

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

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

For the quarterly period ended June 30, 2024

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
(State or other jurisdiction of
incorporation or organization)

51-0483352
(I.R.S. Employer
Identification No.)

777 Long Ridge Road
Stamford, Connecticut
(Address of principal executive offices)

06902
(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
Depository 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
Depository Shares Each Representing a 1/40th Interest in a Share of 8.250% Fixed Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B	SYFPrB	New York Stock Exchange

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an 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	<input checked="" type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the registrant's common stock, par value \$0.001 per share, outstanding as of July 15, 2024 was 395,226,701.

Synchrony Financial

	<u>Page</u>
PART I - FINANCIAL INFORMATION	
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	6
Item 1. Financial Statements:	
Condensed Consolidated Statements of Earnings – Three and six months ended June 30, 2024 and 2023	35
Condensed Consolidated Statements of Comprehensive Income – Three and six months ended June 30, 2024 and 2023	36
Condensed Consolidated Statements of Financial Position – June 30, 2024 and December 31, 2023	37
Condensed Consolidated Statements of Changes in Equity – Three and six months ended June 30, 2024 and 2023	38
Condensed Consolidated Statements of Cash Flows – Six months ended June 30, 2024 and 2023	40
Notes to Condensed Consolidated Financial Statements	41
Item 3. Quantitative and Qualitative Disclosures About Market Risk	65
Item 4. Controls and Procedures	65
PART II - OTHER INFORMATION	
Item 1. Legal Proceedings	66
Item 1A. Risk Factors	66
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	66
Item 3. Defaults Upon Senior Securities	66
Item 4. Mine Safety Disclosures	66
Item 5. Other Information	66
Item 6. Exhibits	68
Signatures	69

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.

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*” in our Annual Report on Form 10-K for the year ended December 31, 2023 (our “2023 Form 10-K”). 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 <https://investors.synchrony.com>, we make available under the “Filings & Regulatory-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 Securities Exchange Act of 1934, as amended (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.

Cautionary Note Regarding Forward-Looking Statements:

Various statements in this Quarterly Report on Form 10-Q 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,” “aim” 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 Consumer Financial Protection Bureau’s (“CFPB”) final rule on credit card late fees, including the timing for resolution and outcome of the litigation challenging the final rule, as well as changes to consumer behaviors in response to the final rule, if implemented, and the product, policy and pricing changes that have been or will be implemented to mitigate the impacts of the final rule; 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, and 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 CFPB’s 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 elsewhere in this report and in our public filings, including under the heading “*Risk Factors Relating to Our Business*” and “*Risk Factors Relating to Regulation*” in our 2023 Form 10-K. 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, including under the heading “*Business Trends and Conditions*” below, 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.

PART I. FINANCIAL INFORMATION

ITEM 2. 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 condensed consolidated financial statements and related notes included elsewhere in this quarterly report and in our 2023 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."

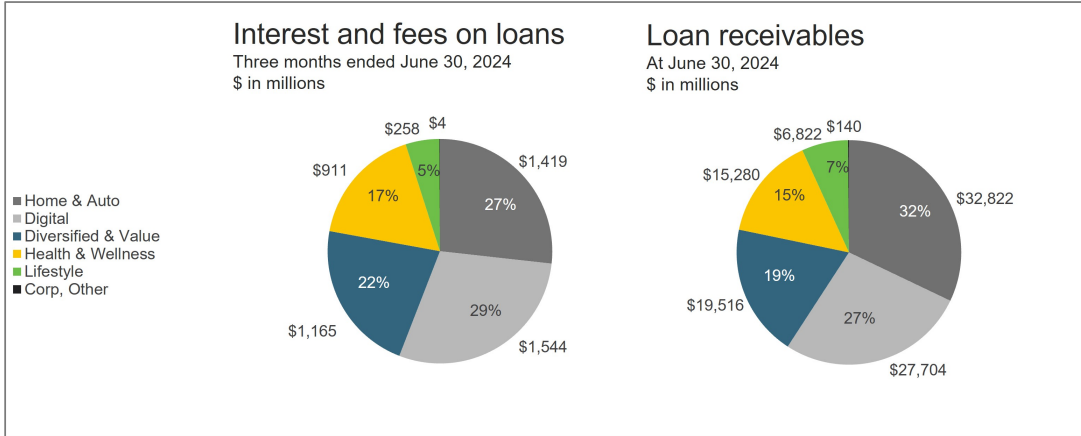
Introduction and Business Overview

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." For the three and six months ended June 30, 2024, we financed \$46.8 billion and \$89.2 billion of purchase volume, respectively, and had 71.0 million and 71.4 million average active accounts, respectively, and at June 30, 2024, we had \$102.3 billion of loan receivables.

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 has continued to serve as a source of stable and diversified low cost funding for our credit activities. At June 30, 2024, we had \$83.1 billion in deposits, which represented 84% of our total funding sources.

Our Sales Platforms

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.



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. 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.

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. 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.

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. Our Diversified & Value sales platform is comprised of five large retail partners: Belk, Fleet Farm, JCPenney, Sam's Club and TJX Companies, Inc.

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.

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. 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.

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. 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 businesses and investments.

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 June 30, 2024.

Credit Product	Promotional Offer			Total
	Standard Terms Only	Deferred Interest	Other Promotional	
Credit cards	59.1 %	18.3 %	14.6 %	92.0 %
Commercial credit products	1.9	—	0.1	2.0
Consumer installment loans	—	0.2	5.7	5.9
Other	0.1	—	—	0.1
Total	61.1 %	18.5 %	20.4 %	100.0 %

Credit Cards

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 our private label credit cards typically is extended either on standard terms only or pursuant to a promotional financing offer.
- **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 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. We offer 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. Consumer Dual Cards and Co-Branded cards totaled 26% of our total loan receivables portfolio at June 30, 2024.

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 Home and Auto and Health and Wellness sales platforms 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. Installment loans are generally assessed periodic finance charges using fixed interest rates. Installment loans at June 30, 2024 include loan receivables related to Ally Financial Inc.'s point of sale financing business, ("Ally Lending") that was acquired in March 2024.

Business Trends and Conditions

We believe our business and results of operations will be impacted in the future by various trends and conditions. For a discussion of certain trends and conditions, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Trends and Conditions*" in our 2023 Form 10-K. For a discussion of how certain trends and conditions impacted the three and six months ended June 30, 2024, see "*—Results of Operations.*"

CFPB final rule on credit card late fees.

On March 5, 2024, the CFPB released a final rule amending its regulations that implement the Truth in Lending Act to, among other things, lower the safe harbor dollar amount for credit card late fees from the prior \$30 (adjusted to \$41 for each subsequent late payment within the next six billing cycles) to \$8 and to eliminate the automatic annual inflation adjustment to such safe harbor dollar amount. The final rule, when effective, will result in a significant reduction in our interest and fees on loan receivables. Industry organizations have challenged the final rule in court, and the ultimate outcome of such challenge, including the impact on the final rule, is uncertain. The final rule had an original effective date of May 14, 2024; however, on May 10, 2024, the United States District Court for the Northern District of Texas granted an injunction and stay of the final rule, and the injunction granted remains in effect.

In response to the final rule, we have begun to implement a number of product, policy and pricing changes to adjust for the significant reduction in our late fee income. In addition, the combined net effects of the final rule and our mitigating strategies would result in a decrease in payments to partners pursuant to our retailer share arrangements.

While we continue to believe that the strategies we have identified and started to implement will fully offset the decline in late fee income over time, it will take time for such product, policy and pricing changes to offset the reduction in the late fees. Therefore we expect the final rule, if effective in 2024, will have an adverse effect on our results of operations in 2024. The magnitude of these effects in 2024 remain uncertain due to the pending litigation discussed above, which has resulted in a delay in the final rule's effective date. In addition, the effects of the final rule are also subject to other factors that could increase the adverse effects to our results of operations, including our ability to successfully implement the product, policy and pricing changes we have identified, as well as any potential changes in consumer behavior in response to these changes or the final rule itself.

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, would materially adversely affect our business and results of operations*", in our 2023 Form 10-K.

Growth in loan receivables and interest income.

During the three months ended June 30, 2024, we experienced a decrease in purchase volume of 0.9% primarily driven by lower consumer spending and the impacts from credit actions we have taken across our portfolio where we have seen indications of higher probability of default. We expect these same factors to now result in flat or a low single digit decrease in purchase volume for the second half of 2024. As a result, while we still anticipate loan receivables to increase for the remainder of 2024, we expect the rate of growth to moderate.

All of the factors discussed above and in our 2023 Form 10-K, such as customer payment behavior and the CFPB final rule on credit card late fees, will continue to have an effect on our loan receivables and interest income. For additional discussion of those factors, please see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Trends and Conditions—CFPB final rule on credit card late fees*" and "*—Growth in loan receivables and interest income*" in our 2023 Form 10-K.

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.

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.

Results of Operations

Highlights for the Three and Six Months Ended June 30, 2024

Below are highlights of our performance for the three and six months ended June 30, 2024 compared to the three and six months ended June 30, 2023, as applicable, except as otherwise noted.

- Net earnings increased to \$643 million from \$569 million and to \$1.9 billion from \$1.2 billion for the three and six months ended June 30, 2024. The increase in the three months ended June 30, 2024 was primarily driven by higher net interest income and lower retailer share arrangements, partially offset by an increase in provision for credit losses. The increase in the six months ended June 30, 2024 was primarily driven by the after-tax gain on sale related to Pets Best of \$802 million, as well as the same trends experienced in the three months ended June 30, 2024.
- Loan receivables increased 7.9% to \$102.3 billion at June 30, 2024 compared to \$94.8 billion at June 30, 2023, primarily driven by lower customer payment rates and the completion of the Ally Lending acquisition.
- Net interest income increased 6.9% to \$4.4 billion and 7.8% to \$8.8 billion for the three and six months ended June 30, 2024, respectively. Interest and fees on loans increased 10.2% and 12.4% for the three and six months ended June 30, 2024, respectively, primarily driven by growth in average loan receivables and higher benchmark rates. For the three and six months ended June 30, 2024, interest expense increased 30.6% and 43.0%, respectively, due to higher benchmark rates and higher interest-bearing liabilities.
- Retailer share arrangements decreased 8.7% to \$810 million and 12.7% to \$1.6 billion for the three and six months ended June 30, 2024, respectively, primarily due to higher net charge-offs, partially offset by higher net interest income.
- Over-30 day loan delinquencies as a percentage of period-end loan receivables increased 63 basis points to 4.47% at June 30, 2024 compared to June 30, 2023. The net charge-off rate increased 167 basis points to 6.42% and increased 175 basis points to 6.37% for the three and six months ended June 30, 2024, respectively.
- Provision for credit losses increased by \$308 million, or 22.3%, and \$902 million, or 33.7%, for the three and six months ended June 30, 2024, respectively, primarily driven by higher net charge-offs, partially offset by lower reserve builds. The reserve build in the six months ended June 30, 2024 included \$180 million related to the Ally Lending acquisition. Our allowance coverage ratio (allowance for credit losses as a percentage of period-end loan receivables) increased to 10.74% at June 30, 2024, as compared to 10.34% at June 30, 2023.
- Other income increased by \$56 million to \$117 million, and by \$1.1 billion to \$1.3 billion for the three and six months ended June 30, 2024, respectively. The increase in the three months ended June 30, 2024 was primarily driven by a gain of \$51 million related to an exchange of Visa Class B-1 common stock as well as the initial impact of our product, pricing and policy change related fees, partially offset by the impact of the Pets Best disposition. The increase in the six months ended June 30, 2024 was primarily driven by the gain on sale related to the Pets Best disposition.
- Other expense increased by \$8 million, or 0.7%, and \$95 million, or 4.2%, for the three and six months ended June 30, 2024, respectively. The increase in the three months ended June 30, 2024 was primarily driven by technology investments, preparatory expenses related to the late fee rule change and servicing costs related to the newly acquired business, partially offset by lower operational losses and cost discipline resulting in lower employee and marketing costs. The increase for the six months ended June 30, 2024 was primarily driven by these same factors, other than employee costs which increased primarily attributable to an increase in headcount driven by growth.
- At June 30, 2024, deposits represented 84% of our total funding sources. Total deposits increased by 2.4% to \$83.1 billion at June 30, 2024, compared to December 31, 2023.

- During the six months ended June 30, 2024, we declared and paid cash dividends totaling \$30 million on our Series A 5.625% fixed rate non-cumulative perpetual preferred stock and our Series B 8.250% fixed rate reset non-cumulative perpetual preferred stock.
- During the six months ended June 30, 2024, we repurchased \$600 million of our outstanding common stock, and declared and paid cash dividends of \$0.50 per share, or \$202 million in the aggregate. In April 2024, the Board of Directors approved an incremental share repurchase program of up to \$1.0 billion, through June 30, 2025, and maintained the quarterly dividend at its current amount of \$0.25 per common share. At June 30, 2024 we had a total share repurchase authorization of \$1.0 billion remaining. For more information, see “Capital—Dividend and Share Repurchases.”
- In March 2024, we sold our wholly-owned subsidiary, Pets Best, for consideration comprising a combination of cash and an equity interest in Independence Pet Holdings, Inc. The sale resulted in the recognition of a gain on sale of \$1.1 billion, or \$802 million net of tax.
- In March 2024, we acquired Ally Lending for cash consideration of \$2.0 billion. The assets and liabilities of Ally Lending primarily included loan receivables with an unpaid principal balance of \$2.2 billion. See Note 3. *Acquisitions and Dispositions* to our condensed consolidated financial statements for additional information.

2024 Partner Agreements

During the six months ended June 30, 2024, we continued to expand and diversify our portfolio with the addition or renewal of more than 40 partners, which included the following:

- In our Home & Auto sales platform, we announced our new partnerships with Bel Furniture and The Carpet Guys and extended our program agreements with Associated Materials, BrandsMart and Jerome's Furniture Warehouse.
- In our Digital sales platform, we announced our new partnership with Virgin Red and extended our program agreement with Verizon.
- In our Health & Wellness sales platform, we expanded our network through our new partnership with Lakefield Veterinary Group and LaserAway and extended our program agreements with Bosley, Innovetive and SCI.
- In our Lifestyle sales platform, we announced our new partnership with BRP and extended our program agreement with EC Barton.
- We added two new strategic technology partnerships with Adit Practice Management Software and ServiceTitan, both of which expand access for customers to our suite of credit products.
- We entered into a relationship with Atlanticus Holdings Corporation to deliver a preferred second look financing solution for private label credit cards and installment loan products across our business.

Summary Earnings

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

(\$ in millions)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Interest income	\$ 5,582	\$ 5,021	\$ 11,150	\$ 9,807
Interest expense	1,177	901	2,340	1,636
Net interest income	4,405	4,120	8,810	8,171
Retailer share arrangements	(810)	(887)	(1,574)	(1,804)
Provision for credit losses	1,691	1,383	3,575	2,673
Net interest income, after retailer share arrangements and provision for credit losses	1,904	1,850	3,661	3,694
Other income	117	61	1,274	126
Other expense	1,177	1,169	2,383	2,288
Earnings before provision for income taxes	844	742	2,552	1,532
Provision for income taxes	201	173	616	362
Net earnings	\$ 643	\$ 569	\$ 1,936	\$ 1,170
Net earnings available to common stockholders	\$ 624	\$ 559	\$ 1,906	\$ 1,149

Other Financial and Statistical Data

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

(\$ in millions)	At and for the Three months ended June 30,		At and for the Six months ended June 30,	
	2024	2023	2024	2023
Financial Position Data (Average):				
Loan receivables, including held for sale	\$ 101,478	\$ 92,489	\$ 101,218	\$ 91,656
Total assets	\$ 119,864	\$ 108,401	\$ 119,450	\$ 107,128
Deposits	\$ 83,145	\$ 75,232	\$ 83,067	\$ 73,936
Borrowings	\$ 15,976	\$ 14,570	\$ 15,994	\$ 14,620
Total equity	\$ 15,522	\$ 13,435	\$ 15,067	\$ 13,425
Selected Performance Metrics:				
Purchase volume ⁽¹⁾⁽²⁾	\$ 46,846	\$ 47,276	\$ 89,233	\$ 88,833
Home & Auto	\$ 12,496	\$ 12,853	\$ 23,008	\$ 23,716
Digital	\$ 13,403	\$ 13,472	\$ 26,031	\$ 25,733
Diversified & Value	\$ 15,333	\$ 15,356	\$ 29,356	\$ 28,795
Health & Wellness	\$ 4,089	\$ 4,015	\$ 8,069	\$ 7,705
Lifestyle	\$ 1,525	\$ 1,580	\$ 2,769	\$ 2,882
Corp, Other	\$ —	\$ —	\$ —	\$ 2
Average active accounts (in thousands) ⁽²⁾⁽³⁾	70,974	69,517	71,402	69,637
Net interest margin ⁽⁴⁾	14.46 %	14.94 %	14.50 %	15.08 %
Net charge-offs	\$ 1,621	\$ 1,096	\$ 3,206	\$ 2,102
Net charge-offs as a % of average loan receivables, including held for sale	6.42 %	4.75 %	6.37 %	4.62 %
Allowance coverage ratio ⁽⁵⁾	10.74 %	10.34 %	10.74 %	10.34 %
Return on assets ⁽⁶⁾	2.2 %	2.1 %	3.3 %	2.2 %
Return on equity ⁽⁷⁾	16.7 %	17.0 %	25.8 %	17.6 %
Equity to assets ⁽⁸⁾	12.95 %	12.39 %	12.61 %	12.53 %
Other expense as a % of average loan receivables, including held for sale	4.66 %	5.07 %	4.73 %	5.03 %
Efficiency ratio ⁽⁹⁾	31.7 %	35.5 %	28.0 %	35.2 %
Effective income tax rate	23.8 %	23.3 %	24.1 %	23.6 %
Selected Period-End Data:				
Loan receivables	\$ 102,284	\$ 94,801	\$ 102,284	\$ 94,801
Allowance for credit losses	\$ 10,982	\$ 9,804	\$ 10,982	\$ 9,804
30+ days past due as a % of period-end loan receivables ⁽¹⁰⁾	4.47 %	3.84 %	4.47 %	3.84 %
90+ days past due as a % of period-end loan receivables ⁽¹⁰⁾	2.19 %	1.77 %	2.19 %	1.77 %
Total active accounts (in thousands) ⁽³⁾	70,991	70,269	70,991	70,269

(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 total 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 tables set 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.

	2024			2023		
	Average Balance	Interest Income / Expense	Average Yield / Rate ⁽¹⁾	Average Balance	Interest Income/ Expense	Average Yield / Rate ⁽¹⁾
<i>Three months ended June 30 (\$ in millions)</i>						
Assets						
Interest-earning assets:						
Interest-earning cash and equivalents ⁽²⁾	\$ 18,337	\$ 249	5.46 %	\$ 14,198	\$ 178	5.03 %
Securities available for sale	2,731	32	4.71 %	3,948	31	3.15 %
Loan receivables, including held for sale⁽³⁾:						
Credit cards	93,267	5,013	21.62 %	87,199	4,679	21.52 %
Consumer installment loans	6,085	243	16.06 %	3,359	94	11.22 %
Commercial credit products	2,001	43	8.64 %	1,808	36	7.99 %
Other	125	2	6.44 %	123	3	9.78 %
Total loan receivables, including held for sale	101,478	5,301	21.01 %	92,489	4,812	20.87 %
Total interest-earning assets	122,546	5,582	18.32 %	110,635	5,021	18.20 %
Non-interest-earning assets:						
Cash and due from banks	887			976		
Allowance for credit losses	(10,878)			(9,540)		
Other assets	7,309			6,330		
Total non-interest-earning assets	(2,682)			(2,234)		
Total assets	\$ 119,864			\$ 108,401		
Liabilities						
Interest-bearing liabilities:						
Interest-bearing deposit accounts	\$ 82,749	\$ 967	4.70 %	\$ 74,812	\$ 717	3.84 %
Borrowings of consolidated securitization entities	7,858	110	5.63 %	5,863	78	5.34 %
Senior and subordinated unsecured notes	8,118	100	4.95 %	8,707	106	4.88 %
Total interest-bearing liabilities	98,725	1,177	4.80 %	89,382	901	4.04 %
Non-interest-bearing liabilities:						
Non-interest-bearing deposit accounts	396			420		
Other liabilities	5,221			5,164		
Total non-interest-bearing liabilities	5,617			5,584		
Total liabilities	104,342			94,966		
Equity						
Total equity	15,522			13,435		
Total liabilities and equity	\$ 119,864			\$ 108,401		
Interest rate spread⁽⁴⁾			13.53 %			14.16 %
Net interest income		\$ 4,405			\$ 4,120	
Net interest margin⁽⁵⁾			14.46 %			14.94 %

	2024			2023		
	Average Balance	Interest Income / Expense	Average Yield / Rate ⁽¹⁾	Average Balance	Interest Income / Expense	Average Yield / Rate ⁽¹⁾
<i>Six months ended June 30 (\$ in millions)</i>						
Assets						
Interest-earning assets:						
Interest-earning cash and equivalents ⁽²⁾	\$ 17,871	\$ 485	5.46 %	\$ 13,287	\$ 318	4.83 %
Securities available for sale	3,082	71	4.63 %	4,358	61	2.82 %
Loan receivables, including held for sale⁽³⁾:						
Credit cards	93,743	10,109	21.69 %	86,555	9,176	21.38 %
Consumer installment loans	5,409	392	14.57 %	3,232	177	11.04 %
Commercial credit products	1,939	88	9.13 %	1,753	70	8.05 %
Other	127	5	7.92 %	116	5	8.69 %
Total loan receivables, including held for sale	101,218	10,594	21.05 %	91,656	9,428	20.74 %
Total interest-earning assets	122,171	11,150	18.35 %	109,301	9,807	18.09 %
Non-interest-earning assets:						
Cash and due from banks	915			1,000		
Allowance for credit losses	(10,777)			(9,402)		
Other assets	7,141			6,229		
Total non-interest-earning assets	(2,721)			(2,173)		
Total assets	\$ 119,450			\$ 107,128		
Liabilities						
Interest-bearing liabilities:						
Interest-bearing deposit accounts	\$ 82,674	\$ 1,921	4.67 %	\$ 73,521	\$ 1,274	3.49 %
Borrowings of consolidated securitization entities	7,620	215	5.67 %	6,045	155	5.17 %
Senior and subordinated unsecured notes	8,374	204	4.90 %	8,575	207	4.87 %
Total interest-bearing liabilities	98,668	2,340	4.77 %	88,141	1,636	3.74 %
Non-interest-bearing liabilities:						
Non-interest-bearing deposit accounts	393			415		
Other liabilities	5,322			5,147		
Total non-interest-bearing liabilities	5,715			5,562		
Total liabilities	104,383			93,703		
Equity						
Total equity	15,067			13,425		
Total liabilities and equity	\$ 119,450			\$ 107,128		
Interest rate spread⁽⁴⁾			13.58 %			14.35 %
Net interest income		\$ 8,810			\$ 8,171	
Net interest margin⁽⁵⁾			14.50 %			15.08 %

(1) Average yields/rates are based on total interest income/expense over average balances.

(2) Includes average restricted cash balances of \$61 million and \$472 million for the three months ended June 30, 2024 and 2023, respectively, and \$85 million and \$412 million for the six months ended June 30, 2024 and 2023, respectively.

(3) Interest income on loan receivables includes fees on loans, which primarily consist of late fees on our credit products, of \$609 million and \$644 million for the three months ended June 30, 2024 and 2023, respectively, and \$1.3 billion for both the six months ended June 30, 2024 and 2023, 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.

For a summary description of the composition of our key line items included in our Statements of Earnings, see *Management's Discussion and Analysis of Financial Condition and Results of Operations* in our 2023 Form 10-K.

Interest Income

Interest income increased by \$561 million, or 11.2%, and \$1.3 billion, or 13.7%, for the three and six months ended June 30, 2024, respectively, primarily driven by increases in interest and fees on loans of 10.2% and 12.4%, respectively. The increases in the three and six months ended June 30, 2024 in interest and fees on loans were primarily driven by growth in average loan receivables, lower customer payment rates and higher benchmark rates.

Average interest-earning assets

Three months ended June 30 (\$ in millions)

	2024	%	2023	%
Loan receivables, including held for sale	\$ 101,478	82.8 %	\$ 92,489	83.6 %
Liquidity portfolio and other	21,068	17.2 %	18,146	16.4 %
Total average interest-earning assets	\$ 122,546	100.0 %	\$ 110,635	100.0 %

Six months ended June 30 (\$ in millions)

	2024	%	2023	%
Loan receivables, including held for sale	\$ 101,218	82.8 %	\$ 91,656	83.9 %
Liquidity portfolio and other	20,953	17.2 %	17,645	16.1 %
Total average interest-earning assets	\$ 122,171	100.0 %	\$ 109,301	100.0 %

Average loan receivables, including held for sale, increased 9.7% and 10.4% for the three and six months ended June 30, 2024, respectively, primarily driven by lower customer payment rates. Purchase volume decreased by 0.9% for the three months ended June 30, 2024 reflecting lower consumer spend as well as the impact of credit actions. Purchase volume increased 0.5% for the six months ended June 30, 2024 reflecting growth in average active accounts and the impact of the Ally Lending acquisition, partially offset by lower consumer spend and the impact of credit actions.

Yield on average interest-earning assets

The yield on average interest-earning assets increased for the three and six months ended June 30, 2024 primarily due to increases in the yield on average loan receivables. The increases in loan receivable yield were 14 basis points to 21.01% and 31 basis points to 21.05% for the three and six months ended June 30, 2024, respectively.

Interest Expense

Interest expense increased by \$276 million to \$1.2 billion, and \$704 million to \$2.3 billion, for the three and six months ended June 30, 2024, respectively, due to higher benchmark rates and higher interest-bearing liabilities. Our cost of funds increased to 4.80% and 4.77% for the three and six months ended June 30, 2024, respectively, compared to 4.04% and 3.74% for the three and six months ended June 30, 2023, respectively.

Average interest-bearing liabilities

Three months ended June 30 (\$ in millions)

	2024	%	2023	%
Interest-bearing deposit accounts	\$ 82,749	83.8 %	\$ 74,812	83.7 %
Borrowings of consolidated securitization entities	7,858	8.0 %	5,863	6.6 %
Senior and subordinated unsecured notes	8,118	8.2 %	8,707	9.7 %
Total average interest-bearing liabilities	\$ 98,725	100.0 %	\$ 89,382	100.0 %

Six months ended June 30 (\$ in millions)

	2024	%	2023	%
Interest-bearing deposit accounts	\$ 82,674	83.8 %	\$ 73,521	83.4 %
Borrowings of consolidated securitization entities	7,620	7.7 %	6,045	6.9 %
Senior and subordinated unsecured notes	8,374	8.5 %	8,575	9.7 %
Total average interest-bearing liabilities	\$ 98,668	100.0 %	\$ 88,141	100.0 %

Net Interest Income

Net interest income increased by \$285 million, or 6.9%, and \$639 million, or 7.8%, for the three and six months ended June 30, 2024, respectively, resulting from the changes in interest income and interest expense discussed above.

Retailer Share Arrangements

Retailer share arrangements decreased by \$77 million, or 8.7%, and \$230 million, or 12.7%, for the three and six months ended June 30, 2024, respectively, primarily due to higher net charge-offs, partially offset by higher net interest income.

Provision for Credit Losses

Provision for credit losses increased by \$308 million, or 22.3%, and \$902 million, or 33.7%, for the three and six months ended June 30, 2024, respectively, primarily driven by higher net charge-offs, partially offset by lower reserve builds in the current year. The reserve build in the six months ended June 30, 2024 included \$180 million related to the Ally Lending acquisition.

Other Income

(\$ in millions)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Interchange revenue	\$ 263	\$ 262	\$ 504	\$ 494
Protection product revenue	125	125	266	240
Loyalty programs	(346)	(345)	(665)	(643)
Other	75	19	1,169	35
Total other income	\$ 117	\$ 61	\$ 1,274	\$ 126

Other income increased by \$56 million to \$117 million, and \$1.1 billion to \$1.3 billion, for the three and six months ended June 30, 2024, respectively. During the three months ended June 30, 2024, we participated in the Visa exchange offer, which included the exchange of Visa Class B-1 common stock for Visa Class C common stock, which was recorded at fair value. The increase in other income for the three months ended June 30, 2024 was driven primarily by a gain of \$51 million related to the exchange of Visa Class B-1 common stock and the initial impact of our product, pricing and policy change related fees, partially offset by lower commission fees following the Pets Best disposition.

The increase for the six months ended June 30, 2024 was primarily driven by the gain on sale related to the Pets Best disposition. The pre-tax gain amount of \$1.1 billion is included within the Other component of Other Income in our Condensed Consolidated Statements of Earnings for the six months ended June 30, 2024.

Other Expense

(\$ in millions)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Employee costs	\$ 434	\$ 451	\$ 930	\$ 902
Professional fees	236	209	456	395
Marketing and business development	129	133	254	264
Information processing	207	179	393	345
Other	171	197	350	382
Total other expense	\$ 1,177	\$ 1,169	\$ 2,383	\$ 2,288

Other expense increased by \$8 million, or 0.7% and by \$95 million, or 4.2%, for the three and six months ended June 30, 2024, respectively.

The increase in the three months ended June 30, 2024 was primarily driven by technology investments, preparatory expenses related to the late fee rule change and servicing costs related to the newly acquired business, partially offset by lower operational losses and cost discipline resulting in lower employee and marketing costs.

The increase in the six months ended June 30, 2024 was primarily driven by the same factors for the three months ended June 30, 2024, other than employee costs, which increased for the six months ended June 30, 2024 primarily attributable to an increase in headcount driven by growth.

Provision for Income Taxes

(\$ in millions)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Effective tax rate	23.8 %	23.3 %	24.1 %	23.6 %
Provision for income taxes	\$ 201	\$ 173	\$ 616	\$ 362

The effective tax rate for the three months ended June 30, 2024 increased compared to the same period in the prior year primarily due to the impact of research and development credits recorded in the prior period. The effective tax rate for the six months ended June 30, 2024 increased compared to the same period in the prior year primarily due to an increase in state tax expense in the current period related to the Pets Best disposition. For both periods presented, the effective tax rate differs from the applicable U.S. federal statutory tax rate primarily due to state income taxes.

Platform Analysis

As discussed above under “—Our Sales Platforms,” we offer our credit products primarily 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 three and six months ended June 30, 2024, for each of our five sales platforms and Corp, Other.

Home & Auto

(\$ in millions)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Purchase volume	\$ 12,496	\$ 12,853	\$ 23,008	\$ 23,716
Period-end loan receivables	\$ 32,822	\$ 30,926	\$ 32,822	\$ 30,926
Average loan receivables, including held for sale	\$ 32,592	\$ 30,210	\$ 32,228	\$ 29,951
Average active accounts (in thousands)	19,335	18,935	19,176	18,769
Interest and fees on loans	\$ 1,419	\$ 1,275	\$ 2,801	\$ 2,500
Other income	\$ 38	\$ 27	\$ 71	\$ 52

Home & Auto interest and fees on loans increased by \$144 million, or 11.3%, and increased by \$301 million, or 12.0%, for the three and six months ended June 30, 2024, respectively, primarily driven by higher average loan receivables and higher benchmark rates. The increase in average loan receivables for both periods primarily reflects the completion of the Ally Lending acquisition as well as the impact of lower customer payment rates. Purchase volume decreased 2.8% and 3.0% for the three and six months ended June 30, 2024, as growth in Home Specialty and the impact of the Ally Lending acquisition were more than offset by a combination of lower consumer traffic, fewer large ticket purchases and the impact of credit actions.

Digital

(\$ in millions)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Purchase volume	\$ 13,403	\$ 13,472	\$ 26,031	\$ 25,733
Period-end loan receivables	\$ 27,704	\$ 25,758	\$ 27,704	\$ 25,758
Average loan receivables, including held for sale	\$ 27,542	\$ 25,189	\$ 27,812	\$ 25,086
Average active accounts (in thousands)	20,920	20,559	21,142	20,570
Interest and fees on loans	\$ 1,544	\$ 1,422	\$ 3,111	\$ 2,785
Other income	\$ —	\$ (2)	\$ 6	\$ (1)

Digital interest and fees on loans increased by \$122 million, or 8.6%, and \$326 million, or 11.7%, for the three and six months ended June 30, 2024, respectively, primarily driven by growth in average loan receivables, lower payment rates and higher benchmark rates. Purchase volume decreased by 0.5% for the three months ended June 30, 2024 as continued customer engagement through growth in average active accounts was more than offset by lower consumer spend per account and the impact of credit actions. Purchase volume increased by 1.2% for the six months ended June 30, 2024, primarily reflecting continued customer engagement through growth in average active accounts. Average active accounts increased 1.8% and 2.8%, for the three and six months ended June 30, 2024, respectively.

Diversified & Value

(\$ in millions)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Purchase volume	\$ 15,333	\$ 15,356	\$ 29,356	\$ 28,795
Period-end loan receivables	\$ 19,516	\$ 18,329	\$ 19,516	\$ 18,329
Average loan receivables, including held for sale	\$ 19,360	\$ 17,935	\$ 19,477	\$ 17,825
Average active accounts (in thousands)	20,253	20,346	20,691	20,652
Interest and fees on loans	\$ 1,165	\$ 1,091	\$ 2,379	\$ 2,161
Other income	\$ (22)	\$ (21)	\$ (39)	\$ (35)

Diversified & Value interest and fees on loans increased by \$74 million, or 6.8%, and \$218 million, or 10.1%, for the three and six months ended June 30, 2024, respectively, primarily driven by growth in average loan receivables, lower payment rates and higher benchmark rates. Purchase volume was flat for the three months ended June 30, 2024 as growth in out-of-partner spend was offset by the impact of credit actions. Purchase volume increased by 1.9%, for the six months ended June 30, 2024, reflecting growth in both in-partner and out-of-partner spend, partially offset by the impact of credit actions. Average active accounts remained flat and increased by 0.2%, for the three and six months ended June 30, 2024, respectively.

Health & Wellness

(\$ in millions)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Purchase volume	\$ 4,089	\$ 4,015	\$ 8,069	\$ 7,705
Period-end loan receivables	\$ 15,280	\$ 13,327	\$ 15,280	\$ 13,327
Average loan receivables, including held for sale	\$ 15,111	\$ 12,859	\$ 14,904	\$ 12,585
Average active accounts (in thousands)	7,752	7,063	7,670	6,976
Interest and fees on loans	\$ 911	\$ 786	\$ 1,780	\$ 1,521
Other income	\$ 48	\$ 54	\$ 114	\$ 115

Health & Wellness interest and fees on loans increased by \$125 million, or 15.9%, and \$259 million, or 17.0%, for the three and six months ended June 30, 2024, respectively, primarily driven by higher average loan receivables. The growth in average loan receivables for both periods reflected higher purchase volume and lower customer payment rates, as well as the completion of the Ally Lending acquisition. Purchase volume increased 1.8% and 4.7%, respectively, and average active accounts increased 9.8% and 9.9% for the three and six months ended June 30, 2024, respectively, reflecting broad-based growth led by Pet, partially offset by lower spend in Vision.

Other income decreased by \$6 million, or 11.1%, and \$1 million, or 0.9%, for the three and six months ended June 30, 2024, respectively. The decrease for the three months ended June 30, 2024 was primarily due to lower commission fees following the Pets Best disposition, partially offset by lower loyalty costs. The decrease for the six months ended June 30, 2024 was primarily due to lower commission fees following the Pets Best disposition, partially offset by higher protection product revenue.

Lifestyle

(\$ in millions)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Purchase volume	\$ 1,525	\$ 1,580	\$ 2,769	\$ 2,882
Period-end loan receivables	\$ 6,822	\$ 6,280	\$ 6,822	\$ 6,280
Average loan receivables, including held for sale	\$ 6,723	\$ 6,106	\$ 6,677	\$ 6,013
Average active accounts (in thousands)	2,662	2,529	2,665	2,575
Interest and fees on loans	\$ 258	\$ 232	\$ 513	\$ 455
Other income	\$ 6	\$ 7	\$ 14	\$ 14

Lifestyle interest and fees on loans increased by \$26 million, or 11.2%, and \$58 million, or 12.7%, for the three and six months ended June 30, 2024, respectively, primarily driven by growth in average loan receivables and higher benchmark rates. The growth in average loan receivables for both periods reflected lower customer payment rates. Purchase volume decreased by 3.5% and 3.9% for the three and six months ended June 30, 2024, respectively, reflecting lower transaction values and the impact of credit actions.

Corp, Other

(\$ in millions)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Purchase volume	\$ —	\$ —	\$ —	\$ 2
Period-end loan receivables	\$ 140	\$ 181	\$ 140	\$ 181
Average loan receivables, including held for sale	\$ 150	\$ 190	\$ 120	\$ 196
Average active accounts (in thousands)	52	85	58	95
Interest and fees on loans	\$ 4	\$ 6	\$ 10	\$ 6
Other income	\$ 47	\$ (4)	\$ 1,108	\$ (19)

Other income increased by \$51 million for the three months ended June 30, 2024, primarily due to the gain related to the exchange of Visa B-1 shares.

Other income for the six months ended June 30, 2024 in Corp, Other primarily included the gain on sale related to the Pets Best disposition of \$1.1 billion.

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 condensed 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 June 30, 2024	(%)	At December 31, 2023	(%)
Loan receivables				
Credit cards	\$ 94,091	92.0 %	\$ 97,043	94.2 %
Consumer installment loans	6,072	5.9	3,977	3.9
Commercial credit products	2,003	2.0	1,839	1.8
Other	118	0.1	129	0.1
Total loan receivables	\$ 102,284	100.0 %	\$ 102,988	100.0 %

Loan receivables decreased 0.7% to \$102.3 billion at June 30, 2024 compared to \$103.0 billion at December 31, 2023, primarily driven by the seasonality of our business, partially offset by the Ally Lending acquisition and lower customer payment rates. Loan receivables related to the Ally Lending acquisition are included within Consumer installment loans at June 30, 2024 in the table above.

Loan receivables increased 7.9% to \$102.3 billion at June 30, 2024 compared to \$94.8 billion at June 30, 2023 driven by lower customer payment rates and the completion of the Ally Lending acquisition.

Our loan receivables portfolio had the following geographic concentration at June 30, 2024.

(\$ in millions)	Loan Receivables Outstanding	% of Total Loan Receivables Outstanding
State		
Texas	\$ 11,231	11.0 %
California	\$ 10,507	10.3 %
Florida	\$ 9,506	9.3 %
New York	\$ 4,885	4.8 %
North Carolina	\$ 4,320	4.2 %

Delinquencies

Over-30 day loan delinquencies as a percentage of period-end loan receivables increased to 4.47% at June 30, 2024 from 3.84% at June 30, 2023, and decreased from 4.74% at December 31, 2023. The increase compared to June 30, 2023, was primarily driven by lower customer payment rates. The decrease in delinquency rate during the six months ended June 30, 2024, was primarily driven by the seasonality of our business.

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 Condensed Consolidated Statements of Earnings.

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

(\$ in millions)	Three months ended June 30,			
	2024		2023	
	Amount	Rate	Amount	Rate
Credit cards	\$ 1,493	6.44 %	\$ 1,025	4.71 %
Consumer installment loans	92	6.08 %	39	4.66 %
Commercial credit products	35	7.03 %	32	7.10 %
Other	1	3.21 %	—	— %
Total net charge-offs	\$ 1,621	6.42 %	\$ 1,096	4.75 %

(\$ in millions)	Six months ended June 30,			
	2024		2023	
	Amount	Rate	Amount	Rate
Credit cards	\$ 2,963	6.36 %	\$ 1,963	4.57 %
Consumer installment loans	174	6.47 %	78	4.87 %
Commercial credit products	68	7.05 %	61	7.02 %
Other	1	1.58 %	—	— %
Total net charge-offs	\$ 3,206	6.37 %	\$ 2,102	4.62 %

Allowance for Credit Losses

The allowance for credit losses totaled \$11.0 billion at June 30, 2024, compared to \$10.6 billion at December 31, 2023, respectively, and \$9.8 billion at June 30, 2023, and reflects our estimate of expected credit losses for the life of the loan receivables on our Condensed Consolidated Statement of Financial Position. Our allowance for credit losses as a percentage of total loan receivables increased to 10.74% at June 30, 2024, from 10.26% at December 31, 2023 and increased from 10.34% at June 30, 2023.

The increase in allowance for credit losses compared to December 31, 2023 includes the addition of the Ally Lending portfolio. See Note 5. *Loan Receivables and Allowance for Credit Losses* to our condensed consolidated financial statements for additional information.

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:

	2024			2023		
	Average Balance	%	Average Rate	Average Balance	%	Average Rate
<i>Three months ended June 30 (\$ in millions)</i>						
Deposits ⁽¹⁾	\$ 82,749	83.8 %	4.7 %	\$ 74,812	83.7 %	3.8 %
Securitized financings	7,858	8.0	5.6 %	5,863	6.6	5.3 %
Senior and subordinated unsecured notes	8,118	8.2	5.0 %	8,707	9.7	4.9 %
Total	\$ 98,725	100.0 %	4.8 %	\$ 89,382	100.0 %	4.0 %

(1) Excludes \$396 million and \$420 million average balance of non-interest-bearing deposits for the three months ended June 30, 2024 and 2023, respectively. Non-interest-bearing deposits comprise less than 10% of total deposits for the three months ended June 30, 2024 and 2023.

	2024			2023		
	Average Balance	%	Average Rate	Average Balance	%	Average Rate
<i>Six months ended June 30 (\$ in millions)</i>						
Deposits ⁽¹⁾	\$ 82,674	83.8 %	4.7 %	\$ 73,521	83.4 %	3.5 %
Securitized financings	7,620	7.7	5.7 %	6,045	6.9	5.2 %
Senior and subordinated unsecured notes	8,374	8.5	4.9 %	8,575	9.7	4.9 %
Total	\$ 98,668	100.0 %	4.8 %	\$ 88,141	100.0 %	3.7 %

(1) Excludes \$393 million and \$415 million average balance of non-interest-bearing deposits for the six months ended June 30, 2024 and 2023, respectively. Non-interest-bearing deposits comprise less than 10% of total deposits for the six months ended June 30, 2024 and 2023.

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 June 30, 2024, we had \$70.8 billion in direct deposits and \$12.3 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:

	2024			2023		
	Average Balance	%	Average Rate	Average Balance	%	Average Rate
<i>Three months ended June 30 (\$ in millions)</i>						
Direct deposits:						
Certificates of deposit (including IRA certificates of deposit)	\$ 40,698	49.2 %	4.8 %	\$ 32,722	43.7 %	3.6 %
Savings, money market, and demand accounts	29,675	35.9	4.6 %	28,893	38.6	4.1 %
Brokered deposits	12,376	14.9	4.5 %	13,197	17.7	3.9 %
Total interest-bearing deposits	\$ 82,749	100.0 %	4.7 %	\$ 74,812	100.0 %	3.8 %

	2024			2023		
	Average Balance	%	Average Rate	Average Balance	%	Average Rate
<i>Six months ended June 30 (\$ in millions)</i>						
Direct deposits:						
Certificates of deposit (including IRA certificates of deposit)	\$ 40,694	49.2 %	4.8 %	\$ 30,935	42.1 %	3.2 %
Savings, money market, and demand accounts	29,057	35.2	4.6 %	29,401	40.0	3.7 %
Brokered deposits	12,923	15.6	4.5 %	13,185	17.9	3.7 %
Total interest-bearing deposits	\$ 82,674	100.0 %	4.7 %	\$ 73,521	100.0 %	3.5 %

Our deposit liabilities provide funding with maturities ranging from one day to ten years. At June 30, 2024, the weighted average maturity of our interest-bearing time deposits was 1.0 years. See Note 8. *Deposits* to our condensed consolidated financial statements for more information on the maturities of our time deposits.

The following table summarizes deposits by contractual maturity at June 30, 2024:

<i>(\$ in millions)</i>	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⁾	\$ 35,930	\$ 4,968	\$ 14,049	\$ 10,940	\$ 65,887
U.S. deposits (in excess of FDIC insurance limit)⁽²⁾					
Direct deposits:					
Certificates of deposit (including IRA certificates of deposit)	2,162	1,446	4,755	2,211	10,574
Savings, money market, and demand accounts	6,639	—	—	—	6,639
Total	\$ 44,731	\$ 6,414	\$ 18,804	\$ 13,151	\$ 83,100

(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 June 30, 2024 was approximately \$5.8 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").

The following table summarizes expected contractual maturities of the investors' interests in securitized financings, excluding debt premiums, discounts and issuance costs at June 30, 2024.

(\$ 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	\$ 800	\$ 1,100	\$ —	\$ —	\$ 1,900
SFT	475	975	—	—	1,450
SYNIT ⁽¹⁾	1,000	3,175	—	—	4,175
Total long-term borrowings—owed to securitization investors	\$ 2,275	\$ 5,250	\$ —	\$ —	\$ 7,525

(1) Excludes any subordinated classes of SYNIT notes that we owned at June 30, 2024.

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 June 30, 2024.

	Note Principal Balance (\$ in millions)	# of Series Outstanding	Three-Month Rolling Average Excess Spread ⁽¹⁾
SYNCT	\$ 1,900	4	~ 14.5% to 15.5%
SFT	\$ 1,450	5	12.1 %
SYNIT	\$ 4,175	1	17.0 %

(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 June 30, 2024.

Senior and Subordinated Unsecured Notes

The following table provides a summary of our outstanding fixed rate senior and subordinated unsecured notes at June 30, 2024.

Issuance Date	Interest Rate ⁽¹⁾	Maturity	Principal Amount Outstanding ⁽²⁾
<i>(\$ in millions)</i>			
Fixed rate senior unsecured notes:			
<i>Synchrony Financial</i>			
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	5.150%	March 2029	650
October 2021	2.875%	October 2031	750
June 2022	4.875%	June 2025	750
<i>Synchrony Bank</i>			
August 2022	5.400%	August 2025	900
August 2022	5.625%	August 2027	600
Fixed rate subordinated unsecured notes:			
<i>Synchrony Financial</i>			
February 2023	7.250%	February 2033	750
Total fixed rate senior and subordinated unsecured notes			\$ 8,150

(1) Weighted average interest rate of all senior and subordinated unsecured notes at June 30, 2024 was 4.72%.

(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 indentures pursuant to which our senior and subordinated unsecured notes have been issued include various covenants. If we do not satisfy any of these covenants, the maturity of amounts outstanding thereunder may be accelerated and become payable. We were in compliance with all of these covenants at June 30, 2024.

At June 30, 2024, 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 June 30, 2024 had \$20.0 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 \$16.8 billion of liquid assets at December 31, 2023. The increase in liquid assets was primarily due to the seasonality of our business, deposit growth and the proceeds from the Pets Best disposition, as well as issuances of secured notes and preferred stock. We believe our liquidity position at June 30, 2024 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 June 30, 2024, we had an aggregate of \$10.2 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—Regulation Relating to Our Business—Savings Association Regulation—Dividends and Stock Repurchases" in our 2023 Form 10-K.

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.

Beginning in 2024, we are now subject to the Federal Reserve Board's formal capital plan submission requirements and have submitted our capital plan to the Federal Reserve Board.

Dividend and Share Repurchases

Common Stock Cash Dividends Declared	Month of Payment	Amount per Common Share		Amount
<i>(\$ in millions, except per share data)</i>				
Three months ended March 31, 2024	February 2024	\$	0.25	\$ 102
Three months ended June 30, 2024	May 2024		0.25	100
Total dividends declared		\$	0.50	\$ 202

Series A Preferred Stock Cash Dividends Declared	Month of Payment	Amount per Preferred Share		Amount
<i>(\$ in millions, except per share data)</i>				
Three months ended March 31, 2024	February 2024	\$	14.06	\$ 11
Three months ended June 30, 2024	May 2024		14.06	10
Total Series A dividends declared		\$	28.12	\$ 21

Series B Preferred Stock Cash Dividends Declared	Month of Payment	Amount per Preferred Share		Amount
<i>(\$ in millions, except per share data)</i>				
Three months ended June 30, 2024	May 2024	\$	18.79	\$ 9
Total Series B dividends declared		\$	18.79	\$ 9

In February 2024, we issued depositary shares representing \$500 million of Series B 8.250% fixed rate reset non-cumulative perpetual preferred stock, with dividends payable quarterly beginning in May 2024. 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*” in our 2023 Form 10-K.

Common Shares Repurchased Under Publicly Announced Programs	Total Number of Shares Purchased	Dollar Value of Shares Purchased
<i>(\$ and shares in millions)</i>		
Three months ended March 31, 2024	7.5	\$ 300
Three months ended June 30, 2024	6.9	300
Total	14.4	\$ 600

During the six months ended June 30, 2024, we repurchased \$600 million of common stock as part of our 2023 share repurchase program. In April 2024, the Board of Directors approved an incremental share repurchase program of up to \$1.0 billion through June 30, 2025 (the "2024 plan"). At June 30, 2024, all of the authorization capacity under the 2024 plan remained outstanding. Repurchases under this program are subject to market conditions and other factors, including legal and regulatory restrictions and required approvals, if any.

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*” in our 2023 Form 10-K.

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 June 30, 2024, 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 June 30, 2024 and December 31, 2023, respectively.

<i>(\$ in millions)</i>	Basel III			
	At June 30, 2024		At December 31, 2023	
	Amount	Ratio⁽¹⁾	Amount	Ratio⁽¹⁾
Total risk-based capital	\$ 16,438	15.8 %	\$ 15,464	14.9 %
Tier 1 risk-based capital	\$ 14,290	13.8 %	\$ 13,334	12.9 %
Tier 1 leverage	\$ 14,290	12.0 %	\$ 13,334	11.7 %
Common equity Tier 1 capital	\$ 13,068	12.6 %	\$ 12,600	12.2 %
Risk-weighted assets	\$ 103,718		\$ 103,460	

(1) 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. For more information, see “*Capital—Regulatory Capital Requirements - Synchrony Financial*” in our 2023 Form 10-K.

Capital amounts and ratios in the above table all reflect the applicable CECL regulatory capital transition adjustment for each period. The increase in our common equity Tier 1 capital ratio compared to December 31, 2023 was primarily due to the retention of net earnings during the six months ended June 30, 2024 and the net impact of the Pets Best disposition and Ally Lending acquisition, partially offset by the third year phase-in of the impact of CECL on our regulatory capital.

Regulatory Capital Requirements - Synchrony Bank

At June 30, 2024 and December 31, 2023, 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 June 30, 2024 and December 31, 2023, and also reflects the applicable CECL regulatory capital transition adjustment for each period.

(\$ in millions)	At June 30, 2024		At December 31, 2023		Minimum to be Well-Capitalized under Prompt Corrective Action Provisions
	Amount	Ratio	Amount	Ratio	Ratio
Total risk-based capital	\$ 15,072	15.3 %	\$ 14,943	15.3 %	10.0%
Tier 1 risk-based capital	\$ 12,984	13.2 %	\$ 12,880	13.2 %	8.0%
Tier 1 leverage	\$ 12,984	11.6 %	\$ 12,880	12.0 %	5.0%
Common equity Tier 1 capital	\$ 12,984	13.2 %	\$ 12,880	13.2 %	6.5%

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" in our 2023 Form 10-K.

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 June 30, 2024, we had not recorded any contingent liabilities in our Condensed Consolidated Statement of Financial Position related to any guarantees. See Note 6 - *Variable Interest Entities* to our condensed 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 condensed consolidated financial statements for more information on our unfunded lending commitments.

Critical Accounting Estimates

In preparing our condensed 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 Condensed Consolidated Statement of Financial Position, among other effects. See “*Management’s Discussion and Analysis—Critical Accounting Estimates*” in our 2023 Form 10-K, for a detailed discussion of these critical accounting estimates.

Regulation and Supervision

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 a 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.

On March 5, 2024, the CFPB released a final rule amending its regulations that implement the Truth in Lending Act to, among other things, lower the safe harbor dollar amount for credit card late fees from the prior \$30 (adjusted to \$41 for each subsequent late payment within the next six billing cycles) to \$8 and to eliminate the automatic annual inflation adjustment to such safe harbor dollar amount. The final rule had an original effective date of May 14, 2024. Industry organizations have challenged the final rule in court, and on May 10, 2024, the United States District Court for the Northern District of Texas granted an injunction and stay of the final rule, and the injunction granted remains in effect. The final outcome of such challenge, including the impact on the final rule, is uncertain. See “*Business Trends and Conditions*” above for the anticipated financial impacts related to the final rule.

On June 20, 2024, the FDIC released a final rule imposing additional requirements for the content of resolution plans submitted by insured depository institutions with \$100 billion or more in total assets, including the Bank, following the rule’s effective date of October 1, 2024. Under the final rule, 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. Our first resolution plan under the final rule is due on July 1, 2025 and we will be required to file a resolution plan once every three years thereafter. Additionally, we will be required to submit interim supplements annually. We are evaluating the impact of the final rule.

See “*Regulation—Regulation Relating to Our Business*” in our 2023 Form 10-K for additional information on regulations that apply to us, and “*—Capital*” above, for discussion of the impact of regulations and supervision on our capital and liquidity, including our ability to pay dividends and repurchase stock.

ITEM 1. FINANCIAL STATEMENTS

Synchrony Financial and subsidiaries Condensed Consolidated Statements of Earnings (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
<i>(\$ in millions, except per share data)</i>				
Interest income:				
Interest and fees on loans (Note 5)	\$ 5,301	\$ 4,812	\$ 10,594	\$ 9,428
Interest on cash and debt securities	281	209	556	379
Total interest income	5,582	5,021	11,150	9,807
Interest expense:				
Interest on deposits	967	717	1,921	1,274
Interest on borrowings of consolidated securitization entities	110	78	215	155
Interest on senior and subordinated unsecured notes	100	106	204	207
Total interest expense	1,177	901	2,340	1,636
Net interest income	4,405	4,120	8,810	8,171
Retailer share arrangements	(810)	(887)	(1,574)	(1,804)
Provision for credit losses (Note 5)	1,691	1,383	3,575	2,673
Net interest income, after retailer share arrangements and provision for credit losses	1,904	1,850	3,661	3,694
Other income:				
Interchange revenue	263	262	504	494
Protection product revenue	125	125	266	240
Loyalty programs	(346)	(345)	(665)	(643)
Other (Note 3)	75	19	1,169	35
Total other income	117	61	1,274	126
Other expense:				
Employee costs	434	451	930	902
Professional fees	236	209	456	395
Marketing and business development	129	133	254	264
Information processing	207	179	393	345
Other	171	197	350	382
Total other expense	1,177	1,169	2,383	2,288
Earnings before provision for income taxes	844	742	2,552	1,532
Provision for income taxes (Note 14)	201	173	616	362
Net earnings	\$ 643	\$ 569	\$ 1,936	\$ 1,170
Net earnings available to common stockholders	\$ 624	\$ 559	\$ 1,906	\$ 1,149
Earnings per share (Note 12)				
Basic	\$ 1.56	\$ 1.32	\$ 4.74	\$ 2.74
Diluted	\$ 1.55	\$ 1.32	\$ 4.70	\$ 2.73

See accompanying notes to condensed consolidated financial statements.

Synchrony Financial and subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(\$ in millions)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Net earnings	\$ 643	\$ 569	\$ 1,936	\$ 1,170
Other comprehensive income (loss)				
Debt securities	—	4	(1)	28
Currency translation adjustments	(4)	2	(4)	1
Employee benefit plans	—	—	—	—
Other comprehensive income (loss)	(4)	6	(5)	29
Comprehensive income	\$ 639	\$ 575	\$ 1,931	\$ 1,199

Amounts presented net of taxes.

See accompanying notes to condensed consolidated financial statements.

Synchrony Financial and subsidiaries
Condensed Consolidated Statements of Financial Position (Unaudited)

(\$ in millions)	<u>At June 30, 2024</u>	<u>At December 31, 2023</u>
Assets		
Cash and equivalents	\$ 18,632	\$ 14,259
Debt securities (Note 4)	2,693	3,799
Loan receivables: (Notes 5 and 6)		
Unsecuritized loans held for investment	82,144	81,554
Restricted loans of consolidated securitization entities	20,140	21,434
Total loan receivables	102,284	102,988
Less: Allowance for credit losses	(10,982)	(10,571)
Loan receivables, net	91,302	92,417
Goodwill (Note 7)	1,274	1,018
Intangible assets, net (Note 7)	776	815
Other assets	5,812	4,915
Assets held for sale (Note 3)	—	256
Total assets	<u>\$ 120,489</u>	<u>\$ 117,479</u>
Liabilities and Equity		
Deposits: (Note 8)		
Interest-bearing deposit accounts	\$ 82,708	\$ 80,789
Non-interest-bearing deposit accounts	392	364
Total deposits	83,100	81,153
Borrowings: (Notes 6 and 9)		
Borrowings of consolidated securitization entities	7,517	7,267
Senior and subordinated unsecured notes	8,120	8,715
Total borrowings	15,637	15,982
Accrued expenses and other liabilities	6,212	6,334
Liabilities held for sale (Note 3)	—	107
Total liabilities	\$ 104,949	\$ 103,576
Equity:		
Preferred stock, par share value \$0.001 per share; 1,250,000 and 750,000 shares authorized at June 30, 2024 and December 31, 2023, respectively; 1,250,000 and 750,000 shares issued and outstanding at June 30, 2024 and December 31, 2023, respectively, and aggregate liquidation preference of \$1,250 at June 30, 2024 and \$750 at December 31, 2023	\$ 1,222	\$ 734
Common Stock, par share value \$0.001 per share; 4,000,000,000 shares authorized; 833,984,684 shares issued at both June 30, 2024 and December 31, 2023; 395,115,518 and 406,875,775 shares outstanding at June 30, 2024 and December 31, 2023, respectively	1	1
Additional paid-in capital	9,793	9,775
Retained earnings	20,310	18,662
Accumulated other comprehensive income (loss):		
Debt securities	(34)	(33)
Currency translation adjustments	(42)	(38)
Employee benefit plans	3	3
Treasury stock, at cost; 438,869,166 and 427,108,909 shares at June 30, 2024 and December 31, 2023, respectively	(15,713)	(15,201)
Total equity	15,540	13,903
Total liabilities and equity	<u>\$ 120,489</u>	<u>\$ 117,479</u>

See accompanying notes to condensed consolidated financial statements.

Synchrony Financial and subsidiaries
Condensed Consolidated Statements of Changes in Equity (Unaudited)

(\$ in millions, shares in thousands)	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Equity
	Shares Issued	Amount	Shares Issued	Amount					
Balance at January 1, 2023	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	—	—	—	—	—	601	—	—	601
Other comprehensive income	—	—	—	—	—	—	23	—	23
Purchases of treasury stock	—	—	—	—	—	—	—	(404)	(404)
Stock-based compensation	—	—	—	—	(13)	(59)	—	61	(11)
Dividends - Series A preferred stock (\$14.06 per share)	—	—	—	—	—	(11)	—	—	(11)
Dividends - common stock (\$0.23 per share)	—	—	—	—	—	(100)	—	—	(100)
Balance at March 31, 2023	750	\$ 734	833,985	\$ 1	\$ 9,705	\$ 17,369	\$ (102)	\$ (14,514)	\$ 13,193
Net earnings	—	—	—	—	—	569	—	—	569
Other comprehensive income	—	—	—	—	—	—	6	—	6
Purchases of treasury stock	—	—	—	—	—	—	—	(303)	(303)
Stock-based compensation	—	—	—	—	22	(1)	—	3	24
Dividends - Series A preferred stock (\$14.06 per share)	—	—	—	—	—	(10)	—	—	(10)
Dividends - common stock (\$0.23 per share)	—	—	—	—	—	(99)	—	—	(99)
Balance at June 30, 2023	750	\$ 734	833,985	\$ 1	\$ 9,727	\$ 17,828	\$ (96)	\$ (14,814)	\$ 13,380

	Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Equity
	Shares Issued	Amount	Shares Issued	Amount					
<i>(\$ in millions, shares in thousands)</i>									
Balance at January 1, 2024	750	\$ 734	833,985	\$ 1	\$ 9,775	\$ 18,662	\$ (68)	\$ (15,201)	\$ 13,903
Net earnings	—	—	—	—	—	1,293	—	—	1,293
Other comprehensive income	—	—	—	—	—	—	(1)	—	(1)
Issuance of preferred stock	500	488	—	—	—	—	—	—	488
Purchases of treasury stock	—	—	—	—	—	—	—	(300)	(300)
Stock-based compensation	—	—	—	—	(7)	(52)	—	71	12
Dividends - Series A preferred stock (\$14.06 per share)	—	—	—	—	—	(11)	—	—	(11)
Dividends - common stock (\$0.25 per share)	—	—	—	—	—	(102)	—	—	(102)
Balance at March 31, 2024	1,250	\$ 1,222	833,985	\$ 1	\$ 9,768	\$ 19,790	\$ (69)	\$ (15,430)	\$ 15,282
Net earnings	—	—	—	—	—	643	—	—	643
Other comprehensive income	—	—	—	—	—	—	(4)	—	(4)
Purchases of treasury stock	—	—	—	—	—	—	—	(305)	(305)
Stock-based compensation	—	—	—	—	25	(4)	—	22	43
Dividends - Series A preferred stock (\$14.06 per share)	—	—	—	—	—	(10)	—	—	(10)
Dividends - Series B preferred stock (\$18.79 per share)	—	—	—	—	—	(9)	—	—	(9)
Dividends - common stock (\$0.25 per share)	—	—	—	—	—	(100)	—	—	(100)
Balance at June 30, 2024	1,250	\$ 1,222	833,985	\$ 1	\$ 9,793	\$ 20,310	\$ (73)	\$ (15,713)	\$ 15,540

See accompanying notes to condensed consolidated financial statements.

Synchrony Financial and subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)

(\$ in millions)	Six months ended June 30,	
	2024	2023
Cash flows - operating activities		
Net earnings	\$ 1,936	\$ 1,170
Adjustments to reconcile net earnings to cash provided from operating activities		
Provision for credit losses	3,575	2,673
Deferred income taxes	(8)	(151)
Depreciation and amortization	240	224
(Increase) decrease in interest and fees receivable	209	(183)
(Increase) decrease in other assets	(120)	(124)
Increase (decrease) in accrued expenses and other liabilities	(239)	(179)
Gain on sale of business	(1,069)	—
All other operating activities	208	364
Cash provided from (used for) operating activities	4,732	3,794
Cash flows - investing activities		
Maturity and sales of debt securities	2,196	2,018
Purchases of debt securities	(1,047)	(1,212)
Acquisitions, net of cash acquired	(1,935)	—
Proceeds from sale of business, net of cash and restricted cash sold	491	—
Net (increase) decrease in loan receivables, including held for sale	(1,092)	(5,014)
All other investing activities	(322)	(289)
Cash provided from (used for) investing activities	(1,709)	(4,497)
Cash flows - financing activities		
Borrowings of consolidated securitization entities		
Proceeds from issuance of securitized debt	947	250
Maturities and repayment of securitized debt	(700)	(957)
Senior and subordinated unsecured notes		
Proceeds from issuance of senior and subordinated unsecured notes	—	740
Maturities and repayment of senior and subordinated unsecured notes	(600)	—
Proceeds from issuance of preferred stock	488	—
Dividends paid on preferred stock	(30)	(21)
Net increase (decrease) in deposits	1,938	4,056
Purchases of treasury stock	(605)	(707)
Dividends paid on common stock	(202)	(199)
All other financing activities	1	(34)
Cash provided from (used for) financing activities	1,237	3,128
Increase (decrease) in cash and equivalents, including restricted amounts	4,260	2,425
Cash and equivalents, including restricted amounts, at beginning of period	14,420	10,430
Cash and equivalents at end of period:		
Cash and equivalents	18,632	12,706
Restricted cash and equivalents included in other assets	48	149
Total cash and equivalents, including restricted amounts, at end of period	\$ 18,680	\$ 12,855

See accompanying notes to condensed consolidated financial statements.

Synchrony Financial and subsidiaries

Notes to Condensed Consolidated Financial Statements (Unaudited)

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 condensed 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 condensed 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. We consolidate certain securitization entities under the VIE model. See Note 6. *Variable Interest Entities*.

Interim Period Presentation

The condensed consolidated financial statements and notes thereto are unaudited. These statements include all adjustments (consisting of normal recurring accruals) that we considered necessary to present a fair statement of our results of operations, financial position and cash flows. The results reported in these condensed consolidated financial statements should not be considered as necessarily indicative of results that may be expected for the entire year. These condensed consolidated financial statements should be read in conjunction with our 2023 annual consolidated financial statements and the related notes in our Annual Report on Form 10-K for the year ended December 31, 2023 (our "2023 Form 10-K").

New Accounting Standards

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.

Equity Method Investments

We use the equity method of accounting for investments where we have significant influence, but not control, over the operating and financial policies of the investee. Our assessment of significant influence includes factors such as our ownership interest, legal form, and representation on the board of directors. The Company generally records the initial investment at cost or fair value, as appropriate. Subsequently, we adjust each investment for our proportionate share of net income or loss in the investee. We amortize, where appropriate, differences between the Company's cost basis and underlying equity in net assets, which are reported in Other Income. The Company evaluates equity method investments for other-than-temporary impairment when events or changes in circumstance indicate that the carrying amount of the investment might not be recoverable.

See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our 2023 annual consolidated financial statements in our 2023 Form 10-K, for additional information on our other significant accounting policies.

NOTE 3. ACQUISITIONS AND DISPOSITIONS

Ally Lending

On March 1, 2024, we acquired Ally Financial Inc.'s point of sale financing business, ("Ally Lending") for cash consideration of \$ 2.0 billion. This acquisition deepens our presence and reach in the home improvement and health and wellness sectors, including high-growth specialty areas such as roofing, HVAC, and windows, as well as in cosmetic, audiology, and dentistry.

The Ally Lending acquisition has been accounted for as a business combination using the acquisition method of accounting and, accordingly, assets acquired and liabilities assumed were recorded at their estimated fair value as of the acquisition date.

During the three months ended June 30, 2024, adjustments to the fair value of assets acquired and liabilities assumed (measurement period adjustments) were recognized related to the acquisition as detailed in the table below.

(\$ in millions)	Amounts Recognized as of Acquisition Date (as previously reported as of March 31, 2024)	Measurement Period Adjustments	Amounts Recognized as of Acquisition Date (as adjusted)
Assets acquired			
Cash	\$ 34	\$ —	\$ 34
Loan receivables ^(a)	1,875	(198)	1,677
Intangible assets, net	23	(5)	18
Other assets	2	—	2
Total	\$ 1,934	\$ (203)	\$ 1,731
Liabilities assumed			
Other liabilities	(16)	2	(14)
Total net identifiable assets acquired	\$ 1,918	\$ (201)	\$ 1,717
Less: Total cash consideration paid	\$ 1,969	\$ —	\$ 1,969
Goodwill	\$ 51	\$ 201	\$ 252

(a) Loan discounts are recognized into interest income over the estimated remaining life of the acquired loans. The change to the provisional amount of loan discount recorded in the current period resulted in an increase in the amount of discount amortized into interest income for the three months ended June 30, 2024, including \$9 million which relates to the previous quarter.

The amounts above represent the current provisional estimated fair values of the respective assets acquired and liabilities assumed as of the date of acquisition. The changes in the estimated fair values during the three months ended June 30, 2024 reflect market participant assumptions about facts and circumstances existing at the acquisition date. The measurement period adjustments did not result from events occurring subsequent to the acquisition date.

The valuation of the assets acquired and liabilities assumed is substantially complete and will be finalized no later than one year after the acquisition date. The goodwill recognized related to the acquisition is tax-deductible and reflects the expected synergies and operational efficiencies arising from the transaction.

The acquisition primarily included loan receivables with an unpaid principal balance of \$ 2.2 billion. These loan receivables are reported within Consumer installment loans in Note 5. *Loan Receivables and Allowance for Credit Losses*. To determine the provisional 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. Including the impact of measurement period adjustments, at June 30, 2024 the provisional loan discount at the acquisition date was \$469 million, which is to be amortized into interest income over the estimated remaining life of the loans, as described within Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* within our 2023 Form 10-K. The interest and fees related to the acquired business are included in our Condensed Consolidated Statements of Earnings subsequent to the acquisition date and totaled \$113 million and \$141 million for the three months and six months ended June 30, 2024, respectively. These amounts include amortization of the loan discount recognized at acquisition of \$66 million and \$80 million, respectively. Expense activities, including those associated with the acquired business, are managed for the Company as a whole.

Loans acquired without a more-than-insignificant credit deterioration since origination are measured under the Allowance for Credit Losses model, as described within Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* within our 2023 Form 10-K. The Company's best estimate of contractual cash flows not expected to be collected at the date of acquisition was \$180 million, which is included within our allowance for credit losses, and recognized through provision for credit losses in our Condensed Consolidated Statements of Earnings for the six months ended June 30, 2024.

Included in the acquisition was \$64 million of loans that have experienced more-than-insignificant deterioration in credit quality since origination (referred to as "purchased credit deteriorated" or "PCD" assets) that were not immediately written off at the acquisition date and are subject to specific guidance upon acquisition. An allowance for PCD assets of \$39 million was recorded at the date of acquisition. Subsequent to initial recognition, the accounting for the PCD assets will generally follow the Allowance for Credit Losses model described within Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* of our 2023 Form 10-K.

Pets Best

In March 2024, we sold 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 of less than 10% in Independence Pet Holdings, Inc., ("IPH") an affiliate of Buyer. In connection with the sale, IPH also appointed two Synchrony executives to its board of directors. The sale of Pets Best resulted in the recognition of a gain on sale of \$ 1.1 billion or \$802 million, net of tax in the three months ended March 31, 2024. The pre-tax gain amount has been recognized within the Other component of Other Income in our Condensed Consolidated Statements of Earnings.

The Company's initial equity investment in IPH was recorded in Other Assets on our Condensed Consolidated Statements of Financial Position and is accounted for under the equity method of accounting. The investment was recorded at its estimated fair value at the date acquired of \$605 million. The estimated fair value at acquisition date was determined using a weighted average methodology of three approaches: a market approach which includes using a multiple of projected revenues, precedent transactions and an intrinsic value analysis. The market-multiple approach was established based on a selected group of publicly traded companies. The use of selected precedent transaction multiples was calibrated to the valuation outcome using the market approach. Intrinsic value analysis determines implied multiples primarily based upon recent market studies and forecasted performance. The change in the carrying value of our equity investment in IPH subsequent to the date acquired was not material.

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:

	June 30, 2024				December 31, 2023			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
<i>(\$ in millions)</i>								
U.S. government and federal agency	\$ 1,108	\$ —	\$ —	\$ 1,108	\$ 2,264	\$ 1	\$ (1)	\$ 2,264
State and municipal	17	—	—	17	10	—	—	10
Residential mortgage-backed ^(a)	362	—	(41)	321	392	—	(38)	354
Asset-backed ^(b)	1,242	1	(4)	1,239	1,167	4	(8)	1,163
Other	8	—	—	8	8	—	—	8
Total^(c)	\$ 2,737	\$ 1	\$ (45)	\$ 2,693	\$ 3,841	\$ 5	\$ (47)	\$ 3,799

(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 June 30, 2024 and December 31, 2023, 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 \$1.2 billion and \$360 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	
	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses
<i>(\$ in millions)</i>				
<i>At June 30, 2024</i>				
U.S. government and federal agency	\$ 764	\$ —	\$ —	\$ —
State and municipal	3	—	6	—
Residential mortgage-backed	11	—	310	(41)
Asset-backed	360	(1)	316	(3)
Other	—	—	—	—
Total	\$ 1,138	\$ (1)	\$ 632	\$ (44)
<i>At December 31, 2023</i>				
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)

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 June 30, 2024 (\$ in millions)	Amortized cost	Estimated fair value	Weighted Average yield ^(a)
Due			
Within one year	\$ 1,648	\$ 1,646	4.8 %
After one year through five years	\$ 730	\$ 729	5.1 %
After five years through ten years	\$ 159	\$ 146	1.8 %
After ten years	\$ 200	\$ 172	2.2 %

(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 six months ended June 30, 2024 and 2023.

Although we generally do not have the intent to sell any specific securities held at June 30, 2024, 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

(\$ in millions)	June 30, 2024	December 31, 2023
Credit cards	\$ 94,091	\$ 97,043
Consumer installment loans	6,072	3,977
Commercial credit products	2,003	1,839
Other	118	129
Total loan receivables, before allowance for credit losses^{(a)(b)(c)}	\$ 102,284	\$ 102,988

(a) Total loan receivables include \$20.1 billion and \$21.4 billion of restricted loans of consolidated securitization entities at June 30, 2024 and December 31, 2023, respectively. See Note 6. *Variable Interest Entities* for further information on these restricted loans.

(b) At June 30, 2024 and December 31, 2023, loan receivables included deferred costs, net of purchase discounts and deferred income, of \$283 million and \$213 million, respectively.

(c) At June 30, 2024 and December 31, 2023, \$22.1 billion and \$22.4 billion, respectively, 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 April 1, 2024	Provision charged to operations ^(c)	Gross charge-offs	Recoveries	Other	Balance at June 30, 2024
Credit cards	\$ 10,194	\$ 1,547	\$ (1,832)	\$ 339	\$ 7	\$ 10,255
Consumer installment loans	581	113	(107)	15	—	602
Commercial credit products	127	31	(37)	2	—	123
Other	3	—	(1)	—	—	2
Total	\$ 10,905	\$ 1,691	\$ (1,977)	\$ 356	\$ 7	\$ 10,982

(\$ in millions)	Balance at April 1, 2023	Provision charged to operations	Gross charge-offs	Recoveries	Balance at June 30, 2023
Credit cards	\$ 9,152	\$ 1,337	\$ (1,270)	\$ 245	\$ 9,464
Consumer installment loans	255	5	(45)	6	221
Commercial credit products	104	40	(34)	2	112
Other	6	1	—	—	7
Total	\$ 9,517	\$ 1,383	\$ (1,349)	\$ 253	\$ 9,804

(\$ in millions)	Balance at January 1, 2024	Provision charged to operations ^(c)	Gross charge-offs	Recoveries	Other ^(d)	Balance at June 30, 2024
Credit cards	\$ 10,156	\$ 3,055	\$ (3,593)	\$ 630	\$ 7	\$ 10,255
Consumer installment loans	279	458	(197)	23	39	602
Commercial credit products	131	60	(72)	4	—	123
Other	5	(2)	(1)	—	—	2
Total	\$ 10,571	\$ 3,571	\$ (3,863)	\$ 657	\$ 46	\$ 10,982

(\$ in millions)	Balance at January 1, 2023	Impact of ASU 2022-02 Adoption	Post-Adoption Balance at January 1, 2023	Provision charged to operations	Gross charge-offs	Recoveries	Balance at June 30, 2023
Credit cards	\$ 9,225	\$ (294)	\$ 8,931	\$ 2,496	\$ (2,432)	\$ 469	\$ 9,464
Consumer installment loans	208	1	209	90	(89)	11	221
Commercial credit products	87	(1)	85	88	(65)	4	112
Other	7	—	8	(1)	—	—	7
Total	\$ 9,527	\$ (294)	\$ 9,233	\$ 2,673	\$ (2,586)	\$ 484	\$ 9,804

(a) The allowance for credit losses at June 30, 2024 and 2023 reflects our estimate of expected credit losses for the life of the loan receivables on our Condensed Consolidated Statements of Financial Position at June 30, 2024 and 2023 which include the consideration of current and expected macroeconomic conditions that existed at those dates.

(b) Excluded from the table above are allowance for credit losses for loan receivables acquired and immediately written off within the period presented.

(c) Provision for credit losses in the Condensed Consolidated Statements of Earnings for the three and six months ended June 30, 2024 also includes amounts associated with off-balance sheet credit exposures recorded in Accrued expenses and other liabilities in the Condensed Consolidated Statements of Financial Position.

(d) Primarily represents allowance for credit losses for PCD assets.

The reasonable and supportable forecast period used in our estimate of credit losses at June 30, 2024 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 June 30, 2024. Expected credit loss estimates are developed using both quantitative models and qualitative adjustments, and incorporates a macroeconomic forecast, as described within Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our 2023 annual consolidated financial statements within our 2023 Form 10-K. 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 continued to experience a decrease in payment rates and total delinquent balances as a percentage of total loan receivables from the prior quarter. We also experienced an increase in net charge-offs during the six months ended June 30, 2024 and expect net charge-offs as a percentage of loan receivables to reduce in the second half of 2024. These conditions are reflected in our current estimate of expected credit losses. Our allowance for credit losses increased to \$11.0 billion during the six months ended June 30, 2024, primarily reflecting these conditions and the impact of the Ally Lending acquisition. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our 2023 annual consolidated financial statements within our 2023 Form 10-K 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:

<i>At June 30, 2024 (\$ in millions)</i>	30-89 days delinquent	90 or more days delinquent	Total past due	90 or more days delinquent and accruing	Total non-accruing
Credit cards	\$ 2,159	\$ 2,171	\$ 4,330	\$ 2,171	\$ —
Consumer installment loans	125	28	153	—	28
Commercial credit products	46	45	91	44	1
Total delinquent loans	<u>\$ 2,330</u>	<u>\$ 2,244</u>	<u>\$ 4,574</u>	<u>\$ 2,215</u>	<u>\$ 29</u>
Percentage of total loan receivables	<u>2.3 %</u>	<u>2.2 %</u>	<u>4.5 %</u>	<u>2.2 %</u>	<u>— %</u>

<i>At December 31, 2023 (\$ in millions)</i>	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	<u>\$ 2,532</u>	<u>\$ 2,353</u>	<u>\$ 4,885</u>	<u>\$ 2,330</u>	<u>\$ 23</u>
Percentage of total loan receivables	<u>2.5 %</u>	<u>2.3 %</u>	<u>4.7 %</u>	<u>2.3 %</u>	<u>— %</u>

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, including for our commercial credit products, for which a VantageScore credit score may not be available where we use alternative sources to assess their credit quality and predict behavior. The following table provides the most recent VantageScore credit scores, or equivalent, available for our revolving credit card and commercial credit product customers at June 30, 2024, December 31, 2023 and June 30, 2023, respectively, as a percentage of each class of loan receivable. The table below excludes 0.3%, 0.3% and 0.4% of our total loan receivables balance for our credit cards and commercial credit products at each of June 30, 2024, December 31, 2023 and June 30, 2023, respectively, which represents those customer accounts for which a VantageScore credit score, or equivalent, is not available.

	June 30, 2024			December 31, 2023			June 30, 2023		
	651 or higher	591 to 650	590 or less	651 or higher	591 to 650	590 or less	651 or higher	591 to 650	590 or less
Credit cards	73 %	19 %	8 %	72 %	19 %	9 %	74 %	19 %	7 %
Commercial credit products	84 %	7 %	9 %	83 %	10 %	7 %	87 %	7 %	6 %

Consumer Installment Loans

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. The tables below include information on our consumer installment loans by origination year. The amounts for the current year period include information related to loan receivables associated with the Ally Lending acquisition. See Note 3. *Acquisitions and Dispositions* for additional information.

Consumer Installment Loans by Origination Year

At June 30, 2024 (\$ in millions)	By origination year						Total
	2024	2023	2022	2021	2020	Prior	
Amortized cost basis	\$ 1,687	\$ 2,270	\$ 1,264	\$ 553	\$ 239	\$ 59	\$ 6,072
30-89 days delinquent	20	48	34	15	6	2	125
90 or more days delinquent	4	11	9	3	1	—	28

At December 31, 2023 (\$ in millions)	By origination year					Total	
	2023	2022	2021	2020	2019		
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

Gross Charge-offs for Consumer Installment Loans by Origination Year

For the six months ended (\$ in millions)	By origination year						Total
	2024	2023	2022	2021	2020	Prior	
June 30, 2024	5	97	59	24	9	3	197
June 30, 2023	—	6	47	21	11	4	89

Loan Modifications to Borrowers Experiencing Financial Difficulty

The Company adopted ASU 2022-02 at 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 since January 1, 2023. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies - Allowance for Credit Losses - Loan Modifications to Borrowers Experiencing Financial Difficulty* within our 2023 Form 10-K for additional information on our significant accounting policies related to loan modifications to borrowers experiencing financial difficulty.

The following table provides information on our loan modifications made to borrowers experiencing financial difficulty during the periods presented, which do not include loans that are classified as loan receivables held for sale:

Three months ended June 30

(\$ in millions)	2024		2023	
	Amount	% of Total Class of Loan Receivables	Amount	% of Total Class of Loan Receivables
Long-term modifications				
Credit cards	\$ 409	0.4 %	\$ 345	0.4 %
Consumer installment loans	—	— %	—	— %
Commercial credit products	2	0.1 %	2	0.1 %
Short-term modifications				
Credit cards	226	0.2 %	138	0.2 %
Consumer installment loans	—	— %	—	— %
Commercial credit products	1	— %	—	— %
Total	\$ 638	0.6 %	\$ 485	0.5 %

Six months ended June 30

(\$ in millions)	2024		2023	
	Amount	% of Total Class of Loan Receivables	Amount	% of Total Class of Loan Receivables
Long-term modifications				
Credit cards	\$ 880	0.9 %	\$ 722	0.8 %
Consumer installment loans	—	— %	—	— %
Commercial credit products	4	0.2 %	3	0.2 %
Short-term modifications				
Credit cards	473	0.5 %	277	0.3 %
Consumer installment loans	—	— %	—	— %
Commercial credit products	1	— %	—	— %
Total	\$ 1,358	1.3 %	\$ 1,002	1.1 %

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 three and six months ended June 30, 2024, the financial effect of these modifications reduced the weighted-average interest rates by 97% for both periods, respectively. For long-term modifications made in the three and six months ended June 30, 2023, the financial effect of these modifications reduced the weighted-average interest rates by 96% and 97%, respectively. For short-term modifications made in the three and six months ended June 30, 2024, unpaid balances of \$15 million and \$114 million, respectively, were forgiven. For short-term modifications made in the three and six months ended June 30, 2023, unpaid balances of \$10 million and \$67 million, respectively, were forgiven.

Performance of Loans Modified to Borrowers Experiencing Financial Difficulty

The following tables provide information on the performance of loans modified to borrowers experiencing financial difficulty which have been modified within the previous 12 months and remain in a modification program at June 30, 2024. For the comparative period, amounts represent loans that were modified subsequent to January 1, 2023 and remained in a modification program at June 30, 2023:

At June 30, 2024 (\$ in millions)	Amortized cost basis			
	Current	30-89 days delinquent	90 or more days delinquent	Total past due ^(a)
Long-term modifications				
Credit cards	\$ 993	\$ 157	\$ 133	\$ 290
Consumer installment loans	—	—	—	—
Commercial credit products	3	1	1	2
Short-term modifications				
Credit cards	67	36	45	81
Consumer installment loans	—	—	—	—
Commercial credit products	—	—	—	—
Total delinquent modified loans	<u>\$ 1,063</u>	<u>\$ 194</u>	<u>\$ 179</u>	<u>\$ 373</u>
Percentage of total loan receivables	1.0 %	0.2 %	0.2 %	0.4 %

At June 30, 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	\$ 435	\$ 109	\$ 94	\$ 203
Consumer installment loans	—	—	—	—
Commercial credit products	1	—	1	1
Short-term modifications				
Credit cards	41	24	27	51
Consumer installment loans	—	—	—	—
Commercial credit products	—	—	—	—
Total delinquent modified loans	<u>\$ 477</u>	<u>\$ 133</u>	<u>\$ 122</u>	<u>\$ 255</u>
Percentage of total loan receivables	0.5 %	0.1 %	0.1 %	0.3 %

(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 within the previous 12 months from June 30, 2024, or between January 1, 2023 and June 30, 2023 for the comparative period, and experienced a payment default and charged-off during the period presented:

Three months ended June 30 (\$ in millions, accounts in thousands)	2024		2023	
	Accounts defaulted	Loans defaulted	Accounts defaulted	Loans defaulted
Credit cards	34	\$ 96	18	\$ 38
Consumer installment loans	—	—	—	—
Commercial credit products	1	1	—	—
Total	<u>35</u>	<u>\$ 97</u>	<u>18</u>	<u>\$ 38</u>

Six months ended June 30

(\$ in millions, accounts in thousands)

	2024		2023	
	Accounts defaulted	Loans defaulted	Accounts defaulted	Loans defaulted
Credit cards	81	\$ 214	20	\$ 45
Consumer installment loans	—	—	—	—
Commercial credit products	1	2	—	—
Total	82	\$ 216	20	\$ 45

Of the loans modified to borrowers experiencing financial difficulty that enrolled in a short-term modification program within the previous 12 months from June 30, 2024, or between January 1, 2023 and June 30, 2023 for the comparative period, 56% and 43% had fully completed all required payments and successfully exited the program during the six months ended June 30, 2024 and 2023, respectively.

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 \$431 billion and \$427 billion at June 30, 2024 and December 31, 2023, 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:

(\$ in millions)	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
Credit cards ^(a)	\$ 5,013	\$ 4,679	\$ 10,109	\$ 9,176
Consumer installment loans	243	94	392	177
Commercial credit products	43	36	88	70
Other	2	3	5	5
Total^(b)	\$ 5,301	\$ 4,812	\$ 10,594	\$ 9,428

(a) Interest income on credit cards that was reversed related to accrued interest receivables written off was \$95 million and \$433 million for the three months ended June 30, 2024 and 2023, respectively, and \$1.2 billion and \$848 million for the six months ended June 30, 2024 and 2023, respectively.

(b) Deferred merchant discounts to be recognized in interest income at both June 30, 2024 and December 31, 2023, was \$0.9 billion, respectively, which are included in Accrued expenses and other liabilities in our Condensed Consolidated Statement 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 three and six months ended June 30, 2024 and 2023. 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:

(\$ in millions)	June 30, 2024	December 31, 2023
Assets		
Loan receivables, net ^(a)	\$ 18,292	\$ 19,537
Other assets ^(b)	46	47
Total	\$ 18,338	\$ 19,584
Liabilities		
Borrowings	\$ 7,517	\$ 7,267
Other liabilities	28	31
Total	\$ 7,545	\$ 7,298

(a) Includes \$1.8 billion and \$1.9 billion of related allowance for credit losses resulting in gross restricted loans of \$20.1 billion and \$21.4 billion at June 30, 2024 and December 31, 2023, respectively.

(b) Includes \$43 million and \$45 million of segregated funds held by the VIEs at June 30, 2024 and December 31, 2023, respectively, which are classified as restricted cash and equivalents and included as a component of Other assets in our Condensed Consolidated Statements of Financial Position.

The balances presented above are net of intercompany balances and transactions that are eliminated in our condensed 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 \$ 1.0 billion and \$1.0 billion for the three months ended June 30 2024 and 2023, respectively. Related expenses consisted primarily of provision for credit losses of \$257 million and \$244 million for the three months ended June 30 2024 and 2023, respectively, and interest expense of \$110 million and \$78 million for the three months ended June 30 2024 and 2023, respectively.

Income (principally, interest and fees on loans) earned by our consolidated VIEs was \$ 2.0 billion and \$1.9 billion for the six months ended June 30, 2024 and 2023, respectively. Related expenses consisted primarily of provision for credit losses of \$422 million and \$364 million for the six months ended June 30, 2024 and 2023, respectively, and interest expense of \$215 million and \$155 million for the six months ended June 30, 2024 and 2023, respectively. These amounts do not include intercompany transactions, principally fees and interest, which are eliminated in our condensed 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 Condensed Consolidated Statement of Financial Position totaled \$749 million and \$736 million at June 30, 2024 and December 31, 2023, respectively, and represents our total exposure for these entities.

For the three months ended June 30, 2024 and 2023, we recognized amortization expense of \$ 24 million and \$15 million, respectively, and tax credits and other tax benefits of \$28 million and \$24 million, respectively, associated with investments in affordable housing properties within income tax expense or benefit. For the six months ended June 30, 2024 and 2023, we recognized amortization expense of \$47 million and \$35 million, respectively, and tax credits and other tax benefits of \$56 million and \$47 million, respectively, associated with investments in affordable housing properties within income tax expense or benefit.

Our other investments in non-consolidated VIEs, totaled \$ 269 million and \$252 million at June 30, 2024 and December 31, 2023, respectively. At June 30, 2024, the Company also had investment commitments of \$215 million related to these investment s.

NOTE 7. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

(\$ in millions)

	<u>2024</u>
Balance at January 1	\$ 1,018
Change in amounts allocated to disposition of business ^(a)	4
Goodwill recognized upon acquisition	<u>252</u>
Balance at June 30	<u>\$ 1,274</u>

(a) The change in the six months ended June 30, 2024 was based upon the carrying amount of net assets of Pets Best and the final valuation of consideration received at closing.

Intangible Assets

(\$ in millions)	June 30, 2024			December 31, 2023		
	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
Capitalized software	\$ 2,123	\$ (1,410)	\$ 713	\$ 2,065	\$ (1,302)	\$ 763
Other	191	(128)	63	204	(152)	52
Total	<u>\$ 2,314</u>	<u>\$ (1,538)</u>	<u>\$ 776</u>	<u>\$ 2,269</u>	<u>\$ (1,454)</u>	<u>\$ 815</u>

During the six months ended June 30, 2024, we recorded additions to intangible assets subject to amortization of \$ 121 million, primarily related to capitalized software expenditures, as well as intangible assets of \$18 million related to the Ally Lending acquisition. See Note 3. *Acquisitions and Dispositions* for additional information.

Amortization expense was \$80 million and \$72 million for the three months ended June 30, 2024 and 2023, respectively, and \$ 160 million and \$142 million for the six months ended June 30, 2024 and 2023, respectively, and is included as a component of Other expense in our Condensed Consolidated Statements of Earnings.

NOTE 8. DEPOSITS

(\$ in millions)	June 30, 2024		December 31, 2023	
	Amount	Average rate ^(a)	Amount	Average rate ^(a)
Interest-bearing deposits	\$ 82,708	4.7 %	\$ 80,789	3.9 %
Non-interest-bearing deposits	392	—	364	—
Total deposits	\$ 83,100		\$ 81,153	

(a) Based on interest expense for the six months ended June 30, 2024 and the year ended December 31, 2023 and average deposits balances.

At June 30, 2024 and December 31, 2023, interest-bearing deposits included \$ 10.6 billion and \$ 10.0 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 June 30, 2024, our interest-bearing time deposits maturing for the remainder of 2024 and over the next four years and thereafter were as follows:

(\$ in millions)	2024	2025	2026	2027	2028	Thereafter
Deposits	\$ 16,191	\$ 25,173	\$ 1,973	\$ 2,774	\$ 1,478	\$ 558

The above maturity table excludes \$30.4 billion of demand deposits with no defined maturity, of which \$ 28.4 billion are savings accounts. In addition, at June 30, 2024, we had \$4.2 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

(\$ in millions)	June 30, 2024			December 31, 2023	
	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 - 2027	3.37% - 5.74%	4.69 %	\$ 4,167	\$ 3,417
Floating securitized borrowings	2024 - 2027	6.07% - 6.30%	6.15 %	3,350	3,850
Total borrowings of consolidated securitization entities			5.34 %	7,517	7,267
Senior unsecured notes:					
<i>Synchrony Financial senior unsecured notes:</i>					
Fixed senior unsecured notes	2024 - 2031	2.87% - 5.15%	4.20 %	5,884	6,480
<i>Synchrony Bank senior unsecured notes:</i>					
Fixed senior unsecured notes	2025 - 2027	5.40% - 5.63%	5.49 %	1,495	1,494
Total senior unsecured notes			4.46 %	7,379	7,974
Subordinated unsecured notes:					
<i>Synchrony Financial subordinated unsecured notes:</i>					
Fixed subordinated unsecured notes	2033	7.25%	7.25 %	741	741
Total senior and subordinated unsecured notes			4.72 %	8,120	8,715
Total borrowings				<u>\$ 15,637</u>	<u>\$ 15,982</u>

(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 for the remainder of 2024 and over the next four years and thereafter:

(\$ in millions)	2024	2025	2026	2027	2028	Thereafter
Borrowings	\$ 1,975	\$ 5,650	\$ 3,250	\$ 2,650	\$ —	\$ 2,150

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 June 30, 2024 and December 31, 2023, 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 June 30, 2024 and December 31, 2023, we had \$10.2 billion and \$10.4 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* in our 2023 annual consolidated financial statements within our 2023 Form 10-K. The following tables present our assets and liabilities measured at fair value on a recurring basis.

Recurring Fair Value Measurements

At June 30, 2024 (\$ in millions)

	Level 1	Level 2	Level 3	Total ^(a)
Assets				
Debt securities				
U.S. government and federal agency	\$ —	\$ 1,108	\$ —	\$ 1,108
State and municipal	—	—	17	17
Residential mortgage-backed	—	321	—	321
Asset-backed	—	1,239	—	1,239
Other	—	—	8	8
Other ^(b)	30	—	9	39
Total	\$ 30	\$ 2,668	\$ 34	\$ 2,732
Liabilities				
Other ^(c)				
	—	—	10	10
Total	\$ —	\$ —	\$ 10	\$ 10

At December 31, 2023 (\$ in millions)

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

(a) For the six months ended June 30, 2024 and 2023, 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 Condensed Consolidated Statement 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 Condensed Consolidated Statement of Financial Position.

(c) Other includes certain financial liabilities for which we have elected the fair value option. These liabilities are included in Accrued expenses and other liabilities in our Condensed Consolidated Statement 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. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* and Note 10. *Fair Value Measurements* in our 2023 annual consolidated financial statements within our 2023 Form 10-K for a description of our process to evaluate third-party pricing servicers. 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 three and six months ended June 30, 2024 and 2023, respectively, were not material.

Financial Assets and Financial Liabilities Carried at Other Than Fair Value

At June 30, 2024 (\$ 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)	\$ 18,632	\$ 18,632	\$ 18,632	\$ —	\$ —	\$ —
Other assets ^{(a)(b)}	\$ 48	\$ 48	\$ 48	\$ —	\$ —	\$ —
Financial assets carried at other than fair value:						
Loan receivables, net ^(c)	\$ 91,293	\$ 103,970	\$ —	\$ —	\$ —	\$ 103,970
Financial Liabilities						
Financial liabilities carried at other than fair value:						
Deposits	\$ 83,100	\$ 83,046	\$ —	\$ 83,046	\$ —	\$ —
Borrowings of consolidated securitization entities	\$ 7,517	\$ 7,501	\$ —	\$ 4,147	\$ —	\$ 3,354
Senior and subordinated unsecured notes	\$ 8,120	\$ 7,841	\$ —	\$ 7,841	\$ —	\$ —
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 ^(d)	\$ 112	\$ 112	\$ 112	\$ —	\$ —	\$ —
Financial assets carried at other than fair value:						
Loan receivables, net ^(c)	\$ 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	\$ —	\$ —

(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) 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.

(d) Includes \$19 million of cash and equivalents and \$93 million of restricted cash and equivalents.

Equity Securities Without Readily Determinable Fair Values

At or for the periods ended June 30 (\$ in millions)	Three months ended		Six months ended	
	2024	2023	2024	2023
Carrying value ^(a)	\$ 273	\$ 255	\$ 273	\$ 255
Upward adjustments ^(b)	—	—	—	—
Downward adjustments ^(b)	(2)	(1)	(2)	(1)

(a) Carrying value reflects cumulative purchases and sales in addition to upward and downward carrying value changes, and at December 31, 2023 was \$70 million.

(b) Between January 1, 2018 and June 30, 2024, cumulative upward and downward carrying value adjustments were \$205 million and \$(16) 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". Beginning in the first quarter of 2024 only 25% of the CECL regulatory capital transition adjustment is deferred in our regulatory capital amounts and ratios, as compared to 50% at December 31, 2023.

At June 30, 2024 and December 31, 2023, Synchrony Financial met all applicable requirements to be deemed well-capitalized pursuant to Federal Reserve Board regulations. At June 30, 2024 and December 31, 2023, 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 June 30, 2024 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 June 30, 2024 (\$ in millions)

	Actual		Minimum for capital adequacy purposes	
	Amount	Ratio ^(a)	Amount	Ratio ^(b)
Total risk-based capital	\$ 16,438	15.8 %	\$ 8,297	8.0 %
Tier 1 risk-based capital	\$ 14,290	13.8 %	\$ 6,223	6.0 %
Tier 1 leverage	\$ 14,290	12.0 %	\$ 4,745	4.0 %
Common equity Tier 1 Capital	\$ 13,068	12.6 %	\$ 4,667	4.5 %

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 %

Synchrony Bank

At June 30, 2024 (\$ 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	\$ 15,072	15.3 %	\$ 7,884	8.0 %	\$ 9,855	10.0 %
Tier 1 risk-based capital	\$ 12,984	13.2 %	\$ 5,913	6.0 %	\$ 7,884	8.0 %
Tier 1 leverage	\$ 12,984	11.6 %	\$ 4,484	4.0 %	\$ 5,605	5.0 %
Common equity Tier I capital	\$ 12,984	13.2 %	\$ 4,435	4.5 %	\$ 6,406	6.5 %

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 I capital	\$ 12,880	13.2 %	\$ 4,400	4.5 %	\$ 6,356	6.5 %

(a) Capital ratios are calculated based on the Basel III Standardized Approach rules. Capital amounts and ratios at June 30, 2024 and at December 31, 2023 in the above tables reflect the applicable CECL regulatory capital transition adjustment.

(b) At June 30, 2024 and at December 31, 2023, 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.

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. 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:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	2024	2023
<i>(in millions, except per share data)</i>				
Net earnings	\$ 643	\$ 569	\$ 1,936	\$ 1,170
Preferred stock dividends	(19)	(10)	(30)	(21)
Net earnings available to common stockholders	\$ 624	\$ 559	\$ 1,906	\$ 1,149
Weighted average common shares outstanding, basic	399.3	422.7	402.0	\$ 418.9
Effect of dilutive securities	3.3	1.5	3.4	\$ 2.2
Weighted average common shares outstanding, dilutive	402.6	424.2	\$ 405.4	\$ 421.1
Earnings per basic common share	\$ 1.56	\$ 1.32	\$ 4.74	\$ 2.74
Earnings per diluted common share	\$ 1.55	\$ 1.32	\$ 4.70	\$ 2.73

We have issued certain stock-based awards under the Synchrony Financial 2014 Long-Term Incentive Plan. A total of zero shares and 6 million shares for the three months ended June 30, 2024 and 2023, respectively, and 1 million and 5 million shares for the six months ended June 30, 2024 and 2023, respectively, related to these awards, were considered anti-dilutive and therefore were excluded from the computation of diluted earnings per common share.

NOTE 13. EQUITY AND OTHER STOCK RELATED INFORMATION

Preferred Stock

The following table summarizes the Company's preferred stock issued and outstanding at June 30, 2024 and December 31, 2023.

Series	Issuance Date	Redeemable by Issuer Beginning	Per Annum Dividend Rate	Liquidation Preference per Share	Total Shares Outstanding	June 30, 2024	December 31, 2023
<i>(\$ in millions, except per share data)</i>							
Series A ^(a)	November 14, 2019	November 15, 2024	5.625%	\$1,000	750,000	\$ 734	\$ 734
Series B ^(a)	February 23, 2024	May 15, 2029	8.25% ^(b)	\$1,000	500,000	\$ 488	\$ —
						\$ 1,222	\$ 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 of each calendar year at a fixed rate, in each case when, as and if declared by the Board of Directors.

(b) Through May 14, 2029; resets May 15, 2029 and each date falling on the fifth anniversary at 5-Year Treasury Rate plus 0.044%.

NOTE 14. INCOME TAXES

Unrecognized Tax Benefits

(\$ in millions)

	June 30, 2024	December 31, 2023
Unrecognized tax benefits, excluding related interest expense and penalties ^(a)	\$ 242	\$ 230
Portion that, if recognized, would reduce tax expense and effective tax rate ^(b)	\$ 191	\$ 182

(a) Interest and penalties related to unrecognized tax benefits were not material for all periods presented.

(b) Comprised of federal unrecognized tax benefits and state and local unrecognized tax benefits net of the effects of associated U.S. federal income taxes. Excludes amounts attributable to any related valuation allowances resulting from associated increases in deferred tax assets.

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. 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.

In the current year, the Company executed a Memorandum of Understanding with the IRS to participate voluntarily in the IRS Compliance Assurance Process ("CAP") program for the 2024 tax year, and thus the tax year is under IRS review. The IRS is also examining our 2023 tax year, and we expect the review will be completed in the current year. 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.

NOTE 15. 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 potential 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 condensed 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.

ITEM 3. 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.

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.

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 June 30, 2024.

Basis Point Change	At June 30, 2024	
<i>(\$ in millions)</i>		
-100 basis points	\$	(199)
+100 basis points	\$	31

For a more detailed discussion of our exposure to market risk, refer to " *Management's Discussion and Analysis—Quantitative and Qualitative Disclosures about Market Risk*" in our 2023 Form 10-K.

ITEM 4. 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 June 30, 2024.

No change in internal control over financial reporting occurred during the fiscal quarter ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of legal proceedings, see Note 15. *Legal Proceedings and Regulatory Matters* to our condensed consolidated financial statements in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors included in our 2023 Form 10-K under the heading “*Risk Factors Relating to Our Business*” and “*Risk Factors Relating to Regulation*”.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

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 June 30, 2024.

<i>(\$ in millions, except per share data)</i>	Total Number of Shares Purchased^(a)	Average Price Paid Per Share^(b)	Total Number of Shares Purchased as Part of Publicly Announced Programs	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Programs^{(b)(c)}
April 1 - 30, 2024	16,573	\$ 41.76	—	\$ 1,300.0
May 1 - 31, 2024	4,636,196	43.65	4,635,920	1,097.6
June 1 - 30, 2024	2,262,488	43.16	2,262,299	1,000.0
Total	6,915,257	\$ 43.49	6,898,219	\$ 1,000.0

(a) Includes 16,573 shares, 276 shares and 189 shares withheld in April, May and June, 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 2024 the Board of Directors approved an incremental share repurchase program of up to \$1.0 billion through June 30, 2025.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Trading Plans

On May 20, 2024, Brian J. Wenzel, Sr., Executive Vice President and Chief Financial Officer, entered into a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). Mr. Wenzel's plan covers the sale of an aggregate amount of 74,698 of the Company's securities, and will terminate on September 30, 2024, or an earlier date under certain circumstances specified under the terms of the plan, including if all trades are executed or all orders related to the trades under the plan expire. During the three months ended June 30, 2024, no other director or officer of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each such term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Description
3.1	Second Amended and Restated Certificate of Incorporation of Synchrony Financial (incorporated by reference to Exhibit 3.1 of Form 8-K filed by Synchrony Financial on June 13, 2024 (No. 001-36560))
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 (No. 001-36560))
10.1	Synchrony Financial 2024 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 of Form 8-K filed by Synchrony Financial on June 13, 2024 (No. 001-36560))
10.2*	Form of agreement for awards of Restricted Stock units under the Synchrony Financial 2024 Long-Term Incentive Plan to directors
10.3*	Form of agreement for awards of Restricted Stock Units under the Synchrony Financial 2024 Long-Term Incentive Plan
10.4*	Form of agreement for awards of Performance Share Units under the Synchrony Financial 2024 Long-Term Incentive Plan
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
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 Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline XBRL (included as Exhibit 101)

* Filed electronically herewith.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Synchrony Financial
(Registrant)

July 19, 2024

Date

/s/ Brian J. Wenzel Sr.

Brian J. Wenzel Sr.
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial
Officer)

**NOTICE OF AWARD OF
STOCK-SETTLED RESTRICTED STOCK UNITS
(WITH DIVIDEND EQUIVALENTS)**

Pursuant to the Synchrony Financial 2024 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. If you do not accept your Award prior to the date your Award first vests (or prior to the date you cease to serve as a member of the Board of Directors of Synchrony for any reason, if earlier), your Award will be forfeited. 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

Director Restricted Stock Unit

**SYNCHRONY FINANCIAL
2024 LONG-TERM INCENTIVE PLAN**

RESTRICTED STOCK UNIT

TERMS AND CONDITIONS

1. *Award of RSUs.* Pursuant to the Synchrony Financial 2024 Long-Term Incentive Plan (the “Plan”), Synchrony Financial (“Synchrony”) has awarded (the “Award”) to the director 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.

3. *Information on the Administrator Website.* The following information applicable to the Award is set forth on the director’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, the RSUs will vest, and the Period of Restriction applicable to the RSUs will end, upon the first (1st) anniversary of the Award Date (the “Vesting Date”); provided that the director has continuously served as a member of the Board through such Vesting Date.

(b) *Effect of Termination of Services.* If the director ceases to serve as a member of the Board for any reason before the end of the Period of Restriction, the director shall immediately forfeit all 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) *Disability or Death; Request by Synchrony.* If the director ceases to serve as a member of the Board due to Disability or death, or at the request of Synchrony, other than in connection with a Removal for Cause, the Period of Restriction for the RSUs shall end immediately and the RSUs shall be fully vested, non-forfeitable and payable. The amount payable (or Shares deliverable)

for RSUs shall not be adjusted for any delay caused by time needed to validate the director's status as Disabled or dead, or to authenticate a beneficiary.

(ii) *Termination following Change in Control.* If, in the event of a Change in Control, Synchrony (or the successor to Synchrony) assumes the RSUs or substitutes a replacement award for the RSUs, as determined by the Committee pursuant to Section 5(b) of the Plan, and during the twenty-four (24) month period after such Change in Control, the director's service is terminated by Synchrony (or the successor to Synchrony) other than in connection with a Removal for Cause, the Period of Restriction for the RSUs shall end immediately upon such termination of service 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 substitute a replacement award for the RSUs, as determined by the Committee pursuant to Section 5(b) of the Plan, then the treatment of the RSUs shall be governed by Section 5(b)(ii) of the Plan.

5. *Settlement of RSUs.* Upon the end of the Period of Restriction, Synchrony will issue to the director the number of Shares for which the Period of Restriction has ended. Except as otherwise provided in Section 4, such Shares shall be delivered within thirty (30) days after the Period of Restriction ends. Shares may be issued in the form of a stock certificate or a notification to the director that the Shares are held in a book-entry account on the director's behalf. The director shall have no rights as a shareholder of Synchrony unless and until a certificate for the Shares has been issued to the director or the director has been notified that the Shares are held in a book-entry account on the director's behalf.

6. *Alteration.* The Company may amend the provisions of this Award at any time, subject to the terms of Section 8(b) of the Plan; provided that an amendment that would adversely affect the director's rights under this Award shall be subject to the written consent of the director.

7. *Adjustments.* The number and type of Shares underlying the RSUs awarded to the director hereunder shall be subject to adjustment pursuant to Section 4(b) of the Plan.

8. *No Right to Provide Services.* Nothing in these Terms and Conditions constitutes an employment contract or gives the director the right to continue to serve as a member of the Board, or affect any right that Synchrony may have to terminate the services of the director.

9. *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.

10. *Non-Assignability.* Neither this Award nor the RSUs granted hereunder may be assigned or transferred by the director, except to the extent expressly permitted by the Plan. Any Shares issued under the RSUs, once issued to the director, shall be freely transferable.

11. *Rights as a Stockholder.* The director shall not be entitled to any privileges of ownership with respect to the Shares subject to the RSUs unless and until, and only to the extent, such Shares become vested pursuant to Section 4 hereof and the director becomes a stockholder of record with respect to such shares.

12. *Dividend Equivalents.* The director 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).

13. *Personal Data.* By accepting the Award, the director voluntarily acknowledges and consents to the collection, use, processing and transfer of personal data as described in this paragraph. The director is not obliged to consent to such collection, use, processing and transfer of personal data. However, failure to provide the consent may affect the director's ability to participate in the Plan. Synchrony and/or its Affiliates hold certain personal information about the director, including the director's name, home address and telephone number, date of birth, social security number or other 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 director'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 director'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 director 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 director's participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan. The director 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 director's ability to participate in the Plan.

14. *Section 409A.* Amounts payable, and Shares deliverable, pursuant to the RSUs are intended to be exempt from Section 409A of the Code 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 of the Code, 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 of the Code, and shall be interpreted and construed consistently with such intent, (b) all references in the Plan and this Terms and Conditions to the director's "termination of services" shall mean the director's "separation from service" within the meaning of Section 409A of the Code and Treasury regulations promulgated thereunder, and (c) any such payments or delivery of Shares which is conditioned upon the director'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. In the event that the Award or the Terms and Conditions would subject the director to taxes under Section 409A of the Code ("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 of the Code, in each case without the consent of or notice to the director; 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.

15. *Investment Representation.* The director hereby covenants that (a) any sale of any Share acquired upon the vesting of the RSUs shall be made either pursuant to an effective registration statement under the Securities Act, and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws and (b) the director shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the shares and, in connection therewith, shall execute any documents which Synchrony shall in its sole discretion deem necessary or advisable.

16. *Compliance with Applicable Law.* The RSUs are subject to the condition that if the listing, registration or qualification of the Shares subject to the RSUs upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the Shares subject to the RSUs shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to Synchrony. Synchrony agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent, approval or other action.

17. *Decisions of Board or Committee.* The Board or the Committee shall have the right to resolve all questions which may arise in connection with the RSUs. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or these Terms and Conditions shall be final, binding and conclusive.

18. *Successors.* These Terms and Conditions shall be binding upon and inure to the benefit of any successor or successors of Synchrony and any person or persons who shall, upon the death of the director, acquire any rights hereunder in accordance with these Terms and Conditions or the Plan.

19. *Entire Agreement.* These Terms and Conditions and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of Synchrony and the director with respect to the subject matter hereof.

20. *Notices.* All notices, requests or other communications provided for in this Agreement shall be made, if to Synchrony, to Synchrony Financial, Attn: Corporate Secretary, 777 Long Ridge Road, Stamford, Connecticut 06902, and if to the director, to the last known mailing address of the director contained in Synchrony's records. All notices, requests or other communications provided for in these Terms and Conditions shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to Synchrony is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of Synchrony.

EXHIBIT A

DEFINITIONS

“Disability”

“Disability” shall mean an incapacity, disability or other condition that the Committee determines, in its sole discretion, constitutes a disability and precludes the director from service as a member of the Board. An individual shall not be considered disabled unless the director furnishes proof of the existence thereof, to the extent any such proof is reasonably requested by the Committee. 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 director (or their representatives) and Synchrony.

“Period of Restriction”

The “Period of Restriction” means, for any RSU, the period prior to the date on which such RSU vests and the director becomes entitled to a Share in respect thereof.

“Removal for Cause”

“Removal for Cause” shall mean the ending of the director’s service on the Board in connection with:

- (a) a material breach by the director 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 director from providing services to 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 director 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.

**NOTICE OF AWARD OF
STOCK-SETTLED RESTRICTED STOCK UNITS
(WITH DIVIDEND EQUIVALENTS)**

Pursuant to the Synchrony Financial 2024 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. 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. 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
2024 LONG-TERM INCENTIVE PLAN**

RESTRICTED STOCK UNIT

TERMS AND CONDITIONS

1. *Award of RSUs.* Pursuant to the Synchrony Financial 2024 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, the RSUs will vest, and the Period of Restriction applicable to the RSUs will end, [_____] (the “Vesting Date[s]”) provided that the employee has remained continuously employed by Synchrony through [each] such Vesting Date[s].

(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, the employee shall immediately forfeit all [then 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 remain outstanding following such Termination of Employment and 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 (1st) anniversary of the Award Date, and the employee has twenty (20) or more Years of Continuous Service, any unvested RSUs shall remain outstanding following such Termination of Employment and shall 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 (1st) anniversary of the Award Date and after the employee is eligible for Retirement, the RSUs shall remain outstanding following such Termination of Employment and the Period of Restriction for the RSU's shall end upon the Vesting Date.

(iii) *Disability or Death.* If the employee's employment with Synchrony terminates due to Disability or death, the Period of Restriction for the 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 substitutes a replacement award for the RSUs, as determined by the Committee pursuant to Section 5(b) of the Plan, and during the twenty-four (24) 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 the 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 substitute a replacement award for the RSUs, as determined by the Committee pursuant to Section 5(b) of the Plan, then the treatment of the RSUs shall be governed by Section 5(b)(ii) of the Plan.

(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 the 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 the 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 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, (i) while the employee is employed by Synchrony, (ii) and, if the employee is located outside of the State of California, 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, the post-employment provisions of this Section 6(a) will not apply to the employee if they provide services primarily in the state of California or any other state that prohibits the application of such provisions. In addition, to the extent that any provision of this Section 6(a) is not enforceable for any reason, including, but not limited to, employee's primarily providing services in a state where such provisions are prohibited by law, 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 during employment and, if employee is located outside of the State of California and any other state that prohibits the post-employment application of such provisions, for a period of twelve (12) months following the termination of employee's employment, 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 Synchrony, 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 Synchrony may assert protections from disclosure under the attorney-client privilege or the attorney work product doctrine without prior written consent of Synchrony's General Counsel or another authorized officer designated by Synchrony. Nothing herein is intended to interfere with employee's rights under the National Labor Relations Act.

(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 seek 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, Synchrony's Incentive-Based Compensation Recovery Policy and the Management Development and Compensation Committee Key Practices 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.* The Company may amend the provisions of this Award at any time, subject to the terms of Section 8(b) of the Plan; provided that an amendment that would

adversely affect the employee's rights under this Award shall be subject to the written consent of the employee.

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. *Rights as a Stockholder.* The employee shall not be entitled to any privileges of ownership with respect to the Shares subject to the RSUs unless and until, and only to the extent, such Shares become vested pursuant to Section 4 hereof and the employee becomes a stockholder of record with respect to such shares.

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 of the Code 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 of the Code, 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 of the Code, 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 "separation from service" within the meaning of Section 409A of the Code 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 of the Code, be delayed until the end of the "Delay Period" (as such term is utilized in Section 9(m) of the Plan). In the event that the Award or the Terms and Conditions would subject the employee to taxes under Section 409A of the Code ("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 of the Code, 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.

18. *Investment Representation.* The employee hereby covenants that (a) any sale of any Share acquired upon the vesting of the RSUs shall be made either pursuant to an effective registration statement under the Securities Act, and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws and (b) the employee shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the shares and, in connection therewith, shall execute any documents which Synchrony shall in its sole discretion deem necessary or advisable.

19. *Compliance with Applicable Law.* The RSUs are subject to the condition that if the listing, registration or qualification of the Shares subject to the RSUs upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the Shares subject to the RSUs shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to Synchrony. Synchrony agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent, approval or other action.

20. *Decisions of Board or Committee.* The Board or the Committee shall have the right to resolve all questions which may arise in connection with the RSUs. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or these Terms and Conditions shall be final, binding and conclusive.

21. *Successors.* These Terms and Conditions shall be binding upon and inure to the benefit of any successor or successors of Synchrony and any person or persons who shall, upon the death of the employee, acquire any rights hereunder in accordance with these Terms and Conditions or the Plan.

22. *Entire Agreement.* These Terms and Conditions and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of Synchrony and the employee with respect to the subject matter hereof.

23. *Notices.* All notices, requests or other communications provided for in this Agreement shall be made, if to Synchrony, to Synchrony Financial, Attn: Corporate Secretary, 777 Long Ridge Road, Stamford, Connecticut 06902, and if to the employee, to the last known mailing address of the employee contained in Synchrony's records. All notices, requests or other communications provided for in these Terms and Conditions shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by

mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to Synchrony is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of Synchrony.

EXHIBIT A

DEFINITIONS

“Break in Service”

“Break in Service” shall mean a period during which an individual who was previously an employee or consultant of Synchrony is no longer an employee or consultant, as determined by the Committee.

“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.

“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. The 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.

“Securities Act”

The Securities Act of 1933, as amended.

“Termination of Employment”

“Termination of Employment” shall mean “separation from service” within the meaning of Section 409A of the Code.

“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.

**NOTICE OF AWARD OF
STOCK-SETTLED PERFORMANCE SHARE UNITS
(WITH DIVIDEND EQUIVALENTS)**

Pursuant to the Synchrony Financial 2024 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. 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. 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
2024-2026 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:
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	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 75 th percentile	120%

**SYNCHRONY FINANCIAL
2024 LONG-TERM INCENTIVE PLAN**

PERFORMANCE SHARE UNIT

TERMS AND CONDITIONS

1. *Award of PSUs.* Pursuant to the Synchrony Financial 2024 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 PSUs shall remain outstanding following such Termination of Employment and 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 PSUs shall remain outstanding following such Termination of Employment and 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 PSUs shall remain outstanding following such Termination of Employment and 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 PSUs or substitutes a replacement award for the PSUs, as determined by the Committee pursuant to Section 5(b) of the Plan, and during the twenty-four (24) 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 substitute a replacement award for the PSUs, as determined by the Committee pursuant to Section 5(b) of the Plan, then the treatment of the PSUs shall be governed by Section 5(b)(ii) of the Plan.

(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, (i) while the employee is employed by Synchrony, (ii) and, if the employee is located outside of the State of California, 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, the post-employment provisions of this Section 6(a) will not apply to the employee if they provide services primarily in the state of California or any other state that prohibits the application of such provisions. In addition, to the extent that any provision of this Section 6(a) is not enforceable for any reason, including, but not limited to, employee's primarily providing services in a state where such provisions are prohibited by law, 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 during employment and, if employee is located outside of the State of California and any other state that prohibits the post-employment application of such provisions, for a period of twelve (12) months following the termination of employee's employment, 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:

(v) induce or endeavor to induce any other employee of Synchrony to leave their employment with Synchrony; or

(vi) 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 Synchrony, 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 Synchrony may assert protections from disclosure under the attorney-client privilege or the attorney work product doctrine without prior written consent of Synchrony's General Counsel or another authorized officer designated by Synchrony. Nothing herein is intended to interfere with employee's rights under the National Labor Relations Act.

(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 seek 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 Grant Date (or which may be adopted or amended after the Grant 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, Synchrony's Incentive-Based Compensation Recovery Policy and the Management Development and Compensation Committee Key Practices 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.* The Company may amend the provisions of this Award at any time, subject to the terms of Section 8(b) of the Plan; provided that an amendment that would adversely affect the employee's rights under this Award shall be subject to the written consent of the employee.

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. *Rights as a Stockholder.* The employee shall not be entitled to any privileges of ownership with respect to the Shares subject to the PSUs unless and until, and only to the extent, such Shares become vested pursuant to Section 4 hereof and the employee becomes a stockholder of record with respect to such shares.

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. Dividend equivalents 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 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 of the Code 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 of the Code, 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 of the Code, 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 "separation from service" within the meaning of Section 409A of the Code 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 of the Code, be delayed until the end of the "Delay Period" (as such term is utilized in Section 9(m) of the Plan). In the event that the Award or the Terms and Conditions would subject the employee to taxes under Section 409A of the Code ("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 of the Code, 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.

18. *Investment Representation.* The employee hereby covenants that (a) any sale of any Share acquired upon the vesting of the PSUs shall be made either pursuant to an effective registration statement under the Securities Act, and any applicable state securities laws, or pursuant to an exemption from registration under the Securities Act and such state securities laws and (b) the employee shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the shares and, in connection therewith, shall execute any documents which Synchrony shall in its sole discretion deem necessary or advisable.

19. *Compliance with Applicable Law.* The PSUs are subject to the condition that if the listing, registration or qualification of the Shares subject to the PSUs upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares hereunder, the Shares subject to the PSUs shall not be delivered, in whole or in part, unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to Synchrony. Synchrony agrees to use reasonable efforts to effect or obtain any such listing, registration, qualification, consent, approval or other action.

20. *Decisions of Board or Committee.* The Board or the Committee shall have the right to resolve all questions which may arise in connection with the PSUs. Any interpretation, determination or other action made or taken by the Board or the Committee regarding the Plan or these Terms and Conditions shall be final, binding and conclusive.

21. *Successors.* These Terms and Conditions shall be binding upon and inure to the benefit of any successor or successors of Synchrony and any person or persons who shall, upon the death of the employee, acquire any rights hereunder in accordance with these Terms and Conditions or the Plan.

22. *Entire Agreement.* These Terms and Conditions and the Plan constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of Synchrony and the employee with respect to the subject matter hereof.

23. *Notices.* All notices, requests or other communications provided for in this Agreement shall be made, if to Synchrony, to Synchrony Financial, Attn: Corporate Secretary, 777 Long Ridge Road, Stamford, Connecticut 06902, and if to the employee, to the last known mailing address of the employee contained in Synchrony's records. All notices, requests or other communications provided for in these Terms and Conditions shall be made in writing either (a) by personal delivery, (b) by facsimile or electronic mail with confirmation of receipt, (c) by mailing in the United States mails or (d) by express courier service. The notice, request or other communication shall be deemed to be received upon personal delivery, upon confirmation of receipt of facsimile or electronic mail transmission or upon receipt by the party entitled thereto if by United States mail or express courier service; provided, however, that if a notice, request or other communication sent to Synchrony is not received during regular business hours, it shall be deemed to be received on the next succeeding business day of Synchrony.

EXHIBIT A

DEFINITIONS

“Break in Service”

“Break in Service” shall mean a period during which an individual who was previously an employee or consultant of Synchrony is no longer an employee or consultant, as determined by the Committee.

“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.

“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.

“Securities Act”

The Securities Act of 1933, as amended.

“Termination of Employment”

“Termination of Employment” shall mean “separation from service” within the meaning of Section 409A of the Code.

“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.

**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 quarterly report on Form 10-Q 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: July 19, 2024

/s/ Brian D. Doubles

Brian D. Doubles
Chief Executive Officer

**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 quarterly report on Form 10-Q 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: July 19, 2024

/s/ Brian J. Wenzel Sr.

Brian J. Wenzel Sr.
Chief Financial Officer

**Certification Pursuant to
18 U.S.C. Section 1350**

In connection with the Quarterly Report of Synchrony Financial (the "registrant") on Form 10-Q for the period ended June 30, 2024, 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: July 19, 2024

/s/ Brian D. Doubles

Brian D. Doubles
Chief Executive Officer

/s/ Brian J. Wenzel Sr.

Brian J. Wenzel Sr.
Chief Financial Officer