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, 2023 OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

001-36560
(Commission File Number)

SYNCHRONY FINANCIAL
(Exact name of registrant as specified in its charter)

Delaware	**51-0483352**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
777 Long Ridge Road **Stamford, Connecticut**	**06902**
(Address of principal executive offices)	**(Zip Code)**

(Registrant's telephone number, including area code) (203) 585-2400

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value $0.001 per share	**SYF**	**New York Stock Exchange**
Depositary Shares Each Representing a 1/40th Interest in a Share of 5.625% Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A	**SYFPrA**	**New York Stock Exchange**

Securities Registered Pursuant to Section 12(g) of the Act:

Title of class
None

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 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 emerging growth company. See the 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 ☒

The aggregate market value of the outstanding common equity of the registrant held by non-affiliates as of the last business day of the registrant’s most recently completed second fiscal quarter was $14,182,270,780,

The number of shares of the registrant’s common stock, par value $0.001 per share, outstanding as of February 2, 2024 was 406,843,602.

DOCUMENTS INCORPORATED BY REFERENCE

The definitive proxy statement relating to the registrant’s Annual Meeting of Stockholders, to be held June 11, 2024, is incorporated by reference into Part III to the extent described therein.

Synchrony Financial
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OUR ANNUAL REPORT ON FORM 10-K

To improve the readability of this document and better present both our financial results and how we manage our business, we present the content of our Annual Report on Form 10-K in the order listed in the table of contents below. See *"Form 10-K Cross-Reference Index"* on page 4 for a cross-reference index to the traditional U.S. Securities and Exchange Commission (SEC) Form 10-K format.

FORM 10-K CROSS REFERENCE INDEX

(a) Incorporated by reference to “Management”, “Election of Directors,” “Governance Principles,” “Code of Conduct” and “Committees of the Board of the Directors” in our definitive proxy statement for our 2024 Annual Meeting of Stockholders to be held on June 11, 2024, which will be filed within 120 days of the end our fiscal year ended December 31, 2023 (the “2024 Proxy Statement”).
(b) Incorporated by reference to “Compensation Discussion and Analysis,” “2023 Executive Compensation,” “Management Development and Compensation Committee Report” and “Management Development and Compensation Committee Interlocks and Insider Participation” and “CEO Pay Ratio” in the 2024 Proxy Statement.
(c) Incorporated by reference to “Beneficial Ownership” and “Equity Compensation Plan Information” in the 2024 Proxy Statement.
(d) Incorporated by reference to “Related Person Transactions,” “Election of Directors” and “Committees of the Board of Directors” in the 2024 Proxy Statement.
(e) Incorporated by reference to “Independent Auditor” in the 2024 Proxy Statement.

Certain Defined Terms

Except as the context may otherwise require in this report, references to:

- “we,” “us,” “our” and the “Company” are to SYNCHRONY FINANCIAL and its subsidiaries;
- “Synchrony” are to SYNCHRONY FINANCIAL only;
- the “Bank” are to Synchrony Bank (a subsidiary of Synchrony);
- the “Board of Directors” or “Board” are to Synchrony’s board of directors;
- "CECL" are to the impairment model known as the Current Expected Credit Loss model, which is based on expected credit losses; and
- “VantageScore” are to a credit score developed by the three major credit reporting agencies which is used as a means of evaluating the likelihood that credit users will pay their obligations.

We provide a range of credit products through programs we have established with a diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers, which, in our business and in this report, we refer to as our “partners.” The terms of the programs all require cooperative efforts between us and our partners of varying natures and degrees to establish and operate the programs. Our use of the term “partners” to refer to these entities is not intended to, and does not, describe our legal relationship with them, imply that a legal partnership or other relationship exists between the parties or create any legal partnership or other relationship. Information with respect to partner “locations” in this report is given at December 31, 2023. “Open accounts” represents credit card or installment loan accounts that are not closed, blocked or more than 60 days delinquent.

Unless otherwise indicated, references to “loan receivables” do not include loan receivables held for sale.

For a description of certain other terms we use, including “active account” and “purchase volume,” see the notes to *Management’s Discussion and Analysis—Results of Operations—Other Financial and Statistical Data*.” There is no standard industry definition for many of these terms, and other companies may define them differently than we do.

“Synchrony” and its logos and other trademarks referred to in this report, including, CareCredit®, Quickscreen®, Dual Card™, Synchrony Car Care™ and SyPI™ belong to us. Solely for convenience, we refer to our trademarks in this report without the ™ and ® symbols, but such references are not intended to indicate that we will not assert, to the fullest extent under applicable law, our rights to our trademarks. Other service marks, trademarks and trade names referred to in this report are the property of their respective owners.

On our website at www.synchrony.com, we make available under the "Investors-SEC Filings" menu selection, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after such reports or amendments are electronically filed with, or furnished to, the SEC. The SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements, and other information that we file electronically with the SEC.

Industry and Market Data

This report contains various historical and projected financial information concerning our industry and market. Some of this information is from industry publications and other third-party sources, and other information is from our own data and market research that we commission. All of this information involves a variety of assumptions, limitations and methodologies and is inherently subject to uncertainties, and therefore you are cautioned not to give undue weight to it. Although we believe that those industry publications and other third-party sources are reliable, we have not independently verified the accuracy or completeness of any of the data from those publications or sources.

Cautionary Note Regarding Forward-Looking Statements:

Various statements in this Annual Report on Form 10-K may contain "forward-looking statements" as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are subject to the "safe harbor" created by those sections. Forward-looking statements may be identified by words such as "expects," "intends," "anticipates," "plans," "believes," "seeks," "targets," "outlook," "estimates," "will," "should," "may" or words of similar meaning, but these words are not the exclusive means of identifying forward-looking statements.

Forward-looking statements are based on management's current expectations and assumptions, and are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, actual results could differ materially from those indicated in these forward-looking statements. Factors that could cause actual results to differ materially include global political, economic, business, competitive, market, regulatory and other factors and risks, such as: the impact of macroeconomic conditions and whether industry trends we have identified develop as anticipated; retaining existing partners and attracting new partners, concentration of our revenue in a small number of partners, and promotion and support of our products by our partners; cyber-attacks or other security incidents or breaches; disruptions in the operations of our and our outsourced partners' computer systems and data centers; the financial performance of our partners; the CFPB's proposed rule on credit card late fees if adopted as proposed; the sufficiency of our allowance for credit losses and the accuracy of the assumptions or estimates used in preparing our financial statements, including those related to the CECL accounting guidance; higher borrowing costs and adverse financial market conditions impacting our funding and liquidity, and any reduction in our credit ratings; our ability to grow our deposits in the future; damage to our reputation; our ability to securitize our loan receivables, occurrence of an early amortization of our securitization facilities, loss of the right to service or subservice our securitized loan receivables, and lower payment rates on our securitized loan receivables; changes in market interest rates and the impact of any margin compression; effectiveness of our risk management processes and procedures; reliance on models which may be inaccurate or misinterpreted; our ability to manage our credit risk; our ability to offset increases in our costs in retailer share arrangements; competition in the consumer finance industry; our concentration in the U.S. consumer credit market; our ability to successfully develop and commercialize new or enhanced products and services; our ability to realize the value of acquisitions, dispositions and strategic investments; reductions in interchange fees; fraudulent activity; failure of third-parties to provide various services that are important to our operations; international risks and compliance and regulatory risks and costs associated with international operations; alleged infringement of intellectual property rights of others and our ability to protect our intellectual property; litigation and regulatory actions; our ability to attract, retain and motivate key officers and employees; tax legislation initiatives or challenges to our tax positions and/or interpretations, and state sales tax rules and regulations; regulation, supervision, examination and enforcement of our business by governmental authorities, the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and other legislative and regulatory developments and the impact of the Consumer Financial Protection Bureau's (the "CFPB") regulation of our business, including new requirements and constraints that Synchrony and the Bank will become subject to as a result of having $100 billion or more in total assets; impact of capital adequacy rules and liquidity requirements; restrictions that limit our ability to pay dividends and repurchase our common stock, and restrictions that limit the Bank's ability to pay dividends to us; regulations relating to privacy, information security and data protection; use of third-party vendors and ongoing third-party business relationships; and failure to comply with anti-money laundering and anti-terrorism financing laws.

For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included in "*Risk Factors Relating to Our Business*" and "*Risk Factors Relating to Regulation*." You should not consider any list of such factors to be an exhaustive statement of all of the risks, uncertainties, or potentially inaccurate assumptions that could cause our current expectations or beliefs to change. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law.

OUR BUSINESS

Our Company

We are a premier consumer financial services company delivering one of the industry's most complete, digitally-enabled product suites. Our experience, expertise and scale encompass a broad spectrum of industries, including digital, health and wellness, retail, telecommunications, home, auto, outdoor, pet and more. We have an established and diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers, which we refer to as our “partners.” We connect our partners and consumers through our dynamic financial ecosystem and provide them with a diverse set of financing solutions and innovative digital capabilities to address their specific needs and deliver seamless, omnichannel experiences. We utilize a broad set of distribution channels, including mobile apps and websites, as well as online marketplaces and business management solutions like point-of-sale platforms. Our offerings include private label, dual, co-brand and general purpose credit cards, as well as short- and long-term installment loans and consumer banking products. During 2023, we financed $185.2 billion of purchase volume, and at December 31, 2023, we had $103.0 billion of loan receivables and 73.5 million active accounts.

Our business benefits from longstanding and collaborative relationships with our partners, including some of the nation’s leading retailers and manufacturers with well-known consumer brands, such as Lowe’s and Sam's Club and also leading digital partners, such as Amazon and PayPal. We believe our business model has been successful because it aligns our interests with those of our partners and provides substantial value to both our partners and our customers. Our partners promote our credit products because they generate increased sales and strengthen customer loyalty. Our customers benefit from instant access to credit, discounts, or other benefits such as cash back rewards, and promotional offers. We seek to differentiate ourselves through our deep industry expertise, our long history of consumer lending, our innovative digital capabilities and our diverse product suite. We have omni-channel (in-store, online and mobile) technology and marketing capabilities, which allow us to offer and deliver our credit products instantly to customers across multiple channels. We continue to invest in, and develop, our digital assets to ensure our partners are well positioned for the rapidly evolving environment. We have been able to demonstrate our digital capabilities by providing solutions that meet the needs of our partners and customers, with approximately 58% of our consumer revolving applications in 2023 processed through a digital channel.

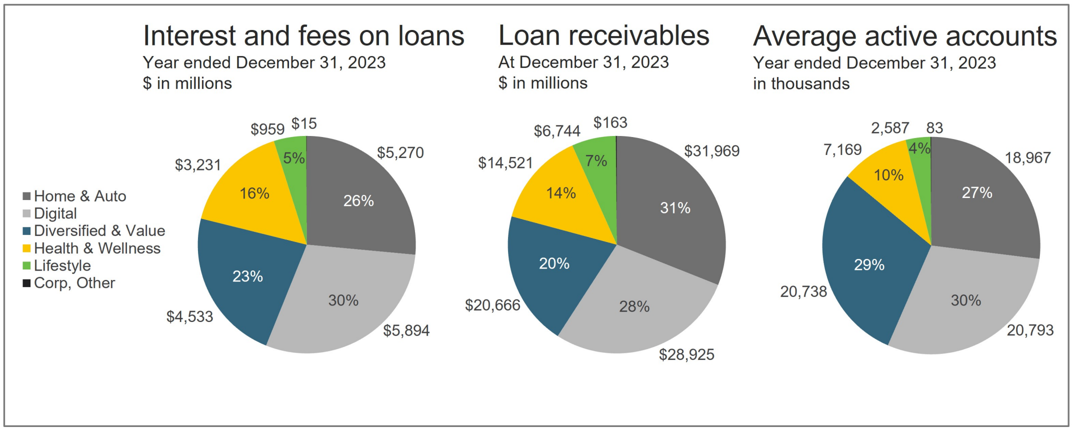
We conduct our operations through a single business segment. Profitability and expenses, including funding costs, credit losses and operating expenses, are managed for the business as a whole. Substantially all of our revenue activities are within the United States. We primarily manage our credit products through five sales platforms (Home & Auto, Digital, Diversified & Value, Health & Wellness and Lifestyle). Those platforms are organized by the types of partners we work with, and are measured on interest and fees on loans, loan receivables, active accounts and other sales metrics.

We offer our credit products primarily through our wholly-owned subsidiary, the Bank. In addition, through the Bank, we offer, directly to retail, affinity relationships and commercial customers, a range of deposit products insured by the Federal Deposit Insurance Corporation (“FDIC”), including certificates of deposit, individual retirement accounts (“IRAs”), money market accounts, savings accounts and sweep and affinity deposits. We also take deposits at the Bank through third-party securities brokerage firms that offer our FDIC-insured deposit products to their customers. We have significantly expanded our online direct banking operations in recent years and our deposit base serves as a source of stable and diversified low cost funding for our credit activities. At December 31, 2023, we had $81.2 billion in deposits, which represented 84% of our total funding sources.

Our Sales Platforms

We offer our credit products through five sales platforms: Home & Auto, Digital, Diversified & Value, Health & Wellness and Lifestyle.

Set forth below is a summary of certain information relating to our sales platforms:



Home & Auto

Our Home & Auto sales platform provides comprehensive payments and financing solutions with integrated in-store and digital experiences through a broad network of partners and merchants providing home and automotive merchandise and services, as well as our Synchrony Car Care network and Synchrony HOME credit card offering. Home & Auto accounted for $5.3 billion, or 26%, of our total interest and fees on loans for the year ended December 31, 2023.

Home & Auto Partners

Our Home & Auto sales platform partners include a wide range of key retailers in the home improvement, furniture, bedding, flooring, appliance and electronics industry, such as Ashley HomeStores LTD, Floor & Decor, Lowe's, and Mattress Firm, as well as automotive merchandise and services, such as Chevron and Discount Tire. In addition, we also have program agreements with manufacturers, buying groups and industry associations, such as Generac, Nationwide Marketing Group and the Home Furnishings Association.

At December 31, 2023, the length of our relationship with each of our five largest partners was over 10 years, and in the case of Lowe's, 44 years.

2023 Partner Agreements:		
New partnerships:	• Big Brand Tire & Service • GreatWater 360 Auto Care • Installation Made Easy	• LG Air Conditioning • Roto Rooter
Program extensions:	• CCA Global Partners • CertainPath • Conn's • Haverty's Furniture • Haynes • Horizon	• Living Space • LoveSac • Morris Furniture Company • Rheem • York

Digital

Our Digital sales platform provides comprehensive payments and financing solutions with integrated digital experiences through partners and merchants who primarily engage with their consumers through digital channels. We enable our partners to deepen consumer engagement by embedding payments and financing solutions, delivering compelling value and rewards, and providing personalized offers within seamless experiences. We also work with our partners to extend digital relationships to in-person commerce. In addition to our partner products, we also offer a Synchrony-branded general purpose credit card. Digital accounted for $5.9 billion, or 30%, of our total interest and fees on loans for the year ended December 31, 2023.

Digital Partners

Our Digital sales platform includes key partners delivering digital payment solutions, such as PayPal, including our Venmo program, online marketplaces, such as Amazon and eBay, and digital-first brands and merchants, such as Verizon, the Qurate brands, and Fanatics.

The Digital sales platform has strong alignment with its partners through relationships that span decades, as well as through our more recent program launches with Verizon and Venmo. At December 31, 2023, the length of our relationship with each of our four largest partners was over 10 years, and in the case of PayPal, 19 years. The Digital sales platform has highly engaged customers and can continue to drive penetration and everyday use by expanding products, channels, and deeper user experience integrations.

Diversified & Value

Our Diversified & Value sales platform provides comprehensive payments and financing solutions with integrated in-store and digital experiences through large retail partners who deliver everyday value to consumers shopping for daily needs or important life moments. Diversified & Value accounted for $4.5 billion, or 23%, of our total interest and fees on loans for the year ended December 31, 2023.

Diversified & Value Partners

Our Diversified & Value sales platform is comprised of five large retail partners: Belk, Fleet Farm, JCPenney, Sam's Club and TJX Companies, Inc. Through strong partner alignment, competitive value propositions, and embedding our products in the digital experience, we can continue to drive penetration and everyday use.

At December 31, 2023, the length of our relationship with each of these five partners was over 10 years, and in the case of Sam’s Club, 30 years.

2023 Partner Agreements:	
Program extensions:	• Belk

Health & Wellness

Our Health & Wellness sales platform provides comprehensive healthcare payments and financing solutions, through a network of providers and health systems, for those seeking health and wellness care for themselves, their families and their pets, and includes our CareCredit brand, as well as partners such as Walgreens. Health & Wellness accounted for $3.2 billion, or 16%, of our total interest and fees on loans for the year ended December 31, 2023.

We offer customers a CareCredit-branded private label credit card that may be used across our network of CareCredit providers and our CareCredit Dual Card offering, access to installment loans in select providers, our Walgreens private label and Dual Card, along with complementary products such as Pets Best pet insurance. In November 2023, we entered into an agreement for the sale of Pets Best for consideration comprising a combination of cash and an equity interest in Independence Pet Holdings, Inc. The transaction is expected to close in the first quarter of 2024.

Health & Wellness Partners

The vast majority of our partners are individual and small groups of independent healthcare providers, which includes networks of healthcare practitioners that provide planned medical, elective and other procedures that generally are not fully covered by insurance. The remainder are primarily national and regional healthcare providers, such as Aspen Dental and Mars Petcare and health-focused retailers, such as Rite Aid and Walgreens. In addition, we also have over 160 relationships with professional and other associations (including the American Dental Association and the American Veterinary Medical Association), manufacturers and buying groups, which endorse and promote our credit products to their members.

At December 31, 2023, we had a network of Health & Wellness providers and health-focused retailers that collectively have over 270,000 locations. Excluding our program agreement with Walgreens, no single Health & Wellness partner accounted for more than 0.5% of our total interest and fees on loans for the year ended December 31, 2023. Accounts originated in dental practices accounted for 52% of Health & Wellness interest and fees on loans for the year ended December 31, 2023.

We believe our ability to attract new partners is aided by being able to provide partners access to our existing CareCredit accountholder base. During 2023 over 210,000 locations either processed a CareCredit application or made a sale on a CareCredit credit card, and our CareCredit provider locator averaged over 2.1 million views per month during the year ended December 31, 2023.

2023 Partner Agreements:		
New partnerships:	• Albertsons Companies • AmeriVet Veterinary Partners • Destination Pet • Hand & Stone • Heart and Paw	• Marquee Dental Partners • O'Brien Vet Group • Sonova • Specialty 1 Partners • Valley Veterinary
Extensions:	• American Dental Association • Academy of General Dentistry • The Aspen Group	• The Good Feet Store • NVA • PetVet Care Centers

Lifestyle

Lifestyle provides comprehensive payments and financing solutions with integrated in-store and digital experiences through partners and merchants who offer merchandise in power sports, outdoor power equipment, and other industries such as sporting goods, apparel, jewelry and music. We create customized credit programs for national and regional retailers, manufacturers, and industry associations. Credit extended in this platform, other than for our apparel and sporting goods retail partners, is primarily promotional financing. With our large retail partners, we continue to drive penetration and everyday use through strong partner alignment, competitive value propositions, and embedding our products in the digital experience. Lifestyle accounted for $1.0 billion, or 5%, of our total interest and fees on loans for the year ended December 31, 2023.

Lifestyle Partners

Our Lifestyle sales platform partners include a wide range of key retailers in the apparel, specialty retail, outdoor, music and luxury industry, such as American Eagle, Dick's Sporting Goods, Guitar Center, Kawasaki, Pandora, Polaris, Suzuki and Sweetwater.

At December 31, 2023, the length of our relationship with each of our five largest partners was over 10 years, and in the case of American Eagle, 27 years.

2023 Partner Agreements:		
New partnerships:	• J.Crew	
Program extensions:	• Club Champion • Handi Quilter • JTV • Park West Gallery • Piaggio	• Robbins Brothers • The Alliance of Independent Music Merchants • The Container Store • Vanderhall Motorworks

Corp, Other

Corp, Other includes activity and balances related to certain program agreements with retail partners and merchants that will not be renewed beyond their current expiration date and certain programs that were previously terminated, which are not managed within the five sales platforms discussed above. Prior year activity in Corp, Other primarily includes amounts associated with the Gap Inc. and BP portfolios, which were both sold in the second quarter of 2022. Corp, Other also includes amounts related to changes in the fair value of equity investments and realized gains or losses associated with the sale of investments.

Our Partner Agreements

Revenue

Our revenue we earn from our agreements with our partners primarily consists of interest and fees on our loan receivables, and in our program agreements that contain promotional financing, includes “merchant discounts,” which are fees paid to us by our partners in almost all cases to compensate us for all or part of the foregone interest income associated with promotional financing. We offer promotional financing across all five of our sales platforms.

The types of promotional financing we offer includes deferred interest (interest accrues during a promotional period and becomes payable if the full purchase amount is not paid off during the promotional period), no interest (no interest on a promotional purchase) and reduced interest (interest is assessed monthly at a promotional interest rate during the promotional period). As a result, during the promotional period we do not generate interest income or generate it at a lower rate, although we continue to generate fee income relating to late fees on required minimum payments. For these promotional financing offerings, we generally partner with sellers of "big-ticket" products or services or large basket transactions (generally priced from $500 to $25,000+) to consumers where our financing products and industry expertise provide strong incremental value to our partners and their customers. In addition to our revolving products, we also offer secured installment loans for certain large purchases, primarily for power sports and outdoor power equipment, and also offer unsecured installment loans primarily in our Health and Wellness sales platform and through our other installment products, such as our Synchrony Pay in 4 product for short-term loans. We also promote our programs to sellers through direct marketing activities such as industry trade publications, trade shows and sales efforts by dedicated internal and external sales teams, leveraging our existing partner network or through endorsements through manufacturers and industry associations. Our broad array of point-of-sale technologies and quick enrollment process allow us to quickly and effectively integrate new partners and providers.

Our five largest programs based upon interest and fees on loans for the year ended December 31, 2023, were Amazon, JCPenney, Lowe's, PayPal and Sam's Club. These programs accounted in aggregate for 55% of our total interest and fees on loans for the year ended December 31, 2023, and 51% of loan receivables at December 31, 2023. Our programs with Lowe's, PayPal, which includes our Venmo program, and Sam's Club, each accounted for more than 10% of our total interest and fees on loans for the year ended December 31, 2023. The length of our relationship with each of our five largest partners is over 16 years, and in the case of Lowe's, 44 years. The current expiration dates for program agreements with our five largest partners range from 2026 through 2033.

Other income related to our program agreements primarily consists of interchange fees earned when our Dual Card or general purpose co-branded cards are used outside of our partners' sales channels and fees paid to us by customers who purchase our Payment Security product, less costs incurred related to partner loyalty programs. In our Health & Wellness sales platform, Other income also includes commission fees earned by Pets Best.

Program Agreements

Our private label credit cards, Dual Cards and co-branded credit card programs for our retail and digital partners are typically governed by program agreements that are each negotiated separately with our partners. Although the terms of the agreements are partner-specific, and may be amended from time to time, under a typical program agreement, our partner agrees to support and promote the program to its customers, but we control credit criteria and issue products to customers who qualify under those criteria. We own the underlying accounts and all loan receivables generated under the program from the time of origination. Other key provisions in our program agreements include:

Term

Our program agreements typically have contract terms ranging from approximately three to ten years. Many program agreements have renewal clauses that provide for automatic renewal for one or more years until terminated by us or our partner. We typically seek to renew the program agreements well in advance of their termination dates. Some program agreements are subject to termination prior to the scheduled termination date by us or our partner for various reasons. See *Termination* below for additional information.

Exclusivity

Our program agreements are typically exclusive for the products we offer and limit our partners' ability to originate or promote other private label or co-branded credit cards during the term of the agreement. The terms of our program agreements with national and regional retailers and manufacturers are typically similar to the terms of our program agreements in that we are the exclusive provider of financing for the products we offer, or in the case of some of our programs, may allow to have several primary lenders. Some program agreements, however, allow the merchant to use a second source lender after an application has been submitted to us and declined.

Retailer Share Arrangements

Most of our program agreements with large retail and certain other partners contain retailer share arrangements that provide for payments to our partner if the economic performance of the program exceeds a contractually-defined threshold. Economic performance for the purposes of these arrangements is typically measured based on agreed upon program revenues (including interest income and certain other income) less agreed upon program expenses (including interest expense, provision for credit losses, retailer payments and operating expenses). We may also provide other economic benefits to our partners such as royalties on purchase volume or payments for new accounts, in some cases instead of retailer share arrangements (for example, on our co-branded credit cards). All of these arrangements align our interests and provide an additional incentive to our partners to promote our credit products.

Certain program agreements set forth the program's economic terms, including the merchant discount applicable to each promotional finance offering. We typically do not pay fees to these partners pursuant to any retailer share arrangements, but in some cases we pay a sign-up fee to a partner or provide volume-based rebates on the merchant discount paid by the partner.

Other Economic Terms

In addition to the retailer share arrangements, the program agreements typically provide that the parties will develop a marketing plan to support the program, and they set the terms by which a joint marketing budget is funded, the basic terms of the rewards program linked to the use of our product (such as opportunities to receive double rewards points for purchases made on a product), and the allocation of costs related to the rewards program.

Termination

The program agreements set forth the circumstances in which a party may terminate the agreement prior to expiration. Our program agreements generally permit us and our partner to terminate the agreement prior to its scheduled termination date for various reasons, including if the other party materially breaches its obligations. Some program agreements also permit our partner to terminate the program if we fail to meet certain service levels or change certain key cardholder terms or our credit criteria, we fail to achieve certain approval rate targets with respect to approvals of new customers, we elect not to increase the program size when the outstanding loan receivables under the program reach certain thresholds, we are not adequately capitalized, certain force majeure events occur or certain changes in our ownership occur. Certain program agreements are also subject to early termination by a party if the other party has a material adverse change in its financial condition. Historically, these rights have not typically been triggered or exercised. Some of our program agreements provide that, upon termination or expiration, our partner may purchase or designate a third party to purchase the accounts and loan receivables generated with respect to its program at fair market value or a stated price, including all related customer data.

Buying Groups, Manufacturers and Industry Associations

The programs we have established with buying groups, manufacturers and industry associations, such as the Home Furnishings Association, Jewelers of America, Kawasaki, Polaris and Nationwide Marketing Group, are governed by program agreements under which we make our credit products available to their respective members or dealers. These arrangements may include sign-up fees and volume-based incentives paid by us to the groups and their members but these agreements generally do not require the members or dealers to offer our products to their customers. Under the terms of the program agreements, buying groups, manufacturers and industry associations generally agree to support and promote the respective programs.

Synchrony-Branded Networks

Our Synchrony-branded networks are focused on specific industries, where we create either company-branded or company and partner-branded private label credit cards that are usable across all participating locations within the industry-specific network. For example, our Synchrony Car Care network, comprised of merchants selling automotive parts, repair services and tires, covers over one million locations across the United States, and cards issued may be dual branded with Synchrony Car Care and partners such as Chevron, Citgo, Napa, P66, Pep Boys or Summit Racing. Under the terms of these networks, we establish merchant discounts applicable to each financing offer. In addition, we also earn interchange fees through credit card transactions outside of the program network. The Synchrony Car Care network allows for expanded use outside of the program network at certain related merchants, such as gas stations. Similarly, the Synchrony HOME credit card is accepted at participating home-related partner locations nationwide. See *Healthcare Provider Agreements* for a discussion of our CareCredit branded network.

Dealer Agreements

For the programs we have established with manufacturers, buying groups, industry associations, industry specific programs and Synchrony-branded networks described above, we enter into individual agreements with the merchants and dealers that offer our credit products under these programs. These agreements generally are not exclusive and some parties who offer our financing products also offer financing from our competitors. Our agreements generally continue until terminated by either party, with termination typically available to either party at will upon 15 days' written notice. Our dealer agreements set forth the economic terms associated with the program, including the fees charged to dealers to offer promotional financing, and in some cases, allow us to periodically change the fees we charge.

Healthcare Provider Agreements

We enter into provider agreements with individual healthcare providers who become part of our CareCredit network. These provider agreements are not exclusive and typically may be terminated at will upon 15 days' notice. Multi-year agreements are in place for larger multi-location relationships across all markets. There are typically no retailer share arrangements with individual healthcare providers, national and regional healthcare providers and health-focused retailers in Health & Wellness.

We screen potential healthcare providers using a variety of criteria, including whether the potential provider specializes in one of our approved specialties, carries the appropriate licensing and certifications, and meets our underwriting criteria. We also screen potential partners for reputational issues. We work with professional and other associations, manufacturers, buying groups, industry associations and healthcare consultants to educate their constituents about the products and services we offer. We also approach individual healthcare service providers through direct mail, advertising, and at trade shows.

Our Customers

Acquiring and Marketing to Our Customers

We work directly with our partners and providers to seamlessly integrate our product offerings through their distribution networks, communication channels and customer interactions to market to their existing and potential customers. We believe our presence at partners' points of sale (both physical (in-store) and digital (online and mobile)), enables incremental purchases at our partners and providers, giving them greater conversion rates and higher overall sales. This dynamic also enables us to acquire new customer accounts at a discount compared to the traditional methods of acquiring new credit card customers.

To acquire new customers, we collaborate and integrate with our partners and providers leveraging our marketing expertise to create programs promoting our products to creditworthy customers. Frequently, our partners and providers market the availability of credit as part of the advertising for their goods and services. Our marketing programs include marketing offers (e.g., 10% off the customer’s first purchase) and consumer communications delivered through a variety of channels, including in-store signage, online advertising, retailer website placement, associate communication, emails, text messages, direct mail campaigns, advertising circulars, and outside marketing via television, radio, print, digital marketing (search engine optimization, paid search and personalization), and product education. We also employ our proprietary Quickscreen acquisition method to make targeted pre-approved credit offers at the point-of-sale. Our Quickscreen technology allows us to process customer information obtained from our partners through our risk models such that when these customers seek to make payment for goods and services at our partners' points-of-sale, we can offer them credit instantly, if appropriate. Based on our experience, due to the personalized and immediate nature of the offer, Quickscreen significantly outperforms traditional direct-to-consumer channels, such as direct mail or email, in response rate and dollar spending.

Our customer engagement is driven by our Growth organization, which encompasses Synchrony’s marketing, data analytics, customer experience, product development, incubation, branding, go-to-market and commercialization teams in one cohesive group. This organizational structure helps Synchrony drive continued growth, execute its strategy more quickly and deliver the right capabilities to partners and customers through one of the industry’s most complete, digitally-enabled consumer financing and payments product suite.

Marketing and Data Analytics

Our marketing teams have expertise and experience in omnichannel strategy and planning and understand the best opportunities to reach and engage consumers with tailored and personalized strategies for our diverse product suite, including engaging with our existing over 73 million active accounts. These teams drive qualified traffic, attract new customers and increase sales conversions. These capabilities also help to increase product usage and drive value proposition reinforcement. Our partners leverage our teams' expertise in financial services marketing for both business to business and business to consumers, to complement their brand promotions.

After a customer obtains one of our products, our marketing programs encourage ongoing card usage by communicating the benefits of our products’ value propositions to deepen the relationship with the customer. Examples of such programs include promotional financing offers, cardholder events, product and partner discounts, product upgrades, dollar-off certificates, account holder sales, reward points and offers, new product announcements and previews, and other specific partner value offerings. These programs are executed through our partners’ and our own (direct-to-consumer) distribution channels. These activities targeted to existing customers have yielded high levels of re-use of our credit products. For example, during the year ended December 31, 2023, approximately 60% of purchase volume across our CareCredit network, resulted from repeat use at one or more providers.

We also maximize our unique access to data and customer touchpoints to identify audiences for credit acquisition and utilization, and to analyze behaviors that drive insights to fuel creative content and contextually relevant placements both on our digital properties as well as through a network of publishers and platforms.

Our analytics teams, utilizing a set of analytics tools and machine learning algorithms, help us expand and optimize customer relationships through the building of targeting tools and the deployment of detailed test-and-learn tracking of omnichannel marketing campaigns.

Product Development

We are focused on continuing to scale our multi-product offerings to our customers and partners. Our Products team oversees the development and delivery of new products and capabilities to enhance consumers' shopping journey and to anticipate the evolving needs of both consumers and retailers, while providing scalability of products across our sales platforms. This encompasses investing in a dedicated innovation team, who collaborate with our partners and prospective partners, to seek competitive advantage in the marketplace and provide opportunities for business growth.

Our product suite includes Synchrony’s Pay Later solution, which was offered at an expanded number of partners during 2023. The Synchrony Pay Later solution can come in the form of a pay monthly product, as well as a pay in 4 product that charges no interest and fees, and requires the consumer to make four equal payments to pay off their purchase. Both of these products enhance our ability to execute our multi-product strategy – looking to identify the best product for the customer and our partners.

Digital and Mobile Capabilities

We also remain focused on investing in our digital and mobile capabilities, bringing to market new features, channels and experiences for our customers and enhancing our existing digital design and user experience. In 2023, approximately 58% of our consumers applied online and approximately 75% of our consumers with an outstanding balance on our credit products utilized a digital service channel, demonstrating the continued shift in consumer trends towards digital experiences.

Our approach continues to be focused on creating an exceptional digital experience through all aspects of the customer's journey, whether in-store or online. For example, by leveraging our tokenization platform, we are able to offer the ability to display single-use virtual cards within our installment products, such as our Synchrony Pay in 4 product, allowing for a seamless in-store experience that does not require any integration work from our partners. With our Pay with Synchrony app available within the Clover point-of-sale platform, we are able to offer an entirely digital experience to apply for a new card or installment loan, and complete the transaction all within the Clover experience. These digital capabilities offer a range of choices to our partners both in the products available to offer to customers, and in the flexibility provided by the ease of which these can be integrated.

In 2023 we also launched a website consolidation effort to create a more unified set of digital properties. The new property also includes an improved marketplace, where consumers can shop a broad set of Synchrony partner brands, login to service their accounts, and find credit card offers from Synchrony.

Loyalty Programs

We operate loyalty programs designed to generate incremental purchase volume per customer, while reinforcing the value of the card to the customer and strengthening customer loyalty. Many of the credit rewards loyalty programs we manage provide rewards points, which are redeemable for a variety of products or awards, or merchandise discounts earned by achieving a pre-set spending level on their private label credit card, Dual Card or general purpose co-branded credit card. Other programs include statement credit or cash back rewards. The rewards can be mailed to the cardholder, accessed digitally or may be immediately redeemable at the partner’s store. We continue to support and integrate into our partners’ loyalty programs which are offered to customers who utilize non-credit payment types such as cash, debit or check. These multi-tender loyalty programs allow our partners to market to an expanded customer base and allow us access to additional prospective cardholders.

Commercial Customers

In addition to our efforts to acquire consumer cardholders, we continue to focus on acquiring small to mid-sized commercial customers. We offer these customers private label credit cards and Dual Cards that are similar to our consumer offerings and our approach to acquiring these customers is consistent with our consumer strategies. We are also continuing to focus on marketing our commercial pay-in-full accounts receivable product that supports a wide range of business customers.

Our Credit Products

Through our sales platforms, we offer three principal types of credit products: credit cards, commercial credit products and consumer installment loans. We also offer our Payment Security program, which is a debt cancellation product.

The following table sets forth each credit product by type and indicates the percentage of our total loan receivables that are under standard terms only or pursuant to a promotional financing offer at December 31, 2023.

		Promotional Offer		
Credit Product	**Standard Terms Only**	**Deferred Interest**	**Other Promotional**	**Total**
Credit cards	59.5 %	19.3 %	15.4 %	94.2 %
Commercial credit products	1.7	—	0.1	1.8
Consumer installment loans	—	0.2	3.7	3.9
Other	0.1	—	—	0.1
Total	61.3 %	19.5 %	19.2 %	100.0 %

Credit Cards

Our credit card products are loans we extend through open-ended revolving credit card accounts. We offer the following principal types of credit cards:

Private Label Credit Cards

Private label credit cards are partner-branded credit cards (e.g., Lowe's or Amazon) or program-branded credit cards (e.g., Synchrony Car Care or CareCredit) that are used primarily for the purchase of goods and services from the partner or within the program network. In addition, in some cases, cardholders may be permitted to access their credit card accounts for cash advances.

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, no interest or reduced interest during a set promotional period. Promotional periods typically range between six and 60 months, but we may agree to longer terms with the partner. In almost all cases, 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. For our deferred interest products, approximately 80% of customer transactions are typically paid off before interest is assessed. In Health & Wellness, standard rate financing generally applies to charges under $200.

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.

Substantially all of our private label credit card business is in the United States.

Dual Cards and General Purpose Co-Branded Cards

Our patented Dual Cards are credit cards that function as private label credit cards when used to purchase goods and services from our partners, and as general purpose credit cards when used to make purchases from other retailers wherever cards from those card networks are accepted or for cash advance transactions. We currently issue Dual Cards for use on the MasterCard and Visa networks and we have the potential capability to issue Dual Cards for use on the American Express and Discover networks.

We also offer general purpose co-branded credit cards that do not function as private label credit cards, as well as, a Synchrony-branded general purpose credit card.

Dual Cards and general purpose co-branded credit cards are offered across all of our sales platforms and credit is typically extended on standard terms only. At December 31, 2023, we offered either Dual Cards or general purpose co-branded credit cards through over 15 of our large partners, of which the majority are Dual Cards, as well as our CareCredit Dual Card. We intend to continue to increase the number of partner programs that offer Dual Cards or general purpose co-branded credit cards and seek to increase the portion of our loan receivables attributable to these products. Consumer Dual Cards and Co-branded cards totaled 26% of our total loan receivables portfolio at December 31, 2023.

Charges using a Dual Card or general purpose co-branded credit card generate interchange income for us in connection with purchases made by cardholders other than in-store or online from that partner.

Terms and Conditions

As a general matter, the financial terms and conditions governing our 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 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 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, subject to, at times, a grace period on new purchases. 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, cash advance transaction fees and 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 debit balance on their 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.

Commercial Credit Products

We offer private label cards and Dual Cards for commercial customers that are similar to our consumer offerings. We also offer a commercial pay-in-full accounts receivable product to a wide range of business customers.

Installment Loans

We originate secured installment loans to consumers (and a limited number of commercial customers) in the United States, primarily for power products in our Outdoor market (motorcycles, ATVs and lawn and garden). We also offer unsecured installment loans primarily in our Health and Wellness sales platform and through our various other installment products, such as our Synchrony Pay Later solutions, including pay monthly and pay in 4 products, for short-term loans. Installment loans are closed-end credit accounts where the customer pays down the outstanding balance in installments. The terms of our installment loans are governed by customer agreements and applicable laws and regulations.

Installment loans, other than our Synchrony Pay Later pay in 4 product are generally assessed periodic finance charges using fixed interest rates. In addition to periodic finance charges, we may impose other charges and fees on loan accounts, including late fees where a customer has not made the required payment by the required due date and returned payment fees.

Payment Security Program

We offer our Payment Security program, which is a debt cancellation product, to our credit card customers via online, mobile and, on a limited basis, direct mail. Customers who choose to purchase this product are charged a monthly fee based on their ending balance on each billing statement. In return, the Bank will cancel all or a portion of a customer’s credit card balance in the event of certain qualifying life events.

Consumer Banking

Through the Bank, we offer our customers a range of FDIC-insured deposit products. The Bank obtains deposits directly from retail, affinity relationships and commercial customers ("direct deposits") or through third-party brokerage firms that offer our FDIC-insured deposit products to their customers ("brokered deposits"). At December 31, 2023, we had $81.2 billion in deposits, $67.0 billion of which were direct deposits and $14.2 billion of which were brokered deposits. At December 31, 2023, deposits represented 84% of our total funding sources. Retail customers accounted for the substantial majority of our direct deposits at December 31, 2023. During 2023, retail deposits were received from approximately 628,000 customers that had a total of approximately 1.3 million accounts. The Bank had a 86% retention rate on certificates of deposit balances up for renewal for the year ended December 31, 2023. FDIC insurance is provided for our deposit products up to applicable limits.

We continue to focus on expanding our online direct banking operations and our deposit base serves as a source of stable and diversified low-cost funding for our credit activities. Our online platform is highly scalable allowing us to expand without having to rely on a traditional “brick and mortar” branch network. We believe we are well-positioned to continue to benefit from the consumer preference for direct banking. According to the 2023 American Bankers Association survey, approximately 78% of customers primarily use direct channels (internet, mail, phone and mobile) to manage their bank accounts.

During 2023 we continued to make investments in our servicing and digital platforms to expand features available for self-service and improve the user experience. Our deposit products include certificates of deposit, IRAs, money market accounts and savings accounts. We market our deposit products through multiple channels including digital and print. Customers can apply for, fund, and service their deposit accounts online, mobile or via phone. We have dedicated banking representatives within our call centers to service deposit accounts. Fiserv, Inc. (“Fiserv”) provides the core banking platform for our online retail deposits including a customer-facing account opening and servicing platform. In addition, the Bank offers a PayPal-branded affinity deposit product through PayPal's mobile application and website.

To attract new deposits and retain existing ones, we may introduce new deposit products, enhancements to our existing products, and deliver new capabilities. This may include the introduction of transactional capabilities, additional digital servicing options, person-to-person payment features, new affinity relationships, and Synchrony-branded debit cards. Our focus on deposit-taking and related branding efforts will also enable us to offer other branded direct banking products more efficiently in the future.

We seek to differentiate our deposit product offerings from our competitors on the basis of brand, reputation, convenience, customer service and value. Our deposit products emphasize reliability, trust, security, convenience and attractive rates. We offer rewards to customers based on their tenure or balance amounts, including reduced fees, travel offers and concierge telephone support.

Credit Risk Management

Credit risk management is a critical component of our management and growth strategy. Credit risk refers to the risk of loss arising from customer default when customers are unable or unwilling to meet their financial obligations to us. Our credit risk arising from credit products is generally highly diversified across approximately 122 million open accounts at December 31, 2023, without significant individual exposures. We manage credit risk primarily according to customer segments and product types.

We have developed proprietary credit tools which we call Synchrony PRISM. Through Synchrony PRISM we leverage a broad spectrum of data to yield powerful, proprietary insights to enable a more holistic view of our applications and customers.

Customer Account Acquisition

We have developed programs to promote credit with each of our partners and apply a consistent underwriting approach using our Synchrony PRISM tools that have varying results across our client portfolios based on the underlying credit characteristics of their customer base and applicant pool. We originate credit accounts through several different channels, including in-store, mail, internet, mobile, telephone and pre-approved solicitations. In addition, we have, and may in the future, acquire accounts that were originated by third parties in connection with establishing programs with new partners.

Regardless of the channel, in making the initial credit approval decision to open a credit card or other account or otherwise grant credit, we follow a series of credit and fraud underwriting procedures. In most cases, when applications are made in-store or digitally, the process is fully automated and applicants are notified of our credit decision immediately. We obtain certain information provided by the applicant, leverage historical performance on other Synchrony accounts, where applicable, as well as partner data on the consumer, and obtain a credit bureau report from one of the major credit bureaus. The credit report information we obtain is electronically transmitted into industry scoring models and our proprietary scoring models developed to assess credit worthiness. The credit risk management team determines in advance the qualifying credit worthiness and initial credit line assignments for applicants for each portfolio and product type. We periodically analyze performance trends of accounts originated at different score levels as compared to projected performance and adjustments to the minimum credit worthiness or the opening credit limit to manage credit risk are made as necessary.

We also apply additional application screens based on various inputs, including credit bureau information, alternative data, our previous experience with the customer and information provided by our partner, to help identify additional factors, such as potential fraud and prior bankruptcies, before qualifying the application for approval. We compare applicants' names against the Specially Designated Nationals list maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC"), as well as screens that account for adherence to USA PATRIOT Act of 2001 (the "Patriot Act") and Credit Card Accountability Responsibility and Disclosure Act of 2009 (the "CARD Act") requirements, including ability to pay requirements for our revolving products.

We also use pre-approved account solicitations for certain programs. Potential applicants are pre-screened using information provided by our partner or obtained from outside lists, and qualified individuals receive a pre-approved credit offer by mail or email.

Acquired Portfolio Evaluation

Our risk management team evaluates each portfolio that we acquire in connection with establishing programs with new partners to ensure the portfolio satisfies our credit risk guidelines. As part of this review, we receive data on the third-party accounts and loans, which allows us to assess the portfolio on the basis of certain core characteristics, such as historical performance of the assets and distributions of credit and loss information. In addition, we benchmark potential portfolio acquisitions against our existing programs to assess relative current and projected risks. Finally, our risk management team must approve the acquisition, taking into account the results of our risk assessment process. Once assets are migrated to our systems, our account management protocols will apply immediately as described below under "*—Customer Account Management*," "*—Credit Authorizations of Individual Transactions*" and "*—Collections*."

Customer Account Management

We regularly assess the credit risk exposure of our customer accounts. This ongoing assessment includes information relating to the customer's performance with respect to their account with us, as well as information from credit bureaus relating to the customer's broader credit performance. To monitor and control the quality of our loan portfolio (including the portion of the portfolio originated by third parties), we use behavioral scoring models that we have developed to score each active account on its monthly cycle date. Proprietary risk models, together with the credit scores obtained on each active account no less than quarterly, are an integral part of our credit decision-making process. Depending on the duration of the customer's account, usage, risk profile and other performance metrics, the account may be subject to a range of account actions, including limits on transaction authorization and increases or decreases in purchase and cash credit limits as applicable.

Credit Authorizations of Individual Transactions

Once an account is opened, subsequent transactions by customers with revolving cards (via physical purchase terminals or online methods) are subject to our credit authorization system. Each potential sales transaction is passed through our authorization system, which considers a variety of behavior and risk factors to determine whether the transaction should be approved or declined, and whether a credit limit adjustment is warranted.

Fraud Investigation

We provide follow up and research with respect to different types of fraud such as fraud rings, new account fraud and transactional fraud. We have developed proprietary fraud models to identify new account fraud and deployed tools that help identify transaction purchase behavior outside a customer's established pattern. Our proprietary models are also complemented by externally sourced models and tools used across the industry to better identify fraud and protect our customers. We also are continuously implementing new and improved fraud and authentication technologies to prevent, detect and mitigate fraud.

Collections and Recovery

All monthly billing statements of accounts with past due amounts include a request for payment of these amounts. Collections personnel generally initiate contact with customers within 30 days after any portion of their balance becomes past due. The nature and the timing of the initial contact, typically a personal call, email, text message or letter, are determined by a review of the customer's prior account activity and payment habits.

We re-evaluate our collection and recovery efforts and consider the implementation of other techniques, including internal collection activities, use of external vendors and the sale of debt to third-party buyers, as a customer becomes increasingly delinquent. We limit our exposure to delinquencies through controls within the transaction authorization processes, the imposition of credit limits and criteria-based account suspension and revocation processes. In certain situations, we may enter into arrangements to extend or otherwise change payment schedules, decrease interest rates and/or waive fees to aid customers experiencing financial difficulties in their efforts to become current on their obligations to us.

Customer Service

Customer service is an important feature of our relationship with our partners. We care for our customers, value their opinions and work hard to do what we can to resolve their concerns swiftly. Our customers can contact us via phone, mail, email, eService, eChat and social media. For certain programs, credit products and our deposit business, we assign dedicated toll-free customer service phone numbers. For other programs, customers access customer service through one general purpose toll-free customer service phone number.

We service all programs through our eight domestic geographic hubs and three off-shore call 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 seek optimal costs.

During the year ended December 31, 2023, we handled over 274 million inquiries. We attempt to resolve customer inquiries and concerns during the initial customer interaction. Given the nature of our business and the high volume of calls, we maintain several centers of excellence to ensure the quality of our customer service across all of our sites. Examples of these centers of excellence include back office, quality assurance, customer experience, training, workforce and capacity planning, surveillance and process control.

Production Services

Our service delivery solutions organization oversees a number of services, including:

- personalization, fulfillment and delivery (mailing) of credit cards (more than 35 million cards in 2023);
- printing and mailing and eService delivery of credit card billing statements (more than 765 million paper and electronic statements in 2023);
- printing and delivery via mail or electronically of letter communications (more than 125 million in 2023); and
- payment processing (more than 710 million paper and electronic payments in 2023).

We utilize third-party providers for certain production services. Credit card statement printing, card personalization, letter production and mailing services are provided through outsourced services with Fiserv. Fiserv also produces our cards, statements and other mailings for deposit customers. We also utilize a third-party provider for our paper payment processing services. While these services are outsourced, we monitor and maintain oversight of these activities. Our digital channels also allow for our cardholders to receive statements and make payments electronically. We continue to encourage adoption of this option through regular communication with our customers.

Technology

Products and Services

We leverage information technology to deliver products and services that meet the needs of our customers and partners and enables us to operate our business efficiently. The integration of our technology with our partners is at the core of our value proposition, enabling, among other things, customers to “apply and buy” at the point of sale, and many of our partners to settle transactions directly with us without an interchange fee. A key part of our strategic focus is the continued development of innovative, efficient, flexible technology and operational platforms to support marketing, risk management, account acquisition and account management, customer service, and new product innovation and development. We believe that the continued investment in and development of these platforms is an important part of our efforts to increase our competitive capabilities, reduce costs, improve quality and provide faster, more flexible technology services. Therefore, we continuously review capabilities and develop or acquire systems, processes and competencies to meet our business needs.

As part of our continuous efforts to enhance our technological capabilities, we may either develop these capabilities internally or in partnership with third-party providers. Our internal approach involves deployment of cross-functional product teams, often in collaboration with our partners, focused on driving rapid delivery of in-house product innovation and development, and the commercialization of new products. In addition, at times we also partner with third-party providers to help us deliver systems and operational infrastructure based on strategies and, in some cases, architecture, designed by us. We leverage Fiserv for our credit card transaction processing and production and our retail banking operations.

For a discussion of data security related to our business see “*Risks - Cybersecurity*” of this Form 10-K Report.

Intellectual Property

We use a variety of methods, such as trademarks, patents, copyrights and trade secrets, to protect our intellectual property, including our brand, “Synchrony.” We also place appropriate restrictions on our proprietary information to control access and prevent unauthorized disclosures. Our brands are important assets, and we take steps to protect the value of these assets and our reputation.

Human Capital

At Synchrony, people power our business, and our success depends, in large part, on our ability to recruit, develop, motivate and retain employees with the skills to execute our long-term strategy. Over the past few years we transformed how we work, how we support our people and how we connect and engage, with a focus on being nimble and agile. We have also changed our overall approach to getting work done by adopting a “hub” model that will enable employees across all roles and levels to work from home when they want (or full-time) and visit a hub — e.g. a co-working space, Synchrony office, university space or other gathering spots — when they need to meet face-to-face. Physical hubs are now also used as cultural and innovation centers by hosting events, collaboration days, town halls, agile sprints, networking and other important business activities, allowing us to retain the human, personal connection of a traditional workplace while providing employees greater flexibility.

At Synchrony, we are so proud of the many new benefits and programs that we have created for our employees. But we believe we are never done. This is why we will continue to listen to our employees and adapt to their needs. Through ongoing, multichannel communications such as all-employee town halls where questions are submitted to our CEO and other senior leaders or through more targeted pulse surveys of our employee base, their feedback is included in our decision-making process. Synchrony partners with Great Place to Work® to conduct an annual employee engagement survey as well as smaller pulse surveys on a periodic basis. The results help us better understand what our employees think we’re doing right and identify areas for positive change. In 2023, 90% of Synchrony employees participated in our employee engagement survey globally and 95% of the participants responded, “Taking all things into account, I would say this is a great place to work”. In addition, 95% of participants told us the new way of working is providing the flexibility they need.

At December 31, 2023 we had over 20,000 full-time employees. At December 31, 2023, our global workforce was 61% female, 38% male and less than 1% non-binary, other or that did not list gender. In the United States, ethnicity of our workforce was 50% White, 19% Black, 17% Hispanic, 7% Asian, 4% two or more races, 1% Native American, less than 1% Native Hawaiian or Pacific Islander and 2% that did not list ethnicity.

Equity, diversity and inclusion are core to our corporate culture at Synchrony. We have over 11,500 employees participating in at least one of our eight Diversity Networks and have integrated diversity and inclusion into our long-term business strategy. To drive progress over the long term, we treat equity, diversity and inclusion as important business priorities, with (i) board-approved governance rules, imperatives, and accountability mechanisms to measure results and (ii) an annual incentive program that incorporates factors aligned with our enterprise goals surrounding inclusion and equity. We also have a senior-level committee led by our President and Chief Executive Officer, Chief Diversity Officer, and others, charged with developing an enterprise-wide strategy, using data to monitor progress, and providing reports to our board and employees across all areas of the business. We focus on hiring the most qualified candidate for each role and take thoughtful and deliberate actions to foster an authentic and impactful approach to diversity. We use data analytics to identify opportunities in our hiring and promotion processes and establish areas of focus on an annual basis. As a result, we continue to focus on the hiring, development, and progression of underrepresented minorities, with an emphasis on Black, Hispanic, Native and female talent. Among other actions, we have implemented a diverse candidate slate requirement for senior roles, and have a dedicated leadership development program designed to prepare diverse employees for advancement opportunities.

At Synchrony, we are focused on supporting and responding to employees' needs. We increased the minimum wage to $21 per hour for all hourly employees in the U.S. effective March 1, 2024, and conduct regular market pay analyses. We continue to provide total wellness benefits for all employees including generous time off and leave programs, diverse well-being coaches, financial counselors and fitness reimbursements. We also offer emergency backup childcare benefits for up to 60 days which includes enhanced childcare reimbursement where employees can use any caregiver.

Regulation

Our business, including our relationships with our customers, is subject to regulation, supervision and examination under U.S. federal, state and foreign laws and regulations. These laws and regulations cover all aspects of our business, including lending and collection practices, treatment of our customers, safeguarding deposits, customer privacy and information security, capital structure, liquidity, dividends and other capital distributions, transactions with affiliates, and conduct and qualifications of personnel. Such laws and regulations directly and indirectly affect key drivers of our profitability, including, for example, capital and liquidity, product offerings, risk management, and costs of compliance.

As a savings and loan holding company and financial holding company, Synchrony is subject to regulation, supervision and examination by the Federal Reserve Board. As a large provider of consumer financial services, we are also subject to regulation, supervision and examination by the CFPB.

The Bank is a federally chartered savings association. As such, the Bank is subject to regulation, supervision and examination by the Office of the Comptroller of the Currency of the U.S. Treasury (the “OCC”), which is its primary regulator, and by the CFPB. In addition, the Bank, as an insured depository institution, is supervised by the FDIC. For a discussion of the specific regulations related to our business see “*Regulation—Regulation Relating to Our Business*” of this Form 10-K Report.

Competition

Our industry continues to be highly competitive. We compete for relationships with partners in connection with retaining existing or establishing new consumer credit programs. Our primary competitors for partners include major financial institutions such as American Express, Bread Financial, Capital One, JPMorgan Chase, Citibank, TD Bank and Wells Fargo, and to a lesser extent, financial technology companies, point-of-sale lending focused companies and potential partners' own in-house financing capabilities. We compete for partners on the basis of a number of factors, including program financial and other terms, technological capabilities, underwriting capabilities, marketing expertise, service levels, product and service offerings (including incentive and loyalty programs), and integration, brand and reputation. In addition, some of our competitors for partners have a business model that allows for their partners to manage underwriting (e.g., new account approval), customer service and collections, and other core banking responsibilities that we retain.

We also compete for customer usage of our credit products. Consumer credit provided, and credit card payments made, using our cards constitute only a small percentage of overall consumer credit provided and credit card payments in the United States. Consumers have numerous financing and payment options available to them. As a form of payment, our products compete with cash, checks, debit cards, general purpose credit cards (Visa, MasterCard, American Express and Discover Card), various forms of consumer installment loans, other private-label card brands, and, to a certain extent, prepaid cards and all forms of electronic payment. In the future, we expect our products may face increased competitive pressure to the extent that our products are not, or do not continue to be, accepted in, or compatible with digital wallet technologies such as Apple Pay, Samsung Pay, Android Pay and other similar technologies. We may also face increased competition from current competitors or others who introduce or embrace disruptive technology that significantly changes the consumer credit and payment industry. We compete for customers and their usage of our products, and to minimize transfers to competitors of our customers' outstanding balances, based on a number of factors, including pricing (interest rates and fees), product offerings, credit limits, incentives (including loyalty programs) and customer service. Some of our competitors provide a broader selection of services, including home and automobile loans and other consumer banking services, which may position them better among customers who prefer to use a single financial institution to meet all of their financial needs. In addition, some of our competitors are substantially larger than we are, may have substantially greater resources than we do or may offer a broader range of products and services than we do. 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. Non-bank providers of pay-over-time solutions, such as Affirm, Afterpay, Klarna and others, extend consumer credit-like offerings but do not face the same restrictions, such as capital requirements and other regulatory requirements, as banks which also could place us at a competitive disadvantage. In addition, some larger technology focused companies, e.g., Apple and Google, and larger retailers, e.g., Walmart and Target, are now offering financial products sometimes in collaboration with our competitors.

In our retail deposits business, we have acquisition and servicing capabilities similar to other direct banking competitors. We compete for deposits with traditional banks, including separately branded direct banking platforms of traditional banks, and other banks that have direct banking models similar to ours, such as Ally Financial, American Express, Barclays, Capital One 360, CIT, Citi, Citizens Bank, Discover, E-Trade and Marcus by Goldman Sachs. Competition among direct banks is intense because online banking provides customers the ability to rapidly deposit and withdraw funds and open and close accounts in favor of products and services offered by competitors. In addition, we compete for deposits with other consumer cash alternatives such as government money market funds offered by brokerages.

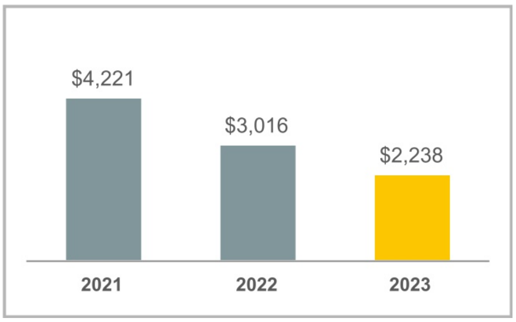
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this report. For a discussion and analysis of our financial condition and results of operations comparing 2022 vs. 2021, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" in our Annual Report on Form 10-K for the year ended December 31, 2022 (our "2022 Form 10-K"). The discussion below contains forward-looking statements that are based upon current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations. See "*Cautionary Note Regarding Forward-Looking Statements*."

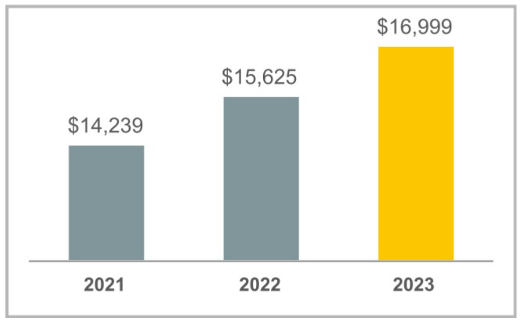
Results of Operations for the Three Years Ended December 31, 2023

Key Earnings Metrics

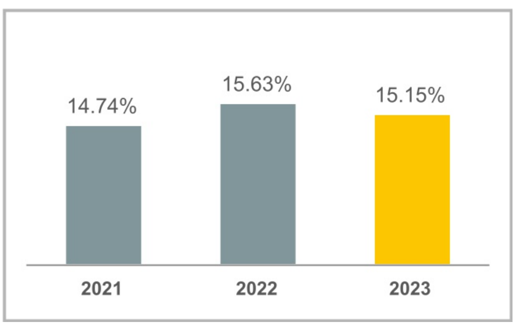
Net earnings
$ in millions



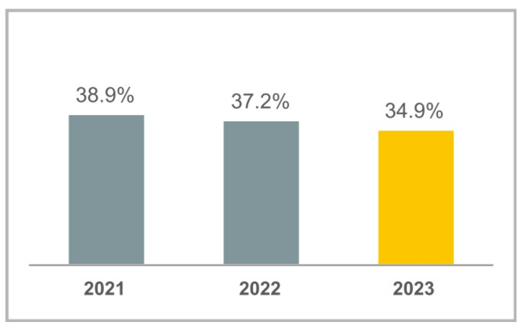
Net interest income
$ in millions



Net interest margin
% of average interest-earning assets

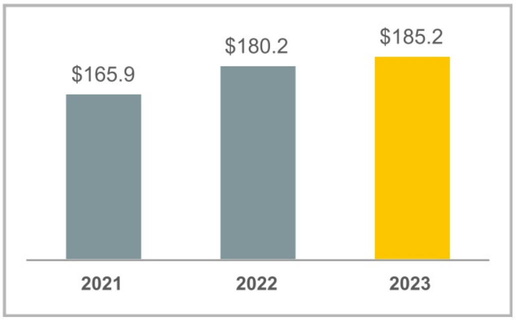


Efficiency ratio
"Other expense" as a % of "NII, after RSA" plus "Other income"

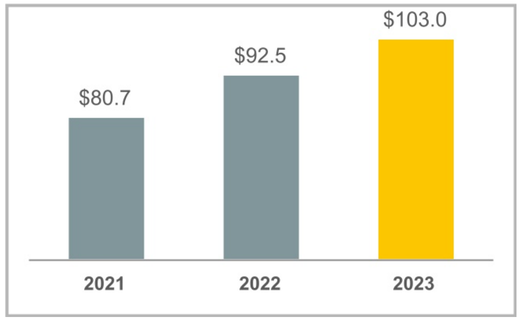


Growth Metrics

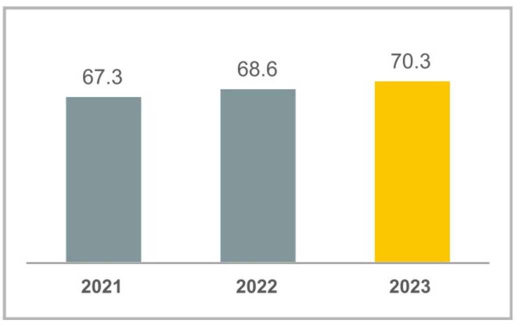
Purchase volume
$ in billions



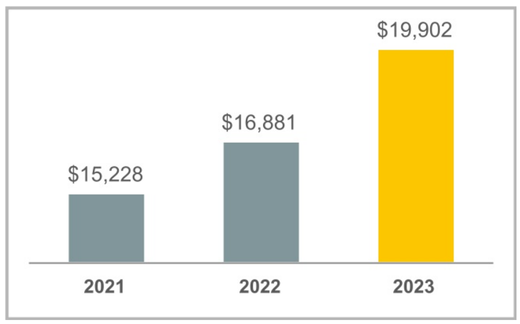
Loan receivables
$ in billions



Average active accounts
in millions

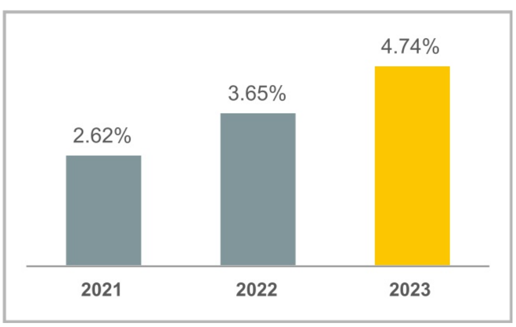


Interest and fees on loans
$ in millions

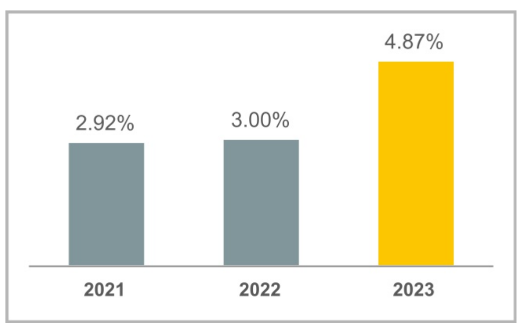


Asset Quality Metrics

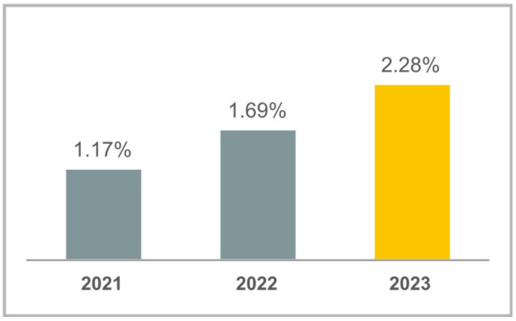
30+ days past due
% of period-end loan receivables



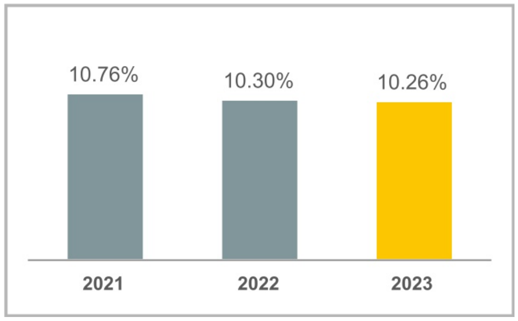
Net charge-offs
% of average loan receivables including held for sale



90+ days past due
% of period-end loan receivables

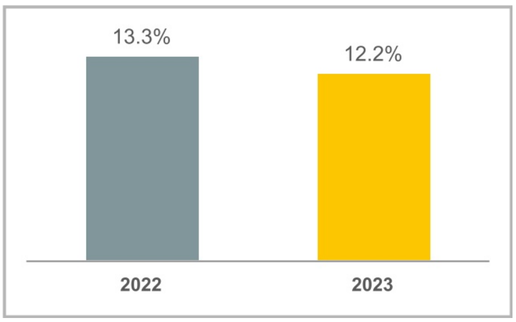


Allowance for credit losses
% of period-end loan receivables

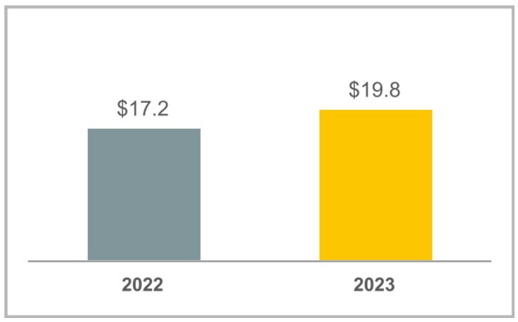


Capital and Liquidity

Capital ratios[(a)]
Common equity Tier 1 - Basel III



Liquidity
Liquid assets and undrawn credit facilities
$ in billions



(a) Prior period amounts have been recast to reflect the change in presentation. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our consolidated financial statements for additional information.

Highlights for the Year Ended December 31, 2023

Below are highlights of our performance for the year ended December 31, 2023 compared to the year ended December 31, 2022, as applicable, except as otherwise noted.

- Net earnings decreased 25.8% to $2.2 billion for the year ended December 31, 2023, primarily driven by increases in provision for credit losses and higher interest expense, partially offset by higher interest income and lower retailer share arrangements.

- Loan receivables increased 11.4% to $103.0 billion at December 31, 2023 compared to December 31, 2022, driven by lower customer payment rates and purchase volume growth.

- Net interest income increased 8.8% to $17.0 billion for the year ended December 31, 2023. Interest and fees on loans increased 17.9%, primarily driven by growth in average loan receivables and higher benchmark rates. Interest expense increased 144.0%, due to higher benchmark rates and higher funding liabilities.

- Retailer share arrangements decreased 15.5% to $3.7 billion for the year ended December 31, 2023, primarily due to higher net charge-offs as well as the impact of portfolios sold in the second quarter of 2022, partially offset by higher net interest income.

- Over-30 day loan delinquencies as a percentage of period-end loan receivables increased 109 basis points to 4.74% at December 31, 2023 from 3.65% at December 31, 2022. The net charge-off rate increased 187 basis points to 4.87% for the year ended December 31, 2023.

- Provision for credit losses increased by $2.6 billion to $6.0 billion, for the year ended December 31, 2023, primarily driven by higher net charge-offs and a higher reserve build in the current year. The increase in reserves for credit losses was $1.3 billion for the year ended December 31, 2023 primarily driven by growth in loan receivables. Our allowance coverage ratio (allowance for credit losses as a percentage of period-end loan receivables) decreased to 10.26% at December 31, 2023, as compared to 10.30% at December 31, 2022.

- Other expense increased by $421 million, or 9.7%, for the year ended December 31, 2023, primarily driven by increases in both employee and information processing costs, as well as higher operational losses.

- At December 31, 2023, deposits represented 84% of our total funding sources. Total deposits increased 13.1% to $81.2 billion at December 31, 2023, compared to December 31, 2022.

- During the year ended December 31, 2023, we declared and paid cash dividends on our Series A 5.625% non-cumulative preferred stock of $56.24 per share, or $42 million.

- During the year ended December 31, 2023, we repurchased $1.1 billion of our outstanding common stock, and declared and paid cash dividends of $0.96 per common share, or $406 million. In April 2023, we announced that our Board approved an incremental share repurchase authorization of $1.0 billion through June 2024 and increased our quarterly dividend to $0.25 per common share commencing in the third quarter of 2023. At December 31, 2023, we had a total share repurchase authorization of $600 million remaining. For more information, see "*Capital—Dividend and Share Repurchases*."

- In November 2023, we entered into an agreement for the sale of Pets Best for consideration comprising a combination of cash and an equity interest in Independence Pet Holdings, Inc. The transaction is expected to close in the first quarter of 2024, subject to regulatory approval and other customary closing conditions, and is estimated to result in the recognition of a gain on sale, net of tax, of approximately $750 million. The gain amount to be recognized is subject to change based upon the carrying amount of net assets of Pets Best and the final valuation of consideration to be received at closing.

- In January 2024, we announced our agreement to acquire Ally Financial Inc.'s point of sale financing business, Ally Lending. The assets of Ally Lending at December 31, 2023 included approximately $2.2 billion of loan receivables. The transaction is expected to close in the first quarter of 2024, subject to the completion of customary closing conditions.

2023 Partner Agreements

During the year ended December 31, 2023, we continued to expand and diversify our portfolios with the addition or renewal of more than 60 partners, which included the following:

Home & Auto:		
New partnerships:	• Big Brand Tire & Service • GreatWater 360 Auto Care • Installation Made Easy	• LG Air Conditioning • Roto Rooter
Program extensions:	• CCA Global Partners • CertainPath • Conn's • Haverty's Furniture • Haynes • Horizon	• Living Spaces • LoveSac • Morris Furniture Company • Rheem • York

Diversified & Value:	
Program extensions:	• Belk

Health & Wellness:		
New partnerships:	• Albertsons Companies • AmeriVet Veterinary Partners • Destination Pet • Hand & Stone • Heart and Paw	• Marquee Dental Partners • O'Brien Vet Group • Sonova • Specialty 1 Partners • Valley Veterinary
Extensions:	• American Dental Association • Academy of General Dentistry • The Aspen Group	• The Good Feet Store • NVA • PetVet Care Centers

Lifestyle:		
New partnerships:	• J.Crew	
Program extensions:	• Club Champion • Handi Quilter • JTV • Park West Gallery • Piaggio	• Robbins Brothers • The Alliance of Independent Music Merchants • The Container Store • Vanderhall Motorworks

Summary Earnings

The following table sets forth our results of operations for the periods indicated.

	Years ended December 31,		
($ in millions)	**2023**	**2022**	**2021**
Interest income	$ 20,710	$ 17,146	$ 15,271
Interest expense	3,711	1,521	1,032
Net interest income	16,999	15,625	14,239
Retailer share arrangements	(3,661)	(4,331)	(4,528)
Provision for credit losses	5,965	3,375	726
Net interest income, after retailer share arrangements and provision for credit losses	7,373	7,919	8,985
Other income	289	380	481
Other expense	4,758	4,337	3,963
Earnings before provision for income taxes	2,904	3,962	5,503
Provision for income taxes	666	946	1,282
Net earnings	$ 2,238	$ 3,016	$ 4,221
Net earnings available to common stockholders	$ 2,196	$ 2,974	$ 4,179

Other Financial and Statistical Data

The following table sets forth certain other financial and statistical data for the periods indicated.

At and for the years ended December 31 ($ in millions)	2023	2022	2021
Financial Position Data (Average):			
Loan receivables, including held for sale	$ 94,832	$ 84,672	$ 78,928
Total assets	$ 109,819	$ 98,152	$ 94,114
Deposits	$ 75,889	$ 66,006	$ 61,302
Borrowings	$ 14,918	$ 13,783	$ 14,421
Total equity	$ 13,669	$ 13,372	$ 13,723
Selected Performance Metrics:			
Purchase volume[1][2]	$ 185,178	$ 180,187	$ 165,854
Home & Auto	$ 47,410	$ 47,288	$ 42,848
Digital	$ 55,051	$ 51,394	$ 44,701
Diversified & Value	$ 61,227	$ 56,666	$ 46,998
Health & Wellness	$ 15,565	$ 13,569	$ 11,715
Lifestyle	$ 5,922	$ 5,498	$ 5,319
Corp, Other	$ 3	$ 5,772	$ 14,273
Average active accounts (in thousands)[2][3]	70,337	68,627	67,334
Net interest margin[4]	15.15 %	15.63 %	14.74 %
Net charge-offs	$ 4,620	$ 2,536	$ 2,304
Net charge-offs as a % of average loan receivables, including held for sale	4.87 %	3.00 %	2.92 %
Allowance coverage ratio[5]	10.26 %	10.30 %	10.76 %
Return on assets[6]	2.0 %	3.1 %	4.5 %
Return on equity[7]	16.4 %	22.6 %	30.8 %
Equity to assets[8]	12.45 %	13.62 %	14.58 %
Other expense as a % of average loan receivables, including held for sale	5.02 %	5.12 %	5.02 %
Efficiency ratio[9]	34.9 %	37.2 %	38.9 %
Effective income tax rate	22.9 %	23.9 %	23.3 %
Selected Period End Data:			
Loan receivables	$ 102,988	$ 92,470	$ 80,740
Allowance for credit losses	$ 10,571	$ 9,527	$ 8,688
30+ days past due as a % of period-end loan receivables[10]	4.74 %	3.65 %	2.62 %
90+ days past due as a % of period-end loan receivables[10]	2.28 %	1.69 %	1.17 %
Total active accounts (in thousands)[2][3]	73,484	70,763	72,420

(1) Purchase volume, or net credit sales, represents the aggregate amount of charges incurred on credit cards or other credit product accounts less returns during the period.
(2) Includes activity and accounts associated with loan receivables held for sale.
(3) Active accounts represent credit card or installment loan accounts on which there has been a purchase, payment or outstanding balance in the current month.
(4) Net interest margin represents net interest income divided by average interest-earning assets.
(5) Allowance coverage ratio represents allowance for credit losses divided by total period-end loan receivables.
(6) Return on assets represents net earnings as a percentage of average total assets.
(7) Return on equity represents net earnings as a percentage of average total equity.
(8) Equity to assets represents average equity as a percentage of average total assets.
(9) Efficiency ratio represents (i) other expense, divided by (ii) sum of net interest income, plus other income, less retailer share arrangements.
(10) Based on customer statement-end balances extrapolated to the respective period-end date.

Average Balance Sheet

The following table sets forth information for the periods indicated regarding average balance sheet data, which are used in the discussion of interest income, interest expense and net interest income that follows.

Years ended December 31 ($ in millions)	2023 Average Balance	2023 Interest Income / Expense	2023 Average Yield / Rate[1]	2022 Average Balance	2022 Interest Income/ Expense	2022 Average Yield / Rate[1]	2021 Average Balance	2021 Interest Income/ Expense	2021 Average Yield / Rate[1]
Assets									
Interest-earning assets:									
Interest-earning cash and equivalents[2]	$ 13,272	$ 678	5.11 %	$ 10,215	$ 194	1.90 %	$ 11,673	$ 15	0.13 %
Securities available for sale	4,077	130	3.19 %	5,108	71	1.39 %	5,975	28	0.47 %
Loan receivables, including held for sale[3]:									
Credit cards	89,383	19,341	21.64 %	80,119	16,471	20.56 %	75,052	14,880	19.83 %
Consumer installment loans	3,501	401	11.45 %	2,834	287	10.13 %	2,460	241	9.80 %
Commercial credit products	1,826	150	8.21 %	1,642	117	7.13 %	1,359	103	7.58 %
Other	122	10	8.20 %	77	6	7.79 %	57	4	7.02 %
Total loan receivables, including held for sale	94,832	19,902	20.99 %	84,672	16,881	19.94 %	78,928	15,228	19.29 %
Total interest-earning assets	112,181	20,710	18.46 %	99,995	17,146	17.15 %	96,576	15,271	15.81 %
Non-interest-earning assets:									
Cash and due from banks	962			1,472			1,597		
Allowance for credit losses	(9,726)			(8,844)			(9,402)		
Other assets	6,402			5,529			5,343		
Total non-interest-earning assets	(2,362)			(1,843)			(2,462)		
Total assets	$ 109,819			$ 98,152			$ 94,114		
Liabilities									
Interest-bearing liabilities:									
Interest-bearing deposit accounts	$ 75,487	$ 2,952	3.91 %	$ 65,624	$ 1,008	1.54 %	$ 60,953	$ 566	0.93 %
Borrowings of consolidated securitization entities	6,274	340	5.42 %	6,468	196	3.03 %	7,248	169	2.33 %
Senior and subordinated unsecured notes	8,644	419	4.85 %	7,315	317	4.33 %	7,173	297	4.14 %
Total interest-bearing liabilities	90,405	3,711	4.10 %	79,407	1,521	1.92 %	75,374	1,032	1.37 %
Non-interest-bearing liabilities:									
Non-interest-bearing deposit accounts	402			382			349		
Other liabilities	5,343			4,991			4,668		
Total non-interest-bearing liabilities	5,745			5,373			5,017		
Total liabilities	96,150			84,780			80,391		
Equity									
Total equity	13,669			13,372			13,723		
Total liabilities and equity	$ 109,819			$ 98,152			$ 94,114		
Interest rate spread[4]			14.36 %			15.23 %			14.44 %
Net interest income		$ 16,999			$ 15,625			$ 14,239	
Net interest margin[5]			15.15 %			15.63 %			14.74 %

(1) Average yields/rates are based on total interest income/expense over average balances.
(2) Includes average restricted cash balances of $279 million, $558 million and $459 million for the years ended December 31, 2023, 2022 and 2021, respectively.

(3) Interest income on loan receivables includes fees on loans, which primarily consist of late fees on our credit products, of $2.7 billion, $2.7 billion and $2.3 billion for the years ended December 31, 2023, 2022 and 2021, respectively.
(4) Interest rate spread represents the difference between the yield on total interest-earning assets and the rate on total interest-bearing liabilities.
(5) Net interest margin represents net interest income divided by average total interest-earning assets.

The following table sets forth the amount of changes in interest income and interest expense due to changes in average volume and average yield/rate. Variances due to changes in both average volume and average yield/rate have been allocated between the average volume and average yield/rate variances on a consistent basis based upon the respective percentage changes in average volume and average yield/rate.

	2023 vs. 2022			2022 vs. 2021		
	Increase (decrease) due to change in:			Increase (decrease) due to change in:		
($ in millions)	Average Volume	Average Yield / Rate	Net Change	Average Volume	Average Yield / Rate	Net Change
Interest-earning assets:						
Interest-earning cash and equivalents	$ 73	$ 411	$ 484	$ (2)	$ 181	$ 179
Securities available for sale	(17)	76	59	(5)	48	43
Loan receivables, including held for sale:						
Credit cards	1,974	896	2,870	1,030	561	1,591
Consumer installment loans	73	41	114	38	8	46
Commercial credit products	14	19	33	20	(6)	14
Other	4	—	4	2	—	2
Total loan receivables, including held for sale	2,065	956	3,021	1,090	563	1,653
Change in interest income from total interest-earning assets	$ 2,121	$ 1,443	$ 3,564	$ 1,083	$ 792	$ 1,875
Interest-bearing liabilities:						
Interest-bearing deposit accounts	$ 173	$ 1,771	$ 1,944	$ 46	$ 396	$ 442
Borrowings of consolidated securitization entities	(6)	150	144	(20)	47	27
Senior and subordinated unsecured notes	62	40	102	6	14	20
Change in interest expense from total interest-bearing liabilities	229	1,961	2,190	32	457	489
Total change in net interest income	$ 1,892	$ (518)	$ 1,374	$ 1,051	$ 335	$ 1,386

Business Trends and Conditions

We believe our business and results of operations will be impacted in the future by various trends and conditions, including the following:

- ***CFPB final rule on credit card late fees***. In February 2023, the CFPB issued a notice of proposed rulemaking which, if adopted as proposed, would amend regulations to lower the safe harbor dollar amount for credit card late payment fees from the current $30 (adjusted to $41 for each subsequent late payment within the next six billing cycles) to $8 and to cap late fees at 25% of the minimum payment due. The proposed rule, if adopted and not successfully challenged through litigation, would result in a significant reduction of credit card late fees assessed by credit card issuers who utilize the safe harbor, including Synchrony. For the year ended December 31, 2023, interest income on loan receivables included fees on loans of $2.7 billion, which primarily consist of late fees on our credit products, net of reversals. To the extent that a final rule is issued with a compliance deadline in 2024, and if any legal challenges to the rule are unsuccessful, we would expect this to significantly reduce our interest income on loan receivables in 2024. While we cannot provide any assurance as to the precise timing and content of a final rule or the outcome of any litigation challenging the rule, we have identified a number of strategies that we have begun to implement or will look to implement to mitigate the effects of a significant reduction in our late fee income. In addition, the combined net effects of a rule issuance and our mitigating strategies would result in a decrease in payments to partners pursuant to our retailer share arrangements. While we believe that the alternate strategies we have identified would mitigate a decline in late fee income over time, we do expect the final rule, once effective, to have an adverse effect on our results of operations in 2024. The magnitude of the effects in 2024 from the final rule will be dependent upon the timing of issuance and content of the final rule, the outcome of any legal challenges to the rule and our ability to successfully implement the mitigating strategies we have identified. For a discussion of risks related to a CFPB final late fee rule, please see *"—Risk Factors Relating to our Business—The CFPB's proposed rule on credit card late fees, if adopted, could materially adversely affect our business and results of operations."*

- ***Growth in loan receivables and interest income***. During 2023 we experienced purchase volume growth that reflected the continued strength of the consumer. Purchase volume for the year ended December 31, 2023 increased 2.8%. In addition, customer payments as a percentage of beginning-of-period loan receivables remain elevated compared to historical averages. However, we have continued to experience moderation in payment rates during 2023 that, in addition to the purchase volume growth discussed above, have contributed to increases in both loan receivables and interest income for the year ended December 31, 2023. We expect interest income and loan receivables to increase in 2024, primarily reflecting both the continued moderation of customer payment behavior and the impact of higher benchmark interest rates, as well as from purchase volume growth. The amount of the increases, however, will be dependent on various factors. These factors include the timing and extent of continued payment rate moderation and changes in benchmark interest rates. In addition, on January 19, 2024 we announced our agreement to acquire Ally Lending, whose assets at December 31, 2023 included approximately $2.2 billion of loan receivables. We expect to close this transaction, subject to customary closing conditions, in the first quarter of 2024. See above for potential additional impacts from the CFPB final rule on credit card late fees.

- ***Asset quality.*** As a result of the continued moderation of customer payment behavior, our delinquencies and net charge-offs have increased in 2023 compared to the prior year. Our over-30 day loan delinquencies as a percentage of period-end loan receivables increased to 4.74% at December 31, 2023 from 3.65% at December 31, 2022. Our net charge-off rate for the year ended December 31, 2023 increased by 187 basis points to 4.87%. We anticipate that the effects of moderating customer payment behavior will continue to impact our credit metrics in 2024, most notably in an increase in net charge-offs as they continue to trend towards our target underwriting range of 5.5%-6.0%. We have also experienced increases to both our allowance for credit losses and provision for credit losses during the year ended December 31, 2023 primarily attributable to the higher net charge-offs and growth in our loan receivables. Our allowance coverage ratio at December 31, 2023 was 10.26%. We anticipate that our allowance for credit losses and provision for credit losses in 2024 will be higher than the current year period primarily due to the anticipated increase in net charge-offs and growth in loan receivables.

- ***Funding costs.*** During 2023 benchmark interest rates increased significantly and our average funding liabilities have also increased to support the growth in our loan receivables. As a result, interest expense for the year ended December 31, 2023 increased by $2.2 billion or 144.0%, compared to the prior year, and our cost of funds increased by 218 basis points to 4.10%. While we expect there to be some benchmark interest rate cuts in 2024, we expect interest expense and our cost of funds to continue to increase, reflecting both the continuing impact of higher benchmark rates as our fixed rate funding reprices, as well as growth in our funding liabilities to support the expected growth in loan receivables. The amount of the increases however will be dependent on further benchmark rate changes, competition for our deposit product offerings and the extent of the growth in our loan receivables.

- ***Retailer share arrangement payments under our program agreements.*** Retailer share arrangements decreased 15.5% to $3.7 billion for the year ended December 31, 2023, primarily reflecting the impact of higher net charge-offs and the impact of portfolios sold in the second quarter of 2022, partially offset by higher net interest income. We believe that the payments we make to our partners under our retailer share arrangements, in the aggregate, in 2024 are likely to remain flat compared to the year ended December 31, 2023, primarily as a result of the impact of the expected credit trends discussed above offset by growth of the programs for which we have retailer share arrangements. The expected trend in retailer share arrangements will be dependent in part on the precise timing and extent of the anticipated credit trends discussed above. See *Management's Discussion and Analysis—Retailer Share Arrangements* for additional information on these agreements. See above for potential additional impacts from the CFPB final rule on credit card late fees.

- ***Extended duration of our credit card program agreements***. Our credit card program agreements typically have contract terms ranging from approximately five to ten years, and the length of our relationship with each of our five largest partners is over 16 years, and in the case of Lowe's, 44 years. We expect to continue to benefit from these and our other programs on a long-term basis.

  The current expiration dates of our program agreements with our five largest partners range from 2026 through 2033. In addition, a total of 18 of our 25 largest program agreements have an expiration date in 2026 or beyond. These program agreements represented, in the aggregate, 94% of our interest and fees on loans for the year ended December 31, 2023 and 92% of our loan receivables at December 31, 2023 attributable to our 25 largest programs.

- ***Growth in interchange revenues and loyalty program costs.*** We believe that as a result of the overall growth in Dual Card and general purpose co-branded credit card transactions occurring outside of our credit card partners' locations, interchange revenues will continue to increase. The expected growth in these transactions is driven, in part, by both existing and new loyalty programs with our credit card partners. In addition, we continue to offer and add new loyalty programs for our private label credit cards, for which we typically do not receive interchange fees. The growth in these existing and new loyalty programs will result in an increase in costs associated with these programs. For the year ended December 31, 2023, our loyalty program costs were partially offset by our interchange revenues, although the increase in loyalty program costs exceeded the increase in interchange revenues. Overall, we expect these trends for our loyalty program costs and interchange revenues to continue in 2024. These changes have been contemplated in our program agreements with our partners and are a component of the calculation of our payments due under our retailer share arrangements.

- ***Capital and liquidity levels.*** We continue to expect to maintain sufficient capital and liquidity resources to support our daily operations, our business growth, and our credit ratings as well as regulatory and compliance requirements in a cost effective and prudent manner through expected and unexpected market environments. During the year ended December 31, 2023, we declared and paid common stock dividends of $406 million and repurchased $1.1 billion of our outstanding common stock. We plan to continue to deploy capital through both dividends and share repurchases, subject to regulatory restrictions, as well as to support business growth. At December 31, 2023 we had $600 million remaining in share repurchase authorization. We continue to expect to maintain capital ratios well in excess of minimum regulatory requirements. At December 31, 2023, the Company had a Basel III common equity Tier 1 ratio of 12.2%, which reflects our election to defer the impact of CECL on our regulatory capital and the current year phase-in of 25% of the impact. The effects of CECL are being phased-in over a three-year transitional period through December 31, 2024 and will be fully phased-in beginning in the first quarter of 2025. As a result of the third year of the phase-in, our common equity Tier 1 ratio will be reduced by approximately 50 additional basis points in 2024. In addition, in the first quarter of 2024, we expect to close both the sale of Pets Best and the acquisition of Ally Lending. The net impact of these transactions to our regulatory capital will result in an increase to our common equity Tier 1 ratio.

  We expect that our liquidity portfolio will continue to be sufficient to support all of our business objectives and to meet all regulatory requirements for the foreseeable future. At December 31, 2023 our liquid assets were $16.8 billion, an increase of 18% compared to the prior year, primarily as a result of deposit growth, and retention of excess cash flows from operations, partially offset by loan receivables growth and share repurchase activity.

Seasonality

We experience fluctuations in transaction volumes and the level of loan receivables as a result of higher seasonal consumer spending and payment patterns that typically result in an increase of loan receivables from August through a peak in late December, with reductions in loan receivables typically occurring over the first and second quarters of the following year as customers pay their balances down.

The seasonal impact to transaction volumes and the loan receivables balance typically results in fluctuations in our results of operations, delinquency metrics and the allowance for credit losses as a percentage of total loan receivables between quarterly periods. These fluctuations are generally most evident between the fourth quarter and the first quarter of the following year.

In addition to the seasonal variance in loan receivables discussed above, we also typically experience a seasonal increase in delinquency rates and delinquent loan receivables balances during the third and fourth quarters of each year due to lower customer payment rates, resulting in higher net charge-off rates in the first and second quarters. Our delinquency rates and delinquent loan receivables balances typically decrease during the subsequent first and second quarters as customers begin to pay down their loan balances and return to current status, resulting in lower net charge-off rates in the third and fourth quarters. Because customers who were delinquent during the fourth quarter of a calendar year have a higher probability of returning to current status when compared to customers who are delinquent at the end of each of our interim reporting periods, we expect that a higher proportion of delinquent accounts outstanding at an interim period end will result in charge-offs, as compared to delinquent accounts outstanding at a year end. Consistent with this historical experience, we generally experience a higher allowance for credit losses as a percentage of total loan receivables at the end of an interim period, as compared to the end of a calendar year. In addition, even in instances of improving credit metrics such as declining past due amounts, we may experience an increase in our allowance for credit losses at an interim period end compared to the prior year end, reflecting these same seasonal trends.

However, in addition to these seasonal trends, the elevated customer payment behavior we have experienced in recent years and more recently the subsequent moderation from these elevated levels, has also significantly impacted our key financial metrics and the fluctuations experienced between quarterly periods. The effects from these changes in customer payment behavior have resulted in either partial, or in some instances full, offset to the impact from the ongoing seasonal trends discussed above.

Interest Income

Interest income is comprised of interest and fees on loans, which includes merchant discounts provided by partners to compensate us in almost all cases for all or part of the promotional financing provided to their customers, and interest on cash and equivalents and investment securities. We include in interest and fees on loans any past due interest and fees deemed to be collectible. Direct loan origination costs on credit card loans are deferred and amortized on a straight-line basis over a one-year period and recorded in interest and fees on loans. For non-credit card receivables, direct loan origination costs are deferred and amortized over the life of the loan and recorded in interest and fees on loans.

We analyze interest income as a function of two principal components: average interest-earning assets and yield on average interest-earning assets. Key drivers of average interest-earning assets include:

- purchase volumes, which are influenced by a number of factors including macroeconomic conditions and consumer confidence generally, our partners' sales and our ability to increase our share of those sales;
- payment rates, reflecting the extent to which customers maintain a credit balance;
- charge-offs, reflecting the receivables that are deemed not to be collectible;
- the size of our liquidity portfolio; and
- portfolio acquisitions when we enter into new partner relationships.

Key drivers of yield on average interest-earning assets include:

- pricing (contractual rates of interest, movement in prime rates, late fees and merchant discount rates);
- changes to our mix of loans (e.g., the number of loans bearing promotional rates as compared to standard rates);
- frequency of late fees incurred when account holders fail to make their minimum payment by the required due date;
- credit performance and accrual status of our loans, including reversals of interest and fees; and
- yield earned on our liquidity portfolio.

Interest income increased by $3.6 billion, or 20.8%, for the year ended December 31, 2023, primarily driven by the increase in interest and fees on loans of 17.9%. The increase in interest and fees on loans were primarily driven by growth in average loan receivables and higher benchmark rates, partially offset by the impact of portfolios sold in the second quarter of 2022.

Average interest-earning assets

Years ended December 31 ($ in millions)	2023	2022
Loan receivables, including held for sale	$ 94,832	$ 84,672
Liquidity portfolio and other	17,349	15,323
Total average interest-earning assets	$ 112,181	$ 99,995

Average loan receivables, including held for sale, increased 12.0% for the year ended December 31, 2023, primarily driven by moderation in customer payment rates and growth in purchase volume growth, partially offset by the impacts from portfolios sold in the second quarter of 2022. Purchase volume increased 2.8% for the year ended December 31, 2023.

Yield on average interest-earning assets

The yield on average interest-earning assets increased for the year ended December 31, 2023 primarily due to increases in the yield on average loan receivables. The increase in average loan receivables yield was 105 basis points to 20.99% for the year ended December 31, 2023.

Interest Expense

Interest expense is incurred on our interest-bearing liabilities, which consists of interest-bearing deposit accounts, borrowings of consolidated securitization entities and senior and subordinated unsecured notes.

Key drivers of interest expense include:

- the amounts outstanding of our deposits and borrowings;
- the interest rate environment and its effect on interest rates paid on our funding sources; and
- the changing mix in our funding sources.

Interest expense increased by $2.2 billion, or 144.0%, for the year ended December 31, 2023, primarily attributed to higher benchmark interest rates and higher funding liabilities. Our cost of funds increased to 4.10% for the year ended December 31, 2023 compared to 1.92% for the year ended December 31, 2022.

Average interest-bearing liabilities

Years ended December 31 ($ in millions)	2023	2022
Interest-bearing deposit accounts	$ 75,487	$ 65,624
Borrowings of consolidated securitization entities	6,274	6,468
Senior and subordinated unsecured notes	8,644	7,315
Total average interest-bearing liabilities	$ 90,405	$ 79,407

Net Interest Income

Net interest income represents the difference between interest income and interest expense.

Net interest income increased by $1.4 billion, or 8.8%, for the year ended December 31, 2023, resulting from the changes in interest income and interest expense discussed above.

Retailer Share Arrangements

Most of our program agreements with large retail and certain other partners contain retailer share arrangements that provide for payments to our partners if the economic performance of the program exceeds a contractually defined threshold. We also provide other economic benefits to our partners such as royalties on purchase volume or payments for new accounts, in some cases instead of retailer share arrangements (for example, on our co-branded credit cards). All of these arrangements are designed to align our interests and provide an additional incentive to our partners to promote our credit products. Although the retailer share arrangements vary by partner, these arrangements are generally structured to measure the economic performance of the program, based typically on agreed upon program revenues (including interest income and certain other income) less agreed upon program expenses (including interest expense, provision for credit losses, retailer payments and operating expenses), and share portions of this amount above a negotiated threshold. The threshold and economic performance of a program that are used to calculate payments to our partners may be based on, among other things, agreed upon measures of program expenses rather than our actual expenses, and therefore increases in our actual expenses (such as funding costs, higher provision for credit losses or operating expenses) may not necessarily result in reduced payments under our retailer share arrangements. These arrangements are typically designed to permit us to achieve an economic return before we are required to make payments to our partners based on the agreed contractually defined threshold. Our payments to partners pursuant to these retailer share arrangements are dependent upon the growth and performance, including credit trends, of the programs in which we have retailer share arrangements, as well as changes to the terms of certain program agreements that have been renegotiated in the past few years. See above in *Business Trends and Conditions*, for a discussion of our expected trends in retailer share arrangements for 2024.

We believe that our retailer share arrangements have been effective in helping us to grow our business by aligning our partners' interests with ours. We also believe that the changes to the terms of certain program agreements in recent years will help us to grow our business by providing an additional incentive to the relevant partners to promote our credit products going forward. Payments to partners pursuant to these retailer share arrangements would generally decrease, and mitigate the impact on our profitability, in the event of declines in the performance of the programs or the occurrence of other unfavorable developments that impact the calculation of payments to our partners pursuant to our retailer share arrangements.

Retailer share arrangements decreased by $670 million, or 15.5%, for the year ended December 31, 2023, primarily due to higher net charge-offs and the impact of portfolios sold in the second quarter of 2022, partially offset by higher net interest income.

Provision for Credit Losses

Provision for credit losses is the expense related to maintaining the allowance for credit losses at an appropriate level to absorb the expected credit losses for the life of the loan balance as of the period end date. Provision for credit losses in each period is a function of net charge-offs (gross charge-offs net of recoveries) and the required level of the allowance for credit losses. Our process to determine our allowance for credit losses is based upon our estimate of expected credit losses for the life of the loan balance as of the period end date. See "*Critical Accounting Estimates - Allowance for Credit Losses"* and Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our consolidated financial statements for additional information on our allowance for credit loss methodology.

Provision for credit losses increased by $2.6 billion to $6.0 billion, for the year ended December 31, 2023, primarily driven by higher net charge-offs and a higher reserve build in the current year. The increase in reserves for credit losses of $1.3 billion was primarily driven by growth in loan receivables, as compared to the prior year increase of $839 million.

Other Income

Years ended December 31 ($ in millions)	2023	2022
Interchange revenue	$ 1,031	$ 982
Protection product revenue	510	387
Loyalty programs	(1,370)	(1,257)
Other	118	268
Total other income	$ 289	$ 380

Interchange revenue

We earn interchange fees on Dual Card and other co-branded credit card transactions outside of our partners' sales channels, generally based on a flat fee plus a percentage of the purchase amount. Interchange revenue has been, and is expected to continue to be, driven primarily by growth in our Dual Card and general purpose co-branded credit card products.

Interchange revenue increased by $49 million, or 5.0%, for the year ended December 31, 2023, driven by an increase in purchase volume outside of our retail partners' sales channels, partially offset by the impacts of portfolios sold in the second quarter of 2022.

Protection product revenue

We offer our Payment Security program, which is a debt cancellation product, to our credit card customers via online, mobile and, on a limited basis, direct mail. For customers who choose to purchase these products, we earn a monthly fee based on their account balance. In return, we will cancel all or a portion of a customer's credit card balance in the event of certain qualifying life events.

Protection product revenue increased by $123 million, or 31.8%, for the year ended December 31, 2023, primarily as a result of increases in customer enrollment and higher average balances on enrolled accounts.

Loyalty programs

We operate a number of loyalty programs that are designed to generate incremental purchase volume per customer, while reinforcing the value of the card and strengthening cardholder loyalty. These programs typically provide cardholders with statement credit or cash back rewards. Other programs include rewards points, which are redeemable for a variety of products or awards, or merchandise discounts that are earned by achieving a pre-set spending level on their private label credit card, Dual Card or general purpose co-branded credit card. Growth in loyalty program payments has been, and is expected to continue to be, driven by growth in purchase volume related to existing loyalty programs and the rollout of new loyalty programs.

Loyalty programs cost increased by $113 million, or 9.0%, for the year ended December 31, 2023, primarily as a result of growth in purchase volume associated with existing loyalty programs.

Other

Other includes a variety of items including ancillary fees, commission fees related to Pets Best, changes in the fair value of equity investments and realized gains or losses associated with the sale of investments, loan receivables or other assets.

Other decreased by $150 million, or 56.0%, for the year ended December 31, 2023 primarily due to the recognition in the prior year of the gain on sale of $120 million from portfolio sales in the second quarter of 2022.

Other Expense

Years ended December 31 ($ in millions)	2023	2022
Employee costs	$ 1,884	$ 1,681
Professional fees	842	832
Marketing and business development	527	487
Information processing	712	623
Other	793	714
Total other expense	$ 4,758	$ 4,337

Employee costs

Employee costs primarily consist of employee compensation and benefit costs.

Employee costs increased by $203 million, or 12.1%, for the year ended December 31, 2023, primarily attributable to an increase in headcount driven by business growth, higher benefit costs and $43 million of restructuring costs related to a voluntary early retirement program.

Professional fees

Professional fees consist primarily of outsourced provider fees (e.g., collection agencies and call centers), legal, accounting, consulting, and recruiting expenses.

Professional fees increased by $10 million, or 1.2%, for the year ended December 31, 2023, primarily due to increased technology investments.

Marketing and business development

Marketing and business development costs consist primarily of our contractual and discretionary marketing and business development spend, as well as amortization expense associated with contract costs related to our retail partner agreements.

Marketing and business development increased by $40 million, or 8.2%, for the year ended December 31, 2023, due to higher marketing investments in the current year to support business growth.

Information processing

Information processing costs primarily consist of fees related to outsourced information processing providers, credit card associations and software licensing agreements, as well as amortization of capitalized software expenditures.

Information processing costs increased by $89 million, or 14.3%, for the year ended December 31, 2023, primarily driven by increased technology investments and purchase volume growth.

Other

Other primarily consists of postage, fraud-related operational losses, litigation and regulatory matters expense and various other corporate overhead items such as facilities' costs and telephone charges. Postage is driven primarily by the number of our active accounts and the percentage of customers that utilize our electronic billing option. Fraud-related operational losses are driven primarily by the number of our active Dual Card and general purpose co-branded credit card accounts.

The “other” component increased by $79 million, or 11.1%, for the year ended December 31, 2023, primarily due to higher operational losses, partially offset by lower charitable contributions.

Provision for Income Taxes

Years ended December 31 ($ in millions)	**2023**	**2022**
Effective tax rate	22.9 %	23.9 %
Provision for income taxes	$ 666	$ 946

The effective tax rate for the year ended December 31, 2023, decreased compared to the prior year primarily due to the impact of higher research and development credits and low income housing tax credits recorded in the current year. The impact of all effective tax rate drivers is larger in the current year due to a decline of pre-tax income. The effective tax rate differs from the U.S. federal statutory tax rate primarily due to state income taxes.

Platform Analysis

As discussed above under “*Our Business—Our Sales Platforms*,” we offer our credit products through five sales platforms (Home & Auto, Digital, Diversified & Value, Health & Wellness and Lifestyle), which management measures based on their revenue-generating activities. The following is a discussion of certain supplemental information for the years ended December 31, 2023 and 2022, for each of our five sales platforms and Corp, Other.

Home & Auto

Years ended December 31 ($ in millions)	**2023**	**2022**
Purchase volume	$ 47,410	$ 47,288
Period-end loan receivables	$ 31,969	$ 29,978
Average loan receivables, including held for sale	$ 30,722	$ 27,835
Average active accounts (in thousands)	18,967	18,080
Interest and fees on loans	$ 5,270	$ 4,670
Other income	$ 106	$ 87

Home & Auto interest and fees on loans increased by $600 million, or 12.8%, for the year ended December 31, 2023, primarily driven by growth in average loan receivables of 10.4% and higher benchmark rates. The growth in average loan receivables reflected the impact of lower customer payment rates and average active account growth of 4.9%. Purchase volume was flat, as growth in commercial, Home Specialty and Auto were offset by lower retail traffic in Furniture and Electronics and the impact of lower gas and lumber prices.

Other income increased by $19 million, or 21.8%, for the year ended December 31, 2023 primarily driven by higher payment protection revenue.

Digital

Years ended December 31 ($ in millions)	**2023**	**2022**
Purchase volume	$ 55,051	$ 51,394
Period-end loan receivables	$ 28,925	$ 25,522
Average loan receivables, including held for sale	$ 26,005	$ 22,185
Average active accounts (in thousands)	20,793	19,421
Interest and fees on loans	$ 5,894	$ 4,599
Other income	$ (14)	$ (61)

Digital interest and fees on loans increased by $1.3 billion, or 28.2%, for the year ended December 31, 2023, primarily driven by growth in average loan receivables of 17.2%, higher benchmark rates and the maturation of newer programs. The growth in average loan receivables reflected lower customer payment rates, purchase volume growth of 7.1%, and average active account growth of 7.1%.

Other income increased by $47 million for the year ended December 31, 2023, primarily driven by increases in interchange and protection product revenue, partially offset by higher program loyalty costs associated with the increases in purchase volume.

Diversified & Value

Years ended December 31 ($ in millions)	**2023**	**2022**
Purchase volume	$ 61,227	$ 56,666
Period-end loan receivables	$ 20,666	$ 18,617
Average loan receivables, including held for sale	$ 18,414	$ 16,042
Average active accounts (in thousands)	20,738	19,594
Interest and fees on loans	$ 4,533	$ 3,610
Other income	$ (93)	$ (105)

Diversified & Value interest and fees on loans increased by $923 million, or 25.6%, for the year ended December 31, 2023, primarily driven by growth in average loan receivables of 14.8%, and higher benchmark rates. The growth in average loan receivables reflected lower customer payment rates and purchase volume growth of 8.0%, reflecting higher out-of-partner spend, strong retailer performance and average active account growth of 5.8%.

Other income increased by $12 million for the year ended December 31, 2023 primarily driven by higher interchange and protection product revenue, partially offset by higher program loyalty costs associated with the increase in purchase volume.

Health & Wellness

Years ended December 31 ($ in millions)	2023	2022
Purchase volume	$ 15,565	$ 13,569
Period-end loan receivables	$ 14,521	$ 12,179
Average loan receivables, including held for sale	$ 13,261	$ 10,975
Average active accounts (in thousands)	7,169	6,326
Interest and fees on loans	$ 3,231	$ 2,710
Other income	$ 271	$ 217

Health & Wellness interest and fees on loans increased by $521 million, or 19.2%. for the year ended December 31, 2023, primarily driven by growth in average loan receivables of 20.8%. The growth in average loan receivables reflected continued higher promotional purchase volume and lower customer payment rates. Purchase volume increased 14.7%, and average active accounts increased 13.3%, reflecting broad-based growth led by Dental, Pet and Cosmetic.

Other income increased by $54 million for the year ended December 31, 2023, primarily due to higher protection product revenue.

Lifestyle

Years ended December 31 ($ in millions)	2023	2022
Purchase volume	$ 5,922	$ 5,498
Period-end loan receivables	$ 6,744	$ 5,970
Average loan receivables, including held for sale	$ 6,246	$ 5,552
Average active accounts (in thousands)	2,587	2,559
Interest and fees on loans	$ 959	$ 814
Other income	$ 29	$ 28

Lifestyle interest and fees on loans increased by $145 million, or 17.8%, for the year ended December 31, 2023, primarily driven by growth in average loan receivables of 12.5% and higher benchmark rates. The growth in average loan receivables reflected lower customer payment rates and purchase volume growth of 7.7%, which was primarily driven by higher transaction values in Outdoor and Luxury.

Other income remained flat for the year ended December 31, 2023, as higher protection product revenue was offset by higher program loyalty costs.

Corp, Other

Years ended December 31 ($ in millions)	2023	2022
Purchase volume	$ 3	$ 5,772
Period-end loan receivables	$ 163	$ 204
Average loan receivables, including held for sale	$ 184	$ 2,083
Average active accounts (in thousands)	83	2,647
Interest and fees on loans	$ 15	$ 478
Other income	$ (10)	$ 214

The decreases shown above for the year ended December 31, 2023 for Corp, Other compared to the prior year reflect the effects of the sale of the BP and Gap Inc. portfolios in May 2022 and June 2022, respectively.

Loan Receivables

Loan receivables are our largest category of assets and represent our primary source of revenue. The following discussion provides supplemental information regarding our loan receivables portfolio. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* and Note 5. *Loan Receivables and Allowance for Credit Losses* to our consolidated financial statements for additional information related to our loan receivables.

The following table sets forth the composition of our loan receivables portfolio by product type at the dates indicated.

($ in millions)	At December 31, 2023	(%)	At December 31, 2022	(%)
Loans				
Credit cards	$ 97,043	94.2 %	$ 87,630	94.8 %
Consumer installment loans	3,977	3.9 %	3,056	3.3
Commercial credit products	1,839	1.8 %	1,682	1.8
Other	129	0.1 %	102	0.1
Total loans	$ 102,988	100.0 %	$ 92,470	100.0 %

Loan receivables increased 11.4% to $103.0 billion at December 31, 2023 compared to December 31, 2022, primarily driven by lower customer payment rates and purchase volume growth.

Our loan receivables portfolio, excluding held for sale, had the following maturity distribution at December 31, 2023.

($ in millions)	Within 1 Year[1]	1-5 Years[2]	5-15 Years	After 15 Years	Total
Loans					
Credit cards	$ 95,851	$ 1,192	$ —	$ —	$ 97,043
Consumer installment loans[3]	1,350	2,586	41	—	3,977
Commercial credit products	1,830	9	—	—	1,839
Other	65	46	12	6	129
Total loans	$ 99,096	$ 3,833	$ 53	$ 6	$ 102,988
Loans due after one year at fixed interest rates	N/A	$ 3,833	$ 53	$ 6	$ 3,892
Loans due after one year at variable interest rates	N/A	—	—	—	—
Total loans due after one year	N/A	$ 3,833	$ 53	$ 6	$ 3,892

(1) Credit card loans have minimum payment requirements but no stated maturity and therefore are included in the due within one year category. However, many of our credit card holders will revolve their balances, which may extend their repayment period beyond one year for balances at December 31, 2023.
(2) Credit card and commercial loans due after one year relate to loans modified to borrowers experiencing financial difficulty.
(3) Reflects scheduled repayments up to the final contractual maturity of our installment loans.

Our loan receivables portfolio had the following geographic concentration at December 31, 2023.

($ in millions) **State**	Loan Receivables Outstanding	% of Total Loan Receivables Outstanding
Texas	$ 11,314	11.0 %
California	$ 10,753	10.4 %
Florida	$ 9,574	9.3 %
New York	$ 5,006	4.9 %
North Carolina	$ 4,248	4.1 %

Delinquencies

Over-30 day loan delinquencies as a percentage of period-end loan receivables increased to 4.74% at December 31, 2023, as compared to 3.65% at December 31, 2022. The 109 basis point increase in 2023 was primarily driven by lower customer payment rates.

Net Charge-Offs

Net charge-offs consist of the unpaid principal balance of loans held for investment that we determine are uncollectible, net of recovered amounts. We exclude accrued and unpaid finance charges and fees and third-party fraud losses from charge-offs. Charged-off and recovered finance charges and fees are included in interest and fees on loans while third-party fraud losses are included in other expense. Charge-offs are recorded as a reduction to the allowance for credit losses and subsequent recoveries of previously charged-off amounts are credited to the allowance for credit losses. Costs incurred to recover charged-off loans are recorded as collection expense and included in Other expense in our Consolidated Statements of Earnings.

The table below sets forth net charge-offs and the ratio of net charge-offs to average loan receivables, including held for sale, ("net charge-off rate") for the periods indicated.

Years ended December 31	2023		2022		2021	
($ in millions)	Amount	Rate	Amount	Rate	Amount	Rate
Credit cards	$ 4,311	4.82 %	$ 2,392	2.99 %	$ 2,235	2.98 %
Consumer installment loans	189	5.40 %	80	2.82 %	38	1.54 %
Commercial credit products	119	6.52 %	63	3.84 %	30	2.28 %
Other	1	0.80 %	1	1.30 %	1	1.75 %
Total net charge-offs	$ 4,620	4.87 %	$ 2,536	3.00 %	$ 2,304	2.92 %

Allowance for Credit Losses

The allowance for credit losses totaled $10.6 billion at December 31, 2023, compared to $9.5 billion at December 31, 2022, and reflects our estimate of expected credit losses for the life of the loan receivables on our Consolidated Statements of Financial Position. Our allowance for credit losses as a percentage of total loan receivables decreased to 10.26% at December 31, 2023, from 10.30% at December 31, 2022.

The increase in the allowance for credit losses was primarily due to growth in loan receivables, partially offset by a $294 million reduction related to the adoption of ASU 2022-02 on January 1, 2023 which eliminated the separate recognition and measurement guidance for troubled debt restructurings ("TDRs"). See Note 2. *Basis of Presentation and Summary of Significant Accounting Policie*s and Note 5. *Loan Receivables and Allowance for Credit Losses* to our consolidated financial statements for additional information on the effects of adoption of the new accounting guidance.

Funding, 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 to support our daily operations, our business growth, our credit ratings and our regulatory and policy requirements, in a cost effective and prudent manner through expected and unexpected market environments.

Funding Sources

Our primary funding sources include cash from operations, deposits (direct and brokered deposits), securitized financings and senior and subordinated unsecured notes.

The following table summarizes information concerning our funding sources during the periods indicated:

Years ended December 31 ($ in millions)	2023			2022			2021		
	Average Balance	%	Average Rate	Average Balance	%	Average Rate	Average Balance	%	Average Rate
Deposits[1]	$ 75,487	83.5 %	3.9 %	$ 65,624	82.6 %	1.5 %	$ 60,953	80.9 %	0.9 %
Securitized financings	6,274	6.9	5.4	6,468	8.2	3.0	7,248	9.6	2.3
Senior and subordinated unsecured notes	8,644	9.6	4.8	7,315	9.2	4.3	7,173	9.5	4.1
Total	$ 90,405	100.0 %	4.1 %	$ 79,407	100.0 %	1.9 %	$ 75,374	100.0 %	1.4 %

(1) Excludes $402 million, $382 million and $349 million average balance of non-interest-bearing deposits for the years ended December 31, 2023, 2022 and 2021, respectively. Non-interest-bearing deposits comprise less than 10% of total deposits for the years ended December 31, 2023, 2022 and 2021.

Deposits

We obtain deposits directly from retail, affinity relationships and commercial customers ("direct deposits") or through third-party brokerage firms that offer our deposits to their customers ("brokered deposits"). At December 31, 2023, we had $67.0 billion in direct deposits and $14.2 billion in deposits originated through brokerage firms (including network deposit sweeps procured through a program arranger that channels brokerage account deposits to us). A key part of our liquidity plan and funding strategy is to continue to utilize our direct deposit base as a source of stable and diversified low-cost funding.

Our direct deposits are primarily from retail customers and include a range of FDIC-insured deposit products, including certificates of deposit, IRAs, money market accounts, savings accounts, sweep and affinity deposits.

Brokered deposits are primarily from retail customers of large brokerage firms. We have relationships with 10 brokers that offer our deposits through their networks. Our brokered deposits consist primarily of certificates of deposit that bear interest at a fixed rate. These deposits generally are not subject to early withdrawal.

Our ability to attract deposits is sensitive to, among other things, the interest rates we pay, and therefore, we bear funding risk if we fail to pay higher rates, or interest rate risk if we are required to pay higher rates, to retain existing deposits or attract new deposits. To mitigate these risks, our funding strategy includes a range of deposit products, and we seek to maintain access to multiple other funding sources, including securitized financings (including our undrawn committed capacity) and unsecured debt.

The following table summarizes certain information regarding our interest-bearing deposits by type (all of which constitute U.S. deposits) for the periods indicated:

Years ended December 31 ($ in millions)	2023			2022			2021		
	Average Balance	%	Average Rate	Average Balance	%	Average Rate	Average Balance	%	Average Rate
Direct deposits:									
Certificates of deposit (including IRA certificates of deposit)	$ 33,104	43.9 %	3.8 %	$ 22,405	34.1 %	1.3 %	$ 22,129	36.3 %	1.3 %
Savings accounts, money market and demand accounts	29,073	38.5 %	4.1	30,915	47.1	1.5	28,408	46.6	0.5
Brokered deposits	13,310	17.6 %	3.9	12,304	18.8	2.1	10,416	17.1	1.4
Total interest-bearing deposits	$ 75,487	100.0 %	3.9 %	$ 65,624	100.0 %	1.5 %	$ 60,953	100.0 %	0.9 %

Our deposit liabilities provide funding with maturities ranging from one day to ten years. At December 31, 2023, the weighted average maturity of our interest-bearing time deposits was 1.0 years. See Note 8. *Deposits* to our consolidated financial statements for more information on the maturities of our time deposits.

The following table summarizes deposits by contractual maturity at December 31, 2023.

($ in millions)	3 Months or Less	Over 3 Months but within 6 Months	Over 6 Months but within 12 Months	Over 12 Months	Total
U.S. deposits (less than FDIC insurance limit)[(1)(2)]	$ 34,234	$ 8,061	$ 9,824	$ 12,924	$ 65,043
U.S. deposits (in excess of FDIC insurance limit)[(2)]					
Direct deposits:					
Certificates of deposit (including IRA certificates of deposit)	2,582	2,455	2,512	2,401	9,950
Savings, money market, and demand accounts	6,160	—	—	—	6,160
Total	$ 42,976	$ 10,516	$ 12,336	$ 15,325	$ 81,153

(1) Includes brokered certificates of deposit for which underlying individual deposit balances are assumed to be less than $250,000.
(2) The standard deposit insurance amount is $250,000 per depositor, for each account ownership category. Deposits in excess of FDIC insurance limit presented above include partially insured accounts. Our estimate of the uninsured portion of these deposit balances at December 31, 2023 was approximately $5.4 billion.

Securitized Financings

We access the asset-backed securitization market using the Synchrony Card Issuance Trust (“SYNIT”) through which we may issue asset-backed securities through both public transactions and private transactions funded by financial institutions and commercial paper conduits. In addition, we issue asset-backed securities in private transactions through the Synchrony Credit Card Master Note Trust (“SYNCT”) and the Synchrony Sales Finance Master Trust (“SFT”).

At December 31, 2023, we had $3.9 billion of outstanding private asset-backed securities and $3.4 billion of outstanding public asset-backed securities, in each case held by unrelated third parties.

The following table summarizes expected contractual maturities of the investors’ interests in securitized financings, excluding debt premiums, discounts and issuance costs at December 31, 2023.

($ in millions)	Less Than One Year	One Year Through Three Years	Four Years Through Five Years	After Five Years	Total
Scheduled maturities of long-term borrowings—owed to securitization investors:					
SYNCT	$ 1,600	$ 700	$ —	$ —	$ 2,300
SFT	775	775	—	—	1,550
SYNIT[(1)]	—	3,425	—	—	3,425
Total long-term borrowings—owed to securitization investors	$ 2,375	$ 4,900	$ —	$ —	$ 7,275

(1) Excludes any subordinated classes of SYNIT notes that we owned at December 31, 2023.

We retain exposure to the performance of trust assets through: (i) in the case of SYNCT, SFT and SYNIT, subordinated retained interests in the loan receivables transferred to the trust in excess of the principal amount of the notes for a given series that provide credit enhancement for a particular series, as well as a pari passu seller’s interest in each trust and (ii) in the case of SYNIT, any subordinated classes of notes that we own.

All of our securitized financings include early repayment triggers, referred to as early amortization events, including events related to material breaches of representations, warranties or covenants, inability or failure of the Bank to transfer loan receivables to the trusts as required under the securitization documents, failure to make required payments or deposits pursuant to the securitization documents, and certain insolvency-related events with respect to the related securitization depositor, Synchrony (solely with respect to SYNCT) or the Bank. In addition, an early amortization event will occur with respect to a series if the excess spread as it relates to a particular series or for the trust, as applicable, falls below zero. Following an early amortization event, principal collections on the loan receivables in the applicable trust are applied to repay principal of the trust's asset-backed securities rather than being available on a revolving basis to fund the origination activities of our business. The occurrence of an early amortization event also would limit or terminate our ability to issue future series out of the trust in which the early amortization event occurred. No early amortization event has occurred with respect to any of the securitized financings in SYNCT, SFT or SYNIT.

The following table summarizes for each of our trusts the three-month rolling average excess spread at December 31, 2023.

	Note Principal Balance ($ in millions)	# of Series Outstanding	Three-Month Rolling Average Excess Spread[(1)]
SYNCT	$ 2,300	4	~ 14.3% to 15.1%
SFT	$ 1,550	6	11.8 %
SYNIT	$ 3,425	1	17.2 %

(1) Represents the excess spread (generally calculated as interest income collected from the applicable pool of loan receivables less applicable net charge-offs, interest expense and servicing costs, divided by the aggregate principal amount of loan receivables in the applicable pool) for SFT or, in the case of SYNCT, a range of the excess spreads relating to the particular series issued within such trust or, in the case of SYNIT, the excess spread relating to the one outstanding series issued within such trust, in all cases omitting any series that have not been outstanding for at least three full monthly periods and calculated in accordance with the applicable trust or series documentation, for the three securitization monthly periods ended December 31, 2023.

Senior and Subordinated Unsecured Notes

The following table provides a summary of our outstanding fixed rate senior and subordinated unsecured notes at December 31, 2023, which includes $750 million of subordinated unsecured notes issued by Synchrony Financial in February 2023.

Issuance Date	Interest Rate[(1)]	Maturity		Principal Amount Outstanding[(2)]
($ in millions)				
Fixed rate senior unsecured notes:				
Synchrony Financial				
August 2014	4.250%	August 2024		1,250
July 2015	4.500%	July 2025		1,000
August 2016	3.700%	August 2026		500
December 2017	3.950%	December 2027		1,000
March 2019	4.375%	March 2024		600
March 2019	5.150%	March 2029		650
October 2021	2.875%	October 2031		750
June 2022	4.875%	June 2025		750
Synchrony Bank				
August 2022	5.400%	August 2025		900
August 2022	5.625%	August 2027		600
Fixed rate subordinated unsecured notes:				
Synchrony Financial				
February 2023	7.250%	February 2033		750
Total fixed rate senior and subordinated unsecured notes			$	8,750

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(1) Weighted average interest rate of all senior and subordinated unsecured notes at December 31, 2023 was 4.69%.
(2) The amounts shown exclude unamortized debt discounts, premiums and issuance costs.

Short-Term Borrowings

Except as described above, there were no material short-term borrowings for the periods presented.

Covenants

The indenture pursuant to which our senior and subordinated unsecured notes have been issued includes various covenants, including covenants that restrict (subject to certain exceptions) Synchrony's ability to dispose of, or incur liens on, any of the voting stock of the Bank or otherwise permit the Bank to be merged, consolidated, leased or sold in a manner that results in the Bank being less than 80% controlled by us.

If we do not satisfy any of these covenants discussed above, the maturity of amounts outstanding thereunder may be accelerated and become payable. We were in compliance with all of these covenants at December 31, 2023.

At December 31, 2023, we were not in default under any of our credit facilities.

Credit Ratings

Our borrowing costs and capacity in certain funding markets, including securitizations and senior and subordinated debt, may be affected by the credit ratings of the Company, the Bank and the ratings of our asset-backed securities.

The table below reflects our current credit ratings and outlooks:

	S&P	Fitch Ratings
Synchrony Financial		
Senior unsecured debt	BBB-	BBB-
Subordinated unsecured debt	BB+	BB+
Preferred stock	BB-	B+
Outlook for Synchrony Financial	Stable	Positive
Synchrony Bank		
Senior unsecured debt	BBB	BBB-
Outlook for Synchrony Bank	Stable	Positive

In addition, certain of the asset-backed securities issued by SYNIT are rated by Fitch, S&P and/or Moody's. A credit rating is not a recommendation to buy, sell or hold securities, may be subject to revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating. Downgrades in these credit ratings could materially increase the cost of our funding from, and restrict our access to, the capital markets.

Liquidity

We seek to ensure that we have adequate liquidity to sustain business operations, fund asset growth, satisfy debt obligations and to meet regulatory expectations under normal and stress conditions.

We maintain policies outlining the overall framework and general principles for managing liquidity risk across our business, which is the responsibility of our Asset and Liability Management Committee, a management committee under the oversight of the Risk Committee of our Board of Directors. We employ a variety of metrics to monitor and manage liquidity. We perform regular liquidity stress testing and contingency planning as part of our liquidity management process. We evaluate a range of stress scenarios including Company specific and systemic events that could impact funding sources and our ability to meet liquidity needs.

We maintain a liquidity portfolio, which at December 31, 2023 had $16.8 billion of liquid assets, primarily consisting of cash and equivalents and short-term obligations of the U.S. Treasury, less cash in transit which is not considered to be liquid, compared to $14.2 billion of liquid assets at December 31, 2022. The increase in liquid assets was primarily due to deposit growth and the issuance of secured and unsecured notes, partially offset by loan receivables growth. We believe our liquidity position at December 31, 2023 remains strong as we continue to operate in a period of uncertain economic conditions and we will continue to closely monitor our liquidity as economic conditions change.

As a general matter, investments included in our liquidity portfolio are expected to be highly liquid, giving us the ability to readily convert them to cash. The level and composition of our liquidity portfolio may fluctuate based upon the level of expected maturities of our funding sources as well as operational requirements and market conditions.

We also have access to several additional sources of liquidity beyond our liquidity portfolio. At December 31, 2023, we had an aggregate of $10.4 billion of available borrowing capacity through the Federal Reserve's discount window, $2.5 billion of undrawn committed capacity on our securitized financings, subject to customary borrowing conditions, from private lenders under our securitization programs and $0.5 billion of undrawn committed capacity under our unsecured revolving credit facility with private lenders. In addition, we have other unencumbered assets in the Bank available to be used to generate additional liquidity through secured borrowings or asset sales or to be pledged to the Federal Reserve Board for credit at the discount window.

We rely significantly on dividends and other distributions and payments from the Bank for liquidity; however, bank regulations, contractual restrictions and other factors limit the amount of dividends and other distributions and payments that the Bank may pay to us. For a discussion of regulatory restrictions on the Bank's ability to pay dividends, see "*Regulation—Risk Factors Relating to Regulation—We are subject to restrictions that limit our ability to pay dividends and repurchase our common stock; the Bank is subject to restrictions that limit its ability to pay dividends to us, which could limit our ability to pay dividends, repurchase our common stock or make payments on our indebtedness.*" and "*Regulation—Savings Association Regulation—Dividends and Stock Repurchases*."

Quantitative and Qualitative Disclosures About Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, correlations or other market factors will result in losses for a position or portfolio. We are exposed to market risk primarily from changes in interest rates. See "*Risks—Risk Factors Relating to Our Business—Changes in market interest rates could have a material adverse effect on our net earnings, funding and liquidity*" and "*—A reduction in our credit ratings could materially increase the cost of our funding from, and restrict our access to, the capital markets*."

Interest Rate Risk

We borrow money from a variety of depositors and institutions in order to provide loans to our customers. Changes in market interest rates cause our net interest income to increase or decrease, as some of our assets and liabilities carry interest rates that fluctuate with market benchmarks. The interest rate benchmark for our floating rate assets is generally the prime rate, and the interest rate benchmark for our floating rate liabilities is generally either the Secured Overnight Financing Rate ("SOFR"), U.S. Treasury bills, or the federal funds rate. The prime rate and the SOFR, U.S. Treasury bills or 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.

We completed our transition from the London Interbank Offered Rate ("LIBOR") benchmark in the second quarter of 2023 and it did not have a material impact to our company.

Competitive factors and future regulatory reform may limit or restrict our ability to raise interest rates on our loans. In addition, some of our program agreements limit the rate of interest we can charge to customers. If interest rates were to rise materially over a sustained period of time, like we experienced during 2022 and 2023, and we are unable to sufficiently raise our interest rates in a timely manner, our net interest income and margin could be adversely impacted, which could have a material adverse effect on our net earnings.

Interest rates may also adversely impact our customers' spending levels and ability and willingness to pay outstanding amounts owed to us. Our floating rate products bear interest rates that fluctuate with the prime rate. Higher interest rates often lead to higher payment obligations by customers to us and other lenders under mortgage, credit card and other consumer loans, which may reduce our customers' ability to remain current on their obligations to us and therefore lead to increased delinquencies, charge-offs and allowances for credit losses, which could have a material adverse effect on our net earnings.

Changes in interest rates and competitor responses to these changes may also impact customer decisions to maintain deposits with us, and reductions in deposits could materially adversely affect our funding costs and liquidity.

At December 31, 2023, 62% of our loan receivables were priced at a fixed interest rate to the customer, with the remaining 38% at a floating interest rate. We fund our assets with a combination of fixed rate and floating rate funding sources that include deposits, asset-backed securities and unsecured debt. To manage interest rate risk, we seek to match the interest rate repricing characteristics of our assets and liabilities. Historically, we have not used interest rate derivative contracts to manage interest rate risk; however, we may choose to do so in the future. To the extent we are unable to effectively match the interest rate sensitivity of our assets and liabilities, our net earnings could be materially adversely affected.

We assess our interest rate risk by estimating the effect of various interest rate scenarios on our net interest income.

For purposes of presenting the possible earnings effect of a hypothetical, adverse change in interest rates over the 12-month period from our reporting date, we assume that all interest rate sensitive assets and liabilities will be impacted by a hypothetical, immediate 100 basis point increase or decrease in interest rates as of the beginning of the period. The sensitivity is based upon the hypothetical assumption that all relevant types of interest rates that affect our results would increase or decrease instantaneously, simultaneously and to the same degree.

Our interest rate sensitive assets include our variable rate loan receivables and the assets that make up our liquidity portfolio. Assets with rates that are fixed at period end but which will mature, or otherwise contractually reset to a market-based indexed rate or other fixed rate prior to the end of the 12-month period, are considered to be rate sensitive. The latter category includes certain loans that may be offered at below-market rates for an introductory period, such as balance transfers and special promotional programs, after which the loans will contractually reprice under standard terms in accordance with our normal market-based pricing structure. For purposes of measuring rate sensitivity for such loans, only the effect of the hypothetical 100 basis point change in the underlying market-based indexed rate or other fixed rate has been considered rather than the full change in the rate to which the loan would contractually reprice (i.e. assets are categorized as fixed or floating according to their underlying contractual terms). For assets that have a fixed interest rate at the period end but which contractually will, or are assumed to, reset to a market-based indexed rate or other fixed rate during the next 12 months, net interest income sensitivity is measured from the expected repricing date.

Interest rate sensitive liabilities are assumed to be those for which the stated interest rate is not contractually fixed for the next 12-month period. Thus, liabilities that vary with changes in a market-based index, such as the federal funds rate SOFR or U.S. Treasury bills, which will reset before the end of the 12-month period, or liabilities whose rates are fixed at the period end but which will mature and are assumed to be replaced with a market-based indexed rate prior to the end of the 12-month period, also are considered to be rate sensitive. For these fixed rate liabilities, net interest income sensitivity is measured from the expected repricing date.

The following table presents the approximate net interest income impacts forecasted over the next twelve months from an immediate and parallel change in interest rates affecting all interest rate sensitive assets and liabilities at December 31, 2023.

Basis Point Change	**At December 31, 2023**
($ in millions)	
-100 basis points	$ (218)
+100 basis points	$ 52

Limitations of Market Risk Measures

The interest rate risk models that we use in deriving these measures incorporate contractual information, internally-developed assumptions and proprietary modeling methodologies, which project borrower and deposit behavior patterns in certain interest rate environments. Other market inputs, such as interest rates, market prices and interest rate volatility, are also critical components of our interest rate risk measures. We regularly evaluate, update and enhance these assumptions, models and analytical tools as we believe appropriate to reflect our best assessment of the market environment and the expected behavior patterns of our existing assets and liabilities.

There are inherent limitations in any methodology used to estimate the exposure to changes in market interest rates. The sensitivity analysis provided above contemplates only certain movements in interest rates and is based on the existing balance sheet as well as assumptions around future growth, pricing and balance sheet composition. It does not attempt to estimate the effect of a more significant interest rate increase over a sustained period of time, which as described in "—*Interest Rate Risk*" above, could adversely affect our net interest income. In addition, the strategic actions that management may take to manage our balance sheet may differ from our projections, which could cause our actual net interest income to differ from the above sensitivity analysis.

Capital

Our primary sources of capital have been earnings generated by our business and existing equity capital. We seek to manage capital to a level and composition sufficient to support the risks of our business, meet regulatory requirements, adhere to rating agency targets and support future business growth. The level, composition and utilization of capital are influenced by changes in the economic environment, strategic initiatives and legislative and regulatory developments. Within these constraints, we are focused on deploying capital in a manner that will provide attractive returns to our stockholders.

While we have not been subject to the Federal Reserve Board's formal capital plan submission requirements to-date, we submitted a capital plan to the Federal Reserve Board in 2023.

In 2023, our average total consolidated assets exceeded $100 billion and we will now become subject to existing enhanced prudential standards following applicable transition periods. We will be subject to the Federal Reserve Board's formal capital plan submission requirements in 2024, and our capital plan process, while not required, will continue to include certain internal stress testing. We currently expect that the first supervisory stress test we will be required to participate in will be in 2026. See "*Regulation—Regulation Relating to Our Business*" for additional information on regulations that are currently applicable to us, as well as these enhanced prudential standards.

Dividend and Share Repurchases

Common Stock Cash Dividends Declared	Month of Payment	Amount per Common Share	Amount
($ in millions, except per share data)			
Three months ended March 31, 2023	February 2023	$ 0.23	$ 100
Three months ended June 30, 2023	May 2023	0.23	99
Three months ended September 30, 2023	August 2023	0.25	104
Three months ended December 31, 2023	November 2023	0.25	103
Total dividends declared		$ 0.96	$ 406

Preferred Stock Cash Dividends Declared	Month of Payment	Amount per Preferred Share	Amount
($ in millions, except per share data)			
Three months ended March 31, 2023	February 2023	$ 14.06	$ 11
Three months ended June 30, 2023	May 2023	14.06	10
Three months ended September 30, 2023	August 2023	14.06	10
Three months ended December 31, 2023	November 2023	14.06	11
Total dividends declared		$ 56.24	$ 42

The declaration and payment of future dividends to holders of our common and preferred stock will be at the discretion of the Board and will depend on many factors. For a discussion of regulatory and other restrictions on our ability to pay dividends and repurchase stock, see "*Regulation—Risk Factors Relating to Regulation—We are subject to restrictions that limit our ability to pay dividends and repurchase our common stock; the Bank is subject to restrictions that limit its ability to pay dividends to us, which could limit our ability to pay dividends, repurchase our common stock or make payments on our indebtedness.*"

Common Shares Repurchased Under Publicly Announced Programs	Total Number of Shares Purchased	Dollar Value of Shares Purchased
($ and shares in millions)		
Three months ended March 31, 2023	11.3	$ 400
Three months ended June 30, 2023	10.5	300
Three months ended September 30, 2023	4.5	150
Three months ended December 31, 2023	7.3	250
Total	33.6	$ 1,100

In April 2023 the Board of Directors approved an incremental share repurchase program of up to $1.0 billion, through June 30, 2024. Repurchases under this program are subject to market conditions and other factors, including legal and regulatory restrictions and required approvals, if any. During the year ended December 31, 2023, we repurchased $1.1 billion of common stock as part of our share repurchase programs, with remaining authorized share repurchase capacity of $600 million through June 2024.

Regulatory Capital Requirements - Synchrony Financial

As a savings and loan holding company, we are required to maintain minimum capital ratios, under the applicable U.S. Basel III capital rules. For more information, see "*Regulation—Savings and Loan Holding Company Regulation*."

For Synchrony Financial to be a well-capitalized savings and loan holding company, Synchrony Bank must be well-capitalized and Synchrony Financial must not be subject to any written agreement, order, capital directive, or prompt corrective action directive issued by the Federal Reserve Board to meet and maintain a specific capital level for any capital measure. At December 31, 2023 and 2022, Synchrony Financial met all the requirements to be deemed well-capitalized.

The following table sets forth the composition of our capital ratios for the Company calculated under the Basel III Standardized Approach rules at December 31, 2023 and 2022, respectively.

	Basel III			
	At December 31, 2023		At December 31, 2022[1]	
($ in millions)	Amount	Ratio[2]	Amount	Ratio[2]
Total risk-based capital	$ 15,464	14.9 %	$ 14,253	15.5 %
Tier 1 risk-based capital	$ 13,334	12.9 %	$ 13,026	14.1 %
Tier 1 leverage	$ 13,334	11.7 %	$ 13,026	12.7 %
Common equity Tier 1 capital	$ 12,600	12.2 %	$ 12,292	13.3 %
Risk-weighted assets	$ 103,460		$ 92,118	

(1) Prior period amounts have been recast to reflect the change in presentation of contract costs related to our retailer partner agreements on our Consolidated Statements of Financial Condition. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our consolidated financial statements for additional information.
(2) Tier 1 leverage ratio represents total Tier 1 capital as a percentage of total average assets, after certain adjustments. All other ratios presented above represent the applicable capital measure as a percentage of risk-weighted assets.

The Company elected to adopt the option provided by the interim final rule issued by joint federal bank regulatory agencies, which largely delayed the effects of CECL on our regulatory capital. Beginning in the first quarter of 2022, the effects are being phased-in over a three-year transitional period through 2024, collectively the "CECL regulatory capital transition adjustment". The effects of CECL on our regulatory capital will be fully phased-in beginning in the first quarter of 2025.

Capital amounts and ratios in the above table all reflect the applicable CECL regulatory capital transition adjustment for each period. The decrease in our common equity Tier 1 capital ratio compared to December 31, 2022 was primarily due to an increase in risk-weighted assets during the year ended December 31, 2023 and the second year phase-in of the impact of CECL on our regulatory capital, partially offset by the retention of net earnings during the same period and the impact from the adoption of the new accounting standard for TDRs. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policie*s for additional information on the new accounting standard.

Regulatory Capital Requirements - Synchrony Bank

At December 31, 2023 and 2022, the Bank met all applicable requirements to be deemed well-capitalized pursuant to OCC regulations and for purposes of the Federal Deposit Insurance Act. The following table sets forth the composition of the Bank's capital ratios calculated under the Basel III Standardized Approach rules at December 31, 2023 and December 31, 2022, and also reflects the applicable CECL regulatory capital transition adjustment for each period.

	At December 31, 2023		At December 31, 2022[1]		Minimum to be Well-Capitalized under Prompt Corrective Action Provisions
($ in millions)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Ratio**
Total risk-based capital	$ 14,943	15.3 %	$ 13,860	16.1 %	10.0 %
Tier 1 risk-based capital	$ 12,880	13.2 %	$ 12,714	14.8 %	8.0 %
Tier 1 leverage	$ 12,880	12.0 %	$ 12,714	13.3 %	5.0 %
Common equity Tier 1 capital	$ 12,880	13.2 %	$ 12,714	14.8 %	6.5 %

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(1) Prior period amounts have been recast to reflect the change in presentation of contract costs related to our retailer partner agreements on our Consolidated Statements of Financial Condition. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our consolidated financial statements for additional information.

Failure to meet minimum capital requirements can result in the initiation of certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could limit our business activities and have a material adverse effect on our business, results of operations and financial condition. See "*Regulation—Risk Factors Relating to Regulation—Failure by Synchrony and the Bank to meet applicable capital adequacy and liquidity requirements could have a material adverse effect on us*."

Off-Balance Sheet Arrangements and Unfunded Lending Commitments

We do not have any material off-balance sheet arrangements, including guarantees of third-party obligations. Guarantees are contracts or indemnification agreements that contingently require us to make a guaranteed payment or perform an obligation to a third-party based on certain trigger events. At December 31, 2023, we had not recorded any contingent liabilities in our Consolidated Statements of Financial Position related to any guarantees. See Note 6 - *Variable Interest Entities* to our consolidated financial statements for more information on our investment commitments for unconsolidated variable interest entities ("VIE's").

We extend credit, primarily arising from agreements with customers for unused lines of credit on our credit cards, in the ordinary course of business. Each unused credit card line is unconditionally cancellable by us. See Note 5. *Loan Receivables and Allowance for Credit Losses* to our consolidated financial statements for more information on our unfunded lending commitments.

Critical Accounting Estimates

In preparing our consolidated financial statements, we have identified certain accounting estimates and assumptions that we consider to be the most critical to an understanding of our financial statements because they involve significant judgments and uncertainties. The critical accounting estimates we have identified relate to allowance for credit losses and fair value measurements. These estimates reflect our best judgment about current, and for some estimates future, economic and market conditions and their effects based on information available as of the date of these financial statements. If these conditions change from those expected, it is reasonably possible that these judgments and estimates could change, which may result in incremental losses on loan receivables, or material changes to our Consolidated Statements of Financial Position, among other effects. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our consolidated financial statements, which discusses the significant accounting policies related to these estimates.

Allowance for Credit Losses

Losses on loan receivables are estimated and recognized upon origination of the loan, based on expected credit losses for the life of the loan balance as of the period end date. This requires us to estimate expected losses in the portfolio as of each balance sheet date. The method for calculating the estimate of expected credit loss takes into account historical experience, and current conditions and future expectations for pools of loans with similar risk characteristics, and reasonable and supportable forecasts about the future. The model utilizes a macroeconomic forecast, with unemployment as the primary macroeconomic variable. We also perform a qualitative assessment in addition to model estimates and apply qualitative adjustments as necessary. The reasonable and supportable forecast period is determined primarily based upon an assessment of the current economic outlook and our ability to use available data to accurately forecast losses over time. The reasonable and supportable forecast period used in our estimate of credit losses at December 31, 2023 was 12 months, consistent with the forecast period utilized since adoption of CECL. The Company reassesses the reasonable and supportable forecast period on a quarterly basis. Beyond the reasonable and supportable forecast period, we revert to historical loss information at the loan receivables segment level over a 6-month period, gradually increasing the weight of historical losses by an equal amount each month during the reversion period, and utilize historical loss information thereafter for the remaining life of the portfolio. The reversion period, similar to the reasonable and supportable forecast period, may change in the future depending on multiple factors such as forecasting methods, portfolio changes, and macroeconomic environment.

We evaluate each portfolio quarterly. For credit card receivables, our estimation process includes analysis of historical data, and there is a significant amount of judgment applied in selecting inputs and analyzing the results produced by the models to determine the allowance. Our risk process includes standards and policies for reviewing major risk exposures and concentrations, and evaluates relevant data either for individual loans or on a portfolio basis, as appropriate. More specifically, we use an enhanced migration analysis to estimate the likelihood that a loan will progress through the various stages of delinquency. The enhanced migration analysis considers uncollectible principal, interest and fees reflected in the loan receivables, segmented by credit and business parameters. We use other analyses to estimate expected losses on non-delinquent accounts, which include past performance, bankruptcy activity such as filings, policy changes, loan volumes and amounts. Holistically, for assessing the portfolio credit loss content, we also evaluate portfolio risk management techniques applied to various accounts, historical behavior of different account vintages, account seasoning, economic conditions, recent trends in delinquencies, account collection management, forecasting uncertainties, expectations about the future, and a qualitative assessment of the adequacy of the allowance for credit losses.

We estimate our allowance for credit losses using pools of loans with similar risk characteristics. Further, experience is not available for new portfolios; therefore, while we accumulate experience, we utilize our experience with the most closely analogous products and segments in our portfolio. The underlying assumptions, estimates and assessments we use to provide for losses are updated periodically to reflect our view of current and forecasted conditions and are subject to the regulatory examination process, which can result in changes to our assumptions. Changes in such estimates can significantly affect the allowance and provision for credit losses. It is possible that we will experience credit losses that are different from our current estimates.

Fair Value Measurements

Assets and liabilities measured at fair value every reporting period primarily consists of investments in debt securities. Assets that are not measured at fair value every reporting period, but that are subject to fair value measurements in certain circumstances, primarily include acquired loans, loans that have been reduced to fair value when they are held for sale, equity method investments that are written down to fair value when they are impaired, as well as certain equity securities without readily determinable fair value that are measured based upon observable price changes. Our disposition of Pets Best and acquisition of Ally Lending are expected to close in the first quarter of 2024, subject to customary closing conditions. These transactions will also be subject to fair value measurements related to both the consideration to be received at the closing of the sale of Pets Best and the assets and liabilities acquired at the closing of the acquisition of Ally Lending.

A fair value measurement is determined as the price that we would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. The determination of fair value often involves significant judgments about assumptions such as determining an appropriate discount rate that factors in both risk and liquidity premiums, identifying the similarities and differences in market transactions, weighting those differences accordingly and then making the appropriate adjustments to those market transactions to reflect the risks specific to our asset being valued. Assets that are written down to fair value when impaired are not subsequently adjusted to fair value unless further impairment occurs.

RISKS

Risk Factors Summary

We are providing the following summary of the risk factors contained in this Annual Report on Form 10-K to enhance the readability and accessibility of our risk factor disclosures. We encourage you to carefully review the full risk factors contained in this Annual Report on Form 10-K in their entirety for additional information regarding the material factors that make an investment in our securities speculative or risky. These risks and uncertainties include, but are not limited to, the following:

Macroeconomic, Strategic and Operational Risks

- Macroeconomic conditions could have a material adverse effect on our business, results of operations and financial condition.
- Our results of operations and growth depend on our ability to retain existing partners and attract new partners. Further, a significant percentage of our interest and fees on loans comes from relationships with a small number of large retail partners, and the loss of any of these partners could adversely affect our business and results of operations.
- 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.
- The CFPB's proposed rule on credit card late fees, if adopted, would likely materially adversely affect our business and results of operations.
- Our results depend, 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.
- Competition in the consumer finance industry is intense.
- We may be unable to successfully develop and commercialize new or enhanced products and services, or realize the value of acquisitions, dispositions, strategic investments and strategic initiatives that we pursue.
- 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.
- The failure of third parties to provide various services that are important to our operations could have a material adverse effect on our business and results of operations.
- As we continue to utilize work from home arrangements, our operations are subject to new and heightened risks.

Technological Risks

- Cyber-attacks or other security breaches could have a material adverse effect on our business.
- Disruptions in the operation of our and our outsourced partners' technology environments could have a material adverse effect on our business.

Financial Risks

- Our allowance for credit losses may prove to be insufficient to cover losses on our loans.

- If assumptions or estimates we use in preparing our financial statements, including those related to the CECL accounting guidance, are incorrect or are required to change, our reported results of operations and financial condition may be adversely affected.
- Adverse financial market conditions, our inability to effectively manage our funding and liquidity risk or our inability to maintain or grow our deposits in the future could have a material adverse effect on our funding, liquidity and ability to meet our obligations.
- Changes in market interest rates could have a material adverse effect on our net earnings, funding and liquidity.
- A reduction in our credit ratings could materially increase the cost of our funding from, and restrict our access to, the capital markets.
- Various risks related to the securitization of our loan receivables, including our ability to securitize our loan receivables on favorable terms or at all, the occurrence of an early amortization event, our loss of the right to service or subservice our loan receivables or lower payment rates on such receivables could have a material adverse effect on our business, liquidity, cost of funds and financial condition.
- We rely extensively on models in managing many aspects of our business, and if they are not accurate or are misinterpreted, it could have a material adverse effect on our business and results of operations.
- Our business depends on our ability to successfully manage our credit risk, and failing to do so may result in high charge-off rates.
- We may not be able to offset increases in our costs with decreased payments under our retailer share arrangements, which could reduce our profitability.
- Reductions in interchange fees and changes to the regulations governing such fees, could have a material adverse impact on our business and results of operations.

Legal Risks

- We have international operations that subject us to various international risks as well as increased compliance and regulatory risks and costs.
- If we are alleged to have infringed upon the intellectual property rights owned by others or are not able to protect our intellectual property, our business and results of operations could be adversely affected.
- Litigation, regulatory actions and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and/or requirements resulting in increased expenses.

Regulatory Risks

- Our business is subject to government regulation, supervision, examination and enforcement, which could adversely affect our business, results of operations and financial condition.
- Ongoing changes to the regulatory framework applicable to us have had, and may continue to have, a significant impact on our business, financial condition and results of operations.
- Failure by Synchrony and the Bank to meet applicable capital adequacy and liquidity requirements could limit our ability to pay dividends and repurchase our common stock or otherwise have a material adverse effect on us.
- 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.

Risk Factors Relating to Our Business

The following discussion of risk factors contains “forward-looking statements,” as discussed in “*Cautionary Note Regarding Forward-Looking Statements*.” These risk factors may be important to understanding any statement in this Annual Report on Form 10-K or elsewhere. The following information should be read in conjunction with “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” (MD&A), the consolidated financial statements and related notes in “*Consolidated Financial Statements and Supplementary Data*” and “*Regulation—Risk Factors Relating to Regulation*” of this Form 10-K Report.

Our business routinely encounters and addresses risks, some of which will cause our future results to be different - sometimes materially different - than we anticipate. Discussion about important operational risks that our business encounters can be found in the business descriptions in “*Our Business*” and the MD&A section of this Form 10-K Report. The key categories of risks our business faces are macro-economic, strategic, operational, technological (including cybersecurity), financial, legal and regulatory. Our reactions to material future developments as well as our competitors’ reactions to those developments will affect our future results.

Macroeconomic, Strategic and Operational Risks

Macroeconomic conditions could have a material adverse effect on our business, results of operations and financial condition.

Key macroeconomic conditions historically have affected our business, results of operations and financial condition and are likely to affect them in the future. Consumer confidence, unemployment and other economic indicators are among the factors that often impact consumer spending and payment behavior and demand for credit. Poor economic conditions reduce the usage of our credit cards and other financing products and the average purchase amount of transactions on our credit cards and through our other products, which, in each case, reduces our interest and fee income. We rely primarily on interest and fees on our loan receivables to generate our net earnings. Our interest and fees on our loan receivables was $19.9 billion for the year ended December 31, 2023. Poor economic conditions also adversely affect the ability and willingness of customers to pay amounts owed to us, increasing delinquencies, bankruptcies, charge-offs and allowances for credit losses, settlements and decreasing recoveries. For example, our over-30 day delinquency rate as a percentage of period-end loan receivables was 8.25% at December 31, 2009 during the financial crisis, compared to 4.74% at December 31, 2023, and our full-year net charge-off rate was 11.26% for the year ended December 31, 2009, compared to 4.87% for the year ended December 31, 2023. The assessment of our credit profile includes the evaluation of portfolio mix, account maturation, as well as broader consumer trends, such as payment behavior and overall indebtedness.

Economic growth in the United States can slow due to higher unemployment rates, lower housing values, concerns about the level of U.S. government debt, inflation, interest rates and monetary fiscal actions that may be taken to address these concerns, as well as economic and political conditions in the U.S. and global markets. A prolonged period of slow economic growth or a significant deterioration in economic conditions or broader consumer trends, including employment, wage growth, savings rates and consumer indebtedness, would likely affect consumer 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. Further, while the primary effects of the COVID-19 pandemic have subsided, the extent of the ongoing impacts of COVID-19 and the impact of any future outbreaks, epidemics, pandemics or other public health crises on our business remain uncertain and are difficult to predict.

Macroeconomic conditions may also cause net earnings to fluctuate and diverge from expectations of securities analysts and investors, who may have differing assumptions regarding the impact of these conditions on our business, and this may adversely impact our stock price.

In addition, as governments, investors and other stakeholders face pressures to accelerate actions to address climate change and other environmental, governance and social topics, governments may implement regulations or investors and other stakeholders may adopt new investment policies or otherwise impose new expectations that cause significant shifts in disclosure, commerce and consumption behaviors that may have negative impacts on our business and/or reputation.

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

Substantially all of our revenue is generated from the credit products we provide to customers of our partners pursuant to program agreements 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. For example, in 2021, we announced that we would not be renewing our program agreement with Gap Inc.

Many of the program agreements we have in place with our large partners and national and regional retailer and manufacturer partners are for multi-year terms. These program agreements generally permit our partner to terminate the agreement prior to its scheduled termination date for various reasons, including, in some cases, if we fail to meet certain service levels or change certain key cardholder terms or our credit criteria, we fail to achieve certain targets with respect to approvals of new customers as a result of the credit criteria we use, we elect not to increase the program size when the outstanding loan receivables under the program reach certain thresholds or we are not adequately capitalized, certain force majeure events or changes in our ownership occur, or a material adverse change in our financial condition or a significant change in law occurs. A few programs with national and regional retailer and manufacturer partners also may be terminated at will by the partner on specified notice to us (e.g., several months). In addition, programs with manufacturers, buying groups and industry associations generally are made available to certain partners such as individual retail outlets, dealers and merchants under dealer agreements, which typically may be terminated at will by the partner on short notice to us (e.g., 15 days).

There is significant competition for our existing partners, and our failure to retain our existing larger partner relationships upon the expiration 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 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 the Company 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.

A significant percentage of our interest and fees on loans comes from relationships with a small number of large retail partners, and the loss of any of these partners could adversely affect our business and results of operations.

Our five largest programs based upon interest and fees on loans for the year ended December 31, 2023 were Amazon, JCPenney, Lowe’s, PayPal and Sam’s Club. These programs accounted in aggregate for 55% of our total interest and fees on loans for the year ended December 31, 2023, and 51% of loan receivables at December 31, 2023. Our programs with Lowe's, PayPal, which includes our Venmo program, and Sam's Club, each accounted for more than 10% of our total interest and fees on loans for the year ended December 31, 2023. See “*Our Business—Our Sales Platforms*.”

The program agreements generally permit us or our partner to terminate the agreement prior to its scheduled termination date under various circumstances as described in the preceding risk factor. Some of our program agreements also provide that, upon expiration or termination, our partner may purchase or designate a third party to purchase the accounts and loans generated with respect to its program and all related customer data. The loss of any of our largest partners or a material reduction in the interest and fees we receive from their customers could have a material adverse effect on our results of operations and financial condition.

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. Our business is particularly sensitive to macroeconomic conditions that affect the U.S. economy, consumer spending and consumer credit. For example, during the second half of 2022 and throughout 2023, we experienced moderation in payment rates due to lower consumer savings and other factors. To the extent that payment rates continue to moderate, we could see a decline and/or volatility in purchase volume, as well as increases in our delinquencies, net charge-off rate and allowance for credit losses. The extent of the impacts on U.S. consumer credit from these and other macroeconomic conditions is currently uncertain and dependent on various factors and could have a material adverse effect on our business, results of operations and financial condition.

In addition, we are 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 Health & Wellness platform is more susceptible to increased regulations and legal and other regulatory actions targeted at healthcare related procedures or services, in contrast to other industries. Our business concentration could have an adverse effect on our results of operations.

The CFPB's proposed rule on credit card late fees, if adopted, would likely materially adversely affect our business and results of operations.

On February 1, 2023, the CFPB issued a notice of proposed rulemaking which, if adopted as proposed, would amend regulations to lower the safe harbor dollar amount for credit card late payment fees from the current $30 (adjusted to $41 for each subsequent late payment within the next six billing cycles) to $8 and to cap late fees at 25% of the minimum payment due. The proposed rule, if adopted, would result in a significant reduction of credit card late fees assessed by credit card issuers including the Company. The timing of a final rule is unknown and we continue to closely monitor relevant developments and the impact on our business. For the year ended December 31, 2023, interest income on loan receivables includes fees on loans, which primarily consist of late fees on our credit products, of $2.7 billion, net of reversals. A significant reduction in the late fees the Company charges would reduce our fees on loans and could also impact the competitiveness of our credit products and our ability and willingness to provide certain products and services, or to continue to offer our products to certain customers. Additionally, a significant reduction in the late fee safe harbor would require us to adopt new, or make changes to existing strategies, processes and practices which may be difficult for us to implement due to, among other things, cost, required resource commitment and management attention, partner, customer and other stakeholder acceptance, and operational complexities and dependencies associated with our use of third-party service providers. Further, it will likely take time for such strategies, processes and practices to offset the impact of a significant reduction in the late fees we charge. Our inability to successfully manage these risks could result in harm to our reputation and our brand. If we are unable to continue to charge late fees at the same levels permitted under the current regulatory guidance or effectively offset the impacts of a significant reduction in the late fees we charge, there would be a material adverse effect on our business, results of operations and/or financial condition.

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

Our partners generally accept most major credit cards and various other forms of payment, and therefore our success depends 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 physical and digital point of sale systems, to train their customer facing associates about our products, encourage their customers to apply for, and use, our products and otherwise effectively market our products through all physical and digital channels. In addition, although our programs with national and regional partners typically are exclusive with respect to the credit products we offer at that partner, some programs and most Health & Wellness provider relationships are not exclusive to us, and therefore a partner may choose to promote a competitor's financing over or alongside ours, depending upon cost, availability or attractiveness to consumers or other factors. Typically, we do not have, or utilize, any recourse against these non-exclusive partners when they do not prioritize the promotion of our products. 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, which could disrupt or reduce the use of our products. The failure by our partners to effectively promote and support our products as well as changes they may make in their business models that negatively impact card usage could have a material adverse effect on our business and results of operations. 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 generate new loans and the interest and fees and other income associated with them is dependent upon sales of merchandise and services by our partners. The retail and healthcare industries in which our partners operate are intensely competitive. Our partners compete with retailers and department stores in their own geographic areas, as well as direct to consumer and online or digital sales businesses. Our partners in the healthcare industry compete with other healthcare providers. 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 may be adversely affected by macroeconomic conditions having a national, regional or more local effect on consumer spending, business conditions affecting the general retail environment, such as supply chain disruptions or the ability to maintain sufficient staffing levels, or a particular partner or industry, or 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 their customers. In addition, if a partner closes some or all of its stores or locations, or becomes subject to a voluntary or involuntary bankruptcy proceeding (or if there is a perception that it may become subject to a bankruptcy proceeding), 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 interest and fees on loans comes from relationships with a small number of partners, and the loss of any of these partners could adversely affect our business and results of operations.*" 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 amounts due to us from the partner such as customer returns or customer payments made in partner stores. 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.

Competition in the consumer finance industry is intense.

The success of our business depends on our ability to retain existing partners and attract new partners. The competition for partners is intense and highly competitive across our product set. Our primary competitors for partners include major financial institutions, such as American Express, Bread Financial, Capital One, JPMorgan Chase, Citibank, TD Bank and Wells Fargo, and to a lesser extent, financial technology companies, point-of-sale lending focused companies and potential partners' own in-house financing capabilities. Some of our competitors are substantially larger, have substantially greater resources and may offer a broader range of products and services. In addition, some of our competitors have been acquired by private-equity led consortia, which may expand the level of resources available to these competitors. We compete for partners on the basis of a number of factors, including program financial and other terms, technological capabilities, underwriting capabilities, marketing expertise, service levels, product and service offerings (including incentive and loyalty programs), and integration, brand and reputation. In addition, some of our competitors for partners have a business model that allows for their partners to manage underwriting (e.g., new account approval), customer service and collections, and other core banking responsibilities that we retain but some partners may prefer to handle. As a result of competition, we may be unable to acquire new partners, lose existing relationships to competing companies or find it more costly to maintain our existing relationships.

In addition, new tech-enabled platforms have arisen to support our potential partners in scaling quickly. These include eCarts, e.g., Shopify, Magento, and independent software vendors, e.g., ServiceTitan. Building relationships with and integrating our offerings into these platforms will be important to attract and retain certain types of new merchants (e.g., smaller digital merchants or specialty merchants such as contractors). If our competitors secure and maintain advantaged positions with these platforms, we may be unable to drive growth with merchants that leverage these platforms.

Our success also depends on our ability to attract and retain customers and generate usage of our products by them. The consumer credit and payments industry is highly competitive and we face an increasingly dynamic industry as emerging technologies enter the marketplace. As a form of payment, our products compete with cash, checks, debit cards, general purpose credit cards (including Visa, MasterCard, American Express and Discover Card), various forms of consumer installment loans, other private label card brands and, to a certain extent, prepaid cards and all forms of electronic payments. In the future, we expect our products may face increased competitive pressure to the extent that our products are not, or do not continue to be, accepted in, or compatible with digital wallet technologies such as Apple Pay, Samsung Pay, Android Pay and other similar technologies.

We may also face increased competition from current competitors or others who introduce or embrace disruptive technology that significantly changes the consumer credit and payment industry. We compete for customers and their usage of our products, and to minimize transfers to competitors of our customers' outstanding balances, based on a number of factors, including pricing (interest rates and fees), product offerings, credit limits, incentives (including loyalty programs) and customer service. Although we offer a variety of consumer credit products, some of our competitors provide a broader selection of services, including home and automobile loans and other consumer banking services, which may position them better among customers who prefer to use a single financial institution to meet all of their financial needs. Some of our competitors are substantially larger than we are, which may give those competitors advantages, including a more diversified product and customer base, the ability to reach out to more customers and potential customers, operational efficiencies, more versatile technology platforms, broad-based local distribution capabilities and lower-cost funding. In addition, 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. Non-bank providers of pay-over-time solutions, such as Affirm, Afterpay, Klarna and others, extend consumer credit-like offerings but do not face the same restrictions, such as capital requirements and other regulatory requirements, as banks which also could place us at a competitive disadvantage. In addition, some larger technology focused companies, e.g., Apple and Google, and larger retailers, e.g., Walmart and Target, are now offering financial products sometimes in collaboration with our competitors. Customer attrition from any or all of our credit products or any lowering of the pricing of our products by reducing interest rates or fees in order to retain customers could reduce our revenues and therefore our earnings.

In addition, companies that control access to consumer and merchant payment method choices at the point of sale or through digital wallets, commerce-related experiences, mobile applications or other technologies could choose not to accept, suppress use of, or degrade the experience of using our products. Such companies could also require payments from us to participate in such digital wallets, experiences or applications or negotiate incentives or pricing concessions, impacting our profitability on transactions.

In our retail deposits business, we have acquisition and servicing capabilities similar to other direct banking competitors. We compete for deposits with traditional banks, including separately branded direct banking platforms of traditional banks and other banks that have direct banking models similar to ours, such as Ally Financial, American Express, Barclays, Capital One 360, CIT, Citi, Citizens Bank, Discover, E-Trade and Marcus by Goldman Sachs. Competition among direct banks is intense because online banking provides customers the ability to rapidly deposit and withdraw funds and open and close accounts in favor of products and services offered by competitors. In addition, we compete for deposits with other consumer cash alternatives such as government money market funds offered by brokerages.

If we are unable to compete effectively for partners, customer usage or deposits, our business and results of operations could be materially adversely affected.

We may be unable to successfully develop and commercialize new or enhanced products and services.

Our industry is subject to rapid and significant changes in technologies, products, services and consumer preferences. A key part of our financial success depends on our ability to develop and commercialize new products and services or enhancements to existing products and services, including with respect to loyalty programs, mobile and point-of-sale technologies, and Synchrony-branded bank deposit and credit products. Realizing the benefits of those products and services is uncertain. We may not assign the appropriate level of resources, priority or expertise to the development and commercialization of these new products, services or enhancements. Our ability to develop, acquire or commercialize competitive technologies, products or services on acceptable terms or at all may be limited by intellectual property rights that third parties, including competitors and potential competitors, may assert. In addition, success is dependent on factors such as partner and customer acceptance, adoption and usage, competition, the effectiveness of marketing programs, the availability of appropriate technologies and business processes and regulatory approvals. Success of a new product, service or enhancement also may depend upon our ability to deliver it on a large scale, which may require a significant investment, and we may not realize any benefits for many years.

We also may select, utilize and invest in technologies, products and services that ultimately do not achieve widespread adoption and therefore are not as attractive or useful to our partners, customers and service partners as we anticipate, or partners may not recognize the value of our new products and services or believe they justify any potential costs or disruptions associated with implementing them. In addition, because our products and services typically are marketed through our partners, if our partners are unwilling or unable to effectively implement our new technologies, products, services or enhancements, we may be unable to grow our business. Competitors may also develop or adopt technologies or introduce innovations that change the markets we operate in and make our products less competitive and attractive to our partners and customers.

Our failure to successfully develop and commercialize new or enhanced products, services or enhancements could have a material adverse effect on our business and results of operations.

We may not realize the value of acquisitions, dispositions, strategic investments and strategic initiatives that we pursue and such transactions and initiatives could divert resources or introduce unforeseen risks to our business.

We have and may in the future execute strategic acquisitions, dispositions, partnerships or initiatives or make other strategic investments in businesses, products, technologies or platforms to enhance or grow our business from time to time. For example, we announced the sale of Pets Best in November 2023 and our acquisition of Ally Lending in January 2024. These acquisitions, dispositions and strategic investments may divert management's time and resources, and introduce new costs, operational complexities or liabilities, including as a results of any transition arrangements, which could impact our ability to grow or maintain acceptable performance.

We may be unable to integrate systems, personnel or technologies from our acquisitions and strategic investments. These acquisitions, dispositions and strategic investments may also present unforeseen legal, regulatory or other challenges that we may not be able to manage effectively. The planning and integration of an acquisition, including of a new partner or credit card portfolio, partnership or investment, may shift employee time and other resources which could impair our ability to focus on our core business.

New partnerships, acquisitions, dispositions, strategic investments and strategic initiatives may not perform as expected due to lack of acceptance by partners, customers or employees, higher than forecasted costs or losses, lengthy transition periods, difficulties retaining key personnel, synergies or savings not being realized and a variety of other factors. This may result in a delay or unrealized benefit, or in some cases, increased costs or other unforeseen risks to our business.

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 partners, customers and third parties handling customer information. Our fraud-related operational losses were $288 million, $173 million and $104 million for the years ended December 31, 2023, 2022 and 2021, respectively. Our lending products are susceptible to application fraud, because among other things, we provide immediate access to the credit line at the time of approval. In addition, sales on the internet and through mobile channels are becoming a larger part of our business and pose a greater fraudulent threat than sales made in stores. Dual Cards, general purpose, general purpose co-branded credit cards and private label credit cards are susceptible to different types of fraud, and, depending on our product channel mix, we may continue to experience variations in, or levels of, fraud-related expense that are different from or higher than that experienced by some of our competitors or the industry generally. Our funding products are susceptible to different types of fraud, including transactional fraud given the size of deposit balances.

The risk of fraud continues to increase for the financial services industry in general, and credit card fraud, identity theft and related crimes are likely to continue to be prevalent, and perpetrators are growing more sophisticated. Our resources, technologies and fraud prevention tools may be insufficient to accurately detect and prevent all of the various forms of fraud. High profile fraudulent activity also could negatively impact our brand and reputation, which could negatively impact the use of our cards and thereby have a material adverse effect on our results of operations. In addition, significant increases in fraudulent activity could lead to regulatory intervention (such as increased customer notification requirements), which could increase our costs and also negatively impact our operating results, brand and reputation and could lead us to take additional steps to reduce fraud risk, which could increase our costs.

The failure of third parties to provide various services that are important to our operations could have a material adverse effect on our business and results of operations.

Some services important to our business are outsourced to third-party vendors. For example, our principal technology and related services (including credit card transaction processing, production and related services (including the printing and mailing of customer statements), and the platform for our online retail deposits are handled via a contractual arrangement with Fiserv Solutions LLC (Fiserv). Fiserv, and, in some cases, other third-party vendors, are the sole source or one of a limited number of sources of the services they provide for us. 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), and our business and operations likely would be materially adversely affected. Our principal agreement with Fiserv for technology, production, and online retail deposits services expires in December 2030, unless it is terminated earlier or is extended pursuant to the terms thereof. In addition, if a third-party provider fails to provide the services we require, fails to meet contractual requirements, such as compliance with applicable laws and regulations, or suffers a cyber-attack or other security breach, our business could suffer economic and reputational harm that could have a material adverse effect on our business and results of operations.

As we continue to utilize work from home arrangements, our operations are subject to new and heightened risks.

We have adopted remote work arrangements, on either a full-time or part-time basis, for a majority of our employee population, 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 cyber-attacks 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.

Remote work by a majority of our employee population or not requiring our employees to work in an office on a daily basis 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.

If we are unable to continue to manage the work from home environment effectively to address these and other risks, our reputation and results of operations may be impacted.

Technological Risks

Cyber-attacks or other security breaches could have a material adverse effect on our business.

In the normal course of business, we collect, process and retain sensitive and confidential information regarding our partners and our customers. 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. Although we devote significant resources and management focus to ensuring the integrity of our systems and strength of our processes through information security and business continuity programs, our facilities and systems, and those of our partners and third-party service providers, are nonetheless vulnerable to external or internal security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors, or other similar events. Security incidents or breaches have from time to time occurred and we and our partners and third-party service providers have experienced all of these events in the past and expect to continue to experience them in the future. These events could interrupt our business or operations, result in significant legal and financial exposure, supervisory liability, damage to our reputation and our relationships with our partners and customers, or a loss of confidence in the security of our systems, products and services. Additionally, while we maintain insurance coverage that, subject to applicable terms and condition, may cover certain aspects of cybersecurity and information risks, such insurance coverage may not be sufficient to cover all losses or offset the impact of such events. Although the impact to date from these events has not had a material adverse effect on us, we cannot be sure this will be the case in the future.

Information security risks for large financial institutions like us have increased recently in part because of new or expanded technologies such as artificial intelligence, the expanded use of the internet and telecommunications technologies (including mobile, other connected devices and cloud technologies) to conduct financial and other business transactions, increased remote working dynamics, and the increased sophistication and activities of organized crime, perpetrators of fraud, hackers, terrorists and others. In addition to cyber-attacks or other security breaches involving the theft of sensitive and confidential information, hackers recently have engaged in attacks against large financial institutions that are designed to disrupt key business services, such as consumer-facing web sites, via increasing use of ransomware technologies. Our business performance and marketing efforts may increase our profile and therefore our risk of being targeted for cyber-attacks and other security breaches, including attacks targeting our key business services, websites, executives, and partners. We are not able to anticipate or implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently and because attacks can originate from a wide variety of sources. We employ detection, prevention and response mechanisms designed to identify, contain and mitigate security incidents, but early detection may be thwarted by sophisticated attacks and malware designed to avoid detection.

We also face risks related to cyber-attacks and other security breaches in connection with credit card and deposit transactions that typically involve the transmission of sensitive information regarding our customers through various third-parties, including our partners, retailers that are not our partners where our Dual Cards and general purpose co-branded credit cards are used, merchant acquiring banks, payment processors, card networks (e.g., Visa and MasterCard) and our processors (e.g., Fiserv). Some of these parties have in the past been the target of security breaches and cyber-attacks, and because the transactions involve third parties and environments such as the point of sale that we neither control nor have the ability to secure, future security breaches or cyber-attacks affecting any of these third parties could impact us through no fault of our own, and in some cases, we may have exposure and suffer losses for breaches or attacks relating to them. We also rely on numerous other third-party service providers to conduct other aspects of our business operations and face similar risks relating to them. While we regularly conduct security assessments of critical third-party service providers using a risk based methodology, we cannot be completely sure that their information security protocols will be sufficient enough to withstand all forms of cyber-attacks or other security breaches.

The access by unauthorized persons to, or the improper disclosure by us of, confidential information regarding our customers or our own proprietary information, software, methodologies and business secrets could interrupt our business or operations, result in significant legal and financial exposure, regulatory limitations and liability, damage to our reputation or a loss of confidence in the security of our systems, products and services, all of which could have a material adverse impact on our business, financial condition and results of operations. In addition, there have been a number of well-publicized cyber-attacks or breaches directed at others in our industry that have heightened concern by consumers generally about the security of using credit cards, which have caused some consumers, including our customers, to use our credit cards less in favor of alternative methods of payment and has led to increased regulatory focus on, and new regulations relating to, these matters. Further cyber-attacks or other breaches in the future, whether affecting us or others, could intensify consumer concern and regulatory focus and result in reduced use of our cards or other products and increased costs arising from, among other things new regulatory requirements relating to data security, all of which could have a material adverse effect on our business.

Disruptions in the operation of our and our outsourced partners' technology environments could have a material adverse effect on our business.

Our ability to deliver products and services to our partners and our customers, service our loans and otherwise operate our business and comply with applicable laws depends in large part on the efficient and uninterrupted operation of our computer systems, on premises data centers and cloud-based capabilities, as well as those of our partners and third-party service providers. Service interruptions in certain of these environments may be encountered at any time due to system or software failure resulting from events such as, extreme weather conditions, natural disasters, cyber-attacks or other reasons. In addition, climate change may exacerbate certain of these threats, including the frequency and severity of weather-related events and other natural disasters, The implementation of technology changes and upgrades to maintain current and integrate new systems, such as our efforts to migrate certain operations to third-party cloud infrastructure platforms, may expose us to increasing risk of service interruptions, transaction processing errors and system conversion delays, including as a result of cyber or information security incidents, and may cause our failure to comply with applicable laws, all of which could have a material adverse effect on our business.

We expect that new technologies and business processes applicable to the consumer credit industry will continue to emerge, and these new technologies and business processes may be better than those we currently use. The pace of technology change is rapid and our industry is intensely competitive, and we cannot assure you that we will be able to timely deploy in new technologies as critical systems and applications become obsolete and better ones become available or implement adequate controls to manage the risks associated with these technologies. A failure to maintain current technology and business processes or effectively implement and maintain new technologies and business processes, could cause disruptions in our operations or cause our products and services to be less competitive, all of which could have a material adverse effect on our business, financial condition and results of operations.

Financial Risks

Our allowance for credit losses may prove to be insufficient to cover losses on our loans.

We maintain an allowance for credit losses (a reserve established through a provision for credit losses charged to expense) that we believe is appropriate to provide for expected credit losses for the life of our loan portfolio. In addition, for portfolios we acquire when we enter into new partner program agreements we are required to establish an allowance for expected credit losses for the life of the acquired loan portfolio. Any subsequent deterioration in the performance of the purchased portfolios after acquisition results in incremental credit loss reserves. Growth in our loan portfolio generally would also lead to an increase in the 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. We utilize an impairment model in accordance with ASU 2016-13, Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments, known as the CECL model. The CECL model requires, upon origination of a loan, the recognition of all expected credit losses over the life of the loan based on historical experience, current conditions and reasonable and supportable forecasts. Changes in economic conditions affecting borrowers, new information regarding our loans and other factors, both within and outside of our control, may require an increase in the allowance for credit losses. We may underestimate our expected losses and fail to maintain an allowance for credit losses sufficient to account for these losses. In cases where we modify a loan, if the modified loans do not perform as anticipated, we may be required to establish additional allowances on these loans.

We will continue to periodically review and update our current methodology, models and the underlying assumptions, estimates and assessments we use to establish our allowance for credit losses to reflect our view of current conditions and reasonable and supportable forecasts. Moreover, our regulators, as part of their supervisory function, periodically review our methodology, models and the underlying assumptions, estimates and assessments we use for calculating, and the adequacy of, our allowance for credit losses. Our regulators, based on their judgment, may conclude that we should modify our current methodology, models or the underlying assumptions, estimates and assessments, increase our allowance for credit losses and/or recognize further losses. We will implement further enhancements or changes to our methodology, models and the underlying assumptions, estimates and assessments, as needed.

We cannot assure you that our credit loss reserves will be sufficient to cover actual losses. Future increases in the allowance for credit losses or actual losses (as a result of any review, update, regulatory guidance or otherwise) will result in a decrease in net earnings and capital and could have a material adverse effect on our business, results of operations and financial condition.

If assumptions or estimates we use in preparing our financial statements, including those related to the CECL accounting guidance, are incorrect or are required to change, our reported results of operations and financial condition may be adversely affected.

We are required to make various assumptions and estimates in preparing our financial statements under GAAP, including for purposes of determining our allowance for credit losses, asset impairment, reserves related to litigation and other legal matters, valuation of income and other taxes and regulatory exposures and the amounts recorded for certain contractual payments to be paid to or received from partners and others under contractual arrangements. Our most critical estimate used in preparing our financial statements is the determination of our allowance for credit losses, which was $10.6 billion at December 31, 2023. Upon origination of a loan, the estimate of expected credit losses, and any subsequent changes to such estimate, are recorded through provision for credit losses in our Consolidated Statements of Earnings. As a result, any subsequent changes we make to our underlying assumptions and estimates may result in a material adverse impact to our results of operations and the Company’s ability to return capital to our shareholders. In addition, significant assumptions and estimates are involved in determining certain disclosures required under GAAP, including those involving the fair value of our financial instruments. If the assumptions or estimates underlying our financial statements are incorrect or are required to change, the actual amounts realized on transactions and balances subject to those estimates will be different, and this could have a material adverse effect on our results of operations and financial condition.

For additional information on the key areas for which assumptions and estimates are used in preparing our financial statements, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates*” and Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our consolidated financial statements.

Adverse financial market conditions or our inability to effectively manage our funding and liquidity risk could have a material adverse effect on our funding, liquidity and ability to meet our 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, 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. If we do not have sufficient liquidity, we may not be able to meet our 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 refinance any existing debt and finance growth of our business. 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, consumers' willingness to place money on deposit in the Bank, 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 periods of financial stress and other economic and political conditions in the global markets and concerning 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 conditions.

In addition, at December 31, 2023, we had an aggregate of $3.0 billion of undrawn credit facilities, subject to customary borrowing conditions, from private lenders under our securitization programs and an unsecured revolving credit facility. Our ability to draw on such commitments is subject to the satisfaction of certain conditions, including the applicable securitization trust having sufficient collateral to support the draw and the absence of an early amortization event. Moreover, there are regulatory reforms that have been proposed or adopted in the United States and internationally that are intended to address certain issues that affected banks in the last financial crisis. These reforms, generally referred to as "Basel III," subject banks to more stringent capital, liquidity and leverage requirements. To the extent that the Basel III requirements result in increased costs to the banks providing undrawn committed capacity under our securitization programs, these costs are likely to be passed on to us. In addition, in response to Basel III, some banks in the market (including certain of the private lenders in our securitization programs) have added provisions to their credit agreements permitting them to delay disbursement of funding requests for 30 days or more. If our bank lenders require delayed disbursements of funding and/or higher pricing for committing undrawn capacity to us, our cost of funding and access to liquidity could be adversely affected.

While financial market conditions are generally stable, there can be no assurance that significant disruptions, uncertainties and volatility will not occur in the future. If we are unable to continue to finance our business, access capital markets 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.

Our inability to maintain or grow our deposits in the future could materially adversely affect our liquidity and ability to grow our business.

We obtain deposits directly from retail and commercial customers or through brokerage firms that offer our deposit products to their customers. At December 31, 2023, we had $67.0 billion in direct deposits and $14.2 billion in deposits originated through brokerage firms (including network deposit sweeps procured through a program arranger who channels brokerage account deposits to us). A key part of our liquidity plan and funding strategy is to continue to fund our growth through direct deposits.

The deposit business is highly competitive, with intense competition in attracting and retaining deposits. We compete on the basis of the rates we pay on deposits, features and benefits of our products, the quality of our customer service and the competitiveness of our digital banking capabilities. Our ability to originate and maintain retail deposits is also highly dependent on the products we offer, the strength of the Bank and the perceptions of consumers and others of our business practices and our financial health. Adverse perceptions regarding our reputation could lead to difficulties in attracting and retaining deposits accounts. Negative public opinion could result from actual or alleged conduct in a number of areas, including lending practices, the composition of our deposit base, regulatory compliance, inadequate protection of customer information or sales and marketing activities, and from actions taken by regulators or others in response to such conduct.

The demand for the deposit products we offer may also be reduced due to a variety of factors, such as demographic patterns, macroeconomic shocks, significant changes in the level of interest rates, changes in customer preferences, reductions in consumers' disposable income, regulatory actions that decrease customer access to particular products or the availability of competing products which may offer more features or perceived benefits than the Bank's products. Competition from other financial services firms and others that use deposit funding products may affect deposit renewal rates, costs or availability. Changes we make to the rates offered on our deposit products may affect our profitability and liquidity.

In 2022, we launched a partnership with PayPal Holdings Inc. to offer demand savings accounts exclusively to PayPal customers. This, and other future affiliate banking products, could become important sources of funding and liquidity to the Bank. To the extent such partnerships are dissolved, the Bank may need to find suitable replacement sources of that funding and liquidity at potentially higher costs.

The Federal Deposit Insurance Act (the "FDIA") prohibits an insured bank from accepting brokered deposits or offering interest rates on any deposits significantly higher than the prevailing rate in the bank's normal market area or nationally (depending upon where the deposits are solicited), unless it is "well capitalized," or it is "adequately capitalized" and receives a waiver from the FDIC. A bank that is "adequately capitalized" and accepts brokered deposits under a waiver from the FDIC 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 at December 31, 2023, the Bank met or exceeded all applicable requirements to be deemed "well capitalized" for purposes of the FDIA. However, there can be no assurance that the Bank will continue to meet those requirements. Limitations on the Bank's 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 funding costs and liquidity. Any limitation on the interest rates the Bank can pay on deposits could competitively disadvantage us in attracting and retaining deposits and have a material adverse effect on our business.

Changes in market interest rates could have a material adverse effect on our net earnings, funding and liquidity.

Changes in market interest rates cause our net interest income to increase or decrease, as certain of our assets and liabilities carry interest rates that fluctuate with market benchmarks. At December 31, 2023, 62% of our loan receivables were priced at a fixed interest rate to the customer, with the remaining 38% at a floating interest rate. We fund our assets with a combination of fixed rate and floating rate funding sources that include deposits, asset-backed securities and unsecured debt. The interest rate benchmark for our floating rate assets and the interest rate benchmark for our floating rate liabilities could reset at different times or could diverge, leading to mismatches in the interest rates on our floating rate assets and floating rate liabilities.

Competitive and regulatory factors may limit our ability to raise interest rates on our loans. In addition, some of our program agreements limit the rate of interest we can charge to customers. If interest rates were to rise materially over a sustained period of time, like we experienced during 2022 and 2023, and we are unable to sufficiently raise our interest rates in a timely manner, or at all, our net interest margin could be adversely impacted, which could have a material adverse effect on our net earnings.

Interest rates may also adversely impact our customers' spending levels and ability and willingness to pay amounts owed to us. Our floating rate credit products bear interest at rates that fluctuate with the prime rate. Higher interest rates often lead to higher payment obligations by customers to us and other lenders under mortgage, credit card and other consumer loans, which may reduce our customers' ability to remain current on their obligations to us and therefore lead to increased delinquencies, bankruptcies, charge-offs, allowances for credit losses, and decreasing recoveries, all of which could have a material adverse effect on our net earnings.

Changes in interest rates and competitor responses to these changes may also impact customer decisions to maintain deposits with us, and reductions in deposits could materially adversely affect our funding costs and liquidity.

We assess our interest rate risk by estimating the net interest income impact of various interest rate scenarios. We take risk mitigation actions based on those assessments. Changes in interest rates could materially reduce our net interest income and our net earnings, and could also increase our funding costs and reduce our liquidity, especially if actual conditions turn out to be materially different from our assumptions. For a discussion of interest rate risk sensitivities, see "*Quantitative and Qualitative Disclosures About Market Risk—Interest Rate Risk*."

A reduction in our credit ratings could materially increase the cost of our funding from, and restrict our access to, the capital markets.

Synchrony's senior unsecured debt currently is rated BBB- (positive outlook) by Fitch Ratings, Inc. (“Fitch”) and BBB- (stable outlook) by Standard & Poor’s (“S&P”). The Bank’s senior unsecured debt currently is rated BBB- (stable outlook) by Fitch and BBB (stable outlook) by S&P. Although we have not requested that Moody’s Investor Services, Inc. (“Moody’s”) provide a rating for our senior unsecured debt, we believe that if Moody’s were to issue a rating on our unsecured debt, its rating may be lower than the comparable ratings issued by Fitch and S&P. The ratings for our unsecured debt are based on a number of factors, including our financial strength, as well as factors that may not be within our control, such as macroeconomic conditions and the rating agencies’ perception of the industries in which we operate and the products we offer. The ratings of our asset-backed securities are, and will continue to be, based on a number of factors, including the quality of the underlying loan receivables and the credit enhancement structure with respect to each series of asset-backed securities, as well as our credit rating as sponsor and servicer of our publicly registered securitization trust. These ratings also reflect the various methodologies and assumptions used by the rating agencies, which are subject to change and could adversely affect our ratings. The rating agencies regularly evaluate our credit ratings as well as the credit ratings of our asset-backed securities. A downgrade in our unsecured debt or asset-backed securities credit ratings (or investor concerns that a downgrade may occur) could materially increase the cost of our funding from, and restrict our access to, the capital markets.

If the ratings on our asset-backed securities are reduced, put on negative watch or withdrawn, it may have an adverse effect on the liquidity or the market price of our asset-backed securities and on the cost of, or our ability to continue using, securitized financings to the extent anticipated.

Our inability to securitize our loan receivables would have a material adverse effect on our business, liquidity, cost of funds and financial condition.

We use the securitization of loan receivables, which involves the transfer of loan receivables to a trust and the issuance by the trust of asset-backed securities to third-party investors, as a significant source of funding. Our average level of securitized financings from third parties was $6.3 billion and $6.5 billion for the years ended December 31, 2023 and 2022, respectively. For a discussion of our securitization activities, see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Funding, Liquidity and Capital Resources—Funding Sources—Securitized Financings*” and Note 5. *Variable Interest Entities* to our consolidated financial statements.

There can be no assurance that the securitization market for credit cards will not experience future disruptions. The extent to which we securitize our loan receivables in the future will depend in part upon the conditions in the securities markets in general and the credit card asset-backed securities market in particular, the availability of loan receivables for securitization, the overall credit quality of our loan receivables and the conformity of the loan receivables and our securitization program to rating agency requirements, the costs of securitizing our loan receivables, and the legal, regulatory, accounting and tax requirements governing securitization transactions. In the event we are unable to refinance existing asset-backed securities with new or other existing asset-backed securities, we would be required to rely on other sources of funding, which may not be available or may be available only at higher cost. Further, in the event we are unable to refinance existing asset-backed securities from our nonbank subsidiary securitization trust with new or other existing securities from the same trust, there are structural and regulatory constraints on our ability to refinance these asset-backed securities with Bank deposits or other funding at the Bank, and therefore we would be required to rely on sources outside of the Bank, which may not be available or may be available only at higher cost. A prolonged inability to securitize our loan receivables on favorable terms, or at all, or to refinance our asset-backed securities would have a material adverse effect on our business, liquidity, cost of funds and financial condition.

The occurrence of an early amortization of our securitization facilities would have a material adverse effect on our liquidity and cost of funds.

Our liquidity would be materially adversely affected by the occurrence of events resulting in the early amortization of our existing securitized financings. During an early amortization period, principal collections from the loan receivables in our asset-backed securitization trust in which the early amortization event occurred would be applied to repay principal of the trust's asset-backed securities rather than being available on a revolving basis to fund purchases of newly originated loan receivables. This would negatively impact our liquidity, including our ability to originate new loan receivables under existing accounts, and require us to rely on alternative funding sources, which might increase our funding costs or might not be available when needed.

Our loss of the right to service or subservice our securitized loan receivables would have a material adverse effect on our liquidity and cost of funds.

Synchrony currently acts as servicer with respect to our nonbank subsidiary securitization trust, and the Bank acts as servicer with respect to our other two securitization trusts. If Synchrony or the Bank, as applicable, defaults in its servicing obligations, an early amortization event could occur with respect to the relevant asset-backed securities and/or Synchrony or the Bank, as applicable, could be replaced as servicer. Servicer defaults include, for example, the failure of the servicer to make any payment, transfer or deposit in accordance with the securitization documents, a breach of representations, warranties or agreements made by the servicer under the securitization documents, the delegation of the servicer's duties contrary to the securitization documents and the occurrence of certain insolvency events with respect to the servicer. Such an early amortization event would have the adverse consequences discussed in the immediately preceding risk factor.

If either Synchrony or the Bank defaults in its servicing obligations with respect to any of our three securitization trusts, a third party could be appointed as servicer of such trust. If a third-party servicer is appointed, there is no assurance that the third party will engage us as sub-servicer, in which event we would no longer be able to control the manner in which the related trust's assets are serviced, and the failure of a third party to appropriately service such assets could lead to an early amortization event in the affected securitization trust, which would have the adverse consequences discussed in the immediately preceding risk factor.

Lower payment rates on our securitized loan receivables could materially adversely affect our liquidity and financial condition.

Certain collections from our securitized loan receivables come back to us through our subsidiaries, and we use these collections to fund our purchase of newly originated loan receivables to collateralize our securitized financings. If payment rates on our securitized loan receivables 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.

We rely extensively on models in managing many aspects of our business, and if they are not accurate or are misinterpreted, it could have a material adverse effect on our business and results of operations.

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 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 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 wrong or sub-optimal decisions in managing our business and/or provide inaccurate or misleading information to the public or our regulators, and this could have a material adverse effect on our business, results of operations and financial condition.

Our business depends on our ability to successfully manage our credit risk, and failing to do so may result in high charge-off rates.

Our success depends on our ability to manage our credit risk while attracting new customers with profitable usage patterns. We select our customers, manage their accounts and establish terms and credit limits using proprietary scoring models, data and other analytical techniques that are designed to set terms and credit limits to appropriately compensate us for the credit risk we accept, while encouraging customers to use their available credit. The models and approaches we use to manage our credit risk may not accurately predict future charge-offs for various reasons discussed in the preceding risk factors.

Our ability to manage credit risk and avoid high charge-off rates also may be adversely affected by economic conditions that may be difficult to predict, such as the last financial crisis. The assessment of our credit profile includes the evaluation of portfolio mix, account maturation, as well as broader consumer trends, such as payment behavior and overall indebtedness. See "*Management's Discussion and Analysis—Results of Operations—Business Trends and Conditions*" for further discussion of our expectations of future credit trends, in the near term. Credit trends may deteriorate materially from our expectations if economic conditions were to deteriorate beyond what we currently expect.

In addition, we remain subject to conditions in the consumer credit environment. Our credit underwriting and risk management strategies are used to manage our credit exposures; however, there can be no assurance that those will enable us to avoid high charge-off levels or delinquencies, or that our allowance for credit losses will be sufficient to cover actual losses.

A customer's ability to repay us can be negatively impacted by increases in their payment obligations to other lenders under mortgage, credit card and other loans (including student and auto loans). These changes can result from increases in base lending rates, structured increases in payment obligations, or the resumption of payments post deferral, and could reduce the ability of our customers to meet their payment obligations to other lenders and to us. In addition, a customer's ability to repay us can be negatively impacted by the restricted availability of credit to consumers generally, including reduced and closed lines of credit. Customers with insufficient cash flow to fund daily living expenses and lack of access to other sources of credit may be more likely to increase their card usage and ultimately default on their payment obligations to us, resulting in higher credit losses in our portfolio. Our collection operations may not compete effectively to secure more of customers' diminished cash flow than our competitors. We may not identify customers who are likely to default on their payment obligations to us and reduce our exposure by closing credit lines and restricting authorizations quickly enough, which could have a material adverse effect on our business, results of operations and financial condition. In addition, our collection strategy depends in part on the sale of debt to third-party buyers. Regulatory or other factors may adversely affect the pricing of our debt sales or the performance of our third-party buyers, which may result in higher credit losses in our portfolio. At December 31, 2023, 27% of our loan receivables were from customers with a VantageScore credit score of 650 or less (excluding unrated accounts), who typically have higher delinquency and credit losses than consumers with higher credit scores.

Our ability to manage credit risk also may be adversely affected by legal or regulatory changes (such as bankruptcy laws and minimum payment regulations) and collection regulations, competitors' actions and consumer behavior, as well as inadequate collections staffing, techniques, models and performance of vendors such as collection agencies.

We may not be able to offset increases in our costs with decreased payments under our retailer share arrangements, which could reduce our profitability.

Most of our program agreements with larger retailers and certain other program agreements contain retailer share arrangements that provide for payments to our partners if the economic performance of the relevant program exceeds a contractually defined threshold. Although the share arrangements vary by partner, these arrangements are generally structured to measure the economic performance of the program, based typically on agreed upon program revenues (including interest income and certain other income) less agreed upon program expenses (including interest expense, provision for credit losses, retailer payments and operating expenses), and share portions of this amount above a negotiated threshold. These arrangements are typically designed to permit us to achieve an economic return before we are required to make payments to our partners based on the agreed contractually defined threshold. However, because the threshold and the economic performance of a program that are used to calculate payments to our partners may be based on, among other things, agreed upon measures of program expenses rather than our actual expenses, we may not be able to pass on increases in our actual expenses (such as funding costs, higher provision for credit losses or operating expenses) in the form of reduced payments under our retailer share arrangements, and our economic return on a program could be adversely affected. While most of our agreements contain retailer share arrangements, in some cases, where we instead provide other economic benefits to our partners such as royalties on purchase volume or payments for new accounts (for example, on our co-branded credit cards), our ability to offset increases in our costs is limited.

Reductions in interchange fees and changes to the regulations governing such fees, could have a material adverse impact on our business and results of operations.

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 Dual Card and general purpose co-branded 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. 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. We received $1.0 billion of interchange fees for the year ended December 31, 2023. 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 Dual Cards and general purpose co-branded 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.

Legal Risks

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 the Philippines, 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. For example, the Philippines has in the past experienced severe political and social instability. Any future political or social instability in the countries in which we operate could have a material adverse effect on our business operations.

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.

If we are alleged to have infringed upon the intellectual property rights owned by others or are not able to protect our intellectual property, our business and results of operations could be adversely affected.

Competitors or other third parties may allege that we, or consultants or other third parties retained or indemnified by us, infringe on their intellectual property rights. We also may face allegations that our employees have misappropriated intellectual property of their former employers or other third parties. Given the complex, rapidly changing and competitive technological and business environment in which we operate, and the potential risks and uncertainties of intellectual property-related litigation, an assertion of an infringement claim against us may cause us to spend significant amounts to defend the claim (even if we ultimately prevail), pay significant money damages, lose significant revenues, be prohibited from using the relevant systems, processes, technologies or other intellectual property, cease offering certain products or services, or incur significant license, royalty or technology development expenses. Moreover, it has become common in recent years for individuals and groups to purchase intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from companies like ours. Even in instances where we believe that claims and allegations of intellectual property infringement against us are without merit, defending against such claims is time consuming and expensive and could result in the diversion of time and attention of our management and employees. In addition, although in some cases a third party may have agreed to indemnify us for such costs, such indemnifying party may refuse or be unable to uphold its contractual obligations.

Moreover, we rely on a variety of measures to protect our intellectual property and proprietary information, including copyrights, trademarks, patents, trade secrets and controls on access and distribution. These measures may not prevent misappropriation or infringement of our intellectual property or proprietary information and a resulting loss of competitive advantage, and in any event, we may be required to litigate to protect our intellectual property and proprietary information from misappropriation or infringement by others, which is expensive, could cause a diversion of resources and may not be successful. Third parties may challenge, invalidate or circumvent our intellectual property, or our intellectual property may not be sufficient to provide us with competitive advantages. Our competitors or other third parties may independently design around or develop similar technology, or otherwise duplicate our services or products such that we could not assert 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.

Litigation, regulatory actions and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and/or requirements resulting in increased expenses.

Our business is subject to increased risks of litigation and regulatory actions as a result of a number of factors and from various sources, including the highly regulated nature of the financial services industry, the focus of state and federal prosecutors on banks and the financial services industry and the structure of the credit card industry.

In the normal course of business, from time to time, we have been named as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with our business activities. Certain of the legal actions include claims for substantial compensatory and/or punitive damages, or claims for indeterminate amounts of damages. In addition, while historically the arbitration provision in our customer agreements generally has limited our exposure to consumer class action litigation, there can be no assurance that we will be successful in enforcing our arbitration clause in the future. There may also be legislative or other efforts to directly or indirectly prohibit the use of pre-dispute arbitration clauses, or we may be compelled as a result of competitive pressure or reputational concerns to voluntarily eliminate pre-dispute arbitration clauses. If the arbitration provision is not enforceable or eliminated (for whatever reason), our exposure to class action litigation could increase significantly. Even if our arbitration clause remains enforceable, we may be subject to mass arbitrations in which large groups of consumers bring arbitrations against the Company simultaneously.

We are also involved, from time to time, in reviews, investigations and proceedings (both formal and informal) by governmental agencies regarding our business (collectively, “regulatory matters”), which could subject us to significant fines, penalties, obligations to change our business practices or other requirements resulting in increased expenses, diminished earnings and damage to our reputation. The current environment of additional regulation, increased regulatory compliance efforts and enhanced regulatory enforcement has resulted in significant operational and compliance costs and may prevent or make it less attractive for us to continue providing certain products and services. There is no assurance that these regulatory matters or other factors will not, in the future, affect how we conduct our business and in turn have a material adverse effect on our business, results of operations and financial condition.

We contest liability and/or the amount of damages as appropriate in each pending matter. The outcome of pending and future matters could be material to our results of operations, financial condition and cash flows depending on, among other factors, the level of our earnings for that period, and could adversely affect our business and reputation. For a discussion of certain legal proceedings, see “*Regulation—Consumer Financial Services Regulation,*” and Note 17. *Legal Proceedings and Regulatory Matters* to our consolidated financial statements.

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.

General Risks

Damage to our reputation could negatively impact our business.

Maintaining a positive reputation is critical to our attracting and retaining customers, partners, investors and employees. In particular, adverse perceptions regarding our reputation could also make it more difficult for us to execute on our strategy of increasing retail deposits at the Bank and may lead to decreases in deposits. Harm to our reputation can arise from many sources, including employee misconduct, misconduct by our partners, outsourced service providers or other counterparties, litigation or regulatory actions, failure by us or our partners to meet minimum standards of service and quality, inadequate protection of customer information and compliance failures. Negative publicity regarding us (or others engaged in a similar business or activities), whether or not accurate, may damage our reputation, which could have a material adverse effect on our business, results of operations and financial condition.

Our risk management processes and procedures may not be effective in mitigating our risks.

Our risk management processes and procedures seek to appropriately balance risk and return and mitigate risks. We have established processes and procedures intended to identify, measure, monitor and control the types of risk to which we are subject, including credit risk, market risk, liquidity risk, operational risk (including compliance risk), strategic risk, and reputational risk. Credit risk is the risk of loss that arises when an obligor fails to meet the terms of an obligation. We are exposed to both consumer credit risk, from our customer loans, and institutional credit risk, principally from our partners. Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, correlations or other market factors will result in losses for a position or portfolio. Liquidity risk is the risk that financial condition or overall safety and soundness are adversely affected by an inability, or perceived inability, to meet obligations and support business growth. Operational risk is the risk of loss arising from inadequate or failed processes, people or systems, external events (e.g., natural disasters) or compliance, reputational or legal matters and includes those risks as they relate directly to us as well as to third parties with whom we contract or otherwise do business. Strategic risk is the risk from changes in the business environment, improper implementation of decisions or inadequate responsiveness to changes in the business environment. Reputational risk is the risk arising from negative perception on the part of customers, counterparties, shareholders, investors, rating agencies, regulators and employees that can adversely affect the Company’s ability to maintain existing talent and customers and establish new business relationships with continued access to sources of funding. See “*Our Business—Credit Risk Management*” and “*Risks—Risk Management*” for additional information on the types of risks affecting our business.

We seek to monitor and control our risk exposure through a framework that includes our Risk Appetite Statement (RAS), Enterprise Risk Assessment (ERA) process, risk policies, procedures and controls, reporting requirements, and corporate culture and values in conjunction with the risk management accountability incorporated into our integrated Risk Management Framework, which includes our governance structure and three distinct Lines of Defense. Management of our risks in some cases depends upon the use of analytical and/or forecasting models. If the models that we use to manage these risks are ineffective at predicting future losses or are otherwise inadequate, we may incur unexpected losses or otherwise be adversely affected. In addition, the information we use in managing our credit and other risk may be inaccurate or incomplete as a result of error or fraud, both of which may be difficult to detect and avoid. There may also be risks that exist, or that develop in the future, that we have not appropriately anticipated, identified or mitigated including when processes are changed or new products and services are introduced. If our Risk Management Framework does not effectively identify and control our risks, we could suffer unexpected losses or be adversely affected, and that could have a material adverse effect on our business, results of operations, and financial condition.

Our business could be adversely affected if we are unable to attract, retain, motivate and develop key officers and employees.

Our success depends, in large part, on our ability to retain, recruit and motivate key officers and employees. Specifically, our ability to remain competitive with our peers, manage our business effectively and to execute our strategic plans and initiatives depends on our ability to attract, retain, motivate and develop key officers and employees, as well as manage the costs of employee compensation and benefits within budget. Our senior management team has significant industry experience and would be difficult to replace. Competition for senior executives and other key talent in the financial services and payment industry has been intense and may further increase. We may not be able to attract and retain qualified personnel to replace or succeed members of our senior management team or other key personnel, particularly if we do not offer employment terms that are competitive with the rest of the labor market. Guidelines issued by the federal banking regulators prohibits our payment of "excessive" compensation, or compensation that could lead to our material financial loss, to our executives, employees, and directors. In addition, proposed rules implementing the executive compensation provisions of the Dodd-Frank Act would limit the type and structure of compensation arrangements that we may enter into with our senior executives and persons deemed "significant risk-takers." These restrictions could negatively impact our ability to compete with other companies in recruiting, retaining and motivating key personnel. Failure to retain talented senior leadership 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 operate in multiple jurisdictions and we are subject to tax laws and regulations of the U.S. federal, state and local governments, and of various foreign jurisdictions. From time to time legislative initiatives may be proposed, which may impact our effective tax rate and could adversely affect our deferred tax assets, tax positions and/or our tax liabilities, if enacted. In addition, U.S. federal, state and local, as well as 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 relevant tax authorities or that we would be successful in defending our positions in connection with any such challenge.

State sales tax rules and regulations, and their application and interpretation by the respective states, could change and adversely affect our results of operations.

State sales tax rules and regulations, and their application and interpretation by the respective states, could adversely affect our results of operations. Retailers collect sales tax from retail customers and remit those collections to the applicable states. When customers fail to repay their loans, including the amount of sales tax advanced by us to the merchant on their behalf, we are entitled, in some cases, to seek a refund of the amount of sales tax from the applicable state. Sales tax laws and regulations enacted by the various states are subject to change and interpretation, and our compliance with such laws is routinely subject to audit and review by the states. Audit risk is concentrated in several states, and these states are conducting ongoing audits. The outcomes of ongoing and any future audits and changes in the states' interpretation of the sales tax laws and regulations involving the recovery of tax on bad debts could materially adversely impact our results of operations.

See "*Regulation—Risk Factors Relating to Regulation*" on page 99 for additional risk factors.

Risk Management

Strong risk management is at the core of our business strategy and we have developed processes to manage the major categories of risk, namely credit, market, liquidity, operational (including compliance), strategic and reputational risk (considered across all risk types).

As described in greater detail below under "—*Risk Management Roles and Responsibilities*," we manage enterprise risk using an integrated framework that includes board-level oversight, administration by a group of cross-functional management committees, and day-to-day implementation by a dedicated risk management team led by the Chief Risk Officer ("CRO") a role currently held by our Chief Risk and Legal Officer. We also utilize the "Three Lines of Defense" risk management model to demonstrate and structure the roles, responsibilities and accountabilities in the organization for taking and managing risk. The Risk Committee of the Board of Directors has responsibility for the oversight of the risk management program, and three other board committees have other oversight roles with respect to risk management. Several management committees and subcommittees have important roles and responsibilities in administering the risk management program, including the Enterprise Risk Management Committee (the "ERMC"), the Management Committee (the "MC"), the Asset and Liability Management Committee (the "ALCO") and the Capital Management Committee (the "CMC"). This committee-focused governance structure provides a forum through which risk expertise is applied cross-functionally to all major decisions, including development of policies, processes and controls used by the CRO and risk management team to execute the risk management philosophy.

The enterprise risk management philosophy is to ensure that all relevant risks are appropriately identified, measured, monitored and controlled. The approach in executing this philosophy focuses on leveraging risk expertise to drive enterprise risk management using a strong governance framework structure, a comprehensive enterprise risk assessment program and an effective risk appetite framework.

Risk Categories

Risk management is organized around six major risk categories: credit risk, market risk, liquidity risk, operational risk (including compliance), strategic risk, and reputational risk. We evaluate the potential impact of a risk event on us (including subsidiaries) by assessing the partner and customer, financial, reputational, legal and regulatory impacts.

Credit Risk

Credit risk is the risk of loss that arises when an obligor fails to meet the terms of a contract and/or the underlying collateral is insufficient to satisfy the obligation. Credit risk includes exposure to consumer credit risk from customer loans as well as institutional credit risk, principally from our partners. Consumer credit risk is one of our most significant risks. See "*Our Business—Credit Risk Management*" for a description of the customer credit risk management procedures.

Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, correlations or other market factors will result in losses for a position or portfolio. The principal market risk exposures arise from volatility in interest rates and their impact on economic value, capitalization levels and earnings. Market risk is managed by the ALCO, and is subject to policy and risk appetite limits on sensitivity of both earnings at risk and the economic value of equity. Market risk metrics are reviewed by ALCO monthly, the Risk Committee on a quarterly basis and the Board of Directors as required.

Liquidity Risk

Liquidity risk is the risk that an institution's financial condition or overall safety and soundness are adversely affected by a real or perceived inability to meet contractual obligations and support planned growth. 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 us and the Bank (and other entities within our business, as applicable) to ensure that sufficient liquid assets are available to survive liquidity stresses over a specified time period. Our Risk Appetite Statement requires funding diversification, monitoring early warning indicators in the capital markets, and other related limits. ALCO reviews liquidity exposures continuously in the context of approved policy and risk appetite limits and reports results quarterly to the Risk Committee, and the Board of Directors as required.

Operational Risk

Operational risk is the risk of loss arising from inadequate or failed processes, people or systems, external events (such as natural disasters or cyber-attacks) or compliance, reputational or legal matters, and includes any of those risks as they relate directly to us and our subsidiaries, as well as to third parties with whom we contract or otherwise do business. Compliance risk arises from the failure to adhere to applicable laws, rules, regulations and internal policies and procedures. Operational risk also includes model risk relating to various financial and other models used by us and our subsidiaries, including the Bank, and is subject to a formal governance process.

Strategic Risk

Strategic risk consists of the current or prospective risk to earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. The New Product Introduction ("NPI") Sub-Committee assesses the strategic viability and consistency of each new product or service. All new initiatives require the approval of the NPI Sub-Committee and a select number of new product requests are escalated to the MC and the Board of Directors, based on level of risk.

Reputational Risk

Reputational risk is the risk arising from negative perception on the part of customers, counterparties, shareholders, investors, rating agencies, regulators and employees that can adversely affect the Company's ability to maintain existing talent and customers and establish new business relationships with continued access to sources of funding.

Risk Management Roles and Responsibilities

Responsibility for risk management flows to individuals and entities throughout our Company, including the Board of Directors, various board and management committees and senior management. The corporate culture and values, in conjunction with the risk management accountability incorporated into the integrated Enterprise Risk Governance Framework, which includes governance structure and three distinct Lines of Defense, has facilitated, and will continue to facilitate, the evolution of an effective risk presence across the Company.

The "First Line of Defense" is comprised of the business areas whose day-to-day activities involve decision-making and associated risk-taking for the Company. As the business owner, the first line is responsible for identifying, assessing, managing and controlling that risk, and for mitigating our overall risk exposure. The first line formulates strategy and operates within the risk appetite and risk governance framework. The "Second Line of Defense," also known as the independent risk management organization, provides oversight of first line risk taking and management. The second line assists in determining risk capacity, risk appetite, and the strategies, policies and structure for managing risks. The second line owns the risk governance framework. The "Third Line of Defense" is comprised of Internal Audit. The third line provides independent and objective assurance to senior management and to the Board of Directors and Audit Committee that the first and second line risk management and internal control systems and its governance processes are well-designed and working as intended.

Set forth below is a further description of the roles and responsibilities related to the key elements of the Enterprise Risk Governance Framework.

Board of Directors

The Board of Directors, among other things, has approved the enterprise-wide Risk Appetite Statement for the Company, as well as certain other risk management policies and oversees the Company's strategic plan and enterprise-wide risk management program. The Board of Directors may assign certain risk management activities to applicable committees and management.

Board Committees

The Board of Directors has established five committees that assist the board in its oversight of risk management. These committees and their risk-related roles are described below.

Audit Committee

In coordination with the Risk Committees of the Company and the Bank, the Audit Committee's role, among other things, is to review: (i) the Company's major financial risk exposures and the steps management has taken to monitor and control these risks; (ii) the Company's risk assessment and risk management practices and the guidelines, policies and processes for risk assessment and risk management; (iii) the organization, performance and audit findings of our internal audit function; (iv) our public disclosures and effectiveness of internal controls; and (v) the Company's risk guidelines and policies relating to financial statements, financial systems, financial reporting processes, compliance and auditing, cybersecurity and allowance for credit losses.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee's role, among other things, is to: (i) review and approve certain transactions with related persons; (ii) review and resolve any conflict of interest involving directors or executive officers; (iii) oversee the risks, if any, related to corporate governance structure and practices; and (iv) identify and discuss with management the risks, if any, related to social responsibility actions and public policy initiatives.

Management Development and Compensation Committee

The Management Development and Compensation Committee's role, among other things, is to: (i) review our incentive compensation arrangements with a view to appropriately balancing risk and financial results in a manner that does not encourage employees to expose us or any of our subsidiaries to imprudent risks, and are consistent with safety and soundness; and (ii) review (with input from our CRO and the Bank's CRO) the relationship between risk management policies and practices, corporate strategies and senior executive compensation.

Risk Committee

The Risk Committee's role, among other things, is to: (i) assist the Board of Directors in its oversight of the Company's Enterprise Risk Governance Framework, including as it relates to credit, investment, market, liquidity, operational, cybersecurity, compliance, strategic and reputational risks; (ii) review and, at least annually, approve the Company's Enterprise Risk Governance Framework and risk assessment and risk management practices, guidelines and policies including significant policies that management uses to manage the risks discussed above; (iii) review and, at least annually, recommend to the Board of Directors for approval the Company's enterprise-wide risk appetite (including the Company's liquidity risk tolerance), and review and approve the Company's strategy relating to managing key risks and other policies on the establishment of risk limits as well as the guidelines, policies and processes for monitoring and mitigating such risks; (iv) meet separately on a regular basis with our CRO and (in coordination with the Bank's Risk Committee, as appropriate) the Bank's CRO; (v) receive periodic reports from management on metrics used to measure, monitor and manage known and emerging risks, including management's view on acceptable and appropriate levels of exposure; (vi) receive reports from our internal audit, risk management and independent liquidity review functions on the results of risk management reviews and assessments; (vii) review and approve, at least annually, the Company's enterprise-wide capital and liquidity framework (including its contingency funding plan) and, in coordination with the Bank's Risk Committee, review, at least quarterly, the Bank's liquidity risk appetite, regulatory capital and ratios and internal capital adequacy assessment processes and, at least annually, the Bank's allowance for credit losses methodology, annual capital plan and resolution plan; (viii) review, at least semi-annually, information from senior management regarding whether the Company is operating within its established risk appetite; (ix) review the status of financial services regulatory examinations; (x) review the independence, authority and effectiveness of the Company's risk management function and independent liquidity review function; (xi) approve the appointment of, evaluate and, when appropriate, replace the CRO; and (xii) review disclosure regarding risk contained in the Company's annual and quarterly reports.

Technology Committee

The Technology Committee's role, among other things, is to review and make recommendations to the Board of Directors on major technology strategies and other subjects relating to: (i) the Company's approach to technology-related innovation, including the Company's competitive position and relevant trends in technology and innovation; (ii) the technology development process to assure ongoing business growth; and (iii) developments on existing and emerging technologies which present opportunities or threats to the Company's strategic agenda.

Management Committees

There are four management committees with important roles and responsibilities in the risk management function: the MC, the ERMC, the ALCO and the CMC. These committees and their risk-related roles are described below.

Management Committee

The MC is under the oversight of the Board of Directors and is comprised of our senior executives and chaired by our Chief Executive Officer. The MC has responsibility for reviewing and approving lending and investment activities of the Company, such as equity investments, acquisitions, dispositions, joint ventures, portfolio deals and investment issues regarding the Company. It is also responsible for overseeing the Company's approach to managing its investments, reviewing and approving the Company's annual strategic plan and annual operating plan, and overseeing activities administered by its Credit, Information Technology, New Product Introduction, Investment Review and Pricing sub-committees. The MC also reviews management reports provided on a periodic basis, or as requested, in order to monitor evolving issues, effectiveness of risk mitigation activities and performance against strategic plans. The MC may make decisions only within the authority that is granted to it by the Board of Directors and must escalate any investment or other proposals outside of its authority to the Board of Directors for final decision.

Enterprise Risk Management Committee

The ERMC is a management committee under the oversight of the Risk Committee and is comprised of senior executives and chaired by the CRO. The ERMC has responsibility for risk oversight across the Company and for reporting on material risks to our Risk Committee. The responsibilities of the ERMC include the day-to-day oversight of risks impacting the Company, establishing a risk appetite statement and ensuring compliance across the Company with the overall risk appetite. The ERMC also oversees establishment of risk management policies, the performance and functioning of the relevant overall risk management function, and the implementation of appropriate governance activities and systems that support control of risks.

Asset and Liability Management Committee

The ALCO is a management committee under the oversight of the Risk Committee and is comprised of our senior executives and chaired by the Treasurer. It identifies, measures, monitors, manages and controls market, liquidity and credit (investments and bank relationships) risks to the Company's balance sheet. ALCO activities include reviewing and monitoring cash management, investments, liquidity, funding and foreign exchange risk activities and overseeing the safe, sound and efficient operation of the Company in compliance with applicable policies, laws and regulations.

Capital Management Committee

The CMC is a management committee under the oversight of the Risk Committee and is comprised of our senior executives and chaired by the SVP, Capital Management and Stress Testing. The CMC provides oversight of the Company's capital management, stress testing, and recovery and resolution planning activities. The CMC supports the Risk Committee in overseeing capital management activities such as the Annual Capital Plan, the Internal Capital Adequacy Assessment Process, stress testing, the Pre-Provision Net Revenue and Credit Loss Methodologies, the Contingent Capital Plan as needed in the event of a breach, and the Recovery and Resolution Planning Process.

Chief Executive Officer, Chief Risk Officer and Other Senior Officers

The Chief Executive Officer ("CEO") has ultimate responsibility for ensuring the management of the Company's risk in accordance with the Company's approved risk appetite statement, including through their role as chairperson of the MC. The CEO also provides leadership in communicating the risk appetite to internal and external stakeholders to help embed appropriate risk taking into the overall corporate culture of the Company.

The CRO manages our risk management team and, as chairperson of the ERMC, is responsible for establishing and implementing standards for the identification, management, measurement, monitoring and reporting of risk on an enterprise-wide basis. In collaboration with our CEO and the Chief Financial Officer, the CRO has responsibility for developing an appropriate risk appetite with corresponding limits that aligns with supervisory expectations, and this risk appetite statement has been approved by the Board of Directors. The CRO regularly reports to the Board of Directors and the Risk Committee on risk management matters.

The senior 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 the Company's Risk Appetite Statement. As members of the ERMC and the MC, they 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, senior executive officers are responsible for deploying sufficient financial resources and qualified personnel to manage the risks inherent in the Company's business activities.

Risk Management

The risk management team, including compliance, led by the CRO, 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. This team effectively serves in a "Second Line of Defense" role by overseeing the operating activities of the "First Line of Defense."

Internal Audit Team

The internal audit team is responsible for performing periodic, independent reviews and testing of compliance with the Company’s and the Bank’s risk management policies and standards, as well as with regulatory guidance and industry best practices. The internal audit team also assesses the design of the Company's and the Bank's policies and standards and validates the effectiveness of risk management controls, and reports the results of such reviews to the Audit Committee. The internal audit team effectively serves as the “Third Line of Defense” for the Company.

Enterprise Risk Assessment Process

The Enterprise Risk Assessment process (“ERA”) is a top-down process designed to identify, assess and quantify risk across the Company’s primary risk categories and serves as a basis to determine the Company’s risk profile. The Enterprise Risk Management team, in collaboration with the Risk Pillar leaders, performs an independent ERA using a methodology that measures likelihood, impact, vulnerability and the speed of onset to rate risks across Synchrony. The ERA plays an important role in directing the risk management activities by helping prioritize initiatives and focus resources on the most appropriate risks. The ERA is performed annually and refreshed periodically, and is the basis of the Material Risk Inventory which is a key input in the strategic and capital planning processes.

Stress testing activities provide a forward-looking assessment of risks and losses. Stress testing is integrated into the strategic, capital and liquidity planning processes, and the results are used to identify portfolio vulnerabilities and develop risk mitigation strategies or contingency plans across a range of stressed conditions.

Risk Appetite Framework

We operate in accordance with a Risk Appetite Statement setting forth objectives, plans and limits, and expressing preferences with respect to risk-taking activities in the context of overall business goals. The risk appetite statement is approved annually by the Board of Directors, with delegated authority to the CRO for implementation throughout the Company. The Risk Appetite Statement serves as a tool to preclude activities that are inconsistent with the business and risk strategy. The Risk Appetite Statement is reviewed and approved at least annually as part of the business planning process and will be modified, as necessary, to include updated risk tolerances by risk category, enabling us to meet prescribed goals while continuing to operate within established risk boundaries.

Cybersecurity

Risk Management and Strategy

Our information security program includes administrative, technical and physical safeguards and is designed to provide an appropriate level of protection to maintain the confidentiality, integrity and availability of our Company’s, our client’s and our customers’ information. This includes protecting against known and evolving threats to the security of customer records and information, and against unauthorized access, compromise, or loss of customer records or information.

Our information security program is designed to continuously adapt to an evolving landscape of emerging threats and available technology. Through data gathering and evaluation of emerging threats from internal and external incidents and technology investments, security controls are adjusted on an as needed basis. We have developed a security strategy and implemented layers of controls embedded throughout our technology environment that establish multiple control points between threats and our assets. We test the effectiveness of our controls and data protection processes through internal and independent external audits and assessments, including regular penetration tests, application code reviews, vulnerability scans, disaster recovery tests and cyber exercises to simulate hacker attacks. Our information security program is supported by regular training of information security employees and awareness training and activities for executives, directors, and employees companywide through which we communicate our information security policies, standards, processes and practices.

Further, our information security program is designed to provide oversight of third parties who store, process or have access to sensitive data, and we require similar levels of protection from third-party service providers as are required for the Company. We maintain supplier risk assessment processes to identify risks associated with third-party service providers and have implemented enhanced cybersecurity incident and data breach response requirements for critical supplier relationships.

We employ business continuity, backup and disaster recovery procedures for all the systems that are used for storing, processing and transferring customer information, and we periodically test and validate our disaster recovery plans to validate our resilience capabilities. Additionally, we maintain insurance coverage that, subject to applicable terms and conditions, may cover certain aspects of cybersecurity and information risks. However, there can be no assurance that liabilities or losses we may incur will be covered under such policies or that the amount of insurance will be adequate.

Our information security program is designed and managed to be consistent with the Cyber Risk Institute (CRI) Profile, a cybersecurity assessment framework which is a financial services industry-specific extension of the National Institute of Standards and Technology (NIST) Cybersecurity Framework. We measure and monitor the maturity of the information security program against this framework, industry guidance, and a risk-driven metrics program aligned to our business requirements. Along with periodically being examined by our regulators, Synchrony regularly engages external experts to audit, evaluate and validate our controls against these standard frameworks, and we adjust our cybersecurity policies, standards, processes and practices as necessary based on the information provided by these examinations, audits and evaluations.

Cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected the Company during the past three fiscal years. While we are not currently aware of any cybersecurity threats that are reasonably likely to materially affect the Company there is no assurance that we will not be materially affected by such threats in the future. For additional information on our risks related to cybersecurity, see “Risk Factors Relating to Our Business—Cyber-attacks or other security breaches could have a material adverse effect on our business.”

Governance

Our Board's fully independent Risk Committee oversees cybersecurity risk. Cybersecurity risk is a component of operational risk within our enterprise risk management framework. For a detailed description of our enterprise risk management framework, including its governance and processes, see “Risks—Risk Management.”

Our information security team, led by our Chief Information Security Officer ("CISO"), in collaboration with our Risk Committee and our executive leadership team, closely monitors our information security program, including our strategy, and information security policies and practices, against a rapidly evolving landscape of threats. The Risk Committee receives reports and briefings on our information security and enterprise risk management programs at least quarterly, including the results of any external audits, examinations and evaluations, as well as maturity assessments of our information security program.

The CISO team leading our information security program is responsible for identifying, assessing, managing and controlling cybersecurity risk, and for mitigating our cybersecurity risk exposure. Our information security program is monitored and challenged by our risk management team, led by our CRO.

We have developed an incident response governance framework to timely report cybersecurity incidents to our executive management team, appropriate management committees, including the enterprise risk management committee, the Risk Committee and Board, as necessary. In addition to facilitating timely evaluation, escalation and reporting of cybersecurity incidents, this framework also sets forth the process for identifying and assessing the severity of cybersecurity incidents, as well as for managing post-incident activities, including recovery and resolution.

The CISO reports directly to our Chief Technology and Operating Officer and on a dotted line basis to our CRO. Our CISO has expertise in cybersecurity, information security risk management, identity and access management, security architecture, application security, vulnerability management, threat intelligence, security operations and incident management and response through prior roles leading information security functions at large organizations. The CISO holds various professional certifications, including the Certified Information Security Manager certification from the Information Systems Audit and Control Association.

REGULATION

Regulation Relating to Our Business

Our business, including our relationships with our customers, is subject to regulation, supervision and examination under U.S. federal, state and foreign laws and regulations. These laws and regulations cover all aspects of our business, including lending and collection practices, treatment of our customers, safeguarding deposits, customer privacy and information security, capital structure, liquidity, dividends and other capital distributions, transactions with affiliates and conduct and qualifications of personnel. Such laws and regulations directly and indirectly affect key drivers of our profitability, including, for example, capital and liquidity, product offerings, risk management, and costs of compliance. As a savings and loan holding company and financial holding company, Synchrony is subject to regulation, supervision and examination by the Federal Reserve Board. As a large provider of consumer financial services, we are also subject to regulation, supervision and examination by the CFPB. The Bank is a federally chartered savings association. As such, the Bank is subject to regulation, supervision and examination by the OCC, which is its primary regulator, and by the CFPB. In addition, the Bank, as an insured depository institution, is supervised by the FDIC. The Dodd-Frank Act and regulations promulgated thereunder have had, and may continue to have, a significant impact on our business, results of operations and financial condition. As a result, the extensive laws and regulations to which we are subject and with which we must comply significantly impact our earnings, results of operations, financial condition and competitive position. The impact of such regulations on our business is discussed further below, as well as in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" (MD&A) and "*Risk Factors Relating to Regulation*" of this Form 10-K Report.

The Dodd-Frank Wall Street Reform and Consumer Protection Act and Related Developments

The Dodd-Frank Act, which was enacted in 2010, significantly restructured the financial regulatory regime in the United States. Certain aspects of the Dodd-Frank Act are subject to rules that have been taking effect over several years or have been revised since their initial adoption.

On May 24, 2018, the President signed into law the Economic Growth, Regulatory Relief, and Consumer Protection Act ("EGRRCPA"), which amended the Dodd-Frank Act and modified certain post-crisis regulatory requirements. On October 10, 2019, the Federal Reserve Board, OCC, and FDIC issued final rules, which we refer to as the Tailoring Rules, that tailor the applicability of the Federal Reserve Board's enhanced prudential standards relating to capital, liquidity, and other risk management matters, and apply certain of these standards to savings and loan holding companies (other than those substantially engaged in insurance underwriting or commercial activities) that have total consolidated assets of $100 billion or more based on the average of the previous four quarters, referred to as "covered savings and loan holding companies." Because Synchrony had average total consolidated assets of $100 billion or more based on a four quarter average as of March 31, 2023, Synchrony will become subject to these enhanced prudential standards following applicable transition periods. The enhanced prudential standards are discussed in greater detail below.

The recent and possible future changes to the regulatory framework applicable to Synchrony and the Bank make it difficult to assess the overall financial impact of the Dodd-Frank Act and related regulatory developments on us and across the industry. See also "*Regulation—Risk Factors Relating to Regulation—Ongoing changes to the regulatory framework applicable to us have had, and may continue to have, a significant impact on our business, financial condition and results of operations*."

Savings and Loan Holding Company Regulation

Overview

As a savings and loan holding company, we are required to register and file periodic reports with, and are subject to regulation, supervision and examination by, the Federal Reserve Board. The Federal Reserve Board has adopted guidelines establishing safety and soundness standards on such matters as liquidity risk management, securitizations, operational risk management, internal controls and audit systems, business continuity, and compensation and other employee benefits. We are regularly reviewed and examined by the Federal Reserve Board, which results in supervisory comments and directions relating to many aspects of our business that require our response and attention.

The Federal Reserve Board has broad enforcement authority over us and our subsidiaries (other than the Bank and its subsidiaries). Under the Dodd-Frank Act, we are required to serve as a source of financial strength for any insured depository institution that we control, such as the Bank.

Capital

As a savings and loan holding company, Synchrony is subject to capital requirements.

The following are the minimum capital ratios to which Synchrony is subject:

- under the Basel III standardized approach, a common equity Tier 1 capital to risk-weighted assets ratio of 7% (the minimum of 4.5% plus a capital conservation buffer of 2.5%), a Tier 1 capital to risk-weighted assets ratio of 8.5% (the minimum of 6% plus a capital conservation buffer of 2.5%), and a total capital to risk-weighted assets ratio of 10.5% (a minimum of 8% plus a capital conservation buffer of 2.5%); and

- a leverage ratio of Tier 1 capital to total consolidated assets of 4%.

For a discussion of our capital ratios at December 31, 2023, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations-Capital*."

Under the Tailoring Rules, most covered savings and loan holding companies with average total consolidated assets of $100 billion or more, but less than $250 billion, are subject to supervisory stress tests on a biennial basis, in even calendar years. Because Synchrony had average total consolidated assets of $100 billion or more based on a four quarter average as of March 31, 2023, it will become subject to these stress tests following a transition period of at least five quarters. Synchrony currently expects that the 2026 supervisory stress test is the first stress test in which it will be required to participate.

Covered savings and loan holding companies with average total consolidated assets of $100 billion or more are subject to a stress capital buffer in lieu of the 2.5% capital conservation buffer. The stress capital buffer is calculated as the amount of loss of common equity Tier 1 capital incurred by the Company in the severely adverse scenario of the most recent supervisory stress test exercise, assuming certain continued payments on capital instruments, and is subject to a floor of 2.5% of risk-weighted assets. Because Synchrony had average total consolidated assets of $100 billion or more based on a four quarter average at March 31, 2023, it will become subject to the stress capital buffer once it begins to participate in supervisory stress tests. As a result, its capital requirements may increase and its ability to pay dividends, make other capital distributions, or redeem or repurchase its stock may be adversely impacted.

Under a December 2018 final rule, banking organizations were permitted to phase in the regulatory capital effects of the CECL model, the new accounting standard for credit losses, over three years. On March 27, 2020, the CARES Act was signed into law, and included a provision that permits financial institutions to defer temporarily the use of CECL. In a related action, the joint federal bank regulatory agencies issued an interim final rule effective March 31, 2020, that allows banking organizations that implemented CECL in 2020 to elect to mitigate the effects of the CECL accounting standard on their regulatory capital for two years. This two-year delay is in addition to the three-year transition period that the agencies had already made available in December 2018. Synchrony and the Bank have elected to defer the regulatory capital effects of CECL in accordance with the interim final rule, and not to apply the deferral of CECL available under the CARES Act. As a result, the effects of CECL on Synchrony's and the Bank's regulatory capital were delayed through the year 2021, and are being phased-in over a three-year period from January 1, 2022 through December 31, 2024. Under the March 31, 2020 interim final rule, the amount of adjustments to regulatory capital deferred until the phase-in period included both the initial impact of a banking organization's adoption of CECL at January 1, 2020, and 25% of subsequent changes in its allowance for credit losses during each quarter of the two-year period ended December 31, 2021.

On July 27, 2023, the federal banking agencies proposed rules that would change the regulatory capital requirements for banking organizations that have $100 billion or more in total assets, such as Synchrony, or have significant trading activity. The proposed rules would implement the international capital standards issued by the Basel Committee on Banking Supervision and are known as the "Basel Endgame" proposal. Among other changes, the proposed rules would lower the threshold for the amount of certain deferred tax assets that must be deducted from capital, and introduce a new expanded risk-based approach for calculating risk weighted assets, which, compared to the standardized approach to which Synchrony is currently subject, would add an operational risk charge and apply higher credit conversion factors to the unused portion of unconditionally cancellable lines of credit. We are currently assessing the impact of the proposed rules to our business. However, to the extent the proposed changes are finalized and adopted, they would likely increase our regulatory capital requirements, which may decrease our return on equity and could result in limitations on our ability to pay dividends or repurchase our stock.

Dividends and Stock Repurchases

We are limited in our ability to pay dividends or repurchase our stock by the Federal Reserve Board, including on the basis that doing so would be an unsafe or unsound banking practice. Where we intend to declare or pay a dividend or repurchase our stock, we are expected to inform and consult with the Federal Reserve Board in advance to ensure that such dividend or repurchase does not raise supervisory concerns. It is the policy of the Federal Reserve Board that a savings and loan holding company like us should generally pay dividends on common stock and preferred stock out of earnings, and only if prospective earnings retention is consistent with the company's capital needs and overall current and prospective financial condition.

According to guidance from the Federal Reserve Board, our dividend policies will be assessed against, among other things, our ability to achieve applicable Basel III capital ratio requirements. If we do not achieve applicable Basel III capital ratio requirements, we may not be able to pay dividends. Although we currently expect to meet applicable Basel III capital ratio requirements, inclusive of the capital conservation buffer, we cannot be sure that we will meet those requirements or that even if we do, if we will be able to pay dividends.

In evaluating the appropriateness of a proposed redemption or repurchase of stock, the Federal Reserve Board will consider, among other things, the potential loss that we may suffer from the prospective need to increase reserves and write down assets as a result of continued asset deterioration, and our ability to raise additional common equity and other capital to replace the stock that will be redeemed or repurchased. The Federal Reserve Board also will consider the potential negative effects on our capital structure of replacing common stock with any lower-tier form of regulatory capital issued. Moreover, regulatory review of any capital plan we are currently required to submit could result in restrictions on our ability to pay dividends or make other capital distributions. See "*Regulation—Risk Factors Relating to Regulation—Failure by Synchrony and the Bank to meet applicable capital adequacy and liquidity requirements could have a material adverse effect on us*" and "*—We are subject to restrictions that limit our ability to pay dividends and repurchase our common stock; the Bank is subject to restrictions that limit its ability to pay dividends to us, which could limit our ability to pay dividends, repurchase our common stock or make payments on our indebtedness*."

Covered savings and loan holding companies with average total consolidated assets of $100 billion or more are subject to formal capital plan submission requirements. Because, Synchrony had average total consolidated assets of $100 billion or more based on a four quarter average as of March 31, 2023, it became subject to formal capital plan submission requirements as of January1, 2024, and as a result, its capital requirements may increase and its ability to pay dividends, make other capital distributions, or redeem or repurchase its stock may be adversely impacted.

Liquidity

Under the Tailoring Rules, covered savings and loan holding companies with average total consolidated assets of $100 billion or more must comply with enhanced prudential standards with respect to liquidity management, including maintaining diversified liquidity buffers and regularly conducting liquidity stress tests. Because, Synchrony had average total consolidated assets of $100 billion or more based on a four quarter average as of March 31, 2023, it will become subject to these enhanced prudential standards beginning April 1, 2024.

Activities

In general, savings and loan holding companies may only conduct, or acquire control of companies engaged in, financial activities as permitted under the relevant provisions of the Bank Holding Company Act and the Home Owners' Loan Act (“HOLA”). Savings and loan holding companies that have elected financial holding company status generally can engage in a broader range of financial activities than are otherwise permissible for savings and loan holding companies, including securities underwriting, dealing and making markets in securities, and making merchant banking investments in non-financial companies. Synchrony has elected for financial holding company status.

The Federal Reserve Board has the authority to limit a financial holding company’s ability to conduct otherwise permissible activities if the financial holding company or any of its depository institution subsidiaries ceases to meet the applicable eligibility requirements, including requirements that the financial holding company and each of its U.S. depository institution subsidiaries maintain their status as “well-capitalized” and “well-managed.” The Federal Reserve Board may also impose corrective capital and/or managerial requirements on the financial holding company and may, for example, require divestiture of the holding company’s depository institutions if the deficiencies persist. Federal regulations additionally provide that if any depository institution controlled by a financial holding company fails to maintain at least a “Satisfactory” rating under the Community Reinvestment Act (“CRA”), the financial holding company and its subsidiaries are prohibited from engaging in additional activities that are permissible only for financial holding companies.

In addition, we are subject to banking laws and regulations that limit in certain respects the types of acquisitions and investments that we can make. For example, certain acquisitions of and investments in depository institutions or their holding companies that we may undertake are subject to the prior review and approval of our banking regulators, including the Federal Reserve Board, the OCC and the FDIC. Our banking regulators have broad discretion on whether to approve such acquisitions and investments. In deciding whether to approve a proposed acquisition or investment, federal bank regulators may consider, among other factors: (i) the effect of the acquisition or investment on competition, (ii) our financial condition and future prospects, including current and projected capital ratios and levels, (iii) the competence, experience and integrity of our management and its record of compliance with laws and regulations, (iv) the convenience and needs of the communities to be served, including our record of compliance under the CRA, (v) our effectiveness in combating money laundering, and (vi) any risks that the proposed acquisition poses to the U.S. banking or financial system.

Certain acquisitions of our voting stock may be subject to regulatory approval or notice under federal law. Investors are responsible for ensuring that they do not, directly or indirectly, acquire shares of our stock in excess of the amount that can be acquired without regulatory approval under the Change in Bank Control Act and the HOLA, which prohibit any person or company from acquiring control of us without, in most cases, the prior written approval of the Federal Reserve Board.

Resolution

As a savings and loan holding company with $100 billion or more in assets, Synchrony may become subject to long-term debt requirements that are intended to facilitate an orderly resolution of large banking organizations and make their funding profiles more stable. An August 2023 interagency notice of proposed rulemaking would require depository institution holding companies with $100 billion or more in assets to issue minimum amounts of long-term debt and to maintain “clean” holding companies without certain types of liabilities, and, relatedly, would require insured depository institution subsidiaries with $100 billion or more in assets to issue minimum amounts of long-term debt to a holding company. While we are assessing the impact of the proposed rule to our business, if the proposed changes are finalized and adopted, they may require changes to our funding strategy and/or increase our cost of funding.

Savings Association Regulation

Overview

The Bank is required to file periodic reports with the OCC and is subject to regulation, supervision, and examination by the OCC, the FDIC, and the CFPB. The OCC has adopted guidelines establishing safety and soundness standards on such matters as loan underwriting and documentation, asset quality, earnings, internal controls and audit systems, risk management, interest rate risk exposure and compensation and other employee benefits. The Bank is periodically examined by the OCC, the FDIC, and the CFPB, which results in supervisory comments and directions relating to many aspects of the Bank's business that require the Bank's response and attention. In addition, the OCC, the FDIC, and the CFPB have broad enforcement authority over the Bank.

Capital

The Bank is required by OCC regulations to maintain specified levels of regulatory capital. Institutions that are not well-capitalized are subject to certain restrictions on brokered deposits and interest rates on deposits. The OCC is authorized and, under certain circumstances, required to take certain actions against an institution that fails to meet the minimum ratios for an adequately capitalized institution. At December 31, 2023, the Bank met or exceeded all applicable requirements to be deemed well-capitalized under OCC regulations.

The following are the minimum capital ratios to which the Bank is subject:

- under the Basel III standardized approach, a common equity Tier 1 capital to risk-weighted assets ratio of 7% (the minimum of 4.5% plus a capital conservation buffer of 2.5%), a Tier 1 capital to risk-weighted assets ratio of 8.5% (the minimum of 6% plus a capital conservation buffer of 2.5%), and a total capital to risk-weighted assets ratio of 10.5% (a minimum of 8% plus a capital conservation buffer of 2.5%); and

- a leverage ratio of Tier 1 capital to total consolidated assets of 4%.

For a discussion of the Bank's capital ratios, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital*."

As an insured depository institution, the Bank is also subject to the FDIA, which requires, among other things, the federal banking agencies to take "prompt corrective action" in respect of depository institutions that do not meet minimum capital requirements. The FDIA sets forth the following five capital tiers: "well-capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized." A depository institution's capital tier will depend upon how its capital levels compare with various relevant capital measures and certain other factors that are established by regulation. To be well-capitalized for purposes of the FDIA, the Bank must maintain a common equity Tier 1 capital to risk-weighted assets ratio of 6.5%, a Tier 1 capital to risk-weighted assets ratio of 8%, a total capital to risk-weighted assets ratio of 10%, and a leverage ratio of Tier 1 capital to total consolidated assets of 5%, and not be subject to any written agreement, order or capital directive, or prompt corrective action directive issued by the OCC to meet or maintain a specific capital level for any capital measure. At December 31, 2023, the Bank met or exceeded all applicable requirements to be deemed well-capitalized for purposes of the FDIA.

Dividends and Stock Repurchases

OCC regulations limit the ability of savings associations to make distributions of capital, including payment of dividends, stock redemptions and repurchases, cash-out mergers and other transactions charged to the capital account. The Bank must obtain the OCC's approval or give the OCC prior notice before making a capital distribution in certain circumstances, including if the Bank proposes to make a capital distribution when it does not meet certain capital requirements (or will not do so as a result of the proposed capital distribution) or certain net income requirements. In addition, the Bank must file a prior written notice of a planned or declared dividend or other distribution with the Federal Reserve Board. The OCC or the Federal Reserve Board may object to a capital distribution if: among other things, (i) the Bank is, or as a result of such distribution would be, undercapitalized, significantly undercapitalized or critically undercapitalized, (ii) the regulators have safety and soundness concerns or (iii) the distribution violates a prohibition in a statute, regulation, agreement between us and the OCC or the Federal Reserve Board, or a condition imposed on us in an application or notice approved by the OCC or the Federal Reserve Board. Additional restrictions on dividends apply if the Bank fails the QTL test (described below under "—*Activities*").

The FDIA also prohibits any insured depository institution from making any capital distributions (including payment of a dividend) or paying any management fee to its parent holding company if the depository institution would thereafter be "undercapitalized." If a depository institution is less than adequately capitalized, it must prepare and submit a capital restoration plan to its primary federal regulator for approval. For a capital restoration plan to be acceptable, among other things, the depository institution's parent holding company must guarantee that the institution will comply with the capital restoration plan. If a depository institution fails to submit an acceptable capital restoration plan, it is treated as if it is "significantly undercapitalized." A "significantly undercapitalized" depository institution may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become "adequately capitalized," elect a new Board of Directors, reduce total assets or cease taking deposits from correspondent banks. A "critically undercapitalized" institution may be subject to the appointment of a conservator or receiver which could sell or liquidate the institution, be required to refrain from making payments on its subordinated debt, or be subject to additional restrictions on its activities.

Liquidity

The Bank is required to comply with prudential regulation in connection with liquidity. In particular, under OCC guidelines establishing heightened standards for governance and risk management (the "Heightened Standards"), the Bank is required to establish liquidity stress testing and planning processes, which the Bank has done. For a discussion of the Heightened Standards, see "—*Heightened Standards for Risk Management Governance*" below.

Activities

Under HOLA, the OCC requires the Bank to comply with the qualified thrift lender, or "QTL" test. Under the QTL test, the Bank is required to maintain at least 65% of its "portfolio assets" (total assets less (i) specified liquid assets up to 20% of total assets, (ii) intangibles, including goodwill and (iii) the value of property used to conduct business) in certain "qualified thrift investments" (primarily residential mortgages and related investments, including certain mortgage-backed securities, credit card loans, student loans and small business loans) in at least nine months of the most recent 12-month period. The Bank currently meets that test. A savings association that fails to meet the QTL test is subject to certain operating restrictions and may be required to convert to a national bank charter.

Savings associations, including the Bank, are subject to limitations on their lending and investments. These limitations include percentage of asset limitations on various types of loans the Bank may make. In addition, there are similar limitations on the types and amounts of investments the Bank may make.

Insured depository institutions, including the Bank, are subject to restrictions under Sections 23A and 23B of the Federal Reserve Act (as implemented by Federal Reserve Board Regulation W), which govern transactions between an insured depository institution and an affiliate, including an entity that is the institution's direct or indirect holding company and a nonbank subsidiary of such a holding company. Restrictions in Sections 23A and 23B of the Federal Reserve Act apply to "covered transactions" such as extensions of credit, issuances of guarantees or asset purchases. In general, these restrictions require that any extensions of credit made by the insured depository institution to an affiliate must be fully secured with qualifying collateral and that the aggregate amount of covered transactions is limited, as to any one affiliate of the Bank, to 10% of the Bank's capital stock and surplus, and, as to all of the Bank's affiliates in the aggregate, to 20% of the Bank's capital stock and surplus. In addition, transactions between the Bank and its affiliates must be on terms and conditions that are, or in good faith would be, offered by the Bank to non-affiliated companies (i.e., at arm's length).

The CRA is a federal law that generally requires an insured depository institution to identify the communities it serves and to make loans and investments, offer products and provide services, in each case designed to meet the credit needs of these communities. The CRA also requires an institution to maintain comprehensive records of CRA activities to demonstrate how it is meeting the credit needs of communities. These records are subject to periodic examination by the responsible federal banking agency of the institution. Based on these examinations, the agency rates the institution's compliance with CRA as "Outstanding," "Satisfactory," "Needs to Improve" or "Substantial Noncompliance." The CRA requires the agency to take into account the record of an institution in meeting the credit needs of the entire communities served, including low- and moderate- income neighborhoods, in determining such rating. Failure of an institution to receive at least a "Satisfactory" rating could inhibit the institution or its holding company from undertaking certain activities, including acquisitions. The Bank is currently designated as a Limited Purpose bank under the CRA and therefore is generally evaluated on the basis of its community development activity in the geographies in which its physical facilities are located. The Bank received a CRA rating of "Outstanding" as of its most recent CRA examination.

On October 24, 2023, the federal banking agencies issued a final rule that revises how they evaluate an insured depository institution's record of satisfying the credit needs of its entire communities, including low- and moderate- income individuals and neighborhoods, under the CRA. The final rule provides that Limited Purpose banks, such as the Bank, will continue to be evaluated primarily on the basis of their community development activities. Compliance with most provisions of the final rule will be required beginning January 1, 2026. The Bank is evaluating the impact of the final rule.

The FDIA prohibits insured banks from accepting brokered deposits or offering interest rates on any deposits significantly higher than the prevailing rate in the bank's normal market area or nationally (depending upon where the deposits are solicited) unless it is "well-capitalized," or it is "adequately capitalized" and receives a waiver from the FDIC. A bank that is "adequately capitalized" and that accepts brokered deposits under a waiver from the FDIC 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." Further, "undercapitalized" institutions are subject to growth limitations. At December 31, 2023, the Bank met or exceeded all applicable requirements to be deemed well-capitalized for purposes of the FDIA. An inability to accept brokered deposits in the future could materially adversely impact our funding costs and liquidity.

Deposit Insurance

The FDIA requires the Bank to pay deposit insurance assessments. Under the FDIC's current deposit insurance assessment methodology, the Bank is required to pay deposit insurance assessments based on its average consolidated total assets, less average tangible equity, and various other regulatory factors included in an FDIC assessment scorecard.

Deposit insurance assessments are also affected by the minimum reserve ratio with respect to the federal Deposit Insurance Fund (the “DIF”). The Dodd-Frank Act increased the minimum reserve ratio with respect to the DIF to 1.35% and removed the statutory cap on the reserve ratio. The FDIC subsequently adopted a designated ratio of 2% and may increase that ratio in the future. Since the outbreak of the COVID-19 pandemic, the amount of total estimated insured deposits has grown very rapidly while the funds in the DIF have grown at a normal rate, causing the DIF reserve ratio to fall below the statutory minimum of 1.35%. The FDIC adopted a restoration plan in September 2020, which it amended in June 2022, to restore the DIF reserve ratio to at least 1.35% by September 30, 2028. On October 18, 2022 the FDIC adopted a final rule to increase initial base deposit insurance assessment rates for insured depository institutions by 2 basis points, beginning with the first quarterly assessment period of 2023. The increased assessment rate schedules will remain in effect unless and until the reserve ratio of the DIF meets or exceeds 2%. As a result of the final rule, the FDIC insurance costs of insured depository institutions, including the Bank, have generally increased.

In addition, on November 16, 2023, the FDIC adopted a final rule to implement a special assessment to recover losses to the DIF arising from the protection of uninsured depositors following the receiverships of failed institutions in the spring of 2023. The assessment base for the special assessment is equal to an insured depository institution’s estimated uninsured deposits reported for the quarter ended December 31, 2022, minus the first $5 billion in estimated insured deposits. The FDIC will collect the special assessment over eight quarterly assessment periods starting with the first quarter of 2024, at a quarterly rate of 3.36 basis points. Synchrony recognized the entire special assessment expense of $9 million in the fourth quarter of 2023. However, depending on future adjustments to the DIF’s estimated loss, the FDIC has retained the ability to cease collection early, extend the special assessment collection period, or impose a one-time final shortfall assessment.

The FDIA creates a depositor preference regime for the resolution of all insured depository institutions, including the Bank. If any such institution is placed into receivership, the FDIC will pay (out of the remaining net assets of the failed institution and only to the extent of such assets) first secured creditors (to the extent of their security), second the administrative expenses of the receivership, third all deposits liabilities (both insured and uninsured), fourth any other general or senior liabilities, fifth any obligations subordinated to depositors or general creditors, and finally any remaining net assets to shareholders in that capacity.

Resolution Planning

Under FDIC regulations, an insured depository institution with $50 billion or more in total assets is required annually to submit to the FDIC a plan for the institution’s resolution in the event of its failure. The plan is designed to enable the FDIC, if appointed receiver for the institution, to resolve the institution under sections 11 and 13 of the FDIA in a manner that ensures that its depositors receive access to their insured deposits within one business day of the institution's failure (two business days if the failure occurs on a day other than Friday), maximizes the net present value return from the sale or disposition of the institution’s assets, and minimizes the amount of any loss realized by the creditors in the resolution. The resolution plan requirement is intended to ensure that the FDIC has access to all of the material information it needs to resolve a large insured depository institution efficiently in the event of its failure. Under a moratorium that has been in place since April 2019, the FDIC has suspended requiring resolution plan submissions for insured depository institutions with less than $100 billion in total assets, which included the Bank prior to September 30, 2023. Insured depository institutions with $100 billion or more of total assets, like the Bank, are required to submit resolution plans every three years.

On August 29, 2023, the FDIC issued a proposed rule that would impose additional requirements for the content of resolution plans submitted by insured depository institutions with $100 billion or more in total assets, including the Bank. Under the proposal, if the FDIC deems a resolution plan filing not credible and the insured depository institution fails to resubmit a credible plan, the institution could become subject to an enforcement action. We are evaluating the impact of this proposal.

Heightened Standards for Risk Management Governance

The OCC’s Heightened Standards establish guidelines for the governance and risk management practices of large OCC-regulated institutions, including the Bank. These Heightened Standards require covered banks to establish and adhere to a written governance framework in order to manage and control their risk-taking activities, provide standards for covered banks’ boards of directors to oversee the risk governance framework, and describe the appropriate risk management roles and responsibilities of front line units, independent risk management, and internal audit functions. The Bank believes it complies with the Heightened Standards.

Consumer Financial Services Regulation

The relationship between us and our U.S. customers is regulated under federal and state consumer protection laws. Federal laws include the Truth in Lending Act, the Equal Credit Opportunity Act, HOLA, the Fair Credit Reporting Act (the "FCRA"), the Gramm-Leach-Bliley Act (the "GLBA"), the CARD Act and the Dodd-Frank Act. These and other federal laws, among other things, require disclosures of the cost of credit, provide substantive consumer rights, prohibit discrimination in credit transactions, regulate the use of credit report information, provide financial privacy protections, require safe and sound banking operations, prohibit unfair, deceptive and abusive practices, restrict our ability to raise interest rates on certain credit card balances, and subject us to substantial regulatory oversight. State and, in some cases, local laws also may regulate the relationship between us and our U.S. customers in these areas, as well as in the areas of collection practices, and may provide additional consumer protections. Moreover, we are subject to the Servicemembers Civil Relief Act, which protects persons called to active military service and their dependents from undue hardship resulting from their military service, and the Military Lending Act (the "MLA"), which extends specific protections if an account holder, at the time of account opening, is a covered active duty member of the military or certain family members thereof. The Servicemembers Civil Relief Act applies to all debts incurred prior to the commencement of active duty (including credit card and other open-end debt) and limits the amount of interest, including service and renewal charges and any other fees or charges (other than bona fide insurance) that are related to the obligation or liability. The MLA applies to certain consumer loans, including credit extended pursuant to a credit card account, and extends specific protections if an account holder, at the time of account opening, is a covered active duty member of the military or certain family members thereof (collectively, the "covered borrowers"). These protections include, but are not limited to: a limit on the military annual percentage rate that can be charged to 36%, delivery of certain required disclosures and a prohibition on mandatory arbitration agreements. If we were to extend credit to a covered borrower without complying with certain MLA provisions, the credit card agreement could be void from its inception.

Violations of applicable consumer protection laws can result in significant potential liability from litigation brought by customers, including actual damages, restitution and attorneys' fees. Federal banking regulators, as well as state attorneys general and other state and local consumer protection agencies, also may seek to enforce consumer protection requirements and obtain these and other remedies, including civil money penalties and fines.

The CARD Act, which was enacted in 2009, amended the Truth in Lending Act and required us to make significant changes to many of our business practices, including marketing, underwriting, pricing and billing. The CARD Act's restrictions on our ability to increase interest rates on existing balances to respond to market conditions and credit risk ultimately limits our ability to extend credit to new customers and provide additional credit to current customers. Other CARD Act restrictions, such as limitations on late fees, have resulted and will continue to result in reduced interest income and loan fee income. On February 1, 2023, the CFPB issued a notice of proposed rulemaking which, if adopted, likely would result in a significant reduction of credit card late fees assessed by credit card issuers and may adversely impact our earnings. See *"—Risk Factors Relating to our Business - The CFPB's proposed rule on credit card late fees, if adopted, could materially adversely affect our business and results of operations."*

The FCRA regulates our use of credit reports and the reporting of information to credit reporting agencies, and also provides a standard for lenders to share information with affiliates and certain third parties and to provide firm offers of credit to consumers. The FCRA also places further restrictions on the use of information shared between affiliates for marketing purposes, requires the provision of disclosures to consumers when risk-based pricing is used in a credit decision, and requires safeguards to help protect consumers from identity theft.

Under HOLA, the Bank is prohibited from engaging in certain tying or reciprocity arrangements with its customers. In general, the Bank may not extend credit, lease or sell property, or furnish any services or fix or vary the consideration for these on the condition that: (i) the customer obtain or provide some additional credit, property, or services from or to the Bank or Synchrony or their subsidiaries or (ii) the customer may not obtain some other credit, property, or services from a competitor, except in each case to the extent reasonable conditions are imposed to assure the soundness of the credit extended. Certain arrangements are permissible. For example, the Bank may offer more favorable terms if a customer obtains two or more traditional bank products.

The Dodd-Frank Act established the CFPB, which regulates consumer financial products and services and certain financial services providers. The CFPB is authorized to prevent “unfair, deceptive or abusive acts or practices” and ensure consistent enforcement of laws so that all consumers have access to markets for consumer financial products and services that are fair, transparent and competitive. The CFPB has rulemaking and interpretive authority under the Dodd-Frank Act and other federal consumer financial services laws, as well as broad supervisory, examination and enforcement authority over large providers of consumer financial products and services, such as us. In addition, the CFPB has an online complaint system that allows consumers to log complaints with respect to various consumer finance products, including the products we offer. The system could inform future agency decisions with respect to regulatory, enforcement or examination focus. There continues to be uncertainty as to how the CFPB’s strategies and priorities will impact our business and our results of operations going forward. See “*Regulation—Risk Factors Relating to Regulation—There continues to be uncertainty as to how the Consumer Financial Protection Bureau’s actions will impact our business; the agency’s actions have had and may continue to have an adverse impact on our business.*”

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, certain of our businesses 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 customers 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 customer 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 that the federal banking agencies issued in November 2021 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 believe we are a covered business under the CCPA.

We have a program 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.

See also “*Regulation—Risk Factors Relating to Regulation—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*.”

Money Laundering and Terrorist Financing Prevention Program

We maintain an enterprise-wide program designed to enable us to comply with all applicable anti-money laundering and anti-terrorism financing laws and regulations, including, but not limited to, the Bank Secrecy Act and the Patriot Act. This program includes policies, procedures, processes and other internal controls designed to identify, monitor, manage and mitigate the risk of money laundering or terrorist financing posed by our products, services, customers and geographic locale. These controls include procedures and processes to detect and report suspicious transactions, perform customer due diligence, respond to requests from law enforcement, identify and verify a legal entity customer's beneficial owner(s) at the time a new account is opened and to understand the nature and purpose of the customer relationship, and meet all recordkeeping and reporting requirements related to particular transactions involving currency or monetary instruments. The program is coordinated by a compliance officer, undergoes an annual independent audit to assess its effectiveness, and requires training of employees.

See "*Regulation—Risk Factors Relating to Regulation—Failure to comply with anti-money laundering and anti-terrorism financing laws could have significant adverse consequences for us*."

Sanctions Programs

We have a program designed to comply with applicable economic and trade sanctions programs, including those administered and enforced by OFAC. These sanctions are usually targeted against foreign countries, terrorists, international narcotics traffickers and those believed to be involved in the proliferation of weapons of mass destruction. These regulations generally require either the blocking of accounts or other property of specified entities or individuals, but they may also require the rejection of certain transactions involving specified entities or individuals. We maintain policies, procedures and other internal controls designed to comply with these sanctions programs.

Risk Factors Relating to Regulation

The following discussion of risk factors contains "forward-looking statements," as discussed in "*Cautionary Note Regarding Forward-Looking Statements*." These risk factors may be important to understanding any statement in this Annual Report on Form 10-K or elsewhere. The following information should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" (MD&A), the consolidated financial statements and related notes in "*Consolidated Financial Statements and Supplementary Data*" and "*Risk Factors Relating to Our Business*" of this Form 10-K Report.

Regulatory Risks

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

Our business, including our relationships with our customers, is subject to regulation, supervision and examination under U.S. federal, state and foreign laws and regulations. These laws and regulations cover all aspects of our business, including lending and collection practices, treatment of our customers, safeguarding deposits, customer privacy and information security, capital structure, liquidity, dividends and other capital distributions, transactions with affiliates and conduct and qualifications of personnel. As a savings and loan holding company and financial holding company, Synchrony is subject to regulation, supervision and examination by the Federal Reserve Board. As a large provider of consumer financial services, we are also subject to regulation, supervision and examination by the CFPB. The Bank is a federally chartered savings association. As such, the Bank is subject to regulation, supervision and examination by the OCC, which is its primary regulator, and by the CFPB. In addition, the Bank, as an insured depository institution, is supervised by the FDIC. We, including the Bank, are regularly reviewed and examined by our respective regulators, which results in supervisory comments and directions relating to many aspects of our business that require response and attention. See "*Regulation*" for more information about the regulations applicable to us.

Banking laws and regulations are primarily intended to protect consumers, federally insured deposits, the DIF and the banking system as a whole, and not intended to protect our stockholders, noteholders or creditors. If we (or our service providers, including our partners) fail to satisfy applicable laws and regulations, our respective regulators have broad discretion to enforce those laws and regulations, including with respect to the operation of our business, required capital levels, payment of dividends and other capital distributions, engaging in certain activities and making acquisitions and investments. Our regulators also have broad discretion with respect to the manner in which they enforce applicable laws and regulations, including through enforcement actions that could subject us to civil money penalties, customer remediation programs, increased compliance costs, and limits or prohibitions on our ability to offer certain products and services or to engage in certain activities. In addition, to the extent we undertake actions requiring regulatory approval or non-objection, our regulators may make their approval or non-objection subject to conditions or restrictions that could have a material adverse effect on our business, results of operations and financial condition. Any other actions taken by our regulators could have a material adverse impact on our business, reputation and brand, results of operations and financial condition. Moreover, some of our competitors are subject to different, and in some cases less restrictive, statutory and/or regulatory regimes, which may have the effect of providing them with a competitive advantage over us.

New laws, regulations, policies, or practical changes in enforcement of existing laws, regulations or policies applicable to our business, or our own reexamination of our current practices, could adversely impact our profitability, limit our ability to continue existing or pursue new business activities or acquisitions, require us to change certain of our business practices or alter our relationships with customers, affect retention of our key personnel, affect how we interact with our partners and/or service providers, or expose us to additional costs (including increased compliance costs and/or customer remediation). These changes may also require us to invest significant management attention and resources to make any necessary changes and could adversely affect our business, results of operations and financial condition. For example, the CFPB has broad authority over our business and there continues to be uncertainty as to how the CFPB's actions will impact our business. See "*—There continues to be uncertainty as to how the Consumer Financial Protection Bureau's actions will impact our business; the agency's actions have had and may continue to have an adverse impact on our business*."

We are also subject to potential enforcement and other actions that may be brought by state attorneys general or other state enforcement authorities and other governmental agencies. Any such actions could subject us to civil money penalties and fines, customer remediation programs and increased compliance costs, as well as damage our reputation and brand and limit or prohibit our ability to offer certain products and services or engage in certain business practices. For a discussion of risks related to actions or proceedings brought by regulatory agencies, see "*—Risk Factors Relating to Our Business—Litigation, regulatory actions and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and/or requirements resulting in increased expenses*."

Ongoing changes to the regulatory framework applicable to us have had, and may continue to have, a significant impact on our business, financial condition and results of operations.

Ongoing changes to the regulatory framework applicable to us have had, and may continue to have, a significant adverse impact on our business, results of operations and financial condition. For example, the Dodd-Frank Act and related regulations restrict certain business practices, impose stringent capital, liquidity and leverage ratio requirements, as well as additional costs (including increased compliance costs and increased costs of funding raised through the issuance of asset-backed securities), on us, and impact the value of our assets. In addition, the Dodd-Frank Act requires us to serve as a source of financial strength for any insured depository institution we control, such as the Bank. Such support may be required by the Federal Reserve Board at times when we might otherwise determine not to provide it or when doing so is not otherwise in the interest of Synchrony or its stockholders, noteholders or creditors. We describe certain provisions of the Dodd-Frank Act and other legislative and regulatory developments in "*Regulation—Regulation Relating to Our Business.*"

The EGRRCPA and related regulatory reform initiatives modified many of the Dodd-Frank Act's requirements, including provisions in the Tailoring Rules that apply certain enhanced prudential standards to covered savings and loan holding companies. As a result, because we had average total consolidated assets of $100 billion or more based on a four quarter average as of March 31, 2023, following applicable transition periods we will become subject to biennial supervisory stress tests, formal capital plan submission requirements, and the stress capital buffer, which will impose additional requirements and constraints on us.

Additional rulemaking may impose new capital requirements and limitations on our ability to pay dividends or redeem or repurchase our stock, increase liquidity requirements, require changes to our funding strategy and/or increase our funding and operating costs. Such additional rulemaking includes an existing rule proposal to change the regulatory capital requirements for U.S. banking organizations with at least $100 billion in total assets, and an existing proposal to require depository institution holding companies with $100 billion or more in assets to issue minimum amounts of long-term debt and maintain “clean” holding companies. See “Regulation—Regulation Relating to Our Business—Savings and Loan Holding Company Regulation—Capital” and “Regulation—Regulation Relating to Our Business—Savings and Loan Holding Company Regulation—Resolution.

Further, the recent and possible future changes to the regulatory framework applicable to Synchrony and the Bank, and any potential additional rulemaking make it difficult to assess the overall financial impact of the Dodd-Frank Act and related regulatory developments on us and across the industry.

There is ongoing uncertainty as to how the Consumer Financial Protection Bureau’s actions will impact our business; the agency’s actions have had and may continue to have an adverse impact on our business.

The CFPB has broad authority over our business. This includes authority to write regulations under federal consumer financial protection laws and to enforce those laws against and examine large financial institutions, such as us, for compliance. The CFPB is authorized to prevent “unfair, deceptive or abusive acts or practices” through its regulatory, supervisory and enforcement authority. The Federal Reserve Board and the OCC and state government agencies may also invoke their supervisory and enforcement authorities to prevent unfair and deceptive acts or practices. These federal and state agencies are authorized to remediate violations of consumer protection laws in a number of ways, including collecting civil money penalties and fines and providing for customer restitution. The CFPB also engages in consumer financial education, requests data and promotes the availability of financial services to underserved consumers and communities. In addition, the CFPB maintains an online complaint system that allows consumers to log complaints with respect to various consumer finance products, including the products we offer. This system could inform future CFPB decisions with respect to its regulatory, enforcement or examination focus.

There is ongoing uncertainty as to how the CFPB’s strategies and priorities, including in both its examination and enforcement processes, will impact our business and our results of operations going forward. Actions by the CFPB could result in requirements to alter or cease offering affected products and services, including deferred interest products, making them less attractive to consumers and less profitable to us and also restricting our ability to offer them. In addition, since 2013, the Bank has entered into two consent orders with the CFPB - one in 2013, which has since been terminated; and another in 2014 with respect to a debt cancellation product and sales practices and an unrelated issue that arose from the Bank’s self-identified omission of certain Spanish-speaking customers and customers residing in Puerto Rico from two offers that were made to certain delinquent customers. The Bank’s resolutions with the CFPB do not preclude other regulators or state attorneys general from seeking additional monetary or injunctive relief with respect to these or other issues, and any such relief could have a material adverse effect on our business, results of operations or financial condition.

Although we have committed significant resources to enhancing our compliance programs, changes by the CFPB in regulatory expectations, interpretations or practices or interpretations that are different or stricter than ours or those adopted in the past by the CFPB or other regulators could increase the risk of additional enforcement actions, fines and penalties. Most recently, the CFPB has identified certain areas of concern for consumers, including, for example, the increasing sophistication of underwriting, fair lending concerns (including in marketing), debt collection, excessive and/or unexpected fees and medical debt. Actions by the CFPB with respect to these or other areas could result in requirements to alter our products and services that may make them less attractive to consumers or less profitable to us. For example, on February 1, 2023, the CFPB issued a notice of proposed rulemaking which, if adopted, likely would result in a significant reduction of credit card late fees assessed by credit card issuers. For a discussion of risks related to the CFPB's proposed late fee rule, please see *"—Risk Factors Relating to our Business—The CFPB's proposed rule on credit card late fees, if adopted, could materially adversely affect our business and results of operations."* Additionally, on July 7, 2023, the CFPB, together with the U.S. Department of Health and Human Services and the U.S. Department of the Treasury, issued a request for information soliciting public comment on medical credit cards, loans, and other financial products used to pay for health care, which may lead to additional regulatory, supervisory, or enforcement activity regarding these products.

Future actions by the CFPB (or other regulators) against us or our competitors that discourage the use of products we offer or suggest to consumers the desirability of other products or services could result in reputational harm and a loss of customers. If the CFPB changes regulations which it adopted in the past or which were adopted in the past by other regulators and transferred to the CFPB by the Dodd-Frank Act, or modifies, through supervision or enforcement, past related regulatory guidance or interprets existing regulations in a different or stricter manner than they have been interpreted in the past by us, the industry or other regulators, our compliance costs and litigation exposure could increase materially. If future regulatory or legislative restrictions or prohibitions are imposed that affect our ability to offer promotional financing, including deferred interest, for certain of our products or require us to make significant changes to our business practices, and we are unable to develop compliant alternatives with acceptable returns, these restrictions or prohibitions could have a material adverse impact on our business, results of operations and financial condition.

The Dodd-Frank Act authorizes state officials to enforce regulations issued by the CFPB and to enforce the Act's general prohibition against unfair, deceptive or abusive acts or practices. This could make it more difficult than in the past for federal financial regulators to declare state laws that differ from federal standards to be preempted. To the extent that states enact requirements that differ from federal standards or state officials and courts adopt interpretations of federal consumer laws that differ from those adopted by the CFPB, we may be required to alter or cease offering products or services in some jurisdictions, which would increase compliance costs and reduce our ability to offer the same products and services to consumers nationwide, and we may be subject to a higher risk of state enforcement actions.

Failure by Synchrony and the Bank to meet applicable capital adequacy and liquidity requirements could have a material adverse effect on us.

Synchrony and the Bank must meet rules for capital adequacy as discussed in "*Regulation—Regulation Relating to Our Business*." As a stand-alone savings and loan holding company, Synchrony is subject to capital requirements similar to those that apply to the Bank.

Synchrony and the Bank may be subject to increasingly stringent capital adequacy standards in the future. For instance, because Synchrony had, as of March 31, 2023, $100 billion or more in average total consolidated assets based on a four quarter average, Synchrony will become subject to biennial supervisory stress tests, a formal capital plan submission requirement, and the stress capital buffer following applicable transition periods. See "*Regulation—Regulation Relating to Our Business— Savings and Loan Holding Company Regulation—Capital*" and "*Regulation—Regulation Relating to Our Business— Savings and Loan Holding Company Regulation—Dividends and Stock Repurchases.*" Once Synchrony becomes subject to supervisory stress tests, a formal capital plan submission requirement, and/or the stress capital buffer, Synchrony could be subject to additional restrictions on its ability to return capital to shareholders. In addition, in July 2023 the federal banking agencies proposed changes to the capital requirements of banking organizations that have $100 billion or more in total assets. See "*Regulation—Regulation Relating to Our Business— Savings and Loan Holding Company Regulation—Capital.* To the extent the proposed changes are finalized and adopted, they would likely increase our regulatory capital requirements, which may decrease our return on equity and could result in limitations on our ability to pay dividends or repurchase our stock.

If Synchrony or the Bank fails to meet current or future minimum capital, leverage or other financial requirements, its operations, results of operations and financial condition could be materially adversely affected. Among other things, failure by Synchrony or the Bank to maintain its status as "well capitalized" (or otherwise meet current or future minimum capital, leverage or other financial requirements) could compromise our competitive position and result in restrictions imposed by the Federal Reserve Board or the OCC, including, potentially, on the Bank's ability to engage in certain activities. These could include restrictions on the Bank's ability to enter into transactions with affiliates, accept brokered deposits, grow its assets, engage in material transactions, extend credit in certain highly leveraged transactions, amend or change its charter, bylaws or accounting methods, pay interest on its liabilities without regard to regulatory caps on the rates that may be paid on deposits, and pay dividends or repurchase stock. In addition, failure to maintain the well capitalized status of the Bank could result in our having to invest additional capital in the Bank, which could in turn require us to raise additional capital. The market and demand for, and cost of, our asset-backed securities also could be adversely affected by failure to meet current or future capital requirements.

Synchrony must also continue to comply with regulatory requirements related to the maintenance, management, monitoring and reporting of liquidity as discussed in "*Regulation—Regulation Relating to Our Business*." Under the Tailoring Rules, enhanced prudential standards with respect to liquidity management apply to covered savings and loan holding companies with $100 billion or more in average total consolidated assets, based on a four quarter average. See "*Regulation—Regulation Relating to Our Business—Legislative and Regulatory Developments*." Because Synchrony met the four-quarter average total consolidated assets threshold as of March 31, 2023, such requirements will apply to us in the future after a transition period, which could cause our results of operations and financial condition to be materially adversely affected.

We are subject to restrictions that limit our ability to pay dividends and repurchase our common stock; the Bank is subject to restrictions that limit its ability to pay dividends to us, which could limit our ability to pay dividends, repurchase our common stock or make payments on our indebtedness.

We are limited in our ability to pay dividends and repurchase our common stock by the Federal Reserve Board, which has broad authority to review our capital planning and risk management processes, and our current, projected and stressed capital levels, and to object to any capital action that the Federal Reserve Board considers to be unsafe or unsound. In addition, the declaration and amount of any future dividends to holders of our common stock or stock repurchases will be at the discretion of the Board of Directors and will depend on many factors, including our financial condition, earnings, capital and liquidity position, including the Bank, applicable regulatory requirements, corporate law and contractual restrictions and other factors that the Board of Directors deems relevant. Any inability to pay dividends or repurchase our common stock could adversely affect the market price of our common stock and market perceptions of Synchrony Financial. See "*Regulation—Regulation Relating to Our Business—Savings and Loan Holding Company Regulation-Dividends and Stock Repurchases*."

We rely significantly on dividends and other distributions and payments from the Bank for liquidity, including to pay our obligations under our indebtedness and other indebtedness as they become due, and federal law limits the amount of dividends and other distributions and payments that the Bank may pay to us. For example, OCC regulations limit the ability of savings associations to make distributions of capital, including payment of dividends, stock redemptions and repurchases, cash-out mergers and other transactions charged to the capital account. The Bank must obtain the OCC's approval prior to making a capital distribution in certain circumstances, including if the Bank proposes to make a capital distribution when it does not meet certain capital requirements (or will not do so as a result of the proposed capital distribution) or certain net income requirements. In addition, the Bank must file a prior written notice of a planned or declared dividend or other distribution with the Federal Reserve Board. The Federal Reserve Board or the OCC may object to a capital distribution if, among other things, the Bank is, or as a result of such dividend or distribution would be, undercapitalized or the Federal Reserve Board or OCC has safety and soundness concerns. Additional restrictions on bank dividends may apply if the Bank fails the QTL test. The application of these restrictions on the Bank's ability to pay dividends involves broad discretion on the part of our regulators. Limitations on the Bank's payments of dividends and other distributions and payments that we receive from the Bank could reduce our liquidity and limit our ability to pay dividends or our obligations under our indebtedness. See "*Regulation—Regulation Relating to Our Business—Savings Association Regulation—Dividends and Stock Repurchases*" and "*—Activities*."

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.

We are subject to various privacy, information security and data protection laws, including requirements concerning security breach notification, and we could be negatively impacted by them. For example, in the United States, certain of our businesses 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 customers 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, and the sensitivity of customer information processed by the financial institution as well as plans for responding to data security breaches.

Moreover, various United States federal banking regulatory agencies, states and foreign jurisdictions have enacted data security breach notification requirements with varying levels of individual, consumer, regulatory and/or law enforcement notification in certain circumstances in the event of a security breach. Many of these requirements also apply broadly to our partners that accept our cards. In many countries that have yet to impose data security breach notification requirements, regulators have increasingly used the threat of significant sanctions and penalties by data protection authorities to encourage voluntary notification and discourage data security breaches.

Furthermore, legislators and/or regulators in the United States and other countries in which we operate are increasingly adopting or revising privacy, information security and data protection laws that potentially could have a significant impact on our current and planned privacy, data protection and information security-related practices; our collection, use, sharing, retention and safeguarding of consumer and/or employee information; and some of our current or planned business activities. This could also increase our costs of compliance and business operations and could reduce income from certain business initiatives. In the United States, this includes increased privacy-related enforcement activity at the federal level, by the Federal Trade Commission, as well as at the state level, such as with regard to mobile applications, and state legislation such as the CCPA, which could increase our costs. In the European Union, this includes the General Data Protection Regulation. See "*Regulation—Regulation Relating to Our Business—Privacy.*"

Compliance with current or future privacy, data protection and information security laws (including those regarding security breach notification and consumer privacy) affecting customer and/or employee data to which we are subject could result in higher compliance and technology costs and could restrict our ability to provide certain products and services (such as products or services that involve us sharing information with third parties or storing sensitive credit card information), which could materially and adversely affect our profitability. Our failure to comply with privacy, data protection and information security laws could result in potentially significant regulatory investigations and government actions, litigation, fines or sanctions, consumer or partner actions and damage to our reputation and our brand, all of which could have a material adverse effect on our business and results of operations.

Our use of third-party vendors and our other ongoing third-party business relationships are subject to increasing regulatory requirements and attention.

We regularly use third-party vendors and subcontractors as part of our business. We also have substantial ongoing business relationships with our partners and other third parties. These types of third-party relationships are subject to increasingly demanding regulatory requirements and attention by our federal bank regulators (the Federal Reserve Board, the OCC and the FDIC) and our consumer financial services regulator (the CFPB). Regulatory guidance requires us to enhance our due diligence, ongoing monitoring and control over our third-party vendors and subcontractors and other ongoing third-party business relationships, including with our partners. In certain cases, we may be required to renegotiate our agreements with these vendors and/or their subcontractors to meet these enhanced requirements, which could increase our costs. These regulatory expectations may change, and potentially become more rigorous in certain ways, due to an interagency effort to replace existing guidance on the risk management of third-party relationships with new guidance. We expect that our regulators will hold us responsible for deficiencies in our oversight and control of our third-party relationships and in the performance of the parties with which we have these relationships. As a result, if our regulators conclude that we have not exercised adequate oversight and control over our third-party vendors and subcontractors or other ongoing third-party business relationships, or that such third parties have not performed appropriately, we could be subject to enforcement actions, including the imposition of civil money penalties or other administrative or judicial penalties or fines as well as requirements for customer remediation.

Failure to comply with anti-money laundering and anti-terrorism financing laws could have significant adverse consequences for us.

We maintain an enterprise-wide program designed to enable us to comply with all applicable anti-money laundering and anti-terrorism financing laws and regulations, including, but not limited to, the Bank Secrecy Act and the Patriot Act. This program includes policies, procedures, processes and other internal controls designed to identify, monitor, manage and mitigate the risk of money laundering or terrorist financing posed by our products, services, customers and geographic locale. These controls include procedures and processes to detect and report suspicious transactions, perform customer due diligence, respond to requests from law enforcement, identify and verify a legal entity customer's beneficial owner(s) at the time a new account is opened and to understand the nature and purpose of the customer relationship, and meet all recordkeeping and reporting requirements related to particular transactions involving currency or monetary instruments. We cannot be sure our programs and controls will be effective to ensure our compliance with all applicable anti-money laundering and anti-terrorism financing laws and regulations, and our failure to comply could subject us to significant sanctions, fines, penalties and reputational harm, all of which could have a material adverse effect on our business, results of operations and financial condition.

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Synchrony Financial:

Opinion on Internal Control Over Financial Reporting

We have audited Synchrony Financial and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Consolidated Statements of Financial Position of the Company as of December 31, 2023 and 2022, the related Consolidated Statements of Earnings, Comprehensive Income, Changes in Equity, and Cash Flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements), and our report dated February 8, 2024 expressed an unqualified opinion on those consolidated 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 Report on Management's Assessment of 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 of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included 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/ KPMG LLP

New York, New York
February 8, 2024

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Synchrony Financial:

Opinion on the Consolidated Financial Statements

We have audited the accompanying Consolidated Statements of Financial Position of Synchrony Financial and subsidiaries (the Company) as of December 31, 2023 and 2022, the related Consolidated Statements of Earnings, Comprehensive Income, Changes in Equity, and Cash Flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have 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, 2023, 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 8, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated 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 on Loan Receivables

As discussed in Notes 2 and 5 to the consolidated financial statements, the Company's allowance for credit losses (ACL) as of December 31, 2023 was $10,571 million. The Company estimated and recognized losses on loan receivables upon origination of the loan, based on expected credit losses for the life of the loan balance as of the period end date. Expected credit loss estimates for the December 31, 2023 ACL involved modeling of loss projections attributable to existing loan balances, considering historical experience, current conditions, and future expectations for pools of loans with similar risk characteristics over the reasonable and supportable forecast period. The model considers a macroeconomic forecast, with unemployment as the primary macroeconomic variable. The Company used an enhanced migration analysis to estimate the likelihood that a loan will progress through the various stages of delinquency. After the reasonable and supportable forecast period, the Company reverted to historical loss information at the loan receivables segment level. The historical loss information was derived from a combination of recessionary and non-recessionary performance periods. In determining expected credit losses over the life of the loan balance, the Company utilized an approach which implicitly considered total expected future payments and applied appropriate allocations to reduce those payments in order to estimate losses pertaining to measurement date loan receivables. The Company also performed a qualitative assessment in addition to model estimates and applied qualitative adjustments as necessary.

We identified the assessment of the December 31, 2023 ACL as a critical audit matter. A high degree of auditor effort, including specialized skills and knowledge, and subjective and complex auditor judgment was involved in the assessment of the December 31, 2023 ACL due to significant measurement uncertainty. Specifically, the assessment encompassed the evaluation of the December 31, 2023 ACL methodologies, including the methods and models used to estimate expected credit losses. The assessment also included an evaluation of the significant assumptions to the December 31, 2023 ACL, which included: (1) the segmentation of the loan receivables population with similar risk characteristics, (2) the length of the historical experience, (3) the length of the reasonable and supportable forecast period, (4) the estimated life of the loan, (5) the reversion to historical loss information, and (6) the macroeconomic forecast. The assessment also included an evaluation of the conceptual soundness of the models. In addition, auditor judgment was required to evaluate the sufficiency of the audit evidence obtained.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company’s measurement of the December 31, 2023 ACL, including controls over the:

- development and approval of the December 31, 2023 ACL methodologies
- development and performance monitoring of the models
- identification and determination of the significant assumptions used to estimate the ACL
- monitoring of the December 31, 2023 ACL results, trends, and ratios.

We evaluated the Company’s process to develop the December 31, 2023 ACL by testing certain sources of data, factors, and assumptions that the Company used, and considered the relevance and reliability of such data, factors, and assumptions. In addition, we involved credit risk professionals with specialized industry knowledge and experience, who assisted in:

- evaluating the Company’s December 31, 2023 ACL methodologies for compliance with U.S. generally accepted accounting principles
- assessing the conceptual soundness of the models used by inspecting model documentation to determine whether the models are suitable for intended use
- determining whether the loan portfolio is segmented by similar risk characteristics by comparing to the Company’s business environment and evaluating statistical testing performed
- evaluating the length of the historical experience period by comparing to portfolio performance and evaluating the back-testing and sensitivity testing performed
- evaluating the length of the reasonable and supportable period by comparing to model performance, including back testing results, the quantitative methodology, and industry practice
- determining whether the estimated life of the loan is appropriate based on empirical analysis performed and industry practice
- evaluating whether the length of the reversion period is appropriate based on empirical analysis
- evaluating whether the reversion method uses a systematic and rational approach
- assessing the historical loss information that is being reverted to by verifying whether the historical loss information captures a through the cycle estimate and evaluating the consistency of the empirical analysis performed based on industry data and established methodology
- assessing the macroeconomic forecast by evaluating the Company’s process for evaluating future expectations of macroeconomic conditions, comparing to portfolio performance, and comparing to publicly available forecasts
- evaluating the methods and assumptions used to develop certain qualitative adjustments compared with relevant credit risk factors and consistency with credit trends.

We also assessed the sufficiency of the audit evidence obtained related to the December 31, 2023 ACL by evaluating the cumulative results of the audit procedures and potential bias in the accounting estimates.

/s/ KPMG LLP

We have served as the Company’s auditor since 2013.

New York, New York
February 8, 2024

Synchrony Financial and subsidiaries
Consolidated Statements of Earnings

For the years ended December 31 *($ in millions, except per share data)*	2023	2022	2021
Interest income:			
Interest and fees on loans (Note 5)	$ 19,902	$ 16,881	$ 15,228
Interest on cash and debt securities	808	265	43
Total interest income	20,710	17,146	15,271
Interest expense:			
Interest on deposits	2,952	1,008	566
Interest on borrowings of consolidated securitization entities	340	196	169
Interest on senior and subordinated unsecured notes	419	317	297
Total interest expense	3,711	1,521	1,032
Net interest income	16,999	15,625	14,239
Retailer share arrangements	(3,661)	(4,331)	(4,528)
Provision for credit losses (Note 5)	5,965	3,375	726
Net interest income, after retailer share arrangements and provision for credit losses	7,373	7,919	8,985
Other income:			
Interchange revenue	1,031	982	880
Protection product revenue	510	387	284
Loyalty programs	(1,370)	(1,257)	(992)
Other	118	268	309
Total other income	289	380	481
Other expense:			
Employee costs	1,884	1,681	1,501
Professional fees	842	832	782
Marketing and business development	527	487	486
Information processing	712	623	550
Other	793	714	644
Total other expense	4,758	4,337	3,963
Earnings before provision for income taxes	2,904	3,962	5,503
Provision for income taxes (Note 15)	666	946	1,282
Net earnings	$ 2,238	$ 3,016	$ 4,221
Net earnings available to common stockholders	$ 2,196	$ 2,974	$ 4,179
Earnings per share			
Basic	$ 5.21	$ 6.19	$ 7.40
Diluted	$ 5.19	$ 6.15	$ 7.34

See accompanying notes to consolidated financial statements.

Synchrony Financial and subsidiaries
Consolidated Statements of Comprehensive Income

For the years ended December 31 ($ in millions)	2023	2022	2021
Net earnings	$ 2,238	$ 3,016	$ 4,221
Other comprehensive income (loss)			
Debt securities	60	(97)	(21)
Currency translation adjustments	—	(12)	(4)
Employee benefit plans	(3)	53	7
Other comprehensive income (loss)	57	(56)	(18)
Comprehensive income	$ 2,295	$ 2,960	$ 4,203

Amounts presented net of taxes.

See accompanying notes to consolidated financial statements.

Synchrony Financial and subsidiaries
Consolidated Statements of Financial Position

At December 31 ($ in millions)	2023	2022
Assets		
Cash and equivalents	$ 14,259	$ 10,294
Debt securities (Note 4)	3,799	4,879
Loan receivables: (Notes 5 and 6)		
Unsecuritized loans held for investment	81,554	72,638
Restricted loans of consolidated securitization entities	21,434	19,832
Total loan receivables	102,988	92,470
Less: Allowance for credit losses	(10,571)	(9,527)
Loan receivables, net	92,417	82,943
Goodwill (Note 7)	1,018	1,105
Intangible assets, net (Note 7)	815	742
Other assets	4,915	4,601
Assets held for sale (Note 3)	256	—
Total assets	$ 117,479	$ 104,564
Liabilities and Equity		
Deposits: (Note 8)		
Interest-bearing deposit accounts	$ 80,789	$ 71,336
Non-interest-bearing deposit accounts	364	399
Total deposits	81,153	71,735
Borrowings: (Notes 6 and 9)		
Borrowings of consolidated securitization entities	7,267	6,227
Senior and subordinated unsecured notes	8,715	7,964
Total borrowings	15,982	14,191
Accrued expenses and other liabilities	6,334	5,765
Liabilities held for sale (Note 3)	107	—
Total liabilities	$ 103,576	$ 91,691
Equity:		
Preferred stock, par share value $0.001 per share; 750,000 shares authorized; 750,000 shares issued and outstanding at both December 31, 2023 and 2022 and aggregate liquidation preference of $750 at both December 31, 2023 and 2022	$ 734	$ 734
Common stock, par share value 0.001 per share; 4,000,000,000 shares authorized; 833,984,684 shares issued at both December 31, 2023 and 2022; 406,875,775 and 438,216,755 shares outstanding at December 31, 2023 and 2022, respectively	1	1
Additional paid-in capital	9,775	9,718
Retained earnings	18,662	16,716
Accumulated other comprehensive income (loss):		
Debt securities	(33)	(93)
Currency translation adjustments	(38)	(38)
Employee benefit plans	3	6
Treasury stock, at cost; 427,108,909 and 395,767,929 shares at December 31, 2023 and 2022, respectively	(15,201)	(14,171)
Total equity	13,903	12,873
Total liabilities and equity	$ 117,479	$ 104,564

See accompanying notes to consolidated financial statements.

Synchrony Financial and subsidiaries
Consolidated Statements of Changes in Equity

	Preferred Stock		Common Stock						
($ in millions, shares in thousands)	**Shares Issued**	**Amount**	**Shares Issued**	**Amount**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Treasury Stock**	**Total Equity**
Balance at January 1, 2021	750	$ 734	833,985	$ 1	$ 9,570	$ 10,621	$ (51)	$ (8,174)	$ 12,701
Net earnings	—	—	—	—	—	4,221	—	—	4,221
Other comprehensive income	—	—	—	—	—	—	(18)	—	(18)
Purchases of treasury stock	—	—	—	—	—	—	—	(2,876)	(2,876)
Stock-based compensation	—	—	—	—	99	(55)	—	125	169
Dividends - preferred stock ($56.24 per share)	—	—	—	—	—	(42)	—	—	(42)
Dividends - common stock ($0.88 per share)	—	—	—	—	—	(500)	—	—	(500)
Balance at December 31, 2021	750	$ 734	833,985	$ 1	$ 9,669	$ 14,245	$ (69)	$ (10,925)	$ 13,655
Net earnings	—	—	—	—	—	3,016	—	—	3,016
Other comprehensive income	—	—	—	—	—	—	(56)	—	(56)
Purchases of treasury stock	—	—	—	—	—	—	—	(3,320)	(3,320)
Stock-based compensation	—	—	—	—	49	(69)	—	74	54
Dividends - preferred stock ($56.24 per share)	—	—	—	—	—	(42)	—	—	(42)
Dividends - common stock ($0.90 per share)	—	—	—	—	—	(434)	—	—	(434)
Balance at December 31, 2022	750	$ 734	833,985	$ 1	$ 9,718	$ 16,716	$ (125)	$ (14,171)	$ 12,873
Cumulative effect of change in accounting principle						222			$ 222
Adjusted balance, beginning of period	750	$ 734	833,985	$ 1	$ 9,718	$ 16,938	$ (125)	$ (14,171)	$ 13,095
Net earnings	—	—	—	—	—	2,238	—	—	2,238
Other comprehensive income	—	—	—	—	—	—	57	—	57
Purchases of treasury stock	—	—	—	—	—	—	—	(1,112)	(1,112)
Stock-based compensation	—	—	—	—	57	(66)	—	82	73
Dividends - preferred stock ($56.24 per share)	—	—	—	—	—	(42)	—	—	(42)
Dividends - common stock ($0.96 per share)	—	—	—	—	—	(406)	—	—	(406)
Balance at December 31, 2023	750	$ 734	833,985	$ 1	$ 9,775	$ 18,662	$ (68)	$ (15,201)	$ 13,903

See accompanying notes to consolidated financial statements.

Synchrony Financial and subsidiaries
Consolidated Statements of Cash Flows

For the years ended December 31 ($ in millions)	2023	2022	2021
Cash flows - operating activities			
Net earnings	$ 2,238	$ 3,016	$ 4,221
Adjustments to reconcile net earnings to cash provided from operating activities			
Provision for credit losses	5,965	3,375	726
Deferred income taxes	(458)	(421)	219
Depreciation and amortization	458	419	390
(Increase) decrease in interest and fees receivable	(645)	(197)	424
(Increase) decrease in other assets	7	21	37
Increase (decrease) in accrued expenses and other liabilities	293	(93)	560
All other operating activities	735	574	522
Cash provided from (used for) operating activities	8,593	6,694	7,099
Cash flows - investing activities			
Maturity and sales of debt securities	5,011	3,984	5,080
Purchases of debt securities	(3,623)	(3,866)	(2,990)
Proceeds from sale of loan receivables	—	3,930	23
Net (increase) decrease in loan receivables, including held for sale	(14,900)	(13,733)	(6,378)
All other investing activities	(722)	(549)	(549)
Cash provided from (used for) investing activities	(14,234)	(10,234)	(4,814)
Cash flows - financing activities			
Borrowings of consolidated securitization entities			
Proceeds from issuance of securitized debt	2,294	2,720	2,361
Maturities and repayment of securitized debt	(1,257)	(3,784)	(2,886)
Senior and subordinated unsecured notes			
Proceeds from issuance of senior and subordinated unsecured notes	740	2,235	744
Maturities and repayment of senior and subordinated unsecured notes	—	(1,500)	(1,500)
Dividends paid on preferred stock	(42)	(42)	(42)
Net increase (decrease) in deposits	9,437	9,453	(534)
Purchases of treasury stock	(1,112)	(3,320)	(2,876)
Dividends paid on common stock	(406)	(434)	(500)
All other financing activities	(22)	(44)	29
Cash provided from (used for) financing activities	9,632	5,284	(5,204)
Increase (decrease) in cash and equivalents, including restricted and held for sale amounts	3,991	1,744	(2,919)
Cash and equivalents, including restricted amounts, at beginning of year	10,430	8,686	11,605
Cash and equivalents at end of year:			
Cash and equivalents	14,259	10,294	8,337
Restricted cash and equivalents included in other assets	50	136	349
Cash and equivalents, including restricted amounts, held for sale	112	—	$ —
Total cash and equivalents, including restricted and held for sale amounts, at end of year	$ 14,421	$ 10,430	$ 8,686
Supplemental disclosure of cash flow information			
Cash paid during the year for interest	$ (3,551)	$ (1,356)	$ (1,034)
Cash paid during the year for income taxes	$ (1,125)	$ (1,290)	$ (1,112)

See accompanying notes to consolidated financial statements.

NOTE 1. BUSINESS DESCRIPTION

Synchrony Financial (the "Company") provides a range of credit products through financing programs it has established with a diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers. We primarily offer private label, Dual Card, co-brand and general purpose credit cards, as well as short- and long-term installment loans, and savings products insured by the Federal Deposit Insurance Corporation ("FDIC") through Synchrony Bank (the "Bank").

References to the "Company," "we," "us" and "our" are to Synchrony Financial and its consolidated subsidiaries unless the context otherwise requires.

NOTE 2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements were prepared in conformity with U.S. generally accepted accounting principles ("GAAP").

Preparing financial statements in conformity with U.S. GAAP requires us to make estimates based on assumptions about current, and for some estimates, future, economic and market conditions (for example, unemployment, housing, interest rates and market liquidity) which affect reported amounts and related disclosures in our consolidated financial statements. Although our current estimates contemplate current conditions and how we expect them to change in the future, as appropriate, it is reasonably possible that actual conditions could be different than anticipated in those estimates, which could materially affect our results of operations and financial position. Among other effects, such changes could result in incremental losses on loan receivables, future impairments of debt securities, goodwill and intangible assets, increases in reserves for contingencies, establishment of valuation allowances on deferred tax assets and increases in our tax liabilities.

We primarily conduct our business within the United States and substantially all of our revenues are from U.S. customers. The operating activities conducted by our non-U.S. affiliates use the local currency as their functional currency. The effects of translating the financial statements of these non-U.S. affiliates to U.S. dollars are included in equity. Asset and liability accounts are translated at period-end exchange rates, while revenues and expenses are translated at average rates for the respective periods.

Consolidated Basis of Presentation

The Company's financial statements have been prepared on a consolidated basis. Under this basis of presentation, our financial statements consolidate all of our subsidiaries – i.e., entities in which we have a controlling financial interest, most often because we hold a majority voting interest. To determine if we hold a controlling financial interest in an entity, we first evaluate if we are required to apply the variable interest entity ("VIE") model to the entity, otherwise the entity is evaluated under the voting interest model. Where we hold current or potential rights that give us the power to direct the activities of a VIE that most significantly impact the VIE's economic performance ("power") combined with a variable interest that gives us the right to receive potentially significant benefits or the obligation to absorb potentially significant losses ("significant economics"), we have a controlling financial interest in that VIE. Rights held by others to remove the party with power over the VIE are not considered unless one party can exercise those rights unilaterally. We consolidate certain securitization entities under the VIE model because we have both power and significant economics. See Note 6. *Variable Interest Entities.* Investments in which we do not hold a controlling financial interest but have significant influence over the entity's financial and operating decisions are accounted for under the equity method.

Changes in Presentation

At December 31, 2023, contract costs related to our retailer partner agreements of $498 million, net of accumulated amortization, previously classified as Intangible assets are now presented as a component of Other assets on our Consolidated Statements of Financial Position. Reclassifications of prior period amounts of $545 million, net of accumulated amortization, have been made to conform with the current period presentation discussed above.

Protection product revenue in our Consolidated Statements of Income was previously captioned "*Debt cancellation fees*" and represents fees earned from our debt cancellation product offered to our credit card customers.

New Accounting Standards

Newly Adopted Accounting Standards

In March 2022, the FASB issued ASU No. 2022-02, Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures. This ASU eliminates the separate recognition and measurement guidance for Troubled Debt Restructurings ("TDRs") by creditors. The elimination of the TDR guidance may be adopted prospectively for loan modifications after adoption or on a modified retrospective basis, which would also apply to loans previously modified, resulting in a cumulative effect adjustment to retained earnings in the period of adoption for changes in the allowance for credit losses. The Company adopted this guidance as of January 1, 2023, on a modified retrospective basis, which resulted in the recognition of the effects of adoption through a cumulative-effect adjustment to retained earnings. As a result of adoption, we incurred a reduction of $294 million to the Company's allowance for credit losses, and a corresponding increase, net of tax effect, to retained earnings of $222 million. Subsequent updates to our estimate of expected credit losses have been recorded through the provision for credit losses in our Consolidated Statements of Earnings.

Recently Issued But Not Yet Adopted Accounting Standards

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This ASU improves reportable segment disclosure requirements and requires enhanced disclosures about significant segment expenses. The Company will adopt this guidance on a retrospective basis on its effective date, which for us is beginning within our December 31, 2024 Form 10-K.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This ASU requires disclosure of specific categories in the rate reconciliation, as well as additional qualitative information about the reconciliation, and additional disaggregated information about income taxes paid. The Company will adopt this guidance on its effective date, which for us is beginning within our December 31, 2025 Form 10-K, and is currently determining the method of adoption.

Segment Reporting

We conduct our operations through a single business segment. Substantially all of our interest and fees on loans and long-lived assets relate to our operations within the United States. Pursuant to FASB Accounting Standards Codification ("ASC") 280, *Segment Reporting*, operating segments represent components of an enterprise for which separate financial information is available that is regularly evaluated by the chief operating decision maker in determining how to allocate resources and in assessing performance. The chief operating decision maker uses a variety of measures to assess the performance of the business as a whole, depending on the nature of the activity. Revenue activities are primarily managed through five sales platforms (Home & Auto, Digital, Diversified & Value, Health & Wellness and Lifestyle). Those platforms are organized by the types of partners we work with to reach our customers, with success principally measured based on interest and fees on loans, loan receivables, active accounts and other sales metrics. Detailed profitability information of the nature that could be used to allocate resources and assess the performance and operations for each sales platform individually, however, is not used by our chief operating decision maker. Expense activities, including funding costs, credit losses and operating expenses, are not measured for each platform but instead are managed for the Company as a whole.

Cash and Equivalents

Debt securities, money market instruments and bank deposits with original maturities of three months or less are included in cash and equivalents unless designated as available-for-sale and classified as debt securities. Cash and equivalents at December 31, 2023 primarily included cash and due from banks of $1.4 billion and interest-bearing deposits in other banks of $12.8 billion. Cash and equivalents at December 31, 2022 primarily included cash and due from banks of $1.5 billion and interest-bearing deposits in other banks of $8.8 billion.

Restricted Cash and Equivalents

Restricted cash and equivalents represent cash and equivalents that are not available to us due to restrictions related to its use. In addition, our securitization entities are required to fund segregated accounts that may only be used for certain purposes, including payment of interest and servicing fees and repayment of maturing debt. We include our restricted cash and equivalents in Other assets in our Consolidated Statements of Financial Position.

Investment Securities

We report investments in debt securities and equity securities with a readily determinable fair value at fair value. See Note 10. *Fair Value Measurements* for further information on fair value. Changes in fair value on debt securities, which are classified as available-for-sale, are included in equity, net of applicable taxes. Changes in fair value on equity securities are included in earnings. We regularly review investment securities for impairment using both quantitative and qualitative criteria.

For debt securities, if we do not intend to sell the security, or it is not more likely than not, that we will be required to sell the security before recovery of our amortized cost, we evaluate other qualitative criteria to determine whether we do not expect to recover the amortized cost basis of the security, such as the financial health of, and specific prospects for the issuer, including whether the issuer is in compliance with the terms and covenants of the security. We also evaluate quantitative criteria including determining whether there has been an adverse change in expected future cash flows. If we do not expect to recover the entire amortized cost basis of the security, we consider the debt security to be impaired. If the security is impaired, we determine whether the impairment is the result of a credit loss or other factors. If a credit loss exists, an allowance for credit losses is recorded, with a related charge to earnings, limited by the amount that the fair value of the security is less than its amortized cost. Given the nature of our current portfolio, we perform a qualitative assessment to determine whether any credit loss is warranted. The assessment considers factors such as adverse conditions and payment structure of the securities, history of payment, and market conditions. If we intend to sell the security or it is more likely than not we will be required to sell the debt security before recovery of its amortized cost basis, the security is also considered impaired and we recognize the entire difference between the security's amortized cost basis and its fair value in earnings.

Realized gains and losses are accounted for on the specific identification method.

Loan Receivables

Loan receivables primarily consist of open-end consumer revolving credit card accounts, closed-end consumer installment loans and open-end commercial revolving credit card accounts. Loan receivables are reported at the amounts due from customers, including unpaid interest and fees, deferred income and costs.

Loan Receivables Held for Sale

Loans purchased or originated with the intent to sell are classified as loan receivables held for sale and carried at the lower of amortized cost or fair value. Loans initially classified as held for investment are transferred to loan receivables held for sale and carried at the lower of amortized cost or fair value once a decision has been made to sell the loans. We continue to recognize interest and fees on these loans on the accrual basis. The fair value of loan receivables held for sale is determined on an aggregate homogeneous portfolio basis.

If a loan is transferred from held for investment to held for sale, any associated allowance for credit loss is reversed through earnings, and the loan is transferred to held for sale at amortized cost. The amount by which amortized cost basis exceeds fair value is accounted for as a valuation allowance. The loan is carried at the lower of amortized cost or fair value.

Acquired Loans

To determine the fair value of loans at acquisition, we estimate expected cash flows and discount those cash flows using an observable market rate of interest, when available, adjusted for factors that a market participant would consider in determining fair value. In determining fair value, expected cash flows are adjusted to include prepayment, default rate, and loss severity estimates. The difference between the fair value and the amount contractually due is recorded as a loan discount or premium at acquisition.

Loans acquired that have experienced more-than-insignificant deterioration in credit quality since origination (referred to as “purchased credit deteriorated” or “PCD” assets) are subject to specific guidance upon acquisition. An allowance for PCD assets is added to the purchase price or fair value of the acquired loans to arrive at the amortized cost basis. Subsequent to initial recognition, the accounting for the PCD asset will generally follow the credit loss model described below.

Loans acquired without a more-than-insignificant credit deterioration since origination are measured under the Allowance for Credit Losses model described below.

Allowance for Credit Losses

As discussed above, the Company adopted ASU 2022-02 as of January 1, 2023.

Losses on loan receivables are estimated and recognized upon origination of the loan, based on expected credit losses for the life of the loan balance as of the period end date. Expected credit loss estimates involve modeling loss projections attributable to existing loan balances, considering historical experience, current conditions and future expectations for pools of loans with similar risk characteristics over the reasonable and supportable forecast period. The model considers a macroeconomic forecast, with unemployment as the primary macroeconomic variable considered. We also perform a qualitative assessment in addition to model estimates and apply qualitative adjustments as necessary. The reasonable and supportable forecast period is determined primarily based upon an assessment of the current economic outlook, including our ability to use available data to accurately forecast losses over time. The reasonable and supportable forecast period used in our estimate of credit losses at December 31, 2023 was 12 months, consistent with the forecast period utilized since adoption of CECL. The Company reassesses the reasonable and supportable forecast period on a quarterly basis. Beyond the reasonable and supportable forecast period, we revert to historical loss information at the loan receivables segment level over a 6-month period, gradually increasing the weight of historical losses by an equal amount each month during the reversion period, and utilize historical loss information thereafter for the remaining life of the portfolio. The historical loss information is derived from a combination of recessionary and non-recessionary performance periods, weighted by the time span of each period. Similar to the reasonable and supportable forecast period, we also reassess the reversion period and historical mean on a quarterly basis, considering any required adjustments for differences in underwriting standards, portfolio mix, and other relevant data shifts over time.

We generally segment our loan receivable population into pools of loans with similar risk characteristics at the major retailer and product level. Consistent with our other assumptions, we regularly review segmentation to determine whether the segmentation pools remain relevant as risk characteristics change.

Our loan receivables generally do not have a stated life. The life of a credit card loan receivable is dependent upon the allocation of payments received, as well as a variety of other factors, including the principal balance, promotional terms, interest charges and fees and overall consumer credit profile and usage pattern. We determine the expected credit losses for credit card loan receivables as of the measurement date by using a combination of migration analysis, and other historical analyses, which implicitly consider the payments attributable to the measurement date balance. To do so, we utilize an approach which implicitly considers total expected future payments and applies appropriate allocations to reduce those payments in order to estimate losses pertaining to measurement date loan receivables. Based on our payments analyses, we also ensure that expected future payments from an account do not exceed the measurement date balance.

We evaluate each portfolio quarterly. For credit card receivables, our estimation process includes analysis of historical data, and there is a significant amount of judgment applied in selecting inputs and analyzing the results produced by the models to determine the allowance for credit losses. We use an enhanced migration analysis to estimate the likelihood that a loan will progress through the various stages of delinquency. The enhanced migration analysis considers uncollectible principal, interest and fees reflected in the loan receivables, segmented by credit and business parameters. We use other analyses to estimate expected losses on non-delinquent accounts, which include past performance, bankruptcy activity such as filings, policy changes and loan volumes and amounts. Holistically, for assessing the portfolio credit loss content, we also evaluate portfolio risk management techniques applied to various accounts, historical behavior of different account vintages, account seasoning, economic conditions, recent trends in delinquencies, account collection management including the impact of modifications made to borrowers experiencing financial difficulties, forecasting uncertainties, expectations about the future and a qualitative assessment of the adequacy of the allowance for credit losses. Key factors that impact the accuracy of our historical loss forecast estimates include the models and methodology utilized, credit strategy and trends, and consideration of material changes in our loan portfolio such as changes in growth and portfolio mix. We regularly review our collection experience (including delinquencies and net charge-offs) in determining our allowance for credit losses. We also consider our historical loss experience to date based on actual defaulted loans and overall portfolio indicators including delinquent and non-accrual loans, trends in loan volume and lending terms, credit policies and other observable environmental factors such as unemployment and home price indices. Additionally, the estimate of expected credit losses includes expected recoveries of amounts previously charged-off and expected to be charged-off.

The underlying assumptions, estimates and assessments we use to provide for losses are updated periodically to reflect our view of current and forecasted conditions, and are subject to the regulatory examination process, which can result in changes to our assumptions. Changes in such estimates can significantly affect the allowance and provision for credit losses. It is possible that we will experience credit losses that are different from our current estimates. Charge-offs are deducted from the allowance for credit losses and are recorded in the period when we judge the principal to be uncollectible, and subsequent recoveries are added to the allowance, generally at the time cash is received on a charged-off account.

Delinquent receivables are those that are 30 days or more past due based on their contractual payments. Non-accrual loan receivables are those on which we have stopped accruing interest. We continue to accrue interest until the earlier of the time at which collection of an account becomes doubtful, or the account becomes 180 days past due, with the exception of non-credit card accounts, for which we stop accruing interest in the period that the account becomes 90 days past due.

The same loan receivable may meet more than one of the definitions above. Accordingly, these categories are not mutually exclusive, and it is possible for a particular loan to meet the definitions of a non-accrual loan and a delinquent loan, or be modified to a borrower experiencing financial difficulty, and be included in each of these categories. The categorization of a particular loan also may not necessarily be indicative of the potential for loss.

Loan Modifications to Borrowers Experiencing Financial Difficulty

Our loss mitigation strategy is intended to minimize economic loss and, at times, can result in rate reductions, principal forgiveness, extensions or other actions, for borrowers experiencing financial difficulty. We primarily use long-term modification programs for borrowers experiencing financial difficulty as a loss mitigation strategy to improve long-term collectability of the loans. The long-term modification programs include changing the structure of the loan to a fixed payment loan with a maturity no longer than 60 months, reducing the interest rate on the loan, and stopping the assessment of penalty fees. We also make long-term loan modifications for customers who request financial assistance through external sources, such as through consumer credit counseling service agencies. Long-term loan modification programs do not normally include the forgiveness of unpaid principal, interest or fees. We may also provide certain borrowers with a short-term loan modification program (generally up to 3 months) that can include the forgiveness of unpaid principal balance, interest and/or fees. We generally do not convert revolving loans to term loans, outside of loan modification programs for borrowers experiencing financial difficulties. The evaluation of whether a borrower is experiencing financial difficulty includes our consideration of all relevant facts and circumstances. See Note 5. *Loan Receivables and Allowance for Credit Losses* for additional information on our loan modifications to borrowers experiencing financial difficulty.

Data related to redefault experience is also considered in our overall reserve adequacy review. Once the loan has been modified, it only returns to current status (re-aged) after three consecutive monthly program payments are received post the modification date, subject to re-aging limitations in the Federal Financial Institutions Examination Council guidelines on Uniform Retail Credit Classification and Account Management policy issued in June 2000.

Charge-Offs

Net charge-offs consist of the unpaid principal balance of loans held for investment that we determine are uncollectible, net of recovered amounts. We exclude accrued and unpaid finance charges, fees and third-party fraud losses from charge-offs. Charged-off and recovered accrued and unpaid finance charges and fees are included in interest and fees on loans while fraud losses are included in other expense. Charge-offs are recorded as a reduction to the allowance for credit losses, and subsequent recoveries of previously charged-off amounts are credited to the allowance for credit losses. Costs incurred to recover charged-off loans are recorded as collection expense and are included in other expense in our Consolidated Statements of Earnings.

We charge-off unsecured closed-end consumer installment loans and loans secured by collateral when they are 120 days contractually past due, and unsecured open-ended revolving loans when they are 180 days contractually past due. Unsecured consumer loans in bankruptcy are charged-off within 60 days of notification of filing by the bankruptcy court or within contractual charge-off periods, whichever occurs earlier. Credit card loans of deceased account holders are charged-off within 60 days of receipt of notification.

Goodwill and Intangible Assets

We do not amortize goodwill but test it at least annually for impairment at the reporting unit level pursuant to ASC 350, *Intangibles—Goodwill and Other*. A reporting unit is defined under GAAP as the operating segment, or one level below that operating segment (the component level) if discrete financial information is prepared and regularly reviewed by segment management. Our single operating segment comprises a single reporting unit, based on the level at which segment management regularly reviews and measures the business operating results.

When a portion of a reporting unit constitutes a business that is being disposed of, the amount of goodwill to be included in the carrying amount of the business classified as held for sale is based upon the relative fair values of the business to be disposed of and the portion of the reporting unit that will be retained.

Goodwill impairment risk is first assessed by performing a qualitative review of entity-specific, industry, market and general economic factors for our reporting unit. If potential goodwill impairment risk exists that indicates that it is more likely than not that the carrying value of our reporting unit exceeds its fair value, a quantitative test is performed. The quantitative test compares the reporting unit’s estimated fair value with its carrying value, including goodwill. If the carrying value of our reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited to the amount of goodwill allocated to the reporting unit. The qualitative assessment for each period presented in the consolidated financial statements was performed without hindsight, assuming only factors and market conditions existing as of those dates, and resulted in no potential goodwill impairment risk for our reporting unit. Consequently, goodwill was not deemed to be impaired for any of the periods presented.

Definite-lived intangible assets principally consist of certain costs incurred to develop or acquire capitalized software and customer-related assets including purchased credit card relationships. Capitalized software is amortized on a straight-line basis over its estimated useful life, generally 5 years. Customer-related assets are amortized over their estimated useful lives. Defined-lived intangible assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The evaluation compares the cash inflows expected to be generated from each intangible asset to its carrying value. If cash flows attributable to the intangible asset are less than the carrying value, the asset is considered impaired and written down to its estimated fair value.

Other Assets

Other assets primarily consist of deferred income taxes, contract costs related to our retail partner agreements and equity investments. Retail partner contract costs are recognized over the life of the contract with the retail partner and are included as a component of marketing and business development expense in our Consolidated Statements of Earnings.

Discontinued Operations and Held for Sale

An entity is classified as held for sale in the period in which management approves and commits to a plan to sell the entity, the entity is available to be sold in its immediate condition subject to usual and customary terms, the entity is being actively marketed at a reasonable price with other actions required to complete the plan to sale initiated, the sale is generally probable to be completed within one year, and it is unlikely that there will be significant changes to the plan to sell.

The disposal of an entity should be reported in discontinued operations if the disposal represents a strategic shift that has, or will have, a major effect on the Company's operations and financial results, otherwise the results of the entity to be disposed continue to be presented within continuing operations on the Consolidated Statements of Earnings.

Assets and liabilities to be disposed of have been reclassified to held for sale in our Consolidated Statements of Financial Position. See Note 3. *Dispositions and Acquisitions* for further details.

Revenue Recognition

Interest and Fees on Loans

We use the effective interest method to recognize income on loans. Interest and fees on loans is comprised largely of interest and late fees on credit card and other loans. Interest income is recognized based upon the amount of loans outstanding and their contractual interest rate. Late fees are recognized when billable to the customer. We continue to accrue interest and fees on credit cards until the accounts are charged-off in the period the account becomes 180 days past due. For non-credit card loans, we stop accruing interest and fees when the account becomes 90 days past due. Previously recognized interest income that was accrued but not collected from the customer is reversed. Although we stop accruing interest in advance of payments, we recognize interest income as cash is collected when appropriate, provided the amount does not exceed that which would have been earned at the historical effective interest rate; otherwise, payments received are applied to reduce the principal balance of the loan.

We resume accruing interest on non-credit card loans when the customer's account is less than 90 days past due and collection of such amounts is probable. Interest accruals on modified loans that are not considered to be TDRs may return to current status (re-aged) only after receipt of at least three consecutive minimum monthly payments subject to a re-aging limitation of once a year, or twice in a five-year period.

Direct loan origination costs on credit card loans are deferred and amortized on a straight-line basis over a one-year period, or the life of the loan for other loan receivables, and are included in interest and fees on loans in our Consolidated Statements of Earnings. See Note 5. *Loan Receivables and Allowance for Credit Losses* for further detail.

Other loan fees including miscellaneous fees charged to borrowers are recognized net of waivers and charge-offs when the related transaction or service is provided, and are included in other income in our Consolidated Statements of Earnings.

Promotional Financing

Loans originated with promotional financing may include deferred interest financing (interest accrues during a promotional period and becomes payable if the full purchase amount is not paid off during the promotional period), no interest financing (no interest accrues during a promotional period but begins to accrue thereafter on any outstanding amounts at the end of the promotional period) and reduced interest financing (interest accrues monthly at a promotional interest rate during the promotional period). For deferred interest financing, we bill interest to the borrower, retroactive to the inception of the loan, if the loan is not repaid prior to the specified date. Income is recognized on such loans when it is billable. In almost all cases, our retail partner will pay an upfront fee or reimburse us to compensate us for all or part of the costs associated with providing the promotional financing. Upfront fees are deferred and accreted to income over the promotional period. Reimbursements are estimated and accrued as income over the promotional period.

Purchased Loans

Loans acquired by purchase are recorded at fair value, which may result in the recognition of a loan premium or loan discount. For acquired loans with evidence of more-than-insignificant deterioration in credit quality since origination, the initial allowance for credit losses at acquisition is added to the purchase price to determine the initial cost basis of the loans and loan premium or loan discount. Loan premiums and loan discounts are recognized into interest income over the estimated remaining life of the loans. The Company develops an allowance for credit losses for all purchased loans, which is recognized upon acquisition, similar to that of an originated financial asset. Subsequent changes to the expected credit losses for these loans follow the allowance for credit losses methodology described above under “—Allowance for Credit Losses.”

Retailer Share Arrangements

Most of our program agreements with large retail and certain other partners contain retailer share arrangements that provide for payments to our partners if the economic performance of the program exceeds a contractually defined threshold. We also provide other economic benefits to our partners such as royalties on purchase volume or payments for new accounts, in some cases instead of retailer share arrangements (for example, on our co-branded credit cards). Although the share arrangements vary by partner, these arrangements are generally structured to measure the economic performance of the program, based typically on agreed upon program revenues (including interest income and certain other income) less agreed upon program expenses (including interest expense, provision for credit losses, retailer payments and operating expenses), and share portions of this amount above a negotiated threshold. These thresholds and the economic performance of a program are based on, among other things, agreed upon measures of program expenses. On a quarterly basis, we make a judgment as to whether it is probable that the performance threshold will be met under a particular retail partner’s retailer share arrangement. The current period’s estimated contribution to that ultimate expected payment is recorded as a liability. To the extent facts and circumstances change and the cumulative probable payment for prior months has changed, a cumulative adjustment is made to align the retailer share arrangement liability balance with the amount considered probable of being paid relating to past periods.

Other Income

Interchange and Protection Product Revenue

Other Income primarily includes interchange and protection product revenue. We earn interchange revenue at the time the cardholder transaction occurs. Protection product revenue represents fees earned from our Payment Security offering, which is a debt cancellation product. Fees are assessed and recognized during the monthly coverage period, based upon a customer's account balance.

Loyalty Programs

Our loyalty programs are designed to generate increased purchase volume per customer while reinforcing the value of our credit cards and strengthening cardholder loyalty. These programs typically provide cardholders with statement credit or cash back rewards. Other programs include rewards points, which are redeemable for a variety of products or awards, or merchandise discounts that are earned by achieving a pre-set spending level on their private label credit card, Dual Card or general purpose co-branded credit card. We establish a rewards liability based on points and merchandise discounts earned that are ultimately expected to be redeemed and the average cost per point at redemption. The rewards liability is included in accrued expenses and other liabilities in our Consolidated Statements of Financial Position. Cash rebates are earned based on a tiered percentage of purchase volume. As points and discounts are redeemed or cash rebates and rewards are issued, the rewards liability is relieved. The estimated cost of loyalty programs is classified as a reduction to other income in our Consolidated Statements of Earnings.

Other Expense

Fraud Losses

We experience third-party fraud losses from the unauthorized use of credit cards and when loans are obtained through fraudulent means. Fraud losses are included as a charge within other expense in our Consolidated Statements of Earnings, net of recoveries, when such losses are probable. Loans are charged-off, as applicable, after the investigation period has completed.

Income Taxes

We recognize the current and deferred tax consequences of all transactions that have been recognized in the financial statements using the provisions of the enacted tax laws. The effects of tax adjustments and settlements from taxing authorities are presented in our consolidated financial statements in the period they occur.

Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax laws and rates that will be in effect when the differences are expected to reverse. We record valuation allowances to reduce deferred tax assets to the amount that is more likely than not to be realized. In making decisions regarding our ability to realize tax assets, we evaluate all positive and negative evidence, including projected future taxable income, taxable income in carryback periods, expected reversal of deferred tax liabilities and the implementation of available tax planning strategies.

We recognize the financial statement impact of uncertain income tax positions when we conclude that it is more likely than not, based on the technical merits of a position, that the position will be sustained upon examination. In certain situations, we establish a liability that represents the difference between a tax position taken (or expected to be taken) on an income tax return and the amount of taxes recognized in our financial statements. The liability associated with the unrecognized tax benefits is adjusted periodically when new information becomes available. We recognize accrued interest and penalties related to unrecognized tax benefits as interest expense and provision for income taxes, respectively, in our Consolidated Statements of Earnings.

Fair Value Measurements

Fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy:

Level 1— Quoted prices for identical instruments in active markets.

Level 2— Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3— Significant inputs to the valuation are unobservable.

We maintain policies and procedures to value instruments using the best and most relevant data available. In addition, we have risk management teams that review valuations, including independent price validation for certain instruments. We use non-binding broker quotes and third-party pricing services, when available, as our primary basis for valuation when there is limited or no relevant market activity for a specific instrument or for other instruments that share similar characteristics. We have not adjusted prices that we have obtained. In the absence of such data, such measurements involve developing assumptions based on internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

The third-party brokers and third-party pricing services do not provide us access to their proprietary valuation models, inputs and assumptions. Accordingly, our risk management, treasury and/or finance personnel conduct reviews of these brokers and services, as applicable. In addition, we conduct internal reviews of pricing provided by our third-party pricing service for all investment securities on a quarterly basis to ensure reasonableness of valuations used in the consolidated financial statements. These reviews are designed to identify prices that appear stale, those that have changed significantly from prior valuations and other anomalies that may indicate that a price may not be accurate. Based on the information available, we believe that the fair values provided by the third-party brokers and pricing services are representative of prices that would be received to sell the assets at the measurement date (exit prices) and are classified appropriately in the hierarchy.

Recurring Fair Value Measurements

Our investments in debt and certain equity securities, as well as certain financial assets and liabilities for which we have elected the fair value option, are measured at fair value every reporting period on a recurring basis.

Non-Recurring Fair Value Measurements

Certain assets are measured at fair value on a non-recurring basis. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. Assets that are written down to fair value when impaired are not subsequently adjusted to fair value unless further impairment occurs.

Equity Securities Without Readily Determinable Fair Values

The company measures certain equity securities without readily determinable fair values using observable price changes in orderly transactions for the identical or a similar investment of the same issuer when they occur. Changes in observable price changes are recognized in other income in our Consolidated Statements of Earnings.

Financial Assets and Financial Liabilities Carried at Other than Fair Value

The following is a description of the valuation techniques used to estimate the fair values of the financial assets and liabilities carried at other than fair value.

Loan receivables, net

In estimating the fair value for our loan receivables, we use a discounted future cash flow model. We use various unobservable inputs including estimated interest and fee income, payment rates, loss rates and discount rates (which consider current market interest rate data adjusted for credit risk and other factors) to estimate the fair values of loans. When collateral dependent, loan receivables may be valued using collateral values.

Deposits

For demand deposits with no defined maturity, carrying value approximates fair value due to the liquid nature of these deposits. For fixed-maturity certificates of deposit, fair values are estimated by discounting expected future cash flows using market rates currently offered for deposits with similar remaining maturities.

Borrowings

The fair values of borrowings of consolidated securitization entities are based on valuation methodologies that utilize current market interest rate data, which are comparable to market quotes adjusted for our non-performance risk. Borrowings that are publicly traded securities are classified as level 2. Borrowings that are not publicly traded are classified as level 3.

The fair values of the senior unsecured notes are based on secondary market trades and other observable inputs and are classified as level 2.

NOTE 3. ACQUISITIONS AND DISPOSITIONS

Ally Lending

In January 2024, we announced our agreement to acquire Ally Financial Inc.'s point of sale financing business, Ally Lending. The assets of Ally Lending at December 31, 2023 included approximately $2.2 billion of loan receivables. The transaction is expected to close in the first quarter of 2024, subject to the completion of customary closing conditions.

Pets Best

In November 2023, we entered into an agreement for the sale of our wholly-owned subsidiary, Pets Best Insurance Services, LLC (“Pets Best”) to Poodle Holdings, Inc. (“Buyer”) for consideration comprising a combination of cash and an equity interest in Independence Pet Holdings, Inc., an affiliate of Buyer. Subject to regulatory approval and other customary closing conditions, the transaction is expected to close in the first quarter of 2024, and is expected to result in the recognition of a gain on sale. The gain amount to be recognized will be determined based upon the carrying amount of net assets of Pets Best and the final valuation of consideration to be received at closing.

At December 31, 2023, $256 million in assets and $107 million in liabilities are classified as held for sale on our Consolidated Statements of Financial Position related to the planned disposition. The composition of those assets and liabilities are included in the table below.

At December 31 ($ in millions)	**2023**
Assets	
Cash	$ 19
Goodwill[(a)]	87
Intangible assets, net	24
Other assets[(b)]	126
Total assets held for sale	$ 256
Liabilities	
Other liabilities	107
Total liabilities held for sale	$ 107

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(a) The allocated goodwill is subject to change based upon the carrying amount of net assets of Pets Best and the final valuation of consideration to be received at closing.
(b) Other assets primarily includes $93 million of restricted cash and equivalents.

NOTE 4. DEBT SECURITIES

All of our debt securities are classified as available-for-sale and are held to meet our liquidity objectives or to comply with the Community Reinvestment Act ("CRA"). Our debt securities consist of the following:

	December 31, 2023				December 31, 2022			
($ in millions)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
U.S. government and federal agency	$ 2,264	$ 1	$ (1)	$ 2,264	$ 3,917	$ —	$ (53)	$ 3,864
State and municipal	10	—	—	10	10	—	—	10
Residential mortgage-backed[(a)]	392	—	(38)	354	467	—	(49)	418
Asset-backed[(b)]	1,167	4	(8)	1,163	599	—	(19)	580
Other	8	—	—	8	8	—	(1)	7
Total[(c)]	$ 3,841	$ 5	$ (47)	$ 3,799	$ 5,001	$ —	$ (122)	$ 4,879

(a) All of our residential mortgage-backed securities have been issued by government-sponsored entities and are collateralized by U.S. mortgages.
(b) Our asset-backed securities are collateralized by credit card and auto loans.
(c) At December 31, 2023 and 2022, the estimated fair value of debt securities pledged by the Bank as collateral to the Federal Reserve to secure Federal Reserve discount window advances was $360 million and $100 million, respectively.

The following table presents the estimated fair values and gross unrealized losses of our available-for-sale debt securities:

	In loss position for			
	Less than 12 months		12 months or more	
($ in millions)	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses
At December 31, 2023				
U.S. government and federal agency	$ 495	$ —	$ 399	$ (1)
State and municipal	—	—	9	—
Residential mortgage-backed	1	—	346	(38)
Asset-backed	171	—	244	(8)
Other	—	—	8	—
Total	$ 667	$ —	$ 1,006	$ (47)
At December 31, 2022				
U.S. government and federal agency	$ 3,032	$ (30)	$ 638	$ (23)
State and municipal	5	—	5	—
Residential mortgage-backed	316	(31)	101	(18)
Asset-backed	230	—	348	(19)
Other	7	(1)	—	—
Total	$ 3,590	$ (62)	$ 1,092	$ (60)

We regularly review debt securities for impairment resulting from credit loss using both qualitative and quantitative criteria, as necessary based on the composition of the portfolio at period end. Based on our assessment, no material impairments for credit losses were recognized during the period.

We presently do not intend to sell our debt securities that are in an unrealized loss position and believe that it is not more likely than not that we will be required to sell these securities before recovery of our amortized cost.

Contractual Maturities of Investments in Available-for-Sale Debt Securities

At December 31, 2023 ($ in millions)		**Amortized cost**		**Estimated fair value**	**Weighted Average yield[(a)]**
Due					
Within one year	$	2,745	$	2,738	4.5 %
After one year through five years	$	719	$	722	5.3 %
After five years through ten years	$	179	$	167	1.8 %
After ten years	$	198	$	172	2.0 %

(a) Weighted average yield is calculated based on the amortized cost of each security. In calculating yield, no adjustment has been made with respect to any tax-exempt obligations.

All securities are presented above based upon contractual maturity date, except our asset-backed securities which are allocated based upon expected final payment date. We expect actual maturities to differ from contractual maturities because borrowers have the right to prepay certain obligations.

There were no material realized gains or losses recognized for the years ended December 31, 2023, 2022 and 2021.

Although we generally do not have the intent to sell any specific securities held at December 31, 2023, in the ordinary course of managing our debt securities portfolio, we may sell securities prior to their maturities for a variety of reasons, including diversification, credit quality, yield, liquidity requirements and funding obligations.

NOTE 5. LOAN RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES

At December 31 ($ in millions)		**2023**		**2022**
Credit cards	$	97,043	$	87,630
Consumer installment loans		3,977		3,056
Commercial credit products		1,839		1,682
Other		129		102
Total loan receivables, before allowance for credit losses[(a)(b)(c)]	$	102,988	$	92,470

(a) Total loan receivables include $21.4 billion and $19.8 billion of restricted loans of consolidated securitization entities at December 31, 2023 and 2022, respectively. See Note 6. *Variable Interest Entities* for further information on these restricted loans.

(b) At December 31, 2023 and 2022, loan receivables included deferred costs, net of deferred income, of $213 million and $237 million, respectively

(c) At December 31, 2023, $22.4 billion of loan receivables were pledged by the Bank as collateral to the Federal Reserve to secure Federal Reserve discount window advances.

Allowance for Credit Losses[(a)(b)]

($ in millions)		**Balance at January 1, 2023**		**Impact of ASU 2022-02 Adoption**		**Post-Adoption Balance at January 1, 2023**		**Provision charged to operations[(c)]**		**Gross charge-offs**		**Recoveries**		**Balance at December 31, 2023**
Credit cards	$	9,225	$	(294)	$	8,931	$	5,536	$	(5,263)	$	952	$	10,156
Consumer installment loans		208		1		209		259		(218)		29		279
Commercial credit products		87		(1)		86		164		(128)		9		131
Other		7		—		7		(1)		(1)		—		5
Total	$	9,527	$	(294)	$	9,233	$	5,958	$	(5,610)	$	990	$	10,571

($ in millions)	Balance at January 1, 2022	Provision charged to operations	Gross charge-offs	Recoveries	Other	Balance at December 31, 2022
Credit cards	$ 8,512	$ 3,105	$ (3,202)	$ 810	$ —	$ 9,225
Consumer installment loans	115	173	(97)	17	—	208
Commercial credit products	59	91	(70)	7	—	87
Other	2	6	(1)	—	—	7
Total	$ 8,688	$ 3,375	$ (3,370)	$ 834	$ —	$ 9,527

($ in millions)	Balance at January 1, 2021	Provision charged to operations	Gross charge-offs	Recoveries	Other	Balance at December 31, 2021
Credit cards	$ 10,076	$ 671	$ (3,056)	$ 821	$ —	$ 8,512
Consumer installment loans	127	25	(55)	17	1	115
Commercial credit products	61	28	(36)	6	—	59
Other	1	2	(1)	—	—	2
Total	$ 10,265	$ 726	$ (3,148)	$ 844	$ 1	$ 8,688

(a) The allowance for credit losses at December 31, 2023, 2022 and 2021 reflects our estimate of expected credit losses for the life of the loan receivables on our Consolidated Statements of Financial Position at December 31, 2023, 2022 and 2021, which include the consideration of current and expected macroeconomic conditions that existed at those dates.

(b) Comparative information is presented in accordance with the applicable accounting standards in effect prior to the adoption of ASU 2022-02.

(c) Provision for credit losses in the Consolidated Statements of Earnings for the year ended December 31, 2023 includes $7 million associated with a forward loan portfolio purchase recorded in Accrued expenses and other liabilities in the Consolidated Statements of Financial Position.

The reasonable and supportable forecast period used in our estimate of credit losses at December 31, 2023 was 12 months, consistent with the forecast period utilized since the adoption of CECL. Beyond the reasonable and supportable forecast period, we revert to historical loss information at the loan receivables segment level over a 6-month period, gradually increasing the weight of historical losses by an equal amount each month during the reversion period, and utilize historical loss information thereafter for the remaining life of the portfolio. The reversion period and methodology remain unchanged since the adoption of CECL.

Losses on loan receivables, including those which are modified for borrowers experiencing financial difficulty, are estimated and recognized upon origination of the loan, based on expected credit losses for the life of the loan balance at December 31, 2023. Expected credit loss estimates are developed using both quantitative models and qualitative adjustments, and incorporates a macroeconomic forecast. The current and forecasted economic conditions at the balance sheet date influenced our current estimate of expected credit losses, which reflects our expectations of the macroeconomic environment. We continue to experience a decrease in payment rates and an increase in delinquencies and net charge-offs during the year ended December 31, 2023. We expect net charge-offs to continue to increase. These conditions are reflected in our current estimate of expected credit losses, which remain generally consistent with the prior quarter. Our allowance for credit losses increased to $10.6 billion during the year ended December 31, 2023 primarily due to growth in loan receivables, partially offset by the reserve reduction associated with the adoption of ASU 2022-02. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* for additional information on our significant accounting policies related to our allowance for credit losses.

Delinquent and Non-accrual Loans

The following table provides information on our delinquent and non-accrual loans:

At December 31, 2023 ($ in millions)	30-89 days delinquent	90 or more days delinquent	Total past due	90 or more days delinquent and accruing	Total non-accruing
Credit cards	$ 2,375	$ 2,290	$ 4,665	$ 2,290	$ —
Consumer installment loans	96	23	119	—	23
Commercial credit products	61	40	101	40	—
Total delinquent loans	$ 2,532	$ 2,353	$ 4,885	$ 2,330	$ 23
Percentage of total loan receivables	2.5 %	2.3 %	4.7 %	2.3 %	— %

At December 31, 2022 ($ in millions)	30-89 days delinquent	90 or more days delinquent	Total past due	90 or more days delinquent and accruing	Total non-accruing
Credit cards	$ 1,710	$ 1,516	$ 3,226	$ 1,516	$ —
Consumer installment loans	61	14	75	—	14
Commercial credit products	44	32	76	32	—
Total delinquent loans	$ 1,815	$ 1,562	$ 3,377	$ 1,548	$ 14
Percentage of total loan receivables	2.0 %	1.7 %	3.7 %	1.7 %	— %

Consumer Installment Loans by Origination Year

	By origination year						
At or for the year ended December 31, 2023 ($ in millions)	2023	2022	2021	2020	2019	Prior	Total
Amortized cost basis	$ 2,097	$ 931	$ 541	$ 312	$ 69	$ 27	$ 3,977
30-89 days delinquent	$ 44	$ 25	$ 15	$ 9	$ 2	$ 1	$ 96
90 or more days delinquent	$ 11	$ 6	$ 4	$ 2	$ —	$ —	$ 23
Current period gross charge-offs	$ 65	$ 84	$ 42	$ 19	$ 5	$ 3	$ 218

	By origination year						
At December 31, 2022 ($ in millions)	2022	2021	2020	2019	2018	Prior	Total
Amortized cost basis	$ 1,441	$ 868	$ 535	$ 135	$ 58	$ 19	$ 3,056
30-89 days delinquent	$ 26	$ 18	$ 12	$ 3	$ 1	$ 1	$ 61
90 or more days delinquent	$ 6	$ 5	$ 2	$ 1	$ —	$ —	$ 14

Delinquency trends are the primary credit quality indicator for our consumer installment loans, which we use to monitor credit quality and risk within the portfolio.

Loan Modifications to Borrowers Experiencing Financial Difficulty

See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies - Allowance for Credit Losses - Loan Modifications to Borrowers Experiencing Financial Difficulty* for additional information on our significant accounting policies related to loan modifications to borrowers experiencing financial difficulty.

Year ended December 31, 2023

The Company adopted ASU 2022-02 as of January 1, 2023 on a modified retrospective basis through a cumulative adjustment to retained earnings. The new guidance is applicable for all loans modified to borrowers experiencing financial difficulties as of the beginning of 2023. The following table provides information on our loan modifications to borrowers experiencing financial difficulty during the period presented, which do not include loans that are classified as loan receivables held for sale:

($ in millions)	Year ended December 31, 2023 Amount	% of Loan Receivables
Long-term modifications		
Credit cards	$ 1,573	1.6 %
Consumer installment loans	—	— %
Commercial credit products	6	0.3 %
Short-term modifications		
Credit cards	628	0.6 %
Consumer installment loans	—	— %
Commercial credit products	1	— %
Total	$ 2,208	2.1 %

Financial Effects of Loan Modifications to Borrowers Experiencing Financial Difficulty

As part of our loan modifications to borrowers experiencing financial difficulty, we may provide multiple concessions to minimize our economic loss and improve long-term loan performance and collectability. For long-term modifications made in the year ended December 31, 2023, the financial effect of these modifications reduced the weighted-average interest rates by 97%. For short-term modifications made in the year ended December 31, 2023, unpaid balances of $186 million were forgiven.

Performance of Loans Modified to Borrowers Experiencing Financial Difficulty

The following table provides information on the performance of loans modified to borrowers experiencing financial difficulty which have been modified subsequent to January 1, 2023 and remain in a modification program at December 31, 2023:

At December 31, 2023 ($ in millions)	Amortized cost basis Current	30-89 days delinquent	90 or more days delinquent	Total past due[(a)]
Long-term modifications				
Credit cards	$ 861	$ 180	$ 141	$ 321
Consumer installment loans	—	—	—	—
Commercial credit products	2	1	1	2
Short-term modifications				
Credit cards	53	32	41	73
Consumer installment loans	—	—	—	—
Commercial credit products	—	—	—	—
Total delinquent modified loans	$ 916	$ 213	$ 183	$ 396
Percentage of total loan receivables	0.9 %	0.2 %	0.2 %	0.4 %

(a) Once a loan has been modified, it only returns to current status (re-aged) after three consecutive monthly program payments are received post the modification date.

Payment Defaults

The following table presents the type, number and amount of loans to borrowers experiencing financial difficulty that enrolled in a long-term modification program during the year ended December 31, 2023 and experienced a payment default and charged-off during the year:

	Year ended December 31, 2023	
($ in millions, accounts in thousands)	**Accounts defaulted**	**Loans defaulted**
Credit cards	96	$ 233
Consumer installment loans	—	—
Commercial credit products	—	2
Total	96	$ 235

Of the loans modified to borrowers experiencing financial difficulty that enrolled in a short-term modification program in the year ended December 31, 2023, 54% have fully completed all required payments and successfully exited the program during the year ended December 31, 2023.

Year ended December 31, 2022

Troubled Debt Restructurings

Under our modified retrospective adoption of ASU 2022-02, the following information on loan modifications for periods prior to January 1, 2023 are presented in accordance with the applicable accounting standards in effect at that time. The following table provides information on our TDR loan modifications during the prior year period presented:

For the year ended December 31 ($ in millions)	**2022**
Credit cards	$ 993
Consumer installment loans	—
Commercial credit products	3
Total	$ 996

Prior to January 1, 2023, our allowance for credit losses on TDRs was generally measured based on the difference between the recorded loan receivable and the present value of the expected future cash flows, discounted at the original effective interest rate of the loan. Interest income from loans accounted for as TDRs was accounted for in the same manner as other accruing loans.

The following table provides information about loans classified as TDRs and specific reserves at December 31, 2022. We do not evaluate credit card loans on an individual basis but instead estimate an allowance for credit losses on a collective basis.

At December 31, 2022 ($ in millions)	**Total recorded investment**	**Related allowance**	**Net recorded investment**	**Unpaid principal balance**
Credit cards	$ 1,355	$ (600)	$ 755	$ 1,206
Consumer installment loans	—	—	—	—
Commercial credit products	4	(2)	2	4
Total	$ 1,359	$ (602)	$ 757	$ 1,210

Financial Effects of TDRs

The following table presents the types and financial effects of loans modified and accounted for as TDRs during the prior year periods presented.

Years ended December 31,	2022			2021		
($ in millions)	Interest income recognized during period when loans were modified	Interest income that would have been recorded with original terms	Average recorded investment	Interest income recognized during period when loans were modified	Interest income that would have been recorded with original terms	Average recorded investment
Credit cards	$ 36	$ 321	$ 1,231	$ 39	$ 311	$ 1,222
Consumer installment loans	—	—	—	—	—	—
Commercial credit products	—	1	4	—	1	4
Total	$ 36	$ 322	$ 1,235	$ 39	$ 312	$ 1,226

Payment Defaults

The following table presents the type, number and amount of loans accounted for as TDRs that enrolled in a modification program within the previous 12 months from the applicable balance sheet date and experienced a payment default and charged-off during the prior year periods presented.

Years ended December 31,	2022		2021	
($ in millions, accounts in thousands)	Accounts defaulted	Loans defaulted	Accounts defaulted	Loans defaulted
Credit cards	60	$ 134	41	$ 103
Consumer installment loans	—	—	—	—
Commercial credit products	—	1	—	—
Total	60	$ 135	41	$ 103

Credit Quality Indicators

Our loan receivables portfolio includes both secured and unsecured loans. Secured loan receivables are largely comprised of consumer installment loans secured by equipment. Unsecured loan receivables are largely comprised of our open-ended consumer and commercial revolving credit card loans. As part of our credit risk management activities, on an ongoing basis, we assess overall credit quality by reviewing information related to the performance of a customer's account with us, including delinquency information, as well as information from credit bureaus relating to the customer's broader credit performance. We utilize VantageScore credit scores to assist in our assessment of credit quality. VantageScore credit scores are obtained at origination of the account and are refreshed, at a minimum quarterly, but could be as often as weekly, to assist in predicting customer behavior. We categorize these credit scores into the following three credit score categories: (i) 651 or higher, which are considered the strongest credits; (ii) 591 to 650, considered moderate credit risk; and (iii) 590 or less, which are considered weaker credits. There are certain customer accounts for which a VantageScore score is not available where we use alternative sources to assess their credit quality and predict behavior. The following table provides the most recent VantageScore scores available for our customers at December 31, 2023 and 2022, respectively, as a percentage of each class of loan receivable. The table below excludes 0.3% and 0.4% of our total loan receivables balance at both December 31, 2023 and 2022, respectively, which represents those customer accounts for which a VantageScore score is not available.

At December 31	2023			2022		
	651 or higher	591 to 650	590 or less	651 or higher	591 to 650	590 or less
Credit cards	72 %	19 %	9 %	74 %	19 %	7 %
Consumer installment loans	76 %	17 %	7 %	77 %	17 %	6 %
Commercial credit products	83 %	10 %	7 %	88 %	6 %	6 %

Unfunded Lending Commitments

We manage the 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 our portfolios and by applying the same credit standards for all of our credit products. Unused credit card lines available to our customers totaled approximately $427 billion and $417 billion at December 31, 2023 and 2022, respectively. While these amounts represented the total available unused credit card lines, we have not experienced and do not anticipate that all of our customers will access their entire available line at any given point in time.

Interest Income by Product

The following table provides additional information about our interest and fees on loans, including merchant discounts, from our loan receivables, including held for sale:

For the years ended December 31 ($ in millions)	**2023**	**2022**	**2021**
Credit cards[a]	$ 19,341	$ 16,471	$ 14,880
Consumer installment loans	401	287	241
Commercial credit products	150	117	103
Other	10	6	4
Total[b]	$ 19,902	$ 16,881	$ 15,228

(a) Interest income on credit cards that was reversed related to accrued interest and fees receivables written off was $1.8 billion, $1.1 billion and $1.0 billion for the years ended December 31, 2023, 2022 and 2021, respectively.

(b) Deferred merchant discounts to be recognized in interest income at December 31, 2023 and December 31, 2022, were $1.9 billion and $1.7 billion, respectively, which are included in Accrued expenses and other liabilities in our Consolidated Statements of Financial Position.

NOTE 6. VARIABLE INTEREST ENTITIES

We use VIEs to securitize loan receivables and arrange asset-backed financing in the ordinary course of business. Investors in these entities only have recourse to the assets owned by the entity and not to our general credit. We do not have implicit support arrangements with any VIE and we did not provide non-contractual support for previously transferred loan receivables to any of these VIEs in the years ended December 31, 2023 and 2022. Our VIEs are able to accept new loan receivables and arrange new asset-backed financings, consistent with the requirements and limitations on such activities placed on the VIE by existing investors. Once an account has been designated to a VIE, the contractual arrangements we have require all existing and future loan receivables originated under such account to be transferred to the VIE. The amount of loan receivables held by our VIEs in excess of the minimum amount required under the asset-backed financing arrangements with investors may be removed by us under removal of accounts provisions. All loan receivables held by a VIE are subject to claims of third-party investors.

In evaluating whether we have the power to direct the activities of a VIE that most significantly impact its economic performance, we consider the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and our decision-making role, if any, in those activities that significantly determine the entity's economic performance as compared to other economic interest holders. This evaluation requires consideration of all facts and circumstances relevant to decision-making that affects the entity's future performance and the exercise of professional judgment in deciding which decision-making rights are most important.

In determining whether we have the right to receive benefits or the obligation to absorb losses that could potentially be significant to a VIE, we evaluate all of our economic interests in the entity, regardless of form (debt, equity, management and servicing fees, and other contractual arrangements). This evaluation considers all relevant factors of the entity's design, including: the entity's capital structure, contractual rights to earnings or losses, subordination of our interests relative to those of other investors, as well as any other contractual arrangements that might exist that could have the potential to be economically significant. The evaluation of each of these factors in reaching a conclusion about the potential significance of our economic interests is a matter that requires the exercise of professional judgment.

We consolidate VIEs where we have the power to direct the activities that significantly affect the VIEs' economic performance, typically because of our role as either servicer or administrator for the VIEs. The power to direct exists because of our role in the design and conduct of the servicing of the VIEs' assets as well as directing certain affairs of the VIEs, including determining whether and on what terms debt of the VIEs will be issued.

The loan receivables in these entities have risks and characteristics similar to our other financing receivables and were underwritten to the same standard. Accordingly, the performance of these assets has been similar to our other comparable loan receivables, and the blended performance of the pools of receivables in these entities reflects the eligibility criteria that we apply to determine which receivables are selected for transfer. Contractually, the cash flows from these financing receivables must first be used to pay third-party debt holders, as well as other expenses of the entity. Excess cash flows, if any, are available to us. The creditors of these entities have no claim on our other assets.

The table below summarizes the assets and liabilities of our consolidated securitization VIEs described above.

At December 31 ($ in millions)	2023	2022
Assets		
Loan receivables, net[(a)]	$ 19,537	$ 18,015
Other assets[(b)]	47	61
Total	$ 19,584	$ 18,076
Liabilities		
Borrowings	$ 7,267	$ 6,227
Other liabilities	31	23
Total	$ 7,298	$ 6,250

(a) Includes $1.9 billion and $1.8 billion of related allowance for credit losses resulting in gross restricted loans of $21.4 billion and $19.8 billion at December 31, 2023 and 2022, respectively.
(b) Includes $45 million and $56 million of segregated funds held by the VIEs at December 31, 2023 and 2022, respectively, which are classified as restricted cash and equivalents and included as a component of Other assets in our Consolidated Statements of Financial Position.

The balances presented above are net of intercompany balances and transactions that are eliminated in our consolidated financial statements.

We provide servicing for all of our consolidated VIEs. Collections are required to be placed into segregated accounts owned by each VIE in amounts that meet contractually specified minimum levels. These segregated funds are invested in cash and cash equivalents and are restricted as to their use, principally to pay maturing principal and interest on debt and the related servicing fees. Collections above these minimum levels are remitted to us on a daily basis.

Income (principally, interest and fees on loans) earned by our consolidated VIEs was $3.9 billion, $3.7 billion and $4.1 billion for the years ended December 31, 2023, 2022 and 2021, respectively. Related expenses consisted primarily of provision for credit losses of $857 million, $365 million and $(105) million for the years ended December 31, 2023, 2022 and 2021, respectively, and interest expense of $340 million, $196 million and $169 million for the years ended December 31, 2023, 2022 and 2021, respectively. These amounts do not include intercompany transactions, principally fees and interest, which are eliminated in our consolidated financial statements.

Non-consolidated VIEs

As part of our community reinvestment initiatives, we invest in affordable housing properties and receive affordable housing tax credits for these investments. These investments included in our Consolidated Statements of Financial Position totaled $736 million and $557 million at December 31, 2023 and December 31, 2022, respectively, and represents our total exposure for these entities. Additionally, we have other investments in non-consolidated VIEs which totaled $252 million and $230 million at December 31, 2023 and 2022, respectively. At December 31, 2023, the Company also has investment commitments of $188 million related to these investments.

For the years ended December 31, 2023 and 2022, we recognized amortization of $71 million and $44 million, respectively, and tax credits and other tax benefits of $90 million and $56 million, respectively, associated with investments in affordable housing properties within income tax expense or benefit.

NOTE 7. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

($ in millions)	2023	2022
Balance at January 1	$ 1,105	$ 1,105
Allocated to held for sale business[(a)]	(87)	—
Balance at December 31	$ 1,018	$ 1,105

(a) The allocated goodwill is subject to change based upon the carrying amount of net assets of Pets Best and the final valuation of consideration to be received at closing.

Intangible Assets

	2023			2022		
At December 31 ($ in millions)	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
Capitalized software	$ 2,065	$ (1,302)	$ 763	$ 1,677	$ (1,020)	$ 657
Other	$ 204	$ (152)	$ 52	$ 245	$ (160)	$ 85
Total	$ 2,269	$ (1,454)	$ 815	$ 1,922	$ (1,180)	$ 742

During the year ended December 31, 2023, we recorded additions to intangible assets of $392 million, primarily related to capitalized software expenditures.

Amortization expense was $294 million, $252 million and $209 million for the years ended December 31, 2023, 2022 and 2021, respectively and is included within Other expense in our Consolidated Statements of Earnings.

At December 31, 2023, contract costs related to our retailer partner agreements of $498 million, net of accumulated amortization, previously classified as Intangible Assets are now presented as a component of Other assets on our Consolidated Statements of Financial Position. Reclassifications of prior period amounts of $545 million, net of accumulated amortization, have been made to conform with the current period presentation discussed above.

In addition, intangible assets of $24 million, net of accumulated amortization, are now classified as assets held for sale at December 31, 2023. See Note 3 *Acquisitions and Dispositions* for additional information.

We estimate annual amortization expense for existing intangible assets over the next five calendar years to be as follows:

($ in millions)	2024	2025	2026	2027	2028
Amortization expense	$ 283	$ 215	$ 154	$ 99	$ 50

NOTE 8. DEPOSITS

Deposits

	2023		2022	
At December 31 ($ in millions)	Amount	Average rate[(a)]	Amount	Average rate[(a)]
Interest-bearing deposits	$ 80,789	3.9 %	$ 71,336	1.5 %
Non-interest-bearing deposits	364	—	399	—
Total deposits	$ 81,153		$ 71,735	

(a) Based on interest expense for the years ended December 31, 2023 and 2022 and average deposits balances.

At December 31, 2023 and 2022, interest-bearing deposits included $10.0 billion and $7.2 billion, respectively, of certificates of deposit that exceeded applicable FDIC insurance limits, which are generally $250,000 per depositor for each account ownership category. These amounts include partially insured certificates of deposit.

At December 31, 2023, our interest-bearing time deposits maturing over the next five years and thereafter were as follows:

($ in millions)	2024	2025	2026	2027	2028	Thereafter
Deposits	$ 33,343	$ 9,483	$ 1,645	$ 2,649	$ 1,430	$ 119

The above maturity table excludes $28.1 billion of demand deposits with no defined maturity, of which $26.2 billion are savings accounts. In addition, at December 31, 2023, we had $4.0 billion of broker network deposit sweeps procured through a program arranger who channels brokerage account deposits to us that are also excluded from the above maturity table. Unless extended, the contracts associated with these broker network deposit sweeps will terminate between 2025 and 2026.

NOTE 9. BORROWINGS

	2023				2022
At December 31 ($ in millions)	Maturity date	Interest Rate	Weighted average interest rate	Outstanding Amount[(a)(b)]	Outstanding Amount[(a)(b)]
Borrowings of consolidated securitization entities:					
Fixed securitized borrowings	2025 - 2026	3.37% - 5.74%	4.62 %	$ 3,417	$ 2,377
Floating securitized borrowings	2024 - 2026	6.10% - 6.38%	6.22 %	3,850	3,850
Total borrowings of consolidated securitization entities			5.47 %	7,267	6,227
Senior unsecured notes:					
Synchrony Financial senior unsecured notes:					
Fixed senior unsecured notes	2024 - 2031	2.87% - 5.15%	4.22 %	6,480	6,473
Synchrony Bank senior unsecured notes:					
Fixed senior unsecured notes	2025 - 2027	5.40% - 5.63%	5.49 %	1,494	1,491
Total senior unsecured notes			4.45 %	7,974	7,964
Subordinated unsecured notes:					
Synchrony Financial subordinated unsecured notes:					
Fixed subordinated unsecured notes	2033	7.25%	7.25 %	741	—
Total senior and subordinated unsecured notes			4.69 %	8,715	7,964
Total borrowings				$ 15,982	$ 14,191

(a) Includes unamortized debt premiums, discounts and issuance costs.
(b) The Company may redeem certain borrowings prior to their original contractual maturity dates in accordance with the optional redemption provision specified in the respective instruments.

Debt Maturities

The following table summarizes the maturities of the principal amount of our borrowings of consolidated securitization entities and senior and subordinated unsecured notes over the next five years and thereafter:

($ in millions)	2024	2025	2026	2027	2028	Thereafter
Borrowings	$ 4,225	$ 5,300	$ 2,750	$ 1,600	$ —	$ 2,150

Third-Party Debt

2023 Issuances ($ in millions):

Issuance Date	Principal Amount		Maturity	Interest Rate
Fixed rate subordinated unsecured notes:				
Synchrony Financial				
February 2023	$	750	February 2033	7.250%

Additional Sources of Liquidity

We have undrawn committed capacity under certain credit facilities, primarily related to our securitization programs and also have access to the Federal Reserve discount window.

At December 31, 2023 and 2022, we had an aggregate of $2.5 billion of undrawn committed capacity under our securitization financings, subject to customary borrowing conditions, from private lenders under our securitization programs, and an aggregate of $0.5 billion of undrawn committed capacity under our unsecured revolving credit facility with private lenders.

At December 31, 2023 and 2022, we had $10.4 billion and $0.1 billion, respectively, in undrawn Federal Reserve discount window borrowing capacity based on the amount and type of assets pledged.

NOTE 10. FAIR VALUE MEASUREMENTS

For a description of how we estimate fair value, see Note 2. *Basis of Presentation and Summary of Significant Accounting Policies*.

The following tables present our assets and liabilities measured at fair value on a recurring basis.

Recurring Fair Value Measurements

At December 31, 2023 ($ in millions)	Level 1	Level 2	Level 3	Total[a]
Assets				
Debt securities				
U.S. government and federal agency	$ —	$ 2,264	$ —	$ 2,264
State and municipal	—	—	10	10
Residential mortgage-backed	—	354	—	354
Asset-backed	—	1,162	—	1,162
Other	—	—	8	8
Other[b]	14	—	10	24
Total	$ 14	$ 3,780	$ 28	$ 3,822
Liabilities				
Other[c]	—	—	4	4
Total	$ —	$ —	$ 4	$ 4

At December 31, 2022 ($ in millions)	Level 1	Level 2	Level 3	Total[a]
Assets				
Debt securities				
U.S. government and federal agency	$ —	$ 3,864	$ —	$ 3,864
State and municipal	—	—	10	10
Residential mortgage-backed	—	418	—	418
Asset-backed	—	580	—	580
Other	—	—	7	7
Other[b]	14	—	13	27
Total	$ 14	$ 4,862	$ 30	$ 4,906
Liabilities				
Other[c]	—	—	7	7
Total	$ —	$ —	$ 7	$ 7

(a) For the years ended December 31, 2023 and 2022, there were no fair value measurements transferred between levels.
(b) Other is primarily comprised of equity investments measured at fair value, which are included in Other assets in our Consolidated Statements of Financial Position, as well as certain financial assets for which we have elected the fair value option which are included in Loan receivables in our Consolidated Statements of Financial Position.
(c) Other is primarily comprised of certain financial liabilities for which we have elected the fair value option, which are included in Accrued expenses and other liabilities in our Consolidated Statements of Financial Position.

Level 3 Fair Value Measurements

Our Level 3 recurring fair value measurements primarily relate to state and municipal and corporate debt instruments, which are valued using non-binding broker quotes or other third-party sources, and financial assets and liabilities for which we have elected the fair value option. For a description of our process to evaluate third-party pricing servicers, see Note 2. *Basis of Presentation and Summary of Significant Accounting Policies*. Our state and municipal debt securities are classified as available-for-sale with changes in fair value included in Accumulated other comprehensive income.

The changes in our Level 3 assets and liabilities that are measured on a recurring basis for the years ended December 31, 2023 and 2022 were not material.

Financial Assets and Financial Liabilities Carried at Other Than Fair Value

At December 31, 2023 ($ in millions)	Carrying value	Corresponding fair value amount Total	Level 1	Level 2	Level 3
Financial Assets					
Financial assets for which carrying values equal or approximate fair value:					
Cash and equivalents[(a)]	$ 14,259	$ 14,259	$ 14,259	$ —	$ —
Other assets[(a)(b)]	$ 50	$ 50	$ 50	$ —	$ —
Assets held for sale[(c)]	$ 112	$ 112	$ 112	$ —	$ —
Financial assets carried at other than fair value:					
Loan receivables, net[(d)]	$ 92,407	$ 104,761	$ —	$ —	$ 104,761
Financial Liabilities					
Financial liabilities carried at other than fair value:					
Deposits	$ 81,153	$ 80,935	$ —	$ 80,935	$ —
Borrowings of consolidated securitization entities	$ 7,267	$ 7,250	$ —	$ 3,411	$ 3,839
Senior and subordinated unsecured notes	$ 8,715	$ 8,423	$ —	$ 8,423	$ —

At December 31, 2022 ($ in millions)	Carrying value	Corresponding fair value amount Total	Level 1	Level 2	Level 3
Financial Assets					
Financial assets for which carrying values equal or approximate fair value:					
Cash and equivalents[(a)]	$ 10,294	$ 10,294	$ 10,294	$ —	$ —
Other assets[(a)(c)]	$ 136	$ 136	$ 136	$ —	$ —
Financial assets carried at other than fair value:					
Loan receivables, net[(d)]	$ 82,930	$ 94,339	$ —	$ —	$ 94,339
Financial Liabilities					
Financial liabilities carried at other than fair value:					
Deposits	$ 71,735	$ 70,685	$ —	$ 70,685	$ —
Borrowings of consolidated securitization entities	$ 6,227	$ 6,127	$ —	$ 2,327	$ 3,800
Senior and subordinated unsecured notes	$ 7,964	$ 7,530	$ —	$ 7,530	$ —

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(a) For cash and equivalents and restricted cash and equivalents, carrying value approximates fair value due to the liquid nature and short maturity of these instruments.
(b) This balance relates to restricted cash and equivalents, which is included in other assets.
(c) Includes $19 million of cash and equivalents and $93 million of restricted cash and equivalents.
(d) Excludes financial assets for which we have elected the fair value option. Under certain retail partner program agreements, the expected sales proceeds in the event of a sale of their credit card portfolio may be limited to the amounts owed by our customers, which may be less than the fair value indicated above.

Equity Securities Without Readily Determinable Fair Values

At or for the year ended December 31 ($ in millions)	**2023**	**2022**
Carrying Value	$ 270	$ 245
Upward adjustments[(a)]	17	7
Downward adjustments[(a)]	(6)	(3)

(a) Between January 1, 2018 and December 31, 2023, cumulative upward and downward carrying value adjustments were $205 million and $(14) million, respectively.

NOTE 11. REGULATORY AND CAPITAL ADEQUACY

As a savings and loan holding company and a financial holding company, we are subject to regulation, supervision and examination by the Federal Reserve Board and subject to the capital requirements as prescribed by Basel III capital rules and the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Bank is a federally chartered savings association. As such, the Bank is subject to regulation, supervision and examination by the Office of the Comptroller of the Currency of the U.S. Treasury (the “OCC”), which is its primary regulator, and by the Consumer Financial Protection Bureau (“CFPB”). In addition, the Bank, as an insured depository institution, is supervised by the FDIC.

Failure to meet minimum capital requirements can initiate certain mandatory and, possibly, additional discretionary actions by regulators that, if undertaken, could limit our business activities and have a material adverse effect on our consolidated financial statements. Under capital adequacy guidelines, we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require us and the Bank to maintain minimum amounts and ratios (set forth in the tables below) of Total, Tier 1 and common equity Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital to average assets (as defined).

For Synchrony Financial to be a well-capitalized savings and loan holding company, the Bank must be well-capitalized and Synchrony Financial must not be subject to any written agreement, order, capital directive, or prompt corrective action directive issued by the Federal Reserve Board to meet and maintain a specific capital level for any capital measure.

The Company elected to adopt the option provided by the interim final rule issued by joint federal bank regulatory agencies, which largely delayed the effects of CECL on its regulatory capital. Beginning in the first quarter of 2022, the effects are being phased-in over a three-year period through 2024 and will be fully phased-in beginning in the first quarter of 2025. Under the interim final rule, the amount of adjustments to regulatory capital deferred until the phase-in period included both the initial impact of our adoption of CECL at January 1, 2020 and 25% of subsequent changes in our allowance for credit losses during the two-year period ended December 31, 2021, collectively the “CECL regulatory capital transition adjustment”. At December 31, 2023 only 50% of the CECL regulatory capital transition adjustment is deferred in our regulatory capital amounts and ratios, as compared to 75% at December 31, 2022.

At December 31, 2023 and 2022, Synchrony Financial met all applicable requirements to be deemed well-capitalized pursuant to Federal Reserve Board regulations. At December 31, 2023 and 2022, the Bank also met all applicable requirements to be deemed well-capitalized pursuant to OCC regulations and for purposes of the Federal Deposit Insurance Act. There are no conditions or events subsequent to December 31, 2023 that management believes have changed the Company’s or the Bank’s capital category.

The actual capital amounts, ratios and the applicable required minimums of the Company and the Bank are as follows:

Synchrony Financial

At December 31, 2023 ($ in millions)	Actual		Minimum for capital adequacy purposes	
	Amount	Ratio[(a)]	Amount	Ratio[(b)]
Total risk-based capital	$ 15,464	14.9 %	$ 8,277	8.0 %
Tier 1 risk-based capital	$ 13,334	12.9 %	$ 6,208	6.0 %
Tier 1 leverage	$ 13,334	11.7 %	$ 4,563	4.0 %
Common equity Tier 1 capital	$ 12,600	12.2 %	$ 4,656	4.5 %

At December 31, 2022 ($ in millions)	Actual[(c)]		Minimum for capital adequacy purposes	
	Amount	Ratio[(a)]	Amount	Ratio[(b)]
Total risk-based capital	$ 14,253	15.5 %	$ 7,369	8.0 %
Tier 1 risk-based capital	$ 13,026	14.1 %	$ 5,527	6.0 %
Tier 1 leverage	$ 13,026	12.7 %	$ 4,096	4.0 %
Common equity Tier 1 capital	$ 12,292	13.3 %	$ 4,145	4.5 %

Synchrony Bank

At December 31, 2023 ($ in millions)	Actual		Minimum for capital adequacy purposes		Minimum to be well-capitalized under prompt corrective action provisions	
	Amount	Ratio[(a)]	Amount	Ratio[(b)]	Amount	Ratio
Total risk-based capital	$ 14,943	15.3 %	$ 7,822	8.0 %	$ 9,778	10.0 %
Tier 1 risk-based capital	$ 12,880	13.2 %	$ 5,867	6.0 %	$ 7,822	8.0 %
Tier 1 leverage	$ 12,880	12.0 %	$ 4,302	4.0 %	$ 5,377	5.0 %
Common equity Tier 1 capital	$ 12,880	13.2 %	$ 4,400	4.5 %	$ 6,356	6.5 %

At December 31, 2022 ($ in millions)	Actual[(c)]		Minimum for capital adequacy purposes		Minimum to be well-capitalized under prompt corrective action provisions	
	Amount	Ratio[(a)]	Amount	Ratio[(b)]	Amount	Ratio
Total risk-based capital	$ 13,860	16.1 %	$ 6,881	8.0 %	$ 8,601	10.0 %
Tier 1 risk-based capital	$ 12,714	14.8 %	$ 5,161	6.0 %	$ 6,881	8.0 %
Tier 1 leverage	$ 12,714	13.3 %	$ 3,812	4.0 %	$ 4,765	5.0 %
Common equity Tier 1 capital	$ 12,714	14.8 %	$ 3,870	4.5 %	$ 5,591	6.5 %

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(a) Capital ratios are calculated based on the Basel III Standardized Approach rules. Capital amounts and ratios at December 31, 2023 in the above tables reflect the applicable CECL regulatory capital transition adjustment.

(b) At December 31, 2023 and 2022, Synchrony Financial and the Bank also must maintain a capital conservation buffer of common equity Tier 1 capital in excess of minimum risk-based capital ratios by at least 2.5 percentage points to avoid limits on capital distributions and certain discretionary bonus payments to executive officers and similar employees.

(c) Prior period amounts have been recast to reflect the change in presentation of contract costs related to our retailer partner agreements on our Consolidated Statements of Financial Condition. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our consolidated financial statements for additional information.

The Bank may pay dividends on its stock, with consent or non-objection from the OCC and the Federal Reserve Board, among other things, if its regulatory capital would not thereby be reduced below the applicable regulatory capital requirements.

NOTE 12. EMPLOYEE BENEFIT PLANS

The following summarizes information related to the Synchrony benefit plans and our remaining obligations to General Electric Company and its subsidiaries ("GE") related to certain of their plans.

Savings Plan

Our U.S. employees are eligible to participate in a qualified defined contribution savings plan that allows them to contribute a portion of their pay to the plan on a pre-tax basis. We make employer contributions to the plan equal to 3% of eligible compensation and make matching contributions of up to 4% of eligible compensation. We also provide certain additional contributions to the plan for employees who were participants in GE's pension plan at the time of Synchrony's separation from GE in November 2015 (the "Separation"). The expenses incurred associated with this plan were $88 million, $80 million and $69 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Health and Welfare Benefits

We provide health and welfare benefits to our employees, including health, dental, prescription drug and vision for which we are self-insured. The expenses incurred associated with these benefits were $134 million, $114 million and $111 million for the years ended December 31, 2023, 2022 and 2021, respectively.

GE Benefit Plans and Reimbursement Obligations

Prior to Separation, our employees participated in various GE retirement and retiree health and life insurance benefit plans. Certain of these retirement benefits vested as a result of Separation. Under the terms of the Employee Matters Agreement between us and GE, GE will continue to pay for these benefits and we are obligated to reimburse them. The principal retirement benefits subject to this arrangement are fixed, life-time annuity payments. The estimated liability for our reimbursement obligations to GE for retiree benefits was $171 million and $163 million at December 31, 2023 and 2022, respectively, and is included in Accrued expenses and other liabilities in our Consolidated Statements of Financial Position.

NOTE 13. EARNINGS PER SHARE

Basic earnings per share is computed by dividing earnings available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per common share reflects the assumed conversion of all dilutive securities, which are calculated using the treasury stock method.

The following table presents the calculation of basic and diluted earnings per common share:

	Years ended December 31,		
(in millions, except per share data)	**2023**	**2022**	**2021**
Net earnings	$ 2,238	$ 3,016	$ 4,221
Preferred stock dividends	(42)	(42)	(42)
Net earnings available to common stockholders	$ 2,196	$ 2,974	$ 4,179
Weighted average common shares outstanding, basic	421.2	480.4	564.6
Effect of dilutive securities	2.3	3.0	4.7
Weighted average common shares outstanding, dilutive	423.5	483.4	569.3
Earnings per basic common share	$ 5.21	$ 6.19	$ 7.40
Earnings per diluted common share	$ 5.19	$ 6.15	$ 7.34

We have issued certain stock-based awards under the Synchrony Financial 2014 Long-Term Incentive Plan. A total of 4 million, 3 million and 1 million shares for the years ended December 31, 2023, 2022 and 2021, respectively, related to these awards, were considered anti-dilutive and therefore were excluded from the computation of diluted earnings per common share.

NOTE 14. EQUITY AND OTHER STOCK RELATED INFORMATION

Preferred Stock

The following table summarizes the Company's preferred stock issued and outstanding at December 31, 2023 and 2022.

Series	Issuance Date	Redeemable by Issuer Beginning	Per Annum Dividend Rate	Liquidation Preference per Share	Total Shares Outstanding	December 31, 2023	December 31, 2022
($ in millions, except per share data)							
Series A[(a)]	November 14, 2019	November 15, 2024	5.625%	$1,000	750,000	$ 734	$ 734
						$ 734	$ 734

(a) Issued as depositary shares, each representing a 1/40th interest in a share of the corresponding series of non-cumulative perpetual preferred stock. Dividends are payable quarterly on February 15, May 15, August 15 and November 15 at a fixed rate, in each case when, as and if declared by the Board of Directors.

Dividends and Share Repurchases

During the years ended December 31, 2023, 2022 and 2021, we declared and paid common stock dividends of $0.96, $0.90 and $0.88 per share of common stock, or $406 million, $434 million and $500 million, respectively. We also declared and paid preferred stock dividends of $56.24 per share, or $42 million, for each of the years ended December 31, 2023, 2022 and 2021, respectively.

During the year ended December 31, 2023, the Company repurchased an aggregate of 33.6 million shares of our common stock for $1.1 billion, which does not reflect costs and taxes associated with the purchase of shares. The cost of share repurchases, including direct and incremental costs associated with repurchasing, is recorded as a reduction of shareholder’s equity. In April 2023, we announced that the Board of Directors approved an incremental share repurchase program of up to $1.0 billion through June 2024 (the "April 2023 Share Repurchase Program") and at December 31, 2023 we had $600 million remaining in share repurchase program. In all instances, our share repurchase programs are subject to market conditions and other factors, including legal and regulatory restrictions and required approvals.

Synchrony Financial Incentive Programs

We have established the Synchrony Financial 2014 Long-Term Incentive Plan, which we refer to as the “Incentive Plan.” The Incentive Plan permits us to issue stock-based, stock-denominated and other awards to officers, employees, consultants and non-employee directors providing services to the Company and our participating affiliates. Available awards under the Incentive Plan include stock options and stock appreciation rights, restricted stock and restricted stock units (“RSUs”), performance share units (“PSUs”) and other awards valued in whole or in part by reference to, or otherwise based on, our common stock (other stock-based awards), and dividend equivalents. Each RSU is convertible into one share of Synchrony Financial common stock. A total of 35.6 million shares of our common stock (including authorized and unissued shares) are available for granting awards under the Incentive Plan.

Our grants generally vest over a three-year term on either an annual pro rata proportional basis, starting with the first anniversary of the award date, or at the end of the term of the award on a cliff basis, provided that the employee has remained continuously employed by the Company through such vesting date.

For PSUs, the number of shares of common stock that will ultimately be awarded is contingent upon meeting certain pre-defined financial goals over a designated three-year performance period, and can range from 0% to 150% of the number of PSUs awarded. In addition, the final number of shares of common stock to be awarded is also subject to a Total Shareholder Return (TSR) modifier of +/-20% based on our TSR performance relative to peers.

Compensation expense related to our equity awards is recorded as a component of Employee costs in our Consolidated Statements of Earnings, with a corresponding adjustment to equity, net of tax, included within our Consolidated Statements of Equity. At December 31, 2023, there were 4.4 million stock options issued and outstanding and 5.9 million unvested other stock-based awards, comprising 3.5 million RSUs and 2.4 million PSUs. The total unrecognized compensation cost related to these awards at December 31, 2023 was $101 million, which is expected to be amortized over a weighted average period of 1.9 years.

NOTE 15. INCOME TAXES

Earnings before Provision for Income Taxes

For the years ended December 31 ($ in millions)	2023	2022	2021
U.S.	$ 2,873	$ 3,947	$ 5,483
Non-U.S.	31	15	20
Earnings before provision for income taxes	$ 2,904	$ 3,962	$ 5,503

Provision for Income Taxes

For the years ended December 31 ($ in millions)	2023	2022	2021
Current provision for income taxes			
U.S. Federal	$ 943	$ 1,145	$ 895
U.S. state and local	171	217	163
Non-U.S.	10	5	5
Total current provision for income taxes	1,124	1,367	1,063
Deferred provision (benefit) for income taxes			
U.S. Federal	(384)	(352)	180
U.S. state and local	(73)	(71)	40
Non-U.S.	(1)	2	(1)
Deferred provision (benefit) for income taxes	(458)	(421)	219
Total provision for income taxes	$ 666	$ 946	$ 1,282

Reconciliation of Our Effective Tax Rate to the U.S. Federal Statutory Income Tax Rate

For the years ended December 31	2023	2022	2021
U.S. federal statutory income tax rate	21.0 %	21.0 %	21.0 %
U.S. state and local income taxes, net of federal benefit	3.5	3.6	3.4
All other, net	(1.6)	(0.7)	(1.1)
Effective tax rate	22.9 %	23.9 %	23.3 %

Significant Components of Our Net Deferred Income Taxes

At December 31 ($ in millions)	2023	2022
Assets		
Allowance for credit losses	$ 2,626	$ 2,366
Compensation and employee benefits	149	128
Other assets	166	193
Total deferred income tax assets before valuation allowance	2,941	2,687
Valuation allowance	(18)	(13)
Total deferred income tax assets	$ 2,923	$ 2,674
Liabilities		
Original issue discount	$ (365)	$ (504)
Goodwill and identifiable intangibles[(a)]	(198)	(193)
Other liabilities[(a)]	(165)	(149)
Total deferred income tax liabilities	(728)	(846)
Net deferred income tax assets	$ 2,195	$ 1,828

(a) Prior period amounts have been recast to reflect the change in presentation of contract costs related to our retailer partner agreements on our Consolidated Statements of Financial Condition. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our consolidated financial statements for additional information.

Unrecognized Tax Benefits

Reconciliation of Unrecognized Tax Benefits

($ in millions)	2023	2022
Balance at January 1	$ 267	$ 274
Additions:		
Tax positions of the current year	40	97
Tax positions of prior years	2	1
Reductions:		
Prior year tax positions	(47)	(73)
Settlements with tax authorities	(1)	—
Expiration of the statute of limitation	(31)	(32)
Balance at December 31	$ 230	$ 267
Portion of balance that, if recognized, would impact the effective income tax rate	$ 182	$ 177

The amount of unrecognized tax benefits that is reasonably possible to be resolved in the next twelve months is expected to be $39 million, of which, $31 million, if recognized, would reduce the company's tax expense and effective tax rate.

Additionally, there are unrecognized tax benefits of $9 million and $16 million for the years ended December 31, 2023 and 2022, respectively, that are included in the tabular reconciliation above but recorded in the Consolidated Statements of Financial Position as a reduction of the related deferred tax asset.

The Company continued to participate voluntarily in the IRS Compliance Assurance Process ("CAP") program for the 2023 tax year, and thus the tax year is under IRS review. We expect that the IRS review of our 2023 return will be substantially completed prior to its filing in 2024. During the current year, the IRS completed its examination of our 2022 tax year, which was our only other year subject to current IRS audit. Additionally, we are under examination in various states going back to 2014.

We believe that there are no issues or claims that are likely to significantly impact our results of operations, financial position or cash flows. We further believe that we have made adequate provision for all income tax uncertainties that could result from such examinations.

Interest expense and penalties related to income tax liabilities recognized in our Consolidated Statements of Earnings were not material for all periods presented.

NOTE 16. PARENT COMPANY FINANCIAL INFORMATION

The following tables present parent company financial statements for Synchrony Financial. At December 31, 2023, restricted net assets of our subsidiaries were $12.4 billion.

Condensed Statements of Earnings

For the years ended December 31 ($ in millions)	2023	2022	2021
Interest income:			
Interest income from subsidiaries	$ 355	$ 134	$ 67
Interest on cash and debt securities	34	8	1
Total interest income	389	142	68
Interest expense:			
Interest on senior unsecured notes	335	279	264
Total interest expense	335	279	264
Net interest income (expense)	54	(137)	(196)
Dividends from bank subsidiaries	1,450	3,150	2,600
Dividends from nonbank subsidiaries	102	290	147
Other income	135	122	327
Other expense	202	177	292
Earnings before benefit from income taxes	1,539	3,248	2,586
Benefit from income taxes	(16)	(46)	(26)
Equity in undistributed net earnings (loss) of subsidiaries	683	(278)	1,609
Net earnings	$ 2,238	$ 3,016	$ 4,221
Comprehensive income	$ 2,295	$ 2,960	$ 4,203

Condensed Statements of Financial Position

At December 31 ($ in millions)	2023	2022
Assets		
Cash and equivalents	$ 3,214	$ 3,287
Debt securities	49	60
Investments in and amounts due from subsidiaries[(a)]	18,285	16,338
Goodwill	25	59
Other assets	337	326
Total assets	$ 21,910	$ 20,070
Liabilities and Equity		
Amounts due to subsidiaries	$ 316	$ 287
Senior unsecured notes	7,221	6,473
Accrued expenses and other liabilities	470	437
Total liabilities	8,007	7,197
Equity:		
Total equity	13,903	12,873
Total liabilities and equity	$ 21,910	$ 20,070

(a) Includes investments in and amounts due from bank subsidiaries of $14.0 billion and $12.4 billion at December 31, 2023 and 2022, respectively.

Condensed Statements of Cash Flows

For the years ended December 31 ($ in millions)	2023	2022	2021
Cash flows - operating activities			
Net earnings	$ 2,238	$ 3,016	$ 4,221
Adjustments to reconcile net earnings to cash provided from operating activities			
Deferred income taxes	9	(1)	34
(Increase) decrease in other assets	19	(28)	(117)
Increase (decrease) in accrued expenses and other liabilities	21	(4)	26
Equity in undistributed net (earnings) loss of subsidiaries	(683)	278	(1,609)
All other operating activities	101	28	106
Cash provided from (used for) operating activities	1,705	3,289	2,661
Cash flows - investing activities			
Net (increase) decrease in investments in and amounts due from subsidiaries	(898)	265	645
Maturity and sales of debt securities	14	21	44
Purchases of debt securities	—	—	(5)
All other investing activities	(45)	(6)	(132)
Cash provided from (used for) investing activities	(929)	280	552
Cash flows - financing activities			
Senior unsecured notes			
Proceeds from issuance of senior unsecured notes	740	745	744
Maturities and repayment of senior unsecured notes	—	(750)	(750)
Dividends paid on preferred stock	(42)	(42)	(42)
Purchases of treasury stock	(1,112)	(3,320)	(2,876)
Dividends paid on common stock	(406)	(434)	(500)
Increase (decrease) in amounts due to subsidiaries	(7)	14	4
All other financing activities	(22)	(41)	32
Cash provided from (used for) financing activities	(849)	(3,828)	(3,388)
Increase (decrease) in cash and equivalents	(73)	(259)	(175)
Cash and equivalents at beginning of year	3,287	3,546	3,721
Cash and equivalents at end of year	$ 3,214	$ 3,287	$ 3,546

NOTE 17. LEGAL PROCEEDINGS AND REGULATORY MATTERS

In the normal course of business, from time to time, we have been named as a defendant in various legal proceedings, including arbitrations, class actions and other litigation, arising in connection with our business activities. Certain of the legal actions include claims for substantial compensatory and/or punitive damages, or claims for indeterminate amounts of damages. We are also involved, from time to time, in reviews, investigations and proceedings (both formal and informal) by governmental agencies regarding our business (collectively, “regulatory matters”), which could subject us to significant fines, penalties, obligations to change our business practices or other requirements resulting in increased expenses, diminished income and damage to our reputation. We contest liability and/or the amount of damages as appropriate in each pending matter. In accordance with applicable accounting guidance, we establish an accrued liability for legal and regulatory matters when those matters present loss contingencies which are both probable and reasonably estimable.

Legal proceedings and regulatory matters are subject to many uncertain factors that generally cannot be predicted with assurance, and we may be exposed to losses in excess of any amounts accrued.

For some matters, we are able to determine that an estimated loss, while not probable, is reasonably possible. For other matters, including those that have not yet progressed through discovery and/or where important factual information and legal issues are unresolved, we are unable to make such an estimate. We currently estimate that the reasonably possible losses for legal proceedings and regulatory matters, whether in excess of a related accrued liability or where there is no accrued liability, and for which we are able to estimate a possible loss, are immaterial. This represents management’s estimate of possible loss with respect to these matters and is based on currently available information. This estimate of possible loss does not represent our maximum loss exposure. The legal proceedings and regulatory matters underlying the estimate will change from time to time and actual results may vary significantly from current estimates.

Our estimate of reasonably possible losses involves significant judgment, given the varying stages of the proceedings, the existence of numerous yet to be resolved issues, the breadth of the claims (often spanning multiple years), unspecified damages and/or the novelty of the legal issues presented. Based on our current knowledge, we do not believe that we are a party to any pending legal proceeding or regulatory matters that would have a material adverse effect on our consolidated financial condition or liquidity. However, in light of the uncertainties involved in such matters, the ultimate outcome of a particular matter could be material to our operating results for a particular period depending on, among other factors, the size of the loss or liability imposed and the level of our earnings for that period, and could adversely affect our business and reputation.

Below is a description of certain of our regulatory matters and legal proceedings.

On January 28, 2019, a purported shareholder derivative action, *Gilbert v. Keane, et al.*, was filed in the U.S. District Court for the District of Connecticut against the Company as a nominal defendant, and certain of the Company’s officers and directors. The lawsuit alleges breach of fiduciary duty claims based on the allegations raised by the plaintiff in the *Stichting Depositary APG* class action, unjust enrichment, waste of corporate assets, and that the defendants made materially misleading statements and/or omitted material information in violation of the Exchange Act. The complaint seeks a declaration that the defendants breached and/or aided and abetted the breach of their fiduciary duties to the Company, unspecified monetary damages with interest, restitution, a direction that the defendants take all necessary actions to reform and improve corporate governance and internal procedures, and attorneys’ and experts’ fees. On March 11, 2019, a second purported shareholder derivative action, *Aldridge v. Keane, et al.*, was filed in the U.S. District Court for the District of Connecticut. The allegations in the *Aldridge* complaint are substantially similar to those in the *Gilbert* complaint. On March 26, 2020, the District Court recaptioned the *Gilbert* and *Aldridge* cases as *In re Synchrony Financial Derivative Litigation.* On August 11, 2023, the parties submitted a joint status report to the District Court indicating that the parties had reached a memorandum of understanding to settle the litigation, which is not expected to have a material financial impact on the Company. On December 21, 2023, the District Court entered an order preliminarily approving the settlement. Copies of the Stipulation and Agreement of Settlement and Notice of Pendency and Proposed Settlement are available on the Company's investor relations website at https://investors.synchrony.com. The information contained on the Company's websites, including the aforementioned documents, is not deemed to be part of this Annual Report on Form 10-K or incorporated by reference into any of our other filings with the SEC.

Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the direction of our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), and based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2023.

Changes in Internal Control Over Financial Reporting

There was no change in internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Report on Management's Assessment of Internal Control Over Financial Reporting

The management of Synchrony Financial (“the Company”) is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined by Exchange Act Rules 13a-15 and 15d-15. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company's assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Company's receipts and expenditures are made only in accordance with authorizations of the Company's management and directors; and (iii) 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 its 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. Although any system of internal control can be compromised by human error or intentional circumvention of required procedures, we believe our system provides reasonable assurance that financial transactions are recorded and reported properly, providing an adequate basis for reliable financial statements.

The Company’s management has used the criteria established in Internal Control - Integrated Framework (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) to evaluate the effectiveness of the Company’s internal control over financial reporting.

The Company’s management has assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2023 and has concluded that such internal control over financial reporting is effective. There are no material weaknesses in the Company’s internal control over financial reporting that have been identified by the Company’s management.

KPMG LLP, an independent registered public accounting firm, has audited the consolidated financial statements of the Company for the year ended December 31, 2023 and has also issued an audit report, which is included in “*Consolidated Financial Statements and Supplementary Data*” of this Form 10-K Report, on internal control over financial reporting as of December 31, 2023 under Auditing Standard No. 2201 of the Public Company Accounting Oversight Board (“PCAOB”).

OTHER KEY INFORMATION

Properties

Our corporate headquarters are located on a site in Stamford, Connecticut that we lease from a third party.

In addition to those set forth below, we maintain offices at a few of our U.S. partner locations pursuant to servicing, lease or license agreements.

We believe our space is adequate for our current needs and that suitable additional or substitute space will be available to accommodate the foreseeable expansion of our operations.

The table below sets forth selected information on our principal facilities.

Location	Owned/Leased
Corporate Headquarters:	
Stamford, CT	Leased
Bank Headquarters:	
Draper, UT	Leased
Customer Service Centers:	
Altamonte Springs, FL	Leased
Charlotte, NC	Leased
West Chester, OH	Leased
Hyderabad, India	Leased
Cebu, Philippines	Leased
Manila, Philippines	Leased
Other Support Centers:	
Alpharetta, GA	Leased
Bentonville, AR	Leased
Champaign, IL	Leased
Chicago, IL	Leased
Costa Mesa, CA	Leased
New York, NY	Leased
Washington, DC	Leased
West Chester, OH	Leased
Bangalore, India	Leased

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

Market Information

Our common stock trades on the New York Stock Exchange under the symbol “SYF.”

The following table reflects the cash dividends we declared for the periods indicated.

($ in dollars)	**Cash dividends declared**
2023	
Fourth quarter	$ 0.25
Third quarter	$ 0.25
Second quarter	$ 0.23
First quarter	$ 0.23
2022	
Fourth quarter	$ 0.23
Third quarter	$ 0.23
Second quarter	$ 0.22
First quarter	$ 0.22

Holders

At February 2, 2024, the approximate number of holders of record of common stock was 1,965.

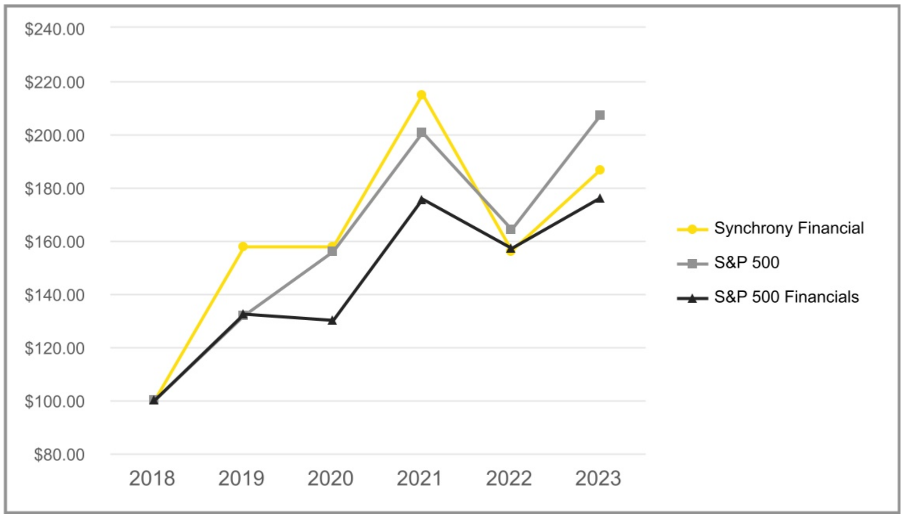
Dividends

Dividend Policy. The declaration and payment of any future dividends to holders of our common or preferred stock or stock repurchases will be at the discretion of Synchrony's Board of Directors and will depend on many factors, including the financial condition, earnings, capital and liquidity requirements of us and the Bank, applicable regulatory restrictions, corporate law and contractual restrictions and other factors that the Board of Directors deems relevant.

As a savings and loan holding company, our ability to pay dividends to our stockholders or to repurchase our stock is subject to regulation by the Federal Reserve Board. In addition, as a holding company, we rely significantly on dividends, distributions and other payments from the Bank to fund dividends to our stockholders. The ability of the Bank to make dividends and other distributions and payments to us is subject to regulation by the OCC and the Federal Reserve Board. See “*Regulation—Risk Factors Relating to Regulation—Failure by Synchrony and the Bank to meet applicable capital adequacy and liquidity requirements could have a material adverse effect on us*” and “*—We are subject to restrictions that limit our ability to pay dividends and repurchase our common stock; the Bank is subject to restrictions that limit its ability to pay dividends to us, which could limit our ability to pay dividends, repurchase our common stock or make payments on our indebtedness*.”

Performance Graph

The following graph compares the cumulative total stockholders return (rounded to the nearest whole dollar) of the Company's common stock, the S&P 500 Stock Index and the S&P 500 Financials Index for the period from December 31, 2018 through December 31, 2023. The graph assumes an initial investment of $100 on December 31, 2018. The cumulative returns for the Company's common stock and financial indices assume full reinvestment of dividends. This graph does not forecast future performance of the Company's common stock.



	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Synchrony Financial	$ 100.00	$ 157.47	$ 157.51	$ 214.84	$ 155.90	$ 186.74
S&P 500	$ 100.00	$ 131.49	$ 155.68	$ 200.37	$ 164.08	$ 207.21
S&P 500 Financials	$ 100.00	$ 132.12	$ 129.89	$ 175.40	$ 156.92	$ 175.98

Issuer Purchases of Equity Securities

The table below sets forth information regarding purchases of our common stock primarily related to our share repurchase program that were made by us or on our behalf during the three months ended December 31, 2023.

($ in millions, except per share data)	Total Number of Shares Purchased[(a)]	Average Price Paid Per Share[(b)]	Total Number of Shares Purchased as Part of Publicly Announced Program[(c)]	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Program[(b)]
October 1 - 31, 2023	1,350,010	$ 28.03	1,350,000	$ 812.2
November 1 - 30, 2023	570,028	$ 31.73	570,000	$ 794.1
December 1 - 31, 2023	5,331,867	$ 36.40	5,331,369	$ 600.0
Total	7,251,905	$ 34.48	7,251,369	$ 600.0

(a) Includes 10 shares, 28 shares and 498 shares withheld in October, November and December, respectively, to offset tax withholding obligations that occur upon the delivery of outstanding shares underlying performance stock awards, restricted stock awards or upon the exercise of stock options.
(b) Amounts exclude commission costs.
(c) In April 2023, the Board of Directors approved an incremental share repurchase program of up to $1.0 billion, commencing in the third quarter of 2023 through June 2024.

Rule 10b5-1 Trading Plans

During the fourth quarter of 2023, certain of our directors and executive officers adopted or terminated trading arrangements intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). Information regarding these Rule 10b5-1 trading arrangements is presented in the table below. There were no non-Rule 10b5-1 trading arrangements adopted or terminated by any director or executive officer during the fourth quarter of 2023.

Name	Title	Action Taken (Adoption or Termination Date)	Duration[(1)]	Aggregate Number of Securities to be Sold[(3)]
Alberto Casellas	Executive Vice President & CEO, Health & Wellness	Adoption (11/29/2023)	11/29/2023 - 12/31/2024	57,376
Brian Doubles	Director; President & CEO	Termination (11/29/2023)	01/25/2023 - 03/28/2024[(2)]	196,306
Brian Doubles	Director; President & CEO	Adoption (11/29/2023)	11/29/2023 - 12/31/2024	134,696
Curtis Howse	Executive Vice President & CEO, Home & Auto	Adoption (11/29/2023)	11/29/2023 - 12/31/2024	59,675
Carol Juel	Executive Vice President & Chief Technology and Operating Officer	Adoption (11/29/2023)	11/29/2023 - 12/31/2024	86,843 [(4)]
Jonathan Mothner	Executive Vice President, Chief Risk and Legal Officer	Adoption (11/29/2023)	11/29/2023 - 12/31/2024	40,000
Maran Nalluswami	Executive Vice President & CEO, Diversified & Value and Lifestyle	Adoption (11/30/2023)	11/30/2023 - 12/31/2024	21,386
Bart Schaller	Executive Vice President & CEO, Digital	Adoption (11/29/2023)	11/29/2023 - 12/31/2024	71,725 [(4)]
Brian Wenzel	Executive Vice President & Chief Financial Officer	Adoption (11/29/2023)	11/29/2023 - 12/31/2024	11,281

(1) Pursuant to the terms of each plan and subject to compliance with Rule 10b5-1, each plan may terminate at an earlier date in certain circumstances, including if all trades are executed or all orders related to the trades under the relevant plan expire.
(2) Mr. Doubles terminated this plan on November 29, 2023 prior to adopting a new plan on the same date. A total of 36,610 shares were sold under this plan prior to its termination.
(3) Rounded up to the nearest whole share, as applicable.
(4) The aggregate number of securities to be sold under the plans for Ms. Juel and Mr. Schaller excludes 10,729 and 15,714 shares, respectively, as such shares were sold after the adoption of the plans included in this disclosure pursuant to existing effective trading plans. These prior plans for Ms. Juel and Mr. Schaller expired on December 29, 2023 and January 2, 2024, respectively, before the trades under the plans included in this disclosure were scheduled to commence.

Exhibits and Financial Statement Schedules

(a) Documents filed as part of this Form 10-K:

1. Consolidated Financial Statements

The consolidated financial statements required to be filed in this annual report on Form 10-K are listed below and appear herein on the pages indicated.

INDEX TO CONSOLIDATED 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

A list of the exhibits being filed or furnished with or incorporated by reference into this annual report on Form 10-K is provided below:

EXHIBIT INDEX

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Synchrony Financial (incorporated by reference to Exhibit 3.2 of Amendment No. 5 to Form S-1 Registration Statement filed by Synchrony Financial on July 18, 2014 (No. 333-194528))
3.2	Amended and Restated Bylaws of Synchrony Financial (incorporated by reference to Exhibit 3.1 of Form 8-K filed by Synchrony Financial on November 1, 2016)
4.1	Indenture, dated as of August 11, 2014, between Synchrony Financial and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.1 of Form 8-K filed by Synchrony Financial on August 13, 2014)
4.2	First Supplemental Indenture, dated as of August 11, 2014, between Synchrony Financial and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.2 of Form 8-K filed by Synchrony Financial on August 13, 2014)
4.3	Third Supplemental Indenture, dated as of July 23, 2015, between Synchrony Financial and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.1 of Form 8-K filed by Synchrony Financial on July 23, 2015)
4.4	Sixth Supplemental Indenture, dated as of August 4, 2016, between Synchrony Financial and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.1 of Form 8-K filed by Synchrony Financial on August 4, 2016)
4.5	Seventh Supplemental Indenture, dated as of December 1, 2017, between Synchrony Financial and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.1 of Form 8-K filed by Synchrony Financial on December 1, 2017)
4.6	Eighth Supplemental Indenture, dated as of March 19, 2019, between Synchrony Financial and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.1 of Form 8-K filed by Synchrony Financial on March 19, 2019)
4.7	Ninth Supplemental Indenture, dated as of July 25, 2019, between Synchrony Financial and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.1 of Form 8-K filed by Synchrony Financial on July 25, 2019)
4.8	Tenth Supplemental Indenture, dated as of October 28, 2021, between Synchrony Financial and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.1 of Form 8-K filed by Synchrony Financial on October 28, 2021)

4.9	Eleventh Supplemental Indenture, dated as of June 13, 2022, between Synchrony Financial and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.1 of Form 8-K filed by Synchrony Financial on June 13, 2022)
4.10	Form of 4.500% Senior Notes due 2025 (incorporated by reference to Exhibit 4.2 of Form 8-K filed by Synchrony Financial on July 23, 2015)
4.11	Form of 3.700% Senior Notes due 2026 (incorporated by reference to Exhibit 4.2 of Form 8-K filed by Synchrony Financial on August 4, 2016)
4.12	Form of 3.950% Senior Notes due 2027 (incorporated by reference to Exhibit 4.2 of Form 8-K filed by Synchrony Financial on December 1, 2017)
4.13	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 of Amendment No. 5 to Form S-1 Registration Statement filed by Synchrony Financial on July 18, 2014 (No. 333-194528))
4.14	Form of 4.375% Senior Notes due 2024 (incorporated by reference to Exhibit 4.2 of Form 8-K filed by Synchrony Financial on March 19, 2019)
4.15	Form of 5.150% Senior Notes due 2029 (incorporated by reference to Exhibit 4.3 of Form 8-K filed by Synchrony Financial on March 19, 2019)
4.16	Form of 2.850% Senior Notes due 2022 (incorporated by reference to Exhibit 4.2 of Form 8-K filed by Synchrony Financial on July 25, 2019)
4.17	Form of 2.875% Senior Notes due 2031 (incorporated by reference to Exhibit 4.1 of Form 8-K filed by Synchrony Financial on October 28, 2021)
4.18	Form of 4.875% Senior Notes due 2025 (incorporated by reference to Exhibit 4.2 of Form 8-K filed by Synchrony Financial on June 13, 2022)
4.19	Certificate of Designations of 5.625% Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A, dated November 13, 2019. (incorporated by reference to Exhibit 4.1 of Form 8-K filed by Synchrony Financial on November 14, 2019)
4.20	Deposit Agreement, dated November 14, 2019, by and among the Company, Computershare Inc. and Computershare Trust Company, N.A., collectively as Depositary, and the holders from time to time of the depositary receipts described therein. (incorporated by reference to Exhibit 4.2 of Form 8-K filed by Synchrony Financial on November 14, 2019)
4.21	Indenture, dated as of February 2, 2023, between Synchrony Financial and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.1 of Form 8-K filed by Synchrony Financial on February 2, 2023)
4.22	First Supplemental Indenture, dated as of February 2, 2023, between Synchrony Financial and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.2 of Form 8-K filed by Synchrony Financial on February 2, 2023)
4.23	Form of 7.250% Subordinated Notes due 2033 (incorporated by reference to Exhibit 4.3 of Form 8-K filed by Synchrony Financial on February 2, 2023)
4.24*	Description of Registrant's Securities
10.1	Master Agreement, dated as of July 30, 2014, among General Electric Capital Corporation, Synchrony Financial, and, solely for purposes of certain sections and articles set forth therein, General Electric Company (incorporated by reference to Exhibit 10.1 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on August 1, 2014 (333-197244))
10.2	Transitional Services Agreement, dated August 5, 2014, by and among General Electric Capital Corporation, Synchrony Financial and Retail Finance International Holdings, Inc. (incorporated by reference to Exhibit 10.1 of Form 8-K filed by Synchrony Financial on August 11, 2014)
10.3	Employee Matters Agreement, dated as of August 5, 2014, by and among General Electric Company, General Electric Capital Corporation and Synchrony Financial (incorporated by reference to Exhibit 10.4 of Form 8-K filed by Synchrony Financial on August 11, 2014)
10.4	Transitional Trademark License Agreement, dated as of August 5, 2014, by and between GE Capital Registry, Inc. and Synchrony Financial (incorporated by reference to Exhibit 10.5 of Form 8-K filed by Synchrony Financial on August 11, 2014)
10.5	Intellectual Property Cross License Agreement, dated as of August 5, 2014, by and between General Electric Company and General Electric Capital Corporation, on the one hand, and Synchrony Financial, on the other hand (incorporated by reference to Exhibit 10.6 of Form 8-K filed by Synchrony Financial on August 11, 2014)
10.6+	Form of agreement for awards of Performance Share Units under Synchrony 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to Quarterly Report on Form 10-Q filed by Synchrony Financial on April 28, 2016)

10.7	Master Indenture, dated as of September 25, 2003, between Synchrony Credit Card Master Note Trust (formerly known as GE Capital Credit Card Master Note Trust), as Issuer and Deutsche Bank Trust Company Americas, as Indenture Trustee (incorporated by reference to Exhibit 4.1 of Amendment No. 1 to Form S-3 Registration Statement filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.8	Omnibus Amendment No. 1 to Securitization Documents, dated as of February 9, 2004, among RFS Holding, L.L.C., RFS Funding Trust, GE Capital Retail Bank (formerly known as Monogram Credit Card Bank of Georgia), Synchrony Credit Card Master Note Trust, Deutsche Bank Trust Company Delaware, as Trustee of RFS Funding Trust, RFS Holding, Inc. and Deutsche Bank Trust Company Americas, as Indenture Trustee (incorporated by reference to Exhibit 4.16 of Amendment No. 1 to Form S-3 Registration Statement filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.9	Second Amendment to Master Indenture, dated as of June 17, 2004, between Synchrony Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.4 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on July 2, 2004)
10.10	Third Amendment to Master Indenture, dated as of August 31, 2006, between Synchrony Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on September 5, 2006)
10.11	Fourth Amendment to Master Indenture, dated as of June 28, 2007, between Synchrony Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on July 3, 2007)
10.12	Fifth Amendment to Master Indenture, dated as of May 22, 2008, between Synchrony Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on May 28, 2008)
10.13	Sixth Amendment to Master Indenture, dated as of August 7, 2009, between Synchrony Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on August 7, 2009)
10.14	Seventh Amendment to Master Indenture, dated as of January 21, 2014, between Synchrony Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on January 21, 2014)
10.15	Eighth Amendment to Master Indenture and Omnibus Supplement to Specified Indenture Supplements, dated as of March 11, 2014, between Synchrony Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on March 14, 2014)
10.16	Ninth Amendment to Master Indenture, dated as of November 24, 2015, between Synchrony Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on November 25, 2015)
10.17	Tenth Amendment to Master Indenture, dated as of March 3, 2016, between Synchrony Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on March 7, 2016)
10.18	Eleventh Amendment to Master Indenture, dated as of April 21, 2017, between Synchrony Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on April 26, 2017)
10.19	Twelfth Amendment to Master Indenture, dated as of March 16, 2021, between Synchrony Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.3 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on March 17, 2021)
10.20	Second Omnibus Supplement to Specified Indenture Supplements, dated as of April 21, 2017, between Synchrony Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.6 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on April 26, 2017)
10.21	Form of Indenture Supplement, between Synchrony Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.8 of Form S-3 Registration Statement filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on May 16, 2012 (333-181466))

10.22	Form of Indenture Supplement, between Synchrony Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.12 of Form SF-3 Registration Statement filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on December 30, 2015 (333-206176))
10.23	Form of VFN Indenture Supplement, between Synchrony Credit Card Master Note Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 10.24 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on August 1, 2014 (333-197244))
10.24	Form of Loan Agreement (VFN Series, Class A), among Synchrony Credit Card Master Note Trust, the Lenders party thereto from time to time, and the Managing Agents party thereto from time to time (incorporated by reference to Exhibit 10.25 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on August 1, 2014 (333-197244))
10.25	Trust Agreement, dated as of September 25, 2003, between RFS Holding, L.L.C. and The Bank of New York (Delaware) (incorporated by reference to Exhibit 4.3 of Amendment No. 1 to Form S-3 Registration Statement filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.26	First Amendment to Trust Agreement, dated as of January 21, 2014, between RFS Holding, L.L.C. and BNY Mellon Trust of Delaware (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Master Note Trust and RFS Holding, L.L.C. on January 21, 2014)
10.27	Second Amendment to Trust Agreement, dated as of September 8, 2014, between RFS Holding, L.L.C. and BNY Mellon Trust of Delaware (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Master Note Trust and RFS Holding, L.L.C. on September 11, 2014)
10.28	Third Amendment to Trust Agreement, dated as of April 21, 2017, between RFS Holding, L.L.C. and BNY Mellon Trust of Delaware (incorporated by reference to Exhibit 4.5 of the current report on Form 8-K filed by Synchrony Credit Master Note Trust and RFS Holding, L.L.C. on April 26, 2017)
10.29	Custody and Control Agreement, dated as of September 25, 2003 by and among Deutsche Bank Trust Company of Americas, in its capacity as Custodian and in its capacity as Indenture Trustee, and Synchrony Credit Card Master Note Trust (incorporated by reference to Exhibit 4.8 of Amendment No. 1 to Form S-3 Registration Statement filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.30	Receivables Sale Agreement, dated as of June 27, 2003, between GE Capital Retail Bank (formerly known as Monogram Credit Card Bank of Georgia) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.9 of Amendment No. 1 to Form S-3 Registration Statement filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.31	RSA Assumption Agreement and Second Amendment to Receivables Sale Agreement, dated as of February 7, 2005, between GE Capital Retail Bank (formerly known as GE Money Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on February 11, 2005)
10.32	Third Amendment to Receivables Sale Agreement, dated as of December 21, 2006, between GE Capital Retail Bank (formerly known as GE Money Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on December 21, 2006)
10.33	Fourth Amendment to Receivables Sale Agreement, dated as of May 21, 2008, between GE Capital Retail Bank (formerly known as GE Money Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on May 28, 2008)
10.34	Designation of Removed Accounts and Fifth Amendment to Receivables Sale Agreement, dated as of December 29, 2008, between GE Capital Retail Bank (formerly known as GE Money Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on December 30, 2008)
10.35	Designation of Removed Accounts and Sixth Amendment to Receivables Sale Agreement, dated as of February 26, 2009, between GE Capital Retail Bank (formerly known as GE Money Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on February 26, 2009)
10.36	Seventh Amendment to Receivables Sale Agreement, dated as of November 23, 2010, between GE Capital Retail Bank (formerly known as GE Money Bank), and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on November 24, 2010)

10.37	Eighth Amendment to Receivables Sale Agreement, dated as of March 20, 2012, among GE Capital Retail Bank, RFS Holding, Inc., PLT Holding, L.L.C. and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on March 21, 2012)
10.38	Ninth Amendment to Receivables Sale Agreement, dated as of March 11, 2014, among GE Capital Retail Bank, RFS Holding, Inc., PLT Holding, L.L.C. and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on March 14, 2014)
10.39	Designation of Removed Accounts and Tenth Amendment to Receivables Sale Agreement, dated as of November 7, 2014, among Synchrony Bank (formerly known as GE Capital Retail Bank), RFS Holding Inc., PLT Holding, L.L.C. and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on November 14, 2014)
10.40	Eleventh Amendment to Receivables Sale Agreement, dated as of March 3, 2016 among Synchrony Bank (formerly known as GE Capital Retail Bank), RFS Holding Inc., PLT Holding, L.L.C. and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.3 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on March 7, 2016)
10.41	Twelfth Amendment to Receivables Sale Agreement, dated as of April 21, 2017 between Synchrony Bank (formerly known as GE Capital Retail Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.4 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on April 26, 2017)
10.42	Thirteenth Amendment to Receivables Sale Agreement, dated as of May 31, 2017 between Synchrony Bank (formerly known as GE Capital Retail Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on June 2, 2017)
10.43	Designation of Removed Accounts and Fourteenth Amendment to Receivables Sale Agreement, dated as of October 11, 2019, between Synchrony Bank (formerly known as GE Capital Retail Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on October 15, 2019)
10.44	Fifteenth Amendment to Receivables Sale Agreement, dated as of March 16, 2021, between Synchrony Bank (formerly known as GE Capital Retail Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on March 17, 2021)
10.45	Designation of Removed Accounts and Sixteenth Amendment to Receivables Sale Agreement, dated as of June 17, 2022, between Synchrony Bank (formerly known as GE Capital Retail Bank) and RFS Holding, L.L.C. (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on June 21, 2022)
10.46	Transfer Agreement, dated as of September 25, 2003, between RFS Holding, L.L.C. and Synchrony Credit Card Master Note Trust (incorporated by reference to Exhibit 4.12 of Amendment No. 1 to Form S-3 Registration Statement filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.47	Second Amendment to Transfer Agreement, dated as of June 17, 2004, between RFS Holding, L.L.C. and Synchrony Credit Card Master Note Trust (incorporated by reference to Exhibit 4.3 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on July 2, 2004)
10.48	Third Amendment to Transfer Agreement, dated as of November 21, 2004, between RFS Holding, L.L.C. and Synchrony Credit Card Master Note Trust (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on November 24, 2004)
10.49	Fourth Amendment to Transfer Agreement, dated as of August 31, 2006, between RFS Holding, L.L.C. and Synchrony Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on September 5, 2006)
10.50	Fifth Amendment to Transfer Agreement, dated as of December 21, 2006, between RFS Holding, L.L.C. and Synchrony Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on December 21, 2006)
10.51	Sixth Amendment to Transfer Agreement, dated as of May 21, 2008, between RFS Holding, L.L.C. and Synchrony Credit Card Master Note Trust (incorporated by reference to Exhibit 4.4 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on May 28, 2008)

10.52	Reassignment of Receivables in Removed Accounts and Seventh Amendment to Transfer Agreement, dated as of December 29, 2008, between RFS Holding, L.L.C. and Synchrony Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on December 30, 2008)
10.53	Reassignment No. 4 of Receivables in Removed Accounts and Eighth Amendment to Transfer Agreement, dated as of February 26, 2009, between RFS Holding, L.L.C. and Synchrony Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on February 26, 2009)
10.54	Ninth Amendment to Transfer Agreement, dated as of March 31, 2010, between RFS Holding, L.L.C. and Synchrony Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on March 31, 2010)
10.55	Tenth Amendment to Transfer Agreement, dated as of March 20, 2012, between RFS Holding, L.L.C. and Synchrony Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on March 21, 2012)
10.56	Eleventh Amendment to Transfer Agreement, dated as of March 3, 2016, between RFS Holding, L.L.C. and Synchrony Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on March 7, 2016)
10.57	Twelfth Amendment to Transfer Agreement, dated as of February 23, 2017, between RFS Holding, L.L.C. and Synchrony Credit Card Master Note Trust (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on February 28, 2017)
10.58	Thirteenth Amendment to Transfer Agreement, dated as of April 21, 2017, between RFS Holding, L.L.C. and Synchrony Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on April 26, 2017)
10.59	Fourteenth Amendment to Transfer Agreement, dated as of March 16, 2021, between RFS Holding, L.L.C. and Synchrony Credit Card Master Note Trust (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on March 17, 2021)
10.60	Servicing Agreement, dated as of June 27, 2003, by and among RFS Funding Trust Synchrony Credit Card Master Note Trust and General Electric Capital Corporation, successor to GE Capital Retail Bank (formerly known as Monogram Credit Card Bank of Georgia) (incorporated by reference to Exhibit 4.13 of Amendment No. 1 to Form S-3 Registration Statement filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.61	Servicing Assumption Agreement, dated as of February 7, 2005, by GE Capital Retail Bank (formerly known as GE Money Bank) (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on February 11, 2005)
10.62	First Amendment to Servicing Agreement, dated as of May 22, 2006, between Synchrony Credit Card Master Note Trust and GE Capital Retail Bank (formerly known as GE Money Bank) (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on May 25, 2006)
10.63	Second Amendment to Servicing Agreement, dated as of June 28, 2007, between Synchrony Credit Card Master Note Trust and GE Capital Retail Bank (formerly known as GE Money Bank) (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on June 28, 2007)
10.64	Instrument of Resignation, Appointment and Acceptance and Third Amendment to Servicing Agreement, dated as of May 22, 2008, by and among Synchrony Credit Card Master Note Trust, GE Capital Retail Bank (formerly known as GE Money Bank) and General Electric Capital Corporation (incorporated by reference to Exhibit 4.3 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on May 28, 2008)
10.65	Fourth Amendment to Servicing Agreement, dated as of July 16, 2014, between Synchrony Credit Card Master Note Trust and General Electric Capital Corporation (incorporated by reference to Exhibit 4.14 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on July 16, 2014)
10.66	Fifth Amendment to Servicing Agreement, dated as of November 24, 2015, between Synchrony Credit Card Master Note Trust and General Electric Capital Corporation (incorporated by reference to Exhibit 4.2 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on November 25, 2015)
10.67	Sixth Amendment to Servicing Agreement, dated as of April 21, 2017, between Synchrony Credit Card Master Note Trust and Synchrony Financial (incorporated by reference to Exhibit 4.3 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on April 26, 2017)

10.68	Instrument of Resignation, Appointment and Acceptance, dated as of December 2, 2015, by and among Synchrony Credit Card Master Note Trust, General Electric Capital LLC and Synchrony Financial (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on December 4, 2015)
10.69	Administration Agreement, dated as of September 25, 2003, among Synchrony Credit Card Master Note Trust, General Electric Capital Corporation, as Administrator, and The Bank of New York (Delaware), not in its individual capacity but solely as Trustee (incorporated by reference to Exhibit 4.14 of Amendment No. 1 to Form S-3 Registration Statement filed on May 20, 2004 (No. 333-107495, 333-107495-01 and 333-107495-02))
10.70	Asset Representations Review Agreement, dated as of March 4, 2016, among Synchrony Bank, RFS Holding, L.L.C., Synchrony Credit Card Master Note Trust, Synchrony Financial and Clayton Fixed Income Services LLC (incorporated by reference to Exhibit 4.4 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on March 7, 2016)
10.71	First Amendment to Administration Agreement, dated as of May 4, 2009, between Synchrony Credit Card Master Note Trust and General Electric Capital Corporation (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on May 6, 2009)
10.72	Instrument of Resignation, Appointment and Acceptance, dated as of July 16, 2014, by and among GE Capital Credit Card Master Note Trust, BNY Mellon Trust of Delaware and General Electric Capital Corporation (incorporated by reference to Exhibit 4.13 of the current report on Form 8-K filed by Synchrony Credit Card Master Note Trust and RFS Holding, L.L.C. on July 16, 2014)
10.73	Master Indenture, dated as of February 29, 2012, between GE Sales Finance Master Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 10.55 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on April 25, 2014 (No. 333-194528))
10.74	Supplement No. 1 to Master Indenture, dated as of September 19, 2012, between GE Sales Finance Master Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 10.56 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on April 25, 2014 (No. 333-194528))
10.75	Supplement No. 2 to Master Indenture, dated as of March 21, 2014, between GE Sales Finance Master Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 10.57 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on April 25, 2014 (No. 333-194528))
10.76	Form of Indenture Supplement, between GE Sales Finance Master Trust and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 10.58 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on August 1, 2014 (333-197244))
10.77	Form of Loan Agreement, among GE Sales Finance Master Trust, the Lenders party thereto from time to time, and the Lender Group Agents for the Lender Groups party thereto from time to time (incorporated by reference to Exhibit 10.59 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on August 1, 2014 (333-197244))
10.78	Amended and Restated Trust Agreement of GE Sales Finance Master Trust, dated as of February 29, 2012, between GE Sales Finance Holding, L.L.C. and BNY Mellon Trust of Delaware (incorporated by reference to Exhibit 10.60 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on April 25, 2014 (No. 333-194528))
10.79	Amended and Restated Receivables Participation Agreement, dated as of February 29, 2012, between GE Capital Retail Bank and GEMB Lending Inc. (incorporated by reference to Exhibit 10.61 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on April 25, 2014 (No. 333-194528))
10.80	First Amendment to Amended and Restated Receivables Participation Agreement, dated as of August 17, 2012, between GE Capital Retail Bank and GEMB Lending Inc. (incorporated by reference to Exhibit 10.62 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on April 25, 2014 (No. 333-194528))
10.81	Second Amendment to Amended and Restated Receivables Participation Agreement, dated as of August 5, 2013, between GE Capital Retail Bank and GEMB Lending Inc. (incorporated by reference to Exhibit 10.63 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on April 25, 2014 (No. 333-194528))
10.82	Participation Interest Sale Agreement, dated as of February 29, 2012, between GEMB Lending Inc. and GE Sales Finance Holding, L.L.C. (incorporated by reference to Exhibit 10.64 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on April 25, 2014 (No. 333-194528))
10.83	First Amendment to Participation Interest Sale Agreement, dated as of September 19, 2012, between GEMB Lending Inc. and GE Sales Finance Holding, L.L.C. (incorporated by reference to Exhibit 10.65 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on April 25, 2014 (No. 333-194528))

10.84	Second Amendment to Participation Interest Sale Agreement, dated as of March 21, 2014, between GEMB Lending Inc. and GE Sales Finance Holding, L.L.C. (incorporated by reference to Exhibit 10.66 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on April 25, 2014 (No. 333-194528))
10.85	Transfer Agreement, dated as of February 29, 2012, between GE Sales Finance Holding, L.L.C. and GE Sales Finance Master Trust (incorporated by reference to Exhibit 10.67 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on April 25, 2014 (No. 333-194528))
10.86	First Amendment to Transfer Agreement, dated as of September 19, 2012, between GE Sales Finance Holding, L.L.C. and GE Sales Finance Master Trust (incorporated by reference to Exhibit 10.68 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on April 25, 2014 (No. 333-194528))
10.87	Second Amendment to Transfer Agreement, dated as of March 21, 2014, between GE Sales Finance Holding, L.L.C. and GE Sales Finance Master Trust (incorporated by reference to Exhibit 10.69 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on April 25, 2014 (No. 333-194528))
10.88	Servicing Agreement, dated as of February 29, 2012, between GE Capital Retail Bank and GE Sales Finance Master Trust (incorporated by reference to Exhibit 10.70 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on April 25, 2014 (No. 333-194528))
10.89	Administration Agreement, dated as of February 29, 2012, between GE Sales Finance Master Trust and GE Capital Retail Bank (incorporated by reference to Exhibit 10.71 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on April 25, 2014 (No. 333-194528))
10.90+	General Electric Supplementary Pension Plan, as amended effective January 1, 2011 (incorporated by reference to Exhibit 10(g) of the annual report on Form 10-K filed by General Electric Company on February 25, 2011)
10.91+	Form of Indemnification Agreement for directors, executive officers and key employees (incorporated by reference to Exhibit 10.89 of Amendment No. 1 to Form S-1 Registration Statement filed by Synchrony Financial on August 1, 2014 (333-197244))
10.92+	Synchrony Financial Non-Employee Director Deferred Compensation Plan (incorporated by reference to Exhibit 10.91 of Amendment No. 5 to Form S-1 Registration Statement filed by Synchrony Financial on July 18, 2014 (No. 33-194528))
10.93+	Form of Synchrony Financial Deferred Compensation Plan (incorporated by reference to Exhibit 10.1 to Form 8-K filed by Synchrony Financial on September 22, 2014)
10.94+	First Amendment to the Synchrony Financial Deferred Compensation Plan (incorporated by reference to Exhibit 10.109 to 2014 Annual Report on Form 10-K filed by Synchrony Financial on February 23, 2015)
10.95+	Form of Restricted Stock Unit and Non-Qualified Stock Option Award (incorporated by reference to Exhibit 10.2 to Form 8-K filed by Synchrony Financial on September 22, 2014)
10.96+	Form of Synchrony Financial Amended and Restated Annual Incentive Plan (incorporated by reference to Exhibit 10.1 to Form 10-Q filed by Synchrony Financial on October 21, 2021)
10.97+	Form of Synchrony Financial Amended and Restated Restoration Plan (incorporated by reference to Exhibit 10.3 to Form 10-Q filed by Synchrony Financial on July 28, 2017)
10.98+	Form of Synchrony Financial Change in Control Severance Plan (incorporated by reference to Exhibit 10.3 to Form 8-K filed by Synchrony Financial on May 27, 2015)
10.99+	Synchrony Financial Amended and Restated 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to Form 10-Q filed by Synchrony Financial on October 21, 2021)
10.100†	Services Agreement, dated March 29, 2022, between Retail Finance Servicing, LLC and Fiserv Solutions, LLC (incorporated by reference to Exhibit 10.1 of the current report on Form 8-K filed by Synchrony Financial on April 4, 2022)
10.101	Letter, dated as of October 19, 2015, delivered by General Electric Capital Corporation and acknowledged and agreed to by General Electric Company and Synchrony Financial(incorporated by reference to Exhibit 10.116 of Form S-4 Registration Statement filed by Synchrony Financial on October 19, 2015 (No. 333-207479))
10.102+	Amended and Restated form of agreement for awards of Restricted Stock Units and Non-Qualified Stock Options under Synchrony 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to Form 10-Q filed by Synchrony Financial on April 26, 2018)
10.103+	Amended and Restated form of agreement for awards of Performance Share Units under Synchrony 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to Form 10-Q filed by Synchrony Financial on April 26, 2018)
10.104+	Form of agreement for awards of Restricted Stock Units under Synchrony 2014 Long-Term Incentive Plan to directors of Synchrony Financial (incorporated by reference to Exhibit 10.3 to Form 10-Q filed by Synchrony Financial on April 26, 2018)

10.105+	Amended and Restated Executive Severance Plan (incorporated by reference to Exhibit 10.4 to Form 10-Q filed by Synchrony Financial on April 26, 2018)
10.106+	First Amendment to the Amended and Restated Executive Severance Plan (incorporated by reference to Exhibit 10.2 to Form 10-Q filed by Synchrony Financial on October 22, 2020)
10.107	Amended and Restated Master Indenture, dated as of May 1, 2018, between Synchrony Card Issuance Trust, as Issuer and The Bank of New York Mellon, as Indenture Trustee (incorporated by reference to Exhibit 4.1 of Form SF-3 Registration Statement filed by Synchrony Card Issuance Trust and Synchrony Card Funding, LLC on May 4, 2018 (No. 333-224689 and 333-224689-01))
10.108	Form of Class A Terms Document, between Synchrony Card Issuance Trust and The Bank of New York Mellon (incorporated by reference to Exhibit 4.3 of Form SF-3 Registration Statement filed by Synchrony Card Issuance Trust and Synchrony Card Funding, LLC on May 4, 2018 (No. 333-224689 and 333-224689-01))
10.109	Form of Class B Terms Document, between Synchrony Card Issuance Trust and The Bank of New York Mellon (incorporated by reference to Exhibit 4.4 of Form SF-3 Registration Statement filed by Synchrony Card Issuance Trust and Synchrony Card Funding, LLC on May 4, 2018 (No. 333-224689 and 333-224689-01))
10.110	Form of Class C Terms Document, between Synchrony Card Issuance Trust and The Bank of New York Mellon (incorporated by reference to Exhibit 4.5 of Form SF-3 Registration Statement filed by Synchrony Card Issuance Trust and Synchrony Card Funding, LLC on May 4, 2018 (No. 333-224689 and 333-224689-01))
10.111	Form of Class D Terms Document, between Synchrony Card Issuance Trust and The Bank of New York Mellon (incorporated by reference to Exhibit 4.6 of Form SF-3 Registration Statement filed by Synchrony Card Issuance Trust and Synchrony Card Funding, LLC on May 4, 2018 (No. 333-224689 and 333-224689-01))
10.112	Amended and Restated Trust Agreement, among Synchrony Card Funding, LLC, Citibank, N.A. and Citicorp Trust Delaware, National Association (incorporated by reference to Exhibit 4.7 of Form SF-3 Registration Statement filed by Synchrony Card Issuance Trust and Synchrony Card Funding, LLC on May 4, 2018 (No. 333-224689 and 333-224689-01))
10.113	Custody and Control Agreement, dated as of November 17, 2017, by and among The Bank of New York Mellon, in its capacity as Custodian and in its capacity as Indenture Trustee, and Synchrony Card Issuance Trust (incorporated by reference to Exhibit 4.8 of Form SF-3 Registration Statement filed by Synchrony Card Issuance Trust and Synchrony Card Funding, LLC on May 4, 2018 (No. 333-224689 and 333-224689-01))
10.114	Amended and Restated Receivables Sale Agreement, dated as of May 1, 2018, between Synchrony Bank and Synchrony Card Funding, LLC (incorporated by reference to Exhibit 4.9 of Form SF-3 Registration Statement filed by Synchrony Card Issuance Trust and Synchrony Card Funding, LLC on May 4, 2018 (No. 333-224689 and 333-224689-01))
10.115	Amended and Restated Transfer Agreement, dated as of May 1, 2018, between Synchrony Card Funding, LLC and Synchrony Card Issuance Trust (incorporated by reference to Exhibit 4.10 of Form SF-3 Registration Statement filed by Synchrony Card Issuance Trust and Synchrony Card Funding, LLC on May 4, 2018 (No. 333-224689 and 333-224689-01))
10.116	Amended and Restated Servicing Agreement, dated as of May 1, 2018, between Synchrony Card Issuance Trust and Synchrony Bank (incorporated by reference to Exhibit 4.11 of Form SF-3 Registration Statement filed by Synchrony Card Issuance Trust and Synchrony Card Funding, LLC on May 4, 2018 (No. 333-224689 and 333-224689-01))
10.117	Form of Risk Retention Agreement, among Synchrony Bank, Synchrony Card Funding, LLC and Synchrony Card Issuance Trust (incorporated by reference to Exhibit 4.12 of Form SF-3 Registration Statement filed by Synchrony Card Issuance Trust and Synchrony Card Funding, LLC on May 4, 2018 (No. 333-224689 and 333-224689-01))
10.118	Administration Agreement, dated as of November 30, 2017, between Synchrony Card Issuance Trust and Synchrony Bank (incorporated by reference to Exhibit 4.13 of Form SF-3 Registration Statement filed by Synchrony Card Issuance Trust and Synchrony Card Funding, LLC on May 4, 2018 (No. 333-224689 and 333-224689-01))
10.119	Asset Representations Review Agreement, dated as of August 15, 2018, among Synchrony Bank, Synchrony Card Funding, LLC, Synchrony Card Issuance Trust and Clayton Fixed Income Services LLC (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Card Issuance Trust and Synchrony Card Funding, LLC on August 20, 2018)
10.120	SynchronySeries Indenture Supplement, dated as of September 26, 2018, between Synchrony Card Issuance Trust and The Bank of New York Mellon (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Card Issuance Trust and Synchrony Card Funding, LLC on October 2, 2018)
10.121	Supplement No. 1 to SynchronySeries Indenture Supplement, dated as of May 28, 2021, between Synchrony Card Issuance Trust and The Bank of New York Mellon (incorporated by reference to Exhibit 4.1 of the current report on Form 8-K filed by Synchrony Card Issuance Trust and Synchrony Card Funding, LLC on June 2, 2021)

10.122	Amended and Restated form of agreement for awards under Synchrony 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 of the quarterly report on Form 10-Q filed by Synchrony Financial on April 25, 2019)
10.123	Amended and Restated form of agreement for awards of Performance Share Units under Synchrony 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 of the quarterly report on Form 10-Q filed by Synchrony Financial on April 25, 2019)
10.124	Synchrony Financial Amended and Restated 2014 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 of the quarterly report on Form 10-Q filed by Synchrony Financial on October 24, 2019)
10.125	Synchrony Financial Amended and Restated Change in Control Severance Plan (incorporated by reference to Exhibit 10.2 of the quarterly report on Form 10-Q filed by Synchrony Financial on October 24, 2019)
10.126	First Amendment to Synchrony Financial Amended and Restated Change in Control Severance Plan (incorporated by reference to Exhibit 10.1 of the quarterly report on Form 10-Q filed by Synchrony Financial on October 22, 2020)
10.127	First Amendment to the Synchrony Financial Restoration Plan (incorporated by reference to Exhibit 10.3 of the quarterly report on Form 10-Q filed by Synchrony Financial on October 24, 2019)
10.128+	Separation Agreement and Release, dated as of December 9, 2020, between Synchrony Bank and Neeraj Mehta (incorporated by reference to Exhibit 10.127 of the annual report on Form 10-K filed by Synchrony Financial on February 11, 2021)
10.129*	Amended and Restated form of agreement for awards of Restricted Stock Units under Synchrony 2014 Long-Term Incentive Plan (for awards made on or after March 1, 2022)
10.130*	Amended and Restated form of agreement for awards of Performance Share Units under Synchrony 2014 Long-Term Incentive Plan (for awards made on or after March 1, 2023)
21.1*	Subsidiaries of the Registrant
23.1*	Consent of KPMG LLP
24.1*	Powers of Attorney (included on the signature page)
31(a)*	Certification Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended
31(b)*	Certification Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as amended
32*	Certification Pursuant to 18 U.S.C. Section 1350
97*	Policy Relating to Recovery of Erroneously Awarded Compensation
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from the Company's Annual Report on Form 10-K for the year ended December 31, 2023, formatted in Inline XBRL (included as Exhibit 101)

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* Filed electronically herewith.

† Confidential treatment granted to certain portions, which portions have been provided separately to the Securities and Exchange Commission.

+ Management contract or compensatory plan or arrangement required to be filed as an exhibit to Form 10-K pursuant to Item 15(b) of this report.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this annual report on Form 10-K for the fiscal year ended December 31, 2023, to be signed on its behalf by the undersigned, and in the capacity indicated, thereunto duly authorized in the City of Stamford and State of Connecticut on the 8th day of February 2024.

Synchrony Financial
(Registrant)

/s/ Brian J. Wenzel Sr.

Brian J. Wenzel Sr.
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

Power of Attorney

Each person whose signature appears below hereby constitutes and appoints Brian D. Doubles, Brian J. Wenzel and Jonathan S. Mothner, and each of them acting individually, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, to execute for him or her and in his or her name, place and stead, in any and all capacities, any and all amendments to this annual report on Form 10-K, and to file the same, with all exhibits thereto and any other documents required in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents and their substitutes, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes, may lawfully do or cause to be done by virtue hereof.

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

Signature	Title	Date
/s/ Brian D. Doubles Brian D. Doubles Director and Chief Executive Officer	Principal Executive Officer Director	February 8, 2024
/s/ Brian J. Wenzel Sr. Brian J. Wenzel Sr. Executive Vice President and Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)	Principal Financial Officer	February 8, 2024
/s/ David P. Melito David P. Melito Senior Vice President and Controller	Principal Accounting Officer	February 8, 2024
/s/ Fernando Aguirre Fernando Aguirre	Director	February 8, 2024
/s/ Paget L. Alves Paget L. Alves	Director	February 8, 2024
/s/ Kamila Chytil Kamila Chytil	Director	February 8, 2024
/s/ Arthur W. Coviello, Jr. Arthur W. Coviello, Jr.	Director	February 8, 2024
/s/ Roy A. Guthrie Roy A. Guthrie	Director	February 8, 2024
/s/ Jeffrey G. Naylor Jeffrey G. Naylor	Director	February 8, 2024
/s/ P.W. Parker P.W. Parker	Director	February 8, 2024
/s/ Laurel J. Richie Laurel J. Richie	Director	February 8, 2024
/s/ Ellen M. Zane Ellen M. Zane	Director	February 8, 2024

DESCRIPTION OF REGISTRANT'S SECURITIES

As of the date of the Annual Report on Form 10-K of which this Exhibit is a part, Synchrony Financial, a Delaware corporation, had two classes of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended: Common Stock, par value $0.001 per share (the "common stock") and depositary shares, each representing a 1/40th interest in a share of 5.625% Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A (the "depositary shares"). The following summary provides a brief description of our common stock and depositary shares, as well as certain additional information.

This description does not purport to be complete and is qualified in its entirety by reference to the full text of our amended and restated certificate of incorporation (our "certificate of incorporation"), amended and restated bylaws (our "bylaws") and deposit agreement (as defined below). You should read the full text of our certificate of incorporation, bylaws and deposit agreement, as well as the applicable provisions of the General Corporation Law of the State of Delaware (the "DGCL").

References in this exhibit to "we," "us" and "our" refer to SYNCHRONY FINANCIAL and not to any of its subsidiaries.

General

Under our certificate of incorporation, we have authority to issue (i) 4,000,000,000 shares of common stock, par value $0.001 per share, and (ii) 300,000,000 shares of preferred stock, par value $0.001 per share.

Description of Common Stock

Voting Rights

Holders of common stock are entitled to one vote per share with respect to each matter presented to our stockholders on which the holders of common stock are entitled to vote. Holders of common stock do not have cumulative voting rights in the election of directors.

Dividend Rights

Subject to the prior rights of holders of preferred stock, if any, holders of common stock are entitled to receive, on a pro rata basis, such dividends and distributions, if any, as may be lawfully declared from time to time by our board of directors. Declaration and payment of dividends are subject to the discretion of our board of directors.

Other Rights

Upon any liquidation, dissolution or winding up of us, whether voluntary or involuntary, holders of common stock will be entitled to receive such assets as are available for distribution to stockholders after there shall have been paid or set apart for payment of the full amounts necessary to satisfy any preferential or participating rights to which the holders of any outstanding series of preferred stock are entitled by the express terms of such series.

Preferred Stock

Our board of directors has the authority, without stockholder approval, to issue preferred stock in one or more series and to fix the preferences, limitations and rights of the shares of each series, including:

- the designation of the series;
- the number of shares constituting the series;
- dividend rights;
- conversion or exchange rights; and
- the terms of redemption and liquidation preferences.

Anti-Takeover Effects of Provisions of the DGCL, Federal Reserve Board Regulations and Our Certificate of Incorporation and Bylaws

The DGCL, Federal Reserve Board regulations and our certificate of incorporation and bylaws contain provisions that may delay, deter, prevent or render more difficult a takeover attempt that our stockholders might consider to be in their best interests. Even in the absence of a takeover attempt, these provisions may also adversely affect the prevailing market price for our common stock if they are viewed as limiting the liquidity of our common stock or discouraging takeover attempts in the future.

Federal Reserve Board Requirements

Under Federal Reserve Board regulations, takeover attempts, business combinations and certain acquisitions of our common stock may require the prior approval of or notice to the Federal Reserve Board. If an entity seeks to acquire, either acting alone or in concert with others, 25% or more of any class of our voting stock, acquire control of the election or appointment of a majority of the directors on our board of directors, or exercise a controlling influence over our management or policies, it would be required to obtain the prior approval of the Federal Reserve Board. An existing bank holding company generally would need to obtain the Federal Reserve Board's approval before acquiring 5% or more of any class of our voting stock. In addition, under other Federal Reserve Board regulations, if any individual or entity seeks to acquire, either acting alone or in concert with others, 25% or more of any class of our voting stock, the individual or entity generally is required to provide 60 days' prior notice to the Federal Reserve Board. An individual or entity is presumed to control us, and therefore generally required to provide 60 days' prior notice to the Federal Reserve Board, if the individual or entity acquires 10% or more of any class of our voting stock, although the individual or entity may seek to rebut the presumption of control based on the facts.

Authorized but Unissued Common and Preferred Stock

The existence of authorized and unissued common and preferred stock may enable our board of directors to issue shares to persons friendly to current management, which could render more difficult or discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise, and could thereby protect the continuity of our management and possibly deprive stockholders of opportunities to sell common stock they own at prices higher than prevailing market prices.

Stockholder Action

Our certificate of incorporation provides that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders; provided, however, that any action required or permitted to be taken by the holders of any series of preferred stock, voting separately as a series or separately as a class with one or more other such series, may be taken without a meeting, without prior notice and without a vote, to the extent expressly so provided by the applicable preferred stock designation.

Our certificate of incorporation also provides that, except as required by law and subject to the rights of any holders of preferred stock, special meetings of our stockholders for any purpose or purposes may be called only (i) by or at the direction of our board of directors, any committee of our board of directors, our Chairman of the board of directors or our Chief Executive Officer or (ii) by our corporate secretary upon the written request of holders of a majority of our issued and outstanding common stock. No business other than that stated in the notice will be transacted at any special meeting. These provisions may have the effect of delaying consideration of a stockholder proposal until the next annual meeting.

Advance Notice Requirements for Nominations of Directors or Other Stockholder Proposals; Proxy Access

Our bylaws require stockholders seeking to nominate persons for election as directors at an annual or special meeting of stockholders, or to bring other business before an annual or special meeting (other than a matter brought under Rule 14a-8 under the Exchange Act), to provide timely notice in writing. To be timely, a stockholder's notice generally must be delivered to our corporate secretary, in the case of an annual meeting, not later than the close of business on the 90th day, nor earlier than the close of business on the 120th day, prior to the anniversary date of the immediately preceding annual meeting of stockholders. However, if the annual meeting is called for a date that is more than 30 days before or more than 70 days after that anniversary date, or in the case of a special meeting, to be timely, a stockholder's notice must be received by our corporate secretary not earlier than the close of business on the 120th day prior to such meeting and not later than the close of business on the later of the 90th day prior to such meeting or the tenth day following the day on which public announcement is first made by us of the date of such meeting.

A stockholder's notice to our corporate secretary must be in proper written form and must set forth information related to the stockholder giving the notice and the beneficial owner (if any) on whose behalf the nomination is made, including:

- the name and record address of the stockholder and the beneficial owner;
- information as to the ownership by the stockholder and the beneficial owner of our capital stock, derivative instruments, short positions and related information;
- a representation that the stockholder is a holder of record of our stock entitled to vote at that meeting and that the stockholder intends to appear in person or by proxy at the meeting to propose such nomination or business; and
- a representation whether the stockholder or the beneficial owner intends or is part of a group which intends to deliver a proxy statement or form of proxy to holders of at least the percentage of our outstanding capital stock required to elect the nominee, or otherwise to solicit proxies from stockholders in support of such nomination or proposal.

As to each person whom the stockholder proposes to nominate for election as a director, the notice shall include, among other information, the following:

- all information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election contest, or otherwise required, pursuant to the Exchange Act;
- the person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected;
- a written questionnaire with respect to the background and qualification of such person and the background of any other person or entity on whose behalf the nomination is being made;
- the person's written representation and agreement that: (i) except as has been disclosed to us, such person is not and will not become a party to any voting commitment or compensation, reimbursement or indemnification arrangement in connection with service as a director and (ii) such person would, if elected as a director, comply with all of our corporate governance, ethics, conflict of interest, confidentiality and stock ownership and trading policies and guidelines applicable generally to our directors; and
- such other information as required under our bylaws.

As to any other business that the stockholder proposes to bring before the meeting, the notice shall include, among other information, the following:

- a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the complete text of any resolutions or bylaw amendment proposed for consideration), the reasons for conducting the business at the meeting and any material interest in such business of such stockholder and beneficial owner on whose behalf the proposal is made; and
- a description of all agreements, arrangements and understandings between the stockholder and beneficial owner and any other person or persons acting in concert with them in connection with the proposal.

Our bylaws also have proxy access procedures for stockholders to make nominations of candidates for election for directors at our annual meeting of stockholders.

Delaware Business Combination Statute

Our certificate of incorporation does not exempt us from the application of Section 203 of the DGCL.

Section 203 of the DGCL provides that, subject to exceptions set forth therein, an interested stockholder of a Delaware corporation shall not engage in any business combination, including mergers or consolidations or acquisitions of additional shares of the corporation from the corporation, with the corporation for a three-year period following the time that such stockholder became an interested stockholder unless:

- prior to such time, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction which resulted in the stockholder becoming an "interested stockholder," the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, other than statutorily excluded shares; or

- at or subsequent to such time, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Except as otherwise set forth in Section 203 of the DGCL, an interested stockholder is defined to include:

- any person that is the owner of 15% or more of the outstanding voting stock of the corporation, or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the date of determination; and

- the affiliates and associates of any such person.

Description of Depositary Shares

The following description summarizes specific terms and provisions of the depositary shares relating to our Series A Preferred Stock.

General

Our depositary shares represent proportional fractional interests in shares of our Series A Preferred Stock. Each depositary share represents a 1/40th interest in a share of the Series A Preferred Stock, and are evidenced by depositary receipts (the "depositary shares"). We will deposit the underlying shares of the Series A Preferred Stock with a depositary pursuant to a deposit agreement among us, Computershare Trust Company, N.A., and Computershare Inc. collectively acting as depositary (the "depositary") and the holders from time to time of the depositary receipts evidencing the depositary shares (the "deposit agreement"). Subject to the terms of the deposit agreement, each holder of a depositary share is entitled, through the depositary, in proportion to the applicable fraction of a share of Series A Preferred Stock represented by such depositary share, to all the rights and preferences of the Series A Preferred Stock represented thereby (including dividend, voting, redemption and liquidation rights). The depositary's principal executive office is located at 150 Royall Street, Canton, Massachusetts 02021.

Series A Preferred Stock

Shares of the Series A Preferred Stock: (i) ranks senior to our common stock; (ii) ranks junior to any of our existing and future indebtedness and (iii) at least equally with each other series of preferred stock we may issue if provided for in the certificate of designations relating to such preferred stock or otherwise (except for any senior stock that may be issued with the requisite consent of the holders of the Series A Preferred Stock and all other parity stock, if any), with respect to the payment of dividends and distributions of assets upon liquidation, dissolution or winding up.

The Series A Preferred Stock will not be convertible into, or exchangeable for, shares of any other class or series of stock or other securities of Synchrony. The Series A Preferred Stock has no stated maturity and will not be subject to any sinking fund or other obligation of Synchrony Financial to redeem or repurchase the Series A Preferred Stock.

Shares of the Series A Preferred Stock, upon issuance against full payment of the purchase price for the depositary shares, will be fully paid and nonassessable. The depositary will be the sole holder of shares of the Series A Preferred Stock. The holders of depositary shares will be required to exercise their proportional rights in the Series A Preferred Stock through the depositary, as described below.

Dividends and Other Distributions

Each dividend payable on a depositary share will be in an amount equal to 1/40th of the dividend declared and payable on the related share of the Series A Preferred Stock.

The depositary will distribute any cash dividends or other cash distributions received in respect of the deposited Series A Preferred Stock to the record holders of depositary shares relating to the underlying Series A Preferred Stock in proportion to the number of depositary shares held by the holders. If we make a distribution other than in cash, the depositary will distribute any property received by it to the record holders of depositary shares entitled to those distributions, unless it determines that the distribution cannot be made proportionally among those holders or that it is not feasible to make a distribution. In that event, the depositary may, with our approval, sell the property and distribute the net proceeds from the sale to the holders of the depositary shares.

Record dates for the payment of dividends and other matters relating to the depositary shares will be the same as the corresponding record dates for the Series A Preferred Stock.

The amounts distributed to holders of depositary shares will be reduced by any amounts required to be withheld by the depositary or by us on account of taxes or other governmental charges. The depositary may refuse to make any payment or distribution, or any transfer, exchange, or withdrawal of any depositary shares or the shares of the Series A Preferred Stock until such taxes or other governmental charges are paid.

Redemption of Depositary Shares

If we redeem the Series A Preferred Stock represented by the depositary shares, the depositary shares will be redeemed from the proceeds received by the depositary resulting from the redemption of the Series A Preferred Stock held by the depositary. The redemption price per depositary share is expected to be equal to 1/40th of the redemption price per share payable with respect to the Series A Preferred Stock (or $25 per depositary share), plus any declared and unpaid dividends.

Whenever we redeem shares of Series A Preferred Stock held by the depositary, the depositary will redeem, as of the same redemption date, the number of depositary shares representing shares of Series A Preferred Stock so redeemed. If fewer than all of the outstanding depositary shares are redeemed, the depositary will select the depositary shares to be redeemed pro rata or by lot or in such other manner determined by us to be fair and equitable. The depositary will send notice of redemption to record holders of the depositary receipts not less than 30 and not more than 60 days prior to the date fixed for redemption of the Series A Preferred Stock and the related depositary shares.

Restrictions upon the Right to Deposit or Withdrawal of Series A Preferred Stock

The deposit of the Series A Preferred Stock may be refused, the delivery of receipts against Series A Preferred Stock may be suspended, the registration of transfer of receipts may be refused and the registration of transfer, surrender or exchange of outstanding receipts may be suspended (i) during any period when the register of stockholders of Synchrony Financial is closed or (ii) if any such action is deemed necessary or advisable by the depositary, any of the depositary's agents or Synchrony Financial at any time or from time to time because of any requirement of law or of any government or governmental body or commission or under any provision of the deposit agreement.

Upon surrender of a receipt or receipts at the depositary's office or at such other offices as it may designate for the purpose of effecting a split-up or combination of such receipt or receipts, and subject to the terms and conditions of this deposit agreement, the depositary shall execute a new receipt or receipts in the authorized denomination or denominations requested, evidencing the aggregate number of depositary shares evidenced by the receipt or receipts surrendered, and shall deliver such new receipt or receipts to or upon the order of the holder of the receipt or receipts so surrendered. If the depositary receipts delivered by the holder evidence a number of depositary shares in excess of the number of depositary shares representing the number of whole shares of the Series A Preferred Stock to be withdrawn, the depositary will deliver to the holder at the same time a new depositary receipt evidencing such excess number of depositary shares.

In no event will fractional shares of Series A Preferred Stock (or any cash payment in lieu thereof) be delivered by the depositary. Delivery of the Series A Preferred Stock and money and other property, if any, being withdrawn may be made by the delivery of such certificates, documents of title and other instruments as the depositary may deem appropriate

Voting the Series A Preferred Stock

Because each depositary share represents a 1/40th interest in a share of the Series A Preferred Stock, holders of depositary receipts will be entitled to 1/40th of a vote per depositary share under those limited circumstances in which holders of the Series A Preferred Stock are entitled to a vote.

When the depositary receives notice of any meeting at which the holders of the Series A Preferred Stock are entitled to vote, the depositary will send the information contained in the notice to the record holders of the depositary shares relating to the Series A Preferred Stock. Each record holder of the depositary shares on the record date, which will be the same date as the record date for the Series A Preferred Stock, may instruct the depositary to vote the amount of the Series A Preferred Stock represented by the holder's depositary shares. To the extent possible, the depositary will vote the amount of the Series A Preferred Stock represented by depositary shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the depositary determines are necessary to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any depositary shares representing the Series A Preferred Stock, it will not vote the amount of the Series A Preferred Stock represented by such depositary shares.

Amendment and Termination of Depositary Agreement

We and the depositary at any time may amend the form of depositary receipt evidencing the depositary shares and any provision of the deposit agreement. However, any amendment which materially and adversely alters the rights of the holders of depositary shares will not be effective unless such amendment has been approved by the holders of at least a two-thirds majority of the depositary shares then outstanding. We or the depositary may terminate the deposit agreement only if all outstanding depositary shares have been redeemed, there has been a final distribution in respect of the preferred stock in connection with any liquidation, dissolution or winding up of Synchrony Financial and such distribution has been distributed to the holders of depositary receipts, or upon the consent of the holders of receipts representing not less than two-thirds of the depositary shares outstanding.

Charges of Depositary

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. We will pay charges of the depositary in connection with the initial deposit of the preferred stock and any redemption of the preferred stock. Holders of depositary receipts will pay other transfer and other taxes and governmental charges and such other charges as are expressly provided in the deposit agreement to be for their accounts.

Rights of Holders of Receipts to Inspect the Transfer Books of the Depositary

The depositary will keep a receipt register at the depositary's office for the registration of depositary receipts and transfers of depositary receipts during business hours at the office of the depositary's agents for inspection by the holders.

Miscellaneous

The depositary shall furnish to holders of receipts any reports and communications received from the us which is received by the depositary and which Synchrony Financial is required to furnish to the holders of the Series A Preferred Stock.

Under the terms of the deposit agreement, the depositary will treat the persons in whose names the depositary shares, including the depositary receipts, are registered as the owners of such securities for the purpose of receiving payments and for all other purposes. Consequently, neither we, nor any depositary, nor any agent of us or any such depositary will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the depositary receipts, for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Neither the depositary nor any depositary's agent, nor any registrar, transfer Agent, redemption agent or dividend disbursing agent nor Synchrony Financial shall be liable for any action or any failure to act by it in reliance upon the written advice of legal counsel or accountants, or information from any person presenting Series A Preferred Stock for deposit, any Holder of a Receipt or any other person believed by it in good faith to be competent to give such information. The depositary, any depositary's agent, registrar, transfer agent, redemption agent or dividend disbursing agent and Synchrony Financial may each rely and shall each be protected in acting upon or omitting to act upon any written notice, request, direction or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

NOTICE OF AWARD OF
STOCK-SETTLED RESTRICTED STOCK UNITS
(WITH DIVIDEND EQUIVALENTS)

Pursuant to the Synchrony Financial 2014 Long-Term Incentive Plan (the "Plan"), you have been awarded (this "Award") restricted stock units ("RSUs"), each of which entitles you to receive one share of common stock (each, a "Share") of Synchrony Financial ("Synchrony"), subject to the terms and conditions set forth in (A) the Plan, (B) this Notice, (C) the attached "Restricted Stock Unit Terms and Conditions" (the "Terms and Conditions"), and (D) the information available on the website (the "Administrator Website") maintained by the administrator of the Plan for these purposes.

The Administrator Website identifies, among other things, (i) the number of RSUs granted pursuant to this Award and (ii) the effective date of this Award. As described in more detail in the Terms and Conditions, the RSUs will be settled in Shares, and the RSUs include dividend equivalents.

The Terms and Conditions describe the vesting conditions applicable to the RSUs and other important information relating to your Award.

You must log into your account on the Administrator Website prior to the date your Award first vests to view additional information about your Award and to accept your Award. <u>If you do not accept your Award prior to the date your Award first vests (or prior to the date your employment terminates for any reason, if earlier), your Award will be forfeited</u>. Although Synchrony has completed the steps necessary to grant you this Award, you cannot receive any Shares or payments under the Award unless you accept the Award before the deadline.

By your acceptance of this Award, you acknowledge and agree that this Award is governed by the Terms and Conditions attached hereto and the Plan, which is available on the Administrator Website. You acknowledge that you have read and understand these documents as they apply to your Award.

Please be sure to log into your account and accept your Award to avoid the risk that your Award will be forfeited for non-acceptance.

SYNCHRONY FINANCIAL

SYNCHRONY FINANCIAL
2014 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT

TERMS AND CONDITIONS

1. *Award of RSUs.* Pursuant to the Synchrony Financial 2014 Long-Term Incentive Plan (the "Plan"), Synchrony Financial ("Synchrony") has awarded (the "Award") to the employee Restricted Stock Units ("RSUs"), subject to the terms and conditions set forth herein (the "Terms and Conditions") and in the Plan.

2. *Definitions and Coordination with the Plan*. Capitalized terms used but not defined herein shall have the meanings assigned to them in Exhibit A hereto or, if not so assigned in Exhibit A, the meanings assigned in the Plan. In the event of any inconsistency between the Plan and the Terms and Conditions, the terms in the Plan shall control unless the Terms and Conditions specifically provide otherwise. References herein to employment with Synchrony shall include employment with any Affiliate of Synchrony.

3. *Information on the Administrator Website.* The following information applicable to the Award is set forth on the employee's account on the website maintained by the administrator of the Plan (the "Administrator") in connection with the Plan:

(a) The number of RSUs; and

(b) The effective date of the Award (the "Award Date").

4. *Vesting*.

(a) *General*. Subject to the Terms and Conditions, and except as otherwise set forth below in this Section 4, one-third (1/3) of the RSUs granted hereunder will vest, and the Period of Restriction applicable to such RSUs will end, on each anniversary of the Award Date (each, a "Vesting Date"), provided that the employee has remained continuously employed by Synchrony through such Vesting Date.

(b) *Effect of Termination of Employment*. If the employee's employment with Synchrony ends for any reason before the end of the Period of Restriction with respect to any RSUs, the employee shall immediately forfeit such unvested RSUs (and, as a result, shall forfeit all Shares and cash that may otherwise have been delivered or paid pursuant to such RSUs), subject to the following:

(i) *Involuntary Termination.*

(A) If the employee's employment is terminated by Synchrony without Cause on or after the first (1st) anniversary of the Award Date, and the employee has less than twenty (20) Years of Continuous Service as of such termination, then (i) 50% of the remaining unvested RSUs shall immediately be forfeited and (ii) the other 50% of the remaining unvested RSUs shall vest in equal portions on each of the subsequent Vesting Dates.

(B) If the employee's employment is terminated by Synchrony without Cause on or after the first (1^{st}) anniversary of the Award Date, and the employee has twenty (20) or more Years of Continuous Service, any unvested RSUs will continue to vest in accordance with the vesting schedule provided in Section 4(a).

(ii) *Retirement.* If the employee's employment with Synchrony terminates (other than for Cause) on or after the first (1^{st}) anniversary of the Award Date and after the employee is eligible for Retirement, any unvested RSUs will continue to vest in accordance with the vesting schedule provided in Section 4(a).

(iii)*Disability or Death*. If the employee's employment with Synchrony terminates due to Disability or death, the Period of Restriction for any unvested RSUs shall end immediately. The amount payable (or Shares deliverable) for RSUs shall not be adjusted for any delay caused by time needed to validate the employee's status as Disabled or dead, or to authenticate a beneficiary.

(iv)*Termination following Change in Control.* If, in the event of a Change in Control, Synchrony (or the successor to Synchrony) assumes the RSUs or replaces the RSUs with an award of substantially equivalent value, as determined by the Committee, and during the thirty (30) month period after such Change in Control, the employee's employment is terminated by Synchrony (or the successor to Synchrony) without Cause or the employee terminates their employment for Good Reason, the Period of Restriction for any unvested RSUs shall end immediately upon such termination of employment and the RSUs shall be fully vested, non-forfeitable and payable.

(c) *Change in Control*. If, in the event of a Change in Control, Synchrony (or a successor to Synchrony) fails to assume or replace the unvested RSUs with an award of substantially equivalent value, as determined by the Committee, the Period of Restriction for all such unvested RSUs shall end immediately prior to such Change in Control and the unvested RSUs shall be fully vested, non-forfeitable and payable, and the Shares underlying the unvested RSUs shall be treated in the same manner as other Shares in the Change in Control.

(d) *Waiver and Release*. The right of an employee or their estate to vest in any portion of the Award or to receive any payment with respect to an RSU in any circumstance other than in connection with their continuous employment through each Vesting Date shall be subject to the employee or their estate timely executing within forty-five (45) days following the employee's termination of employment a waiver and release in a form provided by Synchrony (the "Release"), and not revoking such release.

5. *Settlement of RSUs.* Upon the end of a Period of Restriction, Synchrony will issue to the employee the number of Shares for which the applicable Period of Restriction has ended, less the number of Shares needed to satisfy required tax withholding. Except as otherwise provided in Section 4 or 15, such Shares shall be delivered within thirty (30) days after the applicable Period of Restriction ends. Shares may be issued in the form of a stock certificate or a

notification to the employee that the Shares are held in a book-entry account on the employee's behalf. The employee shall have no rights as a shareholder of Synchrony unless and until a certificate for the Shares has been issued to the employee or the employee has been notified that the Shares are held in a book-entry account on the employee's behalf.

6. *Restrictive Covenants*.

(a) *Non-Competition*. The employee will not, while the employee is employed by Synchrony, or during the twelve (12) month period following a termination of the employee's employment with Synchrony:

(i) directly or indirectly enter into an employment or contractual relationship to provide services similar to those the employee provided for Synchrony to any business or entity that is the same as, substantially similar to or competitive with Synchrony's Business. For the purposes of this Section, "Synchrony's Business" means the United States consumer credit industry;

(ii) promote or assist, financially or otherwise, any firm, corporation or other entity engaged in any business which competes with Synchrony's Business; or

(iii)directly or indirectly solicit or endeavor to solicit or gain the business of, canvas or interfere with the relationship of Synchrony or its Affiliates with any person that:

(A) is a customer of Synchrony or its Affiliates while the employee is employed by Synchrony or on the date that the employee ceases to be an employee of Synchrony;

(B) was a customer of Synchrony or its Affiliates at any time within twelve (12) months prior to the date the employee ceases to be employed by Synchrony; or

(C) has been pursued as a prospective customer by or on behalf of Synchrony or its Affiliates at any time within twelve (12) months prior to the date the employee ceases to be employed by Synchrony and in respect of whom Synchrony and its Affiliates have not determined to cease all such pursuit;

in each case with respect to Sections 6(a)(iii)(A) – (C), provided that the employee either had contact with such customer or prospective customer at any time during the twenty-four (24) month period prior to the effective termination date of the employee's employment with Synchrony or had obtained Confidential Information concerning such customer or prospective customer.

(iv)Nothing herein shall prohibit the employee from being a passive owner of not more than 2% of the outstanding stock of any class of a corporation which is publicly traded, so long as the employee has no active participation in the business of such corporation. Notwithstanding the foregoing, this Section 6(a) will not apply to the employee if they provide services primarily in the state of California. In addition, to the extent that any provision of this Section 6(a) is not enforceable, such provision shall be deemed modified or limited so that, as modified or limited, such provision may be enforced to the fullest extent possible.

If one or more of the provisions of this Terms and Conditions is invalidated for any reason by a tribunal of competent jurisdiction (after any appropriate modification or limitation pursuant to the foregoing sentence), any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

(b) *Non-Solicitation*. The employee will not, without the prior consent of Synchrony, directly or indirectly, at any time, for whatever reason, either individually, or in partnership, or jointly, or in conjunction with any person as principal, agent, employee or shareholder (other than a holding of shares listed on a United States stock exchange that does not exceed 5% of the outstanding shares so listed) or in any other manner whatsoever on the employee's own behalf or on behalf of any third party:

(i) induce or endeavor to induce any other employee of Synchrony to leave their employment with Synchrony; or

(ii) employ or attempt to employ or assist any person to employ any employee of Synchrony.

(c) *Non-Disclosure*. The employee specifically acknowledges that any Confidential Information of Synchrony or its suppliers, customers or clients, whether reduced to writing, maintained on any form of electronic media or maintained in the employee's mind or memory, and whether compiled by the employee or Synchrony, derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or use; that reasonable efforts have been made by Synchrony to maintain the secrecy of such information; that such information is the sole property of Synchrony or its suppliers, customers or clients; and that any retention, use or disclosure of such information by the employee during their employment (except in the course of performing their duties and obligations of employment with Synchrony) or after termination thereof, shall constitute a misappropriation of the trade secrets of Synchrony or its suppliers, customers or clients. This Section 6(c) and all other provisions of this Terms and Conditions shall not be applied to limit or interfere with any employee's right, without notice to or authorization of the Company, to communicate and cooperate in good faith with a Government Agency for the purpose of (i) reporting a possible violation of any U.S. federal, state, or local law or regulation, (ii) participating in any investigation or proceeding that may be conducted or managed by any Government Agency, including by providing documents or other information, or (iii) filing a charge or complaint with a Government Agency. For purposes of this Terms and Conditions, "Government Agency" means the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, or any other self-regulatory organization or any other federal, state or local governmental agency or commission. Additionally, no employee will be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (a) in confidence to a federal, state, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; or (c) in court proceedings if the employee files a lawsuit for retaliation by an employer for reporting a suspected violation of law, or to the employee's attorney in such lawsuit, provided that the employee must file any document containing the trade secret under seal, and the employee may not disclose the trade secret, except pursuant to court order. However, employees are not authorized to make any disclosures as to which the Company may assert protections from disclosure under the attorney-client privilege or the attorney work product doctrine without prior written consent of the Company's General Counsel or another authorized officer designated by the Company.

(d) *Relief*. Any breach of the provisions in this Section by the employee will result in material and irreparable harm to Synchrony and its Affiliates although it may be difficult for Synchrony or its Affiliates to establish the monetary value flowing from such harm. The employee therefore agrees that Synchrony and its Affiliates, in addition to being entitled to the monetary damages that flow from the breach, will be entitled to injunctive relief in a court of appropriate jurisdiction in the event of any breach or threatened breach by the employee of any of the provisions of this Section. In addition, Synchrony and its Affiliates will be relieved of any further obligations to make any payments to the employee or provide the employee with any benefits, except those that are required by law, in the event of a breach by the employee of any of the provisions of this Section. Any rights of the employee to receive any Shares or cash payment in respect of the RSUs shall be forfeited effective as of the date the employee enters into an activity resulting in a breach of the provisions in this Section, and the employee will be required to repay Synchrony an amount (in Shares or cash) received in respect of RSUs by or on behalf of the employee during the period beginning twelve (12) months prior to the earlier of (i) the employee's termination of employment and (ii) the date the employee engages in such activity, or at any time after such date.

(e) *Confirmation*. The employee confirms that all restrictions in this Section are separate and distinct and reasonable, and the employee waives all defenses to the strict enforcement thereof. The employee also acknowledges that:

(i) the reputation of Synchrony and its Affiliates in the financial services industry and its relationship with its customers and clients are a result of hard work, diligence and perseverance on behalf of Synchrony and its Affiliates; and

(ii) the nature of the business of Synchrony and its Affiliates is such that the ongoing relationship between Synchrony and its Affiliates and its customers and clients is material and has a significant effect on the ability of Synchrony and its Affiliates to continue to obtain business from its customers and clients with respect to both long-term and new projects.

(f) *Informing Prospective Employers*. The employee will inform any prospective employers of the existence of these Terms and Conditions and of the employee's obligations under this Section.

7. *Recoupment Provisions.* Notwithstanding anything in the Plan or these Terms and Conditions to the contrary, (a) the employee and this Award shall be subject to the written policies, rules or procedures of the Board (or subcommittee thereof) or Synchrony in effect as of the Award Date (or which may be adopted or amended after the Award Date to comply with applicable law), as well as laws and regulations applicable to employees or executives of Synchrony and its Affiliates, including without limitation any written policy, rule or procedure relating to recoupment or "clawback" of compensation (including, without limiting the generality of the foregoing, the Synchrony Compensation Policy approved by the Management Development and Compensation Committee of the Board), and (b) if Synchrony and/or any of its Affiliates become aware at any time (including after the termination of the employee's employment) that, during the employee's employment with Synchrony or any of its Affiliates, there was an event or circumstance that would have been grounds for termination of the employee's employment for Cause, any rights of the employee to receive any Shares or cash payment in respect of the RSUs shall be forfeited and the employee will be required to repay Synchrony an amount (in Shares or cash) received in respect of the RSUs by or on behalf of the employee. The provisions of this Section are in addition to and not

in lieu of any other remedies available to Synchrony and/or any of its Affiliates in the event the employee violates any written policies, rules or procedures of the Board (or subcommittee thereof) or Synchrony, or any laws or regulations.

8. *Alteration/Termination.* The Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate, the Award, prospectively or retroactively. No such amendment or alteration shall be made which would impair the rights of the employee under the Award without the employee's consent; provided, however, that no such consent shall be required with respect to any amendment or alteration if the Committee determines in its sole discretion that such amendment or alteration either (a) is required or advisable in order for Synchrony, the Plan or the Award to satisfy or conform to any law or regulation or to meet the requirements of any accounting standard or (b) is not reasonably likely to significantly diminish the benefits provided under the Award.

9. *Adjustments.* The number and type of Shares underlying any RSUs awarded to the employee hereunder shall be subject to adjustment pursuant to Section 4(b) of the Plan.

10. *No Right to Employment.* Nothing in these Terms and Conditions constitutes an employment contract or gives the employee the right to continue in the employment of Synchrony, or affect any right that Synchrony may have to terminate the employment of the employee.

11. *Dispute Resolution*. The parties will settle any dispute, controversy or claim arising out of or related to the Plan, the Award or the Terms and Conditions in accordance with the terms of any then effective Synchrony alternative dispute resolution program, to the extent such dispute, controversy or claim is covered by such program.

12. *Non-Assignability.* Neither this Award nor the RSUs granted hereunder may be assigned or transferred by the employee, except to the extent expressly permitted by the Plan. Tax withholding with respect to any RSU that is transferred or assigned shall be determined by Synchrony in accordance with applicable law (which may require the employee to pay taxes with respect to a transferred RSU). Any Shares issued under an RSU, once issued to the employee, shall be freely transferable.

13. *Voting.* The employee shall not have voting rights with respect to the Shares underlying RSUs unless and until Shares are issued to the employee.

14. *Dividend Equivalents.* The employee shall be eligible to receive an amount equal to any cash dividend declared with respect to the number of Shares represented by RSUs, but only to the extent that the RSUs have not been issued as Shares, converted to a cash payment amount or were terminated or forfeited before the record date for such dividend. Dividend equivalents shall be reinvested in additional RSUs (i.e., the cash dividends will be converted into the right to receive additional Shares, based on the Fair Market Value of a Share on the date the applicable dividend is paid to holders of Shares) and shall be subject to the same Terms and Conditions as the Award (including Section 4). The dividend equivalents shall be reduced by the amount of any required tax withholding.

15. *Withholding Taxes.* All payments and delivery of Shares in respect of the RSUs shall be subject to required tax or other withholding or garnishment obligations, if any. Synchrony shall be authorized to withhold cash or Shares (as applicable) from any payment due or transfer the amount of withholding taxes due in respect of the Award or any payment or transfer under the Award or the Plan to satisfy statutory withholding obligations for the payment

of such taxes. The employee shall pay to or reimburse Synchrony for any federal, state, local or foreign taxes required to be withheld and paid over by it, at such time and upon such terms and conditions as Synchrony may prescribe before Synchrony shall be required to deliver any Shares.

16. *Personal Data.* By accepting the Award, the employee voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this paragraph. The employee is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect the employee's ability to participate in the Plan. Synchrony, its Affiliates and/or the employee's employer hold certain personal information about the employee, including the employee's name, home address and telephone number, date of birth, social security number or other employee or national identification number, salary, nationality, job title, any Shares or directorships held in Synchrony, details of all RSUs, any entitlement to cash payments (the value of which is based on the value of shares) or any entitlement to shares of stock awarded, canceled, purchased, vested, unvested or outstanding in the employee's favor, for the purpose of managing and administering the Plan ("Data"). Synchrony and/or its Affiliates will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the employee's participation in the Plan, and Synchrony and/or any of its Affiliates may each further transfer Data to any third parties assisting Synchrony in the implementation, administration and management of the Plan. These recipients may be located throughout the world. The employee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the employee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan. The employee may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting Synchrony; however, withdrawing consent may affect the employee's ability to participate in the Plan.

17. *Section 409A.* Amounts payable, and Shares deliverable, pursuant to RSUs are intended to be exempt from Section 409A to the maximum extent possible pursuant to a short-term deferral described in Treasury Regulation §1.409A-1(b)(4), and the Plan and the Terms and Conditions shall be interpreted and construed consistently with such intent. To the extent any amount payable, or Shares deliverable, pursuant to this Award constitutes nonqualified deferred compensation within the meaning of, and subject to, Section 409A, then, with respect to such portion of this Award, (a) the Plan and this Terms and Conditions are intended to comply with the requirements of Section 409A, and shall be interpreted and construed consistently with such intent, (b) all references in the Plan and this Terms and Conditions to the employee's termination of employment shall mean the employee's Termination of Employment within the meaning of Section 409A and Treasury regulations promulgated thereunder, (c) any such payments or delivery of Shares which is conditioned upon the employee's execution of the Release and which is to be paid during a designated period that begins in one taxable year and ends in a second taxable year shall be paid in the second taxable year, and (d) notwithstanding anything in the Plan or this Terms and Conditions to the contrary, any amount that is payable upon the employee's Termination of Employment that would be payable prior to the six-month anniversary of such Termination of Employment shall, to the extent necessary to comply with Section 409A, be delayed until the Six-Month Pay Date. In such event, any portion of the RSUs settled in cash shall be determined based on the closing price of a Share (or a share of stock of the successor to Synchrony) as reported on the principal national stock exchange on which the Shares (or the shares of stock of the successor to Synchrony) are then traded on the last business day of the last calendar month that ends before the Six-Month Pay Date; provided, however, that if it is not feasible to calculate the closing price as of the last business day of such month, the amount of cash shall be determined based on the last price available. In the event that the Award or the Terms and Conditions would subject the employee to taxes under Section 409A ("409A

Penalties”), the Award and the Terms and Conditions shall not be given effect to the extent it causes such 409A Penalties and the related provisions of the Plan and/or the Terms and Conditions will be deemed modified, or, if necessary, suspended in order to comply with the requirements of Section 409A, in each case without the consent of or notice to the employee; provided that in no event shall Synchrony or any of its Affiliates be responsible for any 409A Penalties that arise in connection with any amounts payable under the Plan or this Terms and Conditions.

EXHIBIT A

DEFINITIONS

"Board"

"Board" shall mean the Board of directors of Synchrony.

"Break in Service"

"Break in Service" shall mean a period during which an individual who was previously an employee of Synchrony is not such an employee, as determined by the Committee.

"Cause"

"Cause" shall mean, as determined by the Committee in its sole discretion:

(a) a material breach by the employee of their duties and responsibilities (other than as a result of incapacity due to physical or mental illness) without reasonable belief that such breach is in the best interests of Synchrony;

(b) any act that would prohibit the employee from being employed by Synchrony and its Affiliates (including, for the avoidance of doubt, Synchrony Bank) pursuant to the Federal Deposit Insurance Act of 1950, as amended, or other applicable law;

(c) the commission of or conviction in connection with a felony or any act involving fraud, embezzlement, theft, dishonesty or misrepresentation; or

(d) any gross or willful misconduct, any violation of law or any violation of a policy of Synchrony or any of its Affiliates by the employee that results in or could result in loss to Synchrony or any of its Affiliates, or damage to the business or reputation of Synchrony or any of its Affiliates, as determined by the Committee.

"Change in Control"

"Change in Control" means any of the following events which occurs after the Award Date, but only if such event constitutes a "change in control event" for purposes of Treasury Regulation Section 1.409A-3(i)(5):

(a) the acquisition by any individual, entity or group (a "Person"), including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then outstanding shares of common stock of Synchrony (the "Outstanding Common Stock") or (ii) the combined voting power of the then outstanding securities of Synchrony entitled to vote generally in the election of directors (the "Outstanding Voting Securities"); excluding, however, the following: (A) any acquisition directly from Synchrony (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was acquired directly from Synchrony), (B) any acquisition by Synchrony, (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by Synchrony or any corporation controlled by Synchrony, or (D) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this definition below; provided further, that for purposes of clause (B), if any Person (other than Synchrony or any employee benefit plan (or related trust) sponsored or maintained by Synchrony or any corporation controlled by Synchrony) shall become the beneficial owner of 30% or more of the Outstanding Common Stock or 30% or more of the Outstanding Voting Securities by reason of an acquisition by Synchrony, and such Person shall, after such acquisition by Synchrony, become the beneficial owner of any additional shares of the Outstanding Common Stock or any additional Outstanding Voting Securities and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control;

(b) the cessation of individuals who, as of the Award Date, constitute the Board (the "Incumbent Board") to constitute at least a majority of such Board; provided that any individual who becomes a director of Synchrony subsequent to the Award Date whose election, or nomination for election by Synchrony's stockholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed a member of the Incumbent Board; and provided further, that any individual who was initially elected as a director of Synchrony as a result of an actual or threatened solicitation by a Person other than the Board for the purpose of opposing a solicitation by any other Person with respect to the election or removal of directors, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall not be deemed a member of the Incumbent Board; or

(c) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of Synchrony (a "Corporate Transaction"); excluding, however, a Corporate Transaction pursuant to which (i) all or substantially all of the individuals or entities who are the beneficial owners, respectively, of the Outstanding Common Stock and the Outstanding Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than 50% of, respectively, the outstanding shares of common stock, and the combined voting power of the outstanding securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which as a result of such transaction owns, directly or indirectly, Synchrony or all or substantially all of Synchrony's assets) in substantially the same proportions relative to each other as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Common Stock and the Outstanding Voting Securities, as the case may be, (ii) no Person (other than: Synchrony; any employee benefit plan (or related trust) sponsored or maintained by Synchrony or any corporation controlled by Synchrony; the corporation resulting from such Corporate Transaction; and any Person which beneficially owned, immediately prior to such Corporate Transaction, directly or indirectly, 30% or more of the Outstanding Common Stock or the Outstanding Voting Securities, as the case may be) will beneficially own, directly or indirectly, 30% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the outstanding securities of such corporation entitled to vote generally in the election of directors, and (iii) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction.

"Confidential Information"

"Confidential Information" shall mean information and data concerning Synchrony, any Affiliates, the business of Synchrony and its Affiliates, the customers, suppliers and clients of Synchrony and its Affiliates and all technical information relating to such business, including, without limitation, information related to know-how, trade secrets, processes, reports, manuals, purchases, sales, customers, customer lists, confidential information, financial and marketing data, business plans and the strategic direction of Synchrony and its Affiliates.

It is understood that "Confidential Information" does not include any of the following:

(a) information that is or becomes generally available to the public through no act or omission on the part of the employee. Information shall be deemed part of the public domain solely to the extent that it is generally known to the public, is found in any one public source or is readily ascertainable from a public domain source or sources or from other publicly available information; or

(b) information that the employee receives from a third party who is free to make such disclosure without breach of any contractual or other legal obligation.

"Disability"

"Disability" shall mean an incapacity, disability or other condition that entitles the employee to long-term disability benefits under the long-term disability benefit plan or arrangement applicable to Synchrony's employees, as determined by the administrator of such plan or arrangement. An individual shall not be considered disabled unless the employee furnishes proof of the existence thereof. Synchrony may require the existence or non-existence of a disability to be determined by a physician whose selection is mutually agreed upon by the employee (or their representatives) and Synchrony.

"Good Reason"

"Good Reason" shall mean, without the employee's express written consent, the occurrence of any of the following events after a Change in Control:

(a) a material adverse change in the nature or scope of the employee's authority, powers, functions, duties or responsibilities;

(b) a material reduction by Synchrony in the employee's rate of annual base salary or bonus opportunity; or

(c) a change in the employee's primary employment location to a location that is more than 50 miles from the primary location of the employee's employment.

Within thirty (30) days after the employee becomes aware of one or more actions or inactions described in this Good Reason definition, the employee must deliver written notice to Synchrony of the action(s) or inaction(s) (the "Good Reason Notice"). Synchrony shall have thirty (30) days after the Good Reason Notice is delivered to cure the particular action(s) or inaction(s). If Synchrony so effects a cure, the Good Reason Notice will be deemed rescinded and of no further force and effect.

"Period of Restriction"

The "Period of Restriction" means, for any RSU, the period prior to the date on which such RSU vests and the employee becomes entitled to a Share in respect thereof. A Period of Restriction shall not be deemed to have ended solely because the employee becomes eligible for Retirement.

"Retirement"

The employee is eligible for "Retirement" if the employee has attained age sixty (60) and has three (3) Years of Continuous Service.

"Section 409A"

Section 409A of the Internal Revenue Code of 1986, as amended.

"Six-Month Pay Date"

The "Six-Month Pay Date" is the earlier of (a) the first (1^{st}) business day of the seventh (7^{th}) month that starts after the employee's termination of employment or (b) a date determined by Synchrony that is within ninety (90) days after the employee's death.

"Termination of Employment"

"Termination of Employment" shall mean "separation from service" within the meaning of Section 409A.

"Years of Continuous Service"

"Years of Continuous Service" means the number of years during which an individual has been deemed to be an employee of Synchrony (which shall include periods during which such individual was employed by General Electric Company and its affiliates) according to its payroll or other systems of record, as determined by the Committee, which shall include, in the event of a Break in Service of less than three (3) consecutive years, such employee's service to Synchrony prior to such Break in Service.

Exhibit 10.130

NOTICE OF AWARD OF
STOCK-SETTLED PERFORMANCE SHARE UNITS
(WITH DIVIDEND EQUIVALENTS)

Pursuant to the Synchrony Financial 2014 Long-Term Incentive Plan (the "Plan"), you have been granted this Performance Share Unit ("PSU") award (this "Award") with respect to shares of common stock ("Shares") of Synchrony Financial ("Synchrony"), subject to the terms and conditions set forth in (A) the Plan, (B) this Notice (including Appendix I hereto), (C) the attached "Performance Share Unit Terms and Conditions" (the "Terms and Conditions"), and (D) the information available on the website (the "Administrator Website") maintained by the administrator of the Plan for these purposes.

The Administrator Website identifies, among other things, (i) the target number of Shares subject to this Award, (ii) the grant date of this Award, and (iii) the performance period of the Award. As described in more detail in the Terms and Conditions, the PSUs will be settled in Shares and will include dividend equivalents.

The Terms and Conditions describe additional vesting conditions applicable to your Award and other important information relating to your Award.

You must log into your account on the Administrator Website prior to the end of the applicable performance period to view additional information about your Award and to accept your Award. <u>If you do not accept your Award prior to the end of the performance period (or prior to the date your employment terminates for any reason, if earlier), your Award will be forfeited</u>. Although Synchrony has completed the steps necessary to grant you this Award, you cannot receive any Shares or payments under the Award unless you accept the Award before the deadline.

By your acceptance of this Award, you acknowledge and agree that this Award is governed by the Terms and Conditions attached hereto and the Plan, which is available on the Administrator Website. You acknowledge that you have read and understand these documents as they apply to your Award.

Please be sure to log into your account and accept your Award to avoid the risk that your Award will be forfeited for non-acceptance.

SYNCHRONY FINANCIAL

APPENDIX I

[*START DATE*] – [*END DATE*] Award

1. Performance Share Units. Pursuant to the Award and subject to the Notice, the Terms and Conditions and the Plan, you have been granted Performance Share Units (“PSUs”), which represent a contingent right to receive Shares. The Award shall vest based on the achievement of the performance-based vesting conditions set forth in Section 2 of this Appendix I and adjusted based on Synchrony TSR (the “Performance Criteria”) during the performance period ending on the applicable date set forth on the Administrator Website (the “Performance Period”), except as otherwise provided in the Terms and Conditions. The Administrator Website will also set forth your target opportunity in Shares (the “Target Award”); however, depending on performance and continued employment, the actual number of Shares you receive under the Award may be smaller or larger than the Target Award. Attainment of the Performance Criteria shall be determined and certified by the Committee in writing prior to the settlement of the Award.

2. Performance Criteria. Fifty percent (50%) of the Award shall be based on Cumulative Annual Diluted EPS (as defined below) and fifty percent (50%) of the Award shall be based on Average Return on Equity (as defined below), and the entire Award shall be subject to adjustment based on the TSR Modifier, all in accordance with this Section 2.

a. Cumulative Annual Diluted EPS. The target number of Shares subject to the Award with respect to the Cumulative Annual Diluted EPS Performance Criteria shall be fifty percent (50%) of the Target Award (the “Diluted EPS Target”). The percentage of the Diluted EPS Target that shall pay out based on Cumulative Annual Diluted EPS during the Performance Period will be determined by multiplying (i) the percentage determined in accordance with the following schedule, by (ii) the TSR Modifier:

	Cumulative Annual Diluted EPS	**Vested Percentage of the Diluted EPS Target**
Below Threshold	Below $XX.XX	0%
Threshold	$XX.XX	50%
Target	$XX.XX	100%
Maximum	$XX.XX and above	150%

b. Average Return on Equity. The target number of Shares subject to the Award with respect to the Average Return on Equity Performance Criteria shall be fifty percent (50%) of the Target Award (the “ROE Target”). The percentage of the ROE Target that shall pay out based on Average Return on Equity during the Performance Period will be determined by multiplying (i) the percentage determined in accordance with the following schedule, by (ii) the TSR Modifier:

	Average Return on Equity	Vested Percentage of ROE Target
Below Threshold	Below X.X%	0%
Threshold	X.X%	50%
Target	X.X%	100%
Maximum	X.X% and above	150%

The total number of Shares that you are eligible to receive pursuant to this Award shall be the sum of the Shares that vest based on the achievement of each of the Cumulative Annual Diluted EPS and the Average Return on Equity Performance Criteria. For the avoidance of doubt, the number of Shares that vest pursuant to the foregoing will be determined after taking into account the TSR Modifier as described above.

3. Performance Between Specified Levels. The vesting percentage of the Target Award and the TSR Modifier shall be determined using straight-line interpolation between performance levels, as determined by the Committee. You will not be entitled to receive any Shares under the Award for performance below the threshold performance levels for the Performance Criteria in Section 2. In no event shall you receive a number of Shares that is greater than 150% of your Target Award based on the achievement of the Performance Criteria (except as otherwise provided in the Terms and Conditions with respect to dividend equivalents or as a result of the application of the TSR Modifier).

4. Adjustments. The achievement of the Performance Criteria shall be adjusted to omit the effect of (a) any restructurings, discontinued operations and extraordinary items, each as determined in accordance with GAAP, and (b) any events and transactions that are extraordinary or unusual in nature or infrequent in occurrence that are outside of the control of Synchrony, as determined by the Board.

5. Definitions.

a. "Accumulated Shares" means periodic adjustments made to a Share over the Performance Period and the 20 consecutive calendar days immediately preceding the first day of the Performance Period, which is solely for the purpose of determining Synchrony TSR and reflecting a hypothetical reinvestment of dividends on the Accumulated Shares during such period. The number of Accumulated Shares shall be equal to the sum of (i) one Share and (ii) the cumulative number of Shares that would be purchased with the dividends paid on a Share for which the dividend payment date occurs during the Performance Period or the 20 consecutive calendar days immediately preceding the Performance Period, assuming such dividends are immediately reinvested in Shares at the closing price of a Share on the applicable dividend payment date.

b. "Average Return on Equity" means the sum of the Return on Equity with respect to each year in the Performance Period, divided by three.

c. "Beginning Stock Value" means the average over the 20 consecutive calendar days immediately preceding the first day of the Performance Period of the product of (i) the number of Accumulated Shares, multiplied by (ii) the closing transaction price of a Share, as reported on The New York Stock Exchange (or such other principal national stock exchange on which Shares are traded).

d. “Cumulative Annual Diluted EPS” means the sum of Synchrony’s Diluted EPS with respect to each year in the Performance Period.

e. “Diluted EPS” means Synchrony’s net earnings per diluted share as determined by the Board and reported by Synchrony during the Performance Period.

f. “Ending Stock Value” means the average over the 20 consecutive calendar days through the last day of the Performance Period of the product of (i) the number of Accumulated Shares, multiplied by (ii) the closing transaction price of a Share, as reported on The New York Stock Exchange (or such other principal national stock exchange on which Shares are traded).

g. “Peer Group” means the companies that, as of the Grant Date (as defined below), the Committee has determined are members of Synchrony’s group of “peer companies” for executive compensation purposes, as such group of companies is adjusted after the Grant Date to reflect (i) the replacement of such a company with an organization that becomes a successor to such company in connection with a corporate transaction, and (ii) the removal of a company that files for bankruptcy or ceases to be publicly traded, in each case as determined by the Committee.

h. “Peer Group Returns” means, for each company in the Peer Group, the cumulative total shareholder return during the Performance Period, assuming the reinvestment of dividends during the Performance Period, which shall be equal to (i) the quotient of (A) the average closing price of the Peer Group over the 20 consecutive calendar days through the last day of the Performance Period divided by (B) the average closing price of the Peer Group over the 20 consecutive calendar days immediately preceding the first day of the Performance Period, minus (ii) one (1).

i. “Return on Equity” means Synchrony’s net income divided by Synchrony shareholder equity, as determined by the Board with respect to the Performance Period.

j. “Synchrony TSR” means the cumulative total shareholder return of the Shares during the Performance Period, assuming the reinvestment of dividends during the Performance Period, which shall be equal to (i) the quotient of (A) the Ending Stock Value divided by (B) the Beginning Stock Value, minus (ii) one (1).

k. “TSR Modifier” means the percentage determined in accordance with the table below, based on Synchrony TSR relative to Peer Group Returns over the Performance Period:

	Synchrony TSR vs. Peer Group Returns	**TSR Modifier**
Below Threshold	Below 25th percentile	80%
Threshold	25th percentile	80%
Target	50th percentile	100%
Maximum	75th percentile	120%
Above Maximum	Above 75th percentile	120%

SYNCHRONY FINANCIAL
2014 LONG-TERM INCENTIVE PLAN

PERFORMANCE SHARE UNIT

TERMS AND CONDITIONS

1. *Award of PSUs.* Pursuant to the Synchrony Financial 2014 Long-Term Incentive Plan (the "Plan"), Synchrony Financial ("Synchrony") has granted a Performance Share Unit ("PSU") award (the "Award") to the employee with respect to shares of common stock ("Shares") of Synchrony, subject to the terms and conditions set forth herein (the "Terms and Conditions"), in the Plan and in the Notice (including Appendix I thereto).

2. *Definitions and Coordination with the Plan*. Capitalized terms used but not defined herein shall have the meanings assigned to them in Exhibit A hereto or, if not so assigned in Exhibit A, the meanings assigned in the Plan. In the event of any inconsistency between the Plan and the Terms and Conditions, the terms in the Plan shall control unless the Terms and Conditions specifically provide otherwise. References herein to employment with Synchrony shall include employment with any Affiliate of Synchrony.

3. *Information on the Administrator Website.* The following information applicable to the Award is set forth on the employee's account on the website maintained by the administrator of the Plan (the "Administrator") in connection with the Plan:

(a) The target number of Shares subject to the Award;

(b) The date on which the Award is granted to the employee (the "Grant Date"); and

(c) The last date of the period during which the applicable "Performance Criteria" (as defined below) will be measured (the "Performance Period").

As noted below, the Award is subject to vesting based on the achievement of performance-based vesting conditions ("Performance Criteria"). The Performance Criteria are set forth on Appendix I of the Notice.

4. *Vesting*.

(a) *General*. Subject to the Terms and Conditions, and except as otherwise set forth below in this Section 4, the Award will vest based on the achievement of the Performance Criteria during the Performance Period, provided that the employee has remained continuously employed by Synchrony through the end of the Performance Period.

(b) *Effect of Termination of Employment*. If the employee's employment with Synchrony ends for any reason before the end of the Performance Period, the employee shall immediately forfeit the Award (and, as a result, shall forfeit all Shares and cash that may otherwise have been delivered or paid pursuant to the Award), subject to the following:

(i) *Involuntary Termination.*

(A) If the employee's employment is terminated by Synchrony without Cause on or after the first (1st) anniversary of the Grant Date, and the employee has less than twenty (20) Years of Continuous Service as of such termination, then the employee will be eligible to vest in a prorated Award, which proration will be determined by multiplying (I) a fraction, the numerator of which is the number of full or partial months the employee was employed during the Performance Period and the denominator of which is the number of full months in the Performance Period, by (II) the number of Shares the employee would have been entitled to receive based on actual performance during the entire Performance Period.

(B) If the employee's employment is terminated by Synchrony without Cause on or after the first (1st) anniversary of the Grant Date, and the employee has twenty (20) or more Years of Continuous Service, the employee will continue to be eligible to vest in the Award based on actual performance during the entire Performance Period.

(ii) *Retirement.* If the employee's employment with Synchrony terminates (other than for Cause) on or after the first (1st) anniversary of the Grant Date and after the employee is eligible for Retirement, the employee will continue to be eligible to vest in the Award based on actual performance during the entire Performance Period.

(iii)*Disability or Death*. If the employee's employment with Synchrony terminates due to Disability or death, the Performance Period shall end as of the date of such termination of employment and the Performance Criteria shall be deemed satisfied at the target level. The amount payable (or Shares deliverable) pursuant to the Award shall not be adjusted for any delay caused by time needed to validate the employee's status as Disabled or dead, or to authenticate a beneficiary.

(iv)*Termination following Change in Control.* If, in the event of a Change in Control, Synchrony (or the successor to Synchrony) assumes the Award or replaces the Award with an award of substantially equivalent value, as determined by the Committee, and during the thirty (30) month period after such Change in Control, the employee's employment is terminated by Synchrony (or the successor to Synchrony) without Cause or the employee terminates their employment for Good Reason, the Performance Period shall end immediately upon such termination of employment and the Performance Criteria shall be deemed satisfied at the target level of performance.

(c) *Change in Control*. If, in the event of a Change in Control, Synchrony (or a successor to Synchrony) fails to assume or replace the Award with an award of substantially equivalent value, as determined by the Committee, the Performance Period shall end immediately prior to such Change in Control and the Performance Criteria shall be deemed satisfied at the target level of performance. The Shares underlying the PSUs that vest pursuant to this Section shall be treated in the same manner as other Shares in the Change in Control.

(d) *Waiver and Release*. The right of an employee or their estate to vest in any portion of the Award or to receive any payment pursuant thereto in any circumstance other than in connection with their continuous employment through the end of the Performance Period shall be subject to the employee or their estate timely executing within forty-five (45) days following the employee's termination of employment a waiver and release in a form provided by Synchrony (the "Release"), and not revoking such release.

5. *Settlement of PSUs.* Synchrony will issue to the employee a number of Shares based on the satisfaction of the Performance Criteria (or as otherwise set forth in Section 4), less the number of Shares needed to satisfy required tax withholding. Except as otherwise provided in Section 4 or 15, such Shares shall be delivered less than seventy-five (75) days after the end of the Performance Period (including any early end of a Performance Period contemplated by Section 4). Shares may be issued in the form of a stock certificate or a notification to the employee that the Shares are held in a book-entry account on the employee's behalf. The employee shall have no rights as a shareholder of Synchrony unless and until a certificate for the Shares has been issued to the employee or the employee has been notified that the Shares are held in a book-entry account on the employee's behalf.

6. *Restrictive Covenants*.

(a) *Non-Competition*. The employee will not, while the employee is employed by Synchrony, or during the twelve (12) month period following a termination of the employee's employment with Synchrony:

(i) directly or indirectly enter into an employment or contractual relationship to provide services similar to those the employee provided for Synchrony to any business or entity that is the same as, substantially similar to or competitive with Synchrony's Business. For the purposes of this Section, "Synchrony's Business" means the United States consumer credit industry;

(ii) promote or assist, financially or otherwise, any firm, corporation or other entity engaged in any business which competes with Synchrony's Business; or

(iii)directly or indirectly solicit or endeavor to solicit or gain the business of, canvas or interfere with the relationship of Synchrony or its Affiliates with any person that:

(A) is a customer of Synchrony or its Affiliates while the employee is employed by Synchrony or on the date that the employee ceases to be an employee of Synchrony;

(B) was a customer of Synchrony or its Affiliates at any time within twelve (12) months prior to the date the employee ceases to be employed by Synchrony; or

(C) has been pursued as a prospective customer by or on behalf of Synchrony or its Affiliates at any time within twelve (12) months prior to the date the employee ceases to be employed by Synchrony and in respect of whom Synchrony and its Affiliates have not determined to cease all such pursuit;

in each case with respect to Sections 6(a)(iii)(A) – (C), provided that the employee either had contact with such customer or prospective customer at any time during the twenty-four (24) month period prior to the effective termination date of the employee's employment with Synchrony or had obtained Confidential Information concerning such customer or prospective customer.

(iv) Nothing herein shall prohibit the employee from being a passive owner of not more than 2% of the outstanding stock of any class of a corporation which is publicly traded, so long as the employee has no active participation in the business of such corporation. Notwithstanding the foregoing, this Section 6(a) will not apply to the employee if they provide services primarily in the state of California. In addition, to the extent that any provision of this Section 6(a) is not enforceable, such provision shall be deemed modified or limited so that, as modified or limited, such provision may be enforced to the fullest extent possible. If one or more of the provisions of this Terms and Conditions is invalidated for any reason by a tribunal of competent jurisdiction (after any appropriate modification or limitation pursuant to the foregoing sentence), any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

(b) *Non-Solicitation*. The employee will not, without the prior consent of Synchrony, directly or indirectly, at any time, for whatever reason, either individually, or in partnership, or jointly, or in conjunction with any person as principal, agent, employee or shareholder (other than a holding of shares listed on a United States stock exchange that does not exceed 5% of the outstanding shares so listed) or in any other manner whatsoever on the employee's own behalf or on behalf of any third party:

(ii) induce or endeavor to induce any other employee of Synchrony to leave their employment with Synchrony; or

(iii) employ or attempt to employ or assist any person to employ any employee of Synchrony.

(c) *Non-Disclosure*. The employee specifically acknowledges that any Confidential Information of Synchrony or its suppliers, customers or clients, whether reduced to writing, maintained on any form of electronic media or maintained in the employee's mind or memory, and whether compiled by the employee or Synchrony, derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or use; that reasonable efforts have been made by Synchrony to maintain the secrecy of such information; that such information is the sole property of Synchrony or its suppliers, customers or clients; and that any retention, use or disclosure of such information by the employee during their employment (except in the course of performing their duties and obligations of employment with Synchrony) or after termination thereof, shall constitute a misappropriation of the trade secrets of Synchrony or its suppliers, customers or clients. This Section 6(c) and all other provisions of this Terms and Conditions shall not be applied to limit or interfere with any employee's right, without notice to or authorization of the Company, to communicate and cooperate in good faith with a Government Agency for the purpose of (i) reporting a possible violation of any U.S. federal, state, or local law or regulation, (ii) participating in any investigation or proceeding that may be conducted or managed by any Government Agency, including by providing documents or other information, or (iii) filing a charge or complaint with a Government Agency. For purposes of this Terms and Conditions, "Government Agency" means the Equal Employment Opportunity Commission, the National

Labor Relations Board, the Occupational Safety and Health Administration, the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, or any other self-regulatory organization or any other federal, state or local governmental agency or commission. Additionally, no employee will be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (a) in confidence to a federal, state, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; or (c) in court proceedings if the employee files a lawsuit for retaliation by an employer for reporting a suspected violation of law, or to the employee's attorney in such lawsuit, provided that the employee must file any document containing the trade secret under seal, and the employee may not disclose the trade secret, except pursuant to court order. However, employees are not authorized to make any disclosures as to which the Company may assert protections from disclosure under the attorney-client privilege or the attorney work product doctrine without prior written consent of the Company's General Counsel or another authorized officer designated by the Company.

(d) *Relief*. Any breach of the provisions in this Section by the employee will result in material and irreparable harm to Synchrony and its Affiliates although it may be difficult for Synchrony or its Affiliates to establish the monetary value flowing from such harm. The employee therefore agrees that Synchrony and its Affiliates, in addition to being entitled to the monetary damages that flow from the breach, will be entitled to injunctive relief in a court of appropriate jurisdiction in the event of any breach or threatened breach by the employee of any of the provisions of this Section. In addition, Synchrony and its Affiliates will be relieved of any further obligations to make any payments to the employee or provide the employee with any benefits, except those that are required by law, in the event of a breach by the employee of any of the provisions of this Section. Any rights of the employee to receive any Shares or cash payment in respect of the PSUs shall be forfeited effective as of the date the employee enters into an activity resulting in a breach of the provisions in this Section, and the employee will be required to repay Synchrony an amount (in Shares or cash) received in respect of PSUs by or on behalf of the employee during the period beginning twelve (12) months prior to the earlier of (i) the employee's termination of employment and (ii) the date the employee engages in such activity, or at any time after such date.

(e) *Confirmation*. The employee confirms that all restrictions in this Section are separate and distinct and reasonable, and the employee waives all defenses to the strict enforcement thereof. The employee also acknowledges that:

(i) the reputation of Synchrony and its Affiliates in the financial services industry and its relationship with its customers and clients are a result of hard work, diligence and perseverance on behalf of Synchrony and its Affiliates; and

(ii) the nature of the business of Synchrony and its Affiliates is such that the ongoing relationship between Synchrony and its Affiliates and its customers and clients is material and has a significant effect on the ability of Synchrony and its Affiliates to continue to obtain business from its customers and clients with respect to both long-term and new projects.

(f) *Informing Prospective Employers*. The employee will inform any prospective employers of the existence of these Terms and Conditions and of the employee's obligations under this Section.

7. *Recoupment Provisions.* Notwithstanding anything in the Plan or these Terms and Conditions to the contrary, (a) the employee and this Award shall be subject to the written policies, rules or procedures of the Board (or subcommittee thereof) or Synchrony in effect as of the Award Date (or which may be adopted or amended after the Award Date to comply with applicable law), as well as laws and regulations applicable to employees or executives of Synchrony and its Affiliates, including without limitation any written policy, rule or procedure relating to recoupment or "clawback" of compensation (including, without limiting the generality of the foregoing, the Synchrony Compensation Policy approved by the Management Development and Compensation Committee of the Board), and (b) if Synchrony and/or any of its Affiliates become aware at any time (including after the termination of the employee's employment) that, during the employee's employment with Synchrony or any of its Affiliates, there was an event or circumstance that would have been grounds for termination of the employee's employment for Cause, any rights of the employee to receive any Shares or cash payment in respect of the PSUs shall be forfeited and the employee will be required to repay Synchrony an amount (in Shares or cash) received in respect of the PSUs by or on behalf of the employee. The provisions of this Section are in addition to and not in lieu of any other remedies available to Synchrony and/or any of its Affiliates in the event the employee violates any written policies, rules or procedures of the Board (or subcommittee thereof) or Synchrony, or any laws or regulations.

8. *Alteration/Termination.* The Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate, the Award, prospectively or retroactively. No such amendment or alteration shall be made which would impair the rights of the employee under the Award without the employee's consent; provided, however, that no such consent shall be required with respect to any amendment or alteration if the Committee determines in its sole discretion that such amendment or alteration either (a) is required or advisable in order for Synchrony, the Plan or the Award to satisfy or conform to any law or regulation or to meet the requirements of any accounting standard or (b) is not reasonably likely to significantly diminish the benefits provided under the Award.

9. *Adjustments.* The number and type of Shares underlying any PSUs awarded to the employee hereunder shall be subject to adjustment pursuant to Section 4(b) of the Plan.

10. *No Right to Employment.* Nothing in these Terms and Conditions constitutes an employment contract or gives the employee the right to continue in the employment of Synchrony, or affect any right that Synchrony may have to terminate the employment of the employee.

11. *Dispute Resolution*. The parties will settle any dispute, controversy or claim arising out of or related to the Plan, the Award or the Terms and Conditions in accordance with the terms of any then effective Synchrony alternative dispute resolution program, to the extent such dispute, controversy or claim is covered by such program.

12. *Non-Assignability.* Neither this Award nor the PSUs granted hereunder may be assigned or transferred by the employee, except to the extent expressly permitted by the Plan. Tax withholding with respect to any PSU that is transferred or assigned shall be determined by Synchrony in accordance with applicable law (which may require the employee to pay taxes with respect to a transferred PSU). Any Shares issued under a PSU, once issued to the employee, shall be freely transferable.

13. *Voting.* The employee shall not have voting rights with respect to the Shares underlying PSUs unless and until Shares are issued to the employee.

14. *Dividend Equivalents.* The employee shall be eligible to receive additional Shares under the Award in connection with any cash dividend declared during the Performance Period. For each such cash dividend declared, the target number of Shares then subject to this Award (after taking into account any prior dividend equivalents) shall be increased by an amount equal to the quotient of (a) the product of (i) the per Share amount of the cash dividend, multiplied by (ii) the target number of Shares subject to the Award, divided by (b) the Fair Market Value of a Share on the date the applicable dividend is paid to holders of Shares.

15. *Withholding Taxes.* All payments and delivery of Shares in respect of the PSUs shall be subject to required tax or other withholding or garnishment obligations, if any. Synchrony shall be authorized to withhold cash or Shares (as applicable) from any payment due or transfer the amount of withholding taxes due in respect of the Award or any payment or transfer under the Award or the Plan to satisfy statutory withholding obligations for the payment of such taxes. The employee shall pay to or reimburse Synchrony for any federal, state, local or foreign taxes required to be withheld and paid over by it, at such time and upon such terms and conditions as Synchrony may prescribe before Synchrony shall be required to deliver any Shares.

16. *Personal Data.* By accepting the Award, the employee voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this paragraph. The employee is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect the employee's ability to participate in the Plan. Synchrony, its Affiliates and/or the employee's employer hold certain personal information about the employee, including the employee's name, home address and telephone number, date of birth, social security number or other employee or national identification number, salary, nationality, job title, any Shares or directorships held in Synchrony, details of all PSUs, any entitlement to cash payments (the value of which is based on the value of shares) or any entitlement to shares of stock awarded, canceled, purchased, vested, unvested or outstanding in the employee's favor, for the purpose of managing and administering the Plan ("Data"). Synchrony and/or its Affiliates will transfer Data amongst themselves as necessary for the purpose of implementation, administration and management of the employee's participation in the Plan, and Synchrony and/or any of its Affiliates may each further transfer Data to any third parties assisting Synchrony in the implementation, administration and management of the Plan. These recipients may be located throughout the world. The employee authorizes them to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the employee's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan. The employee may, at any time, review Data, require any necessary amendments to it or withdraw the consents herein in writing by contacting Synchrony; however, withdrawing consent may affect the employee's ability to participate in the Plan.

17. *Section 409A.* Amounts payable, and Shares deliverable, pursuant to PSUs are intended to be exempt from Section 409A to the maximum extent possible pursuant to a short-term deferral described in Treasury Regulation §1.409A-1(b)(4), and the Plan and the Terms and Conditions shall be interpreted and construed consistently with such intent. To the extent any amount payable, or Shares deliverable, pursuant to this Award constitutes nonqualified deferred compensation within the meaning of, and subject to, Section 409A, then, with respect to such portion of this Award, (a) the Plan and this Terms and Conditions are intended to comply with the requirements of Section 409A, and shall be interpreted and construed consistently with such intent, (b) all references in the Plan and this Terms and Conditions to the employee's termination of employment shall mean the employee's Termination of Employment within the meaning of Section 409A and Treasury regulations promulgated thereunder, (c) any such payments or delivery of Shares which is conditioned upon the employee's execution of the Release and which

is to be paid during a designated period that begins in one taxable year and ends in a second taxable year shall be paid in the second taxable year, and (d) notwithstanding anything in the Plan or this Terms and Conditions to the contrary, any amount that is payable upon the employee's Termination of Employment that would be payable prior to the six-month anniversary of such Termination of Employment shall, to the extent necessary to comply with Section 409A, be delayed until the Six-Month Pay Date. In such event, any portion of the PSUs settled in cash shall be determined based on the closing price of a Share (or a share of stock of the successor to Synchrony) as reported on the principal national stock exchange on which the Shares (or the shares of stock of the successor to Synchrony) are then traded on the last business day of the last calendar month that ends before the Six-Month Pay Date; provided, however, that if it is not feasible to calculate the closing price as of the last business day of such month, the amount of cash shall be determined based on the last price available. In the event that the Award or the Terms and Conditions would subject the employee to taxes under Section 409A ("409A Penalties"), the Award and the Terms and Conditions shall not be given effect to the extent it causes such 409A Penalties and the related provisions of the Plan and/or the Terms and Conditions will be deemed modified, or, if necessary, suspended in order to comply with the requirements of Section 409A, in each case without the consent of or notice to the employee; provided that in no event shall Synchrony or any of its Affiliates be responsible for any 409A Penalties that arise in connection with any amounts payable under the Plan or this Terms and Conditions.

EXHIBIT A

DEFINITIONS

"Board"

"Board" shall mean the Board of directors of Synchrony.

"Break in Service"

"Break in Service" shall mean a period during which an individual who was previously an employee of Synchrony is not such an employee, as determined by the Committee.

"Cause"

"Cause" shall mean, as determined by the Committee in its sole discretion:

(a) a material breach by the employee of their duties and responsibilities (other than as a result of incapacity due to physical or mental illness) without reasonable belief that such breach is in the best interests of Synchrony;

(b) any act that would prohibit the employee from being employed by Synchrony and its Affiliates (including, for the avoidance of doubt, Synchrony Bank) pursuant to the Federal Deposit Insurance Act of 1950, as amended, or other applicable law;

(c) the commission of or conviction in connection with a felony or any act involving fraud, embezzlement, theft, dishonesty or misrepresentation; or

(d) any gross or willful misconduct, any violation of law or any violation of a policy of Synchrony or any of its Affiliates by the employee that results in or could result in loss to Synchrony or any of its Affiliates, or damage to the business or reputation of Synchrony or any of its Affiliates, as determined by the Committee.

"Change in Control"

"Change in Control" means any of the following events which occurs after the Grant Date, but only if such event constitutes a "change in control event" for purposes of Treasury Regulation Section 1.409A-3(i)(5):

(a) the acquisition by any individual, entity or group (a "Person"), including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then outstanding shares of common stock of Synchrony (the "Outstanding Common Stock") or (ii) the combined voting power of the then outstanding securities of Synchrony entitled to vote generally in the election of directors (the "Outstanding Voting Securities"); excluding, however, the following: (A) any acquisition directly from Synchrony (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was acquired directly from Synchrony), (B) any acquisition by Synchrony, (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by Synchrony or any corporation controlled by Synchrony, or (D) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this definition below; provided further, that for purposes of clause (B), if any Person (other than Synchrony or any employee benefit plan (or related trust) sponsored or maintained by Synchrony or any corporation controlled by Synchrony) shall become the beneficial owner of 30% or more of the Outstanding Common Stock or 30% or more of the Outstanding Voting Securities by reason of an acquisition by Synchrony, and such Person shall, after such acquisition by Synchrony, become the beneficial owner of any additional shares of the Outstanding Common Stock or any additional Outstanding Voting Securities and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control;

(b) the cessation of individuals who, as of the Grant Date, constitute the Board (the "Incumbent Board") to constitute at least a majority of such Board; provided that any individual who becomes a director of Synchrony subsequent to the Grant Date whose election, or nomination for election by Synchrony's stockholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed a member of the Incumbent Board; and provided further, that any individual who was initially elected as a director of Synchrony as a result of an actual or threatened solicitation by a Person other than the Board for the purpose of opposing a solicitation by any other Person with respect to the election or removal of directors, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall not be deemed a member of the Incumbent Board; or

(c) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of Synchrony (a "Corporate Transaction"); excluding, however, a Corporate Transaction pursuant to which (i) all or substantially all of the individuals or entities who are the beneficial owners, respectively, of the Outstanding Common Stock and the Outstanding Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than 50% of, respectively, the outstanding shares of common stock, and the combined voting power of the outstanding securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which as a result of such transaction owns, directly or indirectly, Synchrony or all or substantially all of Synchrony's assets) in substantially the same proportions relative to each other as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Common Stock and the Outstanding Voting Securities, as the case may be, (ii) no Person (other than: Synchrony; any employee benefit plan (or related trust) sponsored or maintained by Synchrony or any corporation controlled by Synchrony; the corporation resulting from such Corporate Transaction; and any Person which beneficially owned, immediately prior to such Corporate Transaction, directly or indirectly, 30% or more of the Outstanding Common Stock or the Outstanding Voting Securities, as the case may be) will beneficially own, directly or indirectly, 30% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the outstanding securities of such corporation entitled to vote generally in the election of directors, and (iii) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction.

"Confidential Information"

"Confidential Information" shall mean information and data concerning Synchrony, any Affiliates, the business of Synchrony and its Affiliates, the customers, suppliers and clients of Synchrony and its Affiliates and all technical information relating to such business, including, without limitation, information related to know-how, trade secrets, processes, reports, manuals, purchases, sales, customers, customer lists, confidential information, financial and marketing data, business plans and the strategic direction of Synchrony and its Affiliates.

It is understood that “Confidential Information” does not include any of the following:

(a) information that is or becomes generally available to the public through no act or omission on the part of the employee. Information shall be deemed part of the public domain solely to the extent that it is generally known to the public, is found in any one public source or is readily ascertainable from a public domain source or sources or from other publicly available information; or

(b) information that the employee receives from a third party who is free to make such disclosure without breach of any contractual or other legal obligation.

“Disability”

“Disability” shall mean an incapacity, disability or other condition that entitles the employee to long-term disability benefits under the long-term disability benefit plan or arrangement applicable to Synchrony’s employees, as determined by the administrator of such plan or arrangement. An individual shall not be considered disabled unless the employee furnishes proof of the existence thereof. Synchrony may require the existence or non-existence of a disability to be determined by a physician whose selection is mutually agreed upon by the employee (or their representatives) and Synchrony.

“Good Reason”

“Good Reason” shall mean, without the employee’s express written consent, the occurrence of any of the following events after a Change in Control:

(a) a material adverse change in the nature or scope of the employee’s authority, powers, functions, duties or responsibilities;

(b) a material reduction by Synchrony in the employee’s rate of annual base salary or bonus opportunity; or

(c) a change in the employee’s primary employment location to a location that is more than 50 miles from the primary location of the employee’s employment.

Within thirty (30) days after the employee becomes aware of one or more actions or inactions described in this Good Reason definition, the employee must deliver written notice to Synchrony of the action(s) or inaction(s) (the “Good Reason Notice”). Synchrony shall have thirty (30) days after the Good Reason Notice is delivered to cure the particular action(s) or inaction(s). If Synchrony so effects a cure, the Good Reason Notice will be deemed rescinded and of no further force and effect.

“Notice”

The “Notice” means the Notice of Award of Stock-Settled Performance Share Units.

“Retirement”

The employee is eligible for “Retirement” if the employee has attained age sixty (60) and has three (3) Years of Continuous Service.

“Section 409A”

Section 409A of the Internal Revenue Code of 1986, as amended.

“Six-Month Pay Date”

The "Six-Month Pay Date" is the earlier of (a) the first (1st) business day of the seventh (7th) month that starts after the employee's termination of employment or (b) a date determined by Synchrony that is within ninety (90) days after the employee's death.

"Termination of Employment"

"Termination of Employment" shall mean "separation from service" within the meaning of Section 409A.

"Years of Continuous Service"

"Years of Continuous Service" means the number of years during which an individual has been deemed to be an employee of Synchrony (which shall include periods during which such individual was employed by General Electric Company and its affiliates) according to its payroll or other systems of record, as determined by the Committee, which shall include, in the event of a Break in Service of less than three (3) consecutive years, such employee's service to Synchrony prior to such Break in Service.

Exhibit 21.1

List of Subsidiaries

Name of Subsidiary	Jurisdiction of Organization
CareCredit LLC	California
Loop Commerce, LLC	Delaware
Pets Best Insurance Services, LLC	Idaho
Retail Finance Credit Services, LLC	Delaware
Retail Finance International Holdings, Inc.	Delaware
Retail Finance Servicing, LLC	Delaware
RFS Holding, Inc.	Delaware
RFS Holding, L.L.C.	Delaware
Sherman Clay & Co., LLC	Delaware
Synchrony Bank	United States
Synchrony Financial Canada	Ontario
Synchrony Financial Canada Company	Nova Scotia
Synchrony Global Services Philippines, Inc.	Philippines
Synchrony Holding Company	Nova Scotia
Synchrony International Resource Management, LLC	Delaware
Synchrony International Services Private Limited	India
Synchrony Lending, Inc.	Delaware
Synchrony Sales Finance Holding, LLC	Delaware
Synchrony Card Funding, LLC	Delaware

Securitization Trusts

Without taking a position as to whether they are “subsidiaries” within the meaning of Rule 405, the following securitization entities are consolidated within the Company’s financial statements:

Name of Trust	Jurisdiction of Organization
Synchrony Credit Card Master Note Trust	Delaware
Synchrony Sales Finance Master Trust	Delaware
Synchrony Card Issuance Trust	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders

Synchrony Financial:

We consent to the incorporation by reference in the registration statement (No. 333-266264) on Form S-3 and in the registration statement (No. 333-232818) on Form S-8 of Synchrony Financial of our reports dated February 8, 2024, with respect to the Consolidated Statements of Financial Position of Synchrony Financial and subsidiaries as of December 31, 2023 and 2022, and the related Consolidated Statements of Earnings, Comprehensive Income, Changes in Equity, and Cash Flows for each of the years in the three-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements), and the effectiveness of internal control over financial reporting as of December 31, 2023, which reports appear in the December 31, 2023 annual report on Form 10-K of Synchrony Financial.

/s/ KPMG LLP

New York, New York
February 8, 2024

Exhibit 31(a)

Certification Pursuant to
Rules 13a-14(a) or 15d-14(a) Under the Securities Exchange Act of 1934, as Amended

I, Brian D. Doubles, certify that:

1. I have reviewed this annual report on Form 10-K of Synchrony Financial;

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 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)) 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 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 8, 2024

/s/ Brian D. Doubles
Brian D. Doubles
Chief Executive Officer

Exhibit 31(b)

Certification Pursuant to
Rules 13a-14(a) or 15d-14(a) Under the Securities Exchange Act of 1934, as Amended

I, Brian J. Wenzel Sr., certify that:

1. I have reviewed this annual report on Form 10-K of Synchrony Financial;

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 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)) 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 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 8, 2024

/s/ Brian J. Wenzel Sr.

Brian J. Wenzel Sr.
Chief Financial Officer

Exhibit 32

Certification Pursuant to
18 U.S.C. Section 1350

In connection with the Annual Report of Synchrony Financial (the “registrant”) on Form 10-K for the period ended December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “report”), we, Brian D. Doubles, Chief Executive Officer, and Brian J. Wenzel Sr., Chief Financial Officer, of the registrant, certify, pursuant to 18 U.S.C. § 1350, that to our knowledge:

1. The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: February 8, 2024

/s/ Brian D. Doubles
Brian D. Doubles
Chief Executive Officer

/s/ Brian J. Wenzel Sr.
Brian J. Wenzel Sr.
Chief Financial Officer

SYNCHRONY FINANCIAL

Incentive-Based Compensation Recovery Policy

Section 1. Introduction. The board of directors (the "Board") of SYNCHRONY FINANCIAL (the "Company") has adopted this policy (the "Policy") to provide for the recovery by the Company, in the event of a Recovery Trigger (as defined below), of certain incentive-based compensation received by certain current and former executive officers, as further specified in this Policy.

This Policy is intended to comply with the requirements of Section 303A.14 of the Listed Company Manual of the New York Stock Exchange (the "NYSE") relating to erroneously awarded compensation.

Section 2. Administration. The Board, or if delegated by the Board, the Management Development and Compensation Committee of the Board (the "MDCC"), as a committee of independent directors of the Board, will administer and interpret this Policy and make all determinations for the administration of this Policy. Any determinations made by the Board and/or MDCC, as applicable, will be final, binding, and conclusive on all affected individuals. For the avoidance of doubt, any director who is a Covered Individual (as defined below) under this Policy may not participate in discussions related to, or vote on, any potential recovery of their Incentive- Based Compensation (as defined below) under this Policy.

Section 3. Statement of Policy. Following the occurrence of a Recovery Trigger, the Company will recover reasonably promptly the Erroneously Awarded Compensation (as defined below) from the applicable Covered Individual(s), except as in accordance with this Policy.

Section 4. Covered Individuals Subject to this Policy. The Policy is applicable to any current or former "executive officer" of the Company as defined in Section 303A.14 of the NYSE Listed Company Manual who "received" (see Section 7 below) the subject Incentive-Based Compensation after beginning service as an "executive officer" and who served as an "executive officer" at any time during the performance period (for that Incentive-Based Compensation) covered by the Recovery Period (as defined below) (together, "Covered Individuals").

Section 5. Recovery Trigger for Accounting Restatements. A "Recovery Trigger" will have occurred upon the earlier to occur of: (i) the date the Board or the Audit Committee of the Board, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement (as defined below), or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

For the purposes of this Policy, an "Accounting Restatement" means a restatement of the Company's financial statements due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement (i) to correct an error in previously issued financial statements that is material to the previously issued financial statements or (ii) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

For the avoidance of doubt, the Company's obligation to recover Erroneously Awarded Compensation is not dependent on if or when the restated financial statements are filed with the Securities and Exchange Commission ("SEC").

Section 6. Recovery Period. The Policy will apply to Incentive-Based Compensation “received” (see Section 7 below) during the three completed fiscal years immediately preceding the date on which a Recovery Trigger occurs (the “Recovery Period”). In addition to these last three completed fiscal years, this Policy applies to any transition period (that results from a change in the Company’s fiscal year) within or immediately following such three completed fiscal years. However, a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year.

Section 7. Compensation “Received”. Incentive-Based Compensation is deemed “received” by a Covered Individual in the Company’s fiscal period during which the Financial Reporting Measure (as defined below) specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the applicable award occurs after the end of that period. Notwithstanding anything to the contrary contained herein, the only compensation subject to this Policy is Incentive-Based Compensation “received” by Covered Individuals on or after October 2, 2023 and while the Company had a class of securities listed on a national securities exchange or a national securities association.

Section 8. Incentive-Based Compensation Subject to Recovery. Any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure (“Incentive-Based Compensation”) will be subject to this Policy. A “Financial Reporting Measure” is a measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures. A Financial Reporting Measure need not be presented within the financial statements or included in a filing with the SEC. Incentive-Based Compensation is subject to recovery under this Policy even if the Accounting Restatement was not due to any misconduct or failure of oversight on the part a Covered Individual.

Section 9. Recovery of Erroneously Awarded Compensation. In the event of a Recovery Trigger, the Company will seek to recover from any applicable Covered Individual an amount of Incentive-Based Compensation “received” (see Section 7 above) that exceeds the amount that otherwise would have been “received” (see Section 7 above) by such Covered Individual had it been determined based on the restated amounts, computed without regard to any taxes paid (such excess amount, the “Erroneously Awarded Compensation”). For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement (A) the amount must be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was “received” (see Section 7 above) and (B) the Company will maintain documentation of that reasonable estimate and, if required by the NYSE, provide such documentation to the NYSE.

Section 10. Limited Exceptions to Recovery. The Company must recover Erroneously Awarded Compensation in compliance with this Policy, except to the extent that the conditions of paragraphs (c)(1)(iv)(A), (B) or (C) of Section 303A.14 of the NYSE Listed Company Manual are met and the MDCC, or in the absence of such a committee, a majority of the independent directors serving on the Board, has made a determination that recovery would be impracticable.

Section 11. Method of Recovery. The Board and/or MDCC, as applicable, will determine in its sole discretion how the Company will effect any reimbursement or recovery pursuant to this Policy, including, but not limited to the following: (1) seeking repayment from the Covered Individual; (2) reducing the amount that would otherwise be payable to the Covered Individual under any compensatory plan, program, agreement, policy or arrangement maintained by the Company or any of its affiliates; (3) canceling any outstanding vested or unvested award (whether cash- or equity-based) previously granted to the Covered Individual; or (4) any combination of the foregoing.

Section 12. Policy Relationship to other Recoupment or Clawback Provisions. This Policy supplements any requirements imposed pursuant to applicable law or regulations, any clawback or recovery provision in the Company's other policies, plans, awards and individual employment or other agreements (including any recovery provisions in the Company's equity incentive plans or award agreements), and any other rights or remedies available to the Company, including termination of employment.

In the event that a recovery is initiated under this Policy, amounts of Incentive-Based Compensation previously recovered by the Company from a Covered Individual pursuant to the Company's other policies, plans, awards and individual employment or other agreements shall be considered so that recovery is not duplicative, provided that in the event of a conflict between any applicable clawback or recoupment provision, including this Policy, the right to clawback or recoupment shall be interpreted to result in the greatest clawback or recoupment from the Covered Individual.

Section 13. Amendment or Termination of Policy. The Board may amend this Policy at any time, and from time to time, in its discretion. The Board may terminate this Policy at any time.

Section 14. Disclosure. The Company is required to file this Policy as an exhibit to its Form 10-K filed with the SEC and is also subject to the disclosure requirements of Item 402(w) of Regulation S-K, SEC Rule 10D-1 and Section 303A.14 of the NYSE Listed Company Manual, as applicable.

Section 15. Indemnification. The Company is prohibited from indemnifying any Covered Individual against the loss of Erroneously Awarded Compensation.

Section 16. Successors. This Policy shall be binding and enforceable against all Covered Individuals and their successors, heirs, beneficiaries, executors, administrators or other legal or personal representatives.

Section 17. Validity and Enforceability. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to applicable law. The invalidity or unenforceability of any provision of this Policy shall not affect the validity or enforceability of any other provision of this Policy. This Policy is intended to comply with, shall be interpreted to comply with, and shall be deemed automatically amended to comply with Section 303A.14 of the NYSE Listed Company Manual, and any related rules or regulations promulgated by the SEC or the NYSE including any additional or new requirements that become effective after October 2, 2023.

Section 18. Acknowledgement. Covered Individuals must sign the acknowledgment in the form of Annex A as soon as practicable after the later of (i) the effective date of this Policy or

(ii) the date on which the individual is appointed to a position as a Covered Individual.

Adopted by the Board of Directors on September 15, 2023