Indenture Supplement.

If any of the representations, warranties or covenants of Servicer contained in paragraph (g), (h), (i) or (j) of this Section 2.3 with respect to any Receivable or the related Account is breached, and as a result of such breach Issuer's rights in, to or under any Receivables in the related Account or the proceeds of such Receivables are materially impaired or such proceeds are not available for any reason to Issuer free and clear of any Lien, then no later than the expiration of 60 days from the earlier to occur of the discovery of such event by Servicer, or receipt by Servicer of notice of such event given by Indenture Trustee, all Receivables in the Account or Accounts to which such event relates shall be reassigned or assigned to Servicer as set forth below; provided that such Receivables will not be reassigned or assigned to Servicer if, on any day prior to the end of such 60-day, (i) the relevant representation and warranty shall be true and correct, or the relevant covenant shall have been complied with, in all material respects and (ii) Servicer shall have delivered an Officer's Certificate describing the nature of such breach and the manner in which such breach was cured.

Servicer shall effect such assignment by making a deposit into the Collection Account in immediately available funds prior to the next succeeding Business Day in an amount equal to the amount of such Receivables, which deposit shall be considered a Collection with respect to such Receivables and shall be applied in accordance with Article VIII of the Indenture and each Indenture Supplement.

Upon each such assignment to Servicer, Issuer shall automatically and without further action be deemed to transfer, assign, set over and otherwise convey to Servicer, without recourse, representation or warranty all right, title and interest of Issuer in and to such Receivables, all moneys due or to become due and all amounts received with respect thereto and all proceeds thereof. Issuer shall execute such documents and instruments of transfer or assignment and take such other actions as shall be reasonably requested by Servicer to effect the conveyance of any such Receivables pursuant to this Section. The obligation of Servicer to accept assignment of such Receivables, and to make the deposits, if any, required to be made to the Collection Account as provided in the preceding paragraph, shall constitute the sole remedy respecting the event giving rise to such obligation available to Issuer, Owner Trustee, Holders (or Indenture Trustee on behalf of the Noteholders) or any Enhancement Provider.

Section 2.4 Reports and Records for Indenture Trustee.

(a) Daily Reports. On the second Business Day immediately following each Date of Processing, Servicer shall prepare and make available at the office of Servicer for inspection by

Indenture Trustee a report (the "Daily Report") that shall set forth (i) the aggregate amounts of Collections, Collections with respect to Principal Receivables and Collections with respect to Finance Charge Receivables processed by Servicer on such Date of Processing, (ii) the aggregate amount of Defaulted Receivables for such Date of Processing, and (iii) the aggregate amount of Principal Receivables in the Receivables Trust as of such Date of Processing.

(b) Monthly Servicer's Certificate. Unless otherwise stated in any Indenture Supplement as to the related Series, on each Determination Date, Servicer shall forward to Indenture Trustee, the Paying Agent, each Rating Agency and each Enhancement Provider, if any, a certificate of a Servicing Officer setting forth (i) the aggregate amounts for the preceding Monthly Period with respect to each of the items specified in clause (i) of Section 2.4(a), (ii) the aggregate Defaulted Receivables for the preceding Monthly Period, (iii) the aggregate amount of Receivables and the balance on deposit in the Collection Account (or any subaccount thereof) or any Series Account applicable to any Series then outstanding with respect to Collections processed as of the end of the last day of the preceding Monthly Period, (iv) the aggregate amount of adjustments from the preceding Monthly Period, (v) the aggregate amount, if any, of withdrawals, drawings or payments under any Enhancement with respect to each Series required to be made with respect to the previous Monthly Period, (vi) the sum of all amounts payable to the Noteholders on the succeeding Distribution Date in respect of interest and principal payable with respect to the Notes and (vii) such other amounts, calculations, and/or information as may be required by any relevant Indenture Supplement.

(c) Transferred Accounts. Servicer covenants and agrees hereby to deliver to Indenture Trustee, after the Automatic Addition Termination Date or any Automatic Addition Suspension Date (but in the latter case, prior to a Restart Date) within a reasonable time period after any Transferred Account is created, but in any event not later than 15 days after the end of the month within which the Transferred Account is created, a notice specifying the new Account Number for any Transferred Account.

Section 2.5 [Reserved].

Section 2.6 Tax Treatment. Transferor has structured this Agreement and the Notes to facilitate a secured, credit-enhanced financing on favorable terms with the intention that the Notes will constitute indebtedness of Transferor for federal income and state and local income and franchise tax purposes; and Transferor and each Noteholder by acceptance of its Note (and each Note Owner, by its acceptance of an interest in the applicable Note) agrees to recognize and report the Notes as indebtedness of Transferor for purposes of federal, state and local income and franchise taxes and any other tax imposed on or measured by gross or net income, and to report all receipts and payments relating thereto in a manner that is consistent with such characterization.

Section 2.7 Notices to Transferor. If CCB is no longer acting as Servicer, any Successor Servicer appointed pursuant to Section 4.3 shall deliver or make available to Transferor each certificate and report required to be prepared, forwarded or delivered thereafter pursuant to Sections 2.4(b), and 2.10.

Section 2.8 Adjustments.

(a) If Servicer adjusts downward the amount of any Receivable because of a rebate, refund, unauthorized charge, or billing error to an accountholder, or because such Receivable was created in respect of merchandise which was refused or returned by an accountholder, or if Servicer otherwise adjusts downward the amount of any Receivable without receiving Collections therefor or charging off such amount as uncollectible, then, in any such case, the amount of Principal Receivables used to calculate the Transferor Amount or the Allocation

Percentages applicable to any Series will be reduced by the amount of the adjustment. Similarly, the amount of Principal Receivables used to calculate the Transferor Amount and the Allocation Percentages applicable to any Series will be reduced by the amount of any Principal Receivable with respect to which the covenant of Transferor contained in Section 2.5(b) of the Transfer Agreement has been breached. Any adjustment required pursuant to the preceding sentence shall be made on the first Business Day after the Date of Processing for the event giving rise to such adjustment.

(b) If (i) Servicer makes a deposit into the Collection Account in respect of a Collection of a Receivable and such Collection was received by Servicer in the form of a check which is not honored for any reason or (ii) Servicer makes a mistake with respect to the amount of any Collection and deposits an amount that is less than or more than the actual amount of such Collection, Servicer shall appropriately adjust the amount subsequently deposited into the Collection Account to reflect such dishonored check or mistake. Any Receivable in respect of which a dishonored check is received shall be deemed not to have been paid. Notwithstanding the first two sentences of this paragraph, any adjustments made pursuant to this paragraph will be reflected in a current report but will not change any amount of Collections previously reported pursuant to Section 2.4(b).

Section 2.9 Reporting Requirements. Servicer hereby agrees that, from and after the Effective Date and until the date on which the outstanding balances of all Receivables have been reduced to zero, it shall deliver or cause to be delivered financial statements, notices, and other information at the times, to the Persons and in a manner set forth in Schedule 2.9.

Section 2.10 Annual Officer's Certificate and Assessment of Compliance. Servicer shall deliver to Issuer, on or before the ninetieth (90^{th}) day following the end of each fiscal year of Issuer (beginning with the end of fiscal year 2023), an Officer's Certificate of Servicer, substantially in the form of Exhibit A, providing such information as is required under Item 1123 of Regulation AB under the Securities Act and the Exchange Act (if applicable).

Section 2.11 [Reserved].

Section 2.12 Compliance with the FDIC Rule. Servicer agrees to perform and satisfy all covenants and other agreements set forth in Schedule 2.12.

ARTICLE III

OTHER MATTERS RELATING TO SERVICER

Section 3.1 Liability of Servicer. Servicer shall be liable in accordance herewith only to the extent of the obligations specifically undertaken by Servicer in such capacity herein.

Section 3.2 Merger or Consolidation of, or Assumption of the Obligations of, Servicer.

(a) Servicer shall not consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(i) the Person formed by such consolidation or into which Servicer is merged or the Person which acquires by conveyance or transfer the properties and assets of Servicer substantially as an entirety shall be an entity organized and existing under the laws of the United States of America or any State or the District of Columbia and, if Servicer is not the surviving entity, shall expressly assume, by an agreement

supplemental hereto, executed and delivered to Owner Trustee in form satisfactory to Owner Trustee, the performance of every covenant and obligation of Servicer hereunder;

(ii) Servicer has delivered to Indenture Trustee (A) an Officer's Certificate stating that such consolidation, merger, conveyance or transfer and such supplemental agreement comply with this Section and that all conditions precedent herein provided for relating to such transaction have been complied with, and (B) an Opinion of Counsel to the effect that such supplemental agreement is a valid and binding obligation of such surviving entity enforceable against such surviving entity in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally from time to time in effect and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity); and

(iii) either (x) the entity formed by such consolidation or into which Servicer is merged or the Person which acquired by conveyance or transfer the properties and assets of Servicer substantially as an entirety shall be an Eligible Servicer (taking into account, in making such determination, the experience and operations of the predecessor Servicer) or (y) upon the effectiveness of such consolidation, merger, conveyance or transfer, a Successor Servicer shall have assumed the obligations of Servicer in accordance with this Agreement;

(b) This Section 3.2 shall not be construed to prohibit or in any way limit Servicer's ability to effectuate any consolidation or merger pursuant to which Servicer would be the surviving entity.

(c) Servicer shall notify each Rating Agency promptly after any consolidation, merger, conveyance or transfer effected pursuant to this Section 3.2.

Section 3.3 Limitation on Liability of Servicer and Others. Except as provided in Section 3.4 with respect to Issuer and Owner Trustee and Section 6.7 of the Indenture with respect to Indenture Trustee, neither Servicer nor any of the directors, officers, employees or agents of Servicer in its capacity as Servicer shall be under any liability to Issuer, Owner Trustee, Indenture Trustee, the Holders, any Enhancement Providers or any other person for any action taken or for refraining from the taking of any action in good faith in its capacity as Servicer pursuant to this Agreement; provided that this provision shall not protect Servicer or any such Person against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations and duties hereunder. Servicer and any director, officer, employee or agent of Servicer may rely in good faith on any document of any kind prima facie properly executed and submitted by any Person (other than Servicer) respecting any matters arising hereunder. Servicer shall not be under any obligation to appear in, prosecute or defend any legal action which is not incidental to its duties as Servicer in accordance with this Agreement and which in its reasonable judgment may involve it in any expense or liability. Servicer may, in its sole discretion, undertake any such legal action which it may deem necessary or desirable for the benefit of the Holders with respect to this Agreement and the rights and duties of the parties hereto and the interests of the Holders hereunder.

Section 3.4 Indemnification of Issuer and Owner Trustee. Servicer shall indemnify and hold harmless Issuer and Owner Trustee and their respective officers, directors, employees and agents, from and against any loss, liability, expense, damage or injury (i) suffered or sustained by reason of any acts or omissions of Servicer with respect to Issuer pursuant to this Agreement, and (ii) arising from or incurred in connection with Owner Trustee's administration of Issuer and the performance of its duties hereunder or under the Indenture or Indenture

Supplements or any transaction or document contemplated in connection herewith or therewith including any judgment, award, settlement, reasonable attorneys' fees and expenses (including, without limitation, any reasonable attorneys' fees and expenses incurred in connection with any enforcement (including any action, claim or suit brought) by the Issuer or Owner Trustee of any indemnification or other obligation of the Servicer or any other Person) and other costs or expenses incurred in connection with the defense of any action, proceeding or claim; provided that (a) Servicer shall not indemnify Owner Trustee if such acts, omissions or alleged acts or omissions constitute or are caused by fraud, gross negligence, or willful misconduct by Owner Trustee, (b) Servicer shall not indemnify Issuer, the Noteholders or the Note Owners for any liabilities, costs or expenses of Issuer with respect to any action taken by Owner Trustee at the request of the Noteholders, (c) Servicer shall not indemnify Issuer, the Noteholders or the Note Owners as to any losses, claims or damages incurred by any of them in their capacities as investors, including losses with respect to market or investment risks associated with ownership of the Notes or losses incurred as a result of Defaulted Receivables and (d) Servicer shall not indemnify Issuer, the Noteholders or the Note Owners for any liabilities, costs or expenses of Issuer, the Noteholders or the Note Owners arising under any tax law, including any Federal, state, local or foreign income or franchise taxes or any other tax imposed on or measured by income (or any interest or penalties with respect thereto or arising from a failure to comply therewith) required to be paid by Issuer, the Noteholders or the Note Owners in connection herewith to any taxing authority. Indemnification pursuant to this Section shall not be payable from the Trust Assets. The provisions of this indemnity shall run directly to and be enforceable by an indemnitee subject to the limitations hereof. This Section 3.4 shall survive the termination of this Agreement and the earlier removal or resignation of Owner Trustee.

Servicer shall indemnify Indenture Trustee as provided in Section 6.7 of the Indenture.

Section 3.5 Servicer Not to Resign. Servicer shall not resign from the obligations and duties hereby imposed on it except (x) upon the determination that (i) the performance of its duties hereunder is no longer permissible under Requirements of Law (other than the charter and by-laws of Servicer) and (ii) there is no reasonable action which Servicer could take to make the performance of its duties hereunder permissible under such Requirements of Law, (y) as may be required, in connection with Servicer's consolidation with, or merger into any other corporation or Servicer's conveyance or transfer of its properties and assets substantially as an entirety to any person in each case, in accordance with Section 3.2, or (z) it finds a replacement Servicer that is an Eligible Servicer. Any determination permitting the resignation of Servicer pursuant to clause (x) above shall be evidenced by an Opinion of Counsel to such effect delivered to Indenture Trustee. No resignation shall become effective until Indenture Trustee or an Affiliate thereof or a Successor Servicer shall have assumed the responsibilities and obligations of Servicer in accordance with Section 4.3. If within 120 days of the date of the determination that Servicer may no longer act as Servicer, and if Indenture Trustee is unable to appoint a Successor Servicer, Indenture Trustee or an Affiliate thereof shall serve as Successor Servicer. Notwithstanding the foregoing, Indenture Trustee shall, if it or an Affiliate thereof is unwilling or legally unable to so act, petition a court of competent jurisdiction to appoint any established institution having a net worth of not less than $50,000,000 and whose regular business includes the servicing of credit card accounts as the Successor Servicer hereunder. Indenture Trustee shall give prompt notice to each Rating Agency and each Enhancement Provider, if any, entitled thereto under the applicable Indenture Supplement upon the appointment of a Successor Servicer.

Section 3.6 Access to Certain Documentation and Information Regarding the Receivables. Servicer shall provide to Indenture Trustee access to the documentation regarding the Accounts and the Receivables in such cases where Indenture Trustee is required in connection with the enforcement of the rights of the Noteholders, or by applicable statutes or regulations to review such documentation, such access being afforded without charge but only (i) upon reasonable request, (ii) during normal business hours, (iii) subject to Servicer's normal

security and confidentiality procedures and (iv) at offices designated by Servicer. Nothing in this Section 3.6 shall derogate from the obligation of each Account Originator, Transferor, Indenture Trustee and Servicer to observe any applicable law prohibiting disclosure of information regarding the Obligors and the failure of Servicer to provide access as provided in this Section 3.6 as a result of such obligation shall not constitute a breach of this Section 3.6.

Section 3.7 Delegation of Duties. In the ordinary course of business, Servicer may at any time delegate any duties hereunder to any Person who agrees to conduct such duties in accordance with the Account Guidelines and this Agreement. Any such delegations shall not relieve Servicer of its liability and responsibility with respect to such duties, and shall not constitute a resignation within the meaning of Section 3.5, and Servicer shall remain jointly and severally liable with such Person for any amounts which would otherwise be payable pursuant to this Article III as if Servicer had performed such duty; provided that in the case of any significant delegation to a Person other than an Affiliate of CCB, at least 30 days' prior written notice shall be given to Indenture Trustee and each Rating Agency of such delegation to any entity that is not an Affiliate of Servicer.

ARTICLE IV

SERVICER DEFAULTS

Section 4.1 Servicer Defaults. If any one of the following events (a "Servicer Default") shall occur and be continuing:

(a) any failure by Servicer to make any payment, transfer or deposit or to give instructions or notice to Indenture Trustee on or before the date occurring five Business Days after the date such payment, transfer, deposit, or such instruction or notice is required to be made or given by Servicer, as the case may be, under the terms of this Agreement, the Indenture or any Indenture Supplement; or

(b) failure on the part of Servicer duly to observe or perform in any material respect any other covenants or agreements of Servicer set forth in this Agreement which has a material adverse effect on the Noteholders of any Series or Class (which determination shall be made without regard to whether funds are then available pursuant to any Enhancement), which continues unremedied for a period of 60 days after the date on which written notice of such failure requiring the same to be remedied shall have been given to Servicer by Indenture Trustee, or to Servicer and Indenture Trustee by the Noteholders holding not less than 25% of the Outstanding Amount (or, with respect to any failure that does not relate to all Series, 25% of the aggregate outstanding principal amount of all Series to which such failure relates); or Servicer shall delegate its duties under this Agreement except as permitted by Section 3.2 or 3.7, a Responsible Officer of Indenture Trustee has actual knowledge of such delegation and such delegation continues unremedied for 15 days after the date on which written notice thereof, requiring the same to be remedied, shall have been given to Servicer by Indenture Trustee, or to Servicer and Indenture Trustee by Noteholders holding not less than 25% of the Outstanding Amount; or

(c) any representation, warranty or certification made by Servicer in this Agreement or in any certificate delivered pursuant to this Agreement shall prove to have been incorrect when made, which has a material adverse effect on the rights of the Noteholders of any Series or Class (which determination shall be made without regard to whether funds are then available pursuant to any Enhancement) and which continues to be incorrect in any material respect for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to Servicer by Indenture Trustee, or to Servicer and Indenture Trustee by the Noteholders holding not less than 25% of the Outstanding Amount (or, with

respect to any such representation, warranty or certification that does not relate to all Series, 25% of the aggregate outstanding principal amount of all Series to which such representation, warranty or certification relates);

(d) Servicer shall fail generally to, or admit in writing its inability to, pay its debts as they become due; or a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of Servicer in an involuntary case under any Debtor Relief Law, or for the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of such Person or for any substantial part of its property, or for the winding-up or liquidation of its affairs and, if instituted against Servicer, any such proceeding shall continue undismissed or unstayed and in effect, for a period of 60 consecutive days, or any of the actions sought in such proceeding shall occur; or the commencement by Servicer, of a voluntary case under any Debtor Relief Law, or such Person's consent to the entry of an order for relief in an involuntary case under any Debtor Relief Law, or consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator, conservator or other similar official of such Person or for any substantial part of its property, or any general assignment for the benefit of creditors; or such Person or any Subsidiary of such Person shall have taken any corporate action in furtherance of any of the foregoing actions; or

(e) with respect to any Series, any other event specified in the Indenture Supplement for such Series,

then, in the event of any Servicer Default, so long as Servicer Default shall not have been remedied, either Indenture Trustee or Noteholders holding more than 50% of the Outstanding Amount, by notice given to Servicer (and to Indenture Trustee and any Enhancement Provider entitled thereto pursuant to the relevant Indenture Supplement if given by the Noteholders) (a "Termination Notice"), may terminate all but not less than all the rights and obligations of Servicer, as Servicer, under this Agreement and in and to the Receivables and the proceeds thereof. Upon the occurrence of a Servicer Default, the Indenture Trustee shall promptly notify each Rating Agency of such Servicer Default.

After termination of the Servicer's responsibilities under this Agreement pursuant to Section 4.1 or 4.2, and on the date that a Successor Servicer shall have been appointed by Indenture Trustee pursuant to Section 4.3, all authority and power of Servicer under this Agreement shall pass to and be vested in the Successor Servicer (a "Service Transfer"); and, without limitation, Indenture Trustee is hereby authorized and empowered (upon the failure of Servicer to cooperate) to execute and deliver, on behalf of Servicer, as attorney-in-fact or otherwise, all documents and other instruments upon the failure of Servicer to execute or deliver such documents or instruments, and to do and accomplish all other acts or things necessary or appropriate to effect the purposes of such transfer of servicing rights. Servicer agrees to cooperate with Indenture Trustee and the Successor Servicer in effecting the termination of the responsibilities and rights of Servicer to conduct servicing hereunder including the transfer to the Successor Servicer of all authority of Servicer to service the Receivables provided for under this Agreement, including all authority over all Collections which shall on the date of transfer be held by Servicer for deposit, or which have been deposited by Servicer, in the Collection Account, or which shall thereafter be received with respect to the Receivables, and in assisting the Successor Servicer and in enforcing all rights to Insurance Proceeds. Servicer shall promptly transfer its electronic records relating to the Receivables to the Successor Servicer in such electronic form as the Successor Servicer may reasonably request and shall promptly transfer to the Successor Servicer all other records, correspondence and documents necessary for the continued servicing of the Receivables in the manner and at such times as the Successor Servicer shall reasonably request. To the extent that compliance with this Section 4.1 shall require Servicer to disclose to the Successor Servicer information of any kind which Servicer reasonably deems to be

confidential, the Successor Servicer shall be required to enter into such customary licensing and confidentiality agreements as Servicer shall deem appropriate to protect its interests.

Notwithstanding the foregoing, any delay in or failure of performance under Section 4.1(a) for a period of five Business Days or under Section 4.1(b) or (c) for a period of 60 days (in addition to any period provided in Section 4.1(a), (b) or (c)) shall not constitute a Servicer Default until the expiration of such additional five Business Days or 60 days, respectively, if such delay or failure could not be prevented by the exercise of reasonable diligence by Servicer and such delay or failure was caused by an act of God or the public enemy, acts of declared or undeclared war, public disorder, rebellion or sabotage, epidemics, landslides, lightning, fire, hurricanes, earthquakes, floods or similar causes. The preceding sentence shall not relieve Servicer from the obligation to use its best efforts to perform its obligations in a timely manner in accordance with this Agreement and Servicer shall provide Indenture Trustee, each Rating Agency, any Enhancement Provider entitled thereto pursuant to the relevant Indenture Supplement and Transferor with an Officer's Certificate giving immediate notice of such failure or delay by it, together with a description of its efforts to so perform its obligations.

Section 4.2 Resignation of Servicer. Servicer may resign in the circumstances set forth in clause (a) or (b) of this Section 4.2.

(a) Servicer may resign from its obligations and duties hereunder upon the written consent of Issuer if it finds a replacement servicer that is an Eligible Servicer. Servicer shall promptly notify Issuer of any resignation pursuant to this Section 4.2. No such resignation shall become effective until (i) the Rating Agency Condition shall have been satisfied and (ii) the replacement servicer shall have obtained Issuer's approval and appointment pursuant to Section 4.3.

(b) Without limitation of clause (a), Servicer may resign from the obligations and duties hereby imposed on it upon its determination that (i) the performance of its duties hereunder has become impermissible under applicable law, and (ii) there is no commercially reasonable action which Servicer could take to make the performance of its duties hereunder permissible under applicable law. No such resignation shall become effective until a Successor Servicer shall have assumed the responsibilities and obligations of Servicer in accordance with Section 4.3.

Section 4.3 Indenture Trustee to Act; Appointment of Successor. i) In the event of the resignation or termination of the Servicer pursuant to Section 4.1 or 4.2, Servicer shall continue to perform all servicing functions under this Agreement until the date of effectiveness of the Servicer's resignation pursuant to Section 4.2 or the date specified in the Termination Notice, as applicable, as otherwise specified by Indenture Trustee or until a date mutually agreed upon by Servicer and Indenture Trustee. Issuer shall promptly notify Indenture Trustee of any resignation of the Servicer pursuant to Section 4.2 and Indenture Trustee shall, as promptly as possible after receipt of such notice of resignation, or the giving of a Termination Notice, as applicable, appoint an Eligible Servicer as a successor servicer (the "Successor Servicer"), and such Successor Servicer shall accept its appointment by a written assumption in a form acceptable to Indenture Trustee. If a Successor Servicer has not been appointed or has not accepted its appointment at the time when Servicer ceases to act as Servicer, Indenture Trustee without further action shall automatically be appointed the Successor Servicer. Indenture Trustee may delegate any of its servicing obligations to an Affiliate of Indenture Trustee or agent in accordance with Section 2.1(b) and 3.7. Notwithstanding the foregoing, Indenture Trustee shall, if it is unwilling or legally unable so to act, petition a court of competent jurisdiction to appoint any established institution having a net worth of not less than $50,000,000 and whose regular business includes the servicing of credit card receivables as the Successor Servicer hereunder. Indenture Trustee shall give prompt notice to each Rating Agency and each

Enhancement Provider, if any, entitled thereto pursuant to the applicable Indenture Supplement upon the appointment of a Successor Servicer.

(b) Upon its appointment, the Successor Servicer shall be the successor in all respects to Servicer with respect to servicing functions under this Agreement and shall be subject to all the responsibilities, duties and liabilities (except for liabilities arising during the period of time when the prior Servicer was performing and acting as Servicer) relating thereto placed on Servicer by the terms and provisions hereof, and all references in this Agreement to Servicer shall be deemed to refer to the Successor Servicer.

(c) In connection with any termination of the Servicer's responsibilities under this Agreement pursuant to Section 4.1 or 4.2, Indenture Trustee will review any bids which it obtains from Eligible Servicers and shall be permitted to appoint any Eligible Servicer submitting such a bid as a Successor Servicer. Any successor Servicer shall be entitled to compensation equal to the greater of (a) the aggregate Servicing Fees for all Series or (b) the lowest of the servicing fee bids obtained by Indenture Trustee from third-party servicers selected by Indenture Trustee; provided that the Indenture Trustee shall use its best efforts to obtain bids from not less than three third-party servicers if the servicing compensation shall be greater than the aggregate Servicing Fees for all Series; and provided, however, that the Holder of the Transferor Interest shall be responsible for payment of the portion of such compensation of the Successor Servicer allocable to the Holder of the Transferor Interest, including any portion thereof in excess of the aggregate Servicing Fees for all Series. Each Holder of the Transferor Interest agrees that, if CCB (or any Successor Servicer) is terminated as Servicer hereunder, the portion of the Collections in respect of Finance Charge Receivables that Transferor is entitled to receive pursuant to this Agreement or any Indenture Supplement shall be reduced by an amount sufficient to pay Transferor's share (determined by reference to the Indenture Supplements with respect to any outstanding Series) of the compensation of the Successor Servicer and, without duplication, any compensation of the Successor Servicer in excess of the initial aggregate Servicing Fees for all Series.

(d) All authority and power granted to the Successor Servicer under this Agreement shall automatically cease and terminate upon termination of Issuer pursuant to the Trust Agreement and shall pass to and be vested in Transferor and, Transferor is hereby authorized and empowered to execute and deliver, on behalf of the Successor Servicer, as attorney-in-fact or otherwise, all documents and other instruments, and to do and accomplish all other acts or things necessary or appropriate to effect the purposes of such transfer of servicing rights. The Successor Servicer agrees to cooperate with Transferor in effecting the termination of the responsibilities and rights of the Successor Servicer to conduct servicing on the Receivables. The Successor Servicer shall transfer its electronic records relating to the Receivables to Transferor in such electronic form as Transferor may reasonably request and shall transfer all other records, correspondence and documents to Transferor in the manner and at such times as Transferor shall reasonably request. To the extent that compliance with this Section 4.3 shall require the Successor Servicer to disclose to Transferor information of any kind which the Successor Servicer deems to be confidential, Transferor shall be required to enter into such customary licensing and confidentiality agreements as the Successor Servicer shall deem necessary to protect its interests.

Section 4.4 Notification to Noteholders. Within two Business Days after Servicer becomes aware of any Servicer Default, Servicer shall give notice thereof to Indenture Trustee, each Rating Agency and any Enhancement Provider entitled thereto pursuant to the relevant Indenture Supplement and Indenture Trustee shall give notice to the Noteholders at their respective addresses appearing in the Note Register. Upon any termination or appointment of a Successor Servicer pursuant to this Article IV, Indenture Trustee shall give prompt written notice thereof to Noteholders at their respective addresses appearing in the Note Register.

ARTICLE V

TERMINATION

Section 5.1 Termination of Agreement. This Agreement and the respective obligations and responsibilities of Issuer, Transferor and Servicer under this Agreement shall terminate, except with respect to the duties described in Section 3.4, on the Trust Termination Date.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.1 Amendment; Waiver of Past Defaults.

(a) This Agreement may be amended, modified or altered and any provision of this Agreement may be waived in writing from time to time by Servicer, Transferor and Issuer, without the consent of any of Indenture Trustee or any Noteholder to cure any ambiguity, to correct or supplement any provisions herein which may be inconsistent with any other provisions herein, or to add any other provisions with respect to matters or questions raised under this Agreement which shall not be inconsistent with the provisions of this Agreement; provided, however, that any such action shall not adversely affect in any material respect the interests of any of the Noteholders. Additionally, this Agreement may be amended, modified or altered for any other purpose and any provision of this Agreement may be waived in writing from time to time by Servicer, Transferor and Issuer by a written instrument signed by each of them, without the consent of Indenture Trustee or any of the Noteholders; provided that (i) Transferor shall have delivered to Indenture Trustee and Owner Trustee an Officer's Certificate, dated the date of any such action, stating that Transferor reasonably believes that such amendment will not have an Adverse Effect or (ii) the Rating Agency Condition shall have been satisfied with respect to any such action. Additionally, notwithstanding the preceding sentence, this Agreement will be amended by Servicer and Issuer at the direction of Transferor without the consent of Indenture Trustee or any of the Noteholders or Enhancement Providers to add, modify or eliminate such provisions as may be necessary or advisable in order to enable all or a portion of Issuer to avoid the imposition of state or local income or franchise taxes imposed on Issuer's property or its income; provided, however, that (A) Transferor delivers to Indenture Trustee and Owner Trustee an Officer's Certificate to the effect that the proposed amendments meet the requirements set forth in this Section and (B) such amendment does not affect the rights, duties or obligations of Indenture Trustee or Owner Trustee hereunder. The amendments which Transferor may make without the consent of Noteholders or Enhancement Providers pursuant to the preceding sentence may include the addition of a Transferor.

(b) This Agreement may also be amended, modified or altered and any provision of this Agreement may be waived in writing from time to time by Servicer, Transferor and Issuer, with the consent of the Noteholders holding more than 50% of the Outstanding principal amount of the Notes of each Series affected thereby for which Transferor has not delivered an Officer's Certificate stating that there is no Adverse Effect, for the purpose of adding any provisions to or changing in any manner or eliminating or waiving any of the provisions of this Agreement or of modifying in any manner the rights of the Noteholders; provided, however, that no such action shall (i) reduce the interest rate or principal amount of any Note or delay the final maturity date of any Note or the amount available under any Enhancement without the consent of each affected Noteholder, (ii) change the definition of or the manner of calculating the interest of any Noteholder without the consent of each affected Noteholder or (iii) reduce the aforesaid percentage required to consent to any such action without the consent of each Noteholder.

(c) Promptly after the execution of any such amendment or waiver, Issuer shall furnish notification of the substance of such action to Indenture Trustee and each Noteholder, and Servicer shall furnish notification of the substance of such amendment to each Rating Agency and each Enhancement Provider.

(d) It shall not be necessary for the consent of Noteholders under this Section 6.1 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent shall approve the substance thereof. The manner of obtaining such consents and of evidencing the authorization of the execution thereof by Noteholders shall be subject to such reasonable requirements as Indenture Trustee may prescribe.

(e) Any Indenture Supplement executed in accordance with the provisions of Article X of the Indenture shall not be considered an amendment of this Agreement for the purposes of this Section 6.1.

(f) Owner Trustee may, but shall not be obligated to, enter into any such amendment which affects Owner Trustee's rights, duties or immunities under this Agreement or otherwise. In connection with the execution of any amendment hereunder, Owner Trustee shall be entitled to receive and conclusively rely upon an Opinion of Counsel stating that the execution of such amendment is authorized or permitted by this Agreement and that all conditions precedent to the execution and delivery of such amendment have been satisfied.

Section 6.2 Protection of Right, Title and Interest to Issuer.

(a) Transferor shall cause this Agreement, all amendments and supplements hereto and all financing statements and continuation statements and any other necessary documents covering Indenture Trustee's and Issuer's right, title and interest in the Trust Assets to be promptly recorded, registered and filed, and at all times to be kept recorded, registered and filed, all in such manner and in such places as may be required by law fully to preserve, perfect and protect the right, title and interest of Indenture Trustee, Noteholders and Issuer hereunder to all property comprising the Trust Assets. Transferor shall deliver to Indenture Trustee file-stamped copies of, or filing receipts for, any document recorded, registered or filed as provided above, as soon as available following such recording, registration or filing. Transferor shall cooperate fully with Servicer in connection with the obligations set forth above and will execute any and all documents reasonably required to fulfill the intent of this paragraph.

(b) Each of Transferor and Servicer shall at all times be organized under the laws of a jurisdiction located within the United States.

Section 6.3 GOVERNING LAW; Waiver of Jury Trial.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW) AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

(b) Each of the parties hereto hereby irrevocably and unconditionally, to the extent permitted by applicable law, irrevocably waives all right of trial by jury in any action, proceeding or counterclaim based on, or arising out of, under or in connection with this Agreement, any other Transaction Document, or any matter arising hereunder or thereunder.

Section 6.4 Notices; Payments.

(a) All Notices under this Agreement shall be in writing and shall be deemed to have been duly given if personally delivered at, mailed by registered mail, return receipt requested, or sent by facsimile transmission (i) in the case of Transferor, to Comenity Capital Credit Company, LLC, 12921 South Vista Station Blvd., Suite 400, Draper, Utah 84020, Attention: President, (ii) in the case of Servicer, Comenity Capital Bank, 12921 South Vista Station Blvd., Suite 400, Draper, Utah 84020, Attention: President, (iii) in the case of Issuer or Owner Trustee, to the Corporate Trust Office, Attn: Institutional Trust Services, with a copy to the Administrator, (iv) in the case of the Rating Agency for a particular Series, the address, if any, specified in the Indenture Supplement relating to such Series, and (v) to any other Person as specified in the Indenture or any Indenture Supplement; or, as to each party, at such other address or facsimile number as shall be designated by such party in a written notice to each other party.

(b) Any Notice required or permitted to be given to a Holder of Registered Notes shall be given by first-class mail, postage prepaid, at the address of such Holder as shown in the Note Register. Any Notice so mailed within the time prescribed in this Agreement shall be conclusively presumed to have been duly given, whether or not the Noteholder receives such Notice.

Section 6.5 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall for any reason whatsoever be held invalid, then such provisions shall be deemed severable from the remaining provisions of this Agreement and shall in no way affect the validity or enforceability of the remaining provisions of this Agreement or of the Notes or the rights of the Noteholders.

Section 6.6 Further Assurances. Transferor and Servicer agree to do and perform, from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by Owner Trustee and Indenture Trustee more fully to effect the purposes of this Agreement, including the authorization of any financing statements or continuation statements relating to the Receivables for filing under the provisions of the UCC of any applicable jurisdiction.

Section 6.7 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of Owner Trustee, Indenture Trustee or the Noteholders, any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided under this Agreement are cumulative and not exhaustive of any rights, remedies, powers and privileges provided by law.

Section 6.8 Counterparts. This Agreement may be executed in two or more counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument. Each party agrees that this Agreement and any other documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures appearing on this Agreement or such other documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

Section 6.9 Third-Party Beneficiaries. This Agreement will inure to the benefit of and be binding upon the parties hereto, Owner Trustee, Indenture Trustee, the Noteholders, and any Enhancement Provider. Except as otherwise expressly provided in this Agreement, no other Person will have any right or obligation hereunder.

Section 6.10 Actions by Noteholders.

(a) Wherever in this Agreement a provision is made that an action may be taken or a Notice given by Noteholders, such action or Notice may be taken or given by any Noteholder, unless such provision requires a specific percentage of Noteholders.

(b) Any Notice, request, authorization, direction, consent, waiver or other act by the Noteholder shall bind such Holder and every subsequent Holder of such Note and of any Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done or omitted to be done by Issuer, Owner Trustee, Transferor or Servicer in reliance thereon, whether or not notation of such action is made upon such Note.

Section 6.11 Rule 144A Information. For so long as any of the Notes of any Series or Class are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, each of Transferor, Owner Trustee, Indenture Trustee, Servicer and any Enhancement Provider agree to cooperate with each other to provide to any Noteholders of such Series or Class and to any prospective purchaser of Notes designated by such Noteholder, upon the request of such Noteholder or prospective purchaser, any information required to be provided to such holder or prospective purchaser to satisfy the condition set forth in Rule 144A(d)(4) under the Securities Act.

Section 6.12 Merger and Integration. Except as specifically stated otherwise herein, this Agreement sets forth the entire understanding of the parties relating to the subject matter hereof, and all prior understandings, written or oral, are superseded by this Agreement. This Agreement may not be modified, amended, waived or supplemented except as provided herein.

Section 6.13 No Bankruptcy Petition. Each of Issuer (with respect to Transferor only), Servicer, each Enhancement Provider, if any, and each Holder of a Supplemental Interest and Transferor (with respect to Issuer only) severally and not jointly, hereby covenants and agrees that it will not at any time institute against, solicit or join or cooperate with or encourage any institution against Issuer or Transferor of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under any United States federal or state bankruptcy or similar law. Nothing in this Section 6.13 shall preclude, or be deemed to estop, any of the foregoing Persons from taking (to the extent such action is otherwise permitted to be taken by such Person hereunder) or omitting to take any action prior to such date in (i) any case or proceeding with respect to Issuer or Transferor voluntarily filed or commenced by or on behalf of Issuer or Transferor, respectively, under or pursuant to any such law or (ii) any involuntary case or proceeding pertaining to Issuer or Transferor, as applicable under or pursuant to any such law, which involuntary use was not commenced by any of the foregoing Persons.

Section 6.14 Rights of Indenture Trustee. Indenture Trustee shall have herein the same rights, protections, indemnities and immunities as specified in the Indenture.

Section 6.15 Rights of Owner Trustee. It is expressly understood and agreed by the parties that (a) this document is executed and delivered by BNY Mellon Trust of Delaware, not individually or personally, but solely as Owner Trustee of the Issuer, in the exercise of the powers and authority conferred and vested in it, (b) each of the representations, warranties, covenants, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, warranties, covenants undertakings and agreements by BNY Mellon Trust of Delaware, but is made and intended for the purpose of binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on BNY Mellon Trust of Delaware, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto

and by any person claiming by, through or under the parties hereto (d) BNY Mellon Trust of Delaware has made no investigation as to the accuracy or completeness of any representations or warranties made by the Owner Trustee or the Issuer in this Agreement and (e) under no circumstances shall BNY Mellon Trust of Delaware, be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Agreement or under the Notes or any of the other Transaction Documents or in any of the certificates, notices or agreements delivered pursuant thereto, as to all of which recourse shall be had solely to the assets of the Issuer.

IN WITNESS WHEREOF, Transferor, Servicer and Issuer have caused this Servicing Agreement to be duly executed by their respective officers as of the day and year first above written.

COMENITY CAPITAL CREDIT COMPANY,
LLC, as Transferor

By: /s/ Michael
Name: Michael Blackham
Title: Treasurer

COMENITY CAPITAL BANK,
as Servicer

By: /s/ Gregory Opincar
Name: Gregory Opincar
Title: Chief Financial Officer

COMENITY CAPITAL ASSET
SECURITIZATION TRUST, Issuer

By: BNY Mellon Trust of Delaware, not in its individual capacity but solely as Owner Trustee on behalf of Issuer

By: /s/ Kevin J. Randle
Name: Kevin J. Randle
Title: Vice President

Acknowledged and Accepted:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
not in its individual capacity but
solely as Indenture Trustee

By: /s/ Mark Esposito
Name: Mark Esposito
Title: Vice President

Exhibit 10.101

MASTER INDENTURE

between

COMENITY CAPITAL ASSET SECURITIZATION TRUST

Issuer,

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,

Indenture Trustee

Dated as of June 17, 2022

THIS MASTER INDENTURE, dated as of June 17, 2022 (this "Indenture"), is between COMENITY CAPITAL ASSET SECURITIZATION TRUST, a statutory trust organized under the laws of the State of Delaware (the "Issuer"), and U.S. Bank Trust Company, National Association, a national banking association, as indenture trustee (the "Indenture Trustee"). This Indenture may be supplemented at any time and from time to time by an indenture supplement in accordance with Article X (an "Indenture Supplement," and together with this Indenture and any amendments, the "Agreement"). If a conflict exists between the terms and provisions of this Indenture and any Indenture Supplement, the terms and provisions of the Indenture Supplement shall be controlling with respect to the related Series.

PRELIMINARY STATEMENT

Issuer has duly authorized the execution and delivery of this Indenture to provide for an issue of its Notes as provided in this Indenture. All covenants and agreements made by Issuer herein are for the benefit and security of the Noteholders. Issuer is entering into this Indenture, and Indenture Trustee is accepting the trusts created hereby, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

Simultaneously with the delivery of this Indenture, Issuer is entering into (i) a Transfer Agreement with Comenity Capital Credit Company, LLC, a Delaware limited liability company, as Transferor, and (ii) a Servicing Agreement with Transferor and Comenity Capital Bank ("CCB"), a Utah industrial bank, as Servicer, pursuant to which agreements (a) Transferor will convey to Issuer all of its right, title and interest in, to and under the Receivables arising in the Accounts from time to time, which Transferor will have received from CCB pursuant to the Receivables Purchase Agreement and (b) Servicer will agree to service the Receivables and make collections thereon on behalf of the Noteholders.

GRANTING CLAUSE

As security for the payment and performance of all of the Issuer's obligations under the Notes, this Indenture, each Enhancement Agreement, and each Transaction Document (collectively, the "Secured Obligations"), Issuer hereby grants to Indenture Trustee, for the benefit of the Holders of the Notes and the Enhancement Providers, all of Issuer's right, title and interest, whether now owned or hereafter acquired, in, to and under (a) the Receivables, (b) Collections and all money, instruments, investment property and other property distributed or distributable in respect of (together with all earnings, dividends, distributions, income, issues, and profits relating to) the Receivables; (c) the Collection Account, the Excess Funding Account and the Series Accounts and all Eligible Investments and all money, investment property, instruments and other property on deposit from time to time in, credited to, purchased with funds from, or related to the Collection Account, the Series Accounts and the Excess Funding Account (including any subaccounts of any such account), and all interest, dividends, earnings, income and other distributions from time to time received, receivable or otherwise distributed or distributable thereto or in respect thereof (including any accrued discount realized on liquidation of any investment purchased at a discount); (d) all interests, rights, remedies, powers, privileges and claims of Issuer under or with respect to any Enhancement, the Receivables Purchase Agreement, the Transfer Agreement and the Servicing Agreement (whether arising pursuant to the terms of the related Enhancement Agreement, the Receivables Purchase Agreement, the Transfer Agreement or the Servicing Agreement or otherwise available to Issuer at law or in equity), including (x) the rights of Issuer to enforce such Enhancement Agreement, the Receivables Purchase Agreement, the Transfer Agreement or the Servicing Agreement, and to give or withhold any and all consents, requests, notices, directions, approvals, extensions or waivers under or with respect to such Enhancement Agreement, the Receivables Purchase Agreement, the Transfer Agreement or the Servicing Agreement to the same extent as Issuer

could but for the assignment and security interest granted to Indenture Trustee for the benefit of the Noteholders and (y) the right to receive from the RPA Seller payments made by any Merchant under any Account Processing Agreement on account of amounts received by such Merchant in payment of Receivables and all proceeds of such rights; (e) all Insurance Proceeds; (f) all derivative contracts between the Issuer, or to the extent assigned to the Issuer, the Transferor and a counterparty, as described in any Indenture Supplement, and the proceeds thereof; (g) all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, and other minerals, consisting of, arising from, or relating to, any of the foregoing; (h) all accounts, chattel paper, deposit accounts, documents, general intangibles, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, and other minerals, of the Issuer; (i) all present and future claims, demands, causes and choses in action in respect of any or all of the foregoing and all payments on or under and all proceeds of every kind and nature whatsoever in respect of any or all of the foregoing, including all proceeds, products, rents, receipts or profits of the conversion, voluntary or involuntary, into cash or other property, all cash and non-cash proceeds, and other property consisting of, arising from or relating to all or any part of any of the foregoing; and (j) all proceeds of the foregoing (collectively, the "Collateral"). To the extent that Owner Trustee (as distinguished from the Issuer) is determined to hold legal title to any of the Collateral, Owner Trustee hereby Grants to Indenture Trustee, for the benefit of the Holders of the Notes and the Enhancement Providers and as security for the payment and performance of the Secured Obligations, all of Owner Trustee's right, title and interest, whether owned or hereafter acquired, in, to and under the Collateral.

LIMITED RECOURSE

The obligation of Issuer to make payments of principal, interest and other amounts in respect of the Notes is limited by recourse only to the Collateral. Except as specifically set forth in the Indenture Supplement with respect thereto, the Notes of any Series or Class shall not be secured by any interest in any Series Account or Enhancement pledged for the benefit of any other Series or Class.

ARTICLE I

DEFINITIONS

Section 1.1 Definitions.

Capitalized terms used herein are defined in Annex A.

Section 1.2 Other Definitional Provisions.

(a) All terms defined directly or by reference in this Indenture shall have the defined meanings when used in any certificate or other document delivered pursuant hereto unless otherwise defined therein. For purposes of this Indenture and all such certificates and other documents, unless the context otherwise requires: (i) accounting terms not otherwise defined in this Indenture, and accounting terms partly defined in this Indenture to the extent not defined, shall have the respective meanings given to them under GAAP; (ii) terms defined in Article 9 of the UCC as in effect in the State of New York and not otherwise defined in this Indenture are used as defined in that Article; (iii) any reference to each Rating Agency shall only apply to any specific rating agency if such rating agency is then rating any outstanding Series; (iv) references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day; (v) the words "hereof," "herein" and "hereunder" and words of similar import refer to this Indenture (or the certificate or other document in which they are used) as a whole and not to any particular provision of this Indenture (or such certificate or document); (vi)

references to any Section, Annex, Schedule or Exhibit are references to Sections, Annexes, Schedules and Exhibits in or to this Indenture (or the certificate or other document in which the reference is made), and references to any paragraph, Section, clause or other subdivision within any Section or definition refer to such paragraph, Section, clause or other subdivision of such Section or definition; (vii) the term "including" means "including without limitation"; (viii) references to any law or regulation refer to that law or regulation as amended from time to time and include any successor law or regulation; (ix) references to any Person include that Person's successors and assigns; (x) references to any agreement refer to that agreement as amended, supplemented or otherwise modified from time to time; and (xi) headings are for purposes of reference only and shall not otherwise affect the meaning or interpretation of any provision hereof.

(b) Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture to the extent, and only at such times, as this Indenture is required to qualify under the TIA. The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes;

"indenture security holder" means a Noteholder;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means Indenture Trustee; and

"obligor" on the indenture securities means Issuer and any other obligor on the indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by Commission rule have the meanings assigned to them by such definitions.

ARTICLE II

THE NOTES

Section 2.1 Form Generally. Any Series or Class of Notes, together with Indenture Trustee's certificate of authentication related thereto, may be issued in fully registered form (the "Registered Notes") and shall be in substantially the form of an exhibit to the related Indenture Supplement with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or such Indenture Supplement, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution of such Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note. The terms of any Notes set forth in an exhibit to the related Indenture Supplement are part of the terms of this Indenture, as applicable.

The Definitive Notes shall be typewritten, printed, lithographed or engraved or produced by any combination of these methods, all as determined by the officers executing such Notes, as evidenced by their execution of such Notes.

Each Book-Entry Note will be dated the related Closing Date and each Definitive Note will be dated as of the date of its authentication.

Any Note with respect to which the Transferor shall not have received an Opinion of Counsel to the effect that such Note will be treated as debt for federal income tax purposes shall be issued as a Definitive Note or as Registered Notes in book-entry form (but not as Book-Entry Notes maintained through DTC or any other Clearing Agency or Foreign Clearing Agency), provided that records of ownership and transfer of any such Notes in book-entry form shall be maintained by the Indenture Trustee as Transfer Agent and Registrar (and not by DTC or any other Clearing Agency or Foreign Clearing Agency), and provided further that the provisions of this Indenture relating to Book-Entry Notes (including Section 2.12), in each case with respect to the foregoing, unless otherwise provided in the related Indenture Supplement, shall nonetheless apply *mutatis mutandis* to any such Notes issued in book-entry form through the Indenture Trustee (and not through DTC or any other Clearing Agency or Foreign Clearing Agency).

Section 2.2 Denominations. Except as otherwise specified in the related Indenture Supplement and the Notes, each class of Notes of each Series shall be issued in fully registered form in minimum amounts of $1,000 and in integral multiples of $1,000 in excess thereof (except that one Note of each Class may be issued in a different amount, so long as such amount exceeds the applicable minimum denomination for such Class), and shall be issued upon initial issuance as one or more Notes in an aggregate original principal amount equal to the applicable Note Principal Balance for such Class or Series.

Section 2.3 Execution, Authentication and Delivery. Each Note shall be executed by manual, electronic or facsimile signature on behalf of Issuer by an Authorized Officer.

Notes bearing the manual, electronic or facsimile signature of an individual who was, at the time when such signature was affixed, authorized to sign on behalf of Issuer shall not be rendered invalid, notwithstanding the fact that such individual ceased to be so authorized prior to the authentication and delivery of such Notes or does not hold such office at the date of issuance of such Notes.

At any time and from time to time after the execution and delivery of this Indenture, Issuer may deliver Notes executed by Issuer to Indenture Trustee for authentication and delivery, and Indenture Trustee shall authenticate at the written direction of Issuer and deliver such Notes as provided in this Indenture or the related Indenture Supplement and not otherwise.

No Note shall be entitled to any benefit under this Indenture or the applicable Indenture Supplement or be valid or obligatory for any purpose, unless there appears on such Note a certificate of authentication substantially in the form provided for herein or in the related Indenture Supplement executed by or on behalf of Indenture Trustee by the manual signature of a duly authorized signatory, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

Section 2.4 Authenticating Agent.

(a) Indenture Trustee, at the expense of Servicer, may appoint one or more authenticating agents with respect to the Notes which shall be authorized to act on behalf of Indenture Trustee in authenticating the Notes in connection with the issuance, delivery, registration of transfer, exchange or repayment of the Notes. Whenever reference is made in this Indenture to the authentication of Notes by Indenture Trustee or Indenture Trustee's certificate of authentication, such reference shall be deemed to include authentication on behalf of Indenture Trustee by an authenticating agent and a certificate of authentication executed on behalf of Indenture Trustee by an authenticating agent. Each authenticating agent must be acceptable to Issuer and Servicer.

(b) Any institution succeeding to the corporate agency business of an authenticating agent shall continue to be an authenticating agent without the execution or filing of any power or any further act on the part of Indenture Trustee or such authenticating agent.

(c) An authenticating agent may at any time resign by giving written notice of resignation to Indenture Trustee, Issuer and Servicer. Indenture Trustee may at any time terminate the agency of an authenticating agent by giving notice of termination to such authenticating agent and to Issuer and Servicer. Upon receiving such a notice of resignation or upon such a termination, or in case at any time an authenticating agent shall cease to be acceptable to Indenture Trustee or Issuer and Servicer, Indenture Trustee may promptly appoint a successor authenticating agent. Any successor authenticating agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an authenticating agent. No successor authenticating agent shall be appointed unless acceptable to Issuer and Servicer.

(d) The provisions of Sections 6.1 and 6.4 shall be applicable to any authenticating agent.

(e) Pursuant to an appointment made under this Section 2.4, the Notes may have endorsed thereon, in lieu of or in addition to Indenture Trustee's certificate of authentication, an alternative certificate of authentication in substantially the following form:

"This is one of the Notes described in the within-mentioned Agreement.

_____

_____

as Authenticating Agent
for Indenture Trustee

By:

Authorized Signatory

Dated: _____"

Section 2.5 Registration of and Limitations on Transfer and Exchange of Notes. Issuer shall cause to be kept at the office or agency to be maintained by a transfer agent and registrar (the "Transfer Agent and Registrar") a register (the "Note Register") in which Issuer shall provide for the registration of Notes and the registration of transfers of Notes. Indenture Trustee initially shall be Transfer Agent and Registrar for the purpose of registering Notes and transfers of Notes as herein provided. Upon any resignation of any Transfer Agent and Registrar, Issuer shall promptly appoint a successor or, if it elects not to make such an appointment, assume the duties of Transfer Agent and Registrar.

If a Person other than Indenture Trustee is appointed by Issuer as Transfer Agent and Registrar, Issuer will give Indenture Trustee prompt written notice of the appointment of a Transfer Agent and Registrar and of the location, and any change in the location, of Transfer Agent and Registrar and Note Register. Indenture Trustee shall have the right to inspect the Note Register at all reasonable times and to obtain copies thereof, and Indenture Trustee shall have the right to conclusively rely upon a certificate executed on behalf of Transfer Agent and Registrar by an officer thereof as to the names and addresses of the Noteholders and the principal amounts and numbers of such Notes.

Upon surrender for registration of transfer of any Note at the office or agency of Transfer Agent and Registrar, to be maintained as provided in Section 3.2, if the requirements of Section 8-401 of the UCC are met as certified by Administrator to Indenture Trustee, Issuer shall execute, and upon receipt of such surrendered Note, Indenture Trustee (or an authenticating agent on behalf of Indenture Trustee as provided in Section 2.4) shall authenticate and deliver to the Noteholder, in the name of the designated transferee or transferees, one or more new Notes (of the same Series and Class) in any authorized denominations of like aggregate principal amount.

At the option of a Noteholder, Notes may be exchanged for other Notes (of the same Series and Class) in any authorized denominations and of like aggregate principal amount, upon surrender of such Notes to be exchanged at the office or agency of Transfer Agent and Registrar. Whenever any Notes are so surrendered for exchange, if the requirements of Section 8-401 of the UCC are met as certified by Administrator to Indenture Trustee, Issuer shall execute, and upon receipt of such surrendered Note Indenture Trustee shall authenticate (or an authenticating agent on behalf of Indenture Trustee as provided in Section 2.4) and deliver to the Noteholder, the Notes which the Noteholder making the exchange is entitled to receive.

Each Noteholder agrees that, prior to the first payment made to such Noteholder with respect to a Note, at any time required by law and/or promptly upon request, it will provide the Issuer, the Paying Agent and the Transfer Agent and Registrar with information and/or properly completed and signed tax certifications sufficient to eliminate the imposition of or to determine the amount of any withholding of tax, including withholding pursuant to FATCA, imposed on payments to it, and to allow each of the Issuer, the Paying Agent and the Transfer Agent and Registrar to comply with any reporting or other obligations under any applicable tax law, including but not limited to Internal Revenue Service Form W-9, W-8BEN, W-8BEN-E, W-8ECI or W-8IMY, as applicable, and any required supporting documentation (unless the related Indenture Supplement provides for other requirements or restrictions in terms of the allowable tax forms and documentations permitted to be delivered).

Each Noteholder shall be deemed to represent and warrant that it is not and it is not acquiring or holding the Note with the assets of, or on behalf of, an "employee benefit plan" as defined in Section 3(3) of ERISA which is subject to Title I of ERISA, a "plan" as defined in and subject to Section 4975 of the Code, any plan subject to a law that is similar to Title I of ERISA or Section 4975 of the Code or any entity deemed to hold the plan assets of any of the foregoing.

All Notes issued upon any registration of transfer or exchange of Notes shall evidence the same obligations, evidence the same debt, and be entitled to the same rights and privileges under this Indenture, as the Notes surrendered upon such registration of transfer or exchange.

Every Note presented or surrendered for registration of transfer or exchange shall be duly endorsed by, or be accompanied by a written instrument of transfer in a form satisfactory to Indenture Trustee duly executed by, the Noteholder thereof or its attorney-in-fact duly authorized in writing, and by such other documents as Indenture Trustee may reasonably require.

Any Note held by Transferor (or an Affiliate of Transferor disregarded as an entity separate from the Transferor for federal income tax purposes) at any time after the date of its initial issuance may be transferred or exchanged to a Person other than the Transferor (or an Affiliate of Transferor disregarded as an entity separate from the Transferor for federal income tax purposes) only upon the delivery to the Owner Trustee and Indenture Trustee of a Tax Opinion dated as of the date of such transfer or exchange, as the case may be, with respect to such transfer or exchange, and until such transfer or exchange, any such Note shall be evidenced

by Definitive Notes or as Registered Notes in book-entry form of the type described in the final paragraph of Section 2.1.

The registration of transfer of any Note shall be subject to the additional requirements, if any, set forth in the related Indenture Supplement.

No service charge shall be made for any registration of transfer or exchange of Notes, but Issuer and Transfer Agent and Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of such Notes.

All Notes surrendered for registration of transfer and exchange shall be canceled by Issuer and delivered to Indenture Trustee for subsequent destruction without liability on the part of either. Indenture Trustee shall destroy any Global Note upon its exchange in full for Definitive Notes and shall deliver a certificate of destruction to Transferor. Such certificate shall also state that a certificate or certificates of each Foreign Clearing Agency referred to in the applicable Indenture Supplement was received with respect to each portion of any Global Note exchanged for Definitive Notes.

Unless otherwise set forth in an Indenture Supplement, the preceding provisions of this Section 2.5 notwithstanding, Issuer shall not be required to make, and Transfer Agent and Registrar need not register, transfers or exchanges of Notes for a period of twenty (20) days preceding the due date for any payment with respect to the Note.

Any reference in this Indenture to Transfer Agent and Registrar shall include any co-transfer agent and co-registrar unless the context otherwise requires. Indenture Trustee will enter into any appropriate agency agreement with any co-transfer agent and co-registrar not a party to this Indenture, which will implement the provisions of this Indenture that relate to such agent.

Notwithstanding any other provision of this Indenture, with respect to any Notes for which an Opinion of Counsel has not been issued to the effect that such Notes will be characterized as debt for federal income tax purposes, no transfer (or purported transfer) of all or any part of such Notes (or any economic interest therein) shall be effective, and any such transfer (or purported transfer) shall be void *ab initio,* and no Person shall otherwise become a Holder of such Notes unless the transferee shall certify to Issuer and the Indenture Trustee that (i) it will not sell, transfer, assign, participate, pledge or otherwise dispose of such Notes (or any interests therein) on or through an "established securities market" within the meaning of Section 7704(b)(1) of the Code and U.S. Treasury Regulations Section 1.7704-1(b), including an interdealer quotation system that regularly disseminates firm buy or sell quotations, and (ii) such transferee either is not a partnership (including an entity treated as a partnership for federal income tax purposes), a grantor trust or an S corporation (each such entity a *"flow-through entity"*) or is a flow-through entity but no more than 50% of the value of any interest in such flow-through entity is or will be attributable to the flow-through entity's interest (direct or indirect) in Issuer. Further, any such transfer shall be subject to the additional requirements (including without limitation the execution of certain other certifications), if any, set forth in the related Indenture Supplement.

Any attempted transfer of any such Notes and any other interests in Issuer for which an Opinion of Counsel is not rendered in connection with the issuance of such interests to the effect that such interests will be characterized as debt for federal income tax purposes that would cause the number of holders or beneficial owners of such interests to exceed ninety five (95) or that is otherwise acquired in violation of this Section 2.5 shall be void *ab initio* and of no force or effect. While such a transfer is void *ab initio*, to the extent necessary, Issuer has the right to, and may, cause or compel the sale of any Notes acquired in violation of this Section 2.5 at the cost

and risk of the purported owner, or may require that such Notes or beneficial interests therein be transferred to a person designated by Issuer.

Notwithstanding anything contained herein to the contrary, neither the Indenture Trustee nor the Transfer Agent and Registrar shall be responsible for ascertaining whether any transfer complies with the registration provisions of or exemptions from the Securities Act, applicable state securities laws, ERISA, the Code or any substantially similar federal, state or local law.

Section 2.6 Mutilated, Destroyed, Lost or Stolen Notes. If (a) any mutilated Note is surrendered to the Transfer Agent and Registrar, or Transfer Agent and Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (b) in case of destruction, loss, or theft there is delivered to Transfer Agent and Registrar such security or indemnity as may be required by it to hold Issuer, the Noteholders, Indenture Trustee and Transfer Agent and Registrar harmless, then, in the absence of notice to Issuer, Transfer Agent and Registrar or Indenture Trustee that such Note has been acquired by a protected purchaser (as defined in Section 8-303 of the UCC as in effect in the State of New York), Issuer shall execute, and Indenture Trustee shall authenticate (or an authenticating agent on behalf of Indenture Trustee as provided in Section 2.4) and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note of like tenor (including the same date of issuance) and principal amount, bearing a number not contemporaneously outstanding; provided, however, that if any such mutilated, destroyed, lost or stolen Note shall have become or within seven (7) days shall be due and payable, or shall have been selected or called for redemption, instead of issuing a replacement Note, Issuer may pay such Note without surrender thereof, except that any mutilated Note shall be surrendered. If, after the delivery of such replacement Note or payment of a destroyed, lost or stolen Note pursuant to the proviso to the preceding sentence, a protected purchaser (as defined in Section 8-303 of the UCC as in effect in the State of New York) of the original Note in lieu of which such replacement Note was issued presents for payment such original Note, Issuer and Indenture Trustee shall be entitled to recover such replacement Note (or such payment) from the Person to whom it was delivered or any Person taking such replacement Note from such Person to whom such replacement Note was delivered or any assignee of such Person, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by Issuer or Indenture Trustee in connection therewith.

Upon the issuance of any replacement Note under this Section 2.6, Issuer may require the payment by the Holder of such Note of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of Indenture Trustee or Transfer Agent and Registrar) connected therewith.

Every replacement Note issued pursuant to this Section 2.6 in replacement of any mutilated, destroyed, lost or stolen Note shall constitute complete and indefeasible evidence of an obligation of Issuer, as if originally issued, whether or not the mutilated, destroyed, lost or stolen Note shall be found at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section 2.6 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 2.7 Persons Deemed Owners. Prior to due presentment for registration of transfer of any Note, Issuer, Transferor, Indenture Trustee and any agent of Issuer, Transferor or Indenture Trustee shall treat the Person in whose name any Note is registered as the owner of such Note for the purpose of receiving distributions pursuant to the terms of the applicable Indenture Supplement and for all other purposes whatsoever, whether or not such Note is

overdue, and neither Issuer, Transferor, Indenture Trustee nor any agent of Issuer, Transferor or Indenture Trustee shall be affected by any notice to the contrary.

Section 2.8 Appointment of Paying Agent.

(a) Issuer reserves the right at any time to vary or terminate the appointment of a Paying Agent for the Notes, and to appoint additional or other Paying Agents, provided that it will at all times maintain Indenture Trustee as a Paying Agent.

Indenture Trustee will enter into any appropriate agency agreement with any co-paying agent not a party to this Indenture, which will implement the provisions of this Indenture that relate to such agent.

Notice of all changes in the identity or specified office of a Paying Agent will be delivered promptly to the Noteholders by Indenture Trustee.

(b) Indenture Trustee shall cause each Paying Agent (other than itself) to execute and deliver to Indenture Trustee an instrument in which such Paying Agent shall agree with Indenture Trustee that such Paying Agent will hold all sums, if any, held by it for payment to the Noteholders in trust for the benefit of the Noteholders entitled thereto until such sums shall be paid to such Noteholders and shall agree, and if Indenture Trustee is Paying Agent it hereby agrees, that it shall comply with all requirements of the Code regarding the withholding by Indenture Trustee of payments in respect of federal income taxes due from the Note Owners.

Section 2.9 Access to List of Noteholders' Names and Addresses.

(a) Issuer will furnish or cause to be furnished to Indenture Trustee, Servicer or Paying Agent, within five (5) Business Days after receipt by Issuer of a written request therefor from Indenture Trustee, Servicer or Paying Agent, respectively, a list of the names and addresses of the Noteholders. Unless otherwise provided in the related Indenture Supplement, the Holders of not less than 10% of the principal balance of the Outstanding Notes of any Series (the "Applicants") may apply in writing to Indenture Trustee, and if such application states that the Applicants desire to communicate with other Noteholders of any Series with respect to their rights under this Indenture or under the Notes and is accompanied by a copy of the communication which such Applicants propose to transmit, then Indenture Trustee, after having been adequately indemnified by such Applicants for its costs and expenses, shall afford or shall cause Transfer Agent and Registrar to afford such Applicants access during normal business hours to the most recent list of Noteholders held by Indenture Trustee and shall give Servicer notice that such request has been made, within five (5) Business Days after the receipt of such application. Such list shall be as of a date no more than forty-five (45) days prior to the date of receipt of such Applicants' request.

(b) Every Noteholder, by receiving and holding a Note, agrees that none of Issuer, Indenture Trustee, Transfer Agent and Registrar and Servicer or any of their respective agents and employees shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Noteholders hereunder, regardless of the sources from which such information was derived.

Section 2.10 Cancellation. All Notes surrendered for payment, registration of transfer, exchange or redemption shall, if surrendered to any Person other than Indenture Trustee, be delivered to Indenture Trustee and shall be promptly canceled by it. Issuer may at any time deliver to Indenture Trustee for cancellation any Notes previously authenticated and delivered hereunder which Issuer may have acquired in any lawful manner whatsoever, and all Notes so delivered shall be promptly canceled by Indenture Trustee. No Notes shall be authenticated in

lieu of or in exchange for any Notes canceled as provided in this Section 2.10, except as expressly permitted by this Indenture. All canceled Notes held by Indenture Trustee shall be disposed of by it in its customary manner unless Issuer shall direct Indenture Trustee in a timely manner that they be returned to Issuer.

Section 2.11 New Issuances.

(a) Pursuant to one or more Indenture Supplements, Transferor may from time to time direct the Issuer, to issue one or more new Series of Notes (a "New Issuance"). The Notes of all outstanding Series shall be equally and ratably entitled as provided herein to the benefits of this Indenture without preference, priority or distinction, all in accordance with the terms and provisions of this Indenture and the applicable Indenture Supplement except, with respect to any Series or Class, as provided in the related Indenture Supplement. Interest on and principal of the Notes of each outstanding Series shall be paid as specified in the Indenture Supplement relating to such outstanding Series.

(b) On or before the Closing Date relating to any new Series of Notes, the parties hereto will execute and deliver an Indenture Supplement which will specify the Principal Terms of such Series. The terms of such Indenture Supplement may modify or amend the terms of this Indenture solely as applied to such new Series. The obligation of the Owner Trustee to execute, on behalf of Issuer, the Notes of any Series and of Indenture Trustee to authenticate such Notes and to execute and deliver the related Indenture Supplement is subject to the satisfaction of the following conditions; provided that the following conditions will not apply to any New Issuance dated as of the date hereof:

(i) No Asset Deficiency shall exist after giving effect to such issuance;

(ii) on or before the third Business Day immediately preceding the Closing Date relating to any new Series of Notes, Transferor shall have given the Owner Trustee, Indenture Trustee, Servicer and each Rating Agency notice (unless such notice requirement is otherwise waived) of such issuance and the Closing Date;

(iii) Transferor shall have delivered to the Indenture Trustee any related Indenture Supplement, in form satisfactory to the Indenture Trustee, executed by each party hereto (other than Indenture Trustee);

(iv) Transferor shall have delivered to the Owner Trustee and Indenture Trustee any related Enhancement Agreement;

(v) the Rating Agency Condition shall have been satisfied with respect to such issuance;

(vi) Transferor shall have delivered to the Indenture Trustee an Officer's Certificate, dated the Closing Date to the effect that Transferor reasonably believes that such issuance will not, based on the facts known to such officer at the time of such certification have an Adverse Effect;

(vii) Transferor shall have delivered to the Indenture Trustee a Tax Opinion, dated the Closing Date with respect to such issuance; and

(viii) Transferor shall have delivered to the Indenture Trustee an Officer's Certificate stating that (A) no Asset Deficiency shall exist and (B) the Aggregate Principal Balance shall not be less than the Required Principal Balance, in each case as of the Closing Date and after giving effect to such issuance.

(c) Upon satisfaction of the above conditions, pursuant to Section 2.3, the Owner Trustee, on behalf of Issuer, shall execute and Indenture Trustee shall upon written direction of Issuer authenticate and deliver the Notes of such Series as provided in this Indenture and the applicable Indenture Supplement.

(d) Issuer may direct Indenture Trustee in writing to deposit the net proceeds from any New Issuance in the Excess Funding Account. Issuer may also specify that on any Transfer Date the proceeds from the sale of any new Series may be withdrawn from the Excess Funding Account and treated as Shared Principal Collections. On any Business Day, the Transferor may cause the Issuer to withdraw funds on deposit in the Excess Funding Account and distribute such funds to the Transferor so long as such withdraw and distribution will not cause an Asset Deficiency.

Section 2.12 Book-Entry Notes. Unless otherwise provided in any related Indenture Supplement, the Notes, upon original issuance, shall be issued in the form of typewritten or printed Notes representing the Book-Entry Notes to be delivered to the depository specified in such Indenture Supplement which shall be the Clearing Agency or Foreign Clearing Agency, by or on behalf of such Series.

The Notes of each Series shall, unless otherwise provided in the related Indenture Supplement, initially be registered in the Note Register in the name of the nominee of the Clearing Agency or Foreign Clearing Agency for such Book-Entry Notes and shall be delivered to Indenture Trustee or, pursuant to such Clearing Agency's or Foreign Clearing Agency's instructions held by Indenture Trustee's agent as custodian for the Clearing Agency or Foreign Clearing Agency.

Unless and until Definitive Notes are issued under the limited circumstances described in Section 2.14, no Note Owner shall be entitled to receive a Definitive Note representing such Note Owner's interest in such Note. Unless and until Definitive Notes have been issued to the Note Owners pursuant to Section 2.14:

(a) the provisions of this Section 2.12 shall be in full force and effect with respect to each such Series;

(b) Indenture Trustee shall be entitled to deal with the Clearing Agency or Foreign Clearing Agency and the Clearing Agency Participants for all purposes of this Indenture (including the payment of principal of and interest on the Notes of each such Series) as the authorized representatives of the Note Owners;

(c) to the extent that the provisions of this Section 2.12 conflict with any other provisions of this Indenture, the provisions of this Section 2.12 shall control with respect to each such Series;

(d) the rights of Note Owners of each such Series shall be exercised only through the Clearing Agency or Foreign Clearing Agency and the applicable Clearing Agency Participants and shall be limited to those established by law and agreements between such Note Owners and the Clearing Agency or Foreign Clearing Agency and/or the Clearing Agency Participants. Pursuant to the depository agreement applicable to a Series, unless and until Definitive Notes of such Series are issued pursuant to Section 2.14, the initial Clearing Agency shall make book-entry transfers among the Clearing Agency Participants and receive and transmit distributions of principal and interest on the Notes to such Clearing Agency Participants; and

(e) whenever this Indenture requires or permits actions to be taken based upon instructions or directions of the Holders of Notes representing a specified percentage of the Outstanding Amount, the Clearing Agency or Foreign Clearing Agency shall be deemed to represent such percentage only to the extent that they have received instructions to such effect from the Note Owners and/or Clearing Agency Participants owning or representing, respectively, such required percentage of the beneficial interest in the Notes and has delivered such instructions to Indenture Trustee.

Section 2.13 Notices to Clearing Agency or Foreign Clearing Agency. Whenever a notice or other communication to the Noteholders is required under this Indenture, unless and until Definitive Notes shall have been issued to Note Owners pursuant to Section 2.14, Indenture Trustee shall give all such notices and communications specified herein to be given to Noteholders to the Clearing Agency or Foreign Clearing Agency, as applicable, and shall have no obligation to the Note Owners.

Section 2.14 Definitive Notes. If (i) (A) Transferor advises Indenture Trustee in writing that the Clearing Agency is no longer willing or able to discharge properly its responsibilities as Clearing Agency with respect to the Book-Entry Notes of a given Class or Series and (B) Indenture Trustee or Issuer is unable to locate and reach an agreement on satisfactory terms with a qualified successor, (ii) Transferor, at its option, and to the extent permitted by law, advises Indenture Trustee in writing that it elects to terminate the book-entry system through the Clearing Agency with respect to such Class or Series or (iii) after the occurrence of a Servicer Default, Note Owners of Notes evidencing more than 50% of the principal balance of the Outstanding Notes (or such other percentage as specified in the related Indenture Supplement) of such Class or Series, as applicable, advise Indenture Trustee and the applicable Clearing Agency through the applicable Clearing Agency Participants in writing that the continuation of a book-entry system is no longer in the best interests of the Note Owners of such Class or Series, the Clearing Agency shall notify all Note Owners of such Class or Series of the occurrence of such event and of the availability of Definitive Notes to Note Owners of such Class or Series requesting the same. Upon surrender to Indenture Trustee of the Notes of such Class or Series, accompanied by registration instructions from the applicable Clearing Agency, Issuer shall execute and Indenture Trustee shall authenticate Definitive Notes of such Class or Series and shall recognize the registered holders of such Definitive Notes as Noteholders under this Indenture. Neither Issuer nor Indenture Trustee shall be liable for any delay in delivery of such instructions, and Issuer and Indenture Trustee may conclusively rely on, and shall be fully protected in relying on, such instructions. Upon the issuance of Definitive Notes of such Class or Series, all references herein to obligations imposed upon or to be performed by the applicable Clearing Agency or Foreign Clearing Agency shall be deemed to be imposed upon and performed by Indenture Trustee, to the extent applicable with respect to such Definitive Notes, and Indenture Trustee shall recognize the registered holders of the Definitive Notes of such Class or Series as Noteholders of such Class or Series hereunder. Definitive Notes will be transferable and exchangeable at the offices of Transfer Agent and Registrar.

Section 2.15 Global Note. If specified in the related Indenture Supplement for any Series, Notes may be initially issued in the form of a single temporary Global Note (the "Global Note") in bearer form, without interest coupons, in the denomination of the initial principal amount and substantially in the form attached to the related Indenture Supplement. Unless otherwise specified in the related Indenture Supplement, the provisions of this Section 2.15 shall apply to such Global Note. The Global Note will be authenticated by Indenture Trustee upon the same conditions, in substantially the same manner and with the same effect as the Definitive Notes. The Global Note may be exchanged in the manner described in the related Indenture Supplement for Registered Notes. Except as otherwise specifically provided in the Indenture Supplement, any Notes that are issued in bearer form pursuant to this Indenture shall be issued in accordance with the requirements of Code section 163(f)(2).

Section 2.16 Notes to Constitute Indebtedness. The parties hereto agree that it is their mutual intent that, for all applicable tax purposes, the Notes shall constitute indebtedness (other than Notes beneficially owned by Issuer or the single beneficial owner of Issuer for U.S. federal income tax purposes). Further, each party hereto and each Holder (by accepting and holding a Note) hereby covenants to every other party hereto and to every other Holder to treat the Notes (other than Notes beneficially owned by Issuer or the single beneficial owner of Issuer for U.S. federal income tax purposes) as indebtedness for all applicable tax purposes in all tax filings, reports and returns and otherwise, and further covenants that neither it nor any of its Affiliates shall take, or participate in the taking of or permit to be taken, any action that is inconsistent with the treatment of the Notes as indebtedness for tax purposes. All successors and assignees of the parties hereto shall be bound by the provisions hereof.

Section 2.17 Uncertificated Classes. Notwithstanding anything to the contrary contained in this Article II or in Article XI, unless otherwise specified in any Indenture Supplement, any provisions contained in this Article II and in Article XI relating to the registration, form, execution, authentication, delivery, presentation, cancellation and surrender of Notes shall not be applicable to any uncertificated Notes**,** provided, however, that, except as otherwise specifically provided in the Indenture Supplement, any such uncertificated Notes shall be issued in "registered form" within the meaning of Code section 163(f)(1).

Section 2.18 Record Date for Voting. The Issuer may set a record date for purposes of determining the identity of the Noteholders and the Note Owners entitled to vote or consent to any action pursuant to this Indenture or any Transaction Document.

ARTICLE III

REPRESENTATIONS AND COVENANTS OF ISSUER

Section 3.1 Payment of Principal and Interest.

(a) Issuer will duly and punctually pay principal and interest in accordance with the terms of the Notes as specified in the relevant Indenture Supplement.

(b) The Noteholders of a Series as of the Record Date in respect of a Distribution Date shall be entitled to the interest accrued and payable and principal payable on such Distribution Date as specified in the related Indenture Supplement. All payment obligations under a Note are discharged to the extent such payments are made to the Noteholder of record.

Section 3.2 Maintenance of Office or Agency. Issuer will maintain an office or agency at the Corporate Trust Office of the Indenture Trustee and such other locations as may be set forth in an Indenture Supplement where Notes may be presented or surrendered for payment, where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon Issuer in respect of the Notes and this Indenture may be served. Issuer hereby initially appoints Indenture Trustee at its Corporate Trust Office to serve as its agent for the foregoing purposes. Issuer will give prompt written notice to Indenture Trustee and the Noteholders of the location, and of any change in the location, of any such office or agency. If at any time Issuer shall fail to maintain any such office or agency or shall fail to furnish Indenture Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office, and Issuer hereby appoints Indenture Trustee at its Corporate Trust Office as its agent to receive all such presentations, surrenders, notices and demands; provided, however, that the Indenture Trustee shall not be deemed an agent of the Issuer for service of legal process.

Section 3.3 Money for Note Payments to Be Held in Trust . As specified in Section 8.3 herein and in the related Indenture Supplement, all payments of amounts due and payable with respect to the Notes which are to be made from amounts withdrawn from the Collection Account, any Series Account and the Excess Funding Account shall be made on behalf of Issuer by Indenture Trustee or by Paying Agent, and no amounts so withdrawn from the Collection Account, any Series Account or the Excess Funding Account shall be paid over to or at the direction of Issuer except as provided in this Section 3.3 and in the related Indenture Supplement.

Whenever Issuer shall have a Paying Agent in addition to Indenture Trustee, it will direct Indenture Trustee to deposit with such Paying Agent on or before each Distribution Date an aggregate sum sufficient to pay the amounts then becoming due, such sum to be (i) held in trust for the benefit of Persons entitled thereto and (ii) invested, pursuant to an Issuer Order, by Paying Agent in Eligible Investments in accordance with the terms of the related Indenture Supplement. For all investments made by a Paying Agent under this Section 3.3, such Paying Agent shall be entitled to all of the rights and obligations of Indenture Trustee under the related Indenture Supplement, such rights and obligations being incorporated in this paragraph by this reference.

Issuer will cause each Paying Agent other than Indenture Trustee to execute and deliver to Indenture Trustee an instrument in which such Paying Agent shall agree with Indenture Trustee (and if Indenture Trustee acts as Paying Agent, it hereby so agrees), subject to the provisions of this Section 3.3, that such Paying Agent, in acting as Paying Agent, is an express agent of Issuer and, further, that such Paying Agent will:

(i) hold all sums held by it for the payment of amounts due with respect to the Notes in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided and pay such sums to such Persons as herein provided;

(ii) give a Responsible Officer of Indenture Trustee written notice of any default by Issuer (or any other obligor upon the Notes) of which it has actual knowledge in the making of any payment required to be made with respect to the Notes;

(iii) at any time during the continuance of any such default, upon the written request of Indenture Trustee, forthwith pay to Indenture Trustee all sums so held in trust by such Paying Agent;

(iv) immediately resign as a Paying Agent and forthwith pay to Indenture Trustee all sums held by it in trust for the payment of Notes if at any time it ceases to meet the standards required to be met by a Paying Agent at the time of its appointment; and

(v) comply with all requirements of the Code with respect to the withholding from any payments made by it on any Notes of any applicable withholding taxes imposed thereon and with respect to any applicable reporting requirements in connection therewith.

Issuer may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, by Issuer Order direct any Paying Agent to pay to Indenture Trustee all sums held in trust by such Paying Agent, such sums to be held by Indenture Trustee upon the same trusts as those upon which such sums were held by such Paying Agent; and upon such payment by any Paying Agent to Indenture Trustee, such Paying Agent shall be released from all further liability with respect to such sums.

Section 3.4 Existence. Issuer will keep in full effect its existence, rights and franchises as a statutory trust under the laws of the State of Delaware (unless it becomes, or any successor Issuer hereunder is or becomes, organized under the laws of any other state or of the United States of America, in which case Issuer will keep in full effect its existence, rights and franchises under the laws of such other jurisdiction) and will obtain and preserve its qualification to do business in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture, the Notes and the Collateral.

Section 3.5 Protection of Collateral. Issuer will from time to time prepare, or cause to be prepared, authorize, execute and deliver all such supplements and amendments hereto and all such financing statements, amendments thereto, continuation statements, instruments of further assurance and other instruments, and will take such other action necessary or advisable to:

(a) grant more effectively all or any portion of the Collateral as security for the Notes;

(b) maintain or preserve the lien (and the perfection and priority thereof) of this Indenture or to carry out more effectively the purposes hereof;

(c) perfect, publish notice of, or protect the validity of any Grant made or to be made under this Indenture;

(d) enforce any of the Collateral; or

(e) preserve and defend title to the Collateral securing the Notes and the rights therein of Indenture Trustee and the Noteholders secured thereby against the claims of all Persons and parties.

Issuer shall file, or cause the Administrator to file, any financing statement, continuation statement or other instrument required pursuant to this Section 3.5.

The Issuer hereby authorizes the filing of financing statements (and amendments of financing statements and continuation statements) that name the Issuer as debtor and the Indenture Trustee as secured party and that cover all personal property of the Issuer. The Issuer also hereby ratifies its authorization of the filing of any such financing statements (or amendments of financing statements or continuation statements) that were filed prior to the execution hereof.

The Issuer shall not change its name, address, type or jurisdiction of organization, or organizational identification number, without previously having delivered to the Indenture Trustee written notice of such change and a written certification that the Issuer has taken all actions necessary to maintain the perfection and priority of the security interest of the Indenture Trustee in the Collateral.

Issuer shall pay or cause to be paid any taxes levied on all or any part of the Collateral securing the Notes.

Section 3.6 Opinions as to Collateral.

(a) On the initial issuance date, and thereafter, if and only to the extent required by the TIA, on the Closing Date relating to any new Series of Notes, Issuer shall furnish to Indenture Trustee an Opinion of Counsel (with a copy to each Rating Agency) either stating that, in the opinion of such counsel, such action has been taken to perfect the lien and security interest of this Indenture, including with respect to the recording and filing of this Indenture, any

indentures supplemental hereto, and any other requisite documents, and with respect to the filing of any financing statements and continuation statements, as are so necessary and reciting the details of such action, or stating that, in the opinion of such counsel, no such action is necessary to maintain the perfection of such lien and security interest.

(b) If and only to the extent required by the TIA, on or before May 30 in each calendar year, beginning in 2023, Issuer shall furnish to Indenture Trustee an Opinion of Counsel satisfactory to the Rating Agencies either stating that, in the opinion of such counsel, such action has been taken to perfect the lien and security interest of this Indenture, including with respect to the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and with respect to the filing of any financing statements and continuation statements as is so necessary and reciting the details of such action or stating that in the opinion of such counsel no such action is necessary to maintain the perfection of such lien and security interest. Such Opinion of Counsel shall also describe the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and the filing of any financing statements and continuation statements that will, in the opinion of such counsel, be required to maintain the perfection of the lien and security interest of this Indenture until May 30 in the following calendar year.

Section 3.7 Performance of Obligations; Servicing of Receivables.

(a) Issuer may contract with other Persons to assist it in performing its duties under this Indenture, and any performance of such duties by a Person identified to Indenture Trustee in an Officer's Certificate of Issuer shall be deemed to be action taken by Issuer. Initially, Issuer has contracted with Administrator to assist Issuer in performing its duties under this Indenture.

(b) Issuer will punctually perform and observe all of its obligations and agreements contained in this Indenture, the other Transaction Documents and in the instruments and agreements relating to the Collateral, including but not limited to filing or causing to be filed all UCC financing statements and continuation statements required to be filed by the terms of this Indenture, the Transfer Agreement and the Servicing Agreement in accordance with and within the time periods provided for herein and therein.

(c) If Issuer shall have knowledge of the occurrence of a Servicer Default under the Servicing Agreement, Issuer shall cause Indenture Trustee to promptly notify the Rating Agencies thereof, and shall cause Indenture Trustee to specify in such notice the action, if any, being taken with respect to such default. If a Servicer Default shall arise from the failure of Servicer to perform any of its duties or obligations under the Servicing Agreement with respect to the Receivables, Issuer shall take all reasonable steps available to it to remedy such failure.

(d) With respect to the Receivables, the Servicer is responsible in each instance to (i) monitor the status of the applicable Benchmark, (ii) determine whether a substitute index should or could be selected, (iii) determine the selection of any such substitute index, and (iv) exercise any right related to the foregoing on behalf of the Trust, the Noteholders or any other Person.

(e) In the event of the resignation or termination of the Servicer pursuant to Section 4.1 or Section 4.2 of the Servicing Agreement, the Servicer shall continue to perform all servicing functions under the Servicing Agreement until the date of effectiveness of the Servicer's resignation, the date specified in the Termination Notice or a date mutually agreed upon by Servicer and Indenture Trustee, as applicable. As promptly as possible after the receipt of notice of resignation of the Servicer from the Issuer under Section 4.3 of the Servicing Agreement or the giving of a Termination Notice to Servicer under Section 4.1 of the Servicing Agreement, as applicable, Indenture Trustee shall appoint a Successor Servicer, and such Successor Servicer shall accept its appointment by a written assumption. In the event that a

Successor Servicer has not been appointed and accepted its appointment at the time when Servicer ceases to act as Servicer, Indenture Trustee in accordance with Section 4.3 of the Servicing Agreement without further action shall automatically be appointed the Successor Servicer. Indenture Trustee may delegate any of its servicing obligations to an Affiliate or agent in accordance with Sections 2.1(b) and 3.7 of the Servicing Agreement. Notwithstanding the foregoing, Indenture Trustee shall, if it is unwilling or legally unable so to act, petition at the expense of Servicer a court of competent jurisdiction to appoint any established institution qualifying as an Eligible Servicer as the Successor Servicer. Indenture Trustee shall give prompt notice to each Rating Agency and each Enhancement Provider upon the appointment of a Successor Servicer. Upon its appointment, the Successor Servicer shall be the successor in all respects to Servicer with respect to servicing functions under the Servicing Agreement and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on Servicer by the terms and provisions thereof, and all references in this Indenture to Servicer shall be deemed to refer to the Successor Servicer. In connection with any Termination Notice, Indenture Trustee will review any bids which it obtains from Eligible Servicers and shall be permitted to appoint any Eligible Servicer submitting such a bid as a Successor Servicer for servicing compensation, subject to the limitations set forth in Section 4.3 of the Servicing Agreement. Notwithstanding anything else herein to the contrary, in no event shall Indenture Trustee be liable for payment of any servicing fee.

Section 3.8 Negative Covenants. So long as any Notes are Outstanding, Issuer will not:

(a) sell, transfer, exchange, or otherwise dispose of any part of the Collateral unless directed to do so by Indenture Trustee, except as expressly permitted by the Transaction Documents;

(b) claim any credit on, or make any deduction from, the principal and interest payable in respect of the Notes (other than amounts properly withheld from such payments under the Code or applicable state law) or assert any claim against any present or former Noteholder by reason of the payment of any taxes levied or assessed upon any part of the Collateral;

(c) incur, assume, guarantee or otherwise become liable, directly or indirectly, for any indebtedness other than incurred under the Transaction Documents;

(d) (i) permit the validity or effectiveness of this Indenture to be impaired, or permit the lien of this Indenture to be amended, hypothecated, subordinated, terminated or discharged, or permit any Person to be released from any covenants or obligations with respect to the Notes under this Indenture except as may be expressly permitted by the Transaction Documents, (ii) permit any Lien, charge, excise, claim, security interest, mortgage or other encumbrance (other than the lien of this Indenture and other than with respect to a tax or similar lien) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the proceeds thereof or (iii) permit the lien of this Indenture not to constitute a valid first priority security interest (other than with respect to a tax, mechanics, or similar lien) in the Collateral; or

(e) voluntarily dissolve or liquidate in whole or in part.

Section 3.9 Statements as to Compliance. Issuer will deliver to Indenture Trustee on behalf of the Noteholders, within 120 days after the end of each fiscal year of Issuer at the end of which any Notes are outstanding (commencing within 120 days after the end of the fiscal year 2022), an Officer's Certificate stating, as to the Authorized Officer signing such Officer's Certificate, that;

(i) a review of the activities of Issuer during the 12-month period ending at the end of such fiscal year and of performance under this Indenture has been made under such Authorized Officer's supervision, and

(ii) to the best of such Authorized Officer's knowledge, based on such review, Issuer has complied with all conditions and covenants under this Indenture throughout such year, or, if there has been a default in the compliance of any such condition or covenant, specifying each such default known to such Authorized Officer and the nature and status thereof.

Section 3.10 Issuer May Consolidate, Etc., Only on Certain Terms.

(a) Issuer shall not consolidate or merge with or into any other Person, unless:

(1) the Person (if other than Issuer) formed by or surviving such consolidation or merger (the "Surviving Person") (i) is organized and existing under the laws of the United States of America or any state thereof or the District of Columbia, (ii) is not subject to regulation as an "investment company" under the Investment Company Act and (iii) expressly assumes, by an indenture supplemental hereto, executed and delivered to Indenture Trustee, in a form satisfactory to Indenture Trustee, the obligation to make due and punctual payment of the principal of and interest on all Notes and the performance of every covenant of this Indenture on the part of Issuer to be performed or observed;

(2) immediately after giving effect to such transaction, no Event of Default or Early Amortization Event shall have occurred and be continuing;

(3) Issuer shall have delivered to Indenture Trustee (A) an Officer's Certificate stating that (i) such consolidation or merger and such supplemental indenture comply with this Section 3.10, and (ii) all conditions precedent provided for in this Section 3.10 relating to such transaction have been complied with (including any filing required by the Exchange Act), and (B) an Opinion of Counsel that such supplemental indenture is duly authorized, executed and delivered and is valid, binding and enforceable against the Surviving Person;

(4) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(5) Issuer shall have received a Tax Opinion with respect to such consolidation or merger; and

(6) any action that is necessary to maintain the lien and security interest created by this Indenture shall have been taken.

(b) Issuer shall not convey or transfer any of its properties or assets, including those included in the Collateral, substantially as an entirety to any Person, unless:

(1) the Person that acquires by conveyance or transfer the properties and assets of Issuer the conveyance or transfer of which is hereby restricted (the "Acquiring Person") (A) is a United States citizen or a Person organized and existing under the laws of the United States of America or any state thereof, or the District of Columbia, (B) is not subject to regulation as an "investment company" under the Investment Company Act, (C) expressly assumes, by an indenture supplemental hereto, executed and delivered to Indenture Trustee, in form

satisfactory to Indenture Trustee, the obligation to make due and punctual payments of the principal of and interest on all Notes and the performance of every covenant of this Indenture on the part of Issuer to be performed or observed, (D) expressly agrees by means of such supplemental indenture that all right, title and interest so conveyed or transferred shall be subject and subordinate to the rights of Holders of the Notes, (E) unless otherwise provided in such supplemental indenture, expressly agree to indemnify, defend and hold harmless Issuer against and from any loss, liability or expense arising under or related to this Indenture and the Notes and (F) expressly agrees by means of such supplemental indenture that such Person (or if a group of Persons, then one specified Person) shall make all filings with the Commission (and any other appropriate Person) required by the Exchange Act in connection with the Notes;

(2) immediately after giving effect to such transaction, no Event of Default or Early Amortization Event shall have occurred and be continuing;

(3) the Rating Agency Condition shall have been satisfied with respect to such transaction;

(4) Issuer shall have received a Tax Opinion with respect to such transaction;

(5) any action that is necessary to maintain the lien and security interest created by this Indenture and the perfection and priority thereof shall have been taken; and

(6) Issuer shall have delivered to Indenture Trustee (A) an Officer's Certificate and an Opinion of Counsel each stating that (i) such conveyance or transfer and such supplemental indenture comply with this Section 3.10 and (ii) all conditions precedent herein provided for relating to such transaction have been complied with (including any filing required by the Exchange Act), and (B) an Opinion of Counsel that such supplemental indenture is duly authorized, executed and delivered and is valid, binding and enforceable against the Acquiring Person.

Section 3.11 Successor Substituted. Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of Issuer substantially as an entirety in accordance with Section 3.10, the Surviving Person or the Acquiring Person, as the case may be, shall succeed to, and be substituted for, and may exercise every right and power of, Issuer under this Indenture with the same effect as if such Person had been named as Issuer herein. In the event of any such conveyance or transfer, the Person named as Issuer in the first paragraph of this Indenture or any successor which shall theretofore have become such in the manner prescribed in this Section 3.11 shall be released from its obligations under this Indenture as issued immediately upon the effectiveness of such conveyance or transfer, provided that Issuer shall not be released from any obligations or liabilities to Indenture Trustee or the Noteholders arising prior to such effectiveness.

Section 3.12 No Other Business. Issuer shall not engage in any business other than the activities set forth in Section 2.3 of the Trust Agreement.

Section 3.13 Investments. Except as contemplated by this Indenture, the Transfer Agreement or the Servicing Agreement, Issuer shall not own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations, assets or securities of, or any other interest in, or make any capital contribution to, any other Person.

Section 3.14 Capital Expenditures. Issuer shall not make any expenditure (by long-term or operating lease or otherwise) for capital assets (either realty or personalty).

Section 3.15 Removal of Administrator. So long as any Notes are outstanding, Issuer shall not remove Administrator without cause unless the Rating Agency Condition shall have been satisfied in connection with such removal.

Section 3.16 Restricted Payments. Issuer will not, directly or indirectly, make payments to or distributions from the Collection Account, any Series Account or the Excess Funding Account except in accordance with the Transaction Documents.

Section 3.17 Notice of Events of Default. Issuer agrees to give Indenture Trustee and the Rating Agencies prompt written notice of each Event of Default hereunder, and written notice of each default on the part of (i) RPA Seller of its obligations under the Receivables Purchase Agreement, (ii) Transferor of its obligations under the Transfer Agreement and (iii) Servicer of its obligations under the Servicing Agreement, in each case immediately after obtaining knowledge thereof.

Section 3.18 [Reserved].

Section 3.19 Further Instruments and Acts. Issuer will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

Section 3.20 Perfection Representations and Warranties. The parties hereto agree that the Perfection Representations and Warranties shall be a part of this Indenture for all purposes. For purposes of the Perfection Representations and Warranties, this Indenture shall be the "Specified Agreement", the Issuer shall be the "Debtor" and the Indenture Trustee shall be the "Secured Party".

ARTICLE IV

SATISFACTION AND DISCHARGE

Section 4.1 Satisfaction and Discharge of this Indenture. This Indenture shall cease to be of further effect with respect to the Notes except as to (a) rights of registration of transfer and exchange, (b) substitution of mutilated, destroyed, lost or stolen Notes, (c) the rights of Noteholders to receive payments of principal thereof and interest thereon, (d) Sections 3.3, 3.7, 3.8, 3.11, 3.12 and 12.16, (e) the rights, indemnities and immunities of Indenture Trustee hereunder, including the rights of Indenture Trustee under Section 6.7, and the obligations of Indenture Trustee under Section 4.2, and (f) the rights of Noteholders as beneficiaries hereof with respect to the property so deposited with Indenture Trustee and payable to all or any of them, and Indenture Trustee, on written demand of and at the expense of Issuer, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to the Notes when:

(i) either

(A) all Notes theretofore authenticated and delivered (other than (1) Notes which have been destroyed, lost or stolen and which have been replaced, or paid as provided in Section 2.6, and (2) Notes for whose full payment Issuer has theretofore deposited money in trust with the Indenture Trustee or a Paying Agent, which money has thereafter been

repaid to Issuer or paid as provided in Section 3.3) have been delivered to Indenture Trustee for cancellation; or

(B) all Notes not theretofore delivered to Indenture Trustee for cancellation:

(1) have become due and payable;

(2) will become due and payable within one year at the Series Termination Date for such Class or Series of Notes; or

(3) are to be called for redemption in accordance with and subject to any redemption conditions in the related Indenture Supplement within one year under arrangements satisfactory to Indenture Trustee for the giving of notice of redemption by Indenture Trustee in the name, and at the expense, of Issuer;

(4) and Issuer, in the case of (1), (2) or (3) above, has irrevocably deposited or caused to be irrevocably deposited with Indenture Trustee cash or direct obligations of or obligations guaranteed by the United States of America (which will mature prior to the date such amounts are payable), in trust for such purpose, in an amount sufficient to pay and discharge the entire indebtedness on such Notes not theretofore delivered to Indenture Trustee for cancellation when due at the Series Termination Date for such Class or Series of Notes or the Redemption Date (if Notes shall have been called for redemption pursuant to the related Indenture Supplement), as the case may be;

(ii) Issuer has paid or caused to be paid all other sums payable hereunder by Issuer; and

(iii) Issuer has delivered to Indenture Trustee an Officer's Certificate, an Opinion of Counsel and (if required by the TIA) an Independent Certificate from a firm of certified public accountants, each meeting the applicable requirements of Section 12.1(a) and each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of Issuer to Indenture Trustee under Section 6.7 and of Indenture Trustee to the Noteholders under Section 4.2 shall survive such satisfaction and discharge.

Section 4.2 Application of Issuer Money. All monies deposited with Indenture Trustee pursuant to Section 4.1 shall be held in trust and applied by it, in accordance with the provisions of the Notes, this Indenture and the applicable Indenture Supplement, to make payments, either directly or through any Paying Agent to the Noteholders and for the payment in respect of which such monies have been deposited with Indenture Trustee, of all sums due and to become due thereon for principal and interest; but such monies need not be segregated from other funds except to the extent required herein or in the Transfer Agreement, the Servicing Agreement or required by law.

ARTICLE V

EARLY AMORTIZATION EVENTS, DEFAULTS AND REMEDIES

Section 5.1 Early Amortization Events. If any one of the following events shall occur:

(a) the occurrence of an Insolvency Event relating to CCB or Transferor;

(b) CCB shall become unable for any reason to transfer Receivables to Transferor pursuant to the Receivables Purchase Agreement or Transferor shall become unable for any reason to transfer Receivables to Issuer pursuant to the Transfer Agreement; or

(c) Issuer shall become subject to regulation by the Commission as an "investment company" within the meaning of the Investment Company Act,

then a "Trust Early Amortization Event" with respect to all Series of Notes shall occur without any notice or other action on the part of Indenture Trustee or the Noteholders immediately upon the occurrence of such event.

Upon the occurrence of an Early Amortization Event, payment on the Notes of each Series will be made in accordance with the terms of the related Indenture Supplement.

Section 5.2 Events of Default. An "Event of Default," wherever used herein, means with respect to any Series any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) default in the payment of the principal of any Note of that Series, if and to the extent not previously paid, when the same becomes due and payable on its Series Termination Date; or

(b) default in the payment of any interest on any Note of that Series when the same becomes due and payable, and such default shall continue for a period of thirty-five (35) days; or

(c) the filing of a decree or order for relief by a court having jurisdiction in the premises in respect of Issuer in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, conservator, liquidator, assignee, custodian, trustee, sequestrator or similar official for Issuer or ordering the winding-up or liquidation of Issuer's affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days; or

(d) the commencement by Issuer of a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or the consent by Issuer to the entry of an order for relief in an involuntary case under any such law, or the consent by Issuer to the appointment of or the taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator, conservator or similar official of Issuer, or the making by Issuer of any general assignment for the benefit of creditors, or the failure by Issuer generally to pay, or the admission in writing by Issuer of its inability to pay, its debts as such debts become due, or the taking of action by Issuer in furtherance of any of the foregoing; or

(e) any additional events specified in the Indenture Supplement related to such Series.

Issuer shall deliver to a Responsible Officer of Indenture Trustee, within five (5) days after the occurrence thereof, written notice in the form of an Officer's Certificate of any Default or Event of Default, its status and what action Issuer is taking or proposes to take with respect thereto.

Section 5.3 Acceleration of Maturity; Rescission and Annulment. If an Event of Default described in paragraph (a) or (b) of Section 5.2 should occur and be continuing with respect to a Series, then and in every such case the Holders of Notes representing more than 50% of the principal balance of the Outstanding Notes of such Series may and the Indenture Trustee at the direction of such Holders shall declare all the Notes of such Series to be immediately due and payable, by a notice in writing to Issuer (and to a Trustee Officer of Indenture Trustee if declared by Noteholders), and upon any such declaration the unpaid principal amount of such Notes, together with accrued and unpaid interest thereon through the date of acceleration, shall become immediately due and payable.

If an Event of Default described in paragraph (c) or (d) of Section 5.2 should occur and be continuing, then the unpaid principal of the Notes, together with accrued and unpaid interest thereon through the date of acceleration, shall automatically become due and payable.

At any time after such declaration of acceleration of maturity has been made and before a judgment or decree for payment of the money due has been obtained by Indenture Trustee as hereinafter provided in this Article V, the Holders of Notes representing more than 50% of the principal balance of the Outstanding Notes of such Series, by written notice to Issuer, Indenture Trustee and the Rating Agencies, may rescind and annul such declaration and its consequences; provided, that:

(a) Issuer has paid or deposited with Indenture Trustee a sum sufficient to pay:

(i) all payments of principal of and interest on all Notes and all other amounts that would then be due hereunder or upon such Notes if the Event of Default giving rise to such acceleration had not occurred; and

(ii) all sums paid or advanced by Indenture Trustee hereunder and the indemnities, reasonable compensation, expenses, disbursements and advances of Indenture Trustee and its agents and counsel; and

(b) all Events of Default, other than the nonpayment of the principal of the Notes that has become due solely by such acceleration, have been cured or waived as provided in Section 5.13.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

Section 5.4 Collection of Indebtedness and Suits for Enforcement by Indenture Trustee.

(a) Issuer covenants that if (i) default is made in the payment of any interest on any Note when the same becomes due and payable, and such default continues for a period of thirty-five (35) days following the date on which such interest became due and payable, or (ii) default is made in the payment of principal of any Note, if and to the extent not previously paid, when the same becomes due and payable on the Series Termination Date, Issuer will, upon demand of Indenture Trustee, pay to it, for the benefit of the Holders of the Notes of the affected Series, the whole amount then due and payable on such Notes for principal and interest, with, to the extent specified in the related Indenture Supplement, interest upon the overdue principal, and, to the

extent payment at such rate of interest shall be legally enforceable, interest upon overdue installments of interest, as specified in the related Indenture Supplement and in addition thereto will pay such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of Indenture Trustee and its agents and counsel.

(b) In case Issuer shall fail forthwith to pay such amounts upon such demand, Indenture Trustee, in its own name and as trustee of an express trust, may institute a Proceeding for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and may enforce the same against Issuer or other obligor upon such Notes and collect in the manner provided by law out of the Collateral or the property of any other obligor upon such Notes, wherever situated, the moneys adjudged or decreed to be payable.

(c) If an Event of Default occurs and is continuing, Indenture Trustee may, as more particularly provided in Section 5.5, in its discretion, proceed to protect and enforce its rights and the rights of the Noteholders of the affected Series, by such appropriate Proceedings as Indenture Trustee shall deem necessary to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy or legal or equitable right vested in Indenture Trustee by this Indenture or by law.

(d) In case there shall be pending, relative to Issuer or any other obligor upon the Notes of the affected Series, or any Person having or claiming an ownership interest in the Collateral, Proceedings under Title 11 of the United States Code or any other applicable federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or in case a receiver, conservator, assignee or trustee in bankruptcy or reorganization, liquidator, sequestrator, custodian or other similar official shall have been appointed for or taken possession of Issuer or its property or such other obligor or Person, or in case of any other comparable judicial Proceedings relative to Issuer or other obligor upon the Notes of such Series, or to the creditors or property of Issuer or such other obligor, Indenture Trustee, irrespective of whether the principal of any Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether Indenture Trustee shall have made any demand pursuant to the provisions of this Section 5.4, shall be entitled and empowered, by intervention in such Proceedings or otherwise:

(i) to file and prove a claim or claims for the whole amount of principal and interest owing and unpaid in respect of the Notes of such Series and to file such other papers or documents as may be necessary or advisable in order to have the claims of Indenture Trustee (including any claim for reasonable compensation to Indenture Trustee and each predecessor Indenture Trustee, and their respective agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by Indenture Trustee and each predecessor Indenture Trustee, except as a result of negligence or willful misconduct) and of the Noteholders of such Series allowed in such Proceedings;

(ii) unless prohibited by applicable law and regulations, to vote on behalf of the Holders of Notes of such Series in any election of a trustee, a standby trustee or Person performing similar functions in any such Proceedings;

(iii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute all amounts received with respect to the claims of the Noteholders of such Series and of Indenture Trustee on their behalf; and

(iv) to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of Indenture Trustee or the Holders of Notes of such Series allowed in any judicial Proceedings relative to Issuer, its creditors and its property;

and any trustee, receiver, conservator, liquidator, custodian, assignee, sequestrator or other similar official in any such Proceeding is hereby authorized by each of such Noteholders to make payments to Indenture Trustee, and, in the event that Indenture Trustee shall consent to the making of payments directly to such Noteholders, to pay to Indenture Trustee such amounts as shall be sufficient to cover reasonable compensation to Indenture Trustee, each predecessor Indenture Trustee and their respective agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by Indenture Trustee and each predecessor Indenture Trustee except as a result of negligence or willful misconduct.

(e) Nothing herein contained shall be deemed to authorize Indenture Trustee to authorize or consent to or vote for or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof or to authorize Indenture Trustee to vote in respect of the claim of any Noteholder in any such proceeding except, as aforesaid, to vote for the election of a trustee in bankruptcy or similar Person.

(f) All rights of action and of asserting claims under this Indenture, or under any of the Notes, may be enforced by Indenture Trustee without the possession of any of the Notes or the production thereof in any trial or other Proceedings relative thereto, and any such action or Proceedings instituted by Indenture Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment, subject to the payment of the expenses, disbursements and compensation of Indenture Trustee, each predecessor Indenture Trustee and their respective agents and attorneys, shall be for the benefit of the Holders of the Notes of the affected Series as provided herein.

(g) In any Proceedings brought by Indenture Trustee (and also any Proceedings involving the interpretation of any provision of this Indenture to which Indenture Trustee shall be a party), Indenture Trustee shall be held to represent all the Holders of the Notes of the affected Series, and it shall not be necessary to make any such Noteholder a party to any such Proceedings.

Section 5.5 Remedies; Priorities.

(a) If an Event of Default shall have occurred and be continuing with respect to any Series, and the Notes of such Series have been accelerated pursuant to Section 5.3, Indenture Trustee may do one or more of the following (subject to Sections 5.6 and 12.16):

(i) institute Proceedings in its own name and as trustee of an express trust for the collection of all amounts then payable on the Notes of the affected Series or under this Indenture with respect thereto, whether by declaration or otherwise, enforce any judgment obtained, and collect from Issuer and any other obligor upon such Notes moneys adjudged due;

(ii) take any other appropriate action to protect and enforce the rights and remedies of Indenture Trustee and the Holders of the Notes of the affected Series;

(iii) cause the Issuer to sell Principal Receivables (or interests therein) in an amount equal to the Collateral Amount of the accelerated Series and the related Finance Charge Receivables in accordance with Section 5.16;

provided, however, that Indenture Trustee may not exercise the remedy described in subparagraph (iii) above unless (A) (1) the Holders of Notes representing 100% of the principal balance of the Outstanding Notes of the affected Series consent in writing thereto, (2) Indenture Trustee determines that any proceeds of such exercise distributable to the Noteholders of the affected Series are sufficient to discharge in full all amounts then due and unpaid upon the Notes for principal and interest and is directed to exercise this remedy by Holders of Notes representing more than 50% of the principal balance of the Outstanding Notes of such Series, or (3) Indenture Trustee determines that the Collateral may not continue to provide sufficient funds for the payment of principal of and interest on the Notes as they would have become due if the Notes had not been declared due and payable, and Indenture Trustee obtains the consent of the Holders of Notes representing at least 66-2/3% of the principal balance of the Outstanding Notes of each Class of such Series and (B) Indenture Trustee has been provided with an Opinion of Counsel to the effect that the exercise of such remedy complies with applicable federal and state securities laws. In determining such sufficiency or insufficiency with respect to clauses (A)(2) and (A)(3), Indenture Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose.

The remedies provided in this Section 5.5(a) are the exclusive remedies provided to the Noteholders with respect to the Collateral, and each of the Indenture Trustee and the Noteholders (by their acceptance of their respective interests in the Notes) hereby expressly waives any other remedy that might have been available under the applicable UCC or any other law.

(b) If Indenture Trustee collects any money or property pursuant to this Article V following the acceleration of the Notes of the affected Series pursuant to Section 5.3 (so long as such a declaration shall not have been rescinded or annulled), it shall pay out the money or property in the following order:

FIRST: to Indenture Trustee for amounts due pursuant to Section 6.7; and

SECOND: unless otherwise specified in the related Indenture Supplement, to Indenture Trustee for distribution in accordance with the related Indenture Supplement with such amounts being deemed to be Principal Collections and Finance Charge Collections in the same proportion as (x) the outstanding principal balance of the Notes bears to (y) the sum of the accrued and unpaid interest on the Notes and other fees and expenses payable in connection therewith under the applicable Indenture Supplement, including the amounts payable under any Enhancements with respect to such Series.

(c) Indenture Trustee may, upon notification to Issuer, fix a record date and payment date for any payment to Noteholders of the affected Series pursuant to this Section 5.5. At least fifteen (15) days before such record date, Indenture Trustee shall mail or send by facsimile, at the expense of Servicer, to each such Noteholder a notice that states the record date, the payment date and the amount to be paid.

(d) In addition to the application of money or property referred to in Section 5.5(b) for an accelerated Series, amounts then held in the Collection Account, Excess Funding Account or any Series Accounts for such Series and any amounts available under the Enhancement for such Series shall be used to make payments to the Holders of the Notes of such Series and the Enhancement Provider for such Series in accordance with the terms of this Indenture, the related Indenture Supplement and the Enhancement for such Series. Following the sale of any Principal Receivables and related Finance Charge Receivables pursuant to Section 5.5(a)(iii) (or interests

therein) for a Series and the application of the proceeds of such sale to such Series and the application of the amounts then held in the Collection Account, the Excess Funding Account and any Series Accounts for such Series as are allocated to such Series and any amounts available under the Enhancement for such Series, such Series shall no longer be entitled to any allocation of Collections or other property constituting the Collateral under this Indenture.

Section 5.6 Optional Preservation of the Collateral. If the Notes of any Series have been declared to be due and payable under Section 5.3 following an Event of Default and such declaration and its consequences have not been rescinded and annulled, and Indenture Trustee has not received directions from the Noteholders pursuant to Section 5.12, Indenture Trustee may, but need not, elect to maintain possession of the portion of the Collateral which secures such Notes and apply proceeds of the Collateral to make payments on such Notes to the extent such proceeds are available therefor. It is the desire of the parties hereto and the Noteholders that there be at all times sufficient funds for the payment of principal of and interest on the Notes, and Indenture Trustee shall take such desire into account when determining whether or not to maintain possession of the Collateral. In determining whether to maintain possession of the Collateral, Indenture Trustee may, but need not, obtain and conclusively rely upon an opinion of an Independent investment banking or accounting firm of national reputation as to the feasibility of such proposed action and as to the sufficiency of the Collateral for such purpose.

Section 5.7 Limitation on Suits. No Noteholder shall have any right to institute any proceedings, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) the Holders of Notes representing not less than 25% of the principal balance of the Outstanding Notes of each affected Series have made written request to Indenture Trustee to institute such proceeding in its own name as indenture trustee;

(b) such Noteholder or Noteholders has previously given written notice to Indenture Trustee of a continuing Event of Default;

(c) such Noteholder or Noteholders has offered to Indenture Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) Indenture Trustee for sixty (60) days after its receipt of such request and offer of indemnity has failed to institute any such Proceeding; and

(e) no direction inconsistent with such written request has been given to Indenture Trustee during such 60-day period by the Holders of Notes representing more than 50% of the principal balance of the Outstanding Notes of each affected Series;

it being understood and intended that no one or more Noteholders of the affected Series shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Noteholders of such Series or to obtain or to seek to obtain priority or preference over any other Noteholders of such Series or to enforce any right under this Indenture, except in the manner herein provided.

In the event Indenture Trustee shall receive conflicting or inconsistent requests and indemnity from two (2) or more groups of Noteholders of such affected Series, each representing no more than 50% of the principal balance of the Outstanding Notes of such Series, Indenture Trustee in its sole discretion may determine what action, if any, shall be taken, notwithstanding any other provisions of this Indenture.

Section 5.8 Unconditional Rights of Noteholders to Receive Principal and Interest. Notwithstanding any other provision in this Indenture, each Noteholder shall have the right which is absolute and unconditional to receive payment of the principal of and interest in respect of such Note as such principal and interest becomes due and payable and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Noteholder.

Section 5.9 Restoration of Rights and Remedies. If Indenture Trustee or any Noteholder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned, or has been determined adversely to Indenture Trustee or to such Noteholder, then and in every such case Issuer, Indenture Trustee and the Noteholder shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of Indenture Trustee and the Noteholders shall continue as though no such Proceeding had been instituted.

Section 5.10 Rights and Remedies Cumulative. Except as specified in Section 5.5(a), no right, remedy, power or privilege herein conferred upon or reserved to Indenture Trustee or to the Noteholders is intended to be exclusive of any other right, remedy, power or privilege, and every right, remedy, power or privilege shall, to the extent permitted by law, be cumulative and in addition to every other right, remedy, power or privilege given hereunder or now or hereafter existing at law or in equity or otherwise. Except as specified in Section 5.5(a) above, assertion or exercise of any right or remedy shall not preclude any other further assertion or the exercise of any other appropriate right or remedy.

Section 5.11 Delay or Omission Not Waiver. No failure to exercise and no delay in exercising, on the part of Indenture Trustee or of any Noteholder or other Person, any right or remedy occurring hereunder upon any Event of Default shall impair any such right or remedy or constitute a waiver thereof of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article V or by law to Indenture Trustee or to the Noteholders may be exercised from time to time, and as often as may be deemed expedient, by Indenture Trustee or by the Noteholders, as the case may be.

Section 5.12 Rights of Noteholders to Direct Indenture Trustee. The Holders of Notes representing more than 50% of the principal balance of the Outstanding Notes of any affected Series shall have the right to direct in writing the time, method and place of conducting any Proceeding for any remedy available to Indenture Trustee with respect to such Series or exercising any trust or power conferred on Indenture Trustee with respect to such Series; provided, however, that subject to Section 6.1 Indenture Trustee shall have the right to decline any such direction if:

(a) Indenture Trustee, after being advised by counsel, determines that the action so directed is in conflict with any rule of law or with this Indenture;

(b) Indenture Trustee in good faith shall, by a Responsible Officer of Indenture Trustee, determine that the Proceedings so directed would be illegal or involve Indenture Trustee in personal liability or be unjustly prejudicial to the Noteholders not parties to such direction; or

(c) Indenture Trustee reasonably believes it will not be adequately indemnified against the costs, expenses and liabilities which might be incurred by it in complying with the action so directed.

Section 5.13 Waiver of Past Defaults. Prior to the declaration of the acceleration of the maturity of the Notes of the affected Series as provided in Section 5.3, Holders of Notes

representing more than 50% of the principal balance of the Outstanding Notes of such Series (or with respect to any such Series with two or more Classes, of each Class), may, on behalf of all such Noteholders, waive in writing any past default, with written notice to Indenture Trustee, with respect to such Notes and its consequences, except a default:

(a) in the payment of the principal or interest in respect of any Note of such Series, or

(b) in respect of a covenant or provision hereof that under Section 10.2 cannot be modified or amended without the consent of the Noteholder of each Outstanding Note affected;

which, in the case of either clause (a) or (b), can only be waived by all Noteholders of each affected Series. Upon any such written waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 5.14 Undertaking for Costs. All parties to this Indenture agree, and each Noteholder by its acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against Indenture Trustee for any action taken, suffered or omitted by it as Indenture Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant (other than Indenture Trustee) in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 5.14 shall not apply to any suit instituted by Indenture Trustee, to any suit instituted by any Noteholder, or group of Noteholders (in compliance with Section 5.8), holding Notes representing more than 10% of the principal balance of the Outstanding Notes of the affected Series, or to any suit instituted by any Noteholder for the enforcement of the payment of the principal or interest in respect of any Note on or after the Distribution Date on which any of such amounts was due (or, in the case of redemption, on or after the applicable Redemption Date).

Section 5.15 Waiver of Stay or Extension Laws. Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may adversely affect the covenants or the performance of this Indenture; and Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 5.16 Sale of Receivables.

(a) The method, manner, time, place and terms of any sale of Receivables (or interests therein) pursuant to Section 5.5(a)(iii) shall be commercially reasonable. Indenture Trustee may from time to time postpone any sale by public announcement made at the time and place of such sale. Indenture Trustee hereby expressly waives its right to any amount fixed by law as compensation for any sale.

(b) Indenture Trustee is hereby irrevocably appointed the agent and attorney-in-fact of Issuer in connection with any sale of Receivables pursuant to Section 5.5(a)(iii). No purchaser or transferee at any such sale shall be bound to ascertain Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any monies.

(c) In its exercise of the foreclosure remedy pursuant to Section 5.5(a)(iii), Indenture Trustee shall solicit, or cause to be solicited, bids for the sale of Principal Receivables (or interests therein) in any amount equal to the Collateral Amount of the affected Series of Notes at the time of sale and the related Finance Charge Receivables (or interests therein). Indenture Trustee shall sell, or cause to be sold, such Receivables (or interests therein) to the bidder with the highest cash purchase offer. The proceeds of any such sale shall be applied as specified in the applicable Indenture Supplement.

Section 5.17 Action on Notes. Indenture Trustee's right to seek and recover judgment on the Notes or under this Indenture shall not be affected by the seeking or obtaining of or application for any other relief under or with respect to this Indenture. Neither the lien of this Indenture nor any rights or remedies of Indenture Trustee or the Noteholders shall be impaired by the recovery of any judgment by Indenture Trustee against Issuer or by the levy of any execution under such judgment upon any portion of the Collateral or upon any of the assets of Issuer. Any money or property collected by Indenture Trustee shall be applied as specified in the applicable Indenture Supplement.

ARTICLE VI

INDENTURE TRUSTEE

Section 6.1 Duties of Indenture Trustee.

(a) If an Event of Default has occurred and is continuing and a Responsible Officer shall have actual knowledge or written notice of such Event of Default, Indenture Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default of which a Responsible Officer has actual knowledge or written notice:

(i) Indenture Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against Indenture Trustee; and

(ii) in the absence of bad faith or negligence on its part, Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to Indenture Trustee and conforming to the requirements of this Indenture; provided, however, Indenture Trustee, upon receipt of any resolutions, certificates, statements, opinions, reports, documents, orders or other instruments furnished to Indenture Trustee which are specifically required to be furnished pursuant to any provision of this Indenture or any Indenture Supplement, shall examine them to determine whether they substantially conform to the requirements of this Indenture or any Indenture Supplement but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein.

(c) No provision of this Indenture shall be construed to relieve Indenture Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this Section 6.1(c) shall not be construed to limit the effect of Section 6.1(a);

(ii) Indenture Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that Indenture Trustee was negligent in ascertaining the pertinent facts; and

(iii) Indenture Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the Indenture and/or the direction of the Holders of Notes or for exercising any trust or power conferred upon Indenture Trustee, under this Indenture. Indenture Trustee shall not be liable for any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of Servicer, Transferor or the Issuer in compliance with the terms of this Indenture or any Indenture Supplement.

(d) No provision of this Indenture shall require Indenture Trustee to expend or risk its own funds or otherwise incur any liability, financial or otherwise, in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not reasonably assured to it.

(e) Every provision of this Indenture that in any way relates to Indenture Trustee is subject to this Section 6.1.

(f) Except as expressly provided in this Indenture, Indenture Trustee shall have no power to vary the Collateral, including by (i) accepting any substitute payment obligation for a Receivable initially transferred to the Issuer under the Transfer Agreement, (ii) adding any other investment, obligation or security to the Issuer or (iii) withdrawing from Issuer any Receivable (except as otherwise provided in the Transfer Agreement).

(g) Indenture Trustee shall have no responsibility or liability for investment losses on Eligible Investments (other than Eligible Investments on which the institution acting as Indenture Trustee is an obligor). Indenture Trustee shall have no obligation to invest and reinvest any cash held in the absence of timely and specific written investment direction from Issuer. In no event shall Indenture Trustee be liable for the selection of investments or for investment losses incurred thereon. Indenture Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of Issuer to provide timely written investment direction.

(h) Indenture Trustee shall notify each Rating Agency promptly of the occurrence of any Event of Default or Early Amortization Event of which a Responsible Officer of Indenture Trustee has actual knowledge of or has written notice from Servicer.

(i) For all purposes under this Indenture, Indenture Trustee shall not be deemed to have notice or knowledge of any Event of Default, Early Amortization Event or Servicer Default unless a Responsible Officer assigned to and working in the Corporate Trust Office of Indenture Trustee has actual knowledge thereof or has received written notice thereof. For purposes of determining Indenture Trustee's responsibility and liability hereunder, any reference to an Event of Default, Early Amortization Event or Servicer Default shall be construed to refer only to such event of which Indenture Trustee is deemed to have notice as described in this Section 6.1(i).

(j) Without limiting the generality of this Section 6.1 and subject to the other provisions of this Indenture, the Indenture Trustee shall have no duty (i) to see to any recording, filing or depositing of this Indenture or any agreement referred to herein, or to see to the maintenance of any such recording or filing or depositing or to any recording, refiling or redepositing of any thereof or to see to the validity, perfection, continuation, or value of any lien or security interest created herein or under any other Transaction Document, (ii) to see to the

payment or discharge of any tax, assessment or other governmental Lien owing with respect to, assessed or levied against any part of the Issuer, (iii) to confirm or verify the contents of any reports or certificates delivered to the Indenture Trustee pursuant to this Indenture or the Servicing Agreement believed by the Indenture Trustee to be genuine and to have been signed or presented by the proper party or parties, (iv) to determine whether any Receivable is an Eligible Receivable or to inspect the Receivables at any time or ascertain or inquire as to the performance or observance of any of the Issuer's, the Transferor's or the Servicer's representations, warranties or covenants under the Transaction Documents, or (v) the acquisition or maintenance of any insurance.

(k) The Indenture Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Issuer, the Servicer and/or a specified percentage of Noteholders under circumstances in which such direction is required or permitted by the terms of this Indenture or other Transaction Document.

Section 6.2 Notice of Early Amortization Event or Event of Default. Upon the occurrence of any Early Amortization Event or Event of Default of which a Responsible Officer has actual knowledge or has received written notice thereof, Indenture Trustee shall transmit by mail to all Noteholders as their names and addresses appear on the Note Register and the Rating Agencies, notice of such Early Amortization Event or Event of Default hereunder known to Indenture Trustee within thirty (30) days after it occurs or within ten (10) Business Days after it receives such notice or obtains actual notice, if later.

Section 6.3 Rights of Indenture Trustee. Except as otherwise provided in Section 6.1:

(a) Indenture Trustee may conclusively rely and shall fully be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, judgement, bond, note, other evidence of indebtedness or other paper or document (whether in its original or facsimile form) reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein;

(b) whenever in the administration of this Indenture the Indenture Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, Indenture Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officer's Certificate of Issuer. Issuer shall provide a copy of such Officer's Certificate to the Noteholders at or prior to the time Indenture Trustee receives such Officer's Certificate;

(c) as a condition to the taking, suffering or omitting of any action by it hereunder, Indenture Trustee may consult with counsel of its own selection, and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in-good faith and in reliance thereon;

(d) Indenture Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture or to honor the request or direction of any of the Noteholders pursuant to this Indenture, unless such Noteholders shall have offered to Indenture Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(e) Indenture Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, judgement, bond, note, other evidence of indebtedness or other

paper or document, but Indenture Trustee at the written direction of one or more of the Noteholders and at the expense of the Noteholders, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if Indenture Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of Issuer and Servicer at the expense if the Servicer, personally or by agent or attorney and shall incur no liability of any kind by reason of such inquiry or investigation;

(f) Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees and Indenture Trustee shall not be responsible for any (i) misconduct or negligence on the part of any agent, attorney, custodians or nominees appointed with due care by it hereunder or (ii) the supervision of such agents, attorneys, custodians or nominees after such appointment with due care;

(g) Indenture Trustee shall not be liable for any actions taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights conferred upon Indenture Trustee by this Indenture;

(h) in the event that Indenture Trustee is also acting as Paying Agent and Transfer Agent and Registrar and Successor Servicer, if it becomes Successor Servicer pursuant to Section 4.3 of the Servicing Agreement, the rights and protections afforded to Indenture Trustee pursuant to this Article VI shall also be afforded to such Paying Agent and Transfer Agent and Registrar and Successor Servicer, if it becomes Successor Servicer pursuant to Section 4.3 of the Servicing Agreement;

(i) the permissive rights of the Indenture Trustee to do things enumerated in this Indenture shall not be construed as duties;

(j) in no event shall the Indenture Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to loss of profit) irrespective of whether the Indenture Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

(k) the Indenture Trustee shall not be required to give any bond or surety in respect of the execution of the trusts and powers under this Indenture;

(l) the Indenture Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or other wire or communication facility; so long as the Indenture Trustee takes reasonable corrective actions under the circumstances;

(m) the Indenture Trustee shall have no duty to make, arrange or ensure the completion of any recording, filing or registration of any instrument or other document (including any UCC financing statements), or any amendments, continuation statements or supplements to any of said instruments, or to determine if any such instrument or other document is in a form suitable for recording, filing or registration, and the Indenture Trustee shall not have any duty to make, arrange or ensure the completion of the payment of any fees, charges or taxes in connection therewith. In addition, the Indenture Trustee shall have no responsibility or liability

(i) in connection with the acts or omissions of the Issuer, the Administrator or any other Person in respect of the foregoing or (ii) for or with respect to the legality, validity and enforceability of any security interest created or the perfection and priority of such security interest;

(n) the Indenture Trustee shall not be responsible for or have any liability for the collection of any Receivables or the recoverability of any amounts from an Obligor or any other Person owing any amounts as a result of any Receivables, including after any default of any Obligor or any other such Person;

(o) the Indenture Trustee shall not be liable for failing to comply with its obligations under this Indenture or any other related document in so far as the performance of such obligations is dependent upon the timely receipt of instructions and/or other information from any other Person which are not received or not received by the time required;

(p) the Indenture Trustee shall be fully justified in failing or refusing to take any action under this Indenture or any other related document if such action would, in the reasonable opinion of the Indenture Trustee, in good faith (which may be based on the advice or opinion of counsel), be contrary to applicable Law, this Indenture or any other related document; provided that the Indenture Trustee's conduct does not constitute willful misconduct, negligence or bad faith; and

(q) the Indenture Trustee shall have no obligation or duty to determine or otherwise monitor any Person's compliance with Regulation RR or any other laws, rules or regulations of any other jurisdiction related to risk retention.

Section 6.4 Not Responsible for Recitals or Issuance of Notes. The recitals contained herein and in the Notes, except the certificate of authentication of Indenture Trustee, shall be taken as the statements of Issuer, and Indenture Trustee assumes no responsibility for their correctness. Neither Indenture Trustee nor any of its agents makes any representation as to the validity or sufficiency of this Indenture, the Notes, or any related document. Indenture Trustee shall not be accountable for the use or application by Issuer of the proceeds from the Notes.

Section 6.5 Restrictions on Holding Notes. Indenture Trustee shall not in its individual capacity, but may in a fiduciary capacity, become the owner or pledgee of Notes and may otherwise deal with Issuer with the same rights it would have if it were not Indenture Trustee, Paying Agent, Transfer Agent and Registrar or such other agent. Any Paying Agent, Transfer Agent and Registrar that is not also Indenture Trustee or any other agent of Issuer, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with Issuer with the same rights it would have if it were not Paying Agent, Transfer Agent and Registrar or such other agent.

Section 6.6 Money Held in Trust by Indenture Trustee. Money held by Indenture Trustee in trust hereunder need not be segregated from other funds held by Indenture Trustee in trust hereunder except to the extent required herein or required by law. Indenture Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed upon in writing by Indenture Trustee and Issuer.

Section 6.7 Compensation, Reimbursement and Indemnification. Servicer shall pay to Indenture Trustee, or the Authenticating Agent, as applicable, from time to time reasonable compensation for all services rendered by Indenture Trustee or the Authenticating Agent, as applicable as shall be agreed in writing by the Servicer and the Indenture Trustee or the Authenticating Agent under this Agreement (which compensation shall not be limited by any law on compensation of a trustee of an express trust). Servicer shall reimburse Indenture Trustee for all reasonable out-of-pocket expenses incurred or made by it, including costs of collection, in

addition to the compensation for its services. Such expenses shall include the reasonable compensation and expenses, disbursements and advances of Indenture Trustee's agents, counsel, accountants and experts. Issuer shall direct Servicer to indemnify, defend and hold harmless, and Servicer shall indemnify Indenture Trustee and its officers, directors, employees and agents against any and all loss, liability, expense, damage or claim (including the fees of either in-house counsel or outside counsel) incurred by it in connection with the administration of this trust and the performance of its duties hereunder and under any other Transaction Document whether brought by any party to this Indenture or any third party, including any claim arising from any failure by Issuer or Transferor to pay when due any sales, excise, transfer or personal taxes relating to the Receivables and including those with respect to enforcement of its right to indemnity hereunder. Indenture Trustee shall notify Issuer and Servicer promptly of any claim for which it may seek indemnity. Failure by Indenture Trustee to so notify Issuer and Servicer of a claim of which a Responsible Officer has received written notice shall not relieve Issuer or Servicer of its obligations hereunder unless such loss, liability or expense could have been avoided with such prompt notification and then only to the extent of such loss, expense or liability which could have been so avoided. Servicer shall defend any claim against Indenture Trustee, Indenture Trustee may have separate counsel and, if it does, Servicer shall pay the fees and expenses of such counsel. The Servicer will not be liable for any settlement of any claim or action effected without its prior written consent, which consent will not be unreasonably withheld, conditioned or delayed. Neither Issuer nor Servicer need reimburse any expense or indemnify against any loss, liability or expense determined by a court of competent jurisdiction to have been caused by Indenture Trustee through Indenture Trustee's own willful misconduct or negligence.

Servicer's payment obligations to Indenture Trustee pursuant to this Section 6.7 shall survive the repayment of the Notes, the discharge of this Indenture or earlier resignation or removal of Indenture Trustee. When Indenture Trustee incurs expenses after the occurrence of an Event of Default specified in Section 5.2(c) or 5.2(d) with respect to Issuer, the expenses are intended to constitute administrative expenses for purposes of priority under Title 11 of the United States Code or any other applicable federal or state bankruptcy, insolvency or similar law.

To secure Servicer's and Issuer's payment obligations in this Section 6.7, Indenture Trustee shall have a lien prior to the Notes on all money or property held or collected by Indenture Trustee, in its capacity as Indenture Trustee, except money or property held in trust to pay principal of, or interest on, the Notes.

Section 6.8 Replacement of Indenture Trustee. No resignation or removal of Indenture Trustee and no appointment of a successor Indenture Trustee shall become effective until the acceptance of appointment by the successor Indenture Trustee pursuant to this Section 6.8. Indenture Trustee may resign at any time by giving thirty (30) days written notice to Issuer and the Rating Agencies. The Holders of Notes representing more than 66 2/3% of the Outstanding Amount of all Series may remove Indenture Trustee by so notifying Indenture Trustee in writing and may appoint a successor Indenture Trustee. Administrator shall remove Indenture Trustee upon written notice if:

(i) Indenture Trustee fails to comply with Section 6.11;

(ii) Indenture Trustee is adjudged a bankrupt or insolvent;

(iii) a receiver of Indenture Trustee or of its property shall be appointed, or any public officer takes charge of Indenture Trustee or its property or its affairs for the purpose of rehabilitation, conservation or liquidation; or

(iv) Indenture Trustee otherwise becomes legally unable to act.

If Indenture Trustee resigns or is removed or if a vacancy exists in the office of Indenture Trustee for any reason (Indenture Trustee in such event being referred to herein as the retiring Indenture Trustee), Administrator shall promptly appoint a successor Indenture Trustee.

A successor Indenture Trustee shall deliver a written acceptance of its appointment to the retiring Indenture Trustee, Servicer and to Issuer. Thereupon the resignation or removal of the retiring Indenture Trustee shall become effective, and the successor Indenture Trustee shall have all the rights, powers and duties of Indenture Trustee under this Indenture. The successor Indenture Trustee shall mail a notice of its succession to Noteholders. The retiring Indenture Trustee shall promptly transfer all property held by it as Indenture Trustee to the successor Indenture Trustee, subject to the payment of any and all amounts then due and owing to Indenture Trustee.

If a successor Indenture Trustee does not take office within sixty (60) days after the retiring Indenture Trustee gives notice of resignation or is removed, the retiring Indenture Trustee, Issuer or any Holders of Notes may petition any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

If Indenture Trustee fails to comply with Section 6.11, any Noteholder may petition any court of competent jurisdiction for the removal of Indenture Trustee and the appointment of a successor Indenture Trustee.

Notwithstanding the replacement of Indenture Trustee pursuant to this Section 6.8, Issuer's obligations under Section 6.7 shall continue for the benefit of the retiring Indenture Trustee.

Administrator shall notify the Rating Agencies of any replacement of Indenture Trustee pursuant to this Section 6.8.

Section 6.9 Successor Indenture Trustee by Merger. If Indenture Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Indenture Trustee; provided that such corporation or banking association shall be otherwise qualified and eligible under Section 6.11. Indenture Trustee shall provide the Rating Agencies prior written notice of any such transaction.

In case at the time such successor or successors by merger, conversion, consolidation or transfer to Indenture Trustee shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to Indenture Trustee may adopt the certificate of authentication of any predecessor Indenture Trustee and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to Indenture Trustee may authenticate such Notes in the name of the successor to Indenture Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of Indenture Trustee shall have.

Section 6.10 Appointment of Co-Indenture Trustee or Separate Indenture Trustee.

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any part of the Collateral may at the time be located, Indenture Trustee shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustee or separate trustees, of all or any part of the Collateral, and to vest in such Person or

Persons, in such capacity and for the benefit of the Noteholders, such title to the Collateral, or any part hereof, and, subject to the other provisions of this Section 6.10, such powers, duties, obligations, rights and trusts as Indenture Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 6.11 and no notice to Noteholders of the appointment of any co-trustee or separate trustee shall be required under Section 6.8.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all rights, powers, duties and obligations conferred or imposed upon Indenture Trustee shall be conferred or imposed upon and exercised or performed by Indenture Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without Indenture Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Collateral or any portion thereof in any such jurisdiction) shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of Indenture Trustee;

(ii) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder;

(iii) Indenture Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee; and

(iv) Indenture Trustee shall not be liable for any act or failure to act on the part of any separate trustee or co-trustee.

(c) Any notice, request or other writing given to Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article VI. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, Indenture Trustee. Every such instrument shall be filed with Indenture Trustee.

(d) Any separate trustee or co-trustee may at any time constitute Indenture Trustee, its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by Indenture Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

Section 6.11 Eligibility; Disqualification. Indenture Trustee shall at all times satisfy the requirements of TIA §310(a). Indenture Trustee shall have a combined capital and surplus of at least $50,000,000 as set forth in its most recent published annual report of condition and either its long-term unsecured debt shall be rated at least Baa3 by Moody's and BBB- by Standard & Poor's or its short-term debt shall be rated at least P-3 by Moody's and A-3 by Standard & Poor's. Indenture Trustee shall comply with TIA §310(b), including the optional provision permitted by the second sentence of TIA §310(b)(9); provided, however, that there shall be

excluded from the operation of TIA §310(b)(1) any indenture or indentures under which other securities of Issuer are outstanding if the requirements for such exclusion set forth in TIA §310(b)(1) are met.

Section 6.12 Preferential Collection of Claims Against. Indenture Trustee shall comply with TIA §311(a), excluding any creditor relationship listed in TIA §311(b). An Indenture Trustee who has resigned or been removed shall be subject to TIA §311(a) to the extent provided therein.

Section 6.13 Representations and Covenants of Indenture Trustee. Indenture Trustee represents, warrants and covenants that:

(i) Indenture Trustee is a national banking association duly organized and existing under the laws of the United States;

(ii) Indenture Trustee has full power and authority to deliver and perform this Indenture and has taken all necessary action to authorize the execution, delivery and performance by it of this Indenture and other Transaction Documents to which it is a party; and

(iii) Each of this Indenture and the other Transaction Documents to which it is a party has been duly executed and delivered by Indenture Trustee and constitutes its legal, valid and binding obligation in accordance with its terms.

Section 6.14 Custody of the Collateral. The Issuer shall cause such of the Collateral (and any other collateral that may be granted to the Indenture Trustee) as consists of instruments, certificated securities, negotiable documents, money, goods, or tangible chattel paper to the extent that they are required by this Indenture to be delivered in physical form, to be delivered to the Indenture Trustee in the State of Minnesota. The Issuer shall cause such of the Collateral (and any other collateral that may be granted to the Indenture Trustee) as constitutes investment property (other than certificated securities) to be held through a securities intermediary, which securities intermediary shall agree in writing with the Indenture Trustee and the Issuer that (I) such investment property shall at all times be credited to a securities account of the Indenture Trustee, (II) such securities intermediary shall treat the Indenture Trustee as entitled to exercise the rights that comprise each financial asset credited to such securities account, (III) all property credited to such securities account shall be treated as a financial asset, (IV) such securities intermediary shall comply with entitlement orders originated by the Indenture Trustee without the further consent of any other person or entity, (V) such securities intermediary will not agree with any person or entity other than the Indenture Trustee to comply with entitlement orders originated by any person or entity other than the Indenture Trustee, (VI) such securities account and the property credited thereto shall not be subject to any lien, security interest, encumbrance, claim, or right of set-off in favor of such securities intermediary or anyone claiming through it (other than the Indenture Trustee), (VII) such agreement shall be governed by the laws of the State of New York, and (VIII) the State of New York shall be the "securities intermediary's jurisdiction" of such securities intermediary for purposes of the New York UCC. The Issuer shall cause such of the Collateral (and any other collateral that may be granted to the Indenture Trustee) as constitutes a deposit account to be held through a bank, which bank shall agree in writing with the Indenture Trustee and the Issuer that (i) such bank shall comply with instructions originated by the Indenture Trustee directing disposition of the funds in the deposit account without further consent of any other person or entity, (ii) such bank will not agree with any person or entity other than the Indenture Trustee to comply with instructions originated by any person or entity other than the Indenture Trustee, (iii) such deposit account and the money on deposit therein shall not be subject to any lien, security interest, encumbrance, claim, or right of set-off in favor of such bank or anyone claiming through it (other than the Indenture Trustee),

(iv) such agreement shall be governed by the laws of the State of New York, and (v) the State of New York shall be the "bank's jurisdiction" of such bank for purposes of Article 9 of the New York UCC.

Section 6.15 Confidentiality. The Indenture Trustee hereby agrees: (a) not to disclose to any Person any Account Numbers or any other information contained in any Account Schedule, or any other consumer information related to the Accounts which meets the definition of "Non-Public Personal Information" under the Gramm-Leach-Bliley Act ("GLB Act") and its implementing regulations (the "Privacy Regulations") (collectively, the "Consumer Information"), except (i) to a Successor Servicer or as required by a Requirement of Law applicable to the Indenture Trustee, or (ii) in connection with the performance of the Indenture Trustee's duties hereunder, (b) to take such measures as shall be reasonably requested by the Transferor to protect and maintain the security and confidentiality of such information, (c) to comply with and cause its Affiliates and subcontractors to comply with the GLB Act and the Privacy Regulations (to the extent applicable to any of them) in their handling of the Consumer Information and to maintain (and cause such Affiliates and subcontractors to maintain) applicable physical, electronic and procedural safeguards that comply with the GLB Act and the Privacy Regulations (and any other similar requirements adopted by any Regulatory Authority having authority over the Indenture Trustee) with respect to all Consumer Information in its possession (and in connection therewith, the Indenture Trustee shall allow the Transferor or its duly authorized representatives to inspect the Indenture Trustee's policies and procedures to ensure compliance with the terms of this Section 6.15 as they specifically relate to the Indenture or otherwise to its activities as the Indenture Trustee from time to time during normal business hours upon prior written notice), and (d) not to use any Account Schedule information or other Consumer Information for any purpose other than the transactions contemplated hereby (including, without limitation, to compete, directly or indirectly, with the Transferor, any Account Originator or their respective Affiliates, or in any manner prohibited by the GLB Act and the Privacy Regulations). The Indenture Trustee shall promptly notify the Transferor of any request received by the Indenture Trustee to disclose any Consumer Information, which notice shall in any event be provided no later than five (5) Business Days prior to disclosure of any such information unless the Indenture Trustee is compelled pursuant to a Requirement of Law to disclose such information prior to the date that is five (5) Business Days after the giving of such notice. Nothing contained herein shall be deemed to restrict in any manner any disclosure of the tax treatment or tax structure of the transaction (as defined in Section 1.6011-4 of the Treasury Regulations and applicable state and local law) or any materials relating to such tax treatment and tax structure. The Indenture Trustee will promptly report to, and cooperate with the Servicer, Transferor and Administrator in investigating, any security breaches, lapses or vulnerabilities that have resulted in the disclosure of Consumer Information to any Person (except for any disclosures permitted by this Section 6.15). The terms of this Section 6.15 shall survive the termination of this Master Indenture.

ARTICLE VII

NOTEHOLDERS' LIST AND REPORTS BY INDENTURE TRUSTEE AND ISSUER

Section 7.1 Issuer to Furnish Indenture Trustee Names and Addresses of Noteholders. Issuer will furnish or cause to be furnished to Indenture Trustee (a) upon each transfer of a Note, a list, in such form as Indenture Trustee may reasonably require, of the names, addresses and taxpayer identification numbers of the Noteholders as they appear on the Note Register as of such Record Date, and (b) at such other times, as Indenture Trustee may request in writing, within ten (10) days after receipt by Issuer of any such request, a list of similar form and content as of a date not more than ten (10) days prior to the time such list is furnished; provided,

however, that for so long as Indenture Trustee is Transfer Agent and Registrar, Indenture Trustee shall furnish to Issuer such list in the same manner prescribed in clause (b) above.

Section 7.2 Preservation of Information; Communications to Noteholders.

(a) Indenture Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of the Noteholders contained in the most recent list furnished to Indenture Trustee as provided in Section 7.1 and the names, addresses and taxpayer identification numbers of the Noteholders received by Indenture Trustee in its capacity as Transfer Agent and Registrar. Indenture Trustee may destroy any list furnished to it as provided in Section 7.1 upon receipt of a new list so furnished.

(b) Noteholders may communicate, pursuant to TIA §312(b), with other Noteholders with respect to their rights under this Indenture or under the Notes.

(c) Issuer, Indenture Trustee and Transfer Agent and Registrar shall have the protection of TIA §312(c).

Section 7.3 Reports by Issuer.

(a) Issuer shall, following any registered offering of Notes under the Securities Act:

(i) provide to Indenture Trustee, within fifteen (15) days after Issuer is required to file the same with the Commission or provide pursuant to Regulation AB, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which Issuer may be required to file with the Commission pursuant to Section 13 or 15(d) of the Exchange Act or provide pursuant to Regulation AB;

(ii) provide to Indenture Trustee and the Commission in accordance with rules and regulations prescribed from time to time by the Commission, including Regulation AB, such additional information, documents and reports with respect to compliance by Issuer with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(iii) supply to Indenture Trustee (and Indenture Trustee shall make available to all Noteholders described in TIA §313(c)) such summaries of any information, documents and reports required to be filed or provided by Issuer pursuant to clauses (i) and (ii) of this Section 7.3(a) as may be required by rules and regulations prescribed from time to time by the Commission, including Regulation AB.

(b) Unless Issuer otherwise determines, the fiscal year of Issuer shall end on December 31 of each year.

(c) Delivery of such reports, information and documents to Indenture Trustee is for informational purposes only and Indenture Trustee's receipt of such shall not constitute actual or constructive notice or knowledge of any information contained therein or determinable from information contained therein, including Issuer's compliance with any of the covenants hereunder.

Section 7.4 TIA Reports by Indenture Trustee. If required by TIA §313(a), within sixty (60) days after each March 31 beginning with March 31, 2023, Indenture Trustee shall mail

to each Noteholder as required by TIA §313(c) a brief report dated as of such date that complies with TIA §313(a). Indenture Trustee also shall comply with TIA §313(b).

If required by a Requirement of Law, a copy of each report at the time of its mailing to Noteholders shall be filed by Indenture Trustee with the Commission and each stock exchange, if any, on which the Notes are listed. Issuer shall notify Indenture Trustee if and when the Notes are listed on any stock exchange or delisted therefrom.

ARTICLE VIII

ALLOCATION AND APPLICATION OF COLLECTIONS

Section 8.1 Collection of Money. Except as otherwise expressly provided herein and in the related Indenture Supplement, Indenture Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by Indenture Trustee pursuant to this Indenture. Indenture Trustee shall hold all such money and property received by it in trust for the Noteholders and shall apply it as provided in this Indenture and the applicable Indenture Supplement. Except as otherwise expressly provided in this Indenture, if any default occurs in the making of any payment or performance under the Transfer Agreement, the Servicing Agreement or any other Transaction Document, Indenture Trustee may, and upon the written request of the Holders of Notes representing more than 50% of the principal balance of the Outstanding Notes of the affected Series shall, subject to Sections 6.1(e) and 6.3(d), take such action as may be appropriate to enforce such payment or performance, including the institution and prosecution of appropriate Proceedings. Any such action shall be without prejudice to any right to claim an Early Amortization Event or a Default or Event of Default under this Indenture and to proceed thereafter as provided in Article V.

Section 8.2 [Reserved].

Section 8.3 Establishment of Collection Account and Excess Funding Account.

Servicer, for the benefit of the Holders, shall establish and maintain in the name of Indenture Trustee two Eligible Deposit Accounts (the "Collection Account" and the "Excess Funding Account"), each bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Holders. The Collection Account and the Excess Funding Account shall initially be established with Indenture Trustee or an Affiliate thereof that is an Eligible Institution. Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Collection Account and the Excess Funding Account and in all proceeds thereof for the benefit of the Holders. The Collection Account and the Excess Funding Account shall be under the sole dominion and control of Indenture Trustee for the benefit of the Holders. Except as expressly provided in this Indenture, Indenture Trustee agrees that it shall have no right of set-off or banker's lien against, and no right to otherwise deduct from, any funds held in the Collection Account or the Excess Funding Account for any amount owed to it by Issuer, any Holder or any Enhancement Provider. If at any time the Collection Account or the Excess Funding Account ceases to be an Eligible Deposit Account, Indenture Trustee (or Servicer on its behalf) shall within 10 Business Days (or such longer period, not to exceed 30 calendar days, as to which the Rating Agency Condition is satisfied) establish a new Eligible Deposit Account meeting the conditions specified above and transfer any cash or any investments from the affected account to such new account, and from the date such new account is established, it shall be the "Collection Account" or the "Excess Funding Account," as the case may be.

Funds on deposit in the Collection Account and the Excess Funding Account shall, at the direction of Servicer, be invested by Indenture Trustee in Eligible Investments selected by

Servicer, except that funds on deposit in either such account on any Transfer Date need not be invested through the immediately following Distribution Date. All such Eligible Investments shall be held by Indenture Trustee for the benefit of the Holders pursuant to Section 6.14. Indenture Trustee shall maintain for the benefit of the Holders possession of the negotiable instruments or securities, if any, evidencing such Eligible Investments. Investments of funds representing Collections collected during any Monthly Period shall be invested in Eligible Investments that will mature so that all funds will be available at the close of business on the Transfer Date following such Monthly Period. No Eligible Investment shall be disposed of prior to its maturity unless Servicer so directs and either (i) such disposal will not result in a loss of all or part of the principal portion of such Eligible Investment or (ii) prior to the maturity of such Eligible Investment, a default occurs in the payment of principal, interest or any other amount with respect to such Eligible Investment. On each Distribution Date, all interest and other investment earnings (net of losses and investment expenses) on funds on deposit in the Collection Account and the Excess Funding Account shall be treated as Collections of Finance Charge Receivables with respect to the last day of the related Monthly Period, except as otherwise specified in any Indenture Supplement. For purposes of determining the availability of funds or the balances in the Collection Account or the Excess Funding Account for any reason under this Agreement, all investment earnings net of investment expenses and losses on such funds shall be deemed not to be available or on deposit. In no event shall Indenture Trustee be liable for the selection of investments or for investment losses incurred thereon. Indenture Trustee shall have no liability in respect of losses incurred as a result of the liquidation of any such investment prior to its stated maturity or the failure of the party directing such investment to provide timely written investment direction. Indenture Trustee shall have no obligation to invest or reinvest any amounts held hereunder in the absence of such written investment direction.

Unless otherwise directed by Servicer, the Issuer may direct funds on deposit in the Excess Funding Account will be withdrawn and paid to Transferor on any day to the extent that an Asset Deficiency does not exist on such day. On any Transfer Date on which one or more Series is in an Amortization Period, Servicer shall determine the aggregate amounts of Principal Shortfalls, if any, with respect to each such Series that is a Principal Sharing Series (after giving effect to the allocation and payment provisions in the Indenture Supplement with respect to each such Series), and Servicer shall instruct Indenture Trustee to withdraw such amount from the Excess Funding Account on such Transfer Date and allocate such amount among each such Series as specified for Shared Principal Collections in each related Indenture Supplement.

Section 8.4 Collections and Allocations.

(a) Servicer shall instruct Indenture Trustee to apply all funds on deposit in the Collection Account as described in this Article VIII and in each Indenture Supplement. Except as otherwise provided below and in each Indenture Supplement, Servicer shall deposit Collections into the Collection Account no later than the second Business Day following the Date of Processing of such Collections. Except as otherwise required by any Indenture Supplement, an Account Originator may permit or require payments owed by any Merchant with respect to In-Store Payments to be netted against amounts owed by that Account Originator to that Merchant, and the Account Originator or Servicer shall deposit into the Collection Account on each Business Day an amount equal to the aggregate amount of In-Store Payments netted against amounts owed by that Account Originator to the various Merchants on that Business Day.

Subject to the express terms of any Indenture Supplement, but notwithstanding anything else in this Indenture to the contrary, (1) the Servicer will only be required to deposit Collections into the Collection Account up to the aggregate amount of Collections required to be deposited into any Series Account or, without duplication, distributed on or prior to the related Transfer Date to Noteholders or to any Enhancement Provider pursuant to the terms of any Indenture Supplement or agreement whereby the Enhancement is provided, and (2) if at any time prior to

such Transfer Date the amount of Collections deposited in the Collection Account exceeds the amount described in clause (1) of this paragraph, the Servicer will be permitted to direct the Indenture Trustee to withdraw such excess from the Collection Account for distribution to the Transferor.

(b) On each Date of Processing, Collections of Finance Charge Receivables and of Principal Receivables shall be allocated to each Series of Notes in accordance with the related Indenture Supplement. On each Determination Date, Defaulted Receivables will be allocated to each Series of Notes in accordance with the related Indenture Supplement.

(c) Throughout the existence of Issuer, unless otherwise stated in any Indenture Supplement, on each Date of Processing Servicer shall allocate to Transferor an amount equal to the product of (A) the Transferor Percentage and (B) the aggregate amount of Collections allocated to Principal Receivables and Finance Charge Receivables, respectively, on that Date of Processing. Unless otherwise stated in any Indenture Supplement, neither Servicer nor Transferor need deposit any amounts allocated to Transferor pursuant to the foregoing into the Collection Account and shall pay, or be deemed to pay, such amounts as collected to Transferor.

The payments to be made to Transferor, pursuant to this Section 8.4(c) do not apply to deposits to the Collection Account or other amounts that do not represent Collections, including payment of the purchase price for Receivables pursuant to Section 2.4(e) of the Transfer Agreement and Section 2.3(n) of the Servicing Agreement, proceeds from the sale, disposition or liquidation of Receivables pursuant to Section 5.5 or payment of the purchase price for the Notes of a specific Series pursuant to the related Indenture Supplement.

Section 8.5 Shared Principal Collections. On each Business Day, Shared Principal Collections may, at the option of Transferor, be applied (or held in the Collection Account for later application) as principal with respect to any Variable Interest or, so long as either no Series is in an Amortization Period or no Series that is in an Amortization Period will have a Principal Shortfall on the related Transfer Date (assuming no Early Amortization Event occurs), withdrawn from the Collection Account and paid to Transferor; and on each Transfer Date, (a) Servicer shall allocate Shared Principal Collections not previously so applied or paid to each applicable Principal Sharing Series, pro rata, in proportion to the Principal Shortfalls, if any, with respect to each such Series, and any remainder may, at the option of Transferor, be applied as principal with respect to any Variable Interest and (b) Servicer shall direct the Indenture Trustee in writing to withdraw from the Collection Account and pay to Transferor any amounts representing Shared Principal Collections remaining after the allocations and applications referred to in clause (a).

Section 8.6 Excess Finance Charge Collections. On each Transfer Date, (a) for each Group, Servicer shall allocate the aggregate amount for all outstanding Series in such Group of the amounts which the related Indenture Supplements specify are to be treated as "Excess Finance Charge Collections" for such Transfer Date to each Series in such Group, pro rata, in proportion to the Finance Charge Shortfalls, if any, with respect to each such Series, and (b) Servicer shall on the related Distribution Date instruct Indenture Trustee in writing to withdraw from the Collection Account and pay to Transferor an amount equal to the excess, if any, of (x) the aggregate amount for all outstanding Series in a Group of the amounts which the related Indenture Supplements specify are to be treated as "Excess Finance Charge Collections" for such Distribution Date over (y) the aggregate amount for all outstanding Series in such Group which the related Indenture Supplements specify are "Finance Charge Shortfalls", for such Distribution Date.

Section 8.7 Release of Collateral; Eligible Loan Documents.

(a) Upon the written direction of Issuer, Indenture Trustee may, and when required by the provisions of this Indenture shall, execute instruments to release property from the lien of this Indenture, or convey Indenture Trustee's interest in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by Indenture Trustee as provided in this Article VIII shall be bound to ascertain Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any monies.

(b) In order to facilitate the servicing of the Receivables by Servicer, Indenture Trustee upon Issuer Order shall authorize Servicer to execute in the name and on behalf of Indenture Trustee instruments of satisfaction or cancellation, or of partial or full release or discharge, and other comparable instruments with respect to the Receivables (and Indenture Trustee shall execute any such documents on written request of Servicer), subject to the obligations of Servicer under the Servicing Agreement.

(c) Indenture Trustee shall, at such time as there are no Notes outstanding, release and transfer, without recourse, all of the Collateral that secured the Notes (other than any cash held for the payment of the Notes pursuant to Section 4.2). Indenture Trustee shall release property from the lien of this Indenture pursuant to this Section 8.7(c) only upon receipt of an Issuer Order accompanied by an Officer's Certificate, an Opinion of Counsel and (if required by the TIA) Independent Certificates in accordance with TIA §314(c) and 314(d)(1) meeting the applicable requirements of Section 12.1.

(d) Notwithstanding anything to the contrary in this Indenture, the Transfer Agreement and the Trust Agreement, immediately prior to the release of any portion of the Collateral or any funds on deposit in the Series Accounts pursuant to this Indenture, Indenture Trustee shall at the written request of Issuer remit to Transferor for its own account any funds that, upon such release, would otherwise be remitted to Issuer.

Section 8.8 Opinion of Counsel. Indenture Trustee shall receive at least seven (7) days' notice when requested by Issuer to take any action pursuant to Section 8.7(a), accompanied by copies of any instruments involved, and Indenture Trustee shall also be provided with, as a condition to such action, an Opinion of Counsel stating the legal effect of any such action, outlining the steps required to complete the same, and concluding that all conditions precedent to the taking of such action have been complied with and such action will not materially and adversely impair the security for the Notes or the rights of the Noteholders in contravention of the provisions of this Indenture; provided, however, that such Opinion of Counsel shall not be required to express an opinion as to the fair value of the Collateral. Indenture Trustee and counsel rendering any such opinion may conclusively rely, without independent investigation, on the accuracy and validity of any certificate or other instrument delivered to Indenture Trustee in connection with any such action.

ARTICLE IX

DISTRIBUTIONS AND REPORTS TO NOTEHOLDERS

Distributions shall be made to, and reports shall be provided to, Noteholders as set forth in the applicable Indenture Supplement. The identity of the Noteholders with respect to distributions and reports shall be determined according to the immediately preceding Record Date.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 10.1 Supplemental Indentures Without Consent of Noteholders.

(a) Without the consent of the Holders of any Notes but with prior notice to each Rating Agency with respect to the Notes of all Series rated by such Rating Agency, Issuer and Indenture Trustee, when authorized by an Issuer Order, at any time and from time to time, may enter into one or more indentures supplemental hereto (which, to the extent required by the TIA, shall conform to the provisions of the TIA as in force at the date of the execution thereof), in form satisfactory to Indenture Trustee, for any of the following purposes:

(i) to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto Indenture Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property;

(ii) to evidence the succession, in compliance with Section 3.11, of another person to Issuer, and the assumption by any such successor of the covenants of Issuer contained herein and in the Notes;

(iii) to add to the covenants of Issuer, for the benefit of the Holders of the Notes, or to surrender any right or power herein conferred upon Issuer;

(iv) to convey, transfer, assign, mortgage or pledge any property to or with Indenture Trustee;

(v) to cure any ambiguity, to correct or supplement any provision herein or in any supplemental indenture that may be inconsistent with any other provision herein or in any supplemental indenture or to make any other provisions with respect to matters or questions arising under this Indenture or in any supplemental indenture; provided that such action shall not materially adversely affect the interests of the Holders of the Notes;

(vi) to evidence and provide for the acceptance of the appointment hereunder by a successor indenture trustee with respect to the Notes and to add to or change any of the provisions of this Indenture as shall be necessary to facilitate the administration of the trusts hereunder by more than one indenture trustee, pursuant to the requirements of Article VI;

(vii) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the TIA or under any similar federal statute hereafter enacted and to add to this Indenture such other provisions as may be expressly required by the TIA; or

(viii) to provide for the issuance of one or more new Series of Notes, in accordance with the provisions of Section 2.11.

Indenture Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained.

(b) Issuer and Indenture Trustee, when authorized by an Issuer Order, may, also without the consent of any Noteholders of any Series then Outstanding, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or of modifying in any manner the rights of the Holders of the Notes under this Indenture; provided, however that Transferor shall have (i) (A) satisfied the Rating Agency Condition with respect to the Notes of all Series or (B) delivered to the Owner Trustee and Indenture Trustee an Officer's Certificate, dated the date of any such action, stating that all requirements for such amendments contained in the Agreement have been met and Transferor reasonably believes that such action will not have an Adverse Effect and (ii) delivered a Tax Opinion to the Owner Trustee and Indenture Trustee. The amendments which Transferor may make without the consent of Noteholders pursuant to the preceding sentence may include the addition of Receivables.

Section 10.2 Supplemental Indentures with Consent of Noteholders. Issuer and Indenture Trustee, when authorized by an Issuer Order, also may, with the consent of the Holders of Notes representing more than 50% of the principal balance of the Outstanding Notes of each adversely affected Series, by Act of such Holders delivered to Issuer and Indenture Trustee, enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of such Noteholders under this Indenture; provided, however that no such supplemental indenture shall, without the consent of the Holder of each outstanding Note affected thereby:

(a) reduce the interest rate or principal amount of any Note or delay the final maturity date of any Note;

(b) reduce the percentage of the Outstanding Notes of any Series the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences as provided for in this Indenture;

(c) reduce the percentage of the Outstanding Notes of any Series, the consent of the Holders of which is required to direct Indenture Trustee to sell or liquidate the Collateral if the proceeds of such sale would be insufficient to pay the principal amount and accrued but unpaid interest on the outstanding Notes of such Series;

(d) decrease the percentage of the Outstanding Notes required to amend the sections of this Indenture which specify the applicable percentage of the Outstanding Notes of any Series necessary to amend the Indenture or any Transaction Documents which require such consent; or

(e) modify or alter the provisions of this Indenture prohibiting the voting of Notes held by Issuer, any other Obligor on the Notes, a Transferor or any Affiliate thereof.

Indenture Trustee may in its discretion determine whether or not any Notes would be affected by any supplemental indenture, and any such determination shall be conclusive upon the Holders of all Notes, whether theretofore or thereafter authenticated and delivered hereunder. Indenture Trustee shall not be liable for any such determination made in good faith.

Satisfaction of the Rating Agency Condition shall not be required with respect to the execution of any supplemental indenture pursuant to this Section 10.2 for which the consent of all of the adversely affected Noteholders is obtained; provided that prior notice of any such supplemental indenture shall be given to each Rating Agency.

It shall not be necessary for any Act of Noteholders under this Section 10.2 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

Promptly after the execution by Issuer and Indenture Trustee of any supplemental indenture pursuant to this Section 10.2, Indenture Trustee shall mail to the Holders of the Notes to which such amendment or supplemental indenture relates written notice setting forth in general terms the substance of such supplemental indenture. Any failure of Indenture Trustee to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 10.3 Execution of Supplemental Indentures. In executing, or permitting the additional trusts created by, any supplemental indenture permitted by this Article X or the modification thereby of the trusts created by this Indenture, Indenture Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture and stating that all requisite consents have been obtained or that no consents are required and stating that such supplemental indenture or modification constitutes the legal, valid and binding obligation of Issuer in accordance with its terms. Indenture Trustee may, but shall not be obligated to, enter into any such supplemental indenture that affects Indenture Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise.

Section 10.4 Effect of Supplemental Indenture. Upon the execution of any supplemental indenture under this Article X, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes, and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby. This Section 10.4 does not apply to Indenture Supplements.

Section 10.5 Conformity With Trust Indenture Act. Every amendment of this Indenture and every supplemental indenture executed pursuant to this Article X shall conform to the requirements of the TIA as then in effect so long as this Indenture shall then be qualified under the TIA.

Section 10.6 Reference in Notes to Supplemental Indentures. Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article X may, and if required by Issuer shall, bear a notation in form approved by Indenture Trustee as to any matter provided for in such supplemental indenture. If Issuer shall so determine, new Notes so modified as to conform, in the opinion of Indenture Trustee and Issuer, to any such supplemental indenture may be prepared and executed by Issuer and authenticated and delivered by Indenture Trustee in exchange for the outstanding Notes.

ARTICLE XI

TERMINATION

Section 11.1 Termination of Issuer. Issuer and the respective obligations and responsibilities of Indenture Trustee created hereby (other than the obligation of Indenture Trustee to make payments to Noteholders as set forth herein and Section 12.16) shall terminate, except with respect to the duties described in Section 11.2(b), as provided in the Trust Agreement.

Section 11.2 Final Distribution.

(a) Servicer shall give Indenture Trustee and the Rating Agencies at least thirty (30) days prior written notice of the Distribution Date on which the Noteholders of any Series or Class may surrender their Notes for payment of the final distribution on and cancellation of such Notes (or, in the event of a final distribution resulting from the application of Section 5.5, notice of such Distribution Date promptly after Servicer has determined that a final distribution will occur, if such determination is made less than thirty (30) days prior to such Distribution Date). Such notice shall be accompanied by an Officer's Certificate setting forth the information specified in Section 2.10 of the Servicing Agreement covering the period during the then-current calendar year through the date of such notice. Not later than the fifth day of the month in which the final distribution in respect of such Series or Class is payable to Noteholders, Indenture Trustee shall provide notice to Noteholders of such Series or Class specifying (i) the date upon which final payment of such Series or Class will be made upon presentation and surrender of Notes of such Series or Class at the office or offices therein designated, (ii) the amount of any such final payment and (iii) that the Record Date otherwise applicable to such payment date is not applicable, payments being made only upon presentation and surrender of such Notes at the office or offices therein specified. Indenture Trustee shall give such notice to Transfer Agent and Registrar and Paying Agent at the time such notice is given to Noteholders.

(b) Notwithstanding a final distribution to the Noteholders of any Series or Class (or the termination of Issuer), except as otherwise provided in this paragraph, all funds then on deposit in the Collection Account and any Series Account allocated to such Noteholders shall continue to be held in trust for the benefit of such Noteholders, and Paying Agent or Indenture Trustee shall pay such funds to such Noteholders upon surrender of their Notes, if certificated (and any excess shall be paid in accordance with the terms of any Enhancement Agreement and the applicable Indenture Supplement). If all such Noteholders shall not surrender their Notes for cancellation within six (6) months after the date specified in the notice from Indenture Trustee described in paragraph (a), Indenture Trustee shall give a second notice to the remaining such Noteholders to surrender their Notes for cancellation and receive the final distribution with respect thereto. If within one year after the second notice all such Notes shall not have been surrendered for cancellation, Indenture Trustee may take appropriate steps, or may appoint an agent to take appropriate steps, to contact the remaining such Noteholders concerning surrender of their Notes, and the cost thereof shall be paid out of the funds in the Collection Account or any Series Account held for the benefit of such Noteholders. Indenture Trustee and, upon the written request of Servicer, Paying Agent shall pay to Issuer any monies held by them for the payment of principal or interest that remains unclaimed for two (2) years. After payment to Issuer, Noteholders entitled to the money must look to Issuer for payment as general creditors unless an applicable abandoned property law designates another Person.

Section 11.3 Issuer's Termination Rights. Upon the termination of Issuer pursuant to the terms of the Trust Agreement and upon the written direction of Issuer, Indenture Trustee shall assign and convey to the Holders of the Transferor Interest or any of their designees, without recourse, representation or warranty, all right, title and interest of Issuer in the Receivables, whether then existing or thereafter created, all monies due or to become due and all amounts received or receivable with respect thereto (including all moneys then held in the Collection Account or any Series Account) and all proceeds thereof, except for amounts held by Indenture Trustee pursuant to Section 11.2(b). Indenture Trustee shall execute and deliver such instruments of transfer and assignment, in each case without recourse, as shall be reasonably requested in writing by the Holders of the Transferor Interest to vest in the Holders of the Transferor Interest or any of their designees all right, title and interest which Indenture Trustee had in the Collateral and such other property.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Compliance Certificates and Opinions etc.

(a) Upon any application or request by Issuer to Indenture Trustee to take any action under any provision of this Indenture, Indenture Trustee shall be entitled to request that Issuer furnish to Indenture Trustee (i) an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with (ii) an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with and (iii) (if required by the TIA) an Independent Certificate from a firm of certified public accountants meeting the applicable requirements of this Section 12.1, except that, in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture, no additional certificate or opinion need be furnished.

Every certificate with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each signatory of such certificate has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(ii) a statement that, in the opinion of each such signatory, such signatory has made such examination or investigation as is necessary to enable such signatory to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iii) a statement as to whether, in the opinion of each such signatory, such condition or covenant has been complied with.

(b) (1) Prior to the deposit of any Collateral or other property or securities with Indenture Trustee that is to be made the basis for the release of any property or securities subject to the lien of this Indenture, Issuer shall, in addition to any obligation imposed in subsection 12.1(a) or elsewhere in this Indenture, if required by the TIA, furnish to Indenture Trustee an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within ninety (90) days of such deposit) to Issuer of the Collateral or other property or securities to be so deposited.

(ii) Whenever Issuer is required to furnish to Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (i) above, Issuer shall also deliver to Indenture Trustee (if required by the TIA) an Independent Certificate as to the same matters, if the fair value of Issuer of the securities to be so deposited and of all other such securities made the basis of any such withdrawal or release since the commencement of the then current fiscal year of Issuer, as set forth in the certificates delivered pursuant to clause (i) above and this clause (ii), is 10% or more of the Outstanding Amount of the Notes, but such a certificate need not be furnished with respect to any securities so deposited if the fair value thereof to Issuer as set forth in the related Officer's Certificate is less than $25,000 or less than one percent of the Outstanding Amount of the Notes.

(iii) Other than with respect to the release of any Defaulted Receivables and Receivables in Removed Accounts, whenever any property or investment property is to

be released from the lien of this Indenture, Issuer shall also furnish to Indenture Trustee, if required by the TIA, an Officer's Certificate certifying or stating the opinion of each person signing such certificate as to the fair value (within ninety (90) days of such release) of the property or securities proposed to be released and stating that in the opinion of such person the proposed release will not impair the security under this Indenture in contravention of the provisions hereof.

(iv) Whenever Issuer is required to furnish to Indenture Trustee an Officer's Certificate certifying or stating the opinion of any signer thereof as to the matters described in clause (iii) above, Issuer shall also furnish to Indenture Trustee (if required by the TIA) an Independent Certificate as to the same matters if the fair value of the property or securities and of all other property, other than Defaulted Receivables and Ineligible Receivables, or securities released from the lien of this Indenture since the commencement of the then current calendar year, as set forth in the certificates required by clause (iii) above and this clause (iv), equals 10% or more of the Outstanding Amount of the Notes, but such certificate need not be furnished in the case of any release of property or securities if the fair value thereof as set forth in the related Officer's Certificate is less than $25,000 or less than one percent of the then Outstanding Amount of the Notes.

(v) Notwithstanding any other provision of this Section 12.1, Issuer may (A) collect, liquidate, sell or otherwise dispose of Receivables as and to the extent permitted or required by the Transaction Documents and (B) make cash payments out of the Series Accounts as and to the extent permitted or required by the Transaction Documents.

Section 12.2 Form of Documents Delivered to Indenture Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of a Responsible Officer of Issuer may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which such officer's certificate or opinion is based are erroneous. Any such certificate of a Responsible Officer or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of Servicer, a Transferor, Issuer or Administrator, stating that the information with respect to such factual matters is in the possession of Servicer, a Transferor, Issuer or Administrator, unless such Responsible Officer or Counsel has actual knowledge that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two (2) or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Whenever in this Indenture, in connection with any application or certificate or report to Indenture Trustee, it is provided that Issuer shall deliver any document as a condition of the granting of such application, or as evidence of Issuer's compliance with any term hereof, it is intended that the truth and accuracy, at the time of the granting of such application or at the effective date of such certificate or report (as the case may be), of the facts and opinions stated in

such document shall in such case be conditions precedent to the right of Issuer to have such application granted or to the sufficiency of such certificate or report. The foregoing shall not, however, be construed to affect Indenture Trustee's right to conclusively rely upon the truth and accuracy of any statement or opinion contained in any such document as provided in Article VI.

Section 12.3 Acts of Noteholders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by their agents duly appointed in writing and satisfying any requisite percentages as to minimum number or dollar value of outstanding principal amount represented by such Noteholders; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to Indenture Trustee, and, where it is hereby expressly required, to Issuer. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Noteholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of Indenture Trustee and Issuer, if made in the manner provided in this Section 12.3.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner which Indenture Trustee deems sufficient.

(c) The ownership of Notes shall be proved by the Note Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Notes shall bind the Holder (and any transferee thereof) of every Note issued upon the registration thereof in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by Indenture Trustee or Issuer in reliance thereon, whether or not notation of such action is made upon such Note.

Section 12.4 Notices, Etc. to Indenture Trustee and Issuer. Any request, demand, authorization, direction, notice, consent, waiver or Act of Noteholders or other documents provided or permitted by the Agreement to be made upon, given or furnished to, or filed with:

(a) Indenture Trustee by any Noteholder or by Issuer shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to a Responsible Officer, by facsimile transmission or by other means acceptable to Indenture Trustee to or with Indenture Trustee at its Corporate Trust Office; or

(b) Issuer by Indenture Trustee or by any Noteholder shall be sufficient for every purpose hereunder if in writing and mailed, first-class postage prepaid, to Issuer addressed to it and received by its Owner Trustee at the Corporate Trust Office, or at any other address previously furnished in writing to Indenture Trustee by Issuer. A copy of each notice to Issuer shall be sent in writing and mailed, first-class postage prepaid, to Administrator at Comenity Capital Bank, 12921 South Vista Station Blvd., Suite 400, Draper, Utah 84020, Attention: President.

Section 12.5 Notices to Noteholders; Waiver. Where the Indenture or any Indenture Supplement provides for notice to Noteholders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed by registered or certified mail or first class postage prepaid or national overnight courier service to each Noteholder affected by such event, at its address as it appears on the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In

any case where notice to Noteholders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Noteholder shall affect the sufficiency of such notice with respect to other Noteholders, and any notice which is mailed in the manner herein provided shall conclusively be presumed to have been duly given.

Where this Indenture or any Indenture Supplement provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholders shall be filed with Indenture Trustee but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In the event that, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to Noteholders when such notice is required to be given pursuant to any provision of this Indenture or any Indenture Supplement, then any manner of giving such notice as shall be satisfactory to Indenture Trustee shall be deemed to be a sufficient giving of such notice.

Where this Indenture or any Indenture Supplement provides for notice to any Rating Agency, failure to give such notice shall not affect any other rights or obligations created hereunder and shall not under any circumstance constitute a Default or Event of Default.

Section 12.6 Alternate Payment and Notice Provisions. Notwithstanding any provision of this Indenture or any of the Notes to the contrary, Issuer, with the prior written consent of Indenture Trustee, may enter into any agreement with any Holder of a Note providing for a method of payment, or notice by Indenture Trustee or any Paying Agent to such Holder, that is different from the methods provided for in this Indenture for such payments or notices. Issuer will furnish to Indenture Trustee a copy of each such agreement and, to the extent that the Indenture Trustee has previously consented thereto, Indenture Trustee will cause payments to be made and notices to be given in accordance with such agreements.

Section 12.7 Conflict with Trust Indenture Act. If this Indenture is required to be qualified under the TIA and any provision hereof limits, qualifies or conflicts with another provision hereof that is required to be included in this Indenture by any of the provisions of the TIA, such required provision shall control. If this Indenture is required to be qualified under the TIA, the provisions of TIA §§310 through 317 that impose duties on any person (including the provisions automatically deemed included herein unless expressly excluded by this Indenture) shall be deemed a part of and govern this Indenture, whether or not physically contained herein.

Section 12.8 Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 12.9 Successors and Assigns. All covenants and agreements in this Indenture by Issuer shall bind its successors and assigns, whether so expressed or not.

Section 12.10 Separability. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 12.11 Benefits of Indenture. Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, and the Noteholders, Owner Trustee, Servicer and Transferor, any benefit.

Section 12.12 Legal Holidays. In any case where the date on which any payment is due shall not be a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) payment need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the date on which nominally due, and no interest shall accrue for the period from and after any such nominal date.

Section 12.13 GOVERNING LAW; Waiver of Jury Trial.

(a) THIS INDENTURE AND EACH NOTE SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

(b) Each of the parties hereto hereby irrevocably and unconditionally, to the extent permitted by applicable law, irrevocably waives all right of trial by jury in any action, proceeding or counterclaim based on, or arising out of, under or in connection with this Agreement, any other Transaction Document, or any matter arising hereunder or thereunder.

Section 12.14 Counterparts. This Indenture may be executed in any number of counterparts (and by different parties on separate counterparts), each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument. Each party agrees that this Indenture and any other documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures appearing on this Indenture or such other documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

Section 12.15 Issuer Obligation. No recourse may be taken, directly or indirectly, with respect to the obligations of Issuer on the Notes or under this Indenture or any certificate or other writing delivered in connection herewith or therewith, against (i) Indenture Trustee or the Owner Trustee in its individual capacity, (ii) any owner of a beneficial interest in Issuer or (iii) any partner, owner, beneficiary, agent, officer, director, employee or agent of Indenture Trustee or the Owner Trustee in its individual capacity, any holder of a beneficial interest in Issuer, the Owner Trustee or Indenture Trustee or of any successor or assign of Indenture Trustee or the Owner Trustee in its individual capacity, except as any such Person may have expressly agreed (it being understood that Indenture Trustee and the Owner Trustee have no such obligations in their individual capacity) and except that any such partner, owner or beneficiary shall be fully liable, to the extent provided by applicable law, for any unpaid consideration for stock, unpaid capital contribution or failure to pay any installment or call owing to such entity. The Notes will represent obligations solely of the Issuer and will not be insured or guaranteed by the Servicer, the Seller or any of its Affiliates, the Administrator, the Owner Trustee, the Indenture Trustee or any other Person or Governmental Authority (other than an Enhancement Provider, if any, as specified in the applicable Indenture Supplement). For all purposes of this Indenture, the Owner Trustee shall be subject to, and entitled to the benefits of, the terms and provisions of Articles V, VI and VII of the Trust Agreement.

Section 12.16 No Petition. Indenture Trustee, by entering into this Indenture, and each Noteholder, by accepting a Note, hereby covenant and agree that they will not at any time institute against Issuer, Transferor, or solicit or join or cooperate with or encourage any institution against Issuer, Transferor of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law in connection with any obligations relating to the Notes, this Indenture or any of the Transaction Documents. The foregoing shall not limit the rights of Indenture

Trustee or Owner Trustee to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted against Issuer by any Person other than Indenture Trustee or Owner Trustee.

Section 12.17 Subordination. Issuer and each Noteholder by accepting a Note acknowledge and agree that such Note represents indebtedness of Issuer and does not represent an interest in any assets (other than the Collateral) of Transferor (including by virtue of any deficiency claim in respect of obligations not paid or otherwise satisfied from the Trust Estate and proceeds thereof). In furtherance of and not in derogation of the foregoing, to the extent Transferor enters into other securitization transactions, Issuer as well as each Noteholder by accepting a Note acknowledge and agree that it shall have no right, title or interest in or to any assets (or interest therein) (other than Collateral) conveyed or purported to be conveyed by Transferor to another securitization trust or other Person or Persons in connection therewith (whether by way of a sale, capital contribution or by virtue of the granting of a lien) ("Other Assets"). To the extent that, notwithstanding the agreements and provisions contained in the preceding sentences of this Section, Issuer or any Noteholder either (i) asserts an interest or claim to, or benefit from, Other Assets, whether asserted against or through Transferor or any other Person owned by Transferor, or (ii) is deemed to have any such interest, claim or benefit in or from Other Assets, whether by operation of law, legal process, pursuant to applicable provisions of insolvency laws or otherwise (including by virtue of Section 1111(b) of the Federal Bankruptcy Code or any successor provision having similar effect under the Bankruptcy Code), and whether deemed asserted against or through Transferor or any other Person owned by Transferor, then Issuer and each Noteholder by accepting a Note further acknowledges and agrees that any such interest, claim or benefit in or from Other Assets is and shall be expressly subordinated to the indefeasible payment in full of all obligations and liabilities of Transferor which, under the terms of the relevant documents relating to the securitization of such Other Assets, are entitled to be paid from, entitled to the benefits of, or otherwise secured by such Other Assets (whether or not any such entitlement or security interest is legally perfected or otherwise entitled to a priority of distribution or application under applicable law, including insolvency laws, and whether asserted against Transferor or any other Person owned by Transferor), including, the payment of post-petition interest on such other obligations and liabilities. This subordination agreement shall be a subordination agreement within the meaning of Section 510(a) of the Bankruptcy Code. Each Noteholder further acknowledges and agrees that no adequate remedy at law exists for a breach of this Section 12.17, and the terms of this Section 12.17 may be enforced by an action for specific performance.

Section 12.18 Limitation of Liability. It is expressly understood and agreed by the parties that (a) this document is executed and delivered by BNY Mellon Trust of Delaware, not individually or personally, but solely as Owner Trustee of the Issuer, in the exercise of the powers and authority conferred and vested in it pursuant to the Trust Agreement, (b) each of the representations, warranties, covenants, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, warranties, covenants undertakings and agreements by BNY Mellon Trust of Delaware, but is made and intended for the purpose of binding only the Issuer, as the case may be, (c) nothing herein contained shall be construed as creating any liability on BNY Mellon Trust of Delaware, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any person claiming by, through or under the parties hereto (d) BNY Mellon Trust of Delaware has made no investigation as to the accuracy or completeness of any representations or warranties made by the Owner Trustee or the Issuer in this Indenture and (e) under no circumstances shall BNY Mellon Trust of Delaware, be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Indenture or under the Notes or any of the other Transaction Documents

or in any of the certificates, notices or agreements delivered pursuant thereto, as to all of which recourse shall be had solely to the assets of the Issuer.

Section 12.19 OFAC Certificate and Covenant. (i) The Indenture Trustee covenants and represents that neither it nor any of its Affiliates, subsidiaries, directors or officers are the target or subject of any sanctions enforced by the U.S. Government, (including, the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC")), the United Nations Security Council, the European Union, HM Treasury, or other relevant sanctions authority (collectively "Sanctions").

(ii) The Indenture Trustee covenants and represents that neither it nor any of its Affiliates, subsidiaries, directors or officers will use any payments made pursuant to this Indenture, (i) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) to fund or facilitate any activities of or business with any country or territory that is the target or subject of Sanctions, or (iii) in any other manner that will result in a violation of Sanctions by any person.

ARTICLE XIII

COMPLIANCE WITH THE FDIC RULE

Section 13.1 Purpose.

(a) Each of the Issuer and the Indenture Trustee, and each of the Noteholders by acceptance of a Note, acknowledges and agrees that the purpose of this Article XIII and the FDIC Rule Requirements incorporated herein and in the other Transaction Documents to the extent set forth therein is to cause the securitizations contemplated by the Transaction Documents to comply with the provisions of the FDIC Rule.

(b) If any provision of the FDIC Rule or the FDIC Rule Interpretations is amended, or any interpretive guidance regarding the FDIC Rule or FDIC Rule Interpretations is provided by the FDIC or its staff, as a result of which the Issuer determines that an amendment to this Article XIII or the FDIC Rule Requirements is necessary or desirable, then the Issuer and the Indenture Trustee shall be authorized and entitled to amend this Article XIII or the FDIC Rule Requirements within the parameters of the FDIC Rule and the FDIC Rule Interpretations. Nothing in this Section 13.1(b) shall limit the rights of the Indenture Trustee pursuant to Section 10.3.

Section 13.2 Performance of the FDIC Rule Requirements. Schedule I is expressly incorporated in this Indenture. The Issuer agrees to perform the obligations set forth in Schedule I, except to the extent any such obligation is specifically imposed exclusively upon the servicer or the sponsor.

Section 13.3 Actions upon Repudiation.

(a) In the event that CCB becomes the subject of an insolvency proceeding and the FDIC as receiver or conservator for CCB exercises its right of repudiation as contemplated by paragraph (d)(4)(ii) of the FDIC Rule, the Issuer shall determine whether the FDIC in such capacity will pay damages as provided in such paragraph (d)(4)(ii). Upon making such determination, the Issuer shall promptly, and in any event no more than one Business Day thereafter, so notify the Indenture Trustee. The Indenture Trustee shall not be liable for the accuracy or completeness of, nor shall it have any duty to investigate or verify, any calculation of damages due from the FDIC.

(b) Upon receipt of the notice specified in Section 13.3(a), the Indenture Trustee shall determine the date (the "applicable payment date") for making a distribution to Noteholders of the related Series or Class of Notes of such damages, which date shall be the earlier of (i) the next distribution date on which such damages could be distributed and (ii) the earliest practicable date by which the Indenture Trustee could declare a special payment date, in each case subject to all applicable provisions of this Indenture, applicable law and the procedures of any applicable Clearing Agency or Foreign Clearing Agency.

(c) When the applicable payment date is determined, the Issuer shall promptly compute the amount of interest to be paid on the related Series or Class of Notes on the applicable distribution date pursuant to the applicable Indenture Supplement. The Issuer shall cause the Servicer to notify the Indenture Trustee of the applicable amounts of principal and interest to be paid on each Series of Notes not later than the Business Day following the day on which the applicable payment date is determined.

(d) If the applicable payment date is a special distribution date, the Indenture Trustee shall (i) declare such special distribution date, (ii) declare a special distribution to the related Noteholders consisting of accrued and unpaid interest on each such Note and the Note Principal Balance of each such Note and (iii) deliver notice to the Noteholders of such special distribution date and special distribution

Section 13.4 Notice.

(a) In the event that CCB becomes the subject of an insolvency proceeding and the FDIC as receiver or conservator provides a written notice of repudiation as contemplated by paragraph (d)(4)(ii) of the FDIC Rule to the Issuer or the Indenture Trustee, the party receiving such notice shall promptly deliver such notice to each of CCB, the Issuer and the Indenture Trustee, as applicable.

(b) If the FDIC (i) is appointed as conservator or receiver of CCB and (ii) is in default in the payment of principal or interest when due following the expiration of any cure period hereunder or under the other Transaction Documents due to the failure by the FDIC to pay or apply Collections received by it in accordance with this Indenture, the Indenture Trustee if directed by a majority of the Note Principal Balance of the Notes of any affected Series, shall deliver written notice to the FDIC requesting the exercise of contractual rights hereunder and under the other Transaction Documents with respect to the related Series.

Section 13.5 Reservation of Rights. Neither the inclusion of this Article XIII in this Indenture nor the compliance by any Person with, or the acknowledgment by any Person of, this Article's provisions constitutes an agreement or acknowledgment by any Person that, in the case of an insolvency proceeding with respect to CCB, a receiver or conservator will have any rights with respect to the Collateral.

Section 13.6 No Obligation to Monitor or Enforce Compliance. Notwithstanding anything to the contrary in this Article XIII, the Indenture Trustee shall not have any responsibility to monitor compliance with or enforce another party's compliance with its obligations under the FDIC Rule. The Indenture Trustee shall not be charged with the knowledge of such rule, nor shall it be liable to any Noteholder or other party for any violation of such rule. The Indenture Trustee shall not be obligated to take any action under this Article XIII unless it receives written direction from the appropriate requesting party.

ARTICLE XIV

COMPLIANCE WITH REGULATION AB

Section 14.1 Intent of Parties; Reasonableness. The Issuer and the Indenture Trustee acknowledge and agree that the purpose of this Article XIV is to facilitate compliance with the provisions of Regulation AB and related rules and regulations of the Commission. The Transferor and CCB shall not exercise its right to request delivery of information or other performance under these provisions other than in good faith, or for purposes other than compliance with the Securities Act, the Exchange Act and the rules and regulations of the Commission thereunder. The Indenture Trustee agrees to cooperate in good faith with any reasonable request by the Transferor and CCB for information regarding the Indenture Trustee which is required in order to enable the Transferor and CCB to comply with the provisions of Regulation AB, including, without limitation, Items 1103(a)(1), 1109(a), 1109(b), 1117, 1118, 1119 and 1122 of Regulation AB as it relates to the Indenture Trustee or to the Indenture Trustee's obligations under this Indenture or any other Transaction Document.

Section 14.2 Additional Representations and Warranties of the Indenture Trustee. The Indenture Trustee shall be deemed to represent to the Transferor and CCB, as of the date on which information is provided to the Transferor and CCB under Section 14.1 that, except as disclosed in writing to the Transferor and CCB prior to such date, to the best of its knowledge: (i) neither the execution, delivery and performance by the Indenture Trustee of this Indenture or any other Transaction Document, the performance by the Indenture Trustee of its obligations under this Indenture or any other Transaction Document nor the consummation of any of the transactions by the Indenture Trustee contemplated thereby, is in violation of any indenture, mortgage, bank credit agreement, note or bond purchase agreement, long-term lease, license or other agreement or instrument to which the Indenture Trustee is a party or by which it is bound, which violation would have a material adverse effect on the Indenture Trustee's ability to perform its obligations under this Indenture or any other Transaction Document, or of any judgment or order applicable to the Indenture Trustee; and (ii) there are no proceedings pending or threatened against the Indenture Trustee in any court or before any Governmental Authority, agency or arbitration board or tribunal which, individually or in the aggregate, would have a material adverse effect on the right, power and authority of the Indenture Trustee to enter into this Indenture or any other Transaction Document or to perform its obligations under this Indenture or any other Transaction Document.

Section 14.3 Additional Information to be Provided by the Indenture Trustee. For so long as the Notes are Outstanding, to the extent that the Issuer or the Transferor is required to report such information pursuant to Regulation AB, the Indenture Trustee shall: (i) on or before the fifth Business Day of each month, provide to the Issuer, in writing, such information regarding the Indenture Trustee as is requested in writing by the Issuer for the purpose of compliance with Item 1117 of Regulation AB; provided, however, that the Indenture Trustee shall not be required to provide such information in the event that there has been no change to the information previously provided by the Indenture Trustee to the Issuer, and (ii) as promptly as practicable following notice to or discovery by an Authorized Officer of the Indenture Trustee of any changes to such information, provide to the Transferor, in writing, such updated information.

Section 14.4 Report on Assessment of Compliance and Attestation; Annual Certification; Notice of Requests for a Repurchase.

(a) As soon as available but no later than March 15 of each calendar year for so long as the Notes are Outstanding, commencing in 2023, the Indenture Trustee shall (if requested in

writing by the Transferor in order to comply with Item 1122 of Regulation AB) deliver to the Issuer or the Servicer reports regarding the assessment by the Indenture Trustee (if so requested by the Transferor) of compliance to servicing criteria specified in paragraph (d) of Item 1122 of Regulation AB during the immediately preceding calendar year, as required under paragraph (b) of Rule 13a-18 and Rule 15d-18 of the Exchange Act and Item 1122 of Regulation AB. Such reports shall be signed by an Authorized Officer of the Indenture Trustee and shall address each of the servicing criteria specified in Exhibit B or such criteria as mutually agreed upon by the Transferor and the Indenture Trustee.

(b) As soon as available but no later than March 15 of each calendar year for so long as the Notes are Outstanding, commencing in 2023, the Indenture Trustee shall (if requested in writing by the Transferor in order to comply with Item 1122 of Regulation AB) deliver to the Issuer or the Servicer a report of a registered public accounting firm that attests to, and reports on, the assessment of compliance made by the Indenture Trustee and delivered pursuant to the preceding paragraph. Such attestation shall be made in accordance with standards for attestation engagements issued or adopted by the Public Company Accounting Oversight Board and in accordance with Rules 1-02(a)(3) and 2-02(g) of Regulation S-X under the Securities Act and the Exchange Act.

(c) As soon as available but no later than March 15 of each calendar year for so long as the Notes are Outstanding, commencing in 2023, the Indenture Trustee shall (if requested in writing by the Transferor in order to comply with Item 1122 of Regulation AB) deliver to the Transferor and any other Person that will be responsible for signing the certification required by Rules 13a-14(d) and 15d-14(d) under the Exchange Act (pursuant to Section 302 of the Sarbanes-Oxley Act of 2002) (a "Sarbanes Certification") on behalf of the Issuer or the Transferor a certification substantially in the form attached hereto as Exhibit A or such form as mutually agreed upon by the Transferor and the Indenture Trustee. The Indenture Trustee acknowledges that the parties identified in this Section 14.4(c) may rely on the certification provided by the Indenture Trustee hereunder in signing a Sarbanes Certification and filing such with the Commission.

(d) Upon receipt by an Authorized Officer of the Indenture Trustee of any request for the repurchase of a Receivable for breach of representations or warranties under the Receivables Purchase Agreement or Transfer Agreement, the Indenture Trustee shall provide prompt written notice thereof, substantially in the form of Exhibit C, to the Issuer.

(e) The Indenture Trustee shall, upon request from the Issuer, promptly furnish to the Issuer such information as may be necessary for the Transferor or any Affiliate to comply with Rule 15Ga-1 under the Securities Act and Items 1104(e) and 1121(c) of Regulation AB. The Indenture Trustee shall provide the information described in paragraph (e) above only to the extent that the Indenture Trustee has such information or can obtain such information without unreasonable effort or expense, provided that the Indenture Trustee's efforts to obtain such information shall be limited to a review of its internal written records and that the Indenture Trustee is not required to request information from any unaffiliated parties

Section 14.5 Communications with Investors. Following receipt of a written request by the Issuer during any Monthly Period (or receipt of written notice that the Transferor has received a written request) from a Noteholder or Note Owner seeking to communicate with other Noteholders or Note Owners regarding exercising their contractual rights under the terms of the Transaction Documents, the Issuer shall, if applicable, notify the Transferor of any such request received by the Issuer and shall cause the Transferor or the Servicer to include in the Exchange Act Form 10-D filing for the Issuer related to the Monthly Period in which such request was received: (i) the name of the Noteholder or Note Owner, as applicable, delivering such request, (ii) the date the request was received, (iii) a statement to the effect that the Issuer or the

Transferor, as applicable, has in fact received such request from a Noteholder or Note Owner, as applicable, and that such Noteholder or Note Owner, as applicable, is interested in communicating with other Noteholders or Note Owners with regard to the possible exercise of rights under the Transaction Documents and (iv) a description of the method that other Noteholders or Note Owners may use to contact the requesting Noteholder or Note Owner, as applicable; provided, however, that if the Issuer or Transferor receives a request from any Note Owner, the Issuer and the Transferor shall be entitled to verify that each such Note Owner is a Verified Note Owner prior to including any request from such Note Owner in any Exchange Act Form 10-D.

IN WITNESS WHEREOF, Issuer and Indenture Trustee have caused this Indenture to be duly executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

COMENITY CAPITAL ASSET SECURITIZATION TRUST, as Issuer

By: BNY Mellon Trust of Delaware,
not in its individual capacity,
but solely as Owner Trustee

By: /s/ Kevin J. Randle
Name: Kevin J. Randle
Title: Vice President

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Indenture Trustee

By: /s/ Mark Esposito
Name: Mark Esposito
Title: Vice President

Acknowledged and Accepted:

COMENITY CAPITAL CREDIT COMPANY, LLC,
as Transferor

By: /s/ Michael Blackham
Name: Michael Blackham
Title: Treasurer

COMENITY CAPITAL BANK,
as Servicer

By: /s/ Gregory Opincar
Name: Gregory Opincar
Title: Chief Financial Officer

BNY MELLON TRUST OF DELAWARE,
not in its individual capacity, but solely as Owner Trustee,

By: /s/ Kevin J. Randle
Name: Kevin J. Randle
Title: Vice President

Master Indenture Signature Page

Exhibit 10.110

EIGHTH AMENDMENT TO FOURTH AMENDED AND RESTATED SERIES 2009-VFN INDENTURE SUPPLEMENT

This **EIGHTH AMENDMENT TO FOURTH AMENDED AND RESTATED SERIES 2009-VFN INDENTURE SUPPLEMENT**, dated as of August 1, 2022 (this "*Amendment*"), is made between World Financial Network Credit Card Master Note Trust, as Issuer (the "*Issuer*"), and U.S. Bank National Association, as successor in interest to MUFG Union Bank, N.A and other predecessor parties, as Indenture Trustee (in such capacity, the "*Indenture Trustee*") under the Master Indenture, dated as of August 1, 2001 (as further amended from time to time prior to the date hereof, the "*Master Indenture*"), between the Issuer and the Indenture Trustee, to the Fourth Amended and Restated Series 2009-VFN Indenture Supplement, dated as of February 28, 2014 (as further amended from time to time prior to the date hereof, the "*Indenture Supplement*" and together with the Master Indenture, the "*Indenture*"), between the Issuer and the Indenture Trustee, and acknowledged and accepted by all of the Class A Noteholders and WFN Credit Company, LLC, as Transferor and as sole Class M Noteholder, Class B Noteholder and Class C Noteholder. Capitalized terms used and not otherwise defined in this Amendment are used as defined in the Indenture.

Background

A. The Issuer and the Indenture Trustee have previously entered into the Indenture Supplement to create and designate a Series of Notes.

B. The Issuer and the Indenture Trustee wish to amend such Indenture Supplement, as set out in this Amendment.

Agreement

1. *Amendments to the Indenture Supplement.*

(a) Section 2.1(a) of the Indenture Supplement is hereby amended as follows:

(i) the definition of "Designated LIBOR Page" is deleted in its entirety;

(ii) the definition of "Designated Maturity" is deleted in its entirety;

(iii) the definition of "LIBOR" is deleted in its entirety;

(iv) the definition of "LIBOR Determination Date" is deleted in its entirety;

(v) the definition of "London Business Day" is deleted in its entirety; and

(vi) the definition of "Reference Banks" is deleted in its entirety.

(b) The second sentence of Section 5.2 of the Indenture Supplement is hereby amended by replacing the word "LIBOR" with "the Benchmark (as defined in the Class A Note Purchase Agreement)".

(c) Section 5.12 of the Indenture Supplement is hereby deleted in its entirety.

(d) The following clause (i) shall be added to the end of Section 9.8 of the Indenture Supplement:

"(i) Notwithstanding anything to the contrary set forth in this Indenture Supplement or in any other Transaction Document, if the Indenture Trustee is acting as successor Servicer pursuant to Section 5.5 of the Transfer and Servicing Agreement, it shall have no duty as successor Servicer or as Indenture Trustee to (i) monitor or determine whether a substitute index should or could be selected with respect to any Receivable, (ii) determine any substitute index with respect to any Receivable, or (iii) exercise any right related to the foregoing on behalf of the Trust, the Noteholders or any other Person."

(e) The following Section 9.11 shall be added to the Indenture Supplement:

"Section 9.11. The Indenture Trustee shall not be under any obligation (i) to monitor, determine or verify the unavailability or cessation of any Benchmark, or whether or when there has occurred, or to give notice to any other transaction party of the occurrence of, any Benchmark Transition Event or Benchmark Replacement Date (each as defined in the Class A Note Purchase Agreement), (ii) to select, determine or designate any Benchmark Replacement (as defined in the Class A Note Purchase Agreement), or other successor or replacement benchmark index, or whether any conditions to the designation of such a rate have been satisfied, (iii) to select, determine or designate any Benchmark Replacement Adjustment (as defined in the Class A Note Purchase Agreement) or other modifier to any replacement or successor index, or (iv) to determine whether or what conforming changes are necessary or advisable, if any, in connection with any of the foregoing. The Indenture Trustee shall not have any liability for any inability, failure or delay on its part to perform any of its duties set forth in this Indenture Supplement or any other Transaction Document as a result of the unavailability of any Benchmark and absence of a designated replacement Benchmark, including as a result of any inability, delay, error or inaccuracy on the part of any other transaction party in providing any direction, instruction, notice or information required or contemplated by the terms of this Indenture Supplement or any other Transaction Document and reasonably required for the performance of such duties."

2. *Conditions to Effectiveness; Binding Effect; Ratification*. (1) This Amendment shall become effective, as of August 15, 2022, when (i) counterparts hereof shall have been executed and delivered by the parties hereto and (ii) each of the conditions precedent described in Section 10.2, Section 10.3 and Section 12.1 of the Master Indenture has been satisfied, and thereafter shall be binding on the parties hereto and their respective successors and assigns.

(b) On and after the execution and delivery hereof, this Amendment shall be a part of the Indenture Supplement and each reference in the Indenture Supplement to "this Indenture Supplement" or "hereof", "hereunder" or words of like import, and each reference in any other Transaction Document to the Indenture Supplement shall mean and be a reference to the Indenture Supplement as amended hereby.

(c) Except as expressly amended hereby, the Indenture Supplement shall remain full force and effect and is hereby ratified and confirmed by the parties hereto.

3. *Miscellaneous*. (2) THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS. EACH OF THE PARTIES TO THIS AMENDMENT HEREBY AGREES TO THE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND ANY APPELLATE COURT HAVING JURISDICTION TO REVIEW THE JUDGMENTS THEREOF. EACH OF THE PARTIES HEREBY WAIVES ANY OBJECTION BASED ON *FORUM NON*

CONVENIENS AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY OF THE AFOREMENTIONED COURTS AND CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT.

(b) Headings used herein are for convenience of reference only and shall not affect the meaning of this Amendment.

(c) This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Amendment by signing any such counterpart. Delivery by facsimile or electronic transmission of an executed signature page of this Amendment shall be effective as delivery of an executed counterpart hereof. Each party agrees that this Amendment may be electronically signed, and that any electronic signatures appearing on this Amendment are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility.

(d) The Indenture Trustee shall not be responsible for the validity or sufficiency of this Amendment nor for the recitals herein.

(e) Indenture Trustee and Issuer acknowledge that, with reference to Section 10.2 of the Master Indenture, the Issuer will have provided or caused to be provided to the Noteholders executed copies of this Amendment on or prior to the date hereof.

4. *Limitation on Liability*. It is expressly understood and agreed by the parties that (a) this document is executed and delivered by Citicorp Trust Delaware, National Association, not individually or personally, but solely as Owner Trustee, in the exercise of the powers and authority conferred and vested in it, pursuant to the Trust Agreement, (b) each of the representations, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, undertakings and agreements by Citicorp Trust Delaware, National Association but is made and intended for the purpose for binding only the Issuer, (c) nothing herein contained shall be construed as creating any liability on Citicorp Trust Delaware, National Association, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any person claiming by, through or under the parties hereto, (d) Citicorp Trust Delaware, National Association has made no investigation as to the accuracy or completeness of any representations and warranties made by the Issuer or any other party in this Amendment and (e) under no circumstances shall Citicorp Trust Delaware, National Association be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Amendment or any other related documents.

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IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

WORLD FINANCIAL NETWORK CREDIT CARD
MASTER NOTE TRUST, as Issuer

By: Citicorp Trust Delaware, National Association,
not in its individual capacity, but solely as Owner
Trustee

By: /s/ Joseph Brown
Name: Joseph Brown
Title: Vice President / Trust Officer

U.S. Bank National Association, as Indenture Trustee

By: /s/ Mark Esposito
Name: Mark Esposito
Title: Vice President

Acknowledged and Accepted:

COMENITY BANK,
as Servicer

By: /s/ Gregory Opincar
Name: Gregory Opincar
Title: Chief Financial Officer

WFN CREDIT COMPANY, LLC
as Transferor, sole Class M Noteholder, Class B Noteholder and Class C Noteholder

By: /s/ Michael Blackham
Name: Michael Blackham
Title: Treasurer

Exhibit 10.119

COMENITY CAPITAL ASSET SECURITIZATION TRUST
Issuer
And
U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
Indenture Trustee

SERIES 2022-VFN1 INDENTURE SUPPLEMENT

Dated as of June 17, 2022

SERIES 2022-VFN1 INDENTURE SUPPLEMENT, dated as of June 17, 2022 (the "Indenture Supplement"), between COMENITY CAPITAL ASSET SECURITIZATION TRUST, a trust organized and existing under the laws of the State of Delaware (herein, the "Issuer" or the "Trust"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association, not in its individual capacity, but solely as indenture trustee (herein, together with its successors in the trusts thereunder as provided in the Indenture referred to below, the "Indenture Trustee") under the Master Indenture, dated as of June 17, 2022 (the "Indenture"), between the Issuer and the Indenture Trustee (the Indenture, together with this Indenture Supplement, the "Agreement").

The Principal Terms of this Series, issued pursuant to Section 2.11 of the Indenture, are set forth in this Indenture Supplement to the Indenture.

ARTICLE I.

Creation of the Series 2022-VFN1 Notes

Section 1.1 Designation.

(a) There is hereby created and designated a Series of Notes to be issued pursuant to the Indenture and this Indenture Supplement to be known as "Comenity Capital Asset Securitization Trust, Series 2022-VFN1" or the "Series 2022-VFN1 Notes." The Series 2022-VFN1 Notes shall be issued in one Class, known as the "Class A Series 2022-VFN1 Floating Rate Asset Backed Notes." The Series 2022-VFN1 Notes shall be Variable Interests.

(b) The Class A Notes may from time to time be divided into separate ownership tranches (each a "Class A Ownership Tranche") which shall be identical in all respects, except for their respective Class A Maximum Principal Balances, Class A Principal Balances and certain matters relating to the rate and payment of interest. The initial allocation of Class A Notes among Class A Ownership Tranches shall be made, and reallocations among such Class A Ownership Tranches or new Class A Ownership Tranches may be made, as provided in Section 4.1 of this Indenture Supplement and the Class A Note Purchase Agreement.

(c) Series 2022-VFN1 shall be included in Group One and shall be a Principal Sharing Series. Series 2022-VFN1 shall be an Excess Allocation Series with respect to Group One only. Series 2022-VFN1 shall not be subordinated to any other Series.

ARTICLE II.

Definitions

Section 2.1 Definitions.

(a) Whenever used in this Indenture Supplement, the following words and phrases shall have the following meanings, and the definitions of such terms are applicable to the singular as well as the plural forms of such terms and the masculine as well as the feminine and neuter genders of such terms.

"Additional Enhancement Amount" is defined in Section 4.1(d).

"Aggregate Investor Default Amount" means, as to any Monthly Period, the sum of the Investor Default Amounts in respect of such Monthly Period.

"Allocation Percentage" means, with respect to any Monthly Period, the percentage equivalent of a fraction:

(a) the numerator of which shall be equal to:

(i) for Principal Collections during the Revolving Period and for Finance Charge Collections and Default Amounts at any time, the Collateral Amount at the end of the last day of the prior Monthly Period (or, in the case of the Monthly Period in which the Initial Funding Date occurs, on the Initial Funding Date), less any reductions to be made to the Collateral Amount on account of principal payments to be made on the Distribution Date falling in the Monthly Period for which the Allocation Percentage is being calculated; provided, however, that with respect to any Monthly Period in which a Reset Date occurs as a result of a Class A Incremental Funding or the issuance of a new Series, the numerator determined pursuant to this clause (i) shall be (A) the Collateral Amount as of the close of business on the later of the last day of the prior Monthly Period or the preceding Reset Date, in each case less any reductions to be made to the Collateral Amount on account of principal payments to be made on the Distribution Date falling in the Monthly Period for which the Allocation Percentage is being calculated (to the extent not already subtracted in determining the Collateral Amount), for the period from and including the first day of the current Monthly Period or the preceding Reset Date, as applicable, to but excluding such Reset Date and (B) the Collateral Amount as of the close of business on such Reset Date, less any reductions to be made to the Collateral Amount on account of principal payments to be made on the Distribution Date falling in the Monthly Period for which the Allocation Percentage is being calculated (to the extent not already subtracted in determining the Collateral Amount), for the period from and including such Reset Date to the earlier of the last day of such Monthly Period (in which case such period shall include such day) or the next succeeding Reset Date (in which case such period shall not include such succeeding Reset Date); or

(ii) for Principal Collections during the Early Amortization Period and the Controlled Amortization Period, the Collateral Amount at the end of the last day of the Revolving Period, provided, however, that the Transferor may, by written notice to the Indenture Trustee, the Servicer and the Rating Agencies, reduce the numerator used for purposes of allocating Principal Collections to Series 2022-VFN1 at any time if (x) the Rating Agency Condition shall have been satisfied with respect to such reduction and (y) the Transferor shall have delivered to the Indenture Trustee an Officer's Certificate to the effect, based on the facts known to such officer at that time, in the reasonable belief of the Transferor, such designation will not cause a Series 2022-VFN1 Early Amortization Event or an event that, after the giving of notice or the lapse of time, would cause a Series 2022-VFN1 Early Amortization Event to occur with respect to Series 2022-VFN1; and

(b) the denominator of which shall be the greater of (x) the Aggregate Principal Receivables determined as of the close of business on the last day of the prior Monthly Period and (y) the sum of the numerators used to calculate the allocation percentages for allocations with respect to Finance Charge Collections, Principal Collections or Default Amounts, as applicable, for all outstanding Series on such date of determination provided, that if one or more Reset Dates occur in a Monthly Period, the Allocation Percentage for the portion of the Monthly Period falling on and after such Reset Date and

prior to any subsequent Reset Date will be recalculated for such period as of the close of business on the subject Reset Date.

"Available Finance Charge Collections" means, for any Monthly Period, an amount equal to the sum of (a) the Investor Finance Charge Collections for such Monthly Period, plus (b) the Excess Finance Charge Collections allocated to Series 2022-VFN1 for such Monthly Period.

"Available Principal Collections" means, for any Monthly Period, an amount equal to the sum of (a) the Investor Principal Collections for such Monthly Period, minus (b) the amount of Reallocated Principal Collections with respect to such Monthly Period which pursuant to Section 5.6 are required to be applied on the related Distribution Date, plus (c) any Shared Principal Collections with respect to other Principal Sharing Series (including any amounts on deposit in the Excess Funding Account that are allocated to Series 2022-VFN1 for application as Shared Principal Collections), plus (d) the aggregate amount to be treated as Available Principal Collections pursuant to clauses 5.4(a)(iv) and (v) for the related Distribution Date.

"Base Rate" means, as to any Monthly Period, the annualized percentage equivalent of a fraction, the numerator of which is equal to the sum of the Class A Monthly Interest, any Class A Non-Use Fees payable pursuant to clause 5.4(a)(ii) and any Class A Additional Amounts payable pursuant to clauses 5.4(a)(i) through (iii) each for the related Distribution Period and the Noteholder Servicing Fee with respect to such Monthly Period, and the denominator of which is the Weighted Average Collateral Amount during such Monthly Period.

"Benchmark" is defined in the Class A Note Purchase Agreement.

"Change in Control" means the failure of Holding to own, directly or indirectly, 100% of the outstanding shares of common stock (excluding directors' qualifying shares) of Comenity Capital Bank.

"Class A Additional Amounts" means Additional Amounts (as defined in the Class A Note Purchase Agreement) payable to the Class A Noteholders pursuant to the Class A Note Purchase Agreement.

"Class A Administrative Agents" means the "Administrative Agents" as defined in the Class A Note Purchase Agreement.

"Class A Breakage Payment" is defined in subsection 5.2(b).

"Class A Funding Tranche" is defined in subsection 5.2(a).

"Class A Incremental Funding" means any increase in the Class A Principal Balance during the Revolving Period made pursuant to the Class A Note Purchase Agreement and Section 4.1(a) hereof.

"Class A Incremental Principal Balance" means the amount of the increase in the Class A Principal Balance occurring as a result of any Class A Incremental Funding, which amount shall equal the aggregate amount of the purchase prices paid by the Class A Noteholders pursuant to the Class A Note Purchase Agreement with respect to such Class A Incremental Funding.

"Class A Maximum Principal Balance" means the "Maximum Class A Principal Balance" (as defined in the Class A Note Purchase Agreement), as such amount may be increased or decreased from time to time pursuant to the Class A Note Purchase Agreement. As applied to any particular Class A Note, the "Class A Maximum Principal Balance" means the portion of the overall Class A Maximum Principal Balance represented by that Class A Note.

"Class A Monthly Interest" is defined in subsection 5.2(a).

"Class A Monthly Principal" is defined in subsection 5.3(a).

"Class A Non-Use Fee" means the Class A Non-Use Fee defined in the Class A Note Purchase Agreement.

"Class A Note Purchase Agreement" means the Note Purchase Agreement, dated as of June 17, 2022, among Transferor, the Issuer, the Servicer and the initial Class A Noteholders, as supplemented by the Fee Letter referred to (and defined) therein, and as the same may be amended or otherwise modified from time to time. The Class A Note Purchase Agreement is hereby designated a "Transaction Document" for all purposes of the Agreement and this Indenture Supplement.

"Class A Noteholder" means the Person in whose name a Class A Note is registered in the Note Register.

"Class A Notes" means any one of the Notes executed by the Issuer and authenticated by or on behalf of the Indenture Trustee, substantially in the form of Exhibit A.

"Class A Ownership Group" means the "Ownership Group" defined in the Class A Note Purchase Agreement.

"Class A Ownership Group Percentage" means the "Ownership Group Percentage" defined in the Class A Note Purchase Agreement.

"Class A Ownership Tranche" is defined in subsection 1.1(b).

"Class A Principal Balance" means, on any Business Day, an amount equal to the result of (a) $0, plus (b) the aggregate amount of all Class A Incremental Principal Balances for all Class A Incremental Fundings occurring after the Series Effective Date and on or prior to that Business Day, minus (c) the aggregate amount of principal payments made to Class A Noteholders after the Series Effective Date and on or prior to such Business Day. As applied to any particular Class A Note, the "Class A Principal Balance" means the portion of the overall Class A Principal Balance represented by that Class A Note. The Class A Principal Balance shall be allocated among the Class A Ownership Tranches as provided in the Class A Note Purchase Agreement.

"Class A Purchase Limit" means the "Purchase Limit" defined in the Class A Note Purchase Agreement.

"Class A Required Amount" means, for any Distribution Date, an amount equal to the excess of the amounts described in clauses 5.4(a)(i), (ii) and (iii) over Available Finance Charge Collections applied to pay such amount pursuant to subsection 5.4(a).

"Class A Scheduled Final Payment Date" means the Distribution Date falling in the twelfth month following the month in which the Controlled Amortization Period begins.

"Class A Tranche Rate" means, for any Distribution Period, the Note Rate (as defined in the Class A Note Purchase Agreement) for each Class A Ownership Tranche (or any related Class A Funding Tranche).

"Closing Date" means June 17, 2022.

"Collateral Amount" means, as of any date of determination, an amount equal to the excess of (a) the sum of (i) the Initial Class A Note Principal Balance, (ii) the aggregate amount of Class A Incremental Fundings occurring after the Series Effective Date and on or prior to such date of determination and (iii) the Initial Excess Collateral Amount for such date of determination over (b) the sum of (i) the amount of principal previously paid to the Series 2022-VFN1 Noteholders prior to such date, (ii) the aggregate of all reductions in the Collateral Amount pursuant to Section 5.4(e) and (iii) excess, if any, of the aggregate amount of Investor Charge-Offs and Reallocated Principal Collections over the reimbursement of such amounts pursuant to clause 5.4(a)(vi) prior to such date.

"Comenity Capital Bank" means Comenity Capital Bank, a Utah industrial bank.

"Controlled Amortization Amount" means for any Transfer Date with respect to the Controlled Amortization Period prior to the payment in full of the Class A Note Principal Balance, an amount equal to (a) the Class A Note Principal Balance as of the close of business on the last day of the Revolving Period divided by (b) twelve.

"Controlled Amortization Date" means the first day of the first Monthly Period that occurs on or after the Purchase Expiration Date under the Class A Note Purchase Agreement.

"Controlled Amortization Period" means, unless a Series 2022-VFN1 Early Amortization Event or a Trust Early Amortization Event shall have occurred prior thereto, the period commencing at the opening of business on the first Controlled Amortization Date to occur (without being extended as provided in the Class A Note Purchase Agreement) and ending on the earlier to occur of (a) the commencement of the Early Amortization Period, and (b) the Series Termination Date, provided that Transferor may, by 2 Business Days' prior written notice to the Indenture Trustee and each Series 2022-VFN1 Noteholder (and so long as the Early Amortization Period has not begun), cause the Controlled Amortization Period to begin on any date earlier than the one otherwise specified above.

"Controlled Amortization Shortfall" initially means zero and thereafter means, with respect to any Monthly Period during the Controlled Amortization Period, the excess, if any, of the Controlled Payment Amount for the previous Monthly Period over the sum of the amount distributed pursuant to subsection 6.2(a) with respect to the Class A Notes for the previous Monthly Period.

"Controlled Payment Amount" means, with respect to any Transfer Date, the sum of (a) the Controlled Amortization Amount for such Transfer Date and (b) any existing Controlled Amortization Shortfall.

"Day Count Fraction" means, as to any Class A Ownership Tranche (or Class A Funding Tranche), a fraction (a) the numerator of which is the number of days in that Distribution Period (or, if less, the number of days during that Distribution Period during which that Class A Ownership Tranche, Class A Funding Tranche was outstanding, including the first, but excluding the last, such day) and (b) the denominator of which is the actual number of days in the related calendar year (or, if so specified in the Class A Note Purchase Agreement, 360).

"Default Amount" means, as to any Defaulted Account, the amount of Principal Receivables (other than Ineligible Receivables, unless there is an Insolvency Event with respect to Comenity Capital Bank or the Transferor) in such Defaulted Account on the day it became a Defaulted Account.

"Defaulted Account" means an Account in which there are Defaulted Receivables.

"Dilution" means any downward adjustment made by Servicer in the amount of any Receivable (a) because of a rebate, refund or billing error to an accountholder, (b) because such Receivable was created in respect of merchandise which was refused or returned by an accountholder or (c) for any other reason other than receiving Collections therefor or charging off such amount as uncollectible.

"Distribution Account" is defined in subsection 5.9(a).

"Distribution Date" means the 15th day of each calendar month, or if such 15th day is not a Business Day, the next succeeding Business Day, commencing the 15th day of the calendar month immediately following the first complete calendar month following the Initial Funding Date.

"Distribution Period" means, for any Distribution Date, the period from and including the Distribution Date immediately preceding such Distribution Date (or, in the case of the first Distribution Date, from and including the Initial Funding Date) to but excluding such Distribution Date.

"Early Amortization Period" means the period commencing on the date on which a Trust Early Amortization Event or a Series 2022-VFN1 Early Amortization Event is deemed to occur and ending on the Series Termination Date.

"Eligible Investments" is defined in Annex A to the Indenture; provided that in no event shall any Eligible Investment be an equity security or cause the Trust to have any voting rights in respect of such Eligible Investment.

"Enhancement Reduction Amount" is defined in Section 4.1(d).

"Excess Collateral Amount" means, for any date of determination, the excess of (a) the Collateral Amount as of such date of determination, over (b) the Class A Note Principal Balance as of such date of determination.

"Excess Spread Percentage" means, for any Monthly Period, a percentage equal to the Portfolio Yield for such Monthly Period, minus the Base Rate for such Monthly Period.

"Finance Charge Account" is defined in Section 5.9(a).

"Finance Charge Collections" means Collections of Finance Charge Receivables.

"Finance Charge Shortfall" is defined in Section 5.7.

"Fixed Allocation Period" means either a Controlled Amortization Period or an Early Amortization Period.

"Group One" means Series 2022-VFN1 and each other Series specified in the related Indenture Supplement to be included in Group One.

"Initial Class A Note Principal Balance" means $0.

"Initial Excess Collateral Amount" means, on any date of determination, an amount equal to (a) $0, plus (b) the aggregate Additional Enhancement Amounts for all Class A Incremental Fundings occurring on or prior to such date of determination, minus (c) the aggregate

Enhancement Reduction Amounts for all amortizations pursuant to Section 4.1(b) or Refinancing Dates occurring on or prior to such date of determination.

"Initial Funding Date" means the initial Incremental Funding Date occurring under the Class A Note Purchase Agreement.

"Investor Charge-Offs" is defined in Section 5.5.

"Investor Default Amount" means, with respect to any Defaulted Account, an amount equal to the product of (a) the Default Amount and (b) the Allocation Percentage on the day such Account became a Defaulted Account.

"Investor Finance Charge Collections" means, for any Monthly Period, an amount equal to the aggregate amount of Finance Charge Collections retained or deposited in the Finance Charge Account for Series 2022-VFN1 pursuant to clause 5.1(b)(i) for such Monthly Period.

"Investor Principal Collections" means, for any Monthly Period, an amount equal to the aggregate amount of Principal Collections retained or deposited in the Principal Account for Series 2022-VFN1 pursuant to clause 5.1(b)(ii) for such Monthly Period.

"Investor Uncovered Dilution Amount" means an amount equal to the product of (x) the Series Allocation Percentage for the related Monthly Period (determined on a weighted average basis, if one or more Reset Dates occur during that Monthly Period), times (y) the aggregate Dilutions occurring during any Monthly Period during which an Asset Deficiency exists.

"Monthly Period" means the period from and including the first day of the calendar month preceding a related Distribution Date to and including the last day of such calendar month; provided that the Monthly Period related to the initial Distribution Date shall mean the period from and including the Initial Funding Date to and including the last day of the calendar month immediately preceding such Distribution Date.

"Monthly Principal" means, on any Distribution Date, the Class A Monthly Principal.

"Monthly Principal Reallocation Amount" means, for any Monthly Period, an amount equal to the lesser of (i) the Class A Required Amount and (ii) zero.

"Noteholder Servicing Fee" is defined in Section 3.1.

"Optional Amortization Amount" is defined in subsection 4.1(b).

"Optional Amortization Date" is defined in subsection 4.1(b).

"Optional Amortization Notice" is defined in subsection 4.1(b).

"Percentage Allocation" is defined in subsection 5.1(b)(ii)(y).

"Portfolio Yield" means, for any Monthly Period, the annualized percentage equivalent of a fraction, (a) the numerator of which is equal to (i) the Available Finance Charge Collections (excluding any Excess Finance Charge Collections), minus (ii) the Aggregate Investor Default Amount and the Investor Uncovered Dilution Amount for such Monthly Period and (b) the denominator of which is the Weighted Average Collateral Amount during such Monthly Period.

"Principal Account" is defined in subsection 5.9(a).

"Principal Shortfall" is defined in Section 5.8.

"Purchase Expiration Date" has the meaning specified in the Class A Note Purchase Agreement.

"Purchaser" means a "Purchaser" as defined in the Class A Note Purchase Agreement.

"Quarterly Excess Spread Percentage" means with respect to each Distribution Date starting on the third Distribution Date after the Initial Funding Date, the percentage equivalent of a fraction the numerator of which is the sum of the Excess Spread Percentages determined with respect to such Distribution Date and the immediately preceding two Distribution Dates and the denominator of which is three.

"Quarterly Payment Rate Percentage" means, with respect to any Distribution Date, the percentage equivalent of a fraction, the numerator of which is the sum of the Payment Rate Percentages determined with respect to such Distribution Date and the immediately preceding two Distribution Dates, and the denominator of which is three. For purposes of the foregoing calculation, the "Payment Rate Percentage" for any Distribution Date shall equal the percentage equivalent of a faction, the numerator which is the aggregate Collections received during the immediately preceding Monthly Period, and the denominator of which is the total Principal Receivables held by the Trust as of the opening of business on the first day of such immediately preceding Monthly Period.

"Rating Agency" means any nationally recognized statistical rating organization hired by the Issuer to rate the Series 2022-VFN1 Notes.

"Rating Agency Condition" means, with respect to Series 2022-VFN1 and any action subject to such condition, (i) if any Class of Series 2022-VFN1 Notes is rated by a Rating Agency designated for such Class, 10 days' prior written notice (or, if 10 days' advance notice is impracticable, as much advance notice as is practicable) to such Rating Agency, delivered electronically and (ii) if there are no Rating Agencies designated for any Class of Series 2022-VFN1 Notes, the consent of the holders of Series 2022-VFN1 Notes holding 66 2/3% of the Class A Note Principal Balance of the Series 2022-VFN1 Notes which are not rated by a Rating Agency.

"Reallocated Principal Collections" means, for any Transfer Date, Investor Principal Collections applied in accordance with Section 5.6 in an amount not to exceed the Monthly Principal Reallocation Amount for the related Monthly Period.

"Reassignment Amount" means, for any Transfer Date, after giving effect to any deposits and distributions otherwise to be made on the related Distribution Date, the sum of (i) the Class A Note Principal Balance on the related Distribution Date, plus (ii) Class A Monthly Interest for the related Distribution Date and any Class A Monthly Interest previously due but not distributed to the Series 2022-VFN1 Noteholders, plus (iii) the amount of Class A Non-Use Fees, if any, for the related Distribution Date and any Class A Non-Use Fees previously due but not distributed to the Series 2022-VFN1 Noteholders on a prior Distribution Date, plus (iv) the amount of Class A Additional Amounts, if any, for the related Distribution Date and any Class A Additional Amounts previously due but not distributed to the Series 2022-VFN1 Noteholders on a prior Distribution Date.

"Record Date" means, for purposes of Series 2022-VFN1 with respect to any Distribution Date or Optional Amortization Date, the date falling five Business Days prior to such date.

"Refinancing Date" is defined in subsection 4.1(c).

"Required Excess Collateral Amount" means, at any time, the product of (i) 30.00% times (ii) the quotient of (x) the Class A Note Principal Balance divided by (y) 70.00%; provided, that:

(a) except as provided in clause (c), the Required Excess Collateral Amount shall never be less than 30.00% of the Collateral Amount as of the last day of the Revolving Period;

(b) except as provided in clause (c), the Required Excess Collateral Amount shall not decrease during an Early Amortization Period; and

(c) the Required Excess Collateral Amount shall never be greater than the Class A Note Principal Balance.

"Required Retained Transferor Percentage" means, for purposes of Series 2022-VFN1, 5.00%.

"Reset Date" means:

(a) each Addition Date relating to Supplemental Accounts;

(b) each Removal Date on which, if any Series of Notes has been paid in full, Principal Receivables equal to the initial Collateral Amount or initial principal balance for that Series are removed from the Issuer;

(c) each date on which there is an increase in the outstanding balance of any Variable Interest; and

(d) each date on which a new Series or Class of Notes is issued.

"Revolving Period" means the period from and including the Series Effective Date to, but not including, the earlier of (a) the day the Controlled Amortization Period commences and (b) the day the Early Amortization Period commences.

"Securities Exchange Act" means the provisions of the Securities Exchange Act of 1934 15 U.S.C. Sections 78a et seq., and any regulations promulgated thereunder.

"Series 2022-VFN1" means the Series of Notes the terms of which are specified in this Indenture Supplement.

"Series 2022-VFN1 Early Amortization Event" is defined in Section 7.1(l).

"Series 2022-VFN1 Note" means a Class A Note.

"Series 2022-VFN1 Noteholder" means a Class A Noteholder.

"Series Account" means, (a) with respect to Series 2022-VFN1, the Finance Charge Account, the Principal Account, the Distribution Account, and (b) with respect to any other Series, the "Series Accounts" for such Series as specified in the Indenture and the applicable Indenture Supplement for such Series.

"Series Allocation Percentage" means, with respect to any Monthly Period, the percentage equivalent of a fraction, the numerator of which is the Allocation Percentage for

Finance Charge Collections for that Monthly Period and the denominator of which is the sum of the Allocation Percentage for Finance Charge Receivables for all outstanding Series on such date of determination; provided that if one or more Reset Dates occur in a Monthly Period, the Series Allocation Percentages for the portion of the Monthly Period falling on and after each such Reset Date and prior to any subsequent Reset Date will be determined using a denominator which is equal to the sum of the numerators used in determining the Allocation Percentage for Finance Charge Receivables for all outstanding Series as of the close of business on the subject Reset Date.

"Series Effective Date" means the date on which all conditions precedent for the initial Incremental Funding (as set forth in Section 2.05 of the Class A Note Purchase Agreement) have been satisfied.

"Series Servicing Fee Percentage" means 1.0% per annum; provided, for any day during which the Servicing Fee Step-Up Condition has occurred and is continuing, the Series Servicing Fee Percentage shall be 2.0%.

"Series Termination Date" means the earliest to occur of (a) the Distribution Date falling in a Fixed Allocation Period on which the Collateral Amount is paid in full, (b) the termination of the Trust pursuant to the Agreement, (c) the Distribution Date on or closest to the date falling 46 months after the commencement of the Early Amortization Period and (d) the Distribution Date on or closest to the date falling 58 months after the commencement of the Controlled Amortization Period.

"Servicing Fee Step-Up Condition" has the meaning specified in the Class A Note Purchase Agreement.

"Specified Transferor Amount" means, as of any date of determination, the Minimum Transferor Amount as of such date of determination.

"Surplus Collateral Amount" means, with respect to any Distribution Date, the excess, if any, of the Excess Collateral Amount over the Required Excess Collateral Amount, in each case calculated after giving effect to any payments of principal on such Distribution Date, but before giving effect to any reduction in the Collateral Amount on such Distribution Date pursuant to Section 5.4(e).

"Target Amount" is defined in Section 5.1(b)(i).

"Transfer" means any sale, transfer, assignment, exchange, participation, pledge, hypothecation, rehypothecation, or other grant of a security interest in or disposition of, a Note.

"Weighted Average Class A Principal Balance" means, as to any Class A Ownership Tranche (or Class A Funding Tranche) for any Distribution Period, the quotient of (a) the summation of the portion of the Class A Principal Balance allocated to that Class A Ownership Tranche (or Class A Funding Tranche) determined as of each day in that Distribution Period, divided by (b) the number of days in that Distribution Period (or, if less, the number of days during that Distribution Period during which that Class A Ownership Tranche or Class A Funding Tranche was outstanding).

"Weighted Average Collateral Amount" means, for any Monthly Period, the quotient of (a) the summation of the Collateral Amount determined as of each day in that Monthly Period, divided by (b) the number of days in that Monthly Period.

(b) Each capitalized term defined herein shall relate to the Series 2022-VFN1 Notes and no other Series of Notes issued by the Trust, unless the context otherwise requires. All capitalized terms used herein and not otherwise defined herein have the meanings ascribed to them in Annex A to the Indenture, or, if not defined therein, in the Class A Note Purchase Agreement.

(c) The interpretive rules specified in Section 1.2 of the Indenture also apply to this Indenture Supplement. If any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Indenture, the terms and provisions of this Indenture Supplement shall be controlling.

ARTICLE III.

Noteholder Servicing Fee

Section 3.1 Servicing Compensation. The share of the Servicing Fee allocable to Series 2022-VFN1 for any Transfer Date (the "Noteholder Servicing Fee") shall be equal to one-twelfth of the product of (a) the average Series Servicing Fee Percentage for the preceding Monthly Period and (b) the Weighted Average Collateral Amount for the preceding Monthly Period; provided, however, that with respect to the first Transfer Date, the Noteholder Servicing Fee shall instead equal a fraction of such product, the numerator of which is the number of days from and including the Initial Funding Date to and including the last day of the Monthly Period preceding such Transfer Date, the denominator of which is 360. The remainder of the Servicing Fee shall be paid by the holders of the Transferor Interest or the noteholders of other Series (as provided in the related Indenture Supplements), and in no event shall the Trust, the Indenture Trustee or the Series 2022-VFN1 Noteholders be liable for the share of the Servicing Fee to be paid by the holders of the Transferor Interest or the noteholders of any other Series.

ARTICLE IV.

Variable Funding Mechanics

Section 4.1 Variable Funding Mechanics

(a) Class A Incremental Fundings. From time to time during the Revolving Period and prior to the Purchase Expiration Date, Transferor and Servicer may notify one or more Class A Administrative Agents that a Class A Incremental Funding will occur, subject to the conditions of the Class A Note Purchase Agreement, with respect to the related Class A Ownership Group(s) on the next or any subsequent Business Day by delivering a Notice of Incremental Funding (as defined in the Class A Note Purchase Agreement) executed by Transferor and Servicer to the Class A Administrative Agent for each such Class A Ownership Group, specifying the amount of such Class A Incremental Funding and the Business Day upon which such Class A Incremental Funding is to occur. The amount of Class A Incremental Funding allocated to each Class A Ownership Group shall be a minimum amount of $1,000,000 or a higher integral multiple thereof for each Class A Ownership Group, except that a Class A Incremental Funding may be requested in the entire remaining Class A Purchase Limit of the related Class A Ownership Group. Upon any Class A Incremental Funding, the Class A Principal Balance, the Collateral Amount, the Class A Note Principal Balance and the Allocation Percentage shall increase as provided herein. For each Class A Incremental Funding, the Class A Principal Balance shall increase in an amount equal to the Class A Incremental Principal Balance. The increase in the Class A Principal Balance shall be allocated to the Class A Notes held by the Class A Noteholders from which purchase prices were received in connection with the Class A Incremental Funding in proportion to the amount of such purchase prices received.

(b) Optional Amortization. On any Business Day in the Revolving Period or the Controlled Amortization Period, Transferor may cause Servicer to provide notice to the Indenture Trustee and the Class A Administrative Agents for affected Class A Ownership Groups (an "Optional Amortization Notice") at least two Business Days prior to any Business Day (the "Optional Amortization Date") stating its intention to cause a full or partial amortization of the Class A Notes with Available Principal Collections on the Optional Amortization Date, in full or in part, in an amount (the "Optional Amortization Amount"), which shall be allocated to the Class A Notes. The portion of the Optional Amortization Amount allocated to any Class A Ownership Group shall be in an aggregate amount not less than $1,000,000 or a higher integral multiple thereof, except that the Optional Amortization Amount allocated to any Class A Ownership Group may equal the entire Principal Balance of the related Class A Note for such Class A Ownership Group. The Optional Amortization Notice shall state the Optional Amortization Date, the Optional Amortization Amount and the allocation of such Optional Amortization Amount among the various Classes and Class A Ownership Groups. The Optional Amortization Amount shall be paid from Shared Principal Collections pursuant to Section 8.5 of the Indenture and Section 5.8. Accrued interest and any Class A Additional Amounts, payable to each affected Class A Ownership Group shall be payable on the first Distribution Date on or after the related Optional Amortization Date. On the Business Day prior to each Optional Amortization Date, Servicer shall instruct the Indenture Trustee in writing (which writing shall be substantially in the form of Exhibit B) to withdraw from the Collection Account and deposit in the Distribution Account, to the extent of the available funds held therein as Shared Principal Collections pursuant to Section 5.8, an amount sufficient to pay the Optional Amortization Amount on that Optional Amortization Date, and the Indenture Trustee, acting in accordance with such instructions, shall on such Business Day make such withdrawal and deposit.

(c) Refinanced Optional Amortization. On any Business Day in the Revolving Period or the Controlled Amortization Period, Transferor may, with the consent of each affected Series 2022-VFN1 Noteholder, cause Servicer to provide notice to the Indenture Trustee and all of the Series 2022-VFN1 Noteholders at least five Business Days prior to any Business Day (the "Refinancing Date") stating its intention to cause the Series 2022-VFN1 Notes to be prepaid in full or in part on the Refinancing Date by causing all or a portion of the Collateral Amount to be conveyed to one or more Persons (who may be the Noteholders of a new Series issued substantially contemporaneously with such prepayment) for a cash purchase price in an amount equal to the sum of (i) the Collateral Amount (or the portion thereof that is being conveyed), plus (ii) accrued and unpaid interest on the Collateral Amount (or the portion thereof that is being conveyed) through the Refinancing Date, plus (iii) any accrued and unpaid Class A Non-Use Fees and Class A Additional Amounts in respect of the Collateral Amount (or portion thereof that is being conveyed) through the Refinancing Date. In the case of any such conveyance, the purchase price shall be deposited in the Collection Account and shall be distributed to the Class A Notes, based on the Class A Ownership Group Percentage for each Class A Ownership Group, on the Refinancing Date in accordance with the terms of this Indenture Supplement and the Indenture.

(d) Adjustment to Collateral Amount. Automatically upon the making of any Class A Incremental Funding, the Collateral Amount shall increase by the aggregate amount of the Class A Incremental Fundings, plus such additional amount (an "Additional Enhancement Amount") as may be necessary so that, after giving effect to each such Class A Incremental Funding, the Excess Collateral Amount would not be less than the Required Excess Collateral Amount. Automatically upon the payment of any Optional Amortization Amount or the distribution of a purchase price pursuant to Section 4.1(c) on any Refinancing Date, the Collateral Amount shall decrease by an amount equal to the sum of (i) the related Optional Amortization Amount or purchase price, as applicable, distributed to the Series 2022-VFN1 Noteholders and (ii) an additional amount specified in the Optional Amortization Notice or

notice delivered in connection with a Refinancing Date (an "Enhancement Reduction Amount") so long as, after giving effect to such reduction, the Excess Collateral Amount would not be less than the Required Excess Collateral Amount.

ARTICLE V.

Rights of Series 2022-VFN1 Noteholders and Allocation and Application of Collections

Section 5.1 Collections and Allocations

(a) Allocations. Finance Charge Collections, Principal Collections and Defaulted Receivables allocated to Series 2022-VFN1 pursuant to Article VIII of the Indenture shall be allocated and distributed as set forth in this Article.

(b) Allocations to the Series 2022-VFN1 Noteholders. The Servicer shall on the Date of Processing, allocate to the Series 2022-VFN1 Noteholders the following amounts as set forth below:

(i) Allocations of Finance Charge Collections. The Servicer shall allocate to the Series 2022-VFN1 Noteholders an amount equal to the product of (A) the Allocation Percentage and (B) the aggregate Finance Charge Collections processed on such Date of Processing and shall deposit such amount into the Finance Charge Account, provided that, with respect to each Monthly Period falling in the Revolving Period (and with respect to that portion of each Monthly Period in the Controlled Amortization Period falling on or after the day on which Collections of Principal Receivables equal to the Controlled Amortization Amount have been allocated pursuant to clause 5.1(b)(ii)), Collections of Finance Charge Receivables shall be transferred into the Finance Charge Account only until such time as the aggregate amount so deposited equals the product of (x) 1.5 and (y) the sum (the "Target Amount") of (A) the Class A Monthly Interest for the related Distribution Date, (B) the Class A Non-Use Fee, if any, (C) the Class A Additional Amounts, if any, (D) if Comenity Capital Bank is not the Servicer, the Noteholder Servicing Fee (and if Comenity Capital Bank is the Servicer, then amounts that otherwise would have been transferred into the Finance Charge Account pursuant to this clause (D) shall instead by returned to Comenity Capital Bank as payment of the Noteholder Servicing Fee) and (E) the sum of the Investor Default Amounts for the prior Monthly Period and any Investor Uncovered Dilution Amount for the prior Monthly Period; provided further, that, notwithstanding the preceding proviso, if on any Business Day the Servicer determines that the Target Amount for a Monthly Period exceeds the Target Amount for that Monthly Period as previously calculated by Servicer, then (x) Servicer shall (on the same Business Day) inform Transferor of such determination, and (y) within two Business Days of receiving such notice Transferor shall deposit into the Finance Charge Account funds in an amount equal to the amount of Collections of Finance Charge Receivables allocated to the Noteholders for that Monthly Period but not deposited into the Finance Charge Account due to the operation of the preceding proviso (but not in excess of the amount required so that the aggregate amount deposited for the subject Monthly Period equals the Target Amount); and provided, further, if on any Transfer Date the Transferor Amount is less than zero after giving effect to all transfers and deposits on that Transfer Date, Transferor shall, on that Transfer Date, deposit into the Principal Account funds in an amount equal to the amounts of Available Finance Charge Collections that are required to be treated as Available Principal Collections pursuant to clause 5.4(a)(iv) and (v) but are not available from funds in the Finance Charge Account as a result of the operation of second preceding proviso.

With respect to any Monthly Period when deposits of Collections of Finance Charge Receivables into the Finance Charge Account are limited to deposits up to 1.5 times the Target Amount in accordance with clause (i) above, notwithstanding such limitation and notwithstanding the provisions of Section 8.4(a) of the Indenture: (1) Reallocated Principal Collections for the related Transfer Date shall be calculated as if the full amount of Finance

Charge Collections allocated to the Noteholders during that Monthly Period had been deposited in the Finance Charge Account and applied on such Transfer Date in accordance with subsection 5.4(a); and (2) Collections of Finance Charge Receivables released to Transferor pursuant to such Section 5.1(b)(i) shall be deemed, for purposes of all calculations under this Indenture Supplement, to have been retained in the Finance Charge Account and applied to the items specified in subsections 5.4(a) to which such amounts would have been applied (and in the priority in which they would have been applied) had such amounts been available in the Finance Charge Account on such Transfer Date. To avoid doubt, the calculations referred to in the preceding clause (2) include the calculations required by clause (b)(iii) of the definition of Collateral Amount.

(ii) Allocations of Principal Collections. The Servicer shall allocate to the Series 2022-VFN1 Noteholders the following amounts as set forth below:

(x) Allocations During the Revolving Period.

(1) During the Revolving Period an amount equal to the product of the Allocation Percentage and the aggregate amount of Principal Collections processed on such Date of Processing, shall be allocated to the Series 2022-VFN1 Noteholders and *first*, if any other Principal Sharing Series is outstanding and in its accumulation period or amortization period, retained in the Principal Account for application, to the extent necessary, as Shared Principal Collections for other Principal Sharing Series on the related Distribution Date, *second*, retained in the Principal Account, to the extent necessary, to pay any Optional Amortization Amount on the related Optional Amortization Date, *third*, deposited in the Excess Funding Account to the extent necessary so that the Transferor Amount is not less than the Minimum Transferor Amount and *fourth*, paid to the holders of the Transferor Interest.

(2) With respect to each Monthly Period falling in the Revolving Period, to the extent that Collections of Principal Receivables allocated to the Series 2022-VFN1 Noteholders pursuant to this clause 5.1(b)(ii) are paid to Transferor, Transferor shall make an amount equal to the Reallocated Principal Collections for the related Transfer Date available on that Transfer Date for application in accordance with Section 5.6.

(y) Allocations During the Controlled Amortization Period. During the Controlled Amortization Period an amount equal to the product of the Allocation Percentage and the aggregate amount of Principal Collections processed on such Date of Processing (the product for any such date is hereinafter referred to as a "Percentage Allocation") shall be allocated to the Series 2022-VFN1 Noteholders and transferred to the Principal Account until applied as provided herein; provided, however, that if the sum of such Percentage Allocation and all preceding Percentage Allocations with respect to the same Monthly Period exceeds the Controlled Payment Amount during the Controlled Amortization Period for the related Distribution Date, then such excess shall not be treated as a Percentage Allocation and shall be *first*, if any other Principal Sharing Series is outstanding and in its accumulation period or amortization period, retained in the Principal Account for application, to the extent necessary, as Shared Principal Collections to other Principal Sharing Series on the related Distribution Date, *second*, retained in the Principal Account to pay any Optional Amortization Amount on the related Optional Amortization Date, *third*, deposited in the Excess

Funding Account to the extent necessary so that the Transferor Amount is not less than the Minimum Transferor Amount and *fourth*, paid to the holders of the Transferor Interest.

(z) Allocations During the Early Amortization Period. During the Early Amortization Period, an amount equal to the product of the Allocation Percentage and the aggregate amount of Principal Collections processed on such Date of Processing shall be allocated to the 2022-VFN1 Noteholders and transferred to the Principal Account until applied as provided herein; provided, however, that after the date on which an amount of such Principal Collections equal to the Class A Note Principal Balance has been deposited into the Principal Account such amount shall be first, if any other Principal Sharing Series is outstanding and in its accumulation period or amortization period, retained in the Principal Account for application, to the extent necessary, as Shared Principal Collections to other Principal Sharing Series on the related Distribution Date, second deposited in the Excess Funding Account to the extent necessary so that the Transferor Amount is not less than the Minimum Transferor Amount and third paid to the holders of the Transferor Interest.

(c) On any date, Servicer may direct the Indenture Trustee to withdraw from the Collection Account or any Series Account any amounts inadvertently deposited in such account that should have not been so deposited.

Section 5.2 Determination of Class A Monthly Interest.

(a) Pursuant to the Class A Note Purchase Agreement, certain Class A Ownership Tranches may from time to time be divided into one or more subdivisions (each, as further specified in the Class A Note Purchase Agreement, a "Class A Funding Tranche") which will accrue interest on different bases. The amount of monthly interest ("Class A Monthly Interest") distributable from the Distribution Account with respect to the Class A Notes on any Distribution Date shall be an amount equal to the aggregate amount of interest that accrued over that Distribution Period on each Class A Funding Tranche (plus the aggregate amount of interest that accrued over any prior Distribution Period on any Class A Funding Tranche and has not yet been paid, plus additional interest (to the extent permitted by law) on such overdue amounts at the weighted average interest rate applicable to the related Class A Ownership Tranche during that Distribution Period, and minus any overpayment of interest on the prior Distribution Date as a result of the estimation referred to below), all as determined by Servicer on the related Determination Date. For purposes of such determination, Servicer shall rely upon information provided by the various Class A Administrative Agents pursuant to the Class A Note Purchase Agreement including estimates of the interest to accrue on any Class A Funding Tranche through the related Distribution Date. The interest accrued on any Class A Ownership Tranche (or related Class A Funding Tranche) for any Distribution Period shall be determined using the applicable Class A Tranche Rate and shall equal the product of (x) the Weighted Average Class A Principal Balance for that Class A Ownership Tranche (or Class A Funding Tranche), (y) the applicable Class A Tranche Rate and (z) the applicable Day Count Fraction.

(b) If any distribution of principal is made with respect to any Class A Funding Tranche funded through the issuance of commercial paper notes or accruing interest based on the applicable Benchmark other than on (i) the day on which the related funding source, to the extent subject to a contracted maturity date, matures or (ii) a Distribution Date, or if the Class A Principal Balance of any Class A Ownership Tranche is reduced by an Optional Amortization Amount in an amount greater than the amount (if any) specified in the Class A Note Purchase Agreement with respect to that Class A Ownership Tranche without the applicable number (as specified in the Class A Note Purchase Agreement) of Business Days' prior notice to the affected

Series 2022-VFN1 Noteholder, and in either case (i) the interest paid by the Class A Noteholder holding that Class A Funding Tranche to providers of funds to it to fund that Class A Funding Tranche exceeds (ii) returns earned by that Class A Noteholder through the related Distribution Date (or, if earlier, the maturity date for the related funding source) by redeployment of such funds in highly rated short-term money market instruments, then, upon written notice (which notice shall be signed by an officer of that Class A Noteholder with knowledge of and responsibility for such matters and shall set forth in reasonable detail the basis for requesting the amounts) from such Class A Noteholder to Servicer, such Class A Noteholder shall be entitled to receive additional amounts in the amount of such excess (each, a "Class A Breakage Payment") on the Distribution Date on or after the date such distribution of principal is made with respect to that Class A Funding Tranche, so long as such written notice is received not later than noon, New York City time, on the Transfer Date related to such Distribution Date. For purposes of calculations under this paragraph, any payment received by a Class A Noteholder later than noon, New York City time, on any day shall be deemed to have been received on the next day.

Section 5.3 Determination of Class A Monthly Principal.

(a) The amount of monthly principal (the "Class A Monthly Principal") to be transferred from the Principal Account with respect to the Class A Notes (i) on each Transfer Date, beginning with the Transfer Date in the Monthly Period following the Monthly Period in which the Controlled Amortization Period begins (unless an Early Amortization Period shall have commenced prior to the end of the Monthly Period immediately preceding such Transfer Date), shall be equal to the least of (w) the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date, (x) the Controlled Payment Amount for such Transfer Date, (y) the Collateral Amount (after taking into account any adjustments to be made on such Transfer Date and the related Distribution Date pursuant to Sections 5.5 and 5.6), and (z) the Class A Principal Balance and (ii) on each Transfer Date, beginning with the Transfer Date in the Monthly Period following the Monthly Period in which the Early Amortization Period begins, shall be equal to the least of (x) the Available Principal Collections on deposit in the Principal Account with respect to such Transfer Date, (y) the Collateral Amount (after taking into account any adjustments to be made on such Transfer Date and the related Distribution Date pursuant to Sections 5.5 and 5.6), and (z) the Class A Principal Balance.

Section 5.4 Application of Available Finance Charge Collections and Available Principal Collections. On or before each Transfer Date, the Servicer shall instruct the Indenture Trustee in writing (which writing shall be substantially in the form of Exhibit B) to withdraw and the Indenture Trustee, acting in accordance with such instructions, shall withdraw on such Transfer Date or related Distribution Date, as applicable, to the extent of available funds, the amount required to be withdrawn from the Finance Charge Account, the Principal Account and the Distribution Account as follows:

(a) On each Transfer Date, an amount equal to the Available Finance Charge Collections with respect to the related Distribution Date will be distributed or deposited in the following priority:

(i) an amount equal to the unpaid Class A Monthly Interest for such Distribution Date shall be deposited by Servicer or the Indenture Trustee into the Distribution Account for distribution to the Class A Noteholders in accordance with Section 6.2;

(ii) an amount equal to the unpaid Class A Non-Use Fee, if any, not paid by the Transferor pursuant to the Class A Note Purchase Agreement for the related Distribution Period plus any Class A Non-Use Fee due but not paid to the Class A Noteholders on any prior Distribution Date and an amount equal to the Class A

Additional Amounts, if any, for the related Distribution Period plus any Class A Additional Amounts due but not paid to the Class A Noteholders on any prior Distribution Date shall be deposited by Servicer or the Indenture Trustee into the Distribution Account for distribution to the Class A Noteholders in accordance with Section 6.2; provided, that the amounts distributed pursuant to this clause 5.4(a)(ii) shall not exceed 0.50% of the Weighted Average Collateral Amount over the Distribution Period;

(iii) an amount equal to the Noteholder Servicing Fee for such Transfer Date, plus the amount of any Noteholder Servicing Fee previously due but not distributed to the Servicer on a prior Transfer Date, shall be distributed to the Servicer;

(iv) an amount equal to the Aggregate Investor Default Amount and any Investor Uncovered Dilution Amount for such Distribution Date shall be treated as a portion of Available Principal Collections for such Distribution Date and, during the Controlled Amortization Period or the Early Amortization Period, deposited into the Principal Account on the related Transfer Date to the extent needed to pay Monthly Principal on the related Distribution Date;

(v) an amount equal to the sum of the aggregate amount of Investor Charge-Offs and the amount of Reallocated Principal Collections which have not been previously reimbursed pursuant to this clause (v) shall be treated as a portion of Available Principal Collections for such Distribution Date and, during the Controlled Amortization Period or the Early Amortization Period, deposited into the Principal Account on the related Transfer Date to the extent needed to pay Monthly Principal on the related Distribution Date;

(vi) [reserved];

(vii) any amounts not distributed pursuant to clause 5.4(a)(ii) because of the proviso in such clause shall be withdrawn from the Finance Charge Account and deposited into the Distribution Account for distribution to the Class A Noteholders; and

(viii) the balance, if any, will constitute a portion of Excess Finance Charge Collections for such Distribution Date.

(b) During the Revolving Period, an amount equal to the Available Principal Collections for the related Monthly Period will be treated as Shared Principal Collections and applied in accordance with Section 8.5 of the Indenture:

(c) On each Transfer Date following any Monthly Period during the Controlled Amortization Period or the Early Amortization Period, an amount equal to the Available Principal Collections for the related Monthly Period shall be distributed or deposited in the following order of priority:

(i) an amount equal to the Class A Monthly Principal for such Transfer Date shall be deposited into the Distribution Account on such Transfer Date and on each subsequent Transfer Date for payment to the Class A Noteholders on the related Distribution Date until the Class A Principal Balance has been paid in full; and

(ii) the balance shall be treated as Shared Principal Collections and applied in accordance with Section 8.5 of the Indenture.

(d) On each Distribution Date, the Indenture Trustee shall pay in accordance with Section 6.2 to the Class A Noteholders from the Distribution Account, the amount deposited into the Distribution Account pursuant to clauses 5.4(a)(i), (ii) and (vii) on the preceding Transfer Date.

(e) As of any Distribution Date during the Controlled Amortization Period or Early Amortization Period, the Collateral Amount shall be reduced by the Surplus Collateral Amount.

Section 5.5 Investor Charge-Offs. On each Determination Date, the Servicer shall calculate the Aggregate Investor Default Amount and any Investor Uncovered Dilution Amount for the related Distribution Date. If, on any Distribution Date, the sum of the Aggregate Investor Default Amount and any Investor Uncovered Dilution Amount for such Distribution Date exceeds the sum of the amount of Available Finance Charge Collections, the Collateral Amount will be reduced (but not below zero) by the amount of such excess (such reduction, an "Investor Charge-Off").

Section 5.6 Reallocated Principal Collections. On each Transfer Date, the Servicer shall apply, or shall instruct the Indenture Trustee in writing to apply, Investor Principal Collections with respect to that Transfer Date, to fund any deficiency pursuant to and in the priority set forth in clauses 5.4(a)(i) through (iii). On each Transfer Date, the Collateral Amount shall be reduced by the amount of Reallocated Principal Collections for such Transfer Date.

Section 5.7 Excess Finance Charge Collections. Series 2022-VFN1 shall be an Excess Allocation Series with respect to Group One only. Subject to Section 8.6 of the Indenture, Excess Finance Charge Collections with respect to the Excess Allocation Series in Group One for any Transfer Date will be allocated to Series 2022-VFN1 in an amount equal to the product of (x) the aggregate amount of Excess Finance Charge Collections with respect to all the Excess Allocation Series in Group One for such Distribution Date and (y) a fraction, the numerator of which is the Finance Charge Shortfall for Series 2022-VFN1 for such Distribution Date and the denominator of which is the aggregate amount of Finance Charge Shortfalls for all the Excess Allocation Series in Group One for such Distribution Date. The "Finance Charge Shortfall" for Series 2022-VFN1 for any Distribution Date will be equal to the excess, if any, of (a) the full amount required to be paid, without duplication, pursuant to clauses 5.4(a)(i) through (vii) on such Distribution Date over (b) the Available Finance Charge Collections with respect to such Distribution Date (excluding any portion thereof attributable to Excess Finance Charge Collections).

Section 5.8 Shared Principal Collections. Subject to Section 8.5 of the Indenture, Shared Principal Collections allocable to Series 2022-VFN1 on any Transfer Date shall equal the product of (i) the aggregate amount of Shared Principal Collections with respect to all Principal Sharing Series for such Transfer Date and (ii) a fraction, the numerator of which is the Principal Shortfall for Series 2022-VFN1 for such Transfer Date and the denominator of which is the aggregate amount of Principal Shortfalls for all the Series which are Principal Sharing Series for such Transfer Date. The "Principal Shortfall" for Series 2022-VFN1 for any Transfer Date shall equal, the excess, if any, of the sum, without duplication, of any Optional Amortization Amounts and Class A Monthly Principal with respect to such Transfer Date over the amount of Available Principal Collections for such Transfer Date (excluding any portion thereof attributable to Shared Principal Collections).

Section 5.9 Certain Series Accounts.

(a) The Indenture Trustee shall establish and maintain with an Eligible Institution, which may be the Indenture Trustee or an Affiliate thereof in the name of the Trust, on behalf of the Trust, for the benefit of the Noteholders, three segregated trust accounts with such Eligible

Institution (the "Finance Charge Account", the "Principal Account" and the "Distribution Account"), bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Series 2022-VFN1 Noteholders. The Indenture Trustee shall possess all right, title and interest in all funds on deposit from time to time in the Finance Charge Account, the Principal Account and the Distribution Account and in all proceeds thereof. The Finance Charge Account, the Principal Account and the Distribution Account shall be under the sole dominion and control of the Indenture Trustee for the benefit of the Series 2022-VFN1 Noteholders. If at any time the institution holding the Finance Charge Account, the Principal Account and the Distribution Account ceases to be an Eligible Institution, the Transferor shall notify the Indenture Trustee in writing, and the Indenture Trustee upon being notified (or the Servicer on its behalf) shall, within ten (10) Business Days, establish a new Finance Charge Account, a new Principal Account and a new Distribution Account meeting the conditions specified above with an Eligible Institution, and shall transfer any cash or any investments to such new Finance Charge Account, new Principal Account and new Distribution Account. The Indenture Trustee, at the written direction of the Servicer, shall make withdrawals from the Finance Charge Account, the Principal Account and the Distribution Account from time to time, in the amounts and for the purposes set forth in this Indenture Supplement. Indenture Trustee at all times shall maintain accurate records reflecting each transaction in the Finance Charge Account, the Principal Account and the Distribution Account.

(b) Funds on deposit in the Finance Charge Account, the Principal Account and the Distribution Account, from time to time shall be invested and reinvested at the direction of the Servicer by the Indenture Trustee in Eligible Investments that will mature so that such funds will be available for withdrawal on or prior to the following Transfer Date. The Servicer shall give a written standing instruction for such investments, and amounts in such accounts will not be invested if the Servicer fails to give such instructions to the Indenture Trustee.

(c) Solely with respect to funds deposited into the Distributions Account in connection with Section 2.05 of the Class A Note Purchase Agreement, Indenture Trustee, acting at the written direction of the Servicer, will transfer such funds on the Initial Funding Date to the account specified by the Servicer; provided, however, that Indenture Trustee receives such written instruction and the funds no later than 11:00 a.m., New York City time, on the Initial Funding Date; provided, further that in the event Indenture Trustee receives such written instruction or the funds deposit later than such time, the Indenture Trustee shall transfer such funds on the Business Day immediately following the Initial Funding Date.

(d) Section 6.14 of the Indenture shall apply to the Series Accounts.

Section 5.10 Investment Instructions. Any investment instructions required to be given to the Indenture Trustee pursuant to the terms hereof must be given in the form of a written standing instruction to the Indenture Trustee no later than 11:00 a.m., New York City time, on the date such investment is to be made. In the event the Indenture Trustee receives such investment instruction later than such time, the Indenture Trustee may, but shall have no obligation to, make such investment. In the event the Indenture Trustee is unable to make an investment required in an investment instruction received by the Indenture Trustee after 11:00 a.m., New York City time, on such day, such investment shall be made by the Indenture Trustee on the next succeeding Business Day. In no event shall the Indenture Trustee be liable for any investment not made pursuant to investment instructions received after 11:00 a.m., New York City time, on the day such investment is requested to be made. If investment instructions are not given with respect to funds in any Accounts, such funds shall remain uninvested until instructions are delivered to the Indenture Trustee in accordance with the terms hereof.

Section 5.11 Distributions After Repudiation and Payment of Damages by FDIC.

(a) In the event that Account Originator becomes the subject of an insolvency proceeding and a special payment date is declared as contemplated by Section 13.3(b) of the Indenture, the amount of interest payable with respect to the Series 2022-VFN1 Notes on the special payment date shall be equal to the sum of any deposit into the Finance Charge Account for the Series 2022-VFN1 Notes with respect to the prior Monthly Period that was not previously deposited on the prior Transfer Date, *plus* the aggregate amount of interest accrued on the Series 2022-VFN1 Notes from and including the preceding Distribution Date to but excluding the special payment date, including any additional interest accrued on such overdue interest pursuant to Section 5.2(a).

(b) In the event that Account Originator becomes the subject of an insolvency proceeding and the FDIC as receiver or conservator for Account Originator exercises its right of repudiation and elects to pay damages with respect to the Series 2022-VFN1 Notes as contemplated by paragraph (d)(4)(ii) of the FDIC Rule, (i) any damages received with respect to the Series 2022-VFN1 Notes shall be deposited to the Collection Account and (ii) the Issuer shall promptly, and in no event later than one Business Day after such damages have been paid by the FDIC, compute the amount, if any, required to be withdrawn from available funds allocated to Series 2022-VFN1 in the Collection Account and the Excess Funding Account and transferred to the Finance Charge Account, the Principal Account, so that the amount on deposit in the Finance Charge Account, the Principal Account shall equal the aggregate amount to be distributed as specified in Section 5.11(c).

(c) On the applicable payment date determined pursuant to Section 13.3(b) of the Indenture, the Issuer shall, based on the computations in Section 5.11(b), first, withdraw from the Finance Charge Account, the amount of interest payable to the Series 2022-VFN1 Noteholders as calculated pursuant to Section 5.11(a) and deposit such amount into the Distribution Account, second, withdraw from the Principal Account, the aggregate Class A Note Principal Balance of the Series 2022-VFN1 Notes on such Distribution Date and deposit such amount into the Distribution Account, and third cause such amounts to be withdrawn from the Distribution Account and paid to the Series 2022-VFN1 Noteholders.

(d) Any funds remaining in the Collection Account and the Excess Funding Account to the extent allocated to the Series 2022-VFN1 shall be allocated on the following Distribution Date (or the applicable payment date determined pursuant to Section 13.3(b) of the Indenture if it is a Distribution Date), in accordance with the order of priority described in Section 5.4 after taking into account amounts distributed in accordance with Section 5.11(c).

ARTICLE VI.

Delivery of Series 2022-VFN1 Notes; Distributions; Reports to Series 2022-VFN1 Noteholders

Section 6.1 Delivery and Payment for the Series 2022-VFN1 Notes. The Issuer shall execute and issue, and the Indenture Trustee shall authenticate, the Series 2022-VFN1 Notes in accordance with Section 2.3 of the Indenture. The Indenture Trustee shall deliver the Series 2022-VFN1 Notes to or upon the written order of the Issuer when so authenticated.

Section 6.2 Distributions.

(a) On each Distribution Date, the Indenture Trustee shall, in accordance with the written direction of the Servicer (which direction shall be in substantially the form of Exhibit B) distribute to each Class A Noteholder of record on the related Record Date (other than as provided in Section 11.2 of the Indenture) such Class A Noteholder's portion (determined in accordance with Article V) of the amounts on deposit in the Distribution Account that are allocated and available on such Distribution Date and as are payable to the Class A Noteholders pursuant to this Indenture Supplement.

(b) On each Distribution Date, if a shortfall in the amount of Available Finance Charge Collections available for distribution in accordance with any payment priority in clauses 5.4(a)(i), (ii) and (vii) exists, the Available Finance Charge Collections for such payment priority shall be allocated (a) ratably to each Class A Ownership Group based on its respective Class A Ownership Group Percentage and (b) any Available Finance Charge Collections allocated pursuant to clause (a) to any Class A Ownership Group in excess of the amount owed to such Class A Ownership Group for the related payment priority shall be reallocated to each Class A Ownership Group that has a remaining shortfall in the Available Finance Charge Collections allocated to it pursuant to clause (a) in order to cover the amount owed to such Class A Ownership Group for the related payment priority, which reallocation shall be made ratably in accordance with the portion of the Class A Note Principal Balances of all remaining Class A Ownership Groups represented by the Class A Note Principal Balance of each such remaining Class A Ownership Group.

(c) The distributions to be made pursuant to this Section 6.2 are subject to the provisions of Sections 2.6, and 4.1 of the Transfer Agreement, Section 11.2 of the Indenture and Section 7.1 of this Indenture Supplement.

(d) All payments set forth herein shall be made by wire transfer of immediately available funds, provided that the Paying Agent, not less than five Business Days prior to the Record Date relating to the first distribution to such Series 2022-VFN1 Noteholder, has been furnished with appropriate wiring instructions in writing.

Section 6.3 Reports, Statements and Opinions to Series 2022-VFN1 Noteholders.

(a) On each Distribution Date, the Indenture Trustee shall make available to each Series 2022-VFN1 Noteholder via its website (www.pivot.usbank.com) a statement substantially in the form of Exhibit C prepared by the Servicer.

(b) Not later than the second Business Day preceding each Distribution Date, the Servicer shall deliver to the Owner Trustee and the Indenture Trustee (i) a statement substantially in the form of Exhibit B prepared by the Servicer and (ii) a certificate of an Authorized Officer substantially in the form of Exhibit D; provided that the Servicer may amend the form of Exhibit B from time to time, with the prior written consent of the Indenture Trustee.

(c) A copy of each statement or certificate provided pursuant to paragraph (a) or (b) may be obtained by any Series 2022-VFN1 Noteholder by a request in writing to the Servicer.

(d) On or before January 31 of each calendar year, beginning with January 31, 2023, the Indenture Trustee shall furnish or cause to be furnished to each Person who at any time during the preceding calendar year was a Series 2022-VFN1 Noteholder, a statement prepared by the Servicer containing the information which is required to be contained in the statement to Series 2022-VFN1 Noteholders, as set forth in paragraph (a) above, aggregated for such calendar year or the applicable portion thereof during which such Person was a Series 2022-VFN1 Noteholder, together with other information as is required to be provided by an issuer of indebtedness under the Code.

(e) On or before March 31 in each calendar year, beginning in 2023, the Issuer shall furnish to the Indenture Trustee and each Class A Administrative Agent an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken to perfect the lien and security interest of the Indenture, including with respect to the recording, filing, re-recording and refiling of the Indenture, any indentures supplemental thereto and any other requisite documents and with respect to the execution and filing of any financing statements and continuation statements as is so necessary and reciting the details of such action or stating that in the opinion of such counsel no such action is necessary to maintain the perfection of such lien and security interest. Such Opinion of Counsel shall also describe the recording, filing, re-recording and refiling of the Indenture, any indentures supplemental thereto and any other requisite documents and the execution and filing of any financing statements and continuation statements that will, in the opinion of such counsel, be required to maintain the perfection of the lien and security interest of this Indenture until March 31 in the following calendar year.

ARTICLE VII.

Series 2022-VFN1 Early Amortization Events

Section 7.1 Series 2022-VFN1 Early Amortization Events. If any one of the following events shall occur with respect to the Series 2022-VFN1 Notes:

(a) failure on the part of Transferor or the Issuer (i) to make any payment or deposit required to be made by it by the terms of the Transfer Agreement, the Class A Note Purchase Agreement, the Indenture or this Indenture Supplement on or before the date occurring five (5) Business Days after the date such payment or deposit is required to be made therein or herein or (ii) duly to observe or perform in any material respect any other of its covenants or agreements set forth in the Transfer Agreement, the Class A Note Purchase Agreement, the Indenture or this Indenture Supplement, which failure has a material adverse effect on the Series 2022-VFN1 Noteholders and which continues unremedied for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Transferor by the Indenture Trustee, or to the Transferor and the Indenture Trustee by any Holder of the Series 2022-VFN1 Notes;

(b) any representation or warranty made by Transferor or the Issuer, in the Transfer Agreement, the Class A Note Purchase Agreement, the Indenture or the Indenture Supplement or any information contained in a computer file or microfiche list required to be delivered by it pursuant to Section 2.1(c) of the Transfer Agreement shall prove to have been incorrect in any material respect when made or when delivered, which continues to be incorrect in any material respect for a period of thirty (30) days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Transferor by the Indenture Trustee, or to the Transferor and the Indenture Trustee by any Holder of the Series 2022-VFN1 Notes and as a result of which the interests of the Series 2022-VFN1 Noteholders are materially

and adversely affected for such period; provided, however, that a Series 2022-VFN1 Early Amortization Event pursuant to this subsection 7.1(b) shall not be deemed to have occurred hereunder if the Transferor has accepted reassignment of the related Receivable, or all of such Receivables, if applicable, during such period in accordance with the provisions of the Transfer Agreement;

(c) as of any date of determination, the Quarterly Excess Spread Percentage is less than 0%;

(d) a failure by Transferor to convey Receivables in Additional Accounts or Participations to the Receivables Trust within five (5) Business Days after the day on which it is required to convey such Receivables pursuant to subsection 2.6(b) of the Transfer Agreement, provided that such failure shall not give rise to an Early Amortization Event if, prior to the date on which such conveyance was required to be completed, Transferor causes a reduction in the principal balance of any Variable Interest to occur, so that, after giving effect to that reduction no Asset Deficiency shall have occurred;

(e) any Servicer Default shall occur which would have a material adverse effect on the Series 2022-VFN1 Holders and an Eligible Servicer has not become the Successor Servicer within 60 days thereof;

(f) the Class A Note Principal Balance shall not be paid in full on the Class A Scheduled Final Payment Date;

(g) as of any date of determination, the Quarterly Payment Rate Percentage shall be less than 12.0%;

(h) a Change in Control has occurred;

(i) the Pension Benefit Guaranty Corporation shall file notice of a lien pursuant to Section 4068 of the Employee Retirement Income Security Act of 1974, with regard to any of the assets of Comenity Capital Bank, which lien shall secure a liability in excess of $10,000,000 and shall not have been released within 40 days;

(j) a default shall have occurred and be continuing under any instrument or agreement evidencing or securing indebtedness for borrowed money of Comenity Capital Bank in excess of $10,000,000 which default (i) is a default in payment of any principal or interest on such indebtedness when due or within any applicable grace period or (ii) shall have resulted in acceleration of the maturity of such indebtedness; or

(k) without limiting the foregoing, the occurrence of an Event of Default with respect to Series 2022-VFN1 and acceleration of the maturity of the Series 2022-VFN1 Notes pursuant to Section 5.3 of the Indenture;

then, in the case of any event described in subsections 7.1(a), (b), (e), (i) or (j) of this Indenture Supplement, after the applicable grace period set forth in such Sections, two or more Holders of Outstanding Series 2022-VFN1 Notes evidencing undivided interests aggregating more than 50% of the Class A Purchase Limit of this Series 2022-VFN1 by notice then given in writing to Transferor and Servicer (and to the Indenture Trustee if given by the Holders) may, and the Indenture Trustee at the direction of such Holders shall, declare that an early amortization event (a "Series 2022-VFN1 Early Amortization Event") has occurred as of the date of such notice, and in the case of any event described in subsections 7.1(c), (d), (f), (g), (h) or (k) of this Indenture Supplement, a Series 2022-VFN1 Early Amortization Event shall occur without any

notice or other action on the part of Indenture Trustee or the Series 2022-VFN1 Noteholders immediately upon the occurrence of such event.

In addition to the other consequences of a Series 2022-VFN1 Early Amortization Event specified herein or a Trust Early Amortization Event, from and after the occurrence of any Series 2022-VFN1 Early Amortization Event or a Trust Early Amortization Event (until the same shall have been waived by all of the Series 2022-VFN1 Noteholders), with respect to any Account included in the Approved Portfolios, Transferor shall no longer permit or require Merchant Adjustment Payments or In-Store Payments to be netted against amounts owed to Transferor by the applicable Merchant but shall instead exercise its rights to require each Merchant to transfer to Servicer, not later than the third Business Day following receipt by such Merchant of any In-Store Payments or the occurrence of any event giving rise to Merchant Adjustment Payments, an amount equal to the sum of such In-Store Payments and Merchant Adjustment Payments. In addition, if any bankruptcy or other insolvency proceeding has been commenced against a Merchant, Servicer shall require that Merchant to (i) stop accepting In-Store Payments and (ii) inform Obligors who wish to make In-Store Payments that payment should instead be sent to Servicer, provided that Servicer shall not be required to take such action if (x) Servicer or Trustee has been provided a letter of credit, surety bond or other similar instrument covering collection risk with respect to In-Store Payments and (y) each of the Series 2022-VFN1 Noteholders consents to such arrangement.

ARTICLE VIII.

Redemption of Series 2022-VFN1 Notes; Series Termination

Section 8.1 Optional Redemption of Series 2022-VFN1 Notes; Final Distributions.

(a) On any Business Day occurring on or after the date on which the outstanding principal balance of the Series 2022-VFN1 Notes is reduced to 10% or less of the greatest ever Class A Note Principal Balance, the Servicer shall have the option to redeem the Series 2022-VFN1 Notes, at a purchase price equal to (i) if such day is a Distribution Date, the Reassignment Amount for such Distribution Date or (ii) if such day is not a Distribution Date, the Reassignment Amount for the Distribution Date following such day.

(b) Servicer shall give the Indenture Trustee at least thirty (30) days prior written notice of the date on which Servicer intends to exercise such optional redemption. Not later than 12:00 noon, New York City time, on such day Servicer shall deposit into the Collection Account in immediately available funds the excess of the Reassignment Amount over the amount, if any, on deposit in the Principal Account. Such redemption option is subject to payment in full of the Reassignment Amount. Following such deposit into the Collection Account in accordance with the foregoing, the Collateral Amount for Series 2022-VFN1 shall be reduced to zero, and the Series 2022-VFN1 Noteholders shall have no further security interest in the Receivables. The Reassignment Amount shall be distributed as set forth in subsection 8.1(d).

(c) The amount to be paid by the Transferor with respect to Series 2022-VFN1 in connection with a reassignment of Receivables to the Transferor pursuant to subsection 2.4(e) of the Transfer Agreement shall equal the Reassignment Amount for the first Distribution Date following the Monthly Period in which the reassignment obligation arises under the Transfer Agreement.

(d) With respect to (a) the Reassignment Amount deposited into the Distribution Account pursuant to Section 8.1 or (b) the proceeds of any sale of Receivables pursuant to clause 5.5(a)(iii) of the Indenture with respect to Series 2022-VFN1, the Indenture Trustee shall, in accordance with the written direction of the Servicer, not later than 12:00 noon, New York City

time, on the related Distribution Date, make distributions of the following amounts (in the priority set forth below and, in each case, after giving effect to any deposits and distributions otherwise to be made on such date) in immediately available funds: (i) (x) the Class A Principal Balance on such Distribution Date will be distributed to the Class A Noteholders and (y) an amount equal to the sum of (A) Class A Monthly Interest for such Distribution Date, (B) any Class A Monthly Interest previously due but not distributed to the Class A Noteholders on any prior Distribution Date, will be distributed to the Class A Noteholders, (C) Class A Non-Use Fees, if any, due and payable to the Class A Noteholders on such Distribution Date or any prior Distribution Date and (D) Class A Additional Amounts, if any, due and payable on such Distribution Date or any prior Distribution Date will be distributed to the Class A Noteholders and (ii) any excess shall be released to the Issuer.

Section 8.2 Series Termination. The right of the Series 2022-VFN1 Noteholders to receive payments from the Trust will terminate on the first Business Day following the Series Termination Date.

ARTICLE IX.

Miscellaneous Provisions

Section 9.1 Ratification of Indenture; Amendments. As supplemented by this Indenture Supplement, the Indenture is in all respects ratified and confirmed and the Indenture as so supplemented by this Indenture Supplement shall be read, taken and construed as one and the same instrument. This Indenture Supplement may be amended only by a Supplemental Indenture entered in accordance with the terms of Section 10.1 or 10.2 of the Indenture. For purposes of the application of Section 10.2 of the Indenture to any amendment of this Indenture Supplement, the Series 2022-VFN1 Noteholders shall be the only Noteholders whose vote shall be required.

Section 9.2 Counterparts. This Indenture Supplement may be executed in two or more counterparts, and by different parties on separate counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument. Counterparts may be delivered electronically. Each party agrees that this Indenture Supplement and any other documents to be delivered in connection herewith may be electronically signed, and that any electronic signatures appearing on this Indenture Supplement or such other documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility

Section 9.3 Notices. Any required notice shall be made to the addresses specified in the Class A Note Purchase Agreement with respect to the Series 2022-VFN1 Noteholders.

Section 9.4 Form of Delivery of the Series 2022-VFN1 Notes. The Class A Notes shall be Definitive Notes and initially shall be registered in the Note Register in the name of the initial purchasers of such Notes identified in the Class A Note Purchase Agreements.

Section 9.5 GOVERNING LAW; Waiver of Jury Trial.

(a) THIS INDENTURE SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW), AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

(b) Each of the parties hereto hereby irrevocably and unconditionally, to the extent permitted by applicable law, irrevocably waives all right of trial by jury in any action, proceeding or counterclaim based on, or arising out of, under or in connection with this Indenture Supplement, any other Transaction Document, or any matter arising hereunder or thereunder.

Section 9.6 Limitation of Liability. It is expressly understood and agreed by the parties that (a) this document is executed and delivered by BNY Mellon Trust of Delaware, not individually or personally, but solely as Owner Trustee of the Issuer, in the exercise of the powers and authority conferred and vested in it pursuant to the Trust Agreement, (b) each of the representations, warranties, covenants, undertakings and agreements herein made on the part of the Issuer is made and intended not as personal representations, warranties, covenants undertakings and agreements by BNY Mellon Trust of Delaware, but is made and intended for the purpose of binding only the Issuer, as the case may be, (c) nothing herein contained shall be construed as creating any liability on BNY Mellon Trust of Delaware, individually or personally, to perform any covenant either expressed or implied contained herein, all such liability, if any, being expressly waived by the parties hereto and by any person claiming by, through or under the parties hereto (d) BNY Mellon Trust of Delaware has made no investigation as to the accuracy or completeness of any representations or warranties made by the Owner Trustee or the Issuer in this Indenture Supplement and (d) under no circumstances shall BNY Mellon Trust of Delaware, be personally liable for the payment of any indebtedness or expenses of the Issuer or be liable for the breach or failure of any obligation, representation, warranty or covenant made or undertaken by the Issuer under this Indenture Supplement or under the Notes or any of the other Transaction Documents or in any of the certificates, notices or agreements delivered pursuant thereto, as to all of which recourse shall be had solely to the assets of the Issuer.

Section 9.7 Rights of the Indenture Trustee. The Indenture Trustee shall have herein the same rights, protections, indemnities and immunities as specified in the Indenture. Neither the Indenture Trustee nor the Owner Trustee shall be under any obligation (i) to monitor, determine or verify the unavailability or cessation of any Benchmark), or whether or when there has occurred, or to give notice to any other transaction party of the occurrence of, any Benchmark Transition Event or Benchmark Replacement Date (each as defined in the Class A Note Purchase Agreement), (ii) to select, determine or designate any Benchmark Replacement (as defined in the Class A Note Purchase Agreement), or other successor or replacement benchmark index, or whether any conditions to the designation of such a rate have been satisfied, or (iii) to select, determine or designate any Benchmark Replacement Adjustment (as defined in the Class A Note Purchase Agreement) or other modifier to any replacement or successor index, or (iv) to determine whether or what conforming changes are necessary or advisable, if any, in connection with any of the foregoing. Neither the Indenture Trustee nor the Owner Trustee shall have any liability for any inability, failure or delay on its part to perform any of its duties set forth in this Indenture Supplement or any other Transaction Document as a result of the unavailability of any Benchmark and absence of a designated replacement Benchmark, including as a result of any inability, delay, error or inaccuracy on the part of any other transaction party in providing any direction, instruction, notice or information required or contemplated by the terms of this Indenture Supplement or any other Transaction Document and reasonably required for the performance of such duties.

Section 9.8 No Petition. The Issuer and the Indenture Trustee, by entering into this Indenture Supplement, and each Series 2022-VFN1 Noteholder, by accepting a Series 2022-VFN1 Note, hereby covenant and agree that they will not at any time institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy proceedings under any United States federal or state bankruptcy or similar law in connection with any obligations relating to the Series 2022-VFN1 Noteholders, the Indenture or this Indenture Supplement; provided, however,

that nothing herein shall prohibit the Indenture Trustee or the Owner Trustee from filing proofs of claim or otherwise participating in such proceedings instituted by any other person. The provisions of this Section 9.8 shall survive the termination of this Indenture Supplement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Indenture Supplement to be duly executed and delivered by their respective duly authorized officers on the day and year first above written.

COMENITY CAPITAL ASSET
SECURITIZATION TRUST, as Issuer

By: BNY Mellon Trust of Delaware, not in its
individual capacity, but solely as Owner Trustee

By: /s/ Kevin J. Randle
Name: Kevin J. Randle
Title: Vice President

U.S. BANK TRUST COMPANY, NATIONAL
ASSOCIATION, as Indenture Trustee

By: /s/ Mark Esposito
Name: Mark Esposito
Title: Vice President

Acknowledged and Accepted:

COMENITY CAPITAL BANK,
as Servicer

By: /s/ Gregory Opincar
Name: Gregory Opincar
Title: Chief Financial Officer

COMENITY CAPITAL CREDIT COMPANY, LLC
as Transferor

By: /s/ Michael Blackham
Name: Michael Blackham
Title: Treasurer

Exhibit 21

Subsidiaries of
Bread Financial Holdings, Inc.
A Delaware Corporation
(as of December 31, 2022)

Subsidiary	Jurisdiction of Organization	Other Business Names
ADS Card Services Foreign Holdings B.V.	Netherlands	None
ALLDATA Card Services India LLP	India	None
Bread Financial Canada Co.	Nova Scotia, Canada	None
Bread Financial Payments, Inc.	Delaware	None
Bread Reinsurance Ltd.	Bermuda	None
Comenity Bank	Delaware	None
Comenity Canada L.P.	Ontario, Canada	Comenity Canada
Comenity Capital Bank	Utah	None
Comenity Capital Credit Company, LLC	Delaware	None
Comenity Servicing LLC	Texas	None
Lon Administration LLC	Delaware	None
Lon Holdings LLC	Delaware	None
Lon Inc.	Delaware	Bread
Lon Operations LLC	Delaware	Bread Bread Operations
WFC Card Services Holdings Inc.	Ontario, Canada	None
WFN Credit Company, LLC	Delaware	None
World Financial Capital Credit Company, LLC	Delaware	None

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-251165 on Form S-3 and Registration Statement Nos. 333-204759, 333-204758, 333-167525, 333-65556, 333-239040, and 333-265771 on Form S-8 of our reports dated February 28, 2023, relating to the financial statements of Bread Financial Holdings, Inc. and subsidiaries and the effectiveness of Bread Financial Holdings, Inc. and subsidiaries' internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2022.

/s/ Deloitte & Touche LLP

Columbus, Ohio
February 28, 2023

Exhibit 31.1

CERTIFICATION OF THE
CHIEF EXECUTIVE OFFICER
OF
BREAD FINANCIAL HOLDINGS, INC.

I, Ralph J. Andretta, certify that:

1. I have reviewed this annual report on Form 10-K of Bread Financial Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2023

/S/ RALPH J. ANDRETTA

Ralph J. Andretta
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE
CHIEF FINANCIAL OFFICER
OF
BREAD FINANCIAL HOLDINGS, INC.

I, Perry S. Beberman, certify that:

1. I have reviewed this annual report on Form 10-K of Bread Financial Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2023

/s/ Perry S. Beberman

Perry S. Beberman
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Bread Financial Holdings, Inc. (the Company) for the annual period ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the Report), Ralph J. Andretta, as Chief Executive Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2023

/s/ RALPH J. ANDRETTA

Ralph J. Andretta
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Bread Financial Holdings, Inc. (the Company) for the annual period ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the Report), Perry S. Beberman, as Chief Financial Officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

(i) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 28, 2023

/s/ PERRY S. BEBERMAN

Perry S. Beberman
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.