UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2019

OR

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

For the transition period from to

001-36560
(Commission File Number)

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

Delaware	**51-0483352**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
777 Long Ridge Road	
Stamford, Connecticut	**06902**
(Address of principal executive offices)	**(Zip Code)**

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

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 ý 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 ý 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	ý	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o
		Emerging growth company	o

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 ý

The number of shares of the registrant’s common stock, par value $0.001 per share, outstanding as of April 22, 2019 was 689,316,399.

Synchrony Financial

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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” are to Synchrony's board of directors;
- “GE” are to General Electric Company and its subsidiaries;
- the “Tax Act” are to P.L. 115-97, commonly referred to as the Tax Cuts and Jobs Act, signed into law on December 22, 2017; and
- “FICO” are to a credit score developed by Fair Isaac & Co., which is widely 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. The “average length of our relationship” with respect to a specified group of partners or programs is measured on a weighted average basis by interest and fees on loans for the year ended December 31, 2018 for those partners or for all partners participating in a program, based on the date each partner relationship or program, as applicable, started.

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, 2018 (our “2018 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 www.synchronyfinancial.com, we make available under the "Investors-SEC Filings" menu selection, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after such reports or amendments are electronically filed with, or furnished to, the SEC. The SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements, and other information that we file electronically with the SEC.

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” 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 Retail Card partners, promotion and support of our products by our partners, and financial performance of our partners; cyber-attacks or other security breaches; 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; our ability to securitize our loan receivables, occurrence of an early amortization of our securitization facilities, loss of the right to service or subservice our securitized loan receivables, and lower payment rates on our securitized loan receivables; changes in market interest rates and the impact of any margin compression; effectiveness of our risk management processes and procedures, reliance on models which may be inaccurate or misinterpreted, our ability to manage our credit risk, the sufficiency of our allowance for loan losses and the accuracy of the assumptions or estimates used in preparing our financial statements; 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 and strategic investments; reductions in interchange fees; fraudulent activity; failure of third-parties to provide various services that are important to our operations; disruptions in the operations of our computer systems and data centers; 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; damage to our reputation; 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; a material indemnification obligation to GE under the Tax Sharing and Separation Agreement with GE if we cause the split-off from GE or certain preliminary transactions to fail to qualify for tax-free treatment or in the case of certain significant transfers of our stock following the split-off; regulation, supervision, examination and enforcement of our business by governmental authorities, the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and other legislative and regulatory developments and the impact of the Consumer Financial Protection Bureau's (the “CFPB”) regulation of our business; 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” in our 2018 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 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 the federal securities laws.

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 2018 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

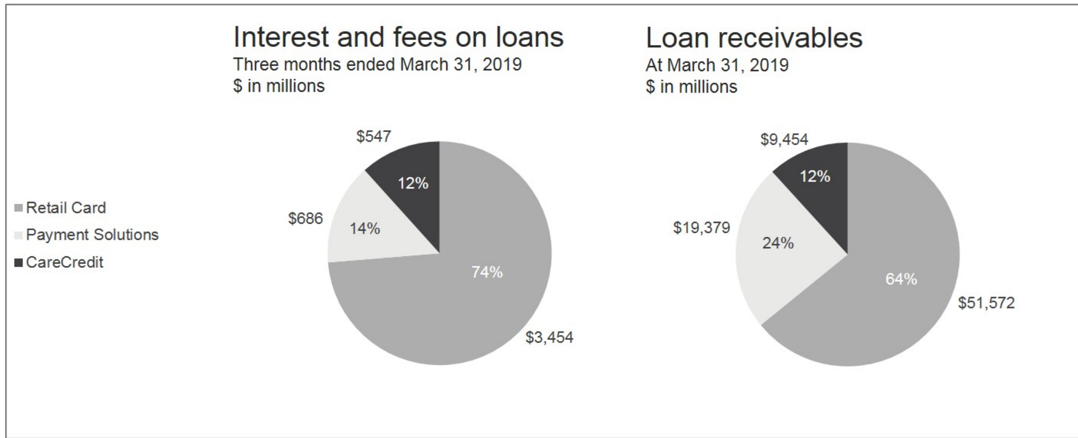
We are a premier consumer financial services company delivering customized financing programs across key industries including retail, health, auto, travel and home, along with award-winning consumer banking products. We provide a range of credit products through our financing programs which we have established with a 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 months ended March 31, 2019, we financed $32.5 billion of purchase volume, and had 77.1 million average active accounts, and at March 31, 2019, we had $80.4 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 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 and savings accounts. We also take deposits at the Bank through third-party securities brokerage firms that offer our FDIC-insured deposit products to their customers. We have significantly expanded our online direct banking operations in recent years and our deposit base serves as a source of stable and diversified low cost funding for our credit activities. At March 31, 2019, we had $64.1 billion in deposits, which represented 75% of our total funding sources.

Our Sales Platforms

We conduct our operations through a single business segment. Profitability and expenses, including funding costs, loan losses and operating expenses, are managed for the business as a whole. Substantially all of our operations are within the United States. We offer our credit products through three sales platforms (Retail Card, Payment Solutions and CareCredit). Those platforms are organized by the types of products we offer and the partners we work with, and are measured on interest and fees on loans, loan receivables, active accounts and other sales metrics.

Beginning in the first quarter of 2019, our oil and gas retail credit programs, previously reported within our Retail Card sales platform, are now reported within our Payment Solutions sales platform. Payment Solutions now includes a broad range of automotive-related credit programs, comprising of these retail partners, our Synchrony Car Care program network and other automotive partners. We have recast all prior-period reported metrics for our Retail Card and Payment Solutions sales platforms to conform to the current-period presentation.



Retail Card

Retail Card is a leading provider of private label credit cards, and also provides Dual Cards, general purpose co-branded credit cards and small- and medium-sized business credit products. We offer one or more of these products primarily through 24 national and regional retailers with which we have ongoing program agreements. The average length of our relationship with these Retail Card partners is 22 years. Retail Card's revenue primarily consists of interest and fees on our loan receivables. Other income primarily consists of interchange fees earned when our Dual Card or general purpose co-branded credit cards are used outside of our partners' sales channels and fees paid to us by customers who purchase our debt cancellation products, less loyalty program payments. In addition, the majority of our retailer share arrangements, which generally provide for payment to our partner if the economic performance of the program exceeds a contractually-defined threshold, are with partners in the Retail Card sales platform. Substantially all of the credit extended in this platform is on standard terms.

Payment Solutions

Payment Solutions is a leading provider of promotional financing for major consumer purchases, offering consumer choice for financing at the point of sale, including primarily private label credit cards, Dual Cards and installment loans. Payment Solutions offers these products through participating partners consisting of national and regional retailers, local merchants, manufacturers, buying groups and industry associations. Substantially all of the credit extended in this platform, other than for our oil and gas retail partners, is promotional financing. Payment Solutions' revenue primarily consists of interest and fees on our loan receivables, including "merchant discounts," which are fees paid to us by our partners in almost all cases to compensate us for all or part of foregone interest income associated with promotional financing.

CareCredit

CareCredit is a leading provider of promotional financing to consumers for health, veterinary and personal care procedures, services or products. We have a network of CareCredit providers and health-focused retailers, the vast majority of which are individual or small groups of independent healthcare providers, through which we offer a CareCredit branded private label credit card and our CareCredit Dual Card offering. Substantially all of the credit extended in this platform is promotional financing. CareCredit's revenue primarily consists of interest and fees on our loan receivables, including merchant discounts.

Our Credit Products

Through our platforms, we offer three principal types of credit products: credit cards, commercial credit products and consumer installment loans. We also offer 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 March 31, 2019.

		Promotional Offer		
Credit Product	**Standard Terms Only**	**Deferred Interest**	**Other Promotional**	**Total**
Credit cards	62.9%	18.4%	14.8%	96.1%
Commercial credit products	1.6	—	—	1.6
Consumer installment loans	—	—	2.3	2.3
Other	—	—	—	—
Total	64.5%	18.4%	17.1%	100.0%

Credit Cards

We typically 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. In Retail Card, credit under our private label credit cards typically is extended on standard terms only, and in Payment Solutions and CareCredit, credit under our private label credit cards typically is extended pursuant to a promotional financing offer.

- ***Dual Cards and General Purpose Co-Brand 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 elsewhere. We also offer general purpose co-branded credit cards that do not function as private label cards. Credit extended under our Dual Cards and general purpose co-branded credit cards typically is extended under standard terms only. We offer either Dual Cards or general purpose co-branded credit cards across all of our sales platforms, spanning 21 ongoing credit partners and our CareCredit Dual Card.

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. We offer our commercial credit products primarily through our Retail Card platform to the commercial customers of our Retail Card partners.

Installment Loans

In Payment Solutions, we originate installment loans to consumers (and a limited number of commercial customers) in the United States, primarily in the power products market (motorcycles, ATVs and lawn and garden). Installment loans are closed-end credit accounts where the customer pays down the outstanding balance in installments. Installment loans are assessed periodic finance charges using fixed interest rates.

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 2018 Form 10-K. For a discussion of how certain trends and conditions impacted the three months ended March 31, 2019, see "*—Results of Operations.*"

Seasonality

In our Retail Card and Payment Solutions platforms, 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 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 loan losses as a percentage of total loan receivables between quarterly periods.

In addition to the seasonal variance in loan receivables discussed above, we also 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 loan 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, despite improving credit metrics such as declining past due amounts, we may experience an increase in our allowance for loan losses at an interim period end compared to the prior year end, reflecting these same seasonal trends.

The seasonal trends discussed above are most evident between the fourth quarter and the first quarter of the following year. Loan receivables at March 31, 2019 decreased compared to December 31, 2018 in excess of amounts attributable to the reclassification of the Walmart portfolio to loan receivables held for sale. In addition, our allowance for loan losses as a percentage of total loan receivables increased to 7.39% at March 31, 2019, from 6.90% at December 31, 2018. Both of these changes reflect the effects of the seasonal trends. Past due balances declined to $4.0 billion at March 31, 2019 from $4.4 billion at December 31, 2018, primarily due to collections from customers that were previously delinquent. The increase in the allowance for loan losses as a percentage of loan receivables at March 31, 2019 compared to December 31, 2018, despite a decrease in our past due balances, primarily reflects these same seasonal trends.

Results of Operations

Highlights for the Three Months Ended March 31, 2019

Below are highlights of our performance for the three months ended March 31, 2019 compared to the three months ended March 31, 2018, as applicable, except as otherwise noted.

- Net earnings increased 73.0% to $1,107 million for the three months ended March 31, 2019, driven by higher net interest income and a decrease in provision for loan losses, partially offset by increases in retailer share arrangements, other expense and provision for income taxes.

- Loan receivables increased 3.3% to $80,405 million at March 31, 2019 compared to March 31, 2018, primarily driven by the PayPal Credit acquisition, higher purchase volume and average active account growth, partially offset by the reclassification of $8.1 billion of loan receivables associated with the Walmart portfolio to loan receivables held for sale.

- Net interest income increased 10.0% to $4,226 million for the three months ended March 31, 2019, primarily due to higher average loan receivables growth, partially offset by increases in interest expense reflecting higher benchmark interest rates and growth.

- Retailer share arrangements increased 32.5% to $954 million for the three months ended March 31, 2019, primarily due to lower reserve build, growth and improved performance of the programs in which we have retailer share arrangements.

- Over-30 day loan delinquencies as a percentage of period-end loan receivables increased 40 basis points to 4.92% at March 31, 2019 primarily due to the impact of reclassification of the Walmart portfolio to loan receivables held for sale, and the net charge-off rate decreased 8 basis points to 6.06% for the three months ended March 31, 2019.

- Provision for loan losses decreased by $503 million, or 36.9%, for the three months ended March 31, 2019, substantially due to a $522 million reserve release following the reclassification of the Walmart portfolio to loan receivables held for sale. Our allowance coverage ratio (allowance for loan losses as a percent of end of period loan receivables) remained relatively flat at 7.39% at March 31, 2019, as compared to 7.37% at March 31, 2018.

- Other expense increased by $55 million, or 5.6%, for the three months ended March 31, 2019, primarily driven by the PayPal Credit acquisition and business growth.

- At March 31, 2019, deposits represented 75% of our total funding sources. Total deposits remained relatively flat at $64.1 billion at March 31, 2019, compared to December 31, 2018. Growth in our direct deposits of 4.9% to $51.8 billion, was offset by lower brokered deposits.

- During the three months ended March 31, 2019, we repurchased $966 million of our outstanding common stock, and declared and paid cash dividends of $0.21 per share, or $150 million.

- In March 2019, we announced our acquisition of Pets Best and entry into the pet health insurance industry as a managing general agent.

2019 Partner Agreements

- We expanded our Synchrony Car Care program acceptance network and we also extended our Payment Solutions program agreements with P.C. Richard & Son, Rheem and Suzuki.

- We expanded our CareCredit network through our new partnership with Simplee.

Summary Earnings

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

($ in millions)	Three months ended March 31, 2019	2018
Interest income	$ 4,786	$ 4,244
Interest expense	560	402
Net interest income	4,226	3,842
Retailer share arrangements	(954)	(720)
Net interest income, after retailer share arrangements	3,272	3,122
Provision for loan losses	859	1,362
Net interest income, after retailer share arrangements and provision for loan losses	2,413	1,760
Other income	92	75
Other expense	1,043	988
Earnings before provision for income taxes	1,462	847
Provision for income taxes	355	207
Net earnings	$ 1,107	$ 640

Other Financial and Statistical Data

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

	At and for the Three months ended March 31,	
($ in millions)	2019	2018
Financial Position Data (Average):		
Loan receivables, including held for sale	$ 89,903	$ 79,090
Total assets	$ 105,299	$ 95,707
Deposits	$ 64,062	$ 56,656
Borrowings	$ 22,299	$ 21,205
Total equity	$ 14,790	$ 14,276
Selected Performance Metrics:		
Purchase volume[1][2]	$ 32,513	$ 29,626
Retail Card	$ 24,660	$ 22,141
Payment Solutions	$ 5,249	$ 5,064
CareCredit	$ 2,604	$ 2,421
Average active accounts (in thousands)[2][3]	77,132	71,323
Net interest margin[4]	16.08%	16.05%
Net charge-offs	$ 1,344	$ 1,198
Net charge-offs as a % of average loan receivables, including held for sale	6.06%	6.14%
Allowance coverage ratio[5]	7.39%	7.37%
Return on assets[6]	4.3%	2.7%
Return on equity[7]	30.4%	18.2%
Equity to assets[8]	14.05%	14.92%
Other expense as a % of average loan receivables, including held for sale	4.71%	5.07%
Efficiency ratio[9]	31.0%	30.9%
Effective income tax rate	24.3%	24.4%
Selected Period-End Data:		
Loan receivables	$ 80,405	$ 77,853
Allowance for loan losses	$ 5,942	$ 5,738
30+ days past due as a % of period-end loan receivables[10]	4.92%	4.52%
90+ days past due as a % of period-end loan receivables[10]	2.51%	2.28%
Total active accounts (in thousands)[2][3]	74,812	68,891

(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 loan losses divided by total period-end loan receivables.
(6) Return on assets represents net earnings as a percentage of average total assets.
(7) Return on equity represents net earnings as a percentage of average total equity.
(8) Equity to assets represents average equity as a percentage of average total assets.
(9) Efficiency ratio represents (i) other expense, divided by (ii) net interest income, after retailer share arrangements, plus other income.
(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.

	2019			2018		
Three months ended March 31 ($ in millions)	**Average Balance**	**Interest Income / Expense**	**Average Yield / Rate[(1)]**	**Average Balance**	**Interest Income/ Expense**	**Average Yield / Rate[(1)]**
Assets						
Interest-earning assets:						
Interest-earning cash and equivalents[(2)]	$ 11,033	$ 65	2.39%	$ 12,434	$ 47	1.53%
Securities available for sale	5,640	34	2.44%	5,584	25	1.82%
Loan receivables[(3)]:						
Credit cards, including held for sale	86,768	4,611	21.55%	76,181	4,099	21.82%
Consumer installment loans	1,844	42	9.24%	1,572	36	9.29%
Commercial credit products	1,252	34	11.01%	1,286	36	11.35%
Other	39	—	—%	51	1	NM
Total loan receivables	89,903	4,687	21.14%	79,090	4,172	21.39%
Total interest-earning assets	106,576	4,786	18.21%	97,108	4,244	17.72%
Non-interest-earning assets:						
Cash and due from banks	1,335			1,197		
Allowance for loan losses	(6,341)			(5,608)		
Other assets	3,729			3,010		
Total non-interest-earning assets	(1,277)			(1,401)		
Total assets	$ 105,299			$ 95,707		
Liabilities						
Interest-bearing liabilities:						
Interest-bearing deposit accounts	$ 63,776	$ 375	2.38%	$ 56,356	$ 249	1.79%
Borrowings of consolidated securitization entities	13,407	100	3.02%	12,410	74	2.42%
Senior unsecured notes	8,892	85	3.88%	8,795	79	3.64%
Total interest-bearing liabilities	86,075	560	2.64%	77,561	402	2.10%
Non-interest-bearing liabilities:						
Non-interest-bearing deposit accounts	286			300		
Other liabilities	4,148			3,570		
Total non-interest-bearing liabilities	4,434			3,870		
Total liabilities	90,509			81,431		
Equity						
Total equity	14,790			14,276		
Total liabilities and equity	$ 105,299			$ 95,707		
Interest rate spread[(4)]			15.57%			15.62%
Net interest income		$ 4,226			$ 3,842	
Net interest margin[(5)]			16.08%			16.05%

(1) Average yields/rates are based on total interest income/expense over average balances.
(2) Includes average restricted cash balances of $989 million and $771 million for the three months ended March 31, 2019 and 2018, respectively.
(3) Interest income on loan receivables includes fees on loans of $693 million and $644 million for the three months ended March 31, 2019 and 2018, 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 2018 Form 10-K.

Interest Income

Interest income increased by $542 million, or 12.8%, for the three months ended March 31, 2019, driven primarily by growth in our average loan receivables.

Average interest-earning assets

Three months ended March 31 ($ in millions)	2019	%	2018	%
Loan receivables, including held for sale	$ 89,903	84.4%	$ 79,090	81.4%
Liquidity portfolio and other	16,673	15.6%	18,018	18.6%
Total average interest-earning assets	$ 106,576	100.0%	$ 97,108	100.0%

The increase in average loan receivables of 13.7% for the three months ended March 31, 2019, was driven by the PayPal Credit acquisition, higher purchase volume and average active account growth. Purchase volume and average active accounts increased 9.7% and 8.1%, respectively, including the effects of the PayPal Credit acquisition.

Yield on average interest-earning assets

The yield on average interest-earning assets increased for the three months ended March 31, 2019, primarily due to an increase in the percentage of interest-earning assets attributable to loan receivables, partially offset by a decrease in the yield on our average loan receivables of 25 basis points to 21.14%. This decrease was primarily due to the impact of adding the PayPal Credit program.

Interest Expense

Interest expense increased by $158 million, or 39.3%, for the three months ended March 31, 2019, driven primarily by higher benchmark interest rates and growth. Our cost of funds increased to 2.64% for the three months ended March 31, 2019, compared to 2.10% for the three months ended March 31, 2018.

Average interest-bearing liabilities

Three months ended March 31 ($ in millions)	2019	%	2018	%
Interest-bearing deposit accounts	$ 63,776	74.1%	$ 56,356	72.7%
Borrowings of consolidated securitization entities	13,407	15.6%	12,410	16.0%
Third-party debt	8,892	10.3%	8,795	11.3%
Total average interest-bearing liabilities	$ 86,075	100.0%	$ 77,561	100.0%

The increase in average interest-bearing liabilities for the three months ended March 31, 2019 was driven primarily by growth in our direct deposits.

Net Interest Income

Net interest income increased by $384 million, or 10.0%, for the three months ended March 31, 2019, driven primarily by higher average loan receivables,

partially offset by increases in interest expense reflecting higher benchmark interest rates and growth.

Retailer Share Arrangements

Retailer share arrangements increased by $234 million, or 32.5%, for the three months ended March 31, 2019, primarily due to lower reserve build, growth and improved performance of the programs in which we have retailer share arrangements.

Provision for Loan Losses

Provision for loan losses decreased by $503 million, or 36.9%, for the three months ended March 31, 2019, substantially due to a $522 million reserve release following the reclassification of the Walmart portfolio to loan receivables held for sale on our Condensed Consolidated Statement of Financial Position. Our allowance coverage ratio remained relatively flat at 7.39% at March 31, 2019, as compared to 7.37% at March 31, 2018.

Other Income

	Three months ended March 31,	
($ in millions)	**2019**	**2018**
Interchange revenue	$ 165	$ 158
Debt cancellation fees	68	66
Loyalty programs	(167)	(155)
Other	26	6
Total other income	$ 92	$ 75

Other income increased by $17 million, or 22.7%, for the three months ended March 31, 2019, primarily due to a reduction in certain contingent consideration obligations and higher investment gains in the current quarter. The increase in interchange revenue was fully offset by higher loyalty costs.

Other Expense

	Three months ended March 31,	
($ in millions)	**2019**	**2018**
Employee costs	$ 353	$ 358
Professional fees	232	166
Marketing and business development	123	121
Information processing	113	104
Other	222	239
Total other expense	$ 1,043	$ 988

Other expense increased by $55 million, or 5.6%, for the three months ended March 31, 2019, primarily due to an increase in professional fees. The increase in professional fees was primarily due to interim servicing costs associated with acquired portfolios, including the PayPal Credit portfolio.

Provision for Income Taxes

($ in millions)	Three months ended March 31, 2019	Three months ended March 31, 2018
Effective tax rate	24.3%	24.4%
Provision for income taxes	$ 355	$ 207

The effective tax rate for the three months ended March 31, 2019 decreased slightly compared to the same period in the prior year. In each period, the effective tax rate differs from the applicable U.S. federal statutory rate primarily due to state income taxes.

Platform Analysis

As discussed above under "—*Our Sales Platforms*," we offer our products through three sales platforms (Retail Card, Payment Solutions and CareCredit), which management measures based on their revenue-generating activities. The following is a discussion of certain supplemental information for the three months ended March 31, 2019, for each of our sales platforms.

Beginning in the first quarter of 2019, our oil and gas retail credit programs, previously reported within our Retail Card sales platform, are now reported within our Payment Solutions sales platform. We have recast all prior-period reported metrics for our Retail Card and Payment Solutions sales platforms to conform to the current-period presentation.

Retail Card

($ in millions)	Three months ended March 31, 2019	Three months ended March 31, 2018
Purchase volume	$ 24,660	$ 22,141
Period-end loan receivables	$ 51,572	$ 51,117
Average loan receivables, including held for sale	$ 60,964	$ 52,251
Average active accounts (in thousands)	58,632	53,463
Interest and fees on loans	$ 3,454	$ 3,015
Retailer share arrangements	$ (940)	$ (708)
Other income	$ 76	$ 69

Retail Card interest and fees on loans increased by $439 million, or 14.6%, for the three months ended March 31, 2019. The increase was primarily the result of growth in average loan receivables.

Retailer share arrangements increased by $232 million, or 32.8%, for the three months ended March 31, 2019, primarily as a result of the factors discussed under the heading "*Retailer Share Arrangements*" above.

Other income increased by $7 million, or 10.1%, for the three months ended March 31, 2019, primarily as a result of the factors discussed under the heading "*Other Income*" above.

Payment Solutions

($ in millions)	Three months ended March 31, 2019	2018
Purchase volume	$ 5,249	$ 5,064
Period-end loan receivables	$ 19,379	$ 17,927
Average loan receivables	$ 19,497	$ 18,051
Average active accounts (in thousands)	12,406	12,009
Interest and fees on loans	$ 686	$ 643
Retailer share arrangements	$ (12)	$ (10)
Other income	$ 1	$ (2)

Payment Solutions interest and fees on loans increased by $43 million, or 6.7%, for the three months ended March 31, 2019. The increase was primarily driven by growth in average loan receivables.

CareCredit

($ in millions)	Three months ended March 31, 2019	2018
Purchase volume	$ 2,604	$ 2,421
Period-end loan receivables	$ 9,454	$ 8,809
Average loan receivables	$ 9,442	$ 8,788
Average active accounts (in thousands)	6,094	5,851
Interest and fees on loans	$ 547	$ 514
Retailer share arrangements	$ (2)	$ (2)
Other income	$ 15	$ 8

CareCredit interest and fees on loans increased by $33 million, or 6.4%, for the three months ended March 31, 2019. The increase was primarily driven by growth in average loan receivables.

Loan Receivables

The following discussion provides supplemental information regarding our loan receivables portfolio.

Loan receivables are our largest category of assets and represent our primary source of revenue. The following table sets forth the composition of our loan receivables portfolio by product type at the dates indicated.

($ in millions)	At March 31, 2019	(%)	At December 31, 2018	(%)
Loans				
Credit cards	$ 77,251	96.1%	$ 89,994	96.6%
Consumer installment loans	1,860	2.3	1,845	2.0
Commercial credit products	1,256	1.6	1,260	1.4
Other	38	—	40	—
Total loans	$ 80,405	100.0%	$ 93,139	100.0%

Loan receivables decreased by $12.7 billion, or 13.7%, at March 31, 2019 compared to December 31, 2018, primarily driven by the reclassification of $8.1 billion of loan receivables associated with the Walmart portfolio to loan receivables held for sale and the seasonality of our business.

Loan receivables increased by $2.6 billion, or 3.3%, at March 31, 2019 compared to March 31, 2018, primarily driven by the PayPal Credit acquisition, higher purchase volume and average active account growth, partially offset by the reclassification of the Walmart portfolio to loan receivables held for sale.

Our loan receivables portfolio had the following geographic concentration at March 31, 2019.

($ in millions) **State**	**Loan Receivables Outstanding**	**% of Total Loan Receivables Outstanding**
California	$ 8,565	10.7%
Texas	$ 7,982	9.9%
Florida	$ 6,767	8.4%
New York	$ 4,614	5.7%
Pennsylvania	$ 3,331	4.1%

Impaired Loans and Troubled Debt Restructurings

Our loss mitigation strategy is intended to minimize economic loss and at times can result in rate reductions, principal forgiveness, extensions or other actions, which may cause the related loan to be classified as a Troubled Debt Restructuring ("TDR") and also be impaired. We use long-term modification programs for borrowers experiencing financial difficulty as a loss mitigation strategy to improve long-term collectability of the loans that are classified as TDRs. The long-term program involves changing the structure of the loan to a fixed payment loan with a maturity no longer than 60 months and reducing the interest rate on the loan. The long-term program does not normally provide for the forgiveness of unpaid principal, but may allow for the reversal of certain unpaid interest or fee assessments. We also make loan modifications for some customers who request financial assistance through external sources, such as a consumer credit counseling agency program. The loans that are modified typically receive a reduced interest rate but continue to be subject to the original minimum payment terms and do not normally include waiver of unpaid principal, interest or fees. The determination of whether these changes to the terms and conditions meet the TDR criteria includes our consideration of all relevant facts and circumstances.

Loans classified as TDRs are recorded at their present value with impairment measured as the difference between the loan balance and the discounted present value of cash flows expected to be collected, discounted at the original effective interest rate of the loan. Our allowance for loan losses on TDRs is generally measured based on the difference between the recorded loan receivable and the present value of the expected future cash flows.

Interest income from loans accounted for as TDRs is accounted for in the same manner as other accruing loans. We accrue interest on credit card balances until the accounts are charged-off in the period the accounts become 180 days past due. The following table presents the amount of loan receivables that are not accruing interest, loans that are 90 days or more past-due and still accruing interest, and earning TDRs for the periods presented.

($ in millions)	**At March 31, 2019**	**At December 31, 2018**
Non-accrual loan receivables[(1)]	$ 4	$ 5
Loans contractually 90 days past-due and still accruing interest	2,004	2,116
Earning TDRs[(2)]	920	1,085
Non-accrual, past-due and restructured loan receivables	$ 2,928	$ 3,206

(1) Excludes purchase credit impaired ("PCI") loan receivables.
(2) At March 31, 2019 and December 31, 2018, balances exclude $144 million and $122 million, respectively, of TDRs which are included in loans contractually 90 days past-due and still accruing interest on the balance. See Note 4. *Loan Receivables and Allowance for Loan Losses* to our condensed consolidated financial statements for additional information on the financial effects of TDRs for the three months ended March 31, 2019 and 2018.

($ in millions)	Three months ended March 31, 2019	Three months ended March 31, 2018
Gross amount of interest income that would have been recorded in accordance with the original contractual terms	$ 64	$ 62
Interest income recognized	11	12
Total interest income foregone	$ 53	$ 50

Delinquencies

Over-30 day loan delinquencies as a percentage of period-end loan receivables increased to 4.92% at March 31, 2019 from 4.52% at March 31, 2018, and increased from 4.76% at December 31, 2018. These increases were driven by the reclassification of loan receivables related to the Walmart portfolio to loan receivables held for sale. The increase as compared to December 31, 2018 was partially offset 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 loan losses and subsequent recoveries of previously charged-off amounts are credited to the allowance for loan 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 ratio of net charge-offs to average loan receivables, including held for sale, for the periods indicated.

	Three months ended March 31, 2019	Three months ended March 31, 2018
Ratio of net charge-offs to average loan receivables, including held for sale	6.06%	6.14%

Allowance for Loan Losses

The allowance for loan losses totaled $5,942 million at March 31, 2019, compared with $6,427 million at December 31, 2018 and $5,738 million at March 31, 2018, representing our best estimate of probable losses inherent in the portfolio. Our allowance for loan losses as a percentage of total loan receivables increased to 7.39% at March 31, 2019, from 6.90% at December 31, 2018 and remained relatively flat compared to March 31, 2018. The increase from December 31, 2018 was primarily driven by the effects of the seasonality of our business. See *"Business Trends and Conditions — Asset Quality"* in our 2018 Form 10-K for discussion of the various factors that contribute to forecasted net charge-offs over the next twelve months.

The following tables provide changes in our allowance for loan losses for the periods presented:

($ in millions)	Balance at January 1, 2019	Provision charged to operations	Gross charge-offs	Recoveries	Balance at March 31, 2019
Credit cards	$ 6,327	$ 832	$ (1,594)	$ 275	$ 5,840
Consumer installment loans	44	15	(17)	5	47
Commercial credit products	55	12	(14)	1	54
Other	1	—	—	—	1
Total	$ 6,427	$ 859	$ (1,625)	$ 281	$ 5,942

($ in millions)		Balance at January 1, 2018		Provision charged to operations		Gross charge-offs		Recoveries		Balance at March 31, 2018
Credit cards	$	5,483	$	1,334	$	(1,372)	$	195	$	5,640
Consumer installment loans		40		16		(15)		4		45
Commercial credit products		50		12		(12)		2		52
Other		1		—		—		—		1
Total	$	5,574	$	1,362	$	(1,399)	$	201	$	5,738

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 third-party debt.

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

	2019				2018			
Three months ended March 31 ($ in millions)		Average Balance	%	Average Rate		Average Balance	%	Average Rate
Deposits[1]	$	63,776	74.1%	2.4%	$	56,356	72.7%	1.8%
Securitized financings		13,407	15.6	3.0		12,410	16.0	2.4
Senior unsecured notes		8,892	10.3	3.9		8,795	11.3	3.6
Total	$	86,075	100.0%	2.6%	$	77,561	100.0%	2.1%

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(1) Excludes $286 million and $300 million average balance of non-interest-bearing deposits for the three months ended March 31, 2019 and 2018, respectively. Non-interest-bearing deposits comprise less than 10% of total deposits for the three months ended March 31, 2019 and 2018.

Deposits

We obtain deposits directly from retail and commercial customers ("direct deposits") or through third-party brokerage firms that offer our deposits to their customers ("brokered deposits"). At March 31, 2019, we had $51.8 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 expand our direct deposits base as a source of stable and diversified low-cost funding.

Our direct deposits include a range of FDIC-insured deposit products, including certificates of deposit, IRAs, money market accounts and savings accounts.

Brokered deposits are primarily from retail customers of large brokerage firms. We have relationships with 11 brokers that offer our deposits through their networks. Our brokered deposits consist primarily of certificates of deposit that bear interest at a fixed rate and at March 31, 2019, had a weighted average remaining life of 2.4 years. 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, such as 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:

	2019			**2018**		
Three months ended March 31 ($ in millions)	**Average Balance**	**% of Total**	**Average Rate**	**Average Balance**	**% of Total**	**Average Rate**
Direct deposits:						
Certificates of deposit (including IRA certificates of deposit)	$ 31,822	49.9%	2.4%	$ 26,025	46.2%	1.7%
Savings accounts (including money market accounts)	18,389	28.8	2.2	17,813	31.6	1.5
Brokered deposits	13,565	21.3	2.7	12,518	22.2	2.4
Total interest-bearing deposits	$ 63,776	100.0%	2.4%	$ 56,356	100.0%	1.8%

Our deposit liabilities provide funding with maturities ranging from one day to ten years. At March 31, 2019, the weighted average maturity of our interest-bearing time deposits was 1.2 years. See Note 7. *Deposits* to our condensed consolidated financial statements for more information on their maturities.

The following table summarizes deposits by contractual maturity at March 31, 2019.

($ in millions)	**3 Months or Less**	**Over 3 Months but within 6 Months**	**Over 6 Months but within 12 Months**	**Over 12 Months**	**Total**
U.S. deposits (less than $100,000)[(1)]	$ 10,123	$ 2,737	$ 5,448	$ 9,476	$ 27,784
U.S. deposits ($100,000 or more)					
Direct deposits:					
Certificates of deposit (including IRA certificates of deposit)	2,518	4,194	8,927	5,573	21,212
Savings accounts (including money market accounts)	13,410	—	—	—	13,410
Brokered deposits:					
Sweep accounts	1,654	—	—	—	1,654
Total	$ 27,705	$ 6,931	$ 14,375	$ 15,049	$ 64,060

(1) Includes brokered certificates of deposit for which underlying individual deposit balances are assumed to be less than $100,000.

Securitized Financings

We have been engaged in the securitization of our credit card receivables since 1997. We access the asset-backed securitization market using the Synchrony Credit Card Master Note Trust (“SYNCT”) and the Synchrony Card Issuance Trust (“SYNIT”) through which we 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 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 March 31, 2019.

($ in millions)	**Less Than One Year**	**One Year Through Three Years**	**After Three Through Five Years**	**After Five Years**	**Total**
Scheduled maturities of long-term borrowings—owed to securitization investors:					
SYNCT[1]	$ 2,153	$ 3,485	$ 1,591	$ —	$ 7,229
SFT	350	1,525	—	—	1,875
SYNIT[1]	—	3,000	—	—	3,000
Total long-term borrowings—owed to securitization investors	$ 2,503	$ 8,010	$ 1,591	$ —	$ 12,104

(1) Excludes subordinated classes of SYNCT notes and SYNIT notes that we own.

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 to 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 SYNCT and SYNIT, 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 March 31, 2019.

	Note Principal Balance ($ in millions)	# of Series Outstanding	Three-Month Rolling Average Excess Spread[1]
SYNCT[2]	$ 7,928	12	~14.1% to 15.5%
SFT	$ 1,875	10	12.8%
SYNIT[2]	$ 3,015	5	~14.9% to 15.9%

(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 and SYNIT, a range of the excess spreads relating to the particular series issued within each trust and omitting any series that have not been outstanding for at least three full monthly periods, in each case calculated in accordance with the applicable trust or series documentation, for the three securitization monthly periods ended March 31, 2019.

(2) Includes subordinated classes of SYNCT and SYNIT notes that we own.

Third-Party Debt

Senior Unsecured Notes

The following table provides a summary of our outstanding senior unsecured notes at March 31, 2019, which includes $1.25 billion of senior unsecured notes issued during the three months ended March 31, 2019.

Issuance Date	Interest Rate[1]	Maturity	Principal Amount Outstanding[2]	
($ in millions)				
Fixed rate senior unsecured notes:				
Synchrony Financial				
August 2014	3.000%	August 2019	$	1,100
August 2014	3.750%	August 2021		750
August 2014	4.250%	August 2024		1,250
February 2015	2.700%	February 2020		750
July 2015	4.500%	July 2025		1,000
August 2016	3.700%	August 2026		500
December 2017	3.950%	December 2027		1,000
March 2019	4.375%	March 2024		600
March 2019	5.150%	March 2029		650
Synchrony Bank				
June 2017	3.000%	June 2022		750
May 2018	3.650%	May 2021		750
Total fixed rate senior unsecured notes			$	9,100
Floating rate senior unsecured notes:				
Synchrony Financial				
February 2015	Three-month LIBOR plus 1.23%	February 2020	$	250
Synchrony Bank				
January 2018	Three-month LIBOR plus 0.625%	March 2020		500
Total floating rate senior unsecured notes			$	750

(1) Weighted average interest rate of all senior unsecured notes at March 31, 2019 was 3.79%.
(2) The amounts shown exclude unamortized debt discount, premiums and issuance cost.

Short-Term Borrowings

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

Other

At March 31, 2019, we had more than $25.0 billion of 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.

Covenants

The indenture pursuant to which our senior unsecured notes have been issued includes 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 March 31, 2019.

At March 31, 2019, we were not in default under any of our credit facilities or senior unsecured notes.

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-
Outlook for Synchrony Financial senior unsecured debt	Stable	Stable
Synchrony Bank		
Senior unsecured debt	BBB	BBB-
Outlook for Synchrony Bank senior unsecured debt	Stable	Stable

In addition, certain of the asset-backed securities issued by SYNCT and 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 subcommittee of our Risk Committee. 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 March 31, 2019 had $17.4 billion of liquid assets, primarily consisting of cash and equivalents and short-term obligations of the U.S. Treasury, less cash in transit which is not considered to be liquid, compared to $14.8 billion of liquid assets at December 31, 2018. The increase in liquid assets was primarily due to the retention of excess cash flows from operations and the seasonality of our business, partially offset by the deployment of capital through the execution of our capital plan.

As additional sources of liquidity, at March 31, 2019, we had an aggregate of $5.6 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, and we had more than $25.0 billion of 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.

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 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 2018 Form 10-K.

Debt Securities

The following discussion provides supplemental information regarding our debt securities portfolio. All of our debt securities are classified as available-for-sale at March 31, 2019 and December 31, 2018, and are held to meet our liquidity objectives and to comply with the Community Reinvestment Act. Debt securities classified as available-for-sale are reported in our Condensed Consolidated Statements of Financial Position at fair value.

The following table sets forth the amortized cost and fair value of our portfolio of debt securities at the dates indicated:

	At March 31, 2019		At December 31, 2018	
($ in millions)	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value

U.S. government and federal agency	$ 2,284	$ 2,285	$ 2,889	$ 2,888
State and municipal	48	47	50	48
Residential mortgage-backed	1,148	1,123	1,180	1,139
Asset-backed	2,049	2,049	1,988	1,985
U.S. corporate debt	2	2	2	2
Total	$ 5,531	$ 5,506	$ 6,109	$ 6,062

Unrealized gains and losses, net of the related tax effects, on available-for-sale debt securities that are not other-than-temporarily impaired are excluded from earnings and are reported as a separate component of comprehensive income (loss) until realized. At March 31, 2019, our debt securities had gross unrealized gains of $4 million and gross unrealized losses of $29 million. At December 31, 2018, our debt securities had gross unrealized gains of $1 million and gross unrealized losses of $48 million.

Our debt securities portfolio had the following maturity distribution at March 31, 2019.

($ in millions)	Due in 1 Year or Less	Due After 1 through 5 Years	Due After 5 through 10 Years	Due After 10 years	Total
U.S. government and federal agency	$ 2,285	$ —	$ —	$ —	$ 2,285
State and municipal	—	1	4	42	47
Residential mortgage-backed	—	—	150	973	1,123
Asset-backed	1,583	466	—	—	2,049
U.S. corporate debt	2	—	—	—	2
Total[(1)]	$ 3,870	$ 467	$ 154	$ 1,015	$ 5,506
Weighted average yield[(2)]	2.5%	2.7%	3.2%	2.9%	2.6%

(1) Amounts stated represent estimated fair value.
(2) 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.

At March 31, 2019, we did not hold investments in any single issuer with an aggregate book value that exceeded 10% of equity, excluding obligations of the U.S. government.

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.

Synchrony is not currently required to conduct stress tests. See "*Regulation—Regulation Relating to Our Business—Legislative and Regulatory Developments*" in our 2018 Form 10-K. In addition, while as a savings and loan holding company we currently are not subject to the Federal Reserve Board's capital planning rule, we submitted a capital plan to the Federal Reserve Board in 2019.

Dividend and Share Repurchases

Cash Dividends Declared	Month of Payment	Amount per Common Share	Amount
($ in millions, except per share data)			
Three months ended March 31, 2019	February, 2019	$ 0.21	$ 150
Total dividends declared		$ 0.21	$ 150

The declaration and payment of future dividends to holders of our common 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 2018 Form 10-K.

Shares Repurchased Under Publicly Announced Programs	Total Number of Shares Purchased	Dollar Value of Shares Purchased
($ and shares in millions)		
Three months ended March 31, 2019	30.9	$ 966
Total	30.9	$ 966

During the first quarter of 2019, we repurchased $966 million of common stock and completed the remaining repurchases under our 2018 Share Repurchase Program of $2.2 billion. We made, and expect to continue to make, share repurchases subject to market conditions and other factors, including legal and regulatory restrictions and required approvals. We will not make any more share repurchases until a new repurchase plan is approved.

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 2018 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. As of March 31, 2019, 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 March 31, 2019 and December 31, 2018, respectively.

	Basel III			
	At March 31, 2019		At December 31, 2018	
($ in millions)	Amount	Ratio[(1)]	Amount	Ratio[(1)]
Total risk-based capital	$ 13,813	15.8%	$ 14,013	15.3%
Tier 1 risk-based capital	$ 12,661	14.5%	$ 12,801	14.0%
Tier 1 leverage	$ 12,661	12.3%	$ 12,801	12.3%
Common equity Tier 1 capital	$ 12,661	14.5%	$ 12,801	14.0%
Risk-weighted assets	$ 87,331		$ 91,742	

(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 increase in our Common equity Tier 1 capital ratio was primarily due to the $522 million release of reserves for loan losses associated with the Walmart portfolio, as well as the seasonal decrease in loan receivables and a corresponding decrease in risk-weighted assets in the three months ended March 31, 2019.

Regulatory Capital Requirements - Synchrony Bank

At March 31, 2019 and December 31, 2018, 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 March 31, 2019 and December 31, 2018.

($ in millions)	At March 31, 2019 Amount		At March 31, 2019 Ratio	At December 31, 2018 Amount		At December 31, 2018 Ratio	Minimum to be Well-Capitalized under Prompt Corrective Action Provisions Ratio
Total risk-based capital	$	12,244	16.1%	$	12,258	15.4%	10.0%
Tier 1 risk-based capital	$	11,239	14.8%	$	11,207	14.1%	8.0%
Tier 1 leverage	$	11,239	12.5%	$	11,207	12.4%	5.0%
Common equity Tier 1 capital	$	11,239	14.8%	$	11,207	14.1%	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 2018 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 March 31, 2019, we had not recorded any contingent liabilities in our Condensed Consolidated Statement of Financial Position related to any guarantees. See Note 9 - *Fair Value Measurements* to our condensed consolidated financial statements for information on contingent consideration liabilities related to business acquisitions.

We extend credit, primarily arising from agreements with customers for unused lines of credit on our credit cards, in the ordinary course of business. See Note 4 - *Loan Receivables and Allowance for Loan 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 loan 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 2018 Form 10-K, for a detailed discussion of these critical accounting estimates.

New Accounting Standards

See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies — New Accounting Standards*, for additional information related to recent accounting pronouncements.

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 practices, treatment of our customers, safeguarding deposits, customer privacy and information security, capital structure, liquidity, dividends and other capital distributions, transactions with affiliates, and conduct and qualifications of personnel.

As a savings and loan holding company and 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.

See "*Regulation*" in our 2018 Form 10-K for additional information. See also "*—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)

($ in millions, except per share data)	Three months ended March 31, 2019	2018
Interest income:		
Interest and fees on loans (Note 4)	$ 4,687	$ 4,172
Interest on debt securities	99	72
Total interest income	4,786	4,244
Interest expense:		
Interest on deposits	375	249
Interest on borrowings of consolidated securitization entities	100	74
Interest on third-party debt	85	79
Total interest expense	560	402
Net interest income	4,226	3,842
Retailer share arrangements	(954)	(720)
Net interest income, after retailer share arrangements	3,272	3,122
Provision for loan losses (Note 4)	859	1,362
Net interest income, after retailer share arrangements and provision for loan losses	2,413	1,760
Other income:		
Interchange revenue	165	158
Debt cancellation fees	68	66
Loyalty programs	(167)	(155)
Other	26	6
Total other income	92	75
Other expense:		
Employee costs	353	358
Professional fees	232	166
Marketing and business development	123	121
Information processing	113	104
Other	222	239
Total other expense	1,043	988
Earnings before provision for income taxes	1,462	847
Provision for income taxes (Note 12)	355	207
Net earnings	$ 1,107	$ 640
Earnings per share		
Basic	$ 1.57	$ 0.84
Diluted	$ 1.56	$ 0.83

See accompanying notes to condensed consolidated financial statements.

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

($ in millions)	Three months ended March 31, 2019	2018
Net earnings	$ 1,107	$ 640
Other comprehensive income (loss)		
Debt securities	17	(20)
Currency translation adjustments	2	(3)
Employee benefit plans	—	1
Other comprehensive income (loss)	19	(22)
Comprehensive income	$ 1,126	$ 618

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)	At March 31, 2019	At December 31, 2018
Assets		
Cash and equivalents	$ 12,963	$ 9,396
Debt securities (Note 3)	5,506	6,062
Loan receivables: (Notes 4 and 5)		
Unsecuritized loans held for investment	54,907	64,969
Restricted loans of consolidated securitization entities	25,498	28,170
Total loan receivables	80,405	93,139
Less: Allowance for loan losses	(5,942)	(6,427)
Loan receivables, net	74,463	86,712
Loan receivables held for sale (Note 4)	8,052	—
Goodwill	1,076	1,024
Intangible assets, net (Note 6)	1,259	1,137
Other assets	2,065	2,461
Total assets	$ 105,384	$ 106,792
Liabilities and Equity		
Deposits: (Note 7)		
Interest-bearing deposit accounts	$ 63,787	$ 63,738
Non-interest-bearing deposit accounts	273	281
Total deposits	64,060	64,019
Borrowings: (Notes 5 and 8)		
Borrowings of consolidated securitization entities	12,091	14,439
Senior unsecured notes	9,800	9,557
Total borrowings	21,891	23,996
Accrued expenses and other liabilities	4,724	4,099
Total liabilities	$ 90,675	$ 92,114
Equity:		
Common Stock, par share value $0.001 per share; 4,000,000,000 shares authorized; 833,984,684 shares issued at both March 31, 2019 and December 31, 2018; 688,837,684 and 718,758,598 shares outstanding at March 31, 2019 and December 31, 2018, respectively	$ 1	$ 1
Additional paid-in capital	9,489	9,482
Retained earnings	9,939	8,986
Accumulated other comprehensive income (loss):		
Debt securities	(20)	(32)
Currency translation adjustments	(26)	(25)
Other	(10)	(5)
Treasury Stock, at cost; 145,147,000 and 115,226,086 shares at March 31, 2019 and December 31, 2018, respectively	(4,664)	(3,729)
Total equity	14,709	14,678
Total liabilities and equity	$ 105,384	$ 106,792

See accompanying notes to condensed consolidated financial statements.

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

	Common Stock						
($ in millions, shares in thousands)	**Shares Issued**	**Amount**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Treasury Stock**	**Total Equity**
Balance at January 1, 2018	833,985	$ 1	$ 9,445	$ 6,809	$ (64)	$ (1,957)	$ 14,234
Net earnings	—	—	—	640	—	—	640
Other comprehensive income	—	—	—	—	(22)	—	(22)
Purchases of treasury stock	—	—	—	—	—	(410)	(410)
Stock-based compensation	—	—	25	(1)	—	4	28
Dividends - common stock ($0.15 per share)	—	—	—	(114)	—	—	(114)
Balance at March 31, 2018	833,985	$ 1	$ 9,470	$ 7,334	$ (86)	$ (2,363)	$ 14,356
Balance at January 1, 2019	833,985	$ 1	$ 9,482	$ 8,986	$ (62)	$ (3,729)	$ 14,678
Net earnings	—	—	—	1,107	—	—	1,107
Other comprehensive income	—	—	—	—	19	—	19
Purchases of treasury stock	—	—	—	—	—	(967)	(967)
Stock-based compensation	—	—	7	(17)	—	32	22
Dividends - common stock ($0.21 per share)	—	—	—	(150)	—	—	(150)
Other	—	—	—	13	(13)	—	—
Balance at March 31, 2019	833,985	$ 1	$ 9,489	$ 9,939	$ (56)	$ (4,664)	$ 14,709

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended March 31,	
(*$ in millions*)	**2019**	**2018**
Cash flows - operating activities		
Net earnings	$ 1,107	$ 640
Adjustments to reconcile net earnings to cash provided from operating activities		
Provision for loan losses	859	1,362
Deferred income taxes	145	19
Depreciation and amortization	87	71
(Increase) decrease in interest and fees receivable	80	16
(Increase) decrease in other assets	118	148
Increase (decrease) in accrued expenses and other liabilities	(251)	(511)
All other operating activities	144	170
Cash provided from (used for) operating activities	2,289	1,915
Cash flows - investing activities		
Maturity and sales of debt securities	2,214	718
Purchases of debt securities	(1,963)	(2,546)
Net (increase) decrease in loan receivables, including held for sale	3,760	2,659
All other investing activities	(201)	(76)
Cash provided from (used for) investing activities	3,810	755
Cash flows - financing activities		
Borrowings of consolidated securitization entities		
Proceeds from issuance of securitized debt	1,498	1,417
Maturities and repayment of securitized debt	(3,847)	(1,701)
Third-party debt		
Proceeds from issuance of third-party debt	1,240	497
Maturities and repayment of third-party debt	(1,000)	—
Net increase (decrease) in deposits	36	(3)
Purchases of treasury stock	(967)	(410)
Dividends paid on common stock	(150)	(114)
All other financing activities	8	1
Cash provided from (used for) financing activities	(3,182)	(313)
Increase (decrease) in cash and equivalents, including restricted amounts	2,917	2,357
Cash and equivalents, including restricted amounts, at beginning of period	10,376	11,817
Cash and equivalents at end of period:		
Cash and equivalents	12,963	13,044
Restricted cash and equivalents included in other assets	330	1,130
Total cash and equivalents, including restricted amounts, at end of period	$ 13,293	$ 14,174

See accompanying notes to condensed consolidated financial statements.

NOTE 1. BUSINESS DESCRIPTION

Synchrony Financial (the "Company") provides a range of credit products through financing programs it has established with a diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers. We primarily offer private label, Dual Card and general purpose co-branded credit cards, promotional financing and installment lending, and FDIC-insured savings products 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 operations within the United States and Canada. Substantially all of our revenues are from U.S. customers. The operating activities conducted by our non-U.S. affiliates use the local currency as their functional currency. The effects of translating the financial statements of these non-U.S. affiliates to U.S. dollars are included in equity. Asset and liability accounts are translated at period-end exchange rates, while revenues and expenses are translated at average rates for the respective periods.

Consolidated Basis of Presentation

The Company's financial statements have been prepared on a consolidated basis. Under this basis of presentation, our financial statements consolidate all of our subsidiaries – i.e., entities in which we have a controlling financial interest, most often because we hold a majority voting interest.

To determine if we hold a controlling financial interest in an entity, we first evaluate if we are required to apply the variable interest entity ("VIE") model to the entity, otherwise the entity is evaluated under the voting interest model. Where we hold current or potential rights that give us the power to direct the activities of a VIE that most significantly impact the VIE's economic performance ("power") combined with a variable interest that gives us the right to receive potentially significant benefits or the obligation to absorb potentially significant losses ("significant economics"), we have a controlling financial interest in that VIE. Rights held by others to remove the party with power over the VIE are not considered unless one party can exercise those rights unilaterally. We consolidate certain securitization entities under the VIE model because we have both power and significant economics. See Note 5. *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 2018 annual consolidated financial statements and the related notes in our Annual Report on Form 10-K for the year ended December 31, 2018 (our "2018 Form 10-K").

New Accounting Standards

Newly Adopted Accounting Standards

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The ASU requires lessees to recognize most leases on their balance sheet. Leases which are identified as capital leases, are now generally identified as financing leases under the new guidance but otherwise their accounting treatment remains relatively unchanged. Leases identified as operating leases generally remain in that category under the new standard, but both a right-of-use asset and a liability for remaining lease payments is required to be recognized on our statement of financial position. We adopted this guidance retrospectively in the current year as of January 1, 2019, which did not have a material impact on our consolidated financial statements.

Recently Issued But Not Yet Adopted Accounting Standards

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments. This ASU replaces the existing incurred loss impairment guidance with a new impairment model known as the Current Expected Credit Loss ("CECL") model, which is based on expected credit losses. The CECL model permits the use of judgment in determining an approach which is most appropriate for the Company, based on their facts and circumstances. The CECL model requires, upon origination of a loan, the recognition of all expected credit losses over the life of the loan based on historical experience, current conditions and reasonable and supportable forecasts. Upon origination, the Company will record its estimate of expected credit losses through a charge to earnings, with subsequent updates to this estimate recorded through the loss provision expense.

This standard is effective for annual and interim reporting periods for fiscal years beginning after December 15, 2019, with early adoption permitted for annual and interim periods for fiscal years beginning after December 15, 2018. We plan to adopt the standard on its effective date, which for us is January 1, 2020. Upon adoption, the amendments in this standard will be recognized through a cumulative-effect adjustment to retained earnings.

We have created a company-wide approach to evaluating the effects of implementing this standard. We are in the process of testing and refining the related estimation models to meet the requirements of the standard. We are finalizing the evaluation of key accounting interpretations and the period for which reasonable and supportable forecasts can be made, prior to reverting to historical loss experience for the remaining life of the loan. We continue to assess and develop our internal processes and systems, in addition to assessing the impact on our disclosures. Given the change to expected losses for the estimated life of the financial asset and other significant differences compared to existing GAAP, this standard is expected to result in a material increase to the Company’s allowance for loan losses and a decrease in the Company's regulatory capital. An estimate of the impact is in process of being developed, as it is contingent upon continued testing and refinement of models, methodologies and judgments. Further, the extent of the impact of adoption of CECL will depend on the asset quality of the portfolio, and economic conditions and forecasts at adoption.

See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our 2018 annual consolidated financial statements in our 2018 Form 10-K, for additional information on our significant accounting policies.

NOTE 3. 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:

	March 31, 2019				December 31, 2018			
($ in millions)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
U.S. government and federal agency	$ 2,284	$ 1	$ —	$ 2,285	$ 2,889	$ —	$ (1)	$ 2,888
State and municipal	48	—	(1)	47	50	—	(2)	48
Residential mortgage-backed[(a)]	1,148	2	(27)	1,123	1,180	1	(42)	1,139
Asset-backed[(b)]	2,049	1	(1)	2,049	1,988	—	(3)	1,985
U.S. corporate debt	2	—	—	2	2	—	—	2
Total	$ 5,531	$ 4	$ (29)	$ 5,506	$ 6,109	$ 1	$ (48)	$ 6,062

(a) All of our residential mortgage-backed securities have been issued by government-sponsored entities and are collateralized by U.S. mortgages. At March 31, 2019 and December 31, 2018, $307 million and $313 million of residential mortgage-backed securities, respectively, are pledged by the Bank as collateral to the Federal Reserve to secure Federal Reserve Discount Window advances.
(b) All of our asset-backed securities are collateralized by credit card loans.

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

	In loss position for			
	Less than 12 months		12 months or more	
($ in millions)	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses
At March 31, 2019				
U.S. government and federal agency	$ 499	$ —	$ 150	$ —
State and municipal	—	—	30	(1)
Residential mortgage-backed	34	—	910	(27)
Asset-backed	737	(1)	188	—
Total	$ 1,270	$ (1)	$ 1,278	$ (28)
At December 31, 2018				
U.S. government and federal agency	$ 2,838	$ (1)	$ —	$ —
State and municipal	23	(1)	8	(1)
Residential mortgage-backed	102	—	933	(42)
Asset-backed	1,665	(2)	114	(1)
Total	$ 4,628	$ (4)	$ 1,055	$ (44)

We regularly review debt securities for impairment using both qualitative and quantitative criteria. 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.

There were no other-than-temporary impairments recognized during the three months ended March 31, 2019 and 2018.

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

At March 31, 2019 ($ in millions)		**Amortized cost**		**Estimated fair value**
Due				
Within one year	$	3,870	$	3,870
After one year through five years	$	467	$	467
After five years through ten years	$	153	$	154
After ten years	$	1,041	$	1,015

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 three months ended March 31, 2019 and 2018.

Although we generally do not have the intent to sell any specific securities held at March 31, 2019, 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 4. LOAN RECEIVABLES AND ALLOWANCE FOR LOAN LOSSES

($ in millions)		**March 31, 2019**		**December 31, 2018**
Credit cards	$	77,251	$	89,994
Consumer installment loans		1,860		1,845
Commercial credit products		1,256		1,260
Other		38		40
Total loan receivables, before allowance for losses[(a)(b)]	$	80,405	$	93,139

(a) Total loan receivables include $25.5 billion and $28.2 billion of restricted loans of consolidated securitization entities at March 31, 2019 and December 31, 2018, respectively. See Note 5. *Variable Interest Entities* for further information on these restricted loans.
(b) At March 31, 2019 and December 31, 2018, loan receivables included deferred costs, net of deferred income, of $104 million and $105 million, respectively.

Loan Receivables Held for Sale

During the first quarter of 2019, we entered into an agreement to sell loan receivables associated with our Retail Card program agreement with Walmart. As a result, at March 31, 2019, $8.1 billion of loan receivables are classified as loan receivables held for sale on our Condensed Consolidated Statement of Financial Position and we recorded a $522 million reserve release in our provision for loan losses during the three months ended March 31, 2019 following the reclassification of the Walmart portfolio to loan receivables held for sale. Approximately $1.1 billion of the loan receivables held for sale are restricted loans of our consolidated securitization entities. See Note 5. *Variable Interest Entities* for further information. The sale of the portfolio, which is subject to customary closing conditions, is expected to be completed late in the third quarter or early fourth quarter of 2019.

Allowance for Loan Losses

($ in millions)	Balance at January 1, 2019	Provision charged to operations	Gross charge-offs	Recoveries	Balance at March 31, 2019
Credit cards	$ 6,327	$ 832	$ (1,594)	$ 275	$ 5,840
Consumer installment loans	44	15	(17)	5	47
Commercial credit products	55	12	(14)	1	54
Other	1	—	—	—	1
Total	$ 6,427	$ 859	$ (1,625)	$ 281	$ 5,942

($ in millions)	Balance at January 1, 2018	Provision charged to operations	Gross charge-offs	Recoveries	Balance at March 31, 2018
Credit cards	$ 5,483	$ 1,334	$ (1,372)	$ 195	$ 5,640
Consumer installment loans	40	16	(15)	4	45
Commercial credit products	50	12	(12)	2	52
Other	1	—	—	—	1
Total	$ 5,574	$ 1,362	$ (1,399)	$ 201	$ 5,738

Delinquent and Non-accrual Loans

At March 31, 2019 ($ in millions)	30-89 days delinquent	90 or more days delinquent	Total past due	90 or more days delinquent and accruing	Total non-accruing[(a)]
Credit cards	$ 1,878	$ 1,995	$ 3,873	$ 1,984	$ —
Consumer installment loans	21	4	25	—	4
Commercial credit products	39	20	59	20	—
Total delinquent loans	$ 1,938	$ 2,019	$ 3,957	$ 2,004	$ 4
Percentage of total loan receivables	2.4%	2.5%	4.9%	2.5%	—%

At December 31, 2018 ($ in millions)	30-89 days delinquent	90 or more days delinquent	Total past due	90 or more days delinquent and accruing	Total non-accruing[(a)]
Credit cards	$ 2,229	$ 2,113	$ 4,342	$ 2,099	$ —
Consumer installment loans	28	5	33	—	5
Commercial credit products	38	17	55	17	—
Total delinquent loans	$ 2,295	$ 2,135	$ 4,430	$ 2,116	$ 5
Percentage of total loan receivables	2.5%	2.3%	4.8%	2.3%	0.1%

(a) Excludes purchase credit impaired loan receivables.

Impaired Loans and Troubled Debt Restructurings

Most of our non-accrual loan receivables are smaller balance loans evaluated collectively, by portfolio, for impairment and therefore are outside the scope of the disclosure requirements for impaired loans. Accordingly, impaired loans represent restructured smaller balance homogeneous loans meeting the definition of a Troubled Debt Restructuring ("TDR"). We use certain loan modification programs for borrowers experiencing financial difficulties. These loan modification programs include interest rate reductions and payment deferrals in excess of three months, which were not part of the terms of the original contract. Our TDR loans do not include loans that are classified as loan receivables held for sale.

We have both internal and external loan modification programs. We use long-term modification programs for borrowers experiencing financial difficulty as a loss mitigation strategy to improve long-term collectability of the loans that are classified as TDRs. The long-term program involves changing the structure of the loan to a fixed payment loan with a maturity no longer than 60 months and reducing the interest rate on the loan. The long-term program does not normally provide for the forgiveness of unpaid principal but may allow for the reversal of certain unpaid interest or fee assessments. We also make loan modifications for customers who request financial assistance through external sources, such as consumer credit counseling agency programs. These loans typically receive a reduced interest rate but continue to be subject to the original minimum payment terms and do not normally include waiver of unpaid principal, interest or fees. The following table provides information on loans that entered a loan modification program during the periods presented:

	Three months ended March 31,	
($ in millions)	**2019**	**2018**
Credit cards	$ 215	$ 221
Consumer installment loans	—	—
Commercial credit products	1	1
Total	$ 216	$ 222

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

The following table provides information about loans classified as TDRs and specific reserves. We do not evaluate credit card loans for impairment on an individual basis but instead estimate an allowance for loan losses on a collective basis. As a result, there are no impaired loans for which there is no allowance.

At March 31, 2019 ($ in millions)	**Total recorded investment**	**Related allowance**	**Net recorded investment**	**Unpaid principal balance**
Credit cards	$ 1,060	$ (518)	$ 542	$ 962
Consumer installment loans	—	—	—	—
Commercial credit products	4	(2)	2	4
Total	$ 1,064	$ (520)	$ 544	$ 966

At December 31, 2018 ($ in millions)	**Total recorded investment**	**Related allowance**	**Net recorded investment**	**Unpaid principal balance**
Credit cards	$ 1,203	$ (546)	$ 657	$ 1,086
Consumer installment loans	—	—	—	—
Commercial credit products	4	(2)	2	4
Total	$ 1,207	$ (548)	$ 659	$ 1,090

Financial Effects of TDRs

As part of our loan modifications for borrowers experiencing financial difficulty, we may provide multiple concessions to minimize our economic loss and improve long-term loan performance and collectability. The following table presents the types and financial effects of loans modified and accounted for as TDRs during the periods presented:

Three months ended March 31,	2019			2018		
($ in millions)	**Interest income recognized during period when loans were impaired**	**Interest income that would have been recorded with original terms**	**Average recorded investment**	**Interest income recognized during period when loans were impaired**	**Interest income that would have been recorded with original terms**	**Average recorded investment**
Credit cards	$ 11	$ 64	$ 1,132	$ 12	$ 62	$ 1,056
Consumer installment loans	—	—	—	—	—	—
Commercial credit products	—	—	4	—	—	5
Total	$ 11	$ 64	$ 1,136	$ 12	$ 62	$ 1,061

Payment Defaults

The following table presents the type, number and amount of loans accounted for as TDRs that enrolled in a modification plan within the previous 12 months from the applicable balance sheet date and experienced a payment default during the periods presented. A customer defaults from a modification program after two consecutive missed payments.

Three months ended March 31,	2019		2018	
($ in millions)	**Accounts defaulted**	**Loans defaulted**	**Accounts defaulted**	**Loans defaulted**
Credit cards	18,981	$ 44	23,701	$ 53
Consumer installment loans	—	—	—	—
Commercial credit products	47	—	68	1
Total	19,028	$ 44	23,769	$ 54

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, as well as information from credit bureaus, such as a Fair Isaac Corporation ("FICO") or other credit scores, relating to the customer's broader credit performance. FICO scores are generally 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) 661 or higher, which are considered the strongest credits; (ii) 601 to 660, considered moderate credit risk; and (iii) 600 or less, which are considered weaker credits. There are certain customer accounts for which a FICO score is not available where we use alternative sources to assess their credit and predict behavior. The following table provides the most recent FICO scores available for our customers at March 31, 2019 and December 31, 2018, respectively, as a percentage of each class of loan receivable. The table below excludes 0.6%, 0.5% and 0.8% of our total loan receivables balance at each of March 31, 2019, December 31, 2018 and March 31, 2018, respectively, which represents those customer accounts for which a FICO score is not available.

	March 31, 2019			December 31, 2018			March 31, 2018		
	661 or higher	601 to 660	600 or less	661 or higher	601 to 660	600 or less	661 or higher	601 to 660	600 or less
Credit cards	74%	18%	8%	74%	18%	8%	73%	19%	8%
Consumer installment loans	80%	14%	6%	80%	14%	6%	79%	15%	6%
Commercial credit products	91%	5%	4%	90%	5%	5%	88%	7%	5%

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 $418 billion at both March 31, 2019 and December 31, 2018, 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:

	Three months ended March 31,	
($ in millions)	2019	2018
Credit cards	$ 4,611	$ 4,099
Consumer installment loans	42	36
Commercial credit products	34	36
Other	—	1
Total	$ 4,687	$ 4,172

NOTE 5. 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 VIE in the three months ended March 31, 2019 and 2018. 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)	March 31, 2019	December 31, 2018
Assets		
Loan receivables, net[(a)]	$ 23,934	$ 26,454
Loan receivables held for sale	1,084	—
Other assets[(b)]	76	813
Total	$ 25,094	$ 27,267
Liabilities		
Borrowings	$ 12,091	$ 14,439
Other liabilities	32	36
Total	$ 12,123	$ 14,475

(a) Includes $1.6 billion and $1.7 billion of related allowance for loan losses resulting in gross restricted loans of $25.5 billion and $28.2 billion at March 31, 2019 and December 31, 2018, respectively.
(b) Includes $68 million and $803 million of segregated funds held by the VIEs at March 31, 2019 and December 31, 2018, 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 $1.2 billion for both the three months ended March 31, 2019 and 2018, respectively. Related expenses consisted primarily of provision for loan losses of $188 million and $316 million for the three months ended March 31, 2019 and 2018, respectively, and interest expense of $100 million and $74 million for the three months ended March 31, 2019 and 2018, respectively.

NOTE 6. INTANGIBLE ASSETS

	March 31, 2019			December 31, 2018		
($ in millions)	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
Customer-related	$ 1,727	$ (840)	$ 887	$ 1,630	$ (803)	$ 827
Capitalized software and other	655	(283)	372	562	(252)	310
Total	$ 2,382	$ (1,123)	$ 1,259	$ 2,192	$ (1,055)	$ 1,137

During the three months ended March 31, 2019, we recorded additions to intangible assets subject to amortization of $193 million, primarily related to customer-related intangible assets, as well as capitalized software expenditures.

Customer-related intangible assets primarily relate to retail partner contract acquisitions and extensions, as well as purchased credit card relationships. During the three months ended March 31, 2019 and 2018, we recorded additions to customer-related intangible assets subject to amortization of $99 million and $12 million, respectively, primarily related to payments made to extend certain retail partner relationships. These additions had a weighted average amortizable life of 7 years and 5 years for the three months ended March 31, 2019 and 2018, respectively.

Amortization expense related to retail partner contracts was $33 million and $29 million for the three months ended March 31, 2019 and 2018, respectively, and is included as a component of marketing and business development expense in our Condensed Consolidated Statements of Earnings. All other amortization expense was $37 million and $27 million for the three months ended March 31, 2019 and 2018, respectively, and is included as a component of other expense in our Condensed Consolidated Statements of Earnings.

NOTE 7. DEPOSITS

	March 31, 2019		December 31, 2018	
($ in millions)	**Amount**	**Average rate[(a)]**	**Amount**	**Average rate[(a)]**
Interest-bearing deposits	$ 63,787	2.4%	$ 63,738	2.0%
Non-interest-bearing deposits	273	—	281	—
Total deposits	$ 64,060		$ 64,019	

(a) Based on interest expense for the three months ended March 31, 2019 and the year ended December 31, 2018 and average deposits balances.

At March 31, 2019 and December 31, 2018, interest-bearing deposits included $21.2 billion and $20.2 billion of certificates of deposit of $100,000 or more, respectively. Of the total certificates of deposit of $100,000 or more, $7.3 billion and $6.9 billion were certificates of deposit of $250,000 or more at March 31, 2019 and December 31, 2018, respectively.

At March 31, 2019, our interest-bearing time deposits maturing for the remainder of 2019 and over the next four years and thereafter were as follows:

($ in millions)	**2019**	**2020**	**2021**	**2022**	**2023**	**Thereafter**
Deposits	$ 16,442	$ 16,708	$ 3,281	$ 2,553	$ 1,206	$ 1,536

The above maturity table excludes $18.6 billion of demand deposits with no defined maturity, of which $17.5 billion are savings accounts. In addition, at March 31, 2019, we had $3.4 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 2020 and 2025.

NOTE 8. BORROWINGS

	March 31, 2019				December 31, 2018
($ in millions)	Maturity date	Interest Rate	Weighted average interest rate	Outstanding Amount(a)	Outstanding Amount(a)
Borrowings of consolidated securitization entities:					
Fixed securitized borrowings	2019 - 2023	1.58% - 3.87%	2.58%	$ 7,991	$ 8,664
Floating securitized borrowings	2019 - 2022	3.08% - 3.37%	3.21%	4,100	5,775
Total borrowings of consolidated securitization entities			2.79%	12,091	14,439
Senior unsecured notes:					
Synchrony Financial senior unsecured notes:					
Fixed senior unsecured notes	2019 - 2029	2.70% - 5.15%	3.91%	7,560	7,318
Floating senior unsecured notes	2020	3.97%	3.97%	250	250
Synchrony Bank senior unsecured notes:					
Fixed senior unsecured notes	2021 - 2022	3.00% - 3.65%	3.33%	1,491	1,490
Floating senior unsecured notes	2020	3.23%	3.23%	499	499
Total senior unsecured notes			3.79%	9,800	9,557
Total borrowings				$ 21,891	$ 23,996

(a) The amounts presented above for outstanding borrowings include unamortized debt premiums, discounts and issuance cost.

Debt Maturities

The following table summarizes the maturities of the principal amount of our borrowings of consolidated securitization entities and senior unsecured notes for the remainder of 2019 and over the next four years and thereafter:

($ in millions)	2019	2020	2021	2022	2023	Thereafter
Borrowings	$ 2,664	$ 5,450	$ 5,250	$ 2,883	$ 707	$ 5,000

Third-Party Debt

2019 Issuances ($ in millions):

Synchrony Financial

Issuance Date	Principal Amount	Maturity	Interest Rate
March 2019	$ 600	2024	4.375%
March 2019	$ 650	2029	5.150%

Credit Facilities

As additional sources of liquidity, we have undrawn committed capacity under credit facilities, primarily related to our securitization programs.

At March 31, 2019, we had an aggregate of $5.6 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.

NOTE 9. 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 2018 annual consolidated financial statements in our 2018 Form 10-K.

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

Recurring Fair Value Measurements

At March 31, 2019 ($ in millions)	Level 1	Level 2	Level 3	Total[(a)]
Assets				
Debt securities				
U.S. Government and Federal Agency	$ —	$ 2,285	$ —	$ 2,285
State and municipal	—	—	47	47
Residential mortgage-backed	—	1,123	—	1,123
Asset-backed	—	2,049	—	2,049
U.S. corporate debt	—	—	2	2
Other assets[(b)]	15	—	14	29
Total	$ 15	$ 5,457	$ 63	$ 5,535
Liabilities				
Contingent consideration	—	—	25	25
Total	$ —	$ —	$ 25	$ 25
At December 31, 2018 ($ in millions)				
Assets				
Debt securities				
U.S. Government and Federal Agency	$ —	$ 2,888	$ —	$ 2,888
State and municipal	—	—	48	48
Residential mortgage-backed	—	1,139	—	1,139
Asset-backed	—	1,985	—	1,985
U.S. corporate debt	—	—	2	2
Other assets[(b)]	15	—	13	28
Total	$ 15	$ 6,012	$ 63	$ 6,090
Liabilities				
Contingent consideration	—	—	26	26
Total	$ —	$ —	$ 26	$ 26

(a) For the three months ended March 31, 2019, there were no fair value measurements transferred between levels.
(b) Other assets primarily relate to equity investments measured at fair value.

Level 3 Fair Value Measurements

Our Level 3 recurring fair value measurements primarily relate to state and municipal debt instruments, which are valued using non-binding broker quotes or other third-party sources, CRA investments, which are valued using net asset values, as well as contingent consideration obligations. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* and Note 9. *Fair Value Measurements* in our 2018 annual consolidated financial statements in our 2018 Form 10-K for a description of our process to evaluate third-party pricing servicers and a description of our contingent consideration and compensation arrangements, respectively. 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 months ended March 31, 2019 and 2018 were not material.

Financial Assets and Financial Liabilities Carried at Other Than Fair Value

At March 31, 2019 ($ 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)]	$ 12,963	$ 12,963	$ 12,963	$ —	$ —
Other assets[(a)(b)]	$ 330	$ 330	$ 330	$ —	$ —
Financial assets carried at other than fair value:					
Loan receivables, net[(c)]	$ 74,463	$ 82,739	$ —	$ —	$ 82,739
Loan receivables held for sale[(c)]	$ 8,052	$ 8,052	$ —	$ —	$ 8,052
Financial Liabilities					
Financial liabilities carried at other than fair value:					
Deposits	$ 64,060	$ 64,097	$ —	$ 64,097	$ —
Borrowings of consolidated securitization entities	$ 12,091	$ 12,105	$ —	$ 8,008	$ 4,097
Senior unsecured notes	$ 9,800	$ 9,809	$ —	$ 9,809	$ —

At December 31, 2018 ($ 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)]	$ 9,396	$ 9,396	$ 9,396	$ —	$ —
Other assets[(a)(b)]	$ 980	$ 980	$ 980	$ —	$ —
Financial assets carried at other than fair value:					
Loan receivables, net[(c)]	$ 86,712	$ 95,305	$ —	$ —	$ 95,305
Financial Liabilities					
Financial liabilities carried at other than fair value:					
Deposits	$ 64,019	$ 63,942	$ —	$ 63,942	$ —
Borrowings of consolidated securitization entities	$ 14,439	$ 14,400	$ —	$ 8,626	$ 5,774
Senior unsecured notes	$ 9,557	$ 9,062	$ —	$ 9,062	$ —

(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) Under certain retail partner program agreements, the expected sales proceeds related to the 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.

NOTE 10. 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 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 Federal Deposit Insurance Corporation.

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 table 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.

At March 31, 2019 and December 31, 2018, Synchrony Financial met all applicable requirements to be deemed well-capitalized pursuant to Federal Reserve Board regulations. At March 31, 2019 and December 31, 2018, 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 March 31, 2019 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 March 31, 2019 ($ in millions)	Actual		Minimum for capital adequacy purposes	
	Amount	Ratio[(a)]	Amount	Ratio[(b)]
Total risk-based capital	$ 13,813	15.8%	$ 6,986	8.0%
Tier 1 risk-based capital	$ 12,661	14.5%	$ 5,240	6.0%
Tier 1 leverage	$ 12,661	12.3%	$ 4,130	4.0%
Common equity Tier 1 Capital	$ 12,661	14.5%	$ 3,930	4.5%

At December 31, 2018 ($ in millions)	Actual		Minimum for capital adequacy purposes	
	Amount	Ratio[(a)]	Amount	Ratio[(b)]
Total risk-based capital	$ 14,013	15.3%	$ 7,339	8.0%
Tier 1 risk-based capital	$ 12,801	14.0%	$ 5,505	6.0%
Tier 1 leverage	$ 12,801	12.3%	$ 4,157	4.0%
Common equity Tier 1 Capital	$ 12,801	14.0%	$ 4,128	4.5%

Synchrony Bank

At March 31, 2019 ($ 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	$ 12,244	16.1%	$ 6,080	8.0%	$ 7,599	10.0%
Tier 1 risk-based capital	$ 11,239	14.8%	$ 4,560	6.0%	$ 6,080	8.0%
Tier 1 leverage	$ 11,239	12.5%	$ 3,601	4.0%	$ 4,501	5.0%
Common equity Tier I capital	$ 11,239	14.8%	$ 3,420	4.5%	$ 4,940	6.5%

At December 31, 2018 ($ 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	$ 12,258	15.4%	$ 6,348	8.0%	$ 7,934	10.0%
Tier 1 risk-based capital	$ 11,207	14.1%	$ 4,761	6.0%	$ 6,348	8.0%
Tier 1 leverage	$ 11,207	12.4%	$ 3,612	4.0%	$ 4,515	5.0%
Common equity Tier I capital	$ 11,207	14.1%	$ 3,570	4.5%	$ 5,157	6.5%

(a) Capital ratios are calculated based on the Basel III Standardized Approach rules.
(b) At March 31, 2019 and at December 31, 2018, 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 and 1.875 percentage points, respectively, 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 11. 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 share reflects the assumed conversion of all dilutive securities.

The following table presents the calculation of basic and diluted earnings per share:

(in millions, except per share data)	Three months ended March 31, 2019	Three months ended March 31, 2018
Net earnings	$ 1,107	$ 640
Weighted average common shares outstanding, basic	706.3	763.7
Effect of dilutive securities	2.6	6.6
Weighted average common shares outstanding, dilutive	708.9	770.3
Earnings per basic common share	$ 1.57	$ 0.84
Earnings per diluted common share	$ 1.56	$ 0.83

We have issued certain stock based awards under the Synchrony Financial 2014 Long-Term Incentive Plan. A total of 5 million and 1 million shares for the three months ended March 31, 2019 and 2018, respectively, related to these awards, were considered anti-dilutive and therefore were excluded from the computation of diluted earnings per share.

NOTE 12. INCOME TAXES

Unrecognized Tax Benefits

($ in millions)	March 31, 2019	December 31, 2018
Unrecognized tax benefits, excluding related interest expense and penalties[(a)]	$ 224	$ 251
Portion that, if recognized, would reduce tax expense and effective tax rate[(b)]	$ 166	$ 164

(a) Interest and penalties related to unrecognized tax benefits were not material for all periods presented.
(b) Includes gross 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 $53 million, of which $24 million, if recognized, would reduce the Company's tax expense and effective tax rate.

For periods prior to separation from GE, we filed tax returns on a consolidated basis with GE and are under continuous examination by the Internal Revenue Service (“IRS”) and the tax authorities of various states as part of their audit of GE’s tax returns. The IRS is currently auditing GE's consolidated U.S. income tax returns for 2012 to 2015. In addition to the audits of GE's tax returns, we are under examination in various states going back to 2011. 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 13. LEGAL PROCEEDINGS AND REGULATORY MATTERS

In the normal course of business, from time to time, we have been named as a defendant in various legal proceedings, including arbitrations, class actions and other litigation, arising in connection with our business activities. Certain of the legal actions include claims for substantial compensatory and/or punitive damages, or claims for indeterminate amounts of damages. We are also involved, from time to time, in reviews, investigations and proceedings (both formal and informal) by governmental agencies regarding our business (collectively, “regulatory matters”), which could subject us to significant fines, penalties, obligations to change our business practices or other requirements resulting in increased expenses, diminished income and damage to our reputation. We contest liability and/or the amount of damages as appropriate in each pending matter. In accordance with applicable accounting guidance, we establish an accrued liability for legal and regulatory matters when those matters present loss contingencies which are both probable and reasonably estimable.

Legal proceedings and regulatory matters are subject to many uncertain factors that generally cannot be predicted with assurance, and we may be exposed to losses in excess of any amounts accrued.

For some matters, we are able to determine that an estimated loss, while not probable, is reasonably possible. For other matters, including those that have not yet progressed through discovery and/or where important factual information and legal issues are unresolved, we are unable to make such an estimate. We currently estimate that the reasonably possible losses for legal proceedings and regulatory matters, whether in excess of a related accrued liability or where there is no accrued liability, and for which we are able to estimate a possible loss, are immaterial. This represents management’s estimate of possible loss with respect to these matters and is based on currently available information. This estimate of possible loss does not represent our maximum loss exposure. The legal proceedings and regulatory matters underlying the estimate will change from time to time and actual results may vary significantly from current estimates.

Our estimate of reasonably possible losses involves significant judgment, given the varying stages of the proceedings, the existence of numerous yet to be resolved issues, the breadth of the claims (often spanning multiple years), unspecified damages and/or the novelty of the legal issues presented. Based on our current knowledge, we do not believe that we are a party to any pending legal proceeding or regulatory matters that would have a material adverse effect on our 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.

Below is a description of certain of our regulatory matters and legal proceedings.

Regulatory Matters

On October 30, 2014, the United States Trustee, which is part of the Department of Justice, filed an application in *In re Nyree Belton*, a Chapter 7 bankruptcy case pending in the U.S. Bankruptcy Court for the Southern District of New York for orders authorizing discovery of the Bank pursuant to Rule 2004 of the Federal Rules of Bankruptcy Procedure, related to an investigation of the Bank’s credit reporting. The discovery, which is ongoing, concerns allegations made in *Belton et al. v. GE Capital Consumer Lending*, a putative class action adversary proceeding pending in the same Bankruptcy Court. In the *Belton* adversary proceeding, which was filed on April 30, 2014, plaintiff alleges that the Bank violates the discharge injunction under Section 524(a)(2) of the Bankruptcy Code by attempting to collect discharged debts and by failing to update and correct credit information to credit reporting agencies to show that such debts are no longer due and owing because they have been discharged in bankruptcy. Plaintiff seeks declaratory judgment, injunctive relief and an unspecified amount of damages. On December 15, 2014, the Bankruptcy Court entered an order staying the adversary proceeding pending an appeal to the District Court of the Bankruptcy Court’s order denying the Bank’s motion to compel arbitration. On October 14, 2015, the District Court reversed the Bankruptcy Court and on November 4, 2015, the Bankruptcy Court granted the Bank's motion to compel arbitration. On March 4, 2019, on plaintiff’s motion for reconsideration, the District Court vacated its decision reversing the Bankruptcy Court and affirmed the Bankruptcy Court’s decision denying the Bank’s motion to compel arbitration.

On May 9, 2017, the Bank received a Civil Investigative Demand from the CFPB seeking information related to the marketing and servicing of deferred interest promotions.

Other Matters

The Bank or the Company is, or has been, defending a number of putative class actions alleging claims under the federal Telephone Consumer Protection Act ("TCPA") as a result of phone calls made by the Bank. The complaints generally have alleged that the Bank or the Company placed calls to consumers by an automated telephone dialing system or using a pre-recorded message or automated voice without their consent and seek up to $1,500 for each violation, without specifying an aggregate amount. *Campbell et al. v. Synchrony Bank* was filed on January 25, 2017 in the U.S. District Court for the Northern District of New York. The original complaint named only J.C. Penney Company, Inc. and J.C. Penney Corporation, Inc. as the defendants but was amended on April 7, 2017 to replace those defendants with the Bank. *Neal et al. v. Wal-Mart Stores, Inc. and Synchrony Bank*, for which the Bank is indemnifying Wal-Mart, was filed on January 17, 2017 in the U.S. District Court for the Western District of North Carolina. The original complaint named only Wal-Mart Stores, Inc. as a defendant but was amended on March 30, 2017 to add Synchrony Bank as an additional defendant. *Mott et al. v. Synchrony Bank* was filed on February 2, 2018 in the U.S. District Court for the Middle District of Florida.

On November 2, 2018, a putative class action lawsuit, *Retail Wholesale Department Store Union Local 338 Retirement Fund v. Synchrony Financial, et al.*, was filed in the U.S. District Court for the District of Connecticut, naming as defendants the Company and two of its officers. The lawsuit asserts violations of the Exchange Act for allegedly making materially misleading statements and/or omitting material information concerning the Company's underwriting practices and private-label card business, and was filed on behalf of a putative class of persons who purchased or otherwise acquired the Company's common stock between October 21, 2016 and November 1, 2018. The complaint seeks an award of unspecified compensatory damages, costs and expenses. On February 5, 2019, the court appointed Stichting Depositary APG Developed Markets Equity Pool as lead plaintiff for the putative class. On April 5, 2019, an amended complaint was filed, asserting a new claim for violations of the Securities Act in connection with statements in the offering materials for the Company's December 1, 2017 note offering. The Securities Act claims are filed on behalf of persons who purchased or otherwise acquired Company bonds in or traceable to the December 1, 2017 note offering between December 1, 2017 and November 1, 2018. The amended complaint names as additional defendants two additional Company officers, the Company's board of directors, and the underwriters of the December 1, 2017 note offering. The amended complaint is captioned *Stichting Depositary APG Developed Markets Equity Pool and Stichting Depositary APG Fixed Income Credit Pool v. Synchrony Financial et al.*

On January 28, 2019, a purported shareholder derivative action, *Gilbert v. Keane, et al.*, was filed in the U.S. District Court for the District of Connecticut against the Company as a nominal defendant, and certain of the Company's officers and directors. The lawsuit alleges breach of fiduciary duty claims based on the allegations raised by the plaintiff in the *Stichting Depositar APG* class action, unjust enrichment, waste of corporate assets, and that the defendants made materially misleading statements and/or omitted material information in violation of the Exchange Act. The complaint seeks a declaration that the defendants breached and/or aided and abetted the breach of their fiduciary duties to the Company, unspecified monetary damages with interest, restitution, a direction that the defendants take all necessary actions to reform and improve corporate governance and internal procedures, and attorneys' and experts' fees. On March 11, 2019, a second purported shareholder derivative action, *Aldridge v. Keane, et al.*, was filed in the U.S. District Court for the District of Connecticut. The allegations in the *Aldridge* complaint are substantially similar to those in the *Gilbert* complaint.

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 LIBOR or the federal funds rate. The prime rate and the LIBOR 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.

At March 31, 2019, assuming an immediate 100 basis point increase in the interest rates affecting all interest rate sensitive assets and liabilities, we estimate that net interest income over the following 12-month period would increase by approximately $75 million. This estimate projects net interest income over the following 12-month period and takes into consideration future growth and balance sheet composition.

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 2018 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Under the direction of our Chief Executive Officer and Chief Financial Officer, we evaluated our disclosure controls and procedures, and our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2019.

No change in internal control over financial reporting occurred during the quarter ended March 31, 2019 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 13. *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 2018 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 March 31, 2019.

($ in millions, except per share data)	Total Number of Shares Purchased[(a)]	Average Price Paid Per Share[(b)]	Total Number of Shares Purchased as Part of Publicly Announced Programs[(c)]	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Programs[(b)]
January 1 - 31, 2019	6,885,064	$ 30.01	6,658,078	$ 766.0
February 1 - 28, 2019	14,116,496	31.08	14,115,904	327.2
March 1 - 31, 2019	10,131,946	32.32	10,123,347	—
Total	31,133,506	$ 31.25	30,897,329	$ —

(a) Includes 226,986 shares, 592 shares and 8,599 shares withheld in January, February and March, 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) On May 17, 2018, the Board of Directors approved the 2018 Share Repurchase Program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Description
10.1	Amended and Restated form of agreement for awards under Synchrony 2014 Long-Term Incentive Plan
10.2	Amended and Restated form of agreement for awards of Performance Share Units under Synchrony 2014 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	The following materials from Synchrony Financial's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Statements of Earnings for the three months ended March 31, 2019 and 2018, (ii) Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2019 and 2018, (iii) Condensed Consolidated Statements of Financial Position at March 31, 2019 and December 31, 2018, (iv) Condensed Consolidated Statements of Changes in Equity for the three months ended March 31, 2019 and 2018, (v) Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2019 and 2018, and (vi) Notes to Condensed Consolidated Financial Statements.

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)

April 25, 2019	/s/ Brian D. Doubles
Date	Brian D. Doubles Executive Vice President and Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)

Exhibit 10.1

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

Pursuant to the Synchrony Financial 2014 Long-Term Incentive Plan (the "Plan"), you have been awarded (this "Award") restricted stock units ("RSUs"), each of which entitles you to receive one share of common stock (each, a "Share") of Synchrony Financial ("Synchrony"), subject to the terms and conditions set forth in (A) the Plan, (B) this Notice, (C) the attached "Restricted Stock Unit Terms and Conditions" (the "Terms and Conditions"), and (D) the information available on the website (the "Administrator Website") maintained by the administrator of the Plan for these purposes.

The Administrator Website identifies, among other things, (i) the number of RSUs granted pursuant to this Award and (ii) the effective date of this Award. As described in more detail in the Terms and Conditions, the RSUs will be settled in Shares, and the RSUs include dividend equivalents.

The Terms and Conditions describe the vesting conditions applicable to the RSUs and other important information relating to your Award.

You must log into your account on the Administrator Website prior to the date your Award first vests to view additional information about your Award and to accept your Award. 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
2014 LONG-TERM INCENTIVE PLAN

RESTRICTED STOCK UNIT

TERMS AND CONDITIONS

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1. *Award of RSUs.* Pursuant to the Synchrony Financial 2014 Long-Term Incentive Plan (the "Plan"), Synchrony Financial ("Synchrony") has awarded (the "Award") to the employee Restricted Stock Units ("RSUs"), subject to the terms and conditions set forth herein (the "Terms and Conditions") and in the Plan.

2. *Definitions and Coordination with the Plan.* Capitalized terms used but not defined herein shall have the meanings assigned to them in Exhibit A hereto or, if not so assigned in Exhibit A, the meanings assigned in the Plan. In the event of any inconsistency between the Plan and the Terms and Conditions, the terms in the Plan shall control unless the Terms and Conditions specifically provide otherwise. References herein to employment with Synchrony shall include employment with any Affiliate of Synchrony.

3. *Information on the Administrator Website.* The following information applicable to the Award is set forth on the employee's account on the website maintained by the administrator of the Plan (the "Administrator") in connection with the Plan:

(a) The number of RSUs; and

(b) The effective date of the Award (the "Award Date").

4. *Vesting.*

(a) *General.* Subject to the Terms and Conditions, and except as otherwise set forth below in this Section 4, one-third (1/3) of the RSUs granted hereunder will vest, and the Period of Restriction applicable to such RSUs will end, on each anniversary of the Award Date (each, a "Vesting Date"), provided that the employee has remained continuously employed by Synchrony through such Vesting Date.

(b) *Effect of Termination of Employment.* If the employee's employment with Synchrony ends for any reason before the end of the Period of Restriction with respect to any RSUs, the employee shall immediately forfeit such unvested RSUs (and, as a result, shall forfeit all Shares and cash that may otherwise have been delivered or paid pursuant to such RSUs), subject to the following:

(i) *Involuntary Termination.*

(A) If the employee's employment is terminated by Synchrony without Cause on or after the first (1st) anniversary of the Award Date, and the employee has less than twenty (20) Years of Continuous Service as of such termination, then (i) 50% of the remaining unvested RSUs shall immediately be forfeited and (ii) the other 50% of the remaining unvested RSUs shall vest in equal portions on each of the subsequent Vesting Dates.

(B) If the employee's employment is terminated by Synchrony without Cause on or after the first (1st) anniversary of the Award Date, and the employee has twenty (20) or more Years of Continuous Service, any unvested RSUs will continue to vest in accordance with the vesting schedule provided in Section 4(a).

(ii) *Retirement.* If the employee's employment with Synchrony terminates (other than for Cause) on or after the first (1st) anniversary of the Award Date and after the employee is eligible for Retirement, any unvested RSUs will continue to vest in accordance with the vesting schedule provided in Section 4(a).

(iii) *Disability or Death.* If the employee's employment with Synchrony terminates due to Disability or death, the Period of Restriction for any unvested RSUs shall end immediately. The amount payable (or Shares deliverable) for RSUs shall not be adjusted for any delay caused by time needed to validate the employee's status as Disabled or dead, or to authenticate a beneficiary.

(iv) *Termination following Change in Control.* If, in the event of a Change in Control, Synchrony (or the successor to Synchrony) assumes the RSUs or replaces the RSUs with an award of substantially equivalent value, as determined by the Committee, and during the thirty (30) month period after such Change in Control, the employee's employment is terminated by Synchrony (or the successor to Synchrony) without Cause or the employee terminates his or her employment for Good Reason, the Period of Restriction for any unvested RSUs shall end immediately upon such termination of employment and the RSUs shall be fully vested, non-forfeitable and payable.

(c) *Change in Control.* If, in the event of a Change in Control, Synchrony (or a successor to Synchrony) fails to assume or replace the unvested RSUs with an award of substantially equivalent value, as determined by the Committee, the Period of Restriction for all such unvested RSUs shall end immediately prior to such Change in Control and the unvested RSUs shall be fully vested, non-forfeitable and payable, and the Shares underlying the unvested RSUs shall be treated in the same manner as other Shares in the Change in Control.

(d) *Waiver and Release*. The right of an employee or his or her 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 his or her continuous employment through each Vesting Date shall be subject to the employee or his or her estate timely executing within forty- five (45) days following the employee's termination of employment a waiver and release in a form provided by Synchrony (the "Release"), and not revoking such release.

5. *Settlement of RSUs.* Upon the end of a Period of Restriction, Synchrony will issue to the employee the number of Shares for which the applicable Period of Restriction has ended, less the number of Shares needed to satisfy required tax withholding. Except as otherwise provided in Section 4 or 14, such Shares shall be delivered within thirty (30) days after the applicable Period of Restriction ends. Shares may be issued in the form of a stock certificate or a notification to the employee that the Shares are held in a book-entry account on the employee's behalf. The employee shall have no rights as a shareholder of Synchrony unless and until a certificate for the Shares has been issued to the employee or the employee has been notified that the Shares are held in a book-entry account on the employee's behalf. Synchrony shall, within thirty (30) days after the applicable Period of Restriction ends, make a cash payment to the employee for any fractional Shares to which the employee is entitled, based on the Fair Market Value of a Share on the date the Period of Restriction lapses.

6. *Restrictive Covenants*.

(a) *Non-Competition*. The employee will not, while the employee is employed by Synchrony, or during the eighteen (18) month period following a termination of the employee's employment with Synchrony:

(i) directly or indirectly enter into an employment or contractual relationship to provide services similar to those the employee provided for Synchrony to any business or entity that is the same as, substantially similar to or competitive with Synchrony's Business. For the purposes of this Section, "Synchrony's Business" means the United States consumer credit industry;

(ii) promote or assist, financially or otherwise, any firm, corporation or other entity engaged in any business which competes with Synchrony's Business; or

(iii) directly or indirectly solicit or endeavor to solicit or gain the business of, canvas or interfere with the relationship of Synchrony or its Affiliates with any person that:

(A) is a customer of Synchrony or its Affiliates while the employee is employed by Synchrony or on the date that the employee ceases to be an employee of Synchrony;

(B) was a customer of Synchrony or its Affiliates at any time within twelve (12) months prior to the date the employee ceases to be

employed by Synchrony; or

(C) has been pursued as a prospective customer by or on behalf of Synchrony or its Affiliates at any time within twelve (12) months prior to the date the employee ceases to be employed by Synchrony and in respect of whom Synchrony and its Affiliates have not determined to cease all such pursuit;

in each case with respect to Sections 6(a)(iii)(A) – (C), provided that the employee either had contact with such customer or prospective customer at any time during the twenty-four (24) month period prior to the effective termination date of the employee's employment with Synchrony or had obtained Confidential Information concerning such customer or prospective customer.

(iv) Nothing herein shall prohibit the employee from being a passive owner of not more than 2% of the outstanding stock of any class of a corporation which is publicly traded, so long as the employee has no active participation in the business of such corporation. Notwithstanding the foregoing, this Section 6(a) will not apply to the employee if he or she provides services primarily in the state of California. In addition, to the extent that any provision of this Section 6(a) is not enforceable, such provision shall be deemed modified or limited so that, as modified or limited, such provision may be enforced to the fullest extent possible. If one or more of the provisions of this Terms and Conditions is invalidated for any reason by a tribunal of competent jurisdiction (after any appropriate modification or limitation pursuant to the foregoing sentence), any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

(b) *Non-Solicitation*. The employee will not, without the prior consent of Synchrony, directly or indirectly, at any time, for whatever reason, either individually, or in partnership, or jointly, or in conjunction with any person as principal, agent, employee or shareholder (other than a holding of shares listed on a United States stock exchange that does not exceed 5% of the outstanding shares so listed) or in any other manner whatsoever on the employee's own behalf or on behalf of any third party:

(i) induce or endeavor to induce any other employee of Synchrony to leave his or her 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 his or her employment (except in the course of performing his or her 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 Award shall not be applied to limit or interfere with any employee's right, without notice to or authorization of the Company, to communicate and cooperate in good faith with a Government Agency for the purpose of (i) reporting a possible violation of any U.S. federal, state, or local law or regulation, (ii) participating in any investigation or proceeding that may be conducted or managed by any Government Agency, including by providing documents or other information, or (iii) filing a charge or complaint with a Government Agency. For purposes of this Award, "Government Agency" means the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, or any other self-regulatory organization or any other federal, state or local governmental agency or commission. Additionally, no employee will be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (a) in confidence to a federal, state, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; or (c) in court proceedings if the employee files a lawsuit for retaliation by an employer for reporting a suspected violation of law, or to the employee's attorney in such lawsuit, provided that the employee must file any document containing the trade secret under seal, and the employee may not disclose the trade secret, except pursuant to court order. However, employees are not authorized to make any disclosures as to which the Company may assert protections from disclosure under the attorney-client privilege or the attorney work product doctrine without prior written consent of the Company's General Counsel or another authorized officer designated by the Company.

(d) *Relief.* Any breach of the provisions in this Section by the employee will result in material and irreparable harm to Synchrony and its Affiliates although it may be difficult for Synchrony or its Affiliates to establish the monetary value flowing from such harm. The employee therefore agrees that Synchrony and its Affiliates, in addition to being entitled to the monetary damages that flow from the breach, will be entitled to injunctive relief in a court of appropriate jurisdiction in the event of any breach or threatened breach by the employee of any of the provisions of this Section. In addition, Synchrony and its Affiliates will be relieved of any further obligations to make any payments to the employee or provide the employee with any benefits, except those that are required by law, in the event of a breach by the employee of any of the provisions of this Section. Any rights of the employee to receive any Shares or cash payment in respect of the RSUs shall be forfeited effective as of the date the employee enters into an activity resulting in a breach of the provisions in this Section, and the employee will be required to repay Synchrony an amount (in Shares or cash) received in respect of RSUs by or on behalf of

the employee during the period beginning one-hundred eighty (180) days 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. *Alteration/Termination.* The Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate, the Award, prospectively or retroactively. No such amendment or alteration shall be made which would impair the rights of the employee under the Award without the employee's consent; provided, however, that no such consent shall be required with respect to any amendment or alteration if the Committee determines in its sole discretion that such amendment or alteration either (a) is required or advisable in order for Synchrony, the Plan or the Award to satisfy or conform to any law or regulation or to meet the requirements of any accounting standard or (b) is not reasonably likely to significantly diminish the benefits provided under the Award.

8. *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.

9. *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.

10. *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.

11. *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.

12. *Voting.* The employee shall not have voting rights with respect to the Shares underlying RSUs unless and until Shares are issued to the employee.

13. *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.

14. *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.

15. *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.

16. *Section 409A*. Amounts payable, and Shares deliverable, pursuant to RSUs are intended to be exempt from Section 409A to the maximum extent possible pursuant to a short-term deferral described in Treasury Regulation §1.409A-1(b)(4), and the Plan and the Terms and Conditions shall be interpreted and construed consistently with such intent. To the extent any amount payable, or Shares deliverable, pursuant to this Award constitutes nonqualified deferred compensation within the meaning of, and subject to, Section 409A, then, with respect to such portion of this Award, (a) the Plan and this Terms and Conditions are intended to comply with the requirements of Section 409A, and shall be interpreted and construed consistently with such intent, (b) all references in the Plan and this Terms and Conditions to the employee's termination of employment shall mean the employee's Termination of Employment within the meaning of Section 409A and Treasury regulations promulgated thereunder, (c) any such payments or delivery of Shares which is conditioned upon the employee's execution of the Release and which is to be paid during a designated period that begins in one taxable year and ends in a second taxable year shall be paid in the second taxable year, and (d) notwithstanding anything in the Plan or this Terms and Conditions to the contrary, any amount that is payable upon the employee's Termination of Employment that would be payable prior to the six-month anniversary of such Termination of Employment shall, to the extent necessary to comply with Section 409A, be delayed until the Six-Month Pay Date. In such event, any portion of the RSUs settled in cash shall be determined based on the closing price of a Share (or a share of stock of the successor to Synchrony) as reported on the principal national stock exchange on which the Shares (or the shares of stock of the successor to Synchrony) are then traded on the last business day of the last calendar month that ends before the Six-Month Pay Date; provided, however, that if it is not feasible to calculate the closing price as of the last business day of such month, the amount of cash shall be determined based on the last price available. In the event that the Award or the Terms and Conditions would subject the employee to taxes under Section 409A ("409A Penalties"), the Award and the Terms and Conditions shall not be given effect to the extent it causes such 409A Penalties and the related provisions of the Plan and/or the Terms and Conditions will be deemed modified, or, if necessary, suspended in order to comply with the requirements of Section 409A, in each case without the consent of or notice to the employee; provided that in no event shall Synchrony or any of its Affiliates be responsible for any 409A Penalties that arise in connection with any amounts payable under the Plan or this Terms and Conditions.

EXHIBIT A

DEFINITIONS

"Board"

"Board" shall mean the Board of directors of Synchrony.

"Break in Service"

"Break in Service" shall mean a period during which an individual who was previously an employee of Synchrony is not such an employee, as determined by the Committee.

"Cause"

"Cause" shall mean, as determined by the Committee in its sole discretion:

(a) a material breach by the employee of his or her duties and responsibilities (other than as a result of incapacity due to physical or mental illness) without reasonable belief that such breach is in the best interests of Synchrony;

(b) any act that would prohibit the employee from being employed by Synchrony and its Affiliates (including, for the avoidance of doubt, Synchrony Bank) pursuant to the Federal Deposit Insurance Act of 1950, as amended, or other applicable law;

(c) the commission of or conviction in connection with a felony or any act involving fraud, embezzlement, theft, dishonesty or misrepresentation; or

(d) any gross or willful misconduct, any violation of law or any violation of a policy of Synchrony or any of its Affiliates by the employee that results in or could result in loss to Synchrony or any of its Affiliates, or damage to the business or reputation of Synchrony or any of its Affiliates, as determined by the Committee.

"Change in Control"

"Change in Control" means any of the following events which occurs after the Award Date, but only if such event constitutes a "change in control event" for purposes of Treasury Regulation Section 1.409A-3(i)(5):

(a) the acquisition by any individual, entity or group (a "Person"), including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then outstanding shares of common stock of Synchrony (the "Outstanding Common Stock") or (ii) the combined voting power of the then outstanding securities of Synchrony entitled to vote generally in the election of directors (the "Outstanding Voting Securities"); excluding, however, the following: (A) any acquisition directly from Synchrony (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was acquired directly from Synchrony), (B) any acquisition by Synchrony, (C) any

acquisition by an employee benefit plan (or related trust) sponsored or maintained by Synchrony or any corporation controlled by Synchrony, or (D) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this definition below; provided further, that for purposes of clause (B), if any Person (other than Synchrony or any employee benefit plan (or related trust) sponsored or maintained by Synchrony or any corporation controlled by Synchrony) shall become the beneficial owner of 30% or more of the Outstanding Common Stock or 30% or more of the Outstanding Voting Securities by reason of an acquisition by Synchrony, and such Person shall, after such acquisition by Synchrony, become the beneficial owner of any additional shares of the Outstanding Common Stock or any additional Outstanding Voting Securities and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control;

(b) the cessation of individuals who, as of the Award Date, constitute the Board (the "Incumbent Board") to constitute at least a majority of such Board; provided that any individual who becomes a director of Synchrony subsequent to the Award Date whose election, or nomination for election by Synchrony's stockholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed a member of the Incumbent Board; and provided further, that any individual who was initially elected as a director of Synchrony as a result of an actual or threatened solicitation by a Person other than the Board for the purpose of opposing a solicitation by any other Person with respect to the election or removal of directors, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall not be deemed a member of the Incumbent Board; or

(c) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of Synchrony (a "Corporate Transaction"); excluding, however, a Corporate Transaction pursuant to which (i) all or substantially all of the individuals or entities who are the beneficial owners, respectively, of the Outstanding Common Stock and the Outstanding Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than 50% of, respectively, the outstanding shares of common stock, and the combined voting power of the outstanding securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which as a result of such transaction owns, directly or indirectly, Synchrony or all or substantially all of Synchrony's assets) in substantially the same proportions relative to each other as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Common Stock and the Outstanding Voting Securities, as the case may be, (ii) no Person (other than: Synchrony; any employee benefit plan (or related trust) sponsored or maintained by Synchrony or any corporation controlled by Synchrony; the corporation resulting from such Corporate Transaction; and any Person which beneficially owned, immediately prior to such Corporate Transaction, directly or indirectly, 30% or more of the Outstanding Common Stock or the Outstanding Voting Securities, as the case may be) will beneficially own, directly or indirectly, 30% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate

Transaction or the combined voting power of the outstanding securities of such corporation entitled to vote generally in the election of directors, and (iii) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction.

"Confidential Information"

"Confidential Information" shall mean information and data concerning Synchrony, any Affiliates, the business of Synchrony and its Affiliates, the customers, suppliers and clients of Synchrony and its Affiliates and all technical information relating to such business, including, without limitation, information related to know-how, trade secrets, processes, reports, manuals, purchases, sales, customers, customer lists, confidential information, financial and marketing data, business plans and the strategic direction of Synchrony and its Affiliates.

It is understood that "Confidential Information" does not include any of the following:

(a) information that is or becomes generally available to the public through no act or omission on the part of the employee. Information shall be deemed part of the public domain solely to the extent that it is generally known to the public, is found in any one public source or is readily ascertainable from a public domain source or sources or from other publicly available information; or

(b) information that the employee receives from a third party who is free to make such disclosure without breach of any contractual or other legal obligation.

"Disability"

"Disability" shall mean an incapacity, disability or other condition that entitles the employee to long-term disability benefits under the long-term disability benefit plan or arrangement applicable to Synchrony's employees, as determined by the administrator of such plan or arrangement. An individual shall not be considered disabled unless the employee furnishes proof of the existence thereof. Synchrony may require the existence or non-existence of a disability to be determined by a physician whose selection is mutually agreed upon by the employee (or his or her representatives) and Synchrony.

"Good Reason"

"Good Reason" shall mean, without the employee's express written consent, the occurrence of any of the following events after a Change in Control:

(a) a material adverse change in the nature or scope of the employee's authority, powers, functions, duties or responsibilities;

(b) a material reduction by Synchrony in the employee's rate of annual base salary or bonus opportunity; or

(c) a change in the employee's primary employment location to a location that is more than 50 miles from the primary location of the employee's employment.

Within thirty (30) days after the employee becomes aware of one or more actions or inactions described in this Good Reason definition, the employee must deliver written notice to Synchrony of the action(s) or inaction(s) (the "Good Reason Notice"). Synchrony shall have thirty (30) days after the Good Reason Notice is delivered to cure the particular action(s) or inaction(s). If Synchrony so effects a cure, the Good Reason Notice will be deemed rescinded and of no further force and effect.

"Period of Restriction"

The "Period of Restriction" means, for any RSU, the period prior to the date on which such RSU vests and the employee becomes entitled to a Share in respect thereof. A Period of Restriction shall not be deemed to have ended solely because the employee becomes eligible for Retirement.

"Retirement"

The employee is eligible for "Retirement" if the employee has attained age sixty (60) and has three (3) Years of Continuous Service.

"Section 409A"

Section 409A of the Internal Revenue Code of 1986, as amended.

"Six-Month Pay Date"

The "Six-Month Pay Date" is the earlier of (a) the first (1st) business day of the seventh (7th) month that starts after the employee's termination of employment or (b) a date determined by Synchrony that is within ninety (90) days after the employee's death.

"Termination of Employment"

"Termination of Employment" shall mean "separation from service" within the meaning of Section 409A.

"Years of Continuous Service"

"Years of Continuous Service" means the number of years during which an individual has been deemed to be an employee of Synchrony (which shall include periods during which such individual was employed by General Electric Company and its affiliates) according to its payroll or other systems of record, as determined by the Committee, which shall include, in the event of a Break in Service of less than three (3) consecutive years, such employee's service to Synchrony prior to such Break in Service.

Exhibit 10.2

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

Pursuant to the Synchrony Financial 2014 Long-Term Incentive Plan (the "Plan"), you have been granted this Performance Share Unit ("PSU") award (this "Award") with respect to shares of common stock ("Shares") of Synchrony Financial ("Synchrony"), subject to the terms and conditions set forth in (A) the Plan, (B) this Notice (including Appendix I hereto), (C) the attached "Performance Share Unit Terms and Conditions" (the "Terms and Conditions"), and (D) the information available on the website (the "Administrator Website") maintained by the administrator of the Plan for these purposes.

The Administrator Website identifies, among other things, (i) the target number of Shares subject to this Award, (ii) the grant date of this Award, and (iii) the performance period of the Award. As described in more detail in the Terms and Conditions, the PSUs will be settled in Shares and will include dividend equivalents.

The Terms and Conditions describe additional vesting conditions applicable to your Award and other important information relating to your Award.

You must log into your account on the Administrator Website prior to the end of the applicable performance period to view additional information about your Award and to accept your Award. <u>If you do not accept your Award prior to the end of the performance period (or prior to the date your employment terminates for any reason, if earlier), your Award will be forfeited</u>. Although Synchrony has completed the steps necessary to grant you this Award, you cannot receive any Shares or payments under the Award unless you accept the Award before the deadline.

By your acceptance of this Award, you acknowledge and agree that this Award is governed by the Terms and Conditions attached hereto and the Plan, which is available on the Administrator Website. You acknowledge that you have read and understand these documents as they apply to your Award.

Please be sure to log into your account and accept your Award to avoid the risk that your Award will be forfeited for non-acceptance.

SYNCHRONY FINANCIAL

APPENDIX I

2019-2021 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 $10.50	0%
Threshold	$10.501	50%
Target	$12.00	100%
Maximum	$13.50 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 15.0%	0%
Threshold	15.0%	50%
Target	17.5%	100%
Maximum	20.0% and above	150%

The total number of Shares that you are eligible to receive pursuant to this Award shall be the sum of the Shares that vest based on the achievement of each of the Cumulative Annual Diluted EPS and the Average Return on Equity Performance Criteria. For the avoidance of doubt, the number of Shares that vest pursuant to the foregoing will be determined after taking into account the TSR Modifier as described above.

3. Performance Between Specified Levels. The vesting percentage of the Target Award and the TSR Modifier shall be determined using straight-line interpolation between performance levels, as determined by the Committee. You will not be entitled to receive any Shares under the Award for performance below the threshold performance levels for the Performance Criteria in Section 2. In no event shall you receive a number of Shares that is greater than 150% of your Target Award based on the achievement of the Performance Criteria (except as otherwise provided in the Terms and Conditions with respect to dividend equivalents or as a result of the application of the TSR Modifier).

4. Adjustments. The achievement of the Performance Criteria shall be adjusted to omit the effect of (a) any restructurings, discontinued operations and extraordinary items, each as determined in accordance with GAAP, and (b) any events and transactions that are extraordinary or unusual in nature or infrequent in occurrence that are outside of the control of Synchrony, as determined by the Board.

5. Definitions.

a. "Accumulated Shares" means periodic adjustments made to a Share over the Performance Period and the 20 consecutive calendar days immediately preceding the first day of the Performance Period, which is solely for the purpose of determining Synchrony TSR and reflecting a hypothetical reinvestment of dividends on the Accumulated Shares during such period. The number of Accumulated Shares shall be equal to the sum of (i) one Share and (ii) the cumulative number of Shares that would be purchased with the dividends paid on a Share for which the dividend payment date occurs during the Performance Period or the 20 consecutive calendar days immediately preceding the Performance Period, assuming such dividends are immediately reinvested in Shares at the closing price of a Share on the applicable dividend payment date.

b. "Average Return on Equity" means the sum of the Return on Equity with respect to each year in the Performance Period, divided by three.

c. "Beginning Stock Value" means the average over the 20 consecutive calendar days immediately preceding the first day of the Performance Period of the product

of (i) the number of Accumulated Shares, multiplied by (ii) the closing transaction price of a Share, as reported on The New York Stock Exchange (or such other principal national stock exchange on which Shares are traded).

d. "Cumulative Annual Diluted EPS" means the sum of Synchrony's Diluted EPS with respect to each year in the Performance Period.

e. "Diluted EPS" means Synchrony's net earnings per diluted share as determined by the Board and reported by Synchrony during the Performance Period.

f. "Ending Stock Value" means the average over the 20 consecutive calendar days through the last day of the Performance Period of the product of (i) the number of Accumulated Shares, multiplied by (ii) the closing transaction price of a Share, as reported on The New York Stock Exchange (or such other principal national stock exchange on which Shares are traded).

g. "Peer Group" means the companies that, as of the Grant Date (as defined below), the Committee has determined are members of Synchrony's group of "peer companies" for executive compensation purposes, as such group of companies is adjusted after the Grant Date to reflect (i) the replacement of such a company with an organization that becomes a successor to such company in connection with a corporate transaction, and (ii) the removal of a company that files for bankruptcy or ceases to be publicly traded, in each case as determined by the Committee.

h. "Peer Group Returns" means, for each company in the Peer Group, the cumulative total shareholder return during the Performance Period, assuming the reinvestment of dividends during the Performance Period, which shall be equal to (i) the quotient of (A) the average closing price of the Peer Group over the 20 consecutive calendar days through the last day of the Performance Period divided by (B) the average closing price of the Peer Group over the 20 consecutive calendar days immediately preceding the first day of the Performance Period, minus (ii) one (1).

i. "Return on Equity" means Synchrony's net income divided by Synchrony shareholder equity, as determined by the Board with respect to the Performance Period.

j. "Synchrony TSR" means the cumulative total shareholder return of the Shares during the Performance Period, assuming the reinvestment of dividends during the Performance Period, which shall be equal to (i) the quotient of (A) the Ending Stock Value divided by (B) the Beginning Stock Value, minus (ii) one (1).

k. "TSR Modifier" means the percentage determined in accordance with the table below, based on Synchrony TSR relative to Peer Group Returns over the Performance Period:

	Synchrony TSR vs. Peer Group Returns	**TSR Modifier**
Below Threshold	Below 25th percentile	80%
Threshold	25th percentile	80%
Target	50th percentile	100%
Maximum Above Maximum	75th percentile Above 75th percentile	120% 120%

SYNCHRONY FINANCIAL
2014 LONG-TERM INCENTIVE PLAN

PERFORMANCE SHARE UNIT

TERMS AND CONDITIONS

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1. *Award of PSUs*. Pursuant to the Synchrony Financial 2014 Long-Term Incentive Plan (the "Plan"), Synchrony Financial ("Synchrony") has granted a Performance Share Unit ("PSU") award (the "Award") to the employee with respect to shares of common stock ("Shares") of Synchrony, subject to the terms and conditions set forth herein (the "Terms and Conditions"), in the Plan and in the Notice (including Appendix I thereto).

2. *Definitions and Coordination with the Plan*. Capitalized terms used but not defined herein shall have the meanings assigned to them in Exhibit A hereto or, if not so assigned in Exhibit A, the meanings assigned in the Plan. In the event of any inconsistency between the Plan and the Terms and Conditions, the terms in the Plan shall control unless the Terms and Conditions specifically provide otherwise. References herein to employment with Synchrony shall include employment with any Affiliate of Synchrony.

3. *Information on the Administrator Website.* The following information applicable to the Award is set forth on the employee's account on the website maintained by the administrator of the Plan (the "Administrator") in connection with the Plan:

(a) The target number of Shares subject to the Award;

(b) The date on which the Award is granted to the employee (the "Grant Date"); and

(c) The last date of the period during which the applicable "Performance Criteria" (as defined below) will be measured (the "Performance Period").

As noted below, the Award is subject to vesting based on the achievement of performance-based vesting conditions ("Performance Criteria"). The Performance Criteria are set forth on Appendix I of the Notice.

4. *Vesting.*

(a) *General.* Subject to the Terms and Conditions, and except as otherwise set forth below in this Section 4, the Award will vest based on the achievement of the Performance Criteria during the Performance Period, provided that the employee has remained continuously employed by Synchrony through the end of the Performance Period.

(b) *Effect of Termination of Employment*. If the employee's employment with Synchrony ends for any reason before the end of the Performance Period, the employee shall immediately forfeit the Award (and, as a result, shall forfeit all Shares and cash that may otherwise have been delivered or paid pursuant to the Award), subject to the following:

(i) *Involuntary Termination.*

(A) If the employee's employment is terminated by Synchrony without Cause on or after the first (1st) anniversary of the Grant Date, and the employee has less than twenty (20) Years of Continuous Service as of such termination, then the employee will be eligible to vest in a prorated Award, which proration will be determined by multiplying (I) a fraction, the numerator of which is the number of full or partial months the employee was employed during the Performance Period and the denominator of which is the number of full months in the Performance Period, by (II) the number of Shares the employee would have been entitled to receive based on actual performance during the entire Performance Period.

(B) If the employee's employment is terminated by Synchrony without Cause on or after the first (1st) anniversary of the Grant Date, and the employee has twenty (20) or more Years of Continuous Service, the employee will continue to be eligible to vest in the Award based on actual performance during the entire Performance Period.

(ii) *Retirement.* If the employee's employment with Synchrony terminates (other than for Cause) on or after the first (1st) anniversary of the Grant Date and after the employee is eligible for Retirement, the employee will continue to be eligible to vest in the Award based on actual performance during the entire Performance Period.

(iii) *Disability or Death*. If the employee's employment with Synchrony terminates due to Disability or death, the Performance Period shall end as of the date of such termination of employment and the Performance Criteria shall be deemed satisfied at the target level. The amount payable (or Shares deliverable) pursuant to the Award shall not be adjusted for any delay caused by time needed to validate the employee's status as Disabled or dead, or to authenticate a beneficiary.

(iv) *Termination following Change in Control.* If, in the event of a Change in Control, Synchrony (or the successor to Synchrony) assumes the Award or replaces the Award with an award of substantially equivalent value, as determined by the Committee, and during the thirty (30) month period after such

Change in Control, the employee's employment is terminated by Synchrony (or the successor to Synchrony) without Cause or the employee terminates his or her employment for Good Reason, the Performance Period shall end immediately upon such termination of employment and the Performance Criteria shall be deemed satisfied at the target level of performance.

(c) *Change in Control*. If, in the event of a Change in Control, Synchrony (or a successor to Synchrony) fails to assume or replace the Award with an award of substantially equivalent value, as determined by the Committee, the Performance Period shall end immediately prior to such Change in Control and the Performance Criteria shall be deemed satisfied at the target level of performance. The Shares underlying the PSUs that vest pursuant to this Section shall be treated in the same manner as other Shares in the Change in Control.

(d) *Waiver and Release*. The right of an employee or his or her estate to vest in any portion of the Award or to receive any payment pursuant thereto in any circumstance other than in connection with his or her continuous employment through the end of the Performance Period shall be subject to the employee or his or her 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 14, 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. Synchrony shall, within seventy-five (75) days after the end of the Performance Period, make a cash payment to the employee for any fractional Shares to which the employee is entitled, based on the Fair Market Value of a Share on the day that Shares for settlement are delivered pursuant to this Section.

6. *Restrictive Covenants*.

(a) *Non-Competition*. The employee will not, while the employee is employed by Synchrony, or during the eighteen (18) month period following a termination of the employee's employment with Synchrony:

(i) directly or indirectly enter into an employment or contractual relationship to provide services similar to those the employee provided for Synchrony to any business or entity that is the same as, substantially similar to or competitive with Synchrony's Business. For the purposes of this Section, "Synchrony's Business" means the United States consumer credit industry;

(ii) promote or assist, financially or otherwise, any firm, corporation or other entity engaged in any business which competes with Synchrony's Business; or

(iii) directly or indirectly solicit or endeavor to solicit or gain the business of, canvas or interfere with the relationship of Synchrony or its Affiliates with any person that:

(A) is a customer of Synchrony or its Affiliates while the employee is employed by Synchrony or on the date that the employee ceases to be an employee of Synchrony;

(B) was a customer of Synchrony or its Affiliates at any time within twelve (12) months prior to the date the employee ceases to be employed by Synchrony; or

(C) has been pursued as a prospective customer by or on behalf of Synchrony or its Affiliates at any time within twelve (12) months prior to the date the employee ceases to be employed by Synchrony and in respect of whom Synchrony and its Affiliates have not determined to cease all such pursuit;

in each case with respect to Sections 6(a)(iii)(A) – (C), provided that the employee either had contact with such customer or prospective customer at any time during the twenty-four (24) month period prior to the effective termination date of the employee's employment with Synchrony or had obtained Confidential Information concerning such customer or prospective customer.

(iv) Nothing herein shall prohibit the employee from being a passive owner of not more than 2% of the outstanding stock of any class of a corporation which is publicly traded, so long as the employee has no active participation in the business of such corporation. Notwithstanding the foregoing, this Section 6(a) will not apply to the employee if he or she provides services primarily in the state of California. In addition, to the extent that any provision of this Section 6(a) is not enforceable, such provision shall be deemed modified or limited so that, as modified or limited, such provision may be enforced to the fullest extent possible. If one or more of the provisions of this Terms and Conditions is invalidated for any reason by a tribunal of competent jurisdiction (after any appropriate modification or limitation pursuant to the foregoing sentence), any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

(b) *Non-Solicitation*. The employee will not, without the prior consent of Synchrony, directly or indirectly, at any time, for whatever reason, either individually, or in

partnership, or jointly, or in conjunction with any person as principal, agent, employee or shareholder (other than a holding of shares listed on a United States stock exchange that does not exceed 5% of the outstanding shares so listed) or in any other manner whatsoever on the employee's own behalf or on behalf of any third party:

(ii) induce or endeavor to induce any other employee of Synchrony to leave his or her employment with Synchrony; or

(iii) employ or attempt to employ or assist any person to employ any employee of Synchrony.

(c) *Non-Disclosure*. The employee specifically acknowledges that any Confidential Information of Synchrony or its suppliers, customers or clients, whether reduced to writing, maintained on any form of electronic media or maintained in the employee's mind or memory, and whether compiled by the employee or Synchrony, derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from its disclosure or use; that reasonable efforts have been made by Synchrony to maintain the secrecy of such information; that such information is the sole property of Synchrony or its suppliers, customers or clients; and that any retention, use or disclosure of such information by the employee during his or her employment (except in the course of performing his or her 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 Award shall not be applied to limit or interfere with any employee's right, without notice to or authorization of the Company, to communicate and cooperate in good faith with a Government Agency for the purpose of (i) reporting a possible violation of any U.S. federal, state, or local law or regulation, (ii) participating in any investigation or proceeding that may be conducted or managed by any Government Agency, including by providing documents or other information, or (iii) filing a charge or complaint with a Government Agency. For purposes of this Award, "Government Agency" means the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, or any other self-regulatory organization or any other federal, state or local governmental agency or commission. Additionally, no employee will be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (a) in confidence to a federal, state, or local government official, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; or (c) in court proceedings if the employee files a lawsuit for retaliation by an employer for reporting a suspected violation of law, or to the employee's attorney in such lawsuit, provided that the employee must file any document containing the trade secret under seal, and the employee may not disclose the trade secret, except pursuant to court order. However, employees are not authorized to make any disclosures as to which the Company may assert protections from disclosure under the attorney-client privilege or the attorney work product doctrine without prior written consent of the Company's General Counsel or another authorized officer designated by the Company.

(d) *Relief.* Any breach of the provisions in this Section by the employee will result in material and irreparable harm to Synchrony and its Affiliates although it may be difficult for Synchrony or its Affiliates to establish the monetary value flowing from such harm. The employee therefore agrees that Synchrony and its Affiliates, in addition to being entitled to the monetary damages that flow from the breach, will be entitled to injunctive relief in a court of appropriate jurisdiction in the event of any breach or threatened breach by the employee of any of the provisions of this Section. In addition, Synchrony and its Affiliates will be relieved of any further obligations to make any payments to the employee or provide the employee with any benefits, except those that are required by law, in the event of a breach by the employee of any of the provisions of this Section. Any rights of the employee to receive any Shares or cash payment in respect of the PSUs shall be forfeited effective as of the date the employee enters into an activity resulting in a breach of the provisions in this Section, and the employee will be required to repay Synchrony an amount (in Shares or cash) received in respect of PSUs by or on behalf of the employee during the period beginning one-hundred eighty (180) days 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. *Alteration/Termination.* The Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate, the Award, prospectively or retroactively. No such amendment or alteration shall be made which would impair the rights of the employee under the Award without the employee's consent; provided, however, that no such consent shall be required with respect to any amendment or alteration if the Committee determines in its sole discretion that such amendment or alteration either (a) is required or advisable in order for Synchrony, the Plan or the Award to satisfy or conform to any law or regulation or to meet the

requirements of any accounting standard or (b) is not reasonably likely to significantly diminish the benefits provided under the Award.

8. *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.

9. *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.

10. *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.

11. *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.

12. *Voting.* The employee shall not have voting rights with respect to the Shares underlying PSUs unless and until Shares are issued to the employee.

13. *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.

14. *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.

15. *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.

16. *Section 409A*. Amounts payable, and Shares deliverable, pursuant to PSUs are intended to be exempt from Section 409A to the maximum extent possible pursuant to a short-term deferral described in Treasury Regulation §1.409A-1(b)(4), and the Plan and the Terms and Conditions shall be interpreted and construed consistently with such intent. To the extent any amount payable, or Shares deliverable, pursuant to this Award constitutes nonqualified deferred compensation within the meaning of, and subject to, Section 409A, then, with respect to such portion of this Award, (a) the Plan and this Terms and Conditions are intended to comply with the requirements of Section 409A, and shall be interpreted and construed consistently with such intent, (b) all references in the Plan and this Terms and Conditions to the employee's termination of employment shall mean the employee's Termination of Employment within the meaning of Section 409A and Treasury regulations promulgated thereunder, (c) any such payments or delivery of Shares which is conditioned upon the employee's execution of the Release and which is to be paid during a designated period that begins in one taxable year and ends in a second taxable year shall be paid in the second taxable year, and (d) notwithstanding anything in the Plan or this Terms and Conditions to the contrary, any amount that is payable upon the employee's Termination of Employment that would be payable prior to the six-month anniversary of such Termination of Employment shall, to the extent necessary to comply with Section 409A, be delayed until the Six-Month Pay Date. In such event, any portion of the PSUs settled in cash shall be determined based on the closing price of a Share (or a share of stock of the successor to Synchrony) as reported on the principal national stock exchange on which the Shares (or the shares of stock of the successor to Synchrony) are then traded on the last business day of the last calendar month that ends before the Six-Month Pay Date; provided, however, that if it is not feasible to calculate the closing price as of the last business day of such month, the amount of cash shall be determined based on the last price available. In the event that the Award or the Terms and Conditions would subject the employee to taxes under Section 409A ("409A Penalties"), the Award and the Terms and

Conditions shall not be given effect to the extent it causes such 409A Penalties and the related provisions of the Plan and/or the Terms and Conditions will be deemed modified, or, if necessary, suspended in order to comply with the requirements of Section 409A, in each case without the consent of or notice to the employee; provided that in no event shall Synchrony or any of its Affiliates be responsible for any 409A Penalties that arise in connection with any amounts payable under the Plan or this Terms and Conditions.

EXHIBIT A

DEFINITIONS

"Board"

"Board" shall mean the Board of directors of Synchrony.

"Break in Service"

"Break in Service" shall mean a period during which an individual who was previously an employee of Synchrony is not such an employee, as determined by the Committee.

"Cause"

"Cause" shall mean, as determined by the Committee in its sole discretion:

(a) a material breach by the employee of his or her duties and responsibilities (other than as a result of incapacity due to physical or mental illness) without reasonable belief that such breach is in the best interests of Synchrony;

(b) any act that would prohibit the employee from being employed by Synchrony and its Affiliates (including, for the avoidance of doubt, Synchrony Bank) pursuant to the Federal Deposit Insurance Act of 1950, as amended, or other applicable law;

(c) the commission of or conviction in connection with a felony or any act involving fraud, embezzlement, theft, dishonesty or misrepresentation; or

(d) any gross or willful misconduct, any violation of law or any violation of a policy of Synchrony or any of its Affiliates by the employee that results in or could result in loss to Synchrony or any of its Affiliates, or damage to the business or reputation of Synchrony or any of its Affiliates, as determined by the Committee.

"Change in Control"

"Change in Control" means any of the following events which occurs after the Grant Date, but only if such event constitutes a "change in control event" for purposes of Treasury Regulation Section 1.409A-3(i)(5):

(a) the acquisition by any individual, entity or group (a "Person"), including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the then outstanding shares of common stock of Synchrony (the "Outstanding Common Stock") or (ii) the combined voting power of the then outstanding securities of Synchrony entitled to vote generally in the election of directors (the "Outstanding Voting Securities"); excluding, however, the following: (A) any acquisition directly from Synchrony (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was acquired directly from Synchrony), (B) any acquisition by Synchrony, (C) any acquisition by an employee benefit

plan (or related trust) sponsored or maintained by Synchrony or any corporation controlled by Synchrony, or (D) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this definition below; provided further, that for purposes of clause (B), if any Person (other than Synchrony or any employee benefit plan (or related trust) sponsored or maintained by Synchrony or any corporation controlled by Synchrony) shall become the beneficial owner of 30% or more of the Outstanding Common Stock or 30% or more of the Outstanding Voting Securities by reason of an acquisition by Synchrony, and such Person shall, after such acquisition by Synchrony, become the beneficial owner of any additional shares of the Outstanding Common Stock or any additional Outstanding Voting Securities and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control;

(b) the cessation of individuals who, as of the Grant Date, constitute the Board (the "Incumbent Board") to constitute at least a majority of such Board; provided that any individual who becomes a director of Synchrony subsequent to the Grant Date whose election, or nomination for election by Synchrony's stockholders, was approved by the vote of at least a majority of the directors then comprising the Incumbent Board shall be deemed a member of the Incumbent Board; and provided further, that any individual who was initially elected as a director of Synchrony as a result of an actual or threatened solicitation by a Person other than the Board for the purpose of opposing a solicitation by any other Person with respect to the election or removal of directors, or any other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board shall not be deemed a member of the Incumbent Board; or

(c) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of Synchrony (a "Corporate Transaction"); excluding, however, a Corporate Transaction pursuant to which (i) all or substantially all of the individuals or entities who are the beneficial owners, respectively, of the Outstanding Common Stock and the Outstanding Voting Securities immediately prior to such Corporate Transaction will beneficially own, directly or indirectly, more than 50% of, respectively, the outstanding shares of common stock, and the combined voting power of the outstanding securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which as a result of such transaction owns, directly or indirectly, Synchrony or all or substantially all of Synchrony's assets) in substantially the same proportions relative to each other as their ownership, immediately prior to such Corporate Transaction, of the Outstanding Common Stock and the Outstanding Voting Securities, as the case may be, (ii) no Person (other than: Synchrony; any employee benefit plan (or related trust) sponsored or maintained by Synchrony or any corporation controlled by Synchrony; the corporation resulting from such Corporate Transaction; and any Person which beneficially owned, immediately prior to such Corporate Transaction, directly or indirectly, 30% or more of the Outstanding Common Stock or the Outstanding Voting Securities, as the case may be) will beneficially own, directly or indirectly, 30% or more of, respectively, the outstanding shares of common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the outstanding securities of such corporation

entitled to vote generally in the election of directors, and (iii) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction.

"Confidential Information"

"Confidential Information" shall mean information and data concerning Synchrony, any Affiliates, the business of Synchrony and its Affiliates, the customers, suppliers and clients of Synchrony and its Affiliates and all technical information relating to such business, including, without limitation, information related to know-how, trade secrets, processes, reports, manuals, purchases, sales, customers, customer lists, confidential information, financial and marketing data, business plans and the strategic direction of Synchrony and its Affiliates.

It is understood that "Confidential Information" does not include any of the following:

(a) information that is or becomes generally available to the public through no act or omission on the part of the employee. Information shall be deemed part of the public domain solely to the extent that it is generally known to the public, is found in any one public source or is readily ascertainable from a public domain source or sources or from other publicly available information; or

(b) information that the employee receives from a third party who is free to make such disclosure without breach of any contractual or other legal obligation.

"Disability"

"Disability" shall mean an incapacity, disability or other condition that entitles the employee to long-term disability benefits under the long-term disability benefit plan or arrangement applicable to Synchrony's employees, as determined by the administrator of such plan or arrangement. An individual shall not be considered disabled unless the employee furnishes proof of the existence thereof. Synchrony may require the existence or non-existence of a disability to be determined by a physician whose selection is mutually agreed upon by the employee (or his or her representatives) and Synchrony.

"Good Reason"

"Good Reason" shall mean, without the employee's express written consent, the occurrence of any of the following events after a Change in Control:

(a) a material adverse change in the nature or scope of the employee's authority, powers, functions, duties or responsibilities;

(b) a material reduction by Synchrony in the employee's rate of annual base salary or bonus opportunity; or

(c) a change in the employee's primary employment location to a location that is more than 50 miles from the primary location of the employee's employment.

Within thirty (30) days after the employee becomes aware of one or more actions or inactions described in this Good Reason definition, the employee must deliver written notice to Synchrony of the action(s) or inaction(s) (the "Good Reason Notice"). Synchrony shall have thirty (30) days after the Good Reason Notice is delivered to cure the particular action(s) or inaction(s). If Synchrony so effects a cure, the Good Reason Notice will be deemed rescinded and of no further force and effect.

"Notice"

The "Notice" means the Notice of Award of Stock-Settled Performance Share Units.

"Retirement"

The employee is eligible for "Retirement" if the employee has attained age sixty (60) and has three (3) Years of Continuous Service.

"Section 409A"

Section 409A of the Internal Revenue Code of 1986, as amended.

"Six-Month Pay Date"

The "Six-Month Pay Date" is the earlier of (a) the first (1st) business day of the seventh (7th) month that starts after the employee's termination of employment or (b) a date determined by Synchrony that is within ninety (90) days after the employee's death.

"Termination of Employment"

"Termination of Employment" shall mean "separation from service" within the meaning of Section 409A.

"Years of Continuous Service"

"Years of Continuous Service" means the number of years during which an individual has been deemed to be an employee of Synchrony (which shall include periods during which such individual was employed by General Electric Company and its affiliates) according to its payroll or other systems of record, as determined by the Committee, which shall include, in the event of a Break in Service of less than three (3) consecutive years, such employee's service to Synchrony prior to such Break in Service.

Exhibit 31(a)

Certification Pursuant to
Rules 13a-14(a) or 15d-14(a) Under the Securities Exchange Act of 1934, as Amended

I, Margaret M. Keane, 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: April 25, 2019

/s/ Margaret M. Keane

Margaret M. Keane
President and Chief Executive Officer

Exhibit 31(b)

Certification Pursuant to
Rules 13a-14(a) or 15d-14(a) Under the Securities Exchange Act of 1934, as Amended

I, Brian 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: April 25, 2019

/s/ Brian D. Doubles

Brian D. Doubles
Chief Financial Officer

Exhibit 32

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 March 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the “report”), we, Margaret M. Keane, President and Chief Executive Officer, and Brian D. Doubles, 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: April 25, 2019

/s/ Margaret M. Keane

Margaret M. Keane
President and Chief Executive Officer

/s/ Brian D. Doubles

Brian D. Doubles
Chief Financial Officer