First Quarter 2010 Results

April 22, 2010

Forward looking statements

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Quarterly earnings were up $260MM to $636MM, or $1.40 per share

$MM	Q110	Q409	Change
Net Interest Income	3,228	3,170	58
Non Interest Income	1,062	1,199	(137)
Revenue	**4,290**	**4,369**	**(79)**
Marketing Expense	181	188	(7)
Operating Expense	1,667	1,760	(93)
Non-Interest Expense	**1,848**	**1,948**	**(100)**
Pre-Provision Earnings (before tax)	**2,442**	**2,421**	**21**
Net Charge-offs	2,018	2,188	(170)
Other	26	45	(19)
Allowance Build (Release)	(566)	(386)	(180)
Provision Expense	**1,478**	**1,847**	**(369)**
Pretax Income	**964**	**574**	**390**
Tax Expense	**244**	**170**	**74**
Operating Earnings (after tax)	**720**	**404**	316
Discontinued Operations, net of tax	(83)	(28)	(55)
Total Company (after tax)	**636**	**376**	**260**
EPS Available to Common Shareholders	$1.40	$0.83	$0.57

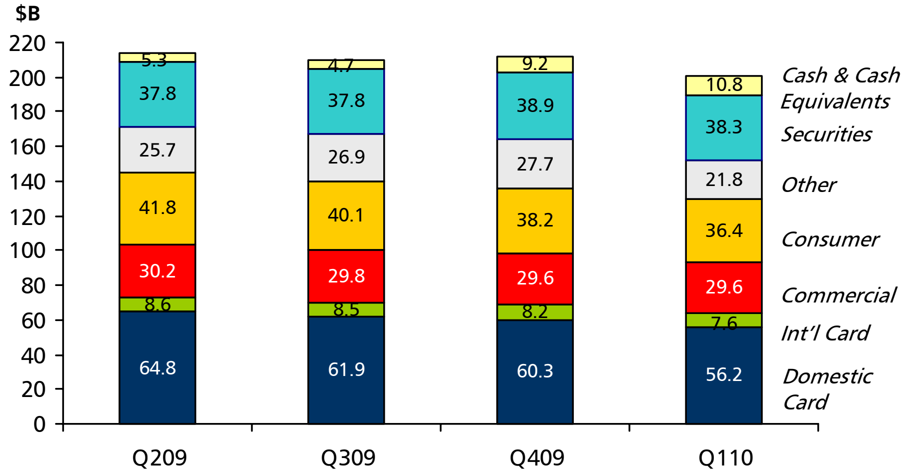
Highlights

- **Pre-provision** earnings up $21MM, or 1%, as modest decline in revenue more than offset by decline in non-interest expense
  - Revenue declined $79MM, or 1.8%, despite a 2.9% decline in average loans
    - Lower cost of funds
    - Improved collectability of finance charges and fees
  - Non-Interest expenses down $100MM
- **Provision expense** declined $369MM driven by lower charge-offs and allowance release
  - Allowance build of $4.3B on January 1 through retained earnings per FAS 167
- **Other Items:**

	$MM
Mortgage I/O Bond Sale	127
Net Gain on Securities	65
Tax Settlement	50
Rep & Warranty	(224)

Loan balances fell in line with expectations as deposits continue to drive lower funding costs

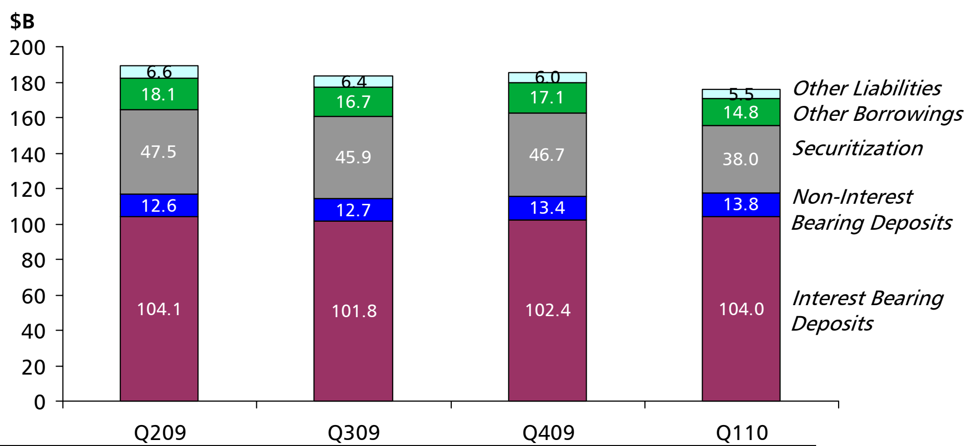
End of Period Assets[1]



Asset Highlights

– Loans down $6.7B or 4.9% driven by
  - $2.0B of charge-offs
  - $1.9B of run-off in Installment Lending (Domestic Card) and Mortgage (Consumer Banking)
  - Seasonal decline in card balances
  - Slower pace of decline in auto loans

End of Period Liabilities[1]



Cost of Interest Bearing Liabilities	2.40%	2.28%	2.16%	1.96%
Total Cost of Funds	2.16%	2.05%	1.93%	1.76%

Liability Highlights

– Cost of funds decreased to 1.76% in first quarter from 1.93% in Q409 and 2.45% in Q109

– Continue to leverage the flexibility of our Commercial and Consumer Banking platforms

– Steep decline in securitization liability as a result of pay-down of securitization conduits and scheduled maturities

[1] Managed portfolio data Q2-Q409

Impacts from Consolidation on Reported Balance Sheet

$B	12/31/2009	FAS 167 Adjustments	1/1/2010
Assets:			
Cash and cash equivalents	8.7	4.0	12.7
Loans held for investment	90.6	47.6	138.2
Less: Allowance for loan and lease losses	(4.1)	(4.3)	(8.4)
Net loans held for investment	86.5	43.3	129.8
Accounts receivable from securitizations	7.6	(7.5)	0.1
Other	66.8	2.1	68.9
Total assets	169.6	41.9	211.5
Liabilities:			
Securitization liability	4.0	44.3	48.3
Other liabilities	139.1	0.5	139.6
Total liabilities	143.1	44.8	187.9
Stockholders' Equity:	26.5	(2.9)	23.6
Total liabilities and stockholders' equity	169.6	41.9	211.5

Allowance to loans ratio increased to 6% in Q1 2010 as a result of the consolidation of $48B of credit card loans

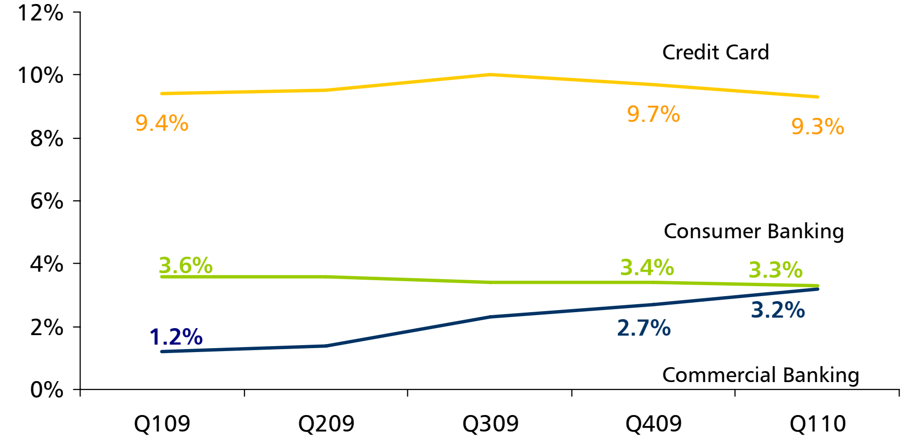
Allowance Balance

$MM

	Q4 '09	Jan 1 2010	Q1 '10	Build/(Release)
Credit Card				
Domestic	$ 1,927	$ 5,590	$ 5,162	$ (428)
International	199	727	612	$ (115)
Total Credit Card	$ 2,126	$ 6,317	$ 5,774	$ (543)
Consumer Banking				
Auto	$ 665	$ 665	$ 523	$ (142)
Other Consumer Banking	411	484	412	$ 1[1]
Total Consumer Banking	$ 1,076	$ 1,149	$ 935	$ (141)
Commercial Banking	$ 785	$ 785	$ 915	$ 130
Other	$ 140	$ 140	$ 128	$ (12)
Total Allowance	$ 4,127	$ 8,391	$ 7,752	$ (566)

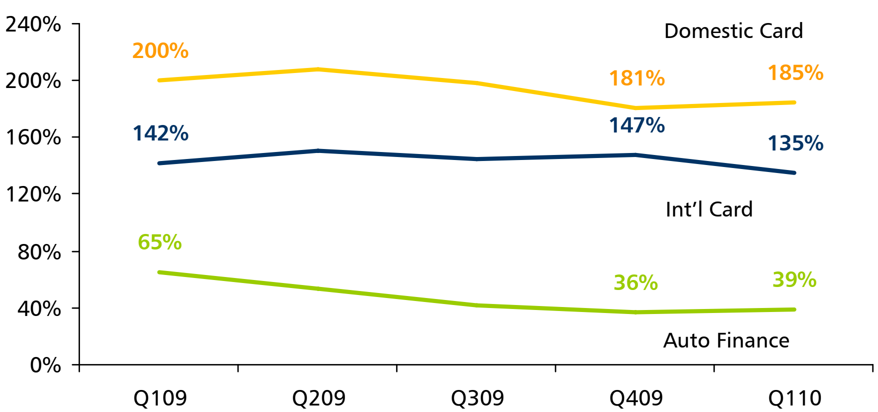
[1] *$73MM Q110 reduction in ALLL associated with deconsolidation upon mortgage I/O sale recorded in non-interest income*

Allowance as % of Loans

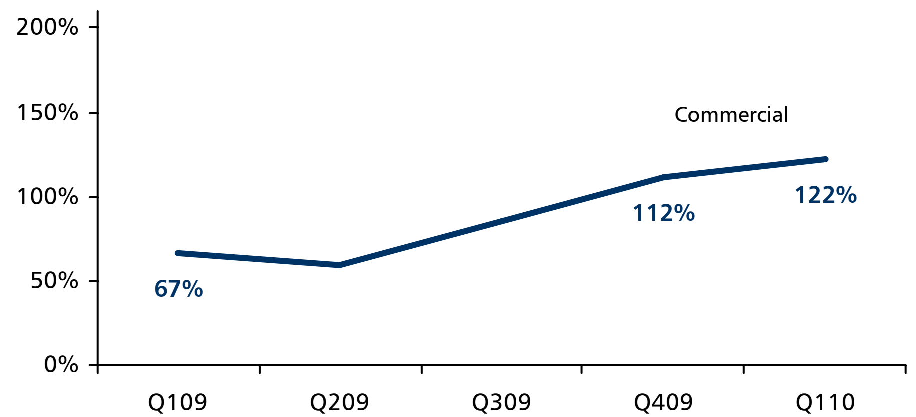


Total Company:	**4.43%**	**4.44%**	**4.67%**	**4.55%**	**5.96%**

Allowance as % of Reported 30+ Delinquencies

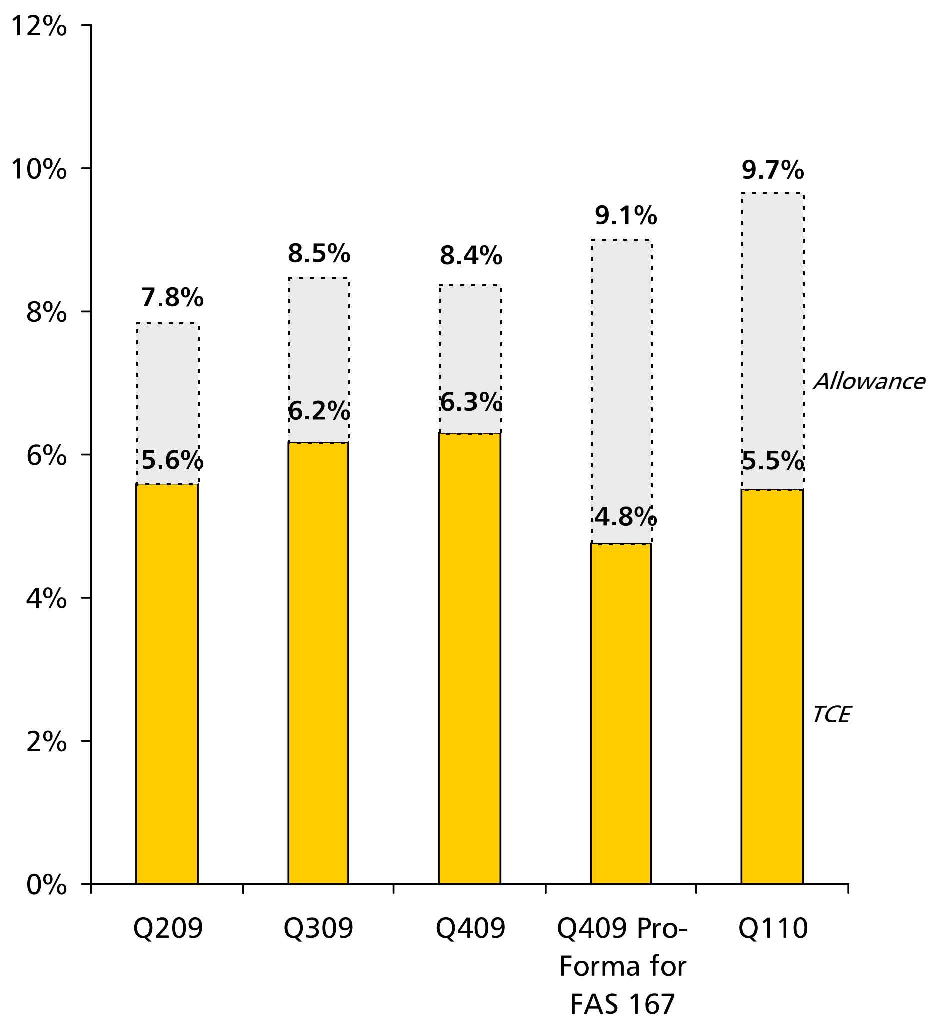


Commercial Lending Allowance as % of Non-Performing Loans

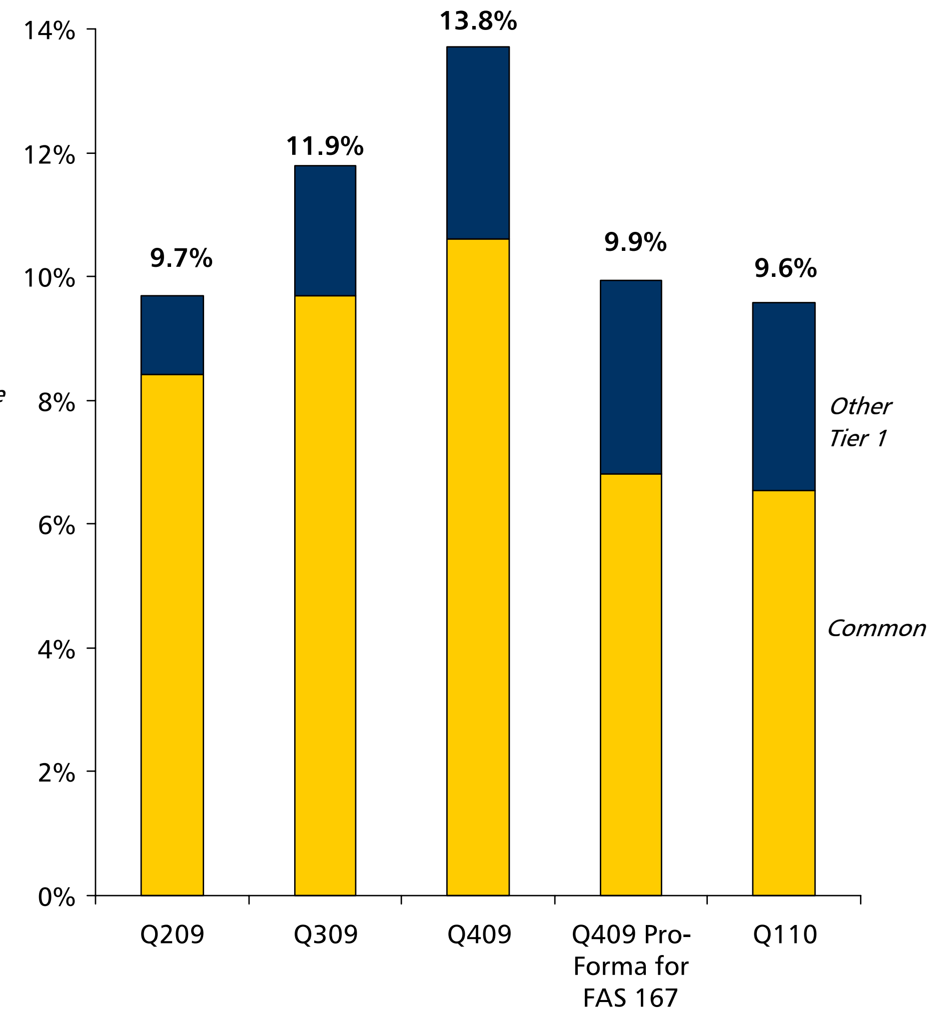


Our capacity to absorb risk remains high

Tangible Common Equity + Allowance to Tangible Managed Assets

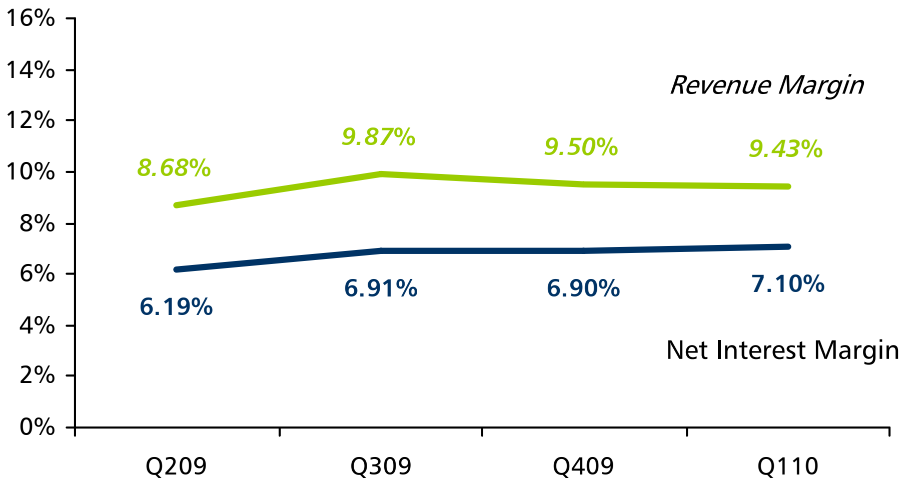


Tier 1 Capital to Risk Weighted Assets

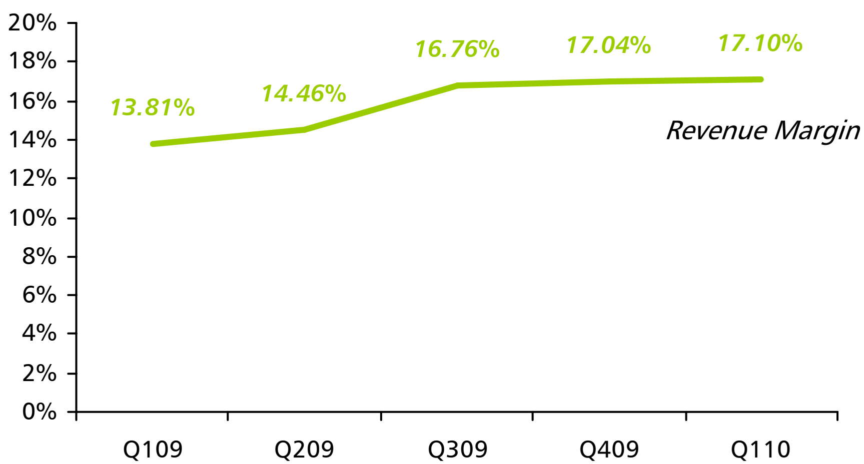


Lower funding costs and strong Domestic Card revenue margin drove stable to improving margins in the quarter

Margins as % of Managed Assets



Domestic Card Revenue Margin



Funding costs improved 17 basis points

- Mix shift from wholesale funding to bank deposits
- Favorable mix shift within the deposit portfolio
- Favorable interest rates and disciplined pricing

Loan yields improved 3 basis points

- Strong revenue margin in Domestic Card business

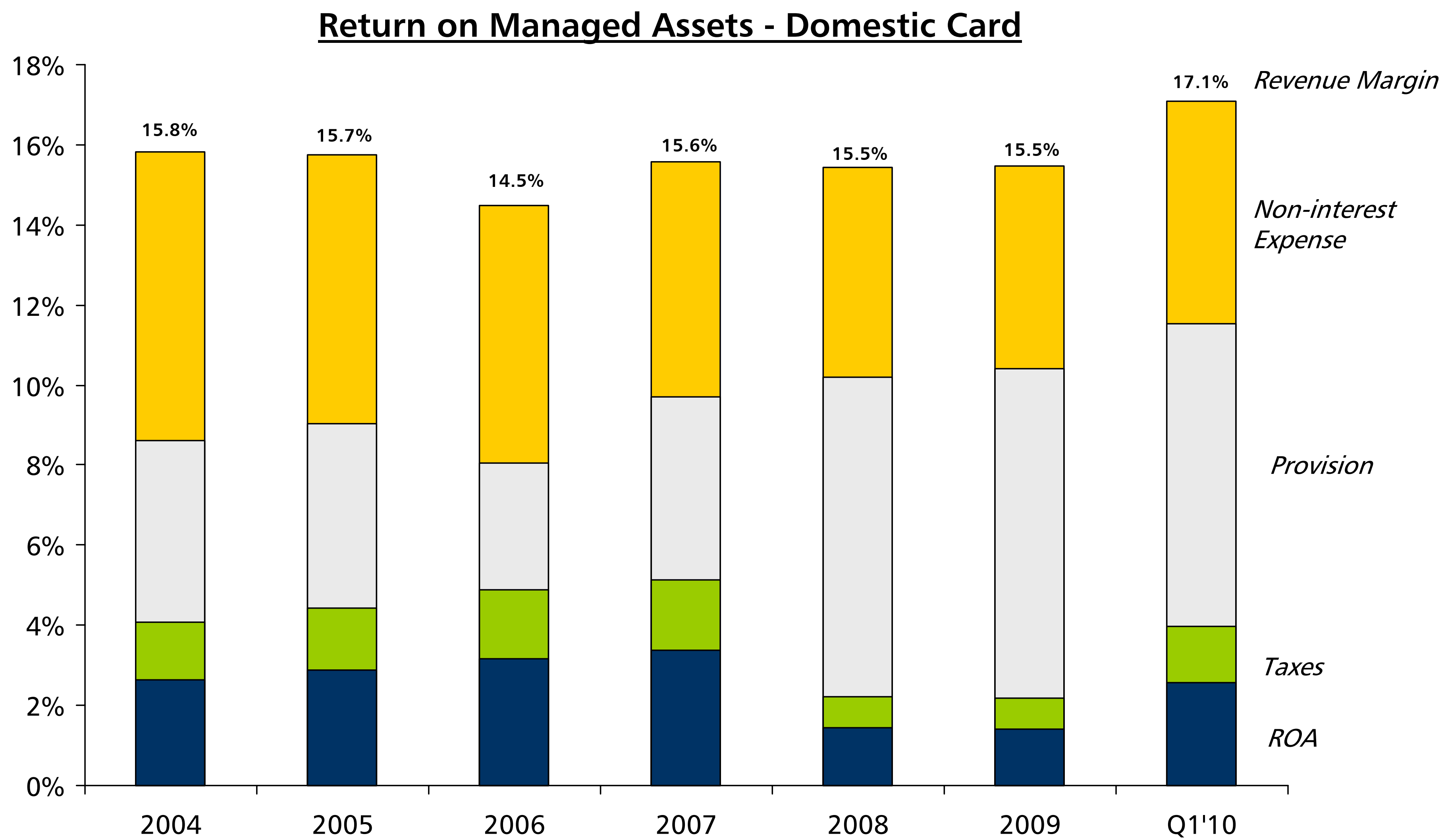
  Partially offset by:
- Greater mix of investment securities vs. loans

Revenue margin remained elevated in Q1

- Impact of better-then-expected credit, and strong loan yields

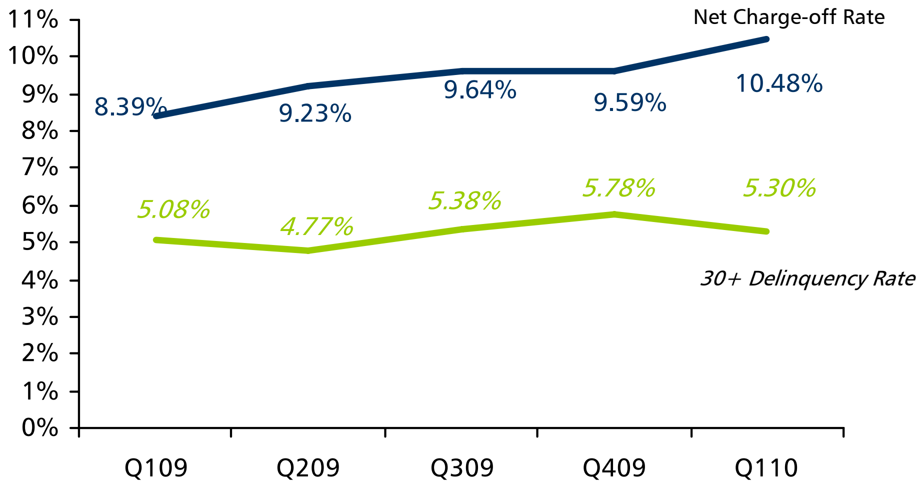
  Partially offset by:
- Decline in overlimit fees in non-interest income
- Expect quarterly Domestic Card revenue margin to decline to around 15% by early 2011

Our Domestic Card business has delivered solid “pre-provision” and bottom-line ROA

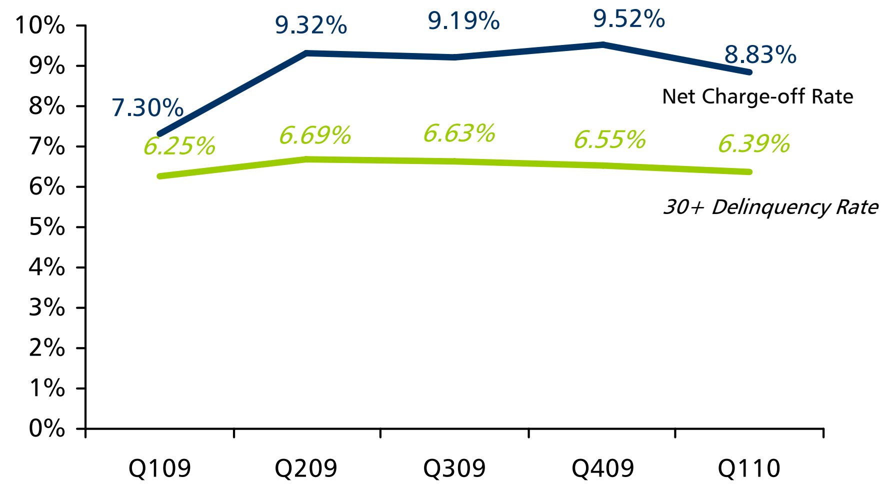


The first quarter of 2010 is likely the peak of consumer credit charge-offs

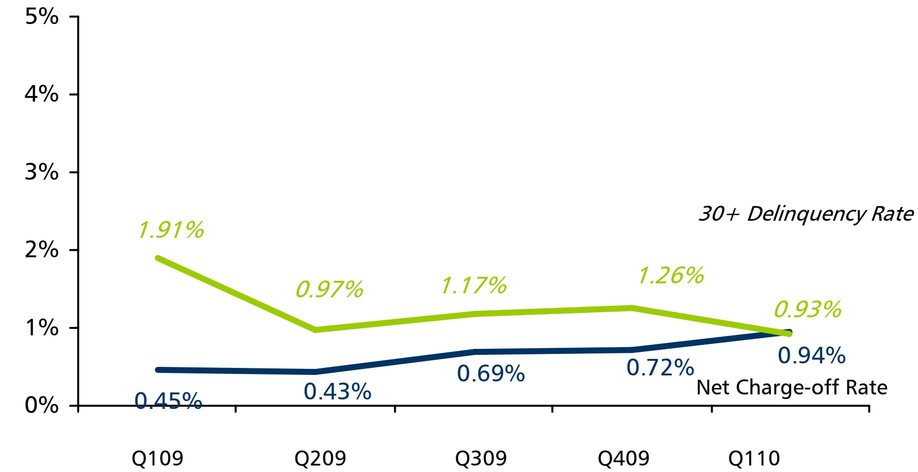
Domestic Credit Card ($58.1B*)



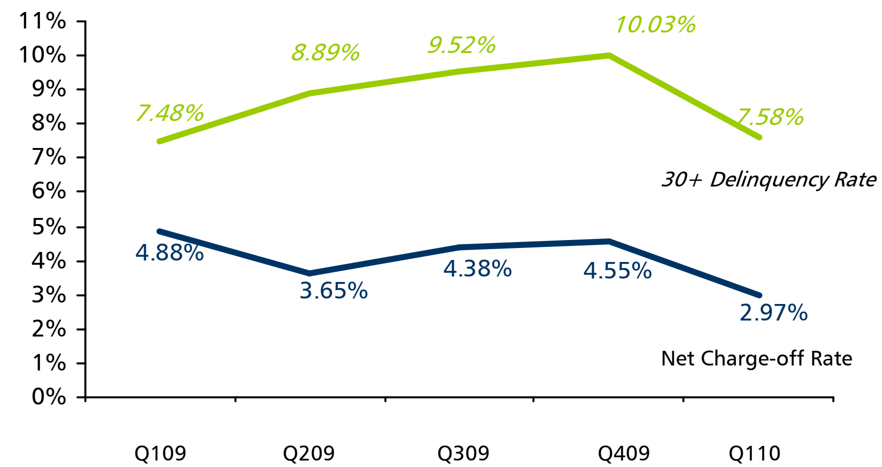
International Credit Card ($7.8B*)



Mortgage Credit ($15.4B*)



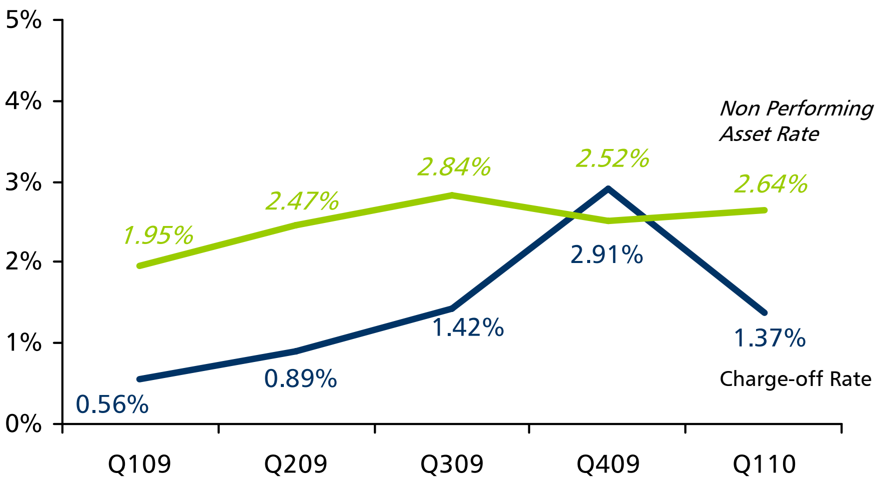
Auto Credit($17.8B*)



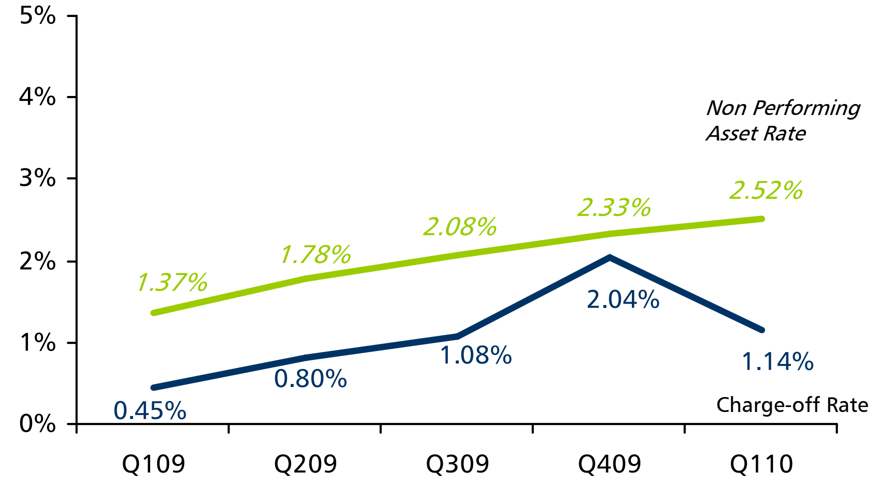
** Average assets for Q1*

Commercial Banking non-performing asset rates increased in the first quarter of 2010

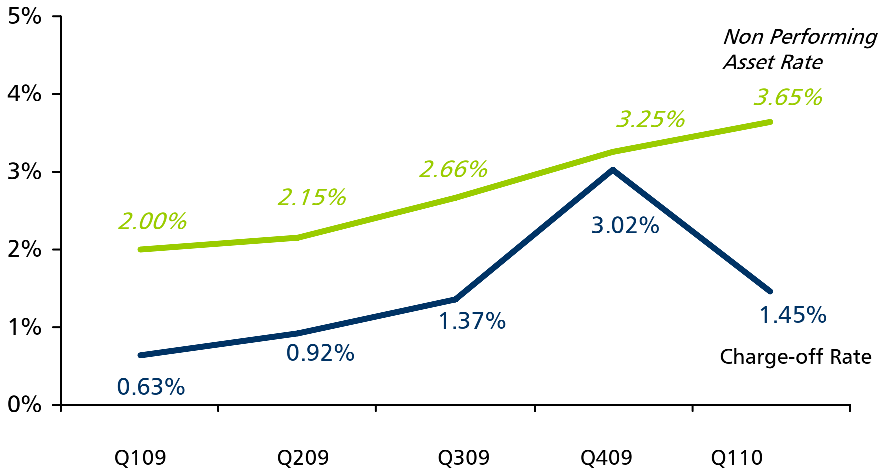
Total Commercial Banking ($29.7B*)



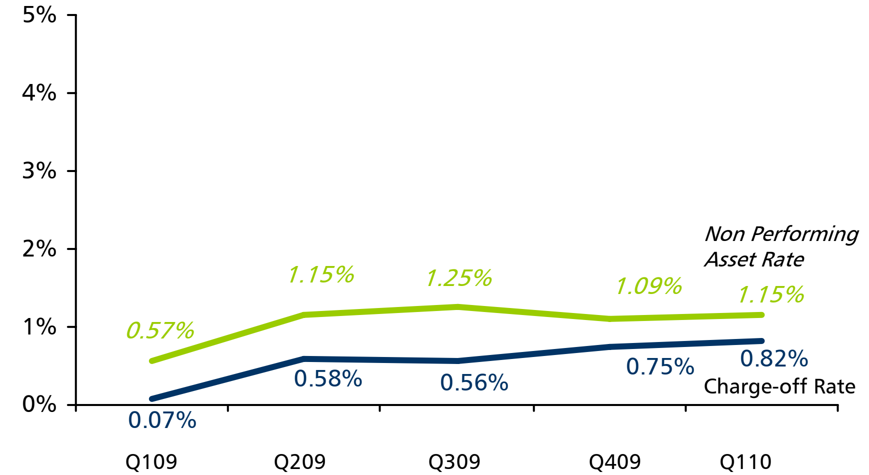
Total Commercial Lending Excluding Small Ticket CRE ($27.6B*)



Commercial & Multi Family ($13.7B*)



Middle Market ($10.3B*)



** Period end assets for Q1*

We remain well positioned to deliver significant shareholder value over the long term

Weathered the Storm

- Delivered resilient profitability
- Maintained strong balance sheet
  - Solid liquidity and growing deposits
  - Healthy coverage ratios and capital

Path to "Normalized" Earnings

- Lower pre-provision earnings into 2011
  - Margins decline to more normal levels
  - Elevated charge-offs and runoff portfolios reduce loan balances
  - Marketing and infrastructure investments
- Bottom line cushioned by lower provision expense
  - Improving charge-offs
  - Potential for significant allowance release

Delivering Long-Term Value

- Businesses with sustainable, above-hurdle returns
- Positioned to grow as credit normalizes
- Strong and resilient balance sheet

Appendix

Domestic Card delivered another quarter of strong pre-provision earnings and net income

Domestic Card

(in thousands)	Q1 2010	Q4 2009	Q1 2009
Earnings			
Net interest income	1,865,280	1,781,573	1,504,695
Non-interest income	618,507	793,934	883,891
Total revenue	2,483,787	2,575,507	2,388,586
Provision for loan and lease losses	1,096,215	1,033,341	1,521,997
Non-interest expenses	809,423	832,878	865,460
Income (loss) before taxes	578,149	709,288	1,129
Income taxes (benefit)	205,937	248,251	396
Net income (loss)	372,212	461,037	733
Selected Metrics			
Period end loans held for investment	56,228,012	60,299,827	67,015,166
Average loans held for investment	58,107,647	60,443,441	69,187,704
Loans held for investment yield	14.78%	14.08%	11.40%
Revenue Margin	17.10%	17.04%	13.81%
Net charge-off rate	10.48%	9.59%	8.39%
30+ day performing delinquency rate	5.30%	5.78%	5.08%
Purchase Volume	21,987,661	24,592,679	21,601,837

Highlights

- Revenues declined modestly from Q409, but were up modestly from Q109
  - Declining loan balances partially offset by modest increase in revenue margin in the quarter
  - Redistribution between non-interest income and net interest income continued
- Seasonal decline in non-interest expenses
- Provision expense increased
  - Peaking charge-off dollars partially offset by allowance release
- Delinquency rate improved nearly 40 basis points from Q409
- Loans declined $4.1 billion in the quarter
  - Charge-off dollars peaking
  - ILs continue to run off
- Purchase volumes declined seasonally, but were up modestly vs. Q109

The International Card business posted increased net income as credit results and provision expense improved

International Card

(in thousands)	Q1 2010	Q4 2009	Q1 2009
Earnings			
Net interest income	247,795	247,648	186,993
Non-interest income	100,125	103,072	101,590
Total revenue	347,920	350,720	288,583
Provision for loan and lease losses	79,002	171,352	160,789
Non-interest expenses	104,629	109,550	123,192
Income (loss) before taxes	164,289	69,818	4,602
Income taxes (benefit)	46,916	20,931	2,006
Net income (loss)	117,373	48,887	2,596
Selected Metrics			
Period end loans held for investment	7,578,110	8,223,835	8,069,961
Average loans held for investment	7,814,411	8,299,895	8,382,679
Loans held for investment yield	15.65%	15.19%	12.41%
Revenue Margin	17.81%	16.90%	13.77%
Net charge-off rate	8.83%	9.52%	7.30%
30+ day performing delinquency rate	6.39%	6.55%	6.25%
Purchase Volume	1,935,853	2,272,819	1,871,723

Highlights

- Revenues relatively stable compared to Q409, and up from Q109
- Seasonal decline in non-interest expenses
- Significant improvement in provision expense, resulting from:
  - Significant pull backs and management actions in the UK and Canada
  - Stabilizing to improving economic conditions in the UK and Canada
- Delinquency rate improved 16 basis points from Q409
- Loans declined $646 million in the quarter
- Purchase volumes declined seasonally, but were up modestly vs. Q109

Commercial Banking pre-provision earnings were relatively stable, with elevated credit costs driving a net loss in the quarter

Commercial Banking

(in thousands)

Earnings	Q1 2010	Q4 2009	Q1 2009
Net interest income	311,401	318,576	245,459
Non-interest income	42,375	37,992	41,214
Total revenue	353,776	356,568	286,673
Provision for loan and lease losses	238,209	368,493	117,304
Non-interest expenses	192,420	197,355	141,805
Income (loss) before taxes	(76,853)	(209,280)	27,564
Income taxes (benefit)	(27,375)	(73,248)	9,647
Net income (loss)	(49,478)	(136,032)	17,917

Selected Metrics	Q1 2010	Q4 2009	Q1 2009
Period end loans held for investment	29,612,138	29,613,050	29,431,097
Average loans held for investment	29,722,674	29,867,245	29,545,277
Loans held for investment yield	5.03%	5.11%	4.92%
Period end deposits	21,605,482	20,480,297	15,691,679
Average deposits	21,858,792	19,420,005	16,045,943
Deposit interest expense rate	0.72%	0.80%	0.92%
Core deposit intangible amortization	14,389	13,847	9,092
Net charge-off rate	1.37%	2.91%	0.56%
Non-performing loans as a % of loans HFI	2.48%	2.37%	1.85%
Non-performing asset rate	2.64%	2.52%	1.95%

Highlights

- Revenues declined modestly from Q4
- Relatively stable loan balances, modest decline in loan yields
- 13% sequential growth in average deposits, modest improvement in deposit expense rate
- Provision expense declined from Q409, but remains elevated
- Non-performing asset rate continued to increase

Consumer Banking profits increased in the quarter, driven by strong deposit results and improving credit

Consumer Banking

(in thousands)

Earnings	Q1 2010	Q4 2009	Q1 2009
Net interest income	896,588	833,369	723,654
Non-interest income	315,612	153,099	163,257
Total revenue	1,212,200	986,468	886,911
Provision for loan and lease losses	49,526	249,309	268,233
Non-interest expenses	688,381	749,021	579,724
Income (loss) before taxes	474,293	(11,862)	38,954
Income taxes (benefit)	168,943	(4,152)	13,634
Net income (loss)	305,350	(7,710)	25,320
Selected Metrics			
Period end loans held for investment	36,382,676	38,214,493	35,942,632
Average loans held for investment	38,245,360	39,114,123	36,543,097
Loans held for investment yield	8.96%	8.83%	9.43%
Auto loan originations	1,343,463	1,018,125	1,463,402
Period end deposits	76,883,450	74,144,805	63,422,760
Average deposits	75,115,342	72,975,666	62,730,380
Deposit interest expense rate	1.27%	1.41%	2.04%
Core deposit intangible amortization	37,735	39,974	35,593
Net charge-off rate	2.03%	2.85%	3.30%
Non-performing loans as a % of loans HFI	1.62%	1.45%	0.98%
Non-performing asset rate	1.75%	1.60%	1.16%
30+ day performing delinquency rate	4.13%	5.43%	5.01%
Period end loans serviced for others	27,777,607	30,283,326	22,270,797

Highlights

- Revenue improvement from Q409 driven by sale of I/O bonds and deconsolidation of certain mortgage trusts
- Significant improvement in provision expense, driven by Improving credit performance and outlook in Auto Finance business
- Loans declined as a result of:
  - Continuing impact of repositioning the Auto Finance business earlier in the recession
  - Continuing run off of mortgage portfolio
- Auto originations increased 32% from Q409, but down modestly from Q109
- Average deposit growth of $2.1 billion, or 3%, with disciplined pricing and improving interest expense rate

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