BRANDED CARDS COLLECTION & RECOVERY STRATEGY

MONTHLY TEAM MEETING

October 15, 2018

AGENDA

☐ Welcome

☐ Recurring Payments

☐ RMLT SharePoint Site

☐ Collection Capability Review

Meet Soumi Mukherjee

- **Born & raised** in India

- **Professional background:** Over ten years of experience in banking. Prior to Citi, worked with Alliance Data Card Services in acquisition and account management strategies specializing in channel segmentation & loss savings

- **Education:** MBA from The Ohio State University and Masters in Economics from Jadavpur University (India)

- **Family:** Married and a mom to 2 year old daughter and a fur baby

- **How I spend time away from work:** Cooking , travelling, reading

- **Favorite book & movie:** WILD & Roman Holiday

- **Believes in:** Honesty and Integrity

- **Fun fact:** Visited 5 of 7 continents
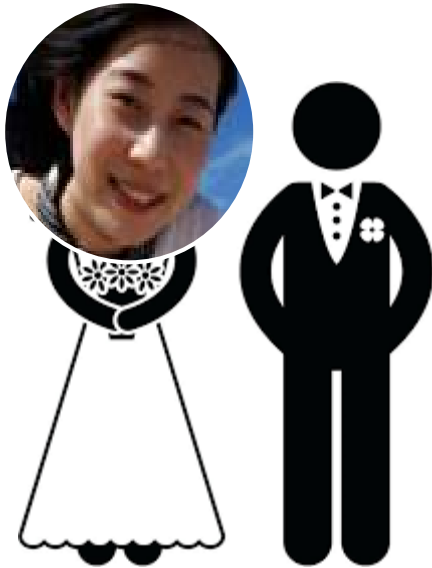
Celebrating an Anniversary

Mark He
DE
1 yr.

Srini Dadi
DE
3 yrs.

Just Married! Congratulations to…

Erin Zhao *(DE)*
September 15th

Jenny Zeng *(DE)*
October 5th

Life After Work: Erin Zhao

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Recurring Payments is A Win-Win

Good for Clients	Good for Citi

▪ Free / no fee service that helps clients keep accounts current and avoid possible:
   – Late fees
   – Collections activity
   – DQ on credit bureau
 	
▪ Increased convenience and peace of mind; clients don't need to remember to make payments
 	
▪ Flexibility - Can adjust (date, amount, bank), make additional payments, or cancel at any time
	▪ Reduce delinquencies and losses
	
	▪ Reduce expenses (fewer inbound calls, no collections unless customer cancels or payment cannot be processes)

For Delinquent Accounts: Resolve Current Delinquency + Enroll in Recurring Payment
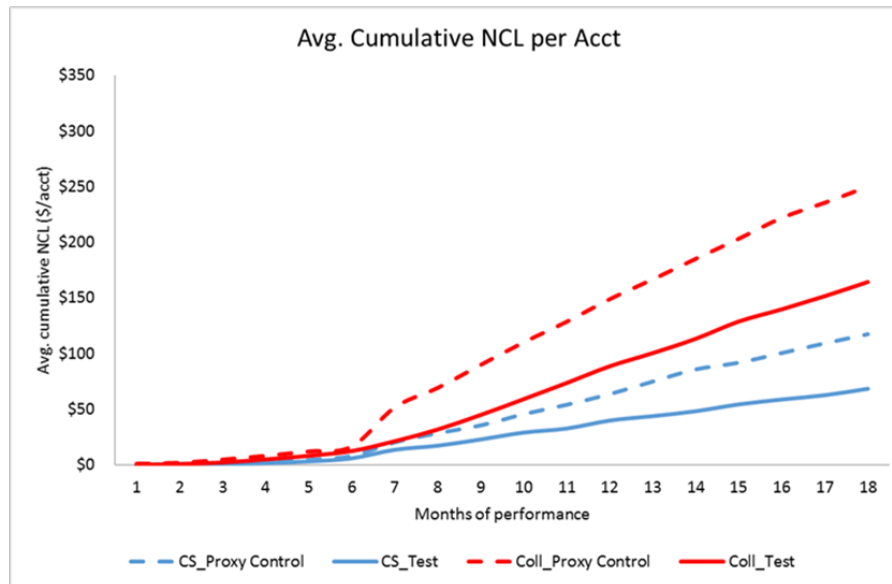
Cure to Current ➡ **Keep Current**

*According to **Nerdwallet** – "The biggest benefit of automation is the simplicity it provides to your finances. Automating your bill payments takes much less time and energy than manually paying them each month. It ensures you won't miss a payment because it comes out of your account automatically and you don't have to remember an entire calendar of due dates. Most people can benefit from automating their bill pay. **It makes things simpler and helps avoid late payments and the fees associated with them**." There are a few reasons why one may not want to automate, such as OD, minimums & complacency, the bottom line is "Automate your bills if you don't have issues with overdrafting".*

SOURCE - https://www.nerdwallet.com/blog/credit-cards/automate-credit-card-payments/

Delinquent Accounts - AutoPay Overall Impacts

AutoPay has significant benefits in regards to NCL reduction and preventing future delinquency

Avg. Cumulative NCL per Acct

Legend: CS_Proxy Control, CS_Test, Coll_Proxy Control, Coll_Test

Proxy Control Methodology

- Consumer deliquent accounts pay to current by next cycle through Collections or Customer Service agents. Test population: new AutoPay enrollers. Control universe: No AutoPay.

- For each test (AP) sub-population: payment channels (Collections, Customer Service) & bucket (1,2,3+), and each FICO and balance* group (10*10), select the same** number of accounts from control universe using random sampling to ensure **similar profiles** between Test and Proxy Control.

- 4 vintages average (Oct.2016 – Feb.2017); 18 months post cure performance

Pay Channel	Group	Avg # Acct/mon	Avg FICO***	Avg Bal.***	C/O # %	NCL$ %	NCL/acct	Diff in NCL (C-T)	NCM/acct	Diff.in NCM (C-T)	B1 # %	B2+ # %	outbound contact %	fee waiver %
Collections	Test	21,023	708	3,109	4.4%	5.3%	164	86	331	29	0.2	0.3	0.1	0.1
	Proxy Control	20,999	708	3,138	7.8%	8.0%	250		359		2.1	0.7	0.7	0.2
Customer Service	Test	5,054	762	2,116	1.9%	3.2%	68	49	160	116	0.1	0.1	0.04	0.05
	Proxy Control	5,051	762	2,136	3.5%	5.5%	117		276		1.4	0.3	0.2	0.3

Additional Opex saves from less agent outbound calls (right party contact) and inbound calls (fee waiver)

Notes:
*FICO<=0 and negative balance accounts are excluded from the analysis
**If a particular cell from Test has more accounts then the corresponding cell in Control universe, all accounts in Control for that cell will be included
***Mean FICO and balance between Test and Proxy Control groups are NOT significantly difference based on t test at .05 level

AutoPay Enrollment Type

Min Due/Fix Amount AutoPay enrolled accounts are featured with relatively low FICO and median level balance, in contrast to Full Balance enrollers with high FICO lower balance

Pay Channel	AP Type	Avg # Acct/mon	Avg FICO	Avg Bal	C/O # %	C/O $ %	Avg C/O bal	NCL $ %	NCL/acct	NCM/acct	NSF % in first 3 mons*	Unique NSF % in first 3 mons
Collections	Fix Amt	3,262	694	3,573	3.7%	4.5%	4,327	3.5%	124	400	1.7%	1.2%
	Full Bal	4,381	785	1,068	0.8%	2.0%	2,524	1.6%	17	34	0.4%	0.3%
	Min Due	13,380	687	3,663	5.7%	7.8%	4,964	6.1%	222	411	2.0%	1.5%
Customer Service	Fix Amt	787	709	3,230	2.9%	3.9%	4,350	3.1%	100	345	1.1%	0.8%
	Full Bal	2,953	799	1,203	0.5%	0.8%	1,814	0.7%	8	13	0.3%	0.3%
	Min Due	1,315	710	3,501	4.5%	6.7%	5,236	5.3%	185	380	1.3%	1.1%

Min Due/Fix Amount AutoPay enrollers are more likely to experience NSF soon after AutoPay enrollment
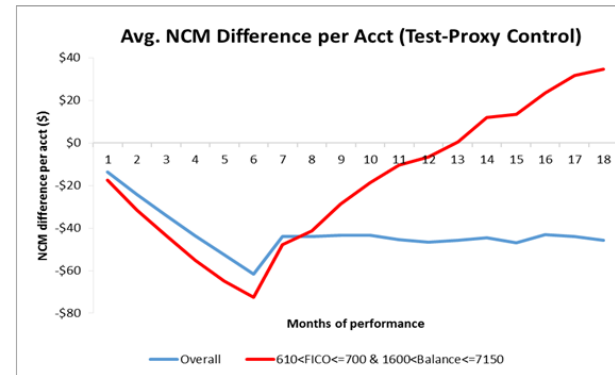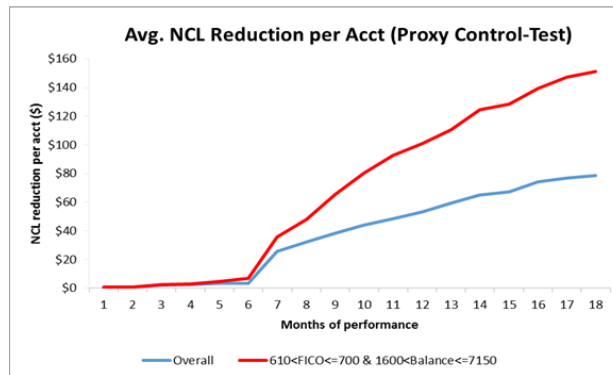
Notes:
* Including the number of NSF returns within 100 days from the cycle date where AutoPay became effective

Delinquent Accounts - AutoPay Benefit Profiling

AutoPay financial benefits from relatively low FICO and median/median high balance accounts are more prominent, and those accounts are more likely to enroll into Min Due/Fix Amount AutoPay than Full Balance

Avg. NCL Reduction per Acct (Proxy Control-Test)

Avg. NCM Difference per Acct (Test-Proxy Control)

AutoPay accounts with 610<FICO<=700 and 1600<balance<=7150 is ~16% of overall enrollments with avg. NCL save $151/acct and NCM lift $35/acct for 18 months

FICO	# avg AP enrolls/mon	%	NCL save/acct (C-T)	significant	NCM diff/acct (T-C)	significant	NSF % in first 3 mons (T)
<- 610	2738	11%	163	Y	143	Y	7.8%
610 <- 645	2412	9%	142	Y	46	Y*	2.3%
645 <- 675	2855	11%	134	Y	10	N	1.2%
675 <- 700	2801	11%	112	Y	-37	N	0.8%
700 <- 720	2329	9%	89	Y	-73	Y	0.5%
720 <- 745	2688	10%	79	Y	-102	Y	0.4%
745 <- 770	2452	9%	47	Y	-118	Y	0.3%
770 <- 800	2469	9%	4	N	-151	Y	0.3%
800 <- 830	2835	11%	6	N	-103	Y	0.1%
830+	2499	10%	-1	N	-91	Y	0.1%

Balance	# avg AP enrolls/mon	%	NCL save/acct (C-T)	significant	NCM diff/acct (T-C)	significant	NSF % in first 3 mons (T)
<- 50	2538	10%	10	Y	-26	Y	0.2%
50 <- 300	2651	10%	14	Y	-58	Y	0.5%
300 <- 650	2646	10%	14	Y	-64	Y	1.0%
650 <- 1000	2626	10%	41	Y	-29	Y	2.2%
1000 <- 1600	2639	10%	36	Y	-51	Y	1.6%
1600 <- 2300	2530	10%	74	Y	-17	N	2.0%
2300 <- 3350	2652	10%	75	Y	-38	Y	1.7%
3350 <- 4700	2596	10%	126	Y	-2	N	1.5%
4700 <- 7150	2587	10%	146	Y	-24	N	1.7%
7150+	2614	10%	252	Y	-147	Y	1.6%

Despite the financial benefits from AutoPay to high risk accounts (FICO<=610), it might have certain negative customer experience impacts due to NSF

Notes: *significant at .1 level

Proposed Initiative - AutoPay Expansion

We can expand AutoPay by routing some delinquent inbound calls through IVR that are currently out dialed to Customer Services to Collections

Agent Take Rate by Collections & CS

~7X

30.6%

4.3%

— Collections — Customer Service
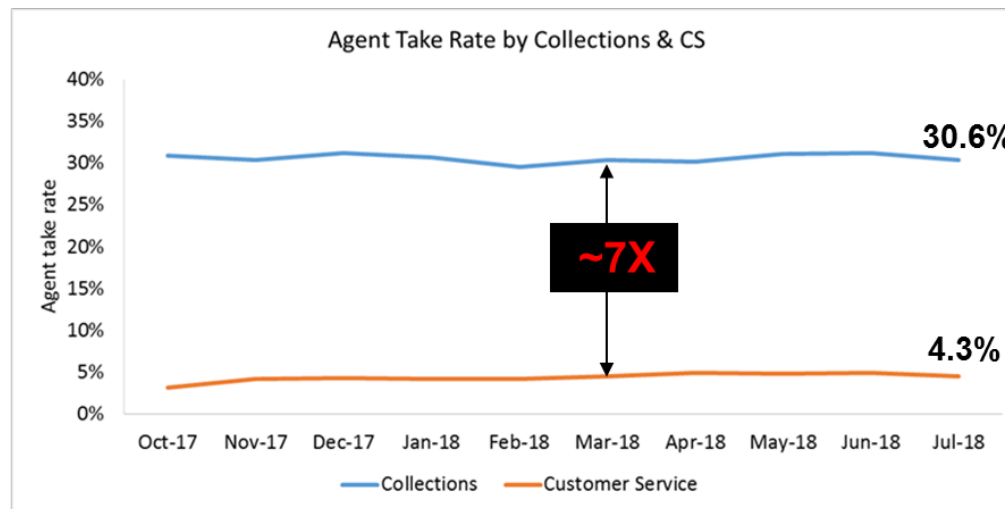
A 10%-20% agent take rate increase from the subset of Consumer pay to accounts through Customer Service is expected to generate ~$0.8-1.7M NCL save and ~$0.2-0.4M NCM benefit over 18 months

	17-Oct	17-Nov	17-Dec	18-Jan	18-Feb	18-Mar	18-Apr	18-May	18-Jun	18-Jul	Overall
# Consumer Acct Pay to Current by CS	51,681	48,406	44,519	53,476	41,815	47,715	37,206	42,261	33,156	40,772	44,101
Subset: 610<FICO <=700 & 1600<Bal<=7150	5,723	5,467	4,789	5,815	4,564	4,828	3,621	4,289	3,486	4,144	4,673
%	11%	11%	11%	11%	11%	10%	10%	10%	11%	10%	11%

Opportunity might exist for risk based IVR routing strategy that would result in increasing delinquent accounts AutoPay enrollments which generate strong financial benefits without significant impacts on customer experience nor Collections FTE staffing

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RMLT SharePoint Site

[SharePoint Link](#)

Collections & Recovery Site

Collections & Recovery Strategy
Accountability for Collections and Recovery Strategy

Tim Olah
Collections & Recovery Strategy

Timothy Olah - Head of Collections Policy and Recovery Strategy
Team responsibilities include end-to-end accountability for Collections and Recovery strategy including Segmentation & Contact Strategy, Recurring Payments, Loss Mitigation Treatment Programs, and post charge-off Recovery strategy.

Informational	Processes	People	Functional Links
Collections and Recovery Policy	Knowledge HUB	Org. Chart	Click here for the Collections and Recovery Strategy SharePoint Site
Baseline End-To-End Strategy			MIS (Restricted Access)

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A Thematic Review Across Collections was performed to identify existing capabilities, as well as key gaps and opportunities needed to meet a 20-20 Vision

1 — Contact Strategy
- Do we utilize all available contact channels?
- Are we able to successfully reach customers?
- Do we prioritize and segment contact strategies appropriately?

2 — Payment Solutions
- Do we have a robust toolkit to assist customers in financial difficulty?
- Are we utilizing our payment solutions effectively?

3 — Customer Communications
- Do we provide / educate them with enough information about their situation and options?
- Do we utilize customized / targeted communications to drive specific behavior?

4 — Self-Service Options
- Do customers have the ability to self-serve?
- What functionality and limitations exist across contact channels?

5 — Late Stage / Recovery
- Do we have multiple loss mitigation options and a segmented strategy to reduce losses?
- Do we utilize specialized agencies to target various behavioral segments?
- Do customers have a diverse set of options available to them?

6 — Data, Analytics, and Infrastructure
- Do we have a robust data and reporting infrastructure to support collections oversight?
- Is performance monitoring in place, and is it designed to alert deteriorating performance?
- Are we using data and advanced analytics to improve collection effectiveness?

7 — Governance and Control
- Are systemic controls in place to monitor adherence to regulatory and policy requirements?
- Are issues identified, tracked, and corrected in a timely fashion?
- Are existing strategies/processes documented appropriately?
- Are strategies and changes reviewed and approved across the appropriate stakeholders?
- Is there sufficient oversight of Collections Operations?

8 — Colleague / Team
- Is the team aligned/organized effectively to meet Collections needs?
- Are there key developmental needs within the team?

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1 — Can we reach customers?

- *Collections has multi-channel communication capabilities, with the ability to alert, remind, and educate customers on their account status.*

- *Existing capabilities leverage nearly every possible delivery channel legally permissible.*
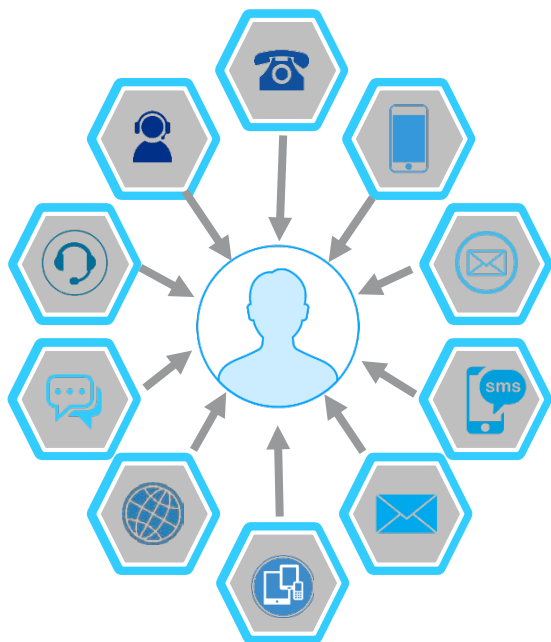
- *Improving quality of contact information, as well as consent to use information, is needed across the customer life-cycle.*

- *Utilizing Servicing, Acquisition, and Payment history to determine best Collection treatment.*

- *Develop Omni-channel approach to improve effectiveness*

1 — Do we prioritize and segment appropriately?

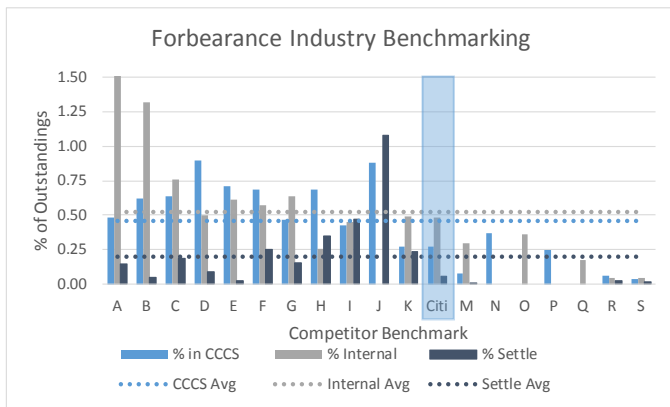- *Segmentation is based on early delinquency model in Bucket 1.*

Risk Seg	B1 Accts	B1 Bals ($MM)	% of Bals	Bad Rate	Loss Rate
High	87,000	$409	16%	32.5%	22.0%
Med	197,000	$923	35%	12.5%	7.9%
Low	335,000	$989	38%	2.8%	1.7%
High Val	62,000	$312	12%	2.8%	1.8%
Total	681,000	$2,633	100%	11.9%	7.8%

- *Bucket 2+ is de facto high risk, with behavior segmentation utilized in lieu of risk modeling.*

- *Contact Strategy is digital first, prior to utilizing agents. Each channel has a standalone contact strategy, with little coordination or overlap.*

- *80% of C/O accounts did not have a Right Party Contact (RPC) prior to C/O.*

- *Recent changes for HVAR and Performance Based Routing to align Risk and Value with best agents will drive improved DQ and Losses.*

- *Create a new metric, Right Party Interaction, to evaluate and measure effectiveness of message delivery, beyond traditional Right Party Contact (RPC).*

- *Develop channel effectiveness score/strategy to prioritize strategy based on probability of customer engagement/response.*

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2 Do we have the right tools and payment solutions?

- **Forbearance Solutions primarily are Long Term Repayment, Reage, and Settlement.**

- **Short Term forbearance discontinued in 2017.**

- **Competitive Benchmarking shows lower than average forbearance, primarily in Credit Counseling and Settlements.**

- **Outsourced accounts (~30% of Buckets 4+) are ineligible for Forbearance and Reage.**

- **Reage benchmarking is unavailable, but appears low.**

Forbearance Industry Benchmarking

Chart: % of Outstandings (y-axis 0.00 to 1.50) vs Competitor Benchmark (A–S, including Citi).
Legend: % in CCCS, % Internal, % Settle, CCCS Avg, Internal Avg, Settle Avg

- **Deep Dive into Approval/Decline Rates for each forbearance program.** *(Initial Analysis shows a 33% Decline Rate for Customers requesting assistance.)*

- **Review Operational Offer/Execution strategy to evaluate any potential changes.**

- **Develop compliant process to provide payment options to Outsourced accounts.**

3 Do we educate them with detailed information about their situation?

- **Statements and the Customer Website alert customers to their past due status, but provide little additional detail or options.**
  - **Min Pay due is unattainable for the customer.** *(A)*
  - **Over Limit Amount further compounds issue.** *(B)*

- **Collections specific contact channels have limited ability to deliver detailed messaging, outside of Email and Letters, unless the customer engages with an agent.** *(C)*

- **Online customers receive sub-optimal treatment, as they are unware of payment amounts needed to reduce delinquency** *(D)*

- **Modify Online channels to show expanded payment options/details to customers.**

- **Communicate / Market details to customers via email.**

- **Evaluate Statement opportunities.**

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Can they help themselves?

- *Collections has multi-channel capabilities to contact customers*

- *Channels are primarily one-way communication only, limiting the ability to convey detailed / relevant information*

- *Channels direct customers to call, limiting the effectiveness of the communication, as well as suppressing the response rate for customers who are embarrassed, frustrated, or simply prefer online solutions.*

Communication Channel	Outbound Channel	Detailed Info Provided	One Way vs Two Way	Customer Call To Action	Make A Payment	Assistance Program
Agent	✔	✔	⇄	Call	✔	✔
Phone	✔		→	Call		
IVR	✔		→	Call	✔	
Letter	✔	✔	→	Call		
Email	✔	✔	→	Call		
Text	✔		→	Call		
Statement	✔		→	Call		
Web			→	Call	✔	
Mobile App			→	Call	✔	
Chat		✔	⇄	Call/Chat	✔	✔
Social Media			→	Call		

- *Transformational projects required to achieve Next Gen vision*
  - *Develop capability for online fulfillment (2019 Prioritization List – Not Yet Funded)*
  - *Prioritize Mobile App capabilities (Not Prioritized – Not Funded)*
  - *Re-design Forbearance architecture to provide configurable strategic options, as well as integration into omni-channel options. (Prioritized - Not Funded)*

- *Modify self-service channels to provide customers with more visibility into their past due status and delinquent payment amounts*

- *Roll out new Marketing/Creative Suite of Emails/Letters to alert customers to new fulfillment options and capabilities.*

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- *Strategy has a mix of options to address unique and specialized populations.*

- *In-House Collections are supplemented with targeted outsourcing for Hard to Contact accounts, as well as Pre-Legal collections.*

- *Pre Charge-Off Agencies have limited toolkit, due to lack of ability to offer Reage or Forbearance.*

- *Post Charge-Off, strategy is heavily dependent on Asset Sales, with Agency and Legal placements/tests for benchmarking.*
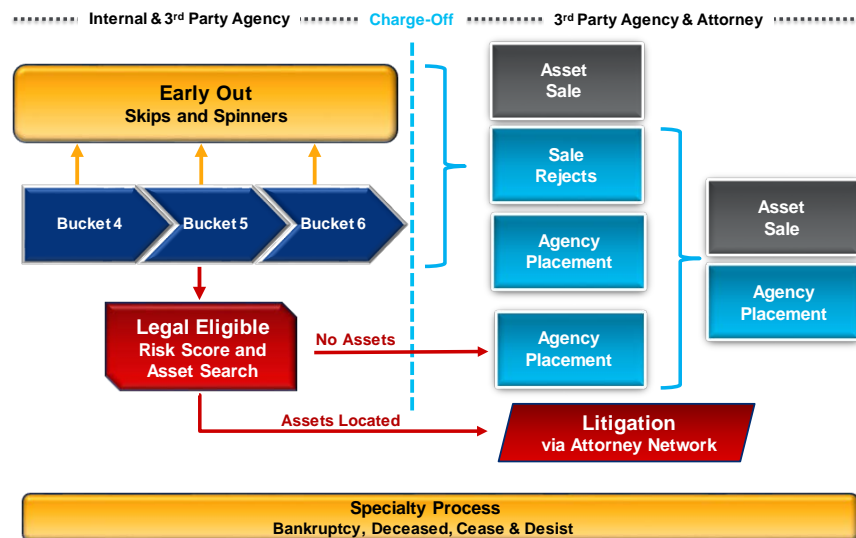
- *Opportunity to refresh Outsourced and Pre-Legal populations, which haven't been modified in several years.*
- *Enhanced Agency performance management, to align performance with market share.*
- *Include Outsourced accounts in Reage processing, as well as a focus on roll rate management strategies.*
- *Develop functionality to permit offering of Forbearance programs, while maintaining regulatory compliance.*
- *Provide online capabilities/account visibility to defaulted customers*
- *Take measured steps to reduce Asset Sale dependency, balancing short-term vs long-term financial goals.*

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6 Does our Data and Infrastructure meet our needs?

- *Data is extremely fragmented across the warehouse, requiring complicated processes to join.*
- *Collections data is mix of Triad and ACS sources, limiting ability to track accounts curing delinquency, as well as have a consolidated Communication History.*
- *Recovery data (DM9) stores rolling 11 days of information, and is not saved into a permanent warehouse.*
- *Reconciliation issues across various data sources*

- *Engage with IT on Contact Utility, designed to centralize contact data across all platforms. Ensure data controls and governance are requirements.*
- *Identify Golden Source information across critical data elements, and develop reconciliation practices, with support from Data Governance and IT.*

6 Are we using advanced analytics to drive and improve strategy?

- *Collections Effectiveness is a combination of Strategy, Capability, and Agent Effectiveness*
- *Prioritizing foundational capabilities will yield largest benefit, impacting the most customers*
- *Advanced Analytics, without the ability to provide Tools and Solutions, is ineffective in reducing losses*

- *Prioritize channel capabilities, inclusive of data capture*
- *Develop channel effectiveness score/strategy to prioritize strategy based on probability of customer engagement / response.*

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7 | Is the Control Environment sufficient for adherence to Regulatory and Policy requirements?

7 | Are Issues identified, tracked, and corrected in a timely fashion?

- *Extensive CBORC Monitoring performed monthly across a range of key Collections processes.*

- *Formal review with Collections team to review monitoring results, as well as newly identified observations or issues.*

BRANDS COLLECTIONS		ACCOUNT RATE					
Processes	Control & Monitoring	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Pass Rates by AMG Focus Area	ST Forbearance	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	LT Forbearance Combined	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%
	Combined (ST/LT)	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%
	Re-age	99.9%	99.5%	99.7%	99.8%	99.9%	99.9%
	Settlements	99.8%	99.8%	99.5%	99.8%	99.8%	99.8%
	FEMA Deferrals	81.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Miscellaneous	99.9%	100.0%	99.9%	100.0%	100.0%	100.0%
	Regulatory	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%

- *Strengthen review / certification of the Controls reporting, ensuring that the monitoring continues to be comprehensive and effective as ongoing processes change.*

- *Ensure Risk/Ops accountability for each control, providing end-to-end ownership and oversight beyond the Control team.*

- *Multiple stakeholders and tracking mechanisms exist, with ongoing issue review and management.*

  - *CBORC*
  - *In-Business Risk*
  - *Executive Review*
  - *Independent Risk*
  - *Independent Audit*
  - *FCR (Fundamental Credit Review)*
  - *Legal*
  - *Compliance*

- *Remediation standards and processes are localized, and IT SME resources have limited availability, extending remediation timelines*

- *Multiple systems, lists, and forums, are often duplicative, making tracking confusing / mis-aligned / etc....*

- *Identified Issues seem to all carry similar focus and scrutiny, regardless of Severity Level/Impact, reallocating resources from more valuable/impactful work.*

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7 — Is there a strong change process, with oversight of Operations?

- *Policies align with GCCFRP, and are managed / monitored by the team.*
- *Strategy Documentation has opportunities to integrate more with Ops Documentation, creating a unified end-to-end process document.*
- *SOC/ROC/Change Brief processes ensure accountability for change management across Risk and Operations, while also providing formal forums for Brands and CRS to share best practices.*

- *Need to Balance governance with agility and speed to market.*
- *Risk Governance needs to provide more specific guidance/policy regarding Collections Operations change requests, as well as materiality thresholds.*
- *Revisit the current SOC charter to focus on more strategic / long-term collections vision, versus the current short-term / tactical approach.*

7 — Is there adequate performance and test monitoring in place?

- *ROC provides for formal Strategy / Test reads, with key strategy changes also reported into Risk team.*
- *Collections Risk Appetite Framework (RAF) has performance threshold monitoring across multiple metrics, at the product/portfolio level.*
- *Monthly detailed performance review with Independent Risk, covering both Risk and Operations metrics.*
- *Data / Reporting infrastructure is SAS/Excel based, and is dependent on multiple data sources and structures, limiting efficiency of reporting, as well as creating gaps in information.*

- *Potential to separate Risk Appetite into Risk Appetite and Performance Monitoring, linking in key Operational Metrics, Recovery Metrics, etc…*
- *Ensure robust and continuous Test and Learn approach is deployed across key strategies, with defined ownership and accountability.*
- *Utilize BI / Reporting tools to develop informational and user-friendly reporting. Evaluate opportunity to standardize reporting within golden-source data-mart.*

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8 · Is the team aligned / organized to meet Collections needs?

- *FTE are staffed against key processes / strategies within Collections.*
- *Silo's create specialties, which may limit colleague development and end-to-end understanding.*

- *Align the team to focus on priorities and natural synergies.*
- *Cross-train colleagues across different strategies, strengthening more holistic collections knowledge.*
- *Strengthen engagement with Operations, particularly around Operations and Agency performance oversight*

8 · Are their key developmental needs within the team?

- *Team has analytic talent, but limited exposure and experience with Operations.*
- *Training is adhoc, and geared more towards technical / data than strategy and process.*
- *Development / Career Planning is not structured and documented.*

- *Develop a Collections 101 Education agenda, providing a blended view of Strategy and Operations, including Strategy Implementation/Execution and systems.*
- *Establish Call Listening and Account Review / Case Study routines, exposing colleagues to how strategies are executed day-to-day.*

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Focused Effort on Key Opportunities To Meet 20-20 Vision

1 — Contact Strategy
- **Improve customer data quality, accuracy, and availability**
- Utilize Customer Data to customize contact strategy;
- Create New Success Metric Definition for measuring Customer Interaction
- **Move from Multi-channel to Omni-channel**

2 — Payment Solutions
- Forbearance Eligibility Expansion
- Reage Eligibility / Marketing Expansion
- Settlement Offer Optimization
- **Extend solutions to outsourced accounts**

3 — Customer Communications
- **Provide customers visibility into delinquency details online, in the app, and via statement**
- Targeted and Customized Program/Payment Options

4 — Self-Service Options
- **Develop online capabilities across Web and Mobile App, providing Forbearance and Settlement capabilities**
- One-Click access to solutions from collections communications

5 — Late Stage / Recovery
- Segmentation / Population Refresh with defined Testing constructs
- Align Agency Placements with Agency Performance
- **Revisit Recovery channel distribution to reduce risk and prepare for next downturn**

6 — Data, Analytics, and Infrastructure
- **Standardize and Improve data quality, accuracy, and availability**
- **Migrate reporting into a Business Intelligence tool, vs excel based reporting**
- Develop customer contact channel effectiveness score / segmentation

7 — Governance and Control
- Designate Risk owners across all Collections Controls, ensuring accountability for managing end-to-end strategies.
- Formal recertification of CBORC monitoring code, ensuring continued fit for purpose.
- Redesign Risk Appetite Framework, separating RAF from Performance Monitoring

8 — Colleague / Team
- Improve collections knowledge and understanding across the team
- Cross-train throughout the team to expand strategic understanding

Initiatives in Bold Require Investment and Prioritization

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Contact us anytime @ *GCB US Collections & Recovery Strategy Leadership

Thank you.

Next meeting Tuesday, November 20th

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APPENDIX:
Recurring Payments
(Erin Zhao, Biao Mao)

Additional Metrics

Pay Channel	Group	C/O # %	Diff in C/O # % (C-T)	Avg C/O Bal	Diff in C/O Bal (C-T)	C/O $ %	Diff in C/O $ % (C-T)
Collections	Test	4.4%	3.4%	4,785	-519	6.8%	3.8%
	Proxy Control	7.8%		4,265		10.6%	
Customer Service	Test	1.9%	1.5%	4,483	-44	4.1%	3.1%
	Proxy Control	3.5%		4,439		7.2%	

FICO	C/O # % diff (C-T)	C/O $ % diff (C-T)	Avg C/O bal diff (C-T)	NCL $ % diff (C-T)	Uniq. NSF % in first 3 mons (T)
<- 610	12%	10%	-612	7%	5.5%
610 <- 645	6%	7%	-839	5%	1.8%
645 <- 675	4%	5%	-509	4%	1.0%
675 <- 700	3%	4%	-525	3%	0.7%
700 <- 720	2%	3%	-368	2%	0.4%
720 <- 745	1%	3%	314	2%	0.4%
745 <- 770	1%	2%	1,112	1%	0.3%
770 <- 800	0.2%	0.3%	-618	0.2%	0.2%
800 <- 830	0.3%	1%	320	0.4%	0.1%
830+	-0.1%	-0.02%	150	-0.1%	0.1%

Balance	C/O # % diff (C-T)	C/O $ % diff (C-T)	Avg C/O bal diff (C-T)	NCL $ % diff (C-T)	Uniq NSF % in first 3 mons (T)
0 <- 50	1%	235%	500	164%	0.2%
50 <- 300	1%	13%	372	9%	0.4%
300 <- 650	2%	6%	-55	3%	0.7%
650 <- 1000	5%	8%	-34	5%	1.6%
1000 <- 1600	4%	5%	-389	3%	1.2%
1600 <- 2300	5%	6%	-112	4%	1.6%
2300 <- 3350	4%	4%	-360	3%	1.4%
3350 <- 4700	4%	4%	-154	3%	1.2%
4700 <- 7150	3%	3%	-300	3%	1.4%
7150+	2%	3%	40	2%	1.2%

NCL=GCL – revocery asset sale
NCM=revenue – affinity rebate – NCL
Revenue=earned interest – cost of fund + fees + Interchange
NCL $ %=Cumulative NCL $ in 18 months / Closing balance when cured to current
Avg C/O bal=Total closing balance $ when charge-off / # of charge-off accts
C/O $ %=Closing balance $ when charge-off / Closing balance when cured to current
C/O # %= # of charge-off accts / # of accts in the starting population

RMD Versus AutoPay

Before Migration

Recurring Min Due (RMD)

- **Eligible population:**
  Delinquent accounts

- **Options available:**
  Recurring Min Due
  Recurring Min Due Plus
  Full Balance (added in 2014)

- **Break/Cancel Criteria:**
  Two consecutive NSF

- **Others:**
  ICL, no flexible due date, no ACH rules & regulations

AutoPay (AP)

- **Eligible population:**
  Current accounts

- **Options available:**
  Min Due
  Fixed Payment
  Full Balance

- **Break/Cancel Criteria:**
  Not subject to NSF

- **Others:**
  ACH, flexible due date, regulatory requirements

RMD to AP Migration:
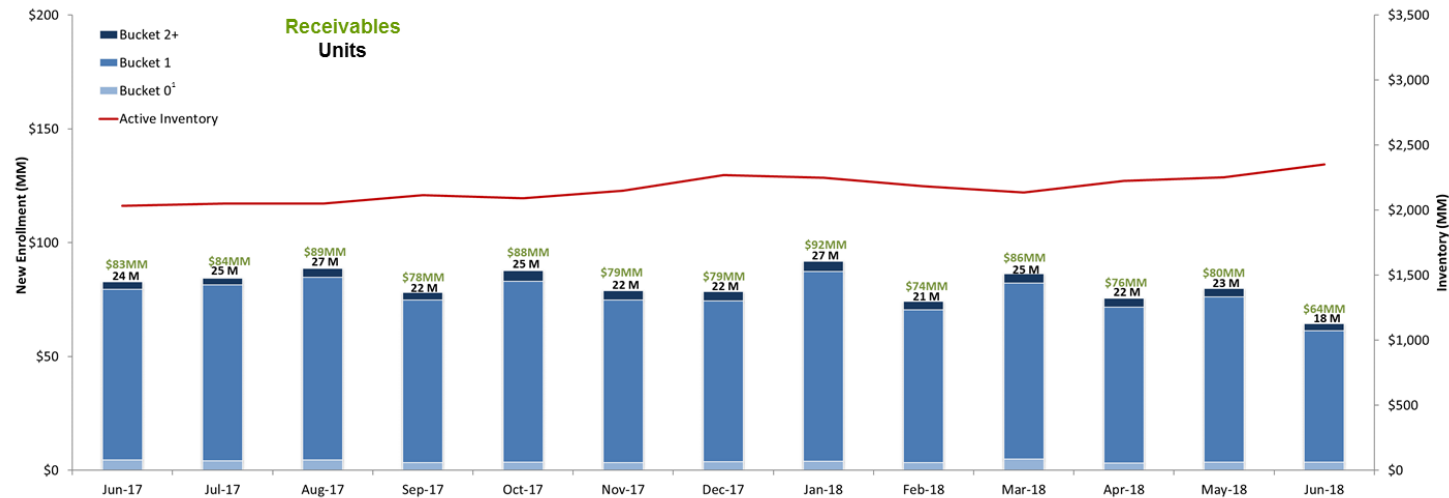*July 2015- July 2016*

After Migration

Delinquent Accounts: AP/RMD

- **Largely AP, only few business cards RMD**

- **Options available:**
  Min Due
  Fixed Payment
  Full Balance

Downstream *Data Impacts* and Resolutions
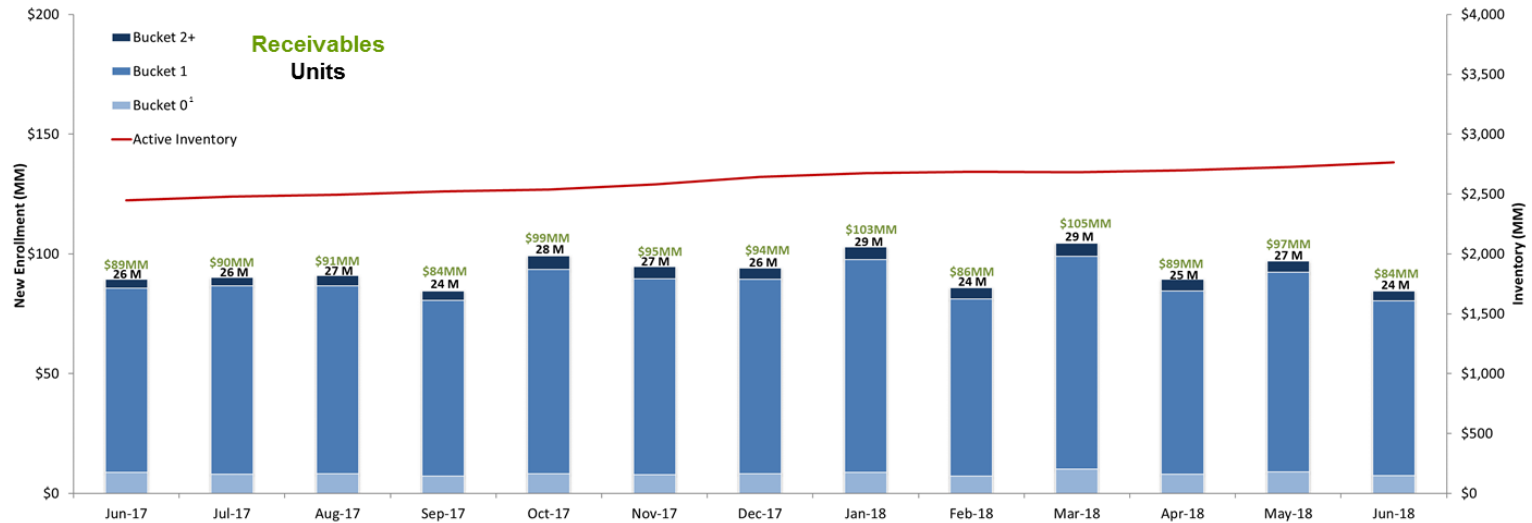
CoBrands - Collections Recurring Payment Volume

Chart legend: Bucket 2+, Bucket 1, Bucket 0[1], Active Inventory. Receivables Units.

Monthly new enrollment ($MM) and units (M):
- Jun-17: $83MM, 24 M
- Jul-17: $84MM, 25 M
- Aug-17: $89MM, 27 M
- Sep-17: $78MM, 22 M
- Oct-17: $88MM, 25 M
- Nov-17: $79MM, 22 M
- Dec-17: $79MM, 22 M
- Jan-18: $92MM, 27 M
- Feb-18: $74MM, 21 M
- Mar-18: $86MM, 25 M
- Apr-18: $76MM, 22 M
- May-18: $80MM, 23 M
- Jun-18: $64MM, 18 M

	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
New Enrollment as % of Delq.	4.3%	4.2%	4.0%	3.7%	3.8%	3.6%	3.6%	3.6%	3.5%	3.9%	3.8%	3.7%	3.5%
Inventory[2] as % of ANR	5.6%	5.7%	5.8%	5.8%	5.9%	5.9%	5.9%	6.0%	6.0%	6.1%	6.2%	6.2%	6.2%
Agent Take Rate[3]	N/A[4]	N/A	18.8%	17.4%	18.0%	17.7%	19.1%	19.4%	19.3%	19.2%	19.2%	19.4%	19.9%

- June 2018 CoBrands Cards collections recurring payments new enrollments were $64MM and inventory was at ~$2.4B

1. The "B0" new enrollments are enrollments from Universal Collections Desktop (UCD).
2. Inventory = Accounts still actively on collections recurring payment plan. Inventory excludes completers, breakers and cancelations.
3. Agent take rate = # of delinquent accts enrolled into RMD/AP through agents on phone / # delinquent accts pay to current via agents.
4. Agent take rates were re-calculated from Aug 2017 because GPU added payments from other channels in July 2017. This caused a denominator effect because payments from channels (e.g. on-line payments, debit card payments received from Customer Service) inflated the denominator. Since GPU extract that is used to calculate the metrics provides data going back 1 year, agent take rates are populated from Aug 2017.

SOURCE – GPU Oracle Database; EDW. Prepared by Biao Mao and Erin Hu

PPM – Collections Recurring Payment Volumes

	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18
New Enrollment as % of Delq.	3.5%	3.4%	3.1%	3.0%	3.3%	3.3%	3.2%	3.1%	3.0%	3.6%	3.4%	3.4%	3.3%
Inventory[2] as % of ANR	5.5%	5.5%	5.5%	5.5%	5.6%	5.6%	5.6%	5.7%	5.7%	5.9%	5.9%	6.0%	6.0%
Agent Take Rate[3]	N/A[4]	N/A	21.0%	20.4%	21.1%	21.9%	23.0%	21.3%	20.7%	22.0%	22.8%	23.3%	24.1%

- June 2018 PPM collections recurring payments new enrollments were $84MM and inventory was at ~$2.8B

1. The "B0" new enrollments are enrollments from Universal Collections Desktop (UCD).
2. Inventory = Accounts still actively on collections recurring payment plan. Inventory excludes completers, breakers and cancelations.
3. Agent take rate = # of delinquent accts enrolled into RMD/AP through agents on phone / # delinquent accts pay to current via agents.
4. Agent take rates were re-calculated from Aug 2017 because GPU added payments from other channels in July 2017. This caused a denominator effect because payments from channels (e.g. on-line payments, debit card payments received from Customer Service) inflated the denominator. Since GPU extract that is used to calculate the metrics provides data going back 1 year, agent take rates are populated from Aug 2017.

SOURCE – GPU Oracle Database; EDW. Prepared by Biao Mao and Erin Hu