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

FORM 10-Q

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

For the quarterly period ended September 30, 2021

OR

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

For the transition period from to

001-36560
(Commission File Number)

synchrony

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

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

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

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant's common stock, par value $0.001 per share, outstanding as of October 14, 2021 was 547,259,177.

Synchrony Financial

Certain Defined Terms

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

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

We provide a range of credit products through programs we have established with a diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers, which, in our business and in this report, we refer to as our “partners.” The terms of the programs all require cooperative efforts between us and our partners of varying natures and degrees to establish and operate the programs. Our use of the term “partners” to refer to these entities is not intended to, and does not, describe our legal relationship with them, imply that a legal partnership or other relationship exists between the parties or create any legal partnership or other relationship. 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, 2020 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, 2020 (our “2020 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, including the future impacts of the novel coronavirus disease (“COVID-19”) outbreak and measures taken in response thereto for which future developments are highly uncertain and difficult to predict; retaining existing partners and attracting new partners, concentration of our revenue in a small number of partners, and promotion and support of our products by our partners; cyber-attacks or other security breaches; disruptions in the operations of our and our outsourced partners' computer systems and data centers; the financial performance of our partners; the sufficiency of our allowance for credit losses and the accuracy of the assumptions or estimates used in preparing our financial statements, including those related to the CECL accounting guidance; higher borrowing costs and adverse financial market conditions impacting our funding and liquidity, and any reduction in our credit ratings; our ability to grow our deposits in the future; damage to our reputation; our ability to securitize our loan receivables, occurrence of an early amortization of our securitization facilities, loss of the right to service or subservice our securitized loan receivables, and lower payment rates on our securitized loan receivables; changes in market interest rates and the impact of any margin compression; effectiveness of our risk management processes and procedures, reliance on models which may be inaccurate or misinterpreted, our ability to manage our credit risk; our ability to offset increases in our costs in retailer share arrangements; competition in the consumer finance industry; our concentration in the U.S. consumer credit market; our ability to successfully develop and commercialize new or enhanced products and services; our ability to realize the value of acquisitions and strategic investments; reductions in interchange fees; fraudulent activity; failure of third-parties to provide various services that are important to our operations; international risks and compliance and regulatory risks and costs associated with international operations; alleged infringement of intellectual property rights of others and our ability to protect our intellectual property; litigation and regulatory actions; our ability to attract, retain and motivate key officers and employees; tax legislation initiatives or challenges to our tax positions and/or interpretations, and state sales tax rules and regulations; regulation, supervision, examination and enforcement of our business by governmental authorities, the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and other legislative and regulatory developments and the impact of the Consumer Financial Protection Bureau's (the “CFPB”) regulation of our business; impact of capital adequacy rules and liquidity requirements; restrictions that limit our ability to pay dividends and repurchase our common stock, and restrictions that limit the Bank’s ability to pay dividends to us; regulations relating to privacy, information security and data protection; use of third-party vendors and ongoing third-party business relationships; and failure to comply with anti-money laundering and anti-terrorism financing laws.

For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this report and in our public filings, including under the heading “Risk Factors Relating to Our Business” and “Risk Factors Relating to Regulation” in our 2020 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 law.

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 2020 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*."

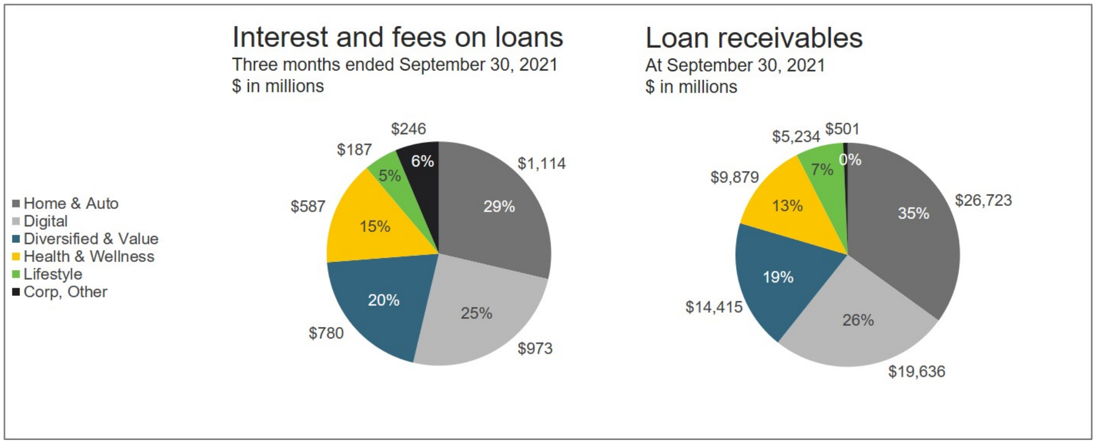
Introduction and Business Overview

We are a premier consumer financial services company delivering a wide range of specialized financing programs, as well as innovative consumer banking products, across key industries including digital, retail, home, auto, travel, health and pet. 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 and nine months ended September 30, 2021, we financed $41.9 billion and $118.8 billion of purchase volume, respectively, and had 67.2 million and 66.5 million average active accounts, respectively, and at September 30, 2021, we had $76.4 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 September 30, 2021, we had $60.3 billion in deposits, which represented 82% of our total funding sources.

Our Sales Platforms

We conduct our operations through a single business segment. Profitability and expenses, including funding costs, credit losses and operating expenses, are managed for the business as a whole. Substantially all of our operations are within the United States. In June 2021, we announced organizational changes aimed to further align the company's activities with its partners and evolving consumer expectations, while leveraging our innovation, data, expertise and scale to deliver products and capabilities to market faster. As part of these changes, we established a Growth Organization that includes our marketing, data, analytics, customer experience and product development teams in one cohesive group and we also combined our Technology and Operations teams. For our sales activities, we now primarily manage our credit products through five sales platforms (Home & Auto, Digital, Diversified & Value, Health & Wellness and Lifestyle). Those platforms are organized by the types of partners we work with, and are measured on interest and fees on loans, loan receivables, active accounts and other sales metrics.



Home & Auto

Our Home & Auto sales platform provides comprehensive payments and financing solutions with integrated in-store and digital experiences through a broad network of partners and merchants providing home and automotive merchandise and services, and includes partners such as Ashley Homestores LTD and Lowe's, as well as our Synchrony Car Care network and Synchrony HOME credit card offering.

Digital

Our Digital sales platform provides comprehensive payments and financing solutions with integrated digital experiences through partners and merchants who primarily engage with their consumers through digital channels, including partners such as Amazon and PayPal.

Diversified & Value

Our Diversified & Value sales platform provides comprehensive payments and financing solutions with integrated in-store and digital experiences through partners and merchants who offer a wide assortment of merchandise, including partners such as JCPenney and Sam's Club.

Health & Wellness

Our Health & Wellness sales platform provides comprehensive healthcare payments and financing solutions, through a network of providers and health systems, for those seeking health and wellness care for themselves, their families and their pets, and includes key brands such as CareCredit and Pets Best, as well as the recently launched MyWalgreens co-branded program.

Lifestyle

Lifestyle provides comprehensive payments and financing solutions with integrated in-store and digital experiences through partners and merchants who offer merchandise in power sports, outdoor power equipment, and other industries such as sporting goods, apparel, jewelry and music.

Corp, Other

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

Our Credit Products

Through our sales platforms, we offer three principal types of credit products: credit cards, commercial credit products and consumer installment loans. We also offer 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 September 30, 2021.

		Promotional Offer		
Credit Product	**Standard Terms Only**	**Deferred Interest**	**Other Promotional**	**Total**
Credit cards	57.7 %	20.4 %	16.5 %	94.6 %
Commercial credit products	1.8	—	—	1.8
Consumer installment loans	0.1	0.1	3.3	3.5
Other	0.1	—	—	0.1
Total	59.7 %	20.5 %	19.8 %	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. Credit under our private label credit cards is extended either on standard terms or pursuant to a promotional financing offer.

- ***Dual Cards and General Purpose Co-Branded Cards.*** Our patented Dual Cards are credit cards that function as private label credit cards when used to purchase goods and services from our partners, and as general purpose credit cards when used to make purchases from other retailers wherever cards from those card networks are accepted or for cash advance transactions. We also offer general purpose co-branded credit cards that do not function as private label credit cards, as well as, in limited circumstances, a Synchrony-branded general purpose credit card. Credit extended under our Dual Cards and general purpose co-branded credit cards typically is extended on standard terms only. We offer either Dual Cards or general purpose co-branded credit cards across all of our sales platforms, spanning 21 partners and our CareCredit Dual Card, of which the majority are Dual Cards. Consumer Dual Cards and Co-Branded cards totaled 24% of our total loan receivables portfolio, including held for sale, at September 30, 2021.

Commercial Credit Products

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

Installment Loans

We originate 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), as well as through our various SetPay installment products. Installment loans are closed-end credit accounts where the customer pays down the outstanding balance in installments. Installment loans are generally assessed periodic finance charges using fixed interest rates.

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 2020 Form 10-K. For a discussion of how certain trends and conditions impacted the three and nine months ended September 30, 2021, see "*—Results of Operations.*"

Seasonality

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

The seasonal impact to transaction volumes and the loan receivables balance typically results in fluctuations in our results of operations, delinquency metrics and the allowance for credit losses as a percentage of total loan receivables between quarterly periods.

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

While the effects of the seasonal trends discussed above remain evident, we also continue to experience improvements in customer payment behavior, which include the effects of governmental stimulus actions and industry-wide forbearance measures. Customer payments as a percentage of beginning-of-period loan receivables for the three months ended September 30, 2021 were approximately 260 basis points higher than our prior five-year historical average for the third quarter. These higher payment rates have resulted in reductions in loan receivables and delinquency rates beyond our seasonal expectations.

Results of Operations

Highlights for the Three and Nine Months Ended September 30, 2021

Below are highlights of our performance for the three and nine months ended September 30, 2021 compared to the three and nine months ended September 30, 2020, as applicable, except as otherwise noted.

- Net earnings increased to $1.1 billion from $313 million and to $3.4 billion from $647 million for the three and nine months ended September 30, 2021, respectively, which included the impact of a reserve release related to the reclassification of the Gap portfolio to loan receivables held for sale of $187 million after-tax. The increases in the three and nine months ended September 30, 2021 were primarily driven by lower provision for credit losses.

- Loan receivables decreased to $76.4 billion at September 30, 2021 compared to $78.5 billion at September 30, 2020, driven by the reclassification of $3.5 billion of loan receivables associated with the Gap portfolio to loan receivables held for sale. Excluding the impact of the reclassification, loan receivables increased 2% reflecting strong purchase volume growth, partially offset by higher payment rates.

- Net interest income increased 5.8% to $3.7 billion and decreased 3.1% to $10.4 billion for the three and nine months ended September 30, 2021, respectively. Interest and fees on loans increased 1.7% for the three months ended September 30, 2021, driven by an increase in average loan receivables, and decreased 6.5% for the nine months ended September 30, 2021 reflecting the impact of elevated payment rates and lower delinquencies during the period. For both current year periods, interest expense decreased primarily due to lower benchmark interest rates.

- Retailer share arrangements increased 40.8% to $1.3 billion and 25.5% to $3.3 billion for the three and nine months ended September 30, 2021, respectively, primarily due to the decreases in provision for credit losses, as well as program performance.

- Over-30 day loan delinquencies as a percentage of period-end loan receivables decreased 25 basis points to 2.42% at September 30, 2021. Excluding amounts related to the Gap Inc. portfolio from both periods, the decrease compared to the prior year was approximately 40 basis points. The net charge-off rate decreased 224 basis points to 2.18% and 194 basis points to 3.11% for the three and nine months ended September 30, 2021, respectively.

- Provision for credit losses decreased by $1.2 billion, or 97.9%, and $4.4 billion, or 96.4% for the three and nine months ended September 30, 2021, respectively, primarily driven by lower reserves, including a $247 million reserve release following the reclassification of the Gap portfolio to loan receivables held for sale, and lower net charge-offs. Our allowance coverage ratio (allowance for credit losses as a percent of period-end loan receivables) decreased to 11.28% at September 30, 2021, as compared to 12.92% at September 30, 2020.

- Other expense decreased by $106 million, or 9.9%, and $214 million, or 7.0%, for the three and nine months ended September 30, 2021, respectively, primarily driven by a prior year restructuring charge of $89 million and lower operational losses.

- At September 30, 2021, deposits represented 82% of our total funding sources. Total deposits decreased by 3.9% to $60.3 billion at September 30, 2021, compared to December 31, 2020.

- During the nine months ended September 30, 2021, we declared and paid cash dividends on our Series A 5.625% non-cumulative preferred stock of $42.18 per share, or $32 million.

- During the nine months ended September 30, 2021, we repurchased $1.9 billion of our outstanding common stock, and declared and paid cash dividends of $0.66 per share, or $380 million. In May 2021 we announced that the Board of Directors approved a new share repurchase program of up to $2.9 billion for the period which commenced April 1, 2021 through June 30, 2022, subject to market conditions and other factors, including legal and regulatory restrictions and required approvals, if any.

- In February 2021 in our Health & Wellness sales platform, we completed our acquisition of Allegro Credit, a leading provider of point-of-sale consumer financing for audiology products and dental services.

2021 Partner Agreements

- In our Home & Auto sales platform, we announced our new partnership with Alarm.com, BoxDrop and Gardner White and extended our program agreements with Abt Electronics, Ashley HomeStores LTD, CITGO, Mitchell Gold Co., Phillips 66 and WG&R Furniture.

- In our Digital sales platform, we announced PayPal Savings, a new PayPal-branded savings account and extended our program agreement with Shop HQ.

- In our Diversified & Value sales platform, we extended our program agreement with TJX Companies, Inc.

- In our Health & Wellness sales platform, we launched our Walgreens credit card, expanded our network through our new partnerships with Emory Healthcare, Mercy Health, Ochsner Health, Prime Health, Southern Veterinary Partners and Sycle and extended our agreements with Heartland Dental, LCA Vision and Rite Aid. In addition, we also made our CareCredit patient financing app available in the Epic App Orchard, further expanding the availability of CareCredit to healthcare organizations using Epic.

- In our Lifestyle sales platform, we announced our new partnerships with Family Farm & Home, and JCB and extended our program agreements with American Eagle, Daniels, Ricoma, Sutherlands, Tacony Corporation and The Container Store.

- We announced our expanded strategic partnership with Fiserv to broaden our distribution network for Synchrony products and services via the Clover point-of-sale and business management platform.

- During the third quarter of 2021, we entered into an agreement to sell loan receivables associated with our program agreement with Gap Inc. We expect to recognize a gain on sale of the portfolio, which, subject to customary closing conditions, is expected to be completed in the second quarter of 2022.

- Excluding our program agreement with Gap Inc., our five largest programs based upon interest and fees on loans for the year ended December 31, 2020 were Amazon, JCPenney, Lowe's, PayPal and Sam's Club.

Summary Earnings

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

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	**2021**	**2020**	**2021**	**2020**
Interest income	$ 3,898	$ 3,837	$ 11,218	$ 12,074
Interest expense	240	380	809	1,331
Net interest income	3,658	3,457	10,409	10,743
Retailer share arrangements	(1,266)	(899)	(3,261)	(2,598)
Provision for credit losses	25	1,210	165	4,560
Net interest income, after retailer share arrangements and provision for credit losses	2,367	1,348	6,983	3,585
Other income	94	131	314	323
Other expense	961	1,067	2,841	3,055
Earnings before provision for income taxes	1,500	412	4,456	853
Provision for income taxes	359	99	1,048	206
Net earnings	$ 1,141	$ 313	$ 3,408	$ 647
Net earnings available to common stockholders	$ 1,130	$ 303	$ 3,376	$ 615

Other Financial and Statistical Data

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

($ in millions)	At and for the Three months ended September 30, 2021	At and for the Three months ended September 30, 2020	At and for the Nine months ended September 30, 2021	At and for the Nine months ended September 30, 2020
Financial Position Data (Average):				
Loan receivables, including held for sale	$ 78,714	$ 78,005	$ 77,965	$ 80,368
Total assets	$ 91,948	$ 96,340	$ 93,915	$ 98,333
Deposits	$ 59,633	$ 63,876	$ 61,258	$ 64,380
Borrowings	$ 13,522	$ 16,017	$ 14,528	$ 17,207
Total equity	$ 14,117	$ 12,139	$ 13,619	$ 12,303
Selected Performance Metrics:				
Purchase volume(1)(2)	$ 41,912	$ 36,013	$ 118,782	$ 99,210
Home & Auto	$ 11,765	$ 10,653	$ 33,889	$ 29,486
Digital	$ 10,980	$ 9,038	$ 31,250	$ 24,871
Diversified & Value	$ 12,006	$ 9,634	$ 32,844	$ 26,718
Health & Wellness	$ 3,024	$ 2,738	$ 8,660	$ 7,349
Lifestyle	$ 1,298	$ 1,267	$ 3,857	$ 3,550
Corp, Other	$ 2,839	$ 2,683	$ 8,282	$ 7,236
Average active accounts (in thousands)(2)(3)	67,189	64,270	66,500	67,246
Net interest margin(4)	15.45 %	13.80 %	14.40 %	14.17 %
Net charge-offs	$ 432	$ 866	$ 1,815	$ 3,037
Net charge-offs as a % of average loan receivables, including held for sale	2.18 %	4.42 %	3.11 %	5.05 %
Allowance coverage ratio(5)	11.28 %	12.92 %	11.28 %	12.92 %
Return on assets(6)	4.9 %	1.3 %	4.9 %	0.9 %
Return on equity(7)	32.1 %	10.3 %	33.5 %	7.0 %
Equity to assets(8)	15.35 %	12.60 %	14.50 %	12.51 %
Other expense as a % of average loan receivables, including held for sale	4.84 %	5.44 %	4.87 %	5.08 %
Efficiency ratio(9)	38.7 %	39.7 %	38.1 %	36.1 %
Effective income tax rate	23.9 %	24.0 %	23.5 %	24.2 %
Selected Period-End Data:				
Loan receivables	$ 76,388	$ 78,521	$ 76,388	$ 78,521
Allowance for credit losses	$ 8,616	$ 10,146	$ 8,616	$ 10,146
30+ days past due as a % of period-end loan receivables(10)	2.42 %	2.67 %	2.42 %	2.67 %
90+ days past due as a % of period-end loan receivables(10)	1.05 %	1.24 %	1.05 %	1.24 %
Total active accounts (in thousands)(2)(3)	67,245	64,800	67,245	64,800

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

Average Balance Sheet

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

Three months ended September 30 ($ in millions)	2021			2020		
	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]	$ 9,559	$ 3	0.12 %	$ 13,664	$ 4	0.12 %
Securities available for sale	5,638	8	0.56 %	7,984	12	0.60 %
Loan receivables, including held for sale[3]:						
Credit cards	74,686	3,793	20.15 %	74,798	3,752	19.96 %
Consumer installment loans	2,555	64	9.94 %	1,892	46	9.67 %
Commercial credit products	1,407	29	8.18 %	1,238	22	7.07 %
Other	66	1	NM	77	1	NM
Total loan receivables, including held for sale	78,714	3,887	19.59 %	78,005	3,821	19.49 %
Total interest-earning assets	93,911	3,898	16.47 %	99,653	3,837	15.32 %
Non-interest-earning assets:						
Cash and due from banks	1,588			1,489		
Allowance for credit losses	(8,956)			(9,823)		
Other assets	5,405			5,021		
Total non-interest-earning assets	(1,963)			(3,313)		
Total assets	$ 91,948			$ 96,340		
Liabilities						
Interest-bearing liabilities:						
Interest-bearing deposit accounts	$ 59,275	$ 131	0.88 %	$ 63,569	$ 245	1.53 %
Borrowings of consolidated securitization entities	7,051	41	2.31 %	8,057	53	2.62 %
Senior unsecured notes	6,471	68	4.17 %	7,960	82	4.10 %
Total interest-bearing liabilities	72,797	240	1.31 %	79,586	380	1.90 %
Non-interest-bearing liabilities:						
Non-interest-bearing deposit accounts	358			307		
Other liabilities	4,676			4,308		
Total non-interest-bearing liabilities	5,034			4,615		
Total liabilities	77,831			84,201		
Equity						
Total equity	14,117			12,139		
Total liabilities and equity	$ 91,948			$ 96,340		
Interest rate spread[4]			15.16 %			13.42 %
Net interest income		$ 3,658			$ 3,457	
Net interest margin[5]			15.45 %			13.80 %

Nine months ended September 30 ($ in millions)	2021 Average Balance	2021 Interest Income / Expense	2021 Average Yield / Rate[(1)]	2020 Average Balance	2020 Interest Income/ Expense	2020 Average Yield / Rate[(1)]
Assets						
Interest-earning assets:						
Interest-earning cash and equivalents[(2)]	$ 12,567	$ 11	0.12 %	$ 13,992	$ 49	0.47 %
Securities available for sale	6,128	21	0.46 %	6,918	56	1.08 %
Loan receivables, including held for sale[(3)]:						
Credit cards	74,179	10,934	19.71 %	77,476	11,764	20.28 %
Consumer installment loans	2,398	176	9.81 %	1,624	118	9.71 %
Commercial credit products	1,334	73	7.32 %	1,210	85	9.38 %
Other	54	3	7.43 %	58	2	4.61 %
Total loan receivables, including held for sale	77,965	11,186	19.18 %	80,368	11,969	19.89 %
Total interest-earning assets	96,660	11,218	15.52 %	101,278	12,074	15.92 %
Non-interest-earning assets:						
Cash and due from banks	1,594			1,475		
Allowance for credit losses	(9,656)			(9,253)		
Other assets	5,317			4,833		
Total non-interest-earning assets	(2,745)			(2,945)		
Total assets	$ 93,915			$ 98,333		
Liabilities						
Interest-bearing liabilities:						
Interest-bearing deposit accounts	$ 60,907	$ 447	0.98 %	$ 64,075	$ 894	1.86 %
Borrowings of consolidated securitization entities	7,296	136	2.49 %	8,966	185	2.76 %
Senior unsecured notes	7,232	226	4.18 %	8,241	252	4.08 %
Total interest-bearing liabilities	75,435	809	1.43 %	81,282	1,331	2.19 %
Non-interest-bearing liabilities:						
Non-interest-bearing deposit accounts	351			305		
Other liabilities	4,510			4,443		
Total non-interest-bearing liabilities	4,861			4,748		
Total liabilities	80,296			86,030		
Equity						
Total equity	13,619			12,303		
Total liabilities and equity	$ 93,915			$ 98,333		
Interest rate spread[(4)]			14.09 %			13.73 %
Net interest income		$ 10,409			$ 10,743	
Net interest margin[(5)]			14.40 %			14.17 %

(1) Average yields/rates are based on total interest income/expense over average balances.
(2) Includes average restricted cash balances of $745 million and $214 million for the three months ended September 30, 2021 and 2020, respectively, and $570 million and $612 million for the nine months ended September 30, 2021 and 2020, respectively.
(3) Interest income on loan receivables includes fees on loans of $610 million and $487 million for the three months ended September 30, 2021 and 2020, respectively, and $1.6 billion for both the nine months ended September 30, 2021 and 2020, 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 2020 Form 10-K.

Interest Income

Interest income increased by $61 million, or 1.6%, and decreased by $856 million, or 7.1%, for the three and nine months ended September 30, 2021, respectively. The increase in the three months ended September 30, 2021 was primarily driven by increases in interest and fees on loans attributed to an increase in average loan receivables, including held for sale. The decrease in the nine months ended September 30, 2021 reflected the impact of improvements in customer payment behavior and lower delinquencies during the period, which resulted in lower average loan receivables.

Average interest-earning assets

Three months ended September 30 ($ in millions)	**2021**	**%**	**2020**	**%**
Loan receivables, including held for sale	$ 78,714	83.8 %	$ 78,005	78.3 %
Liquidity portfolio and other	15,197	16.2 %	21,648	21.7 %
Total average interest-earning assets	$ 93,911	100.0 %	$ 99,653	100.0 %

Nine months ended September 30 ($ in millions)	**2021**	**%**	**2020**	**%**
Loan receivables, including held for sale	$ 77,965	80.7 %	$ 80,368	79.4 %
Liquidity portfolio and other	18,695	19.3 %	20,910	20.6 %
Total average interest-earning assets	$ 96,660	100.0 %	$ 101,278	100.0 %

Average loan receivables, including held for sale, increased slightly by 0.9% for the three months ended September 30, 2021, primarily driven by growth in purchase volume of 16.4%, largely offset by higher payment rates. Average loan receivables, including held for sale, decreased 3.0% for the nine months ended September 30, 2021, as the impact from the improvements in customer payment behavior was only partially offset by growth in purchase volume of 19.7%.

Yield on average interest-earning assets

The yield on average interest-earning assets increased for the three months ended September 30, 2021, primarily due to an increase in the percentage of interest-earning assets attributable to loan receivables and an increase in the yield on average loan receivables. The increase in loan receivable yield was 10 basis points to 19.59% for the three months ended September 30, 2021.

The yield on average interest-earning assets decreased for the nine months ended September 30, 2021, primarily due to a decrease in the yield on average loan receivables. The decrease in loan receivable yield was 71 basis points to 19.18% for the nine months ended September 30, 2021, reflecting the impact of higher payment rates and lower interest and fees.

Interest Expense

Interest expense decreased by $140 million, or 36.8%, and $522 million, or 39.2%, for the three and nine months ended September 30, 2021, respectively, primarily attributed to lower benchmark interest rates. Our cost of funds decreased to 1.31% and 1.43% for the three and nine months ended September 30, 2021, respectively, compared to 1.90% and 2.19% for the three and nine months ended September 30, 2020, respectively.

__Average interest-bearing liabilities__

Three months ended September 30 ($ in millions)	2021	%	2020	%
Interest-bearing deposit accounts	$ 59,275	81.4 %	$ 63,569	79.9 %
Borrowings of consolidated securitization entities	7,051	9.7 %	8,057	10.1 %
Senior unsecured notes	6,471	8.9 %	7,960	10.0 %
Total average interest-bearing liabilities	$ 72,797	100.0 %	$ 79,586	100.0 %

Nine months ended September 30 ($ in millions)	2021	%	2020	%
Interest-bearing deposit accounts	$ 60,907	80.7 %	$ 64,075	78.9 %
Borrowings of consolidated securitization entities	7,296	9.7 %	8,966	11.0 %
Senior unsecured notes	7,232	9.6 %	8,241	10.1 %
Total average interest-bearing liabilities	$ 75,435	100.0 %	$ 81,282	100.0 %

Net Interest Income

Net interest income increased by $201 million, or 5.8%, and decreased by $334 million, or 3.1%, for the three and nine months ended September 30, 2021, respectively, resulting from the changes in interest income and interest expense discussed above.

Retailer Share Arrangements

Retailer share arrangements increased by $367 million, or 40.8%, and $663 million, or 25.5%, for the three and nine months ended September 30, 2021, respectively, primarily due to the decrease in provision for credit losses and program performance.

Provision for Credit Losses

Provision for credit losses decreased by $1.2 billion, or 97.9%, and $4.4 billion, or 96.4%, for the three and nine months ended September 30, 2021, respectively, primarily driven by lower reserves, including a $247 million reserve release following the reclassification of the Gap portfolio to loan receivables held for sale, and lower net charge-offs. The reductions in reserves for credit losses in the current year were $407 million and $1.6 billion for the three and nine months ended September 30, 2021, respectively.

Other Income

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2021	2020	2021	2020
Interchange revenue	$ 232	$ 172	$ 626	$ 467
Debt cancellation fees	70	68	205	206
Loyalty programs	(256)	(155)	(682)	(447)
Other	48	46	165	97
Total other income	$ 94	$ 131	$ 314	$ 323

Other income decreased by $37 million, or 28.2%, and $9 million, or 2.8%, for the three and nine months ended September 30, 2021, respectively, primarily driven by higher loyalty program costs during the period related to higher purchase volume, partially offset by an increase in interchange revenue.

Other Expense

($ in millions)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Employee costs	$ 369	$ 382	$ 1,092	$ 1,033
Professional fees	196	187	575	573
Marketing and business development	110	107	319	309
Information processing	139	125	407	364
Other	147	266	448	776
Total other expense	$ 961	$ 1,067	$ 2,841	$ 3,055

Other expense decreased by $106 million, or 9.9%, and $214 million, or 7.0%, for the three and nine months ended September 30, 2021, primarily driven by a prior year restructuring charge of $89 million and lower operational losses. The decrease in the nine months ended September 30, 2021 was partially offset by higher employee and information processing costs.

Provision for Income Taxes

($ in millions)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Effective tax rate	23.9 %	24.0 %	23.5 %	24.2 %
Provision for income taxes	$ 359	$ 99	$ 1,048	$ 206

The effective tax rate for the three months ended September 30, 2021 decreased slightly compared to the same period in the prior year. The effective tax rate for the nine months ended September 30, 2021 decreased compared to the same period in the prior year primarily due to the resolution of certain tax matters in the current year. For both periods presented, the effective tax rate differs from the applicable U.S. federal statutory tax rate primarily due to state income taxes.

Platform Analysis

As discussed above under "—*Our Sales Platforms*," we now offer our credit products primarily through five sales platforms (Home & Auto, Digital, Diversified & Value, Health & Wellness and Lifestyle), which management measures based on their revenue-generating activities. The following is a discussion of certain supplemental information for the three and nine months ended September 30, 2021, for each of our five sales platforms and Corp, Other.

Home & Auto

($ in millions)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Purchase volume	$ 11,765	$ 10,653	$ 33,889	$ 29,486
Period-end loan receivables	$ 26,723	$ 26,202	$ 26,723	$ 26,202
Average loan receivables, including held for sale	$ 26,317	$ 25,908	$ 25,911	$ 26,232
Average active accounts (in thousands)	18,169	18,127	17,981	18,354
Interest and fees on loans	$ 1,114	$ 1,114	$ 3,187	$ 3,364
Other income	$ 16	$ 14	$ 46	$ 46

Home & Auto interest and fees on loans remained flat and decreased by $177 million, or 5.3%, for the three and nine months ended September 30, 2021, respectively. The decrease in the nine months ended September 30, 2021 was primarily driven by lower loan receivables yield.

Digital

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2021	2020	2021	2020
Purchase volume	$ 10,980	$ 9,038	$ 31,250	$ 24,871
Period-end loan receivables	$ 19,636	$ 18,922	$ 19,636	$ 18,922
Average loan receivables, including held for sale	$ 19,286	$ 18,807	$ 19,168	$ 19,206
Average active accounts (in thousands)	17,655	16,440	17,426	16,461
Interest and fees on loans	$ 973	$ 915	$ 2,767	$ 2,825
Other income	$ (19)	$ (16)	$ (59)	$ (28)

Digital interest and fees on loans increased by $58 million, or 6.3%, for the three months ended September 30, 2021, primarily driven by higher loan receivables yield and growth in average loan receivables.

Digital interest and fees on loans decreased by $58 million, or 2.1%, for the nine months ended September 30, 2021, primarily driven by lower loan receivables yield as a result of higher payment rates.

Other income decreased by $3 million, or 18.8%, and $31 million, or 110.7%, for the three and nine months ended September 30, 2021, primarily driven by higher program loyalty costs associated with the increase in purchase volume, partially offset by increases in interchange revenue.

Diversified & Value

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2021	2020	2021	2020
Purchase volume	$ 12,006	$ 9,634	$ 32,844	$ 26,718
Period-end loan receivables	$ 14,415	$ 14,825	$ 14,415	$ 14,825
Average loan receivables, including held for sale	$ 14,328	$ 14,919	$ 14,333	$ 15,959
Average active accounts (in thousands)	17,903	16,307	17,591	18,118
Interest and fees on loans	$ 780	$ 809	$ 2,298	$ 2,706
Other income	$ (8)	$ 38	$ (5)	$ 70

Diversified & Value interest and fees on loans decreased by $29 million, or 3.6%, and $408 million, or 15.1%, for the three and nine months ended September 30, 2021, primarily driven by lower average loan receivables.

Health & Wellness

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2021	2020	2021	2020
Purchase volume	$ 3,024	$ 2,738	$ 8,660	$ 7,349
Period-end loan receivables	$ 9,879	$ 9,368	$ 9,879	$ 9,368
Average loan receivables, including held for sale	$ 9,654	$ 9,245	$ 9,477	$ 9,629
Average active accounts (in thousands)	5,707	5,708	5,673	6,018
Interest and fees on loans	$ 587	$ 552	$ 1,668	$ 1,684
Other income	$ 41	$ 32	$ 117	$ 80

Health & Wellness interest and fees on loans increased by $35 million, or 6.3%, for the three months ended September 30, 2021, primarily driven by higher average loan receivables.

Health & Wellness interest and fees on loans decreased $16 million, or 1.0%, for the nine months ended September 30, 2021, primarily driven by lower average loan receivables.

Other income increased by $9 million, or 28.1%, and $37 million, or 46.3%, for the three and nine months ended September 30, 2021, respectively, primarily due to commission fees earned by Pets Best.

Lifestyle

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2021	2020	2021	2020
Purchase volume	$ 1,298	$ 1,267	$ 3,857	$ 3,550
Period-end loan receivables	$ 5,234	$ 4,842	$ 5,234	$ 4,842
Average loan receivables, including held for sale	$ 5,185	$ 4,771	$ 5,080	$ 4,662
Average active accounts (in thousands)	2,465	2,404	2,500	2,569
Interest and fees on loans	$ 187	$ 180	$ 550	$ 547
Other income	$ 6	$ 5	$ 17	$ 14

Lifestyle interest and fees on loans increased by $7 million, or 3.9%, and $3 million, or 0.5%, for the three and nine months ended September 30, 2021, primarily driven by an increase in average loan receivables reflecting continued strength in power sports.

Corp, Other

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2021	2020	2021	2020
Purchase volume	$ 2,839	$ 2,683	$ 8,282	$ 7,236
Period-end loan receivables	$ 501	$ 4,362	$ 501	$ 4,362
Average loan receivables, including held for sale	$ 3,944	$ 4,355	$ 3,996	$ 4,680
Average active accounts (in thousands)	5,290	5,284	5,329	5,726
Interest and fees on loans	$ 246	$ 251	$ 716	$ 843
Other income	$ 58	$ 58	$ 198	$ 141

Corp, Other interest and fees on loans decreased by $5 million, or 2.0%, and $127 million, or 15.1%, for the three and nine months ended September 30, 2021, primarily driven by lower average loan receivables.

Other income remained flat, and increased by $57 million, or 40.4% for the three and nine months ended September 30, 2021, respectively. The increase in the nine months ended September 30, 2021 was primarily due to gains related to investment securities.

Loan Receivables

Loan receivables are our largest category of assets and represent our primary source of revenue. The following discussion provides supplemental information regarding our loan receivables portfolio. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policie*s and Note 4. *Loan Receivables and Allowance for Credit Losses* to our condensed consolidated financial statements for additional information related to our Loan Receivables, including troubled debt restructurings ("TDR's").

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

($ in millions)	At September 30, 2021	(%)	At December 31, 2020	(%)
Loans				
Credit cards	$ 72,289	94.6 %	$ 78,455	95.9 %
Consumer installment loans	2,614	3.5 %	2,125	2.6
Commercial credit products	1,401	1.8 %	1,250	1.5
Other	84	0.1 %	37	—
Total loans	$ 76,388	100.0 %	$ 81,867	100.0 %

Loan receivables decreased 6.7% to $76.4 billion at September 30, 2021 compared to December 31, 2020, primarily driven by the reclassification of $3.5 billion of loan receivables associated with the Gap portfolio to loan receivables held for sale and improvements in customer payment behavior, resulting in part from governmental stimulus actions, as well as the seasonality of our business. Customer payments as a percentage of beginning-of-period loan receivables for the three months ended September 30, 2021 were approximately 260 basis points higher than our prior five-year historical average for the third quarter.

Loan receivables decreased to $76.4 billion at September 30, 2021 compared to $78.5 billion at September 30, 2020, due to the reclassification of $3.5 billion of loan receivables associated with the Gap portfolio to loan receivables held for sale. Excluding the impact of the reclassification, loan receivables increased 2% reflecting strong purchase volume growth, partially offset by higher payment rates.

Our loan receivables portfolio had the following geographic concentration at September 30, 2021.

($ in millions) **State**	Loan Receivables Outstanding	% of Total Loan Receivables Outstanding
Texas	$ 8,113	10.6 %
California	$ 7,779	10.2 %
Florida	$ 6,876	9.0 %
New York	$ 3,952	5.2 %
North Carolina	$ 3,184	4.2 %

Delinquencies

Over-30 day loan delinquencies as a percentage of period-end loan receivables decreased to 2.42% at September 30, 2021 from 2.67% at September 30, 2020, and decreased from 3.07% at December 31, 2020. The decrease compared to the prior year period was primarily driven by an improvement in customer payment behavior, partially offset by the effects of the reclassification of loan receivables related to the Gap Inc. portfolio to loan receivables held for sale. When excluding amounts related to the Gap Inc. portfolio from both current year and prior year periods, over-30 day loan delinquencies at September 30, 2021 declined approximately 40 basis points compared to September 30, 2020. The current quarter decrease as compared to December 31, 2020 reflects these same trends.

Net Charge-Offs

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Net charge-off rate	2.18 %	4.42 %	3.11 %	5.05 %

Allowance for Credit Losses

The allowance for credit losses totaled $8.6 billion at September 30, 2021, compared to $10.3 billion at December 31, 2020 and $10.1 billion at September 30, 2020, and reflects our estimate of expected credit losses for the life of the loan receivables on our consolidated statement of financial position.

Our allowance for credit losses as a percentage of total loan receivables decreased to 11.28% at September 30, 2021, from 12.54% at December 31, 2020 and from 12.92% at September 30, 2020.

The decrease compared to September 30, 2020 is primarily driven by improvements in customer payment behavior, which resulted in a reduction in our estimate of expected credit losses. The decrease compared to December 31, 2020 reflects these same trends, partially offset by the seasonality of our business.

Funding, Liquidity and Capital Resources

We maintain a strong focus on liquidity and capital. Our funding, liquidity and capital policies are designed to ensure that our business has the liquidity and capital resources to support our daily operations, our business growth, our credit ratings and our regulatory and policy requirements, in a cost effective and prudent manner through expected and unexpected market environments.

Funding Sources

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

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

	2021			2020		
Three months ended September 30 ($ in millions)	**Average Balance**	**%**	**Average Rate**	**Average Balance**	**%**	**Average Rate**
Deposits[1]	$ 59,275	81.4 %	0.9 %	$ 63,569	79.9 %	1.5 %
Securitized financings	7,051	9.7	2.3	8,057	10.1	2.6
Senior unsecured notes	6,471	8.9	4.2	7,960	10.0	4.1
Total	$ 72,797	100.0 %	1.3 %	$ 79,586	100.0 %	1.9 %

(1) Excludes $358 million and $307 million average balance of non-interest-bearing deposits for the three months ended September 30, 2021 and 2020, respectively. Non-interest-bearing deposits comprise less than 10% of total deposits for the three months ended September 30, 2021 and 2020.

Nine months ended September 30 ($ in millions)	2021			2020		
	Average Balance	%	Average Rate	Average Balance	%	Average Rate
Deposits[1]	$ 60,907	80.7 %	1.0 %	$ 64,075	78.9 %	1.9 %
Securitized financings	7,296	9.7	2.5	8,966	11.0	2.8
Senior unsecured notes	7,232	9.6	4.2	8,241	10.1	4.1
Total	$ 75,435	100.0 %	1.4 %	$ 81,282	100.0 %	2.2 %

(1) Excludes $351 million and $305 million average balance of non-interest-bearing deposits for the nine months ended September 30, 2021 and 2020, respectively. Non-interest-bearing deposits comprise less than 10% of total deposits for the nine months ended September 30, 2021 and 2020.

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 September 30, 2021, we had $49.9 billion in direct deposits and $10.4 billion in deposits originated through brokerage firms (including network deposit sweeps procured through a program arranger that channels brokerage account deposits to us). A key part of our liquidity plan and funding strategy is to continue to utilize our direct 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 September 30, 2021, had a weighted average remaining life of 2.2 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, including securitized financings (including our undrawn committed capacity) and unsecured debt.

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

Three months ended September 30 ($ in millions)	2021			2020		
	Average Balance	%	Average Rate	Average Balance	%	Average Rate
Direct deposits:						
Certificates of deposit (including IRA certificates of deposit)	$ 20,795	35.1 %	1.1 %	$ 29,810	46.9 %	2.0 %
Savings accounts (including money market accounts)	28,929	48.8	0.5	22,680	35.7	0.8
Brokered deposits	9,551	16.1	1.5	11,079	17.4	1.7
Total interest-bearing deposits	$ 59,275	100.0 %	0.9 %	$ 63,569	100.0 %	1.5 %

Nine months ended September 30 ($ in millions)	2021 Average Balance	2021 % of Total	2021 Average Rate	2020 Average Balance	2020 % of Total	2020 Average Rate
Direct deposits:						
Certificates of deposit (including IRA certificates of deposit)	$ 22,796	37.4 %	1.3 %	$ 31,871	49.7 %	2.2 %
Savings accounts (including money market accounts)	28,050	46.1	0.5	21,121	33.0	1.2
Brokered deposits	10,061	16.5	1.5	11,084	17.3	1.9
Total interest-bearing deposits	$ 60,907	100.0 %	1.0 %	$ 64,076	100.0 %	1.9 %

Our deposit liabilities provide funding with maturities ranging from one day to ten years. At September 30, 2021, the weighted average maturity of our interest-bearing time deposits was 1.1 years. See Note 7. *Deposits* to our condensed consolidated financial statements for more information on the maturities of our time deposits.

The following table summarizes deposits by contractual maturity at September 30, 2021:

($ in millions)	3 Months or Less	Over 3 Months but within 6 Months	Over 6 Months but within 12 Months	Over 12 Months	Total
U.S. deposits (less than FDIC insurance limit)[1][2]	$ 29,531	$ 3,953	$ 6,795	$ 7,173	$ 47,452
U.S. deposits (in excess of FDIC insurance limit)[2]					
Direct deposits:					
Certificates of deposit (including IRA certificates of deposit)	759	1,261	1,718	1,178	4,916
Savings accounts (including money market accounts)	7,957	—	—	—	7,957
Brokered deposits:					
Sweep accounts	28	—	—	—	28
Total	$ 38,275	$ 5,214	$ 8,513	$ 8,351	$ 60,353

(1) Includes brokered certificates of deposit for which underlying individual deposit balances are assumed to be less than $250,000.
(2) The standard deposit insurance amount is $250,000 per depositor, for each account ownership category. Deposits in excess of FDIC insurance limit presented above include partially uninsured accounts.

Securitized Financings

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 may issue asset-backed securities through both public transactions and private transactions funded by financial institutions and commercial paper conduits. In addition, we issue asset-backed securities in private transactions through the Synchrony 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 September 30, 2021.

($ in millions)	Less Than One Year	One Year Through Three Years	Four Years Through Five Years	After Five Years	Total
Scheduled maturities of long-term borrowings—owed to securitization investors:					
SYNCT[1]	$ 625	$ 3,765	$ —	$ —	$ 4,390
SFT	300	—	—	—	300
SYNIT[1]	1,600	—	—	—	1,600
Total long-term borrowings—owed to securitization investors	$ 2,525	$ 3,765	$ —	$ —	$ 6,290

(1) Excludes any subordinated classes of SYNCT notes and SYNIT notes that we owned at September 30, 2021.

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

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

The following table summarizes for each of our trusts the three-month rolling average excess spread at September 30, 2021.

	Note Principal Balance ($ in millions)	# of Series Outstanding	Three-Month Rolling Average Excess Spread[1]
SYNCT	$ 4,552	7	~18.6% to 21%
SFT	$ 300	5	19.0 %
SYNIT	$ 1,600	1	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, a range of the excess spreads relating to the particular series issued within such trust or, in the case of SYNIT, the excess spread relating to the one outstanding series issued within such trust, in all cases omitting any series that have not been outstanding for at least three full monthly periods and calculated in accordance with the applicable trust or series documentation, for the three securitization monthly periods ended September 30, 2021.

Senior Unsecured Notes

During the nine months ended September 30, 2021 we made repayments of $1.5 billion.

The following table provides a summary of our outstanding fixed rate senior unsecured notes at September 30, 2021.

Issuance Date	Interest Rate[(1)]	Maturity	Principal Amount Outstanding[(2)]
($ in millions)			
Fixed rate senior unsecured notes:			
Synchrony Financial			
August 2014	4.250%	August 2024	1,250
July 2015	4.500%	July 2025	1,000
August 2016	3.700%	August 2026	500
December 2017	3.950%	December 2027	1,000
March 2019	4.375%	March 2024	600
March 2019	5.150%	March 2029	650
July 2019	2.850%	July 2022	750
Synchrony Bank			
June 2017	3.000%	June 2022	750
Total fixed rate senior unsecured notes			$ 6,500

(1) Weighted average interest rate of all senior unsecured notes at September 30, 2021 was 4.00%.
(2) The amounts shown exclude unamortized debt discounts, premiums and issuance costs.

Short-Term Borrowings

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

Other

At September 30, 2021, 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 September 30, 2021.

At September 30, 2021, we were not in default under any of our credit facilities.

Credit Ratings

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

The table below reflects our current credit ratings and outlooks:

	S&P	Fitch Ratings
Synchrony Financial		
Senior unsecured debt	BBB-	BBB-
Preferred stock	BB-	B+
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 the Risk Committee of our Board of Directors. We employ a variety of metrics to monitor and manage liquidity. We perform regular liquidity stress testing and contingency planning as part of our liquidity management process. We evaluate a range of stress scenarios including Company specific and systemic events that could impact funding sources and our ability to meet liquidity needs.

We maintain a liquidity portfolio, which at September 30, 2021 had $14.7 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 $18.3 billion of liquid assets at December 31, 2020. The decrease in liquid assets was primarily due to the reduction in funding liabilities and share repurchase activity, partially offset by the reduction in our loan receivables and the seasonality of our business. We believe our liquidity position at September 30, 2021 remains strong as we continue to operate in a period of uncertain economic conditions related to COVID-19 and we will continue to closely monitor our liquidity as economic conditions change.

As additional sources of liquidity, at September 30, 2021, we had an aggregate of $3.2 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 2020 Form 10-K.

Capital

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

Synchrony is not currently required to conduct stress tests. See "*Regulation—Regulation Relating to Our Business—Recent Legislative and Regulatory Developments*" in our 2020 Form 10-K. In addition, while we have not been subject to the Federal Reserve Board's formal capital plan submission requirements to-date, we submitted a capital plan to the Federal Reserve Board in 2021. While not required, our capital plan process does include certain internal stress testing.

Dividend and Share Repurchases

Common Stock Cash Dividends Declared	**Month of Payment**	**Amount per Common Share**	**Amount**
($ in millions, except per share data)			
Three months ended March 31, 2021	February 2021	$ 0.22	$ 128
Three months ended June 30, 2021	May 2021	0.22	128
Three months ended September 30, 2021	August, 2021	0.22	124
Total dividends declared		$ 0.66	$ 380

Preferred Stock Cash Dividends Declared	**Month of Payment**	**Amount per Preferred Share**	**Amount**
($ in millions, except per share data)			
Three months ended March 31, 2021	February 2021	$ 14.06	$ 11
Three months ended June 30, 2021	May 2021	14.06	10
Three months ended September 30, 2021	August, 2021	14.06	11
Total dividends declared		$ 42.18	$ 32

The declaration and payment of future dividends to holders of our common and preferred stock will be at the discretion of the Board and will depend on many factors. For a discussion of regulatory and other restrictions on our ability to pay dividends and repurchase stock, see "*Regulation—Risk Factors Relating to Regulation—We are subject to restrictions that limit our ability to pay dividends and repurchase our common stock; the Bank is subject to restrictions that limit its ability to pay dividends to us, which could limit our ability to pay dividends, repurchase our common stock or make payments on our indebtedness*" in our 2020 Form 10-K.

Common Shares Repurchased Under Publicly Announced Programs	**Total Number of Shares Purchased**	**Dollar Value of Shares Purchased**
($ and shares in millions)		
Three months ended March 31, 2021	5.1	$ 200
Three months ended June 30, 2021	8.7	393
Three months ended September 30, 2021	26.7	1,300
Total	40.5	$ 1,893

In January 2021, we announced our Board's approval of a share repurchase program of up to $1.6 billion through December 31, 2021 (the “January 2021 Share Repurchase Program”), subject to the Company’s capital plan, market conditions and other factors, including regulatory restrictions and required approvals, if any. In May 2021 we announced that the Board of Directors approved a new share repurchase program of up to $2.9 billion for the period which commenced April 1, 2021 through June 30, 2022 (the “May 2021 Share Repurchase Program”), subject to market conditions and other factors, including legal and regulatory restrictions and required approvals, if any. This share repurchase program supersedes the program previously announced in January 2021, and does not include the impact of any capital related to the sale of the loan receivables associated with the Gap Inc. program.

Through the end of the third quarter of 2021, we have repurchased $1.9 billion of common stock as part of the January 2021 Share Repurchase Program and May 2021 Share Repurchase Program and have $1.2 billion of remaining authorized share repurchase capacity under the May 2021 Share Repurchase Program at September 30, 2021.

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 2020 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 September 30, 2021, 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 September 30, 2021 and December 31, 2020, respectively.

	Basel III			
	At September 30, 2021		At December 31, 2020	
($ in millions)	Amount	Ratio(1)	Amount	Ratio(1)
Total risk-based capital	$ 15,366	19.3 %	$ 14,604	18.1 %
Tier 1 risk-based capital	$ 14,314	18.0 %	$ 13,525	16.8 %
Tier 1 leverage	$ 14,314	15.5 %	$ 13,525	14.0 %
Common equity Tier 1 capital	$ 13,580	17.1 %	$ 12,791	15.9 %
Risk-weighted assets	$ 79,597		$ 80,561	

(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.

In March 2020 the joint federal bank regulatory agencies issued an interim final rule that allows banking organizations to mitigate the effects of the CECL accounting standard in their regulatory capital. Banking organizations that adopted CECL in 2020 can elect to mitigate the estimated cumulative regulatory capital effects of CECL for two years. The Company has elected to adopt the option provided by the interim final rule, which will largely delay the effects of CECL on its regulatory capital through the end of 2021, after which the effects will be phased-in over a three-year period from January 1, 2022 through December 31, 2024, collectively the “CECL regulatory capital transition adjustment”. For more information, see “*Capital—Regulatory Capital Requirements - Synchrony Financial*” in our 2020 Form 10-K.

Capital amounts and ratios at September 30, 2021 in the above table all reflect the application of the CECL regulatory capital transition adjustment. The increase in our common equity Tier 1 capital ratio compared to December 31, 2020 was primarily due to the retention of net earnings in the current year, partially offset by share repurchase activity, as well as a decrease in loan receivables and a corresponding reduction in risk-weighted assets in the nine months ended September 30, 2021.

Regulatory Capital Requirements - Synchrony Bank

At September 30, 2021 and December 31, 2020, 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 September 30, 2021 and December 31, 2020, and also reflects the CECL regulatory capital transition adjustment in the September 30, 2021 amounts and ratios.

	At September 30, 2021		At December 31, 2020		Minimum to be Well-Capitalized under Prompt Corrective Action Provisions
($ in millions)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Ratio**
Total risk-based capital	$ 14,341	19.9 %	$ 12,784	17.8 %	10.0%
Tier 1 risk-based capital	$ 13,391	18.6 %	$ 11,821	16.5 %	8.0%
Tier 1 leverage	$ 13,391	16.1 %	$ 11,821	13.6 %	5.0%
Common equity Tier 1 capital	$ 13,391	18.6 %	$ 11,821	16.5 %	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 2020 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 September 30, 2021, we had not recorded any contingent liabilities in our Condensed Consolidated Statement of Financial Position related to any guarantees. See Note 5 - *Variable Interest Entities* to our condensed consolidated financial statements for more information on our investment commitments for unconsolidated VIE's.

We extend credit, primarily arising from agreements with customers for unused lines of credit on our credit cards, in the ordinary course of business. Each unused credit card line is unconditionally cancellable by us. See Note 4 - *Loan Receivables and Allowance for Credit Losses* to our condensed consolidated financial statements for more information on our unfunded lending commitments.

Critical Accounting Estimates

In preparing our condensed consolidated financial statements, we have identified certain accounting estimates and assumptions that we consider to be the most critical to an understanding of our financial statements because they involve significant judgments and uncertainties. The critical accounting estimates we have identified relate to allowance for credit losses and fair value measurements. These estimates reflect our best judgment about current, and for some estimates future, economic and market conditions and their effects based on information available as of the date of these financial statements. If these conditions change from those expected, it is reasonably possible that these judgments and estimates could change, which may result in incremental losses on loan receivables, or material changes to our Condensed Consolidated Statement of Financial Position, among other effects. See "*Management's Discussion and Analysis—Critical Accounting Estimates*" in our 2020 Form 10-K, for a detailed discussion of these critical accounting estimates.

Regulation and Supervision

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

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

The Bank is a federally chartered savings association. As such, the Bank is subject to regulation, supervision and examination by the OCC, which is its primary regulator, and by the CFPB. In addition, the Bank, as an insured depository institution, is supervised by the FDIC.

See "*Regulation*" in our 2020 Form 10-K for additional information on regulations that are currently applicable to us. 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)

	Three months ended September 30,		Nine months ended September 30,	
($ in millions, except per share data)	**2021**	**2020**	**2021**	**2020**
Interest income:				
Interest and fees on loans (Note 4)	$ 3,887	$ 3,821	$ 11,186	$ 11,969
Interest on cash and debt securities	11	16	32	105
Total interest income	3,898	3,837	11,218	12,074
Interest expense:				
Interest on deposits	131	245	447	894
Interest on borrowings of consolidated securitization entities	41	53	136	185
Interest on senior unsecured notes	68	82	226	252
Total interest expense	240	380	809	1,331
Net interest income	3,658	3,457	10,409	10,743
Retailer share arrangements	(1,266)	(899)	(3,261)	(2,598)
Provision for credit losses (Note 4)	25	1,210	165	4,560
Net interest income, after retailer share arrangements and provision for credit losses	2,367	1,348	6,983	3,585
Other income:				
Interchange revenue	232	172	626	467
Debt cancellation fees	70	68	205	206
Loyalty programs	(256)	(155)	(682)	(447)
Other	48	46	165	97
Total other income	94	131	314	323
Other expense:				
Employee costs	369	382	1,092	1,033
Professional fees	196	187	575	573
Marketing and business development	110	107	319	309
Information processing	139	125	407	364
Other	147	266	448	776
Total other expense	961	1,067	2,841	3,055
Earnings before provision for income taxes	1,500	412	4,456	853
Provision for income taxes (Note 12)	359	99	1,048	206
Net earnings	$ 1,141	$ 313	$ 3,408	$ 647
Net earnings available to common stockholders	$ 1,130	$ 303	$ 3,376	$ 615
Earnings per share				
Basic	$ 2.02	$ 0.52	$ 5.89	$ 1.04
Diluted	$ 2.00	$ 0.52	$ 5.84	$ 1.04

See accompanying notes to condensed consolidated financial statements.

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

($ in millions)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Net earnings	$ 1,141	$ 313	$ 3,408	$ 647
Other comprehensive income (loss)				
Debt securities	(5)	—	(13)	29
Currency translation adjustments	(5)	6	(1)	(1)
Employee benefit plans	2	—	1	(1)
Other comprehensive income (loss)	(8)	6	(13)	27
Comprehensive income	$ 1,133	$ 319	$ 3,395	$ 674

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 September 30, 2021	At December 31, 2020
Assets		
Cash and equivalents	$ 9,806	$ 11,524
Debt securities (Note 3)	5,444	7,469
Loan receivables: (Notes 4 and 5)		
Unsecuritized loans held for investment	56,745	56,472
Restricted loans of consolidated securitization entities	19,643	25,395
Total loan receivables	76,388	81,867
Less: Allowance for credit losses	(8,616)	(10,265)
Loan receivables, net	67,772	71,602
Loan receivables held for sale (Note 4)	3,450	5
Goodwill	1,105	1,078
Intangible assets, net (Note 6)	1,090	1,125
Other assets	3,270	3,145
Total assets	$ 91,937	$ 95,948
Liabilities and Equity		
Deposits: (Note 7)		
Interest-bearing deposit accounts	$ 59,998	$ 62,469
Non-interest-bearing deposit accounts	355	313
Total deposits	60,353	62,782
Borrowings: (Notes 5 and 8)		
Borrowings of consolidated securitization entities	6,288	7,810
Senior unsecured notes	6,472	7,965
Total borrowings	12,760	15,775
Accrued expenses and other liabilities	4,888	4,690
Total liabilities	$ 78,001	$ 83,247
Equity:		
Preferred stock, par share value $0.001 per share; 750,000 shares authorized; 750,000 shares issued and outstanding at both September 30, 2021 and December 31, 2020 and aggregate liquidation preference of $750 at both September 30, 2021 and December 31, 2020	$ 734	$ 734
Common Stock, par share value $0.001 per share; 4,000,000,000 shares authorized; 833,984,684 shares issued at both September 30, 2021 and December 31, 2020; 547,240,973 and 584,009,550 shares outstanding at September 30, 2021 and December 31, 2020, respectively	1	1
Additional paid-in capital	9,649	9,570
Retained earnings	13,562	10,621
Accumulated other comprehensive income (loss):		
Debt securities	12	25
Currency translation adjustments	(23)	(22)
Employee benefit plans	(53)	(54)
Treasury stock, at cost; 286,743,711 and 249,975,134 shares at September 30, 2021 and December 31, 2020, respectively	(9,946)	(8,174)
Total equity	13,936	12,701
Total liabilities and equity	$ 91,937	$ 95,948

See accompanying notes to condensed consolidated financial statements.

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

	Preferred Stock		Common Stock						
($ in millions, shares in thousands)	Shares Issued	Amount	Shares Issued	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Equity
Balance at January 1, 2020	750	$ 734	833,985	$ 1	$ 9,537	$ 12,117	$ (58)	$ (7,243)	$ 15,088
Cumulative effect of change in accounting principle	—	—	—	—	—	(2,276)	—	—	(2,276)
Adjusted balance, beginning of period	750	734	833,985	1	9,537	9,841	(58)	(7,243)	12,812
Net earnings	—	—	—	—	—	286	—	—	286
Other comprehensive income	—	—	—	—	—	—	9	—	9
Purchases of treasury stock	—	—	—	—	—	—	—	(985)	(985)
Stock-based compensation	—	—	—	—	(14)	(21)	—	29	(6)
Dividends - preferred stock ($14.22 per share)	—	—	—	—	—	(11)	—	—	(11)
Dividends - common stock ($0.22 per share)	—	—	—	—	—	(135)	—	—	(135)
Balance at March 31, 2020	750	$ 734	833,985	$ 1	$ 9,523	$ 9,960	$ (49)	$ (8,199)	$ 11,970
Net earnings	—	—	—	—	—	48	—	—	48
Other comprehensive income	—	—	—	—	—	—	12	—	12
Purchases of treasury stock	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	9	(17)	—	16	8
Dividends - preferred stock ($14.06 per share)	—	—	—	—	—	(11)	—	—	(11)
Dividends - common stock ($0.22 per share)	—	—	—	—	—	(128)	—	—	(128)
Balance at June 30, 2020	750	$ 734	833,985	$ 1	$ 9,532	$ 9,852	$ (37)	$ (8,183)	$ 11,899
Net earnings	—	—	—	—	—	313	—	—	313
Other comprehensive income	—	—	—	—	—	—	6	—	6
Purchases of treasury stock	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	20	(2)	—	2	20
Dividends - preferred stock ($14.06 per share)	—	—	—	—	—	(10)	—	—	(10)
Dividends - common stock ($0.22 per share)	—	—	—	—	—	(129)	—	—	(129)
Balance at September 30, 2020	750	$ 734	833,985	$ 1	$ 9,552	$ 10,024	$ (31)	$ (8,181)	$ 12,099

($ in millions, shares in thousands)	Preferred Stock Shares Issued	Preferred Stock Amount	Common Stock Shares Issued	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Equity
Balance at January 1, 2021	750	$ 734	833,985	$ 1	$ 9,570	$ 10,621	$ (51)	$ (8,174)	$ 12,701
Net earnings	—	—	—	—	—	1,025	—	—	1,025
Other comprehensive income	—	—	—	—	—	—	(5)	—	(5)
Purchases of treasury stock	—	—	—	—	—	—	—	(200)	(200)
Stock-based compensation	—	—	—	—	22	(37)	—	72	57
Dividends - preferred stock ($14.06 per share)	—	—	—	—	—	(11)	—	—	(11)
Dividends - common stock ($0.22 per share)	—	—	—	—	—	(128)	—	—	(128)
Balance at March 31, 2021	750	$ 734	833,985	$ 1	$ 9,592	$ 11,470	$ (56)	$ (8,302)	$ 13,439
Net earnings	—	—	—	—	—	1,242	—	—	1,242
Other comprehensive income	—	—	—	—	—	—	—	—	—
Purchases of treasury stock	—	—	—	—	—	—	—	(393)	(393)
Stock-based compensation	—	—	—	—	28	(14)	—	33	47
Dividends - preferred stock ($14.06 per share)	—	—	—	—	—	(10)	—	—	(10)
Dividends - common stock ($0.22 per share)	—	—	—	—	—	(128)	—	—	(128)
Balance at June 30, 2021	750	$ 734	833,985	$ 1	$ 9,620	$ 12,560	$ (56)	$ (8,662)	$ 14,197
Net earnings	—	—	—	—	—	1,141	—	—	1,141
Other comprehensive income	—	—	—	—	—	—	(8)	—	(8)
Purchases of treasury stock	—	—	—	—	—	—	—	(1,301)	(1,301)
Stock-based compensation	—	—	—	—	29	(4)	—	17	42
Dividends - preferred stock ($14.06 per share)	—	—	—	—	—	(11)	—	—	(11)
Dividends - common stock ($0.22 per share)	—	—	—	—	—	(124)	—	—	(124)
Balance at September 30, 2021	750	$ 734	833,985	$ 1	$ 9,649	$ 13,562	$ (64)	$ (9,946)	$ 13,936

See accompanying notes to condensed consolidated financial statements.

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

	Nine months ended September 30,	
($ in millions)	**2021**	**2020**
Cash flows - operating activities		
Net earnings	$ 3,408	$ 647
Adjustments to reconcile net earnings to cash provided from operating activities		
Provision for credit losses	165	4,560
Deferred income taxes	230	(468)
Depreciation and amortization	285	290
(Increase) decrease in interest and fees receivable	579	394
(Increase) decrease in other assets	(79)	(85)
Increase (decrease) in accrued expenses and other liabilities	88	(483)
All other operating activities	419	546
Cash provided from (used for) operating activities	5,095	5,401
Cash flows - investing activities		
Maturity and sales of debt securities	4,249	4,943
Purchases of debt securities	(2,290)	(7,423)
Proceeds from sale of loan receivables	23	709
Net (increase) decrease in loan receivables, including held for sale	(610)	4,798
All other investing activities	(422)	(266)
Cash provided from (used for) investing activities	950	2,761
Cash flows - financing activities		
Borrowings of consolidated securitization entities		
Proceeds from issuance of securitized debt	1,350	675
Maturities and repayment of securitized debt	(2,875)	(3,282)
Senior unsecured notes		
Maturities and repayment of senior unsecured notes	(1,500)	(1,500)
Dividends paid on preferred stock	(32)	(32)
Net increase (decrease) in deposits	(2,447)	(1,656)
Purchases of treasury stock	(1,894)	(985)
Dividends paid on common stock	(380)	(392)
All other financing activities	28	(11)
Cash provided from (used for) financing activities	(7,750)	(7,183)
Increase (decrease) in cash and equivalents, including restricted amounts	(1,705)	979
Cash and equivalents, including restricted amounts, at beginning of period	11,605	12,647
Cash and equivalents at end of period:		
Cash and equivalents	9,806	13,552
Restricted cash and equivalents included in other assets	94	74
Total cash and equivalents, including restricted amounts, at end of period	$ 9,900	$ 13,626

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 savings products insured by the Federal Deposit Insurance Corporation ("FDIC") through Synchrony Bank (the “Bank”).

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

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

Basis of Presentation

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

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

We primarily conduct our 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 2020 annual consolidated financial statements and the related notes in our Annual Report on Form 10-K for the year ended December 31, 2020 (our "2020 Form 10-K").

See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our 2020 annual consolidated financial statements in our 2020 Form 10-K, for additional information on our other 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:

	September 30, 2021				December 31, 2020			
($ 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	$ 2,523	$ 1	$ (1)	$ 2,523	$ 3,926	$ 1	$ —	$ 3,927
State and municipal	35	—	(2)	33	40	—	(1)	39
Residential mortgage-backed[a]	649	17	(2)	664	817	25	—	842
Asset-backed[b]	2,206	4	—	2,210	2,652	9	—	2,661
Other	13	1	—	14	—	—	—	—
Total	$ 5,426	$ 23	$ (5)	$ 5,444	$ 7,435	$ 35	$ (1)	$ 7,469

(a) All of our residential mortgage-backed securities have been issued by government-sponsored entities and are collateralized by U.S. mortgages. At September 30, 2021 and December 31, 2020, $162 million and $229 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) Our asset-backed securities are collateralized by credit card and auto 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 September 30, 2021				
U.S. government and federal agency	$ 209	$ (1)	$ —	$ —
State and municipal	1	—	20	(2)
Residential mortgage-backed	133	(2)	1	—
Asset-backed	365	—	—	—
Other	—	—	—	—
Total	$ 708	$ (3)	$ 21	$ (2)
At December 31, 2020				
U.S. government and federal agency	$ —	$ —	$ —	$ —
State and municipal	3	—	21	(1)
Residential mortgage-backed	6	—	—	—
Asset-backed	242	—	—	—
Total	$ 251	$ —	$ 21	$ (1)

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

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

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

At September 30, 2021 ($ in millions)	Amortized cost	Estimated fair value	Weighted Average yield [(a)]
Due			
Within one year	$ 3,479	$ 3,481	0.3 %
After one year through five years	$ 1,269	$ 1,271	0.4 %
After five years through ten years	$ 297	$ 306	2.0 %
After ten years	$ 381	$ 386	1.7 %

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

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 nine months ended September 30, 2021 and 2020.

Although we generally do not have the intent to sell any specific securities held at September 30, 2021, 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 CREDIT LOSSES

($ in millions)	September 30, 2021	December 31, 2020
Credit cards	$ 72,289	$ 78,455
Consumer installment loans	2,614	2,125
Commercial credit products	1,401	1,250
Other	84	37
Total loan receivables, before allowance for credit losses[(a)(b)]	$ 76,388	$ 81,867

(a) Total loan receivables include $19.6 billion and $25.4 billion of restricted loans of consolidated securitization entities at September 30, 2021 and December 31, 2020, respectively. See Note 5. *Variable Interest Entities* for further information on these restricted loans.
(b) At September 30, 2021 and December 31, 2020, loan receivables included deferred costs, net of deferred income, of $178 million and $153 million, respectively.

Loan Receivables Held for Sale

During the third quarter of 2021, we entered into an agreement to sell loan receivables associated with our program agreement with Gap Inc. As a result, at September 30, 2021, $3.5 billion of loan receivables are classified as loan receivables held for sale on our Condensed Consolidated Statement of Financial Position and we recorded a $247 million reserve release in our provision for credit losses during the three months ended September 30, 2021 following the reclassification of the Gap portfolio to loan receivables held for sale. Restricted loans of our consolidated securitization entities include $982 million of the loan receivables held for sale. 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 in the second quarter of 2022.

Allowance for Credit Losses

($ in millions)	Balance at July 1, 2021	Provision charged to operations	Gross charge-offs	Recoveries	Balance at September 30, 2021
Credit cards	$ 8,904	$ (22)	$ (625)	$ 208	$ 8,465
Consumer installment loans	67	37	(11)	4	97
Commercial credit products	50	10	(8)	1	53
Other	2	—	(1)	—	1
Total	$ 9,023	$ 25	$ (645)	$ 213	$ 8,616

($ in millions)	Balance at July 1, 2020	Provision charged to operations	Gross charge-offs	Recoveries	Balance at September 30, 2020
Credit cards	$ 9,637	$ 1,143	$ (1,052)	$ 202	$ 9,930
Consumer installment loans	103	50	(9)	4	148
Commercial credit products	61	17	(13)	2	67
Other	1	—	—	—	1
Total	$ 9,802	$ 1,210	$ (1,074)	$ 208	$ 10,146

($ in millions)	Balance at January 1, 2021	Provision charged to operations	Gross charge-offs	Recoveries	Other	Balance at September 30, 2021
Credit cards	$ 10,076	$ 156	$ (2,407)	$ 640	$ —	$ 8,465
Consumer installment loans	127	(7)	(38)	14	1	97
Commercial credit products	61	15	(27)	4	—	53
Other	1	1	(1)	—	—	1
Total	$ 10,265	$ 165	$ (2,473)	$ 658	$ 1	$ 8,616

($ in millions)	Balance at January 1, 2020	Impact of ASU 2016-13 Adoption	Post-Adoption Balance at January 1, 2020	Provision charged to operations	Gross charge-offs	Recoveries	Balance at September 30, 2020
Credit cards	$ 5,506	$ 2,989	$ 8,495	$ 4,411	$ (3,712)	$ 736	$ 9,930
Consumer installment loans	46	26	72	102	(36)	10	148
Commercial credit products	49	6	55	47	(42)	7	67
Other	1	—	1	—	—	—	1
Total	$ 5,602	$ 3,021	$ 8,623	$ 4,560	$ (3,790)	$ 753	$ 10,146

Our allowance for credit losses at September 30, 2021 and December 31, 2020 reflects our estimate of expected credit losses for the life of the loan receivables on our consolidated statement of financial position.

The reasonable and supportable forecast period used in our estimate of credit losses at September 30, 2021 was 12 months, consistent with the forecast period utilized since adoption of CECL. Beyond the reasonable and supportable forecast period, we revert to historical mean information at the loan receivables segment level over a 6-month period, gradually increasing the weight of historical losses by an equal amount each month during the reversion period, and utilize historical loss information thereafter for the remaining life of the portfolio. The reversion period and methodology remain unchanged since the adoption of CECL.

Losses on loan receivables are estimated and recognized upon origination of the loan, based on expected credit losses for the life of the loan balance at September 30, 2021. Expected credit loss estimates are developed using both quantitative models and qualitative adjustments, and incorporates a macroeconomic forecast, as described within the 2020 Form 10-K. The current and forecasted economic conditions at the balance sheet date including the impact of the COVID-19 pandemic influenced our current estimate of expected credit losses. These conditions have improved as compared to December 31, 2020. We also continue to experience improvements in customer payment behavior, which include the effects of recent governmental stimulus actions, that has contributed to a reduction in loan receivables balances and delinquent accounts. Our allowance for credit losses decreased by $1.6 billion to $8.6 billion during the nine months ended September 30, 2021 primarily due to these conditions. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our 2020 annual consolidated financial statements in our 2020 Form 10-K, for additional information on our significant accounting policies related to our allowance for credit losses.

Delinquent and Non-accrual Loans

At September 30, 2021 ($ in millions)	30-89 days delinquent	90 or more days delinquent	Total past due	90 or more days delinquent and accruing	Total non-accruing
Credit cards	$ 1,000	$ 791	$ 1,791	$ 791	$ —
Consumer installment loans	27	4	31	—	4
Commercial credit products	19	9	28	9	—
Total delinquent loans	$ 1,046	$ 804	$ 1,850	$ 800	$ 4
Percentage of total loan receivables	1.4 %	1.1 %	2.4 %	1.0 %	— %

At December 31, 2020 ($ in millions)	30-89 days delinquent	90 or more days delinquent	Total past due	90 or more days delinquent and accruing	Total non-accruing
Credit cards	$ 1,325	$ 1,128	$ 2,453	$ 1,128	$ —
Consumer installment loans	26	5	31	—	5
Commercial credit products	20	10	30	10	—
Total delinquent loans	$ 1,371	$ 1,143	$ 2,514	$ 1,138	$ 5
Percentage of total loan receivables	1.7 %	1.4 %	3.1 %	1.4 %	— %

Troubled Debt Restructurings

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 or short-term modifications made on a good faith basis in response to COVID-19.

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 our TDR loan modifications during the periods presented:

	Three months ended September 30,		**Nine months ended September 30,**	
($ in millions)	**2021**	**2020**	**2021**	**2020**
Credit cards	$ 149	$ 197	$ 564	$ 549
Consumer installment loans	—	—	—	—
Commercial credit products	1	1	2	2
Total	$ 150	$ 198	$ 566	$ 551

Our allowance for credit 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 on an individual basis but instead estimate an allowance for credit losses on a collective basis.

At September 30, 2021 ($ in millions)	**Total recorded investment**	**Related allowance**	**Net recorded investment**	**Unpaid principal balance**
Credit cards	$ 1,163	$ (490)	$ 673	$ 1,044
Consumer installment loans	—	—	—	—
Commercial credit products	4	(2)	2	4
Total	$ 1,167	$ (492)	$ 675	$ 1,048

At December 31, 2020 ($ in millions)	**Total recorded investment**	**Related allowance**	**Net recorded investment**	**Unpaid principal balance**
Credit cards	$ 1,238	$ (561)	$ 677	$ 1,084
Consumer installment loans	—	—	—	—
Commercial credit products	4	(2)	2	4
Total	$ 1,242	$ (563)	$ 679	$ 1,088

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 September 30,	2021			2020		
($ 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	$ 79	$ 1,196	$ 11	$ 67	$ 1,112
Consumer installment loans	—	—	—	—	—	—
Commercial credit products	—	1	4	—	1	3
Total	$ 11	$ 80	$ 1,200	$ 11	$ 68	$ 1,115

Nine months ended September 30,	2021			2020		
($ 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	$ 30	$ 235	$ 1,235	$ 32	$ 206	$ 1,130
Consumer installment loans	—	—	—	—	—	—
Commercial credit products	—	1	4	—	1	3
Total	$ 30	$ 236	$ 1,239	$ 32	$ 207	$ 1,133

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 and charged-off during the periods presented.

Three months ended September 30,	2021		2020	
($ in millions)	**Accounts defaulted**	**Loans defaulted**	**Accounts defaulted**	**Loans defaulted**
Credit cards	18,082	$ 48	14,440	$ 38
Consumer installment loans	—	—	—	—
Commercial credit products	42	—	278	1
Total	18,124	$ 48	14,718	$ 39

Nine months ended September 30,	2021		2020	
($ in millions)	**Accounts defaulted**	**Loans defaulted**	**Accounts defaulted**	**Loans defaulted**
Credit cards	43,897	$ 114	38,885	$ 102
Consumer installment loans	—	—	—	—
Commercial credit products	100	1	319	1
Total	43,997	$ 115	39,204	$ 103

Credit Quality Indicators

Our loan receivables portfolio includes both secured and unsecured loans. Secured loan receivables are largely comprised of consumer installment loans secured by equipment. Unsecured loan receivables are largely comprised of our open-ended consumer and commercial revolving credit card loans. As part of our credit risk management activities, on an ongoing basis, we assess overall credit quality by reviewing information related to the performance of a customer's account with us, including delinquency information, as well as information from credit bureaus relating to the customer's broader credit performance. We utilize VantageScore credit scores to assist in our assessment of credit quality. VantageScore credit scores are obtained at origination of the account and are refreshed, at a minimum quarterly, but could be as often as weekly, to assist in predicting customer behavior. We categorize these credit scores into the following three credit score categories: (i) 651 or higher, which are considered the strongest credits; (ii) 591 to 650, considered moderate credit risk; and (iii) 590 or less, which are considered weaker credits. There are certain customer accounts for which a VantageScore score is not available where we use alternative sources to assess their credit and predict behavior. The following table provides the most recent VantageScore scores available for our customers at September 30, 2021 and December 31, 2020, respectively, as a percentage of each class of loan receivable. For comparability purposes and to provide the best illustration of how the credit risk inherent in our loan portfolios has changed over time, the credit quality information at September 30, 2020 has also been presented to show applicable VantageScore score categories. The table below excludes 0.4%, 0.3% and 0.3% of our total loan receivables balance at each of September 30, 2021, December 31, 2020 and September 30, 2020, respectively, which represents those customer accounts for which a VantageScore score is not available.

	September 30, 2021			December 31, 2020			September 30, 2020		
	651 or higher	591 to 650	590 or less	651 or higher	591 to 650	590 or less	651 or higher	591 to 650	590 or less
Credit cards	79 %	17 %	4 %	77 %	17 %	6 %	76 %	18 %	6 %
Consumer installment loans	80 %	16 %	4 %	78 %	18 %	4 %	77 %	18 %	5 %
Commercial credit products	93 %	4 %	3 %	92 %	5 %	3 %	93 %	4 %	3 %

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 $428 billion and $413 billion at September 30, 2021 and December 31, 2020, 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 September 30,		Nine months ended September 30,	
($ in millions)	2021	2020	2021	2020
Credit cards[(a)]	$ 3,793	$ 3,752	$ 10,934	$ 11,764
Consumer installment loans	64	46	176	118
Commercial credit products	29	22	73	85
Other	1	1	3	2
Total	$ 3,887	$ 3,821	$ 11,186	$ 11,969

(a) Interest income on credit cards that was reversed related to accrued interest receivables written off was $199 million and $330 million for the three months ended September 30, 2021 and 2020, respectively, and $800 million and $1.2 billion for the nine months ended September 30, 2021 and 2020, respectively.

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 and nine months ended September 30, 2021 and 2020. 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)	September 30, 2021	December 31, 2020
Assets		
Loan receivables, net[(a)]	$ 17,701	$ 22,683
Loan receivables held for sale	982	—
Other assets[(b)]	39	52
Total	$ 18,722	$ 22,735
Liabilities		
Borrowings	$ 6,288	$ 7,810
Other liabilities	13	23
Total	$ 6,301	$ 7,833

(a) Includes $1.9 billion and $2.7 billion of related allowance for credit losses resulting in gross restricted loans of $19.6 billion and $25.4 billion at September 30, 2021 and December 31, 2020, respectively.

(b) Includes $35 million and $48 million of segregated funds held by the VIEs at September 30, 2021 and December 31, 2020, respectively, which are classified as restricted cash and equivalents and included as a component of other assets in our Condensed Consolidated Statements of Financial Position.

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

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

Income (principally, interest and fees on loans) earned by our consolidated VIEs was $1.0 billion and $1.2 billion for the three months ended September 30, 2021 and 2020, respectively. Related expenses consisted primarily of provision for credit losses of $(133) million and $460 million for the three months ended September 30, 2021 and 2020, respectively, and interest expense of $41 million and $53 million for the three months ended September 30, 2021 and 2020, respectively. These amounts do not include intercompany transactions, principally fees and interest, which are eliminated in our condensed consolidated financial statements.

Income (principally, interest and fees on loans) earned by our consolidated VIEs was $3.1 billion and $3.7 billion for the nine months ended September 30, 2021 and 2020, respectively. Related expenses consisted primarily of provision for credit losses of $(213) million and $1.5 billion for the nine months ended September 30, 2021 and 2020, respectively, and interest expense of $136 million and $185 million for the nine months ended September 30, 2021 and 2020, respectively.

Non-consolidated VIEs

As part of our community reinvestment initiatives, we invest in affordable housing properties and receive affordable housing tax credits for these investments. These investments included in our condensed consolidated statement of financial position totaled $430 million and $338 million at September 30, 2021 and December 31, 2020 respectively, and represents our total exposure for these entities. Additionally, we have other investments in non-consolidated VIEs which totaled $141 million and $86 million at September 30, 2021 and December 31, 2020, respectively. At September 30, 2021, the Company also has investment commitments of $209 million related to these investments.

NOTE 6. INTANGIBLE ASSETS

	September 30, 2021						December 31, 2020					
($ in millions)		Gross carrying amount		Accumulated amortization		Net		Gross carrying amount		Accumulated amortization		Net
Customer-related	$	1,794	$	(1,185)	$	609	$	1,734	$	(1,081)	$	653
Capitalized software and other		1,188		(707)		481		1,043		(571)		472
Total	$	2,982	$	(1,892)	$	1,090	$	2,777	$	(1,652)	$	1,125

During the nine months ended September 30, 2021, we recorded additions to intangible assets subject to amortization of $214 million, primarily related to capitalized software expenditures, as well as customer-related intangible assets.

Customer-related intangible assets primarily relate to retail partner contract acquisitions and extensions, as well as purchased credit card relationships. During the nine months ended September 30, 2021 and 2020, we recorded additions to customer-related intangible assets subject to amortization of $64 million and $22 million, respectively, primarily related to payments made to acquire and extend certain retail partner relationships. These additions had a weighted average amortizable life of 5 years and 7 years for the nine months ended September 30, 2021 and 2020, respectively.

Amortization expense related to retail partner contracts was $31 million and $32 million for the three months ended September 30, 2021 and 2020, respectively, and $95 million and $97 million for the nine months ended September 30, 2021 and 2020, 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 $49 million and $51 million for the three months ended September 30, 2021 and 2020, respectively, and $150 million for both the nine months ended September 30, 2021 and 2020, respectively, and is included as a component of other expense in our Condensed Consolidated Statements of Earnings.

NOTE 7. DEPOSITS

	September 30, 2021			December 31, 2020		
($ in millions)		Amount	Average rate[a]		Amount	Average rate[a]
Interest-bearing deposits	$	59,998	1.0 %	$	62,469	1.7 %
Non-interest-bearing deposits		355	—		313	—
Total deposits	$	60,353		$	62,782	

(a) Based on interest expense for the nine months ended September 30, 2021 and the year ended December 31, 2020 and average deposits balances.

At September 30, 2021 and December 31, 2020, interest-bearing deposits included $4.9 billion and $6.5 billion, respectively, of certificates of deposit that exceeded applicable FDIC insurance limits, which are generally $250,000 per depositor.

At September 30, 2021, our interest-bearing time deposits maturing for the remainder of 2021 and over the next four years and thereafter were as follows:

($ in millions)		2021		2022		2023		2024		2025		Thereafter
Deposits	$	3,450	$	15,297	$	2,951	$	2,624	$	664	$	544

The above maturity table excludes $29.2 billion of demand deposits with no defined maturity, of which $27.8 billion are savings accounts. In addition, at September 30, 2021, we had $5.2 billion of broker network deposit sweeps procured through a program arranger who channels brokerage account deposits to us that are also excluded from the above maturity table. Unless extended, the contracts associated with these broker network deposit sweeps will terminate between 2023 and 2027.

NOTE 8. BORROWINGS

($ in millions)	September 30, 2021 Maturity date	Interest Rate	Weighted average interest rate	Outstanding Amount[a]	December 31, 2020 Outstanding Amount[a]
Borrowings of consolidated securitization entities:					
Fixed securitized borrowings	2022 - 2023	2.34% - 3.87%	2.83 %	$ 3,188	$ 5,510
Floating securitized borrowings	2022 - 2024	0.70% - 0.86%	0.76 %	3,100	2,300
Total borrowings of consolidated securitization entities			1.81 %	6,288	7,810
Senior unsecured notes:					
Synchrony Financial senior unsecured notes:					
Fixed senior unsecured notes	2022 - 2029	2.80% - 5.15%	4.13 %	5,724	6,468
Synchrony Bank senior unsecured notes:					
Fixed senior unsecured notes	2022	3.00%	3.00 %	748	1,497
Total senior unsecured notes			4.00 %	6,472	7,965
Total borrowings				$ 12,760	$ 15,775

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

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 2021 and over the next four years and thereafter:

($ in millions)	2021	2022	2023	2024	2025	Thereafter
Borrowings	$ —	$ 4,908	$ 2,207	$ 2,525	$ 1,000	$ 2,150

Credit Facilities

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

At September 30, 2021, we had an aggregate of $3.2 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 2020 annual consolidated financial statements in our 2020 Form 10-K.

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

Recurring Fair Value Measurements

At September 30, 2021 ($ in millions)	Level 1	Level 2	Level 3	Total[a]
Assets				
Debt securities				
U.S. government and federal agency	$ —	$ 2,523	$ —	$ 2,523
State and municipal	—	—	33	33
Residential mortgage-backed	—	664	—	664
Asset-backed	—	2,210	—	2,210
Other	—	—	14	14
Other assets[b]	15	—	12	27
Total	$ 15	$ 5,397	$ 59	$ 5,471

At December 31, 2020 ($ in millions)	Level 1	Level 2	Level 3	Total[a]
Assets				
Debt securities				
U.S. government and federal agency	$ —	$ 3,927	$ —	$ 3,927
State and municipal	—	—	39	39
Residential mortgage-backed	—	842	—	842
Asset-backed	—	2,661	—	2,661
Other assets[b]	16	—	14	30
Total	$ 16	$ 7,430	$ 53	$ 7,499
Liabilities				
Contingent consideration	—	—	11	11
Total	$ —	$ —	$ 11	$ 11

(a) For the nine months ended September 30, 2021 and 2020, 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. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* and Note 9. *Fair Value Measurements* in our 2020 annual consolidated financial statements in our 2020 Form 10-K for a description of our process to evaluate third-party pricing servicers and a description of our contingent consideration 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 and nine months ended September 30, 2021 and 2020 were not material.

Financial Assets and Financial Liabilities Carried at Other Than Fair Value

At September 30, 2021 ($ 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]	$ 9,806	$ 9,806	$ 9,806	$ —	$ —
Other assets[a][b]	$ 94	$ 94	$ 94	$ —	$ —
Financial assets carried at other than fair value:					
Loan receivables, net[c]	$ 67,772	$ 79,656	$ —	$ —	$ 79,656
Loan receivables held for sale[c]	$ 3,450	$ 3,570	$ —	$ —	$ 3,570
Financial Liabilities					
Financial liabilities carried at other than fair value:					
Deposits	$ 60,353	$ 60,469	$ —	$ 60,469	$ —
Borrowings of consolidated securitization entities	$ 6,288	$ 6,359	$ —	$ 3,262	$ 3,097
Senior unsecured notes	$ 6,472	$ 7,044	$ —	$ 7,044	$ —

At December 31, 2020 ($ 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]	$ 11,524	$ 11,524	$ 11,524	$ —	$ —
Other assets[a][b]	$ 81	$ 81	$ 81	$ —	$ —
Financial assets carried at other than fair value:					
Loan receivables, net[c]	$ 71,602	$ 85,234	$ —	$ —	$ 85,234
Loan receivables held for sale[c]	$ 5	$ 5	$ —	$ —	$ 5
Financial Liabilities					
Financial liabilities carried at other than fair value:					
Deposits	$ 62,782	$ 63,382	$ —	$ 63,382	$ —
Borrowings of consolidated securitization entities	$ 7,810	$ 7,977	$ —	$ 5,680	$ 2,297
Senior unsecured notes	$ 7,965	$ 8,704	$ —	$ 8,704	$ —

(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. Cash equivalents classified as Level 2 represent U.S. Government and Federal Agency debt securities with original maturities of three months or less or acquired within three months or less of their maturity.

(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 in the event of a sale of their credit card portfolio may be limited to the amounts owed by our customers, which may be less than the fair value indicated above.

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 Wall Street Reform and Consumer Protection Act. The Bank is a federally chartered savings association. As such, the Bank is subject to regulation, supervision and examination by the Office of the Comptroller of the Currency of the U.S. Treasury (the “OCC”), which is its primary regulator, and by the Consumer Financial Protection Bureau (“CFPB”). In addition, the Bank, as an insured depository institution, is supervised by the FDIC.

Failure to meet minimum capital requirements can initiate certain mandatory and, possibly, additional discretionary actions by regulators that, if undertaken, could limit our business activities and have a material adverse effect on our consolidated financial statements. Under capital adequacy guidelines, we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require us and the Bank to maintain minimum amounts and ratios (set forth in the tables below) of Total, Tier 1 and common equity Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), and of Tier 1 capital to average assets (as defined).

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

In March 2020 the joint federal bank regulatory agencies issued an interim final rule that allows banking organizations that implemented CECL in 2020 to mitigate the effects of the CECL accounting standard in their regulatory capital for two years. The Company has elected to adopt the option provided by the interim final rule, which will largely delay the effects of CECL on its regulatory capital through the end of 2021, after which the effects will be phased-in over a three-year period from January 1, 2022 through December 31, 2024, collectively the “CECL regulatory capital transition adjustment”. See Note 10. *Regulatory and Capital Adequacy* to our 2020 annual consolidated financial statements in our 2020 Form 10-K, for additional information.

At September 30, 2021 and December 31, 2020, Synchrony Financial met all applicable requirements to be deemed well-capitalized pursuant to Federal Reserve Board regulations. At September 30, 2021 and December 31, 2020, 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 September 30, 2021 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 September 30, 2021 ($ in millions)	Actual		Minimum for capital adequacy purposes	
	Amount	Ratio[a]	Amount	Ratio[b]
Total risk-based capital	$ 15,366	19.3 %	$ 6,368	8.0 %
Tier 1 risk-based capital	$ 14,314	18.0 %	$ 4,776	6.0 %
Tier 1 leverage	$ 14,314	15.5 %	$ 3,690	4.0 %
Common equity Tier 1 Capital	$ 13,580	17.1 %	$ 3,582	4.5 %

At December 31, 2020 ($ in millions)	Actual		Minimum for capital adequacy purposes	
	Amount	Ratio[a]	Amount	Ratio[b]
Total risk-based capital	$ 14,604	18.1 %	$ 6,445	8.0 %
Tier 1 risk-based capital	$ 13,525	16.8 %	$ 4,834	6.0 %
Tier 1 leverage	$ 13,525	14.0 %	$ 3,869	4.0 %
Common equity Tier 1 Capital	$ 12,791	15.9 %	$ 3,625	4.5 %

Synchrony Bank

At September 30, 2021 ($ in millions)	Actual		Minimum for capital adequacy purposes		Minimum to be well-capitalized under prompt corrective action provisions	
	Amount	Ratio[a]	Amount	Ratio[b]	Amount	Ratio
Total risk-based capital	$ 14,341	19.9 %	$ 5,752	8.0 %	$ 7,190	10.0 %
Tier 1 risk-based capital	$ 13,391	18.6 %	$ 4,314	6.0 %	$ 5,752	8.0 %
Tier 1 leverage	$ 13,391	16.1 %	$ 3,336	4.0 %	$ 4,171	5.0 %
Common equity Tier I capital	$ 13,391	18.6 %	$ 3,235	4.5 %	$ 4,673	6.5 %

At December 31, 2020 ($ 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	$ 12,784	17.8 %	$ 5,747	8.0 %	$ 7,184	10.0 %
Tier 1 risk-based capital	$ 11,821	16.5 %	$ 4,310	6.0 %	$ 5,747	8.0 %
Tier 1 leverage	$ 11,821	13.6 %	$ 3,484	4.0 %	$ 4,356	5.0 %
Common equity Tier I capital	$ 11,821	16.5 %	$ 3,233	4.5 %	$ 4,669	6.5 %

(a) Capital ratios are calculated based on the Basel III Standardized Approach rules. Capital amounts and ratios at September 30, 2021 and at December 31, 2020 in the above tables reflect the application of the CECL regulatory capital transition adjustment.

(b) At September 30, 2021 and at December 31, 2020, Synchrony Financial and the Bank also must maintain a capital conservation buffer of common equity Tier 1 capital in excess of minimum risk-based capital ratios by at least 2.5 percentage points to avoid limits on capital distributions and certain discretionary bonus payments to executive officers and similar employees.

The Bank may pay dividends on its stock, with consent or non-objection from the OCC and the Federal Reserve Board, among other things, if its regulatory capital would not thereby be reduced below the applicable regulatory capital requirements.

NOTE 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 common share reflects the assumed conversion of all dilutive securities.

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

	Three months ended September 30,		Nine months ended September 30,	
(in millions, except per share data)	2021	2020	2021	2020
Net earnings	$ 1,141	$ 313	$ 3,408	$ 647
Preferred stock dividends	(11)	(10)	$ (32)	$ (32)
Net earnings available to common stockholders	$ 1,130	$ 303	$ 3,376	$ 615
Weighted average common shares outstanding, basic	560.6	583.8	573.6	$ 590.8
Effect of dilutive securities	5.0	1.0	4.6	$ 1.4
Weighted average common shares outstanding, dilutive	565.6	584.8	$ 578.2	$ 592.2
Earnings per basic common share	$ 2.02	$ 0.52	$ 5.89	$ 1.04
Earnings per diluted common share	$ 2.00	$ 0.52	$ 5.84	$ 1.04

We have issued certain stock-based awards under the Synchrony Financial 2014 Long-Term Incentive Plan. A total of 1 million shares and 7 million shares for the three months ended September 30, 2021 and 2020, respectively, and 1 million and 6 million shares for the nine months ended September 30, 2021 and 2020, respectively, related to these awards, were considered anti-dilutive and therefore were excluded from the computation of diluted earnings per common share.

NOTE 12. INCOME TAXES

Unrecognized Tax Benefits

($ in millions)	September 30, 2021	December 31, 2020
Unrecognized tax benefits, excluding related interest expense and penalties[(a)]	$ 275	$ 268
Portion that, if recognized, would reduce tax expense and effective tax rate[(b)]	$ 177	$ 183

(a) Interest and penalties related to unrecognized tax benefits were not material for all periods presented.
(b) Comprised of federal unrecognized tax benefits and state and local unrecognized tax benefits net of the effects of associated U.S. federal income taxes. Excludes amounts attributable to any related valuation allowances resulting from associated increases in deferred tax assets.

We establish a liability that represents the difference between a tax position taken (or expected to be taken) on an income tax return and the amount of taxes recognized in our financial statements. The liability associated with the unrecognized tax benefits is adjusted periodically when new information becomes available. The amount of unrecognized tax benefits that is reasonably possible to be resolved in the next twelve months is expected to be $86 million, of which $28 million, if recognized, would reduce the Company's tax expense and effective tax rate.

In the current year, the Company executed a Memorandum of Understanding with the IRS to participate voluntarily in the IRS Compliance Assurance Process (“CAP”) program for the 2021 tax year, and thus the tax year is under IRS review. The IRS is also examining our 2019 and 2020 tax years, which are our only open years subject to IRS examination. It is reasonably possible that the IRS will complete the examinations of the 2019 and 2020 tax years in the next 12 months. Additionally, we are under examination in various states going back to 2014.

We believe that there are no issues or claims that are likely to significantly impact our results of operations, financial position or cash flows. We further believe that we have made adequate provision for all income tax uncertainties that could result from such examinations.

NOTE 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.

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 March 26, 2020, the District Court recaptioned the case *In re Synchrony Financial Securities Litigation* and on March 31, 2020, the District Court granted the defendants' motion to dismiss the complaint with prejudice. On April 20, 2020, plaintiffs filed a notice to appeal the decision to the United States Court of Appeals for the Second Circuit. On February 16, 2021, the Court of Appeals affirmed the District Court's dismissal of the Securities Act claims and all of the claims under the Exchange Act with the exception of a claim relating to a single statement on January 19, 2018 regarding whether Synchrony was receiving pushback on credit from its retail partners.

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. On March 26, 2020, the District Court recaptioned the *Gilbert* and *Aldridge* cases as *In re Synchrony Financial Derivative Litigation.*

On April 30, 2014 *Belton et al. v. GE Capital Consumer Lending*, a putative class action adversary proceeding was filed in the U.S. Bankruptcy Court for the Southern District of New York. 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 June 16, 2020, the Court of Appeals for the Second Circuit denied the Bank's appeal of the District Court's decision. On October 5, 2021, the plaintiff filed a motion for preliminary approval of a class action settlement. Under the settlement, if approved by the court, the Bank will pay up to $8.5 million to class members, and implement or maintain certain practices with respect to credit reporting of sold accounts.

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 London Interbank Offered Rate ("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.

The following table presents the approximate net interest income impacts forecasted over the next twelve months from an immediate and parallel change in interest rates affecting all interest rate sensitive assets and liabilities at September 30, 2021.

Basis Point Change	**At September 30, 2021**	
($ in millions)		
-100 basis points	$	(66)
+100 basis points	$	22

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 2020 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Under the direction of our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), and based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2021.

No change in internal control over financial reporting occurred during the fiscal quarter ended September 30, 2021 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 2020 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 September 30, 2021.

($ 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)]**
July 1 - 31, 2021	9,284,761	$ 47.74	9,270,897	$ 2,064.4
August 1 - 31, 2021	9,878,801	49.72	9,878,705	1,573.2
September 1 - 30, 2021	7,523,380	48.68	7,523,260	1,207.0
Total	26,686,942	$ 48.74	26,672,862	$ 1,207.0

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(a) Includes 13,864 shares, 96 shares and 120 shares withheld in July, August and September, respectively, to offset tax withholding obligations that occur upon the delivery of outstanding shares underlying performance stock awards, restricted stock awards or upon the exercise of stock options.
(b) Amounts exclude commission costs.
(c) In January 2021, the Board of Directors approved a share repurchase program of up to $1.6 billion through December 31, 2021 (the "January 2021 Share Repurchase Program"). In May 2021 the Board of Directors approved a new share repurchase program of up to $2.9 billion for the period which commenced April 1, 2021 through June 30, 2022. This share repurchase program supersedes the program previously announced in January 2021.

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	Form of Synchrony Financial Amended and Restated Annual Incentive Plan
10.2	Synchrony Financial Second Amended and Restated 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.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, formatted in Inline XBRL (included as Exhibit 101)

* Filed electronically herewith.

Signatures

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

Synchrony Financial
(Registrant)

October 21, 2021	/s/ Brian J. Wenzel Sr.
Date	Brian J. Wenzel Sr. Executive Vice President and Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)

SYNCHRONY FINANCIAL

ANNUAL INCENTIVE PLAN

1. Purpose . The purpose of the Synchrony Financial Annual Incentive Plan is to retain and motivate the officers and other employees of Synchrony Financial and its subsidiaries who have been designated by the Committee to participate in the Plan for a specified Performance Period by providing them with the opportunity to earn incentive payments based upon the extent to which specified performance goals have been achieved or exceeded for the Performance Period.

2. Definitions .

(a) “Award” shall mean an award to which a Participant may be entitled under the Plan if the performance goals for a Performance Period are satisfied. An Award may be expressed as a fixed cash amount or pursuant to a formula that is consistent with the provisions of the Plan.

(b) “Board” shall mean the Board of Directors of the Company.

(c) “Code” shall mean the Internal Revenue Code of 1986, as amended.

(d) “Committee” shall mean the Management Development and Compensation Committee of the Board or such other committee or subcommittee designated by the Board that satisfies any then applicable requirements of the principal national stock exchange on which the common stock of the Company is then traded to constitute a compensation committee.

(e) “Company” shall mean Synchrony Financial, a Delaware corporation, and any successor thereto.

(f) “EBITDA” shall mean earnings before interest, taxes, depreciation and amortization.

(g) “Participant” shall mean an officer or other employee of the Company or any of its subsidiaries who is designated by the Committee or its delegate to participate in the Plan for a Performance Period, in accordance with Section 3.

(h) “Performance Period” shall mean any period for which performance goals are established pursuant to Section 4. A Performance Period may be coincident with a fiscal year of the Company or a portion of any fiscal year of the Company.

(i) “Plan” shall mean the Synchrony Financial Annual Incentive Plan as set forth herein, as it may be amended from time to time.

3. Administration .

(a) General . The Plan shall be administered by the Committee, which shall have the full power and authority to interpret, construe and administer the Plan and Awards granted hereunder (including in each case reconciling any inconsistencies, correcting any defaults and addressing any omissions). The Committee’s interpretation, construction and administration of the Plan and all its determinations hereunder shall be final, conclusive and binding on all persons for all purposes.

(b) Powers and Responsibilities . The Committee shall have the following discretionary powers, rights and responsibilities in addition to those described in Section 3(a):

(i) to designate the Participants for a Performance Period;

(ii) to establish the performance goals and targets and other terms and conditions that are to apply to each Participant's Award;

(iii) to certify in writing prior to the payment with respect to any Award that the performance goals for a Performance Period and other material terms applicable to the Award have been satisfied;

(iv) subject to Section 409A of the Code, to determine whether, and under what circumstances and subject to what terms, an Award is to be paid on a deferred basis, including whether such a deferred payment shall be made solely at the Committee's discretion or whether a Participant may elect deferred payment; and

(v) to adopt, revise, suspend, waive or repeal, when and as appropriate, in its sole and absolute discretion, such administrative rules, guidelines and procedures for the Plan as it deems necessary or advisable to implement the terms and conditions of the Plan.

(c) Delegation of Power . The Committee may delegate some or all of its power and authority hereunder to the Chief Executive Officer or other executive officer of the Company as the Committee deems appropriate; provided , however , that with respect to any individual subject to Section 16 of the Securities Exchange Act of 1934, as amended, the Committee may not delegate any power or authority relating to (i) the designation of such person as a participant in the Plan, (ii) the establishment of performance goals and Awards for such person, or (iii) the certification of the achievement of such performance goals.

4. Performance Goals . The Committee shall establish for each Performance Period one or more objective performance goals (the outcome of which, when established, shall be substantially uncertain) for each Participant or for any group of Participants (or both). The performance goals may be based on one or more of the following performance criteria, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or related company, and measured on an absolute basis or relative to a pre-established target, to a previous year's results or to a designated comparison group: purchase volume; loan receivables; Tier 1 common ratio; bank efficiency ratio; liquidity as a percentage of total assets; liquidity coverage ratio; tangible common equity to tangible assets ratio; platform revenue; net earnings; earnings per share; diluted earnings per share; return on average assets; return on capital or invested capital; return on equity; cash flow; gross or operating profit and margin rate; net interest margin; other expense efficiency; active accounts; new accounts; the attainment by a share of common stock of the Company of a specified fair market value for a specified period of time; increase in stockholder value; return on investments; total stockholder return; earnings or income of the Company before or after taxes and/or interest; EBITDA; EBITDA margin; operating income; operating expenses, attainment of expense levels or cost reduction goals; net charge-offs and net charge-off percent; delinquency rates; won, lost and extended deals; market share; interest expense; economic value created; net cash provided by operations; price-to-earnings growth; and strategic business criteria, consisting of one or more objectives based on meeting specified goals relating to compliance, market penetration, customer acquisition, business expansion, cost targets, customer satisfaction, reductions in errors and omissions, reductions in lost business, management of employment practices and employee benefits, supervision of litigation and information technology, quality and quality audit scores, efficiency, and acquisitions or divestitures, or any combination of the foregoing. The applicable performance measures may be applied on a pre- or post-tax basis and may be adjusted to include or exclude components of any performance measure, including, without limitation, charges for restructurings, discontinued operations, extraordinary items and all items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence, related to the disposal of a segment or a business, or related to a change in accounting principle or otherwise ("Adjustment Events"). In the sole discretion of the Committee, the Committee may amend or adjust the performance measures or other terms and conditions of an outstanding Award in recognition of any Adjustment Event. Notwithstanding the foregoing or anything herein to the contrary, the performance goals established for the Performance Period may consist of any objective or subjective corporate-wide or subsidiary, division, operating unit or individual measures, whether or not listed herein. Performance goals shall be subject to such other special rules and conditions as the Committee may establish.

5. Terms of Awards .

(a) Performance Goals and Targets . At the time one or more performance goals are established for a Performance Period, the Committee also shall establish an Award opportunity for each Participant or group of Participants, which shall be based on the achievement of such specified performance goals. The amount payable to a Participant upon achievement of the applicable performance goals shall be expressed in terms of an objective formula or standard, including a fixed cash amount, the allocation of a bonus pool or a percentage of Participant's annual base salary. The Committee reserves the discretion to reduce the amount of any payment with respect to any Award that would otherwise be made to any Participant pursuant to the performance goals established in accordance with Section 4, and may exercise such discretion based on the extent to which any other performance goals are achieved, regardless of whether such performance goals are set forth in this Plan or are assessed on an objective or subjective basis. With respect to each Award, the Committee may establish terms regarding the circumstances in which a Participant will be entitled to payment notwithstanding the failure to achieve the applicable performance goals or targets (*e.g.* , where the Participant's employment terminates due to death or disability or where a change in control of the Company occurs).

(b) Payments . At the time the Committee determines an Award opportunity for a Participant, the Committee shall also establish the payment terms applicable to such Award. Such terms shall include when such payments will be made; provided , however , that the timing of such payments shall in all instances either (i) satisfy the conditions of an exception from Section 409A of the Code (*e.g.* , the short-term deferrals exception described in Treasury Regulation Section 1.409A-1(b)(4)), or (ii) comply with Section 409A of the Code; and provided , further , that in the absence of such terms regarding the timing of payments, such payments shall occur no later than the 15 th day of the third month of the calendar year following the calendar year in which the Participant's right to payment ceased being subject to a substantial risk of forfeiture. The Committee shall determine whether an Award will be paid in cash or in shares of common stock of the Company issued under the terms of the Company's 2014 Long-Term Incentive Plan, or any successor thereto.

(c) Maximum Awards . No Participant shall receive a payment under the Plan with respect to any one year Performance Period having a value in excess of $20,000,000, which maximum amount shall be proportionately adjusted with respect to Performance Periods that are less than or greater than one year in duration.

6. General .

(a) Effective Date . The Plan, as amended and restated, shall become effective as of September 30, 2021.

(b) Amendments and Termination . The Board may amend, suspend or terminate the Plan at any time (including but not limited to any time following the close of the Performance Period and prior to the date payment is made) in its sole and absolute discretion. The Board may amend the Plan without shareholder approval, unless such approval is necessary to comply with applicable law, rule or regulation. Termination of the Plan shall not affect any Awards previously paid under the Plan. The Board may delegate some or all of its power and authority under this Section to the Committee.

(c) Non-Transferability of Awards . No Award shall be transferable other than by will, the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company. Except to the extent permitted by the foregoing sentence, no Award may be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of any such Award, such Award and all rights thereunder shall immediately become null and void.

(d) Tax Withholding . The Company shall have the right to withhold from the payment of any Award or require, prior to the payment of any Award, payment by the Participant of any Federal, state, local or other taxes which may be required to be withheld or paid in connection with such Award.

(e) No Right of Participation or Employment . No person shall have any right to participate in the Plan. Neither the Plan nor any Award shall confer upon any person any right to continued employment by the Company or any subsidiary or affiliate of the Company or affect in any manner the right of the Company or any subsidiary or affiliate of the Company to terminate the employment of any person at any time without liability hereunder.

(f) Dispute Resolution . Participants have 30 days from the date of payment, or, if there was no payment, the date a payment would have been made, to raise any disputes with respect to Awards. Disputes should be submitted in writing to the attention of the most senior employee of the Company and its affiliates whose responsibilities and duties are primarily related to compensation matters (the "Claims Administrator") or such other employee of the Company which from time to time assumes the responsibilities with respect to the Plan which are allocated to the Claims Administrator. The Claims Administrator (or his or her designee) will research the dispute and report back to the Participant within 30 days of receiving all relevant documentation, or longer if the Claims Administrator reasonably determines that more time is necessary to adequately address such dispute. The parties will settle any dispute, controversy or claim arising out of or related to the Plan or any Award in accordance with the terms of any then effective Company alternative dispute resolution procedure (which may, from time to time, be referred to as "Solutions").

(g) Governing Law . The Plan and each Award, and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Delaware and construed in accordance therewith without giving effect to principles of conflicts of laws.

(h) Other Plans . Payments pursuant to the Plan shall not be treated as compensation for purposes of any other compensation or benefit plan, program or arrangement of the Company or any of its subsidiaries, unless either (i) such other plan provides that compensation such as payments made pursuant to the Plan are to be considered as compensation thereunder or (ii) the Board or the Committee so determines in writing. Neither the adoption of the Plan nor the submission of the Plan to the Company's shareholders for their approval shall be construed as limiting the power of the Board or the Committee to adopt such other incentive arrangements as it may otherwise deem appropriate.

(i) Binding Effect . The Plan shall be binding upon the Company and its successors and assigns and the Participants and their beneficiaries, personal representatives and heirs. If the Company becomes a party to any merger, consolidation or reorganization, then the Plan shall remain in full force and effect as an obligation of the Company or its successors in interest, unless the Plan is amended or terminated pursuant to Section 6(b).

(j) Unfunded Arrangement . The Plan shall at all times be entirely unfunded and no provision shall at any time be made with respect to segregating assets of the Company for payment of any benefit hereunder. No Participant shall have any interest in any particular assets of the Company or any of its affiliates by reason of the right to receive a benefit under the Plan and any such Participant shall have only the rights of an unsecured creditor of the Company with respect to any rights under the Plan.

(k) Awards Subject to Clawback . The Awards and any cash payment delivered pursuant to an Award are subject to forfeiture, recovery by the Company or other action pursuant to any clawback or recoupment policy which the Company may adopt from time to time, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

SYNCHRONY FINANCIAL
SECOND AMENDED AND RESTATED 2014 LONG-TERM INCENTIVE PLAN

SECTION 1. PURPOSE

The purposes of this Second Amended and Restated Synchrony Financial 2014 Long-Term Incentive Plan (the "Plan") are to encourage selected officers, employees, non-employee directors and consultants of Synchrony Financial (together with any successor thereto, the "Company") and its Affiliates (as defined below) to acquire a proprietary interest in the growth and performance of the Company, to generate an increased incentive to contribute to the Company's future success and prosperity, thus enhancing the value of the Company for the benefit of its shareowners, and to enhance the ability of the Company and its Affiliates to attract and retain exceptionally qualified individuals upon whom, in large measure, the sustained progress, growth and profitability of the Company depend.

SECTION 2. DEFINITIONS

As used in the Plan, the following terms shall have the meanings set forth below:

(a) "Affiliate" shall mean (i) any entity that, directly or through one or more intermediaries, is controlled by the Company and (ii) any entity in which the Company has a significant equity interest, as determined by the Committee.

(b) "Award" shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Award, Dividend Equivalent, or Other Stock-Based Award granted under the Plan.

(c) "Award Agreement" shall mean any written agreement, contract, or other instrument or document, including an electronic communication, as may from time to time be designated by the Company as evidencing any Award granted under the Plan.

(d) "Board" shall mean the Board of Directors of the Company.

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

(i) the acquisition by any Person, including any "person" within the meaning of Section 13(d)(3) or 14(d)(2) of 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 the Company (the "Outstanding Common Stock") or (ii) the combined voting power of the then outstanding securities of the

Company entitled to vote generally in the election of directors (the “Outstanding Voting Securities”); excluding, however, the following: (A) any acquisition directly from the Company (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 the Company), (B) any acquisition by the Company, (C) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (D) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) of this definition below; provided further, that for purposes of clause (B) of this subsection (i), if any Person (other than the Company or any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company) 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 the Company, and such Person shall, after such acquisition by the Company, 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;

(ii) the cessation of individuals who, as of the date of grant of the Award, constitute the Board (the “Incumbent Board”) to constitute at least a majority of such Board; provided that any individual who becomes a director of the Company subsequent to the date of grant of the Award whose election, or nomination for election by the Company’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 the Company 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

(iii) the consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a “Corporate Transaction”); excluding, however, a Corporate Transaction pursuant to which (A) 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, the Company or all or substantially all of the Company'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, (B) no Person (other than: the Company; any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company; 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 (C) 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.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(g) "Committee" shall mean a committee of the Board, acting in accordance with the provisions of Section 3, designated by the Board to administer the Plan and composed of not less than two non-employee directors.

(h) "Dividend Equivalent" shall mean any right granted under Section 7(e) of the Plan.

(i) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(j) "Fair Market Value" shall mean, with respect to any Shares or other securities, the closing price of a Share on the date as of which the determination is being made as reported on the principal national stock exchange on which the Shares are then traded or, if there shall be no reported transactions for such date, on the next preceding date for which transactions were reported; provided, however, that if the Shares are not listed on a national stock exchange or if the closing price of a Share for any date cannot be so determined, Fair Market Value shall be determined by the Committee by whatever means or method as the Committee, in the good faith exercise of its discretion, shall at such time deem appropriate and, to the extent applicable, in compliance with Section 409A of the Code; provided, further, in the case of grants made in connection with the Initial Public Offering, Fair Market Value shall mean the price per Share at which the Shares are initially offered for sale to the public by the Company's underwriters in the Initial Public Offering.

(k) "Incentive Stock Option" shall mean an option granted under Section 7(a) of the Plan that is intended to meet the requirements of Sections 422 of the Code, or any successor provision thereto.

(l) "Initial Public Offering" shall mean the initial public offering of the Company registered on Form S-1 (or any successor form under the Securities Act of 1933, as amended).

(m) "Non-Employee Director" shall mean any director of the Company who is not an officer or employee of the Company or any Affiliate.

(n) "Non-Qualified Stock Option" shall mean an option granted under Section 7(a) of the Plan that is not intended to be an Incentive Stock Option.

(o) "Option" shall mean an Incentive Stock Option or a Non-Qualified Stock Option.

(p) "Other Stock-Based Award" shall mean any right granted under Section 7(f) of the Plan.

(q) "Participant" shall mean an officer, employee or consultant of the Company or any of its Affiliates or a Non-Employee Director, in each case, as designated to be granted an Award under the Plan.

(r) "Performance Award" shall mean any right granted under Section 7(d) of the Plan.

(s) "Performance Criteria" shall mean any quantitative and/or qualitative measures, as determined by the Committee, which may be used to measure the level of performance of the Company or any individual Participant during a Performance Period. Performance Criteria may include, without limitation, one or more of the following performance criteria, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit or related company, and measured on an absolute basis or relative to a pre-established target, to a previous year's results or to a designated comparison group, in each case as specified by the Committee: purchase volume; loan receivables; Tier 1 common ratio; liquidity as a percentage of total assets; liquidity coverage ratio; tangible common equity to tangible assets ratio; platform revenue; net earnings; earnings per share; diluted earnings per share; return on average assets; return on capital or invested capital; return on equity; cash flow;

gross or operating profit and margin rate; net interest margin; other expense efficiency; active accounts; new accounts; the attainment by a Share of a specified Fair Market Value for a specified period of time; increase in stockholder value; return on investments; total stockholder return; earnings or income of the Company before or after taxes and/or interest; earnings before interest, taxes, depreciation and amortization (“EBITDA”); EBITDA margin; operating income; operating expenses, attainment of expense levels or cost reduction goals; net charge-offs and net charge-off percent; delinquency rates; won, lost and extended deals; market share; interest expense; economic value created; net cash provided by operations; price-to-earnings growth; and strategic business criteria, consisting of one or more objectives based on meeting specified goals relating to compliance, market penetration, customer acquisition, business expansion, cost targets, customer satisfaction, reductions in errors and omissions, reductions in lost business, management of employment practices and employee benefits, supervision of litigation and information technology, quality and quality audit scores, efficiency, and acquisitions or divestitures, or any combination of the foregoing. The applicable performance measures may be applied on a pre- or post-tax basis and may be adjusted to include or exclude components of any performance measure, including, without limitation, charges for restructurings, discontinued operations, extraordinary items and all items of gain, loss or expense determined to be extraordinary or unusual in nature or infrequent in occurrence, related to the disposal of a segment or a business, or related to a change in accounting principle or otherwise. Notwithstanding the foregoing, the Performance Criteria may consist of any objective or subjective corporate-wide or subsidiary, division, operating unit or individual measures, whether or not listed herein, and the Committee may grant awards that use Performance Criteria other than those specified herein.

(t) “Performance Period” shall mean any period as determined by the Committee in its sole discretion.

(u) “Person” shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, or government or political subdivision thereof.

(v) “Restricted Securities” shall mean Awards of Restricted Stock or other Awards under which issued and outstanding Shares are held subject to certain restrictions.

(w) “Restricted Stock” shall mean any award of Shares granted under Section 7(c) of the Plan.

(x) “Restricted Stock Unit” shall mean any right granted under Section 7(c) of the Plan that is denominated in Shares.

(y) "Shares" shall mean the common shares of the Company, $0.01 par value, and such other securities as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 4(b) of the Plan.

(z) "Stock Appreciation Right" shall mean any right granted under Section 7(b) of the Plan.

SECTION 3. **ADMINISTRATION**

Except as otherwise provided herein, the Plan shall be administered by the Committee, which shall have the power to interpret the Plan and to adopt such rules and guidelines for implementing the terms of the Plan as it may deem appropriate. The Committee shall have the ability to modify the Plan provisions, to the extent necessary, or delegate such authority, to accommodate any changes in law and regulations in jurisdictions in which Participants will receive Awards.

(a) Subject to the terms of the Plan and applicable law, the Committee shall have full power and authority to:

(i) designate Participants;

(ii) determine the type or types of Awards to be granted to each Participant under the Plan;

(iii) determine the number of Shares to be covered by (or with respect to which payments, rights, or other matters are to be calculated in connection with) Awards;

(iv) determine the terms and conditions of any Award, including any restrictive covenants, clawback or recoupment provisions or requirements that a Participant execute a waiver and release;

(v) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, or other Awards, or canceled, forfeited, or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended;

(vi) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, and other amounts payable with respect to an Award under the Plan shall be deferred either automatically or at the election of the holder thereof or of the Committee;

(vii) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan;

(viii) establish, amend, suspend, or waive such rules and guidelines;

(ix) appoint such agents as it shall deem appropriate for the proper administration of the Plan;

(x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan; and

(xi) correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry the Plan into effect.

(b) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time, and shall be final, conclusive, and binding upon all Persons, including the Company, any Affiliate, any Participant, any holder or beneficiary of any Award, any shareowner, and any employee of the Company or of any Affiliate. To the extent permitted by Section 16 of the Exchange Act, actions of the Committee may be taken by:

(i) the Chairman of the Committee;

(ii) a subcommittee, designated by the Committee;

(iii) the Committee but with one or more members abstaining or recusing himself or herself from acting on the matter, so long as two or more members remain to act on the matter. Such action, authorized by such a subcommittee or by the Committee upon the abstention or recusal of such members, shall be the action of the Committee for purposes of the Plan; or

(iv) one or more officers or managers of the Company or any Affiliate, or a committee of such officers or managers whose authority is subject to such terms and limitations set forth by the Committee, and only with respect to employees who are not officers or Non-Employee Directors of the Company for purposes of Section 16 of the Exchange Act. This delegation shall include modifications necessary to accommodate changes in the laws or regulations of jurisdictions outside the U.S.

SECTION 4. **SHARES AVAILABLE FOR AWARDS**

(a) SHARES AVAILABLE. Subject to adjustment as provided in Section 4(b):

(i) The total number of Shares reserved and available for delivery pursuant to Awards granted under the Plan shall be 62,605,417. If any Shares covered by an Award granted under the Plan, or to which such an Award relates, are forfeited, or if an Award otherwise terminates without the delivery of Shares or of other consideration, or if an Award is settled in cash, then the Shares covered by such Award, or to which such Award relates, or the number of Shares otherwise counted against the aggregate number of Shares available under the Plan with respect to such Award, to the extent of any such forfeiture, termination or cash settlement, shall again be available for granting Awards under the Plan. The full number of Shares available for delivery under the Plan may be delivered pursuant to Incentive Stock Options, except that in calculating the number of Shares that remain available for Awards of Incentive Stock Options, the rules set forth in this Section shall not apply to the extent not permitted by Section 422 of the Code.

(ii) ACCOUNTING FOR AWARDS. For purposes of this Section 4,

(A) If an Award (other than a Dividend Equivalent) is denominated in Shares, the number of Shares covered by such Award, or to which such Award relates, shall be counted on the date of grant of such Award against the aggregate number of Shares available for granting Awards under the Plan; provided, however that if an Award is settled or paid by the Company in whole or in part through the delivery of consideration other than Shares, or by delivery of fewer than the full number of Shares that was counted against the Shares available for delivery as provided above, there shall be added back to the number of Shares available for delivery pursuant to Awards the excess of the number of Shares that had been so counted over the number of Shares (if any) actually delivered upon payment or settlement of the Award (including with respect to Awards that are outstanding as of the effective date of the amendment and restatement of the Plan).

(B) If an Award is not denominated in Shares, the number of Shares available for delivery shall be reduced by the number of Shares actually delivered upon payment or settlement of the Award.

(C) Dividend Equivalents denominated in Shares and Awards not denominated, but potentially payable, in Shares shall be counted against the aggregate number of Shares available for granting Awards under the Plan in such amount and at such time as the Dividend Equivalents and such Awards are settled in Shares; provided, however, that Awards that operate in tandem with (whether granted simultaneously with or at a different time from), or that are substituted for, other Awards may only be counted once against the aggregate number of Shares available, and the Committee shall adopt procedures, as it deems appropriate, in order to avoid double counting. Any Shares that are delivered by the Company, and any Awards that are granted by, or become obligations of, the Company through the assumption by the Company or an Affiliate of, or in substitution for, outstanding awards previously granted by an acquired company, shall not be counted against the Shares available for granting Awards under this Plan.

(D) Notwithstanding anything herein to the contrary, any Shares related to Awards which terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of such Shares, are settled in cash in lieu of Shares, or are exchanged with the Committee's permission, prior to the issuance of Shares, for Awards not involving Shares, shall be available again for grant under this Plan. Shares subject to an Award under the Plan may not again be made available for issuance under the Plan if such Shares are: (x) Shares that were subject to an Option or a stock-settled Stock Appreciation Right and were not issued upon the net settlement or net exercise of such Option or Stock Appreciation Right, (y) Shares delivered to or withheld by the Company to pay the exercise price or the withholding taxes under Options or Stock Appreciation Rights, or (z) Shares repurchased on the open market with the proceeds of an Option exercise. Shares delivered to or withheld by the Company to pay the withholding taxes for Awards other than Options and Stock Appreciation Rights shall again be available for issuance under this Plan.

(iii) SOURCES OF SHARES DELIVERABLE UNDER AWARDS. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of treasury Shares.

(b) ADJUSTMENTS.

(i) In the event that the Committee shall determine that any dividend or other distribution (whether in the form of cash, Shares, or other securities), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event constitutes an equity restructuring transaction, as that term is defined in the Accounting Standards Codification 718 (or any successor accounting standard) or otherwise affects the Shares, then the Committee shall adjust the following in a manner that is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan:

(A) the number and type of Shares or other securities which thereafter may be made the subject of Awards;

(B) the number and type of Shares or other securities subject to outstanding Awards;

(C) the number and type of Shares or other securities specified as the annual per-participant limitation under Section 7(g)(vi) and (vii);

(D) the grant, purchase, or exercise price with respect to any Award, or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award; and

(E) other value determinations applicable to outstanding awards.

Provided, however, in each case, that with respect to Awards of Incentive Stock Options no such adjustment shall be authorized to the extent that such authority would cause the Plan to violate Sections 422(b)(1) of the Code or any successor provision thereto and, with respect to Awards of Stock Appreciation Rights and Options, such adjustment shall be in accordance with Section 409A of the Code; and provided further, however, that the number of Shares subject to any Award denominated in Shares shall always be a whole number.

(ii) ADJUSTMENTS OF AWARDS UPON CERTAIN ACQUISITIONS. In the event the Company or any Affiliate shall assume outstanding employee awards or the right or obligation to make future such awards in connection with the acquisition of another business or another corporation or business entity, the Committee may make such adjustments, not inconsistent with the terms of the Plan, in the terms of Awards as it shall deem appropriate in order to achieve reasonable comparability or other equitable relationship between the assumed awards and the Awards granted under the Plan as so adjusted.

(iii) ADJUSTMENTS OF AWARDS UPON THE OCCURRENCE OF CERTAIN UNUSUAL OR NONRECURRING EVENTS. The Committee shall be authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits to be made available under the Plan.

SECTION 5. **VESTING CONDITIONS**

(a) MINIMUM VESTING REQUIREMENT. No Award granted under the Plan after the date hereof shall become exercisable or vested prior to the one-year anniversary of the date of grant. Notwithstanding the foregoing, this Section 5(a) shall not (i) restrict the right of the Committee to provide in an Award Agreement for the vesting or exercisability of an Award upon or after death, disability, or a Change in Control or (ii) apply with respect to Awards representing not more than five percent (5%) of the Shares available for issuance under Section 4(a)(i) or with respect to Awards assumed under Section 4(b).

(b) NO DISCRETION TO ACCELERATE VESTING. Notwithstanding Section 3, other than in connection with a Change in Control or the death or disability of a Participant, the Committee shall not have the discretion to accelerate the vesting or exercisability of any outstanding Award.

SECTION 6. **ELIGIBILITY**

Any officer, employee or consultant of the Company or of any Affiliate and any Non-Employee Director shall be eligible to be designated a Participant.

SECTION 7. **AWARDS**

(a) OPTIONS. The Committee is hereby authorized to grant Options to Participants with the following terms and conditions and with such additional terms and conditions, in either case not inconsistent with the provisions of the Plan, as the Committee shall determine:

(i) EXERCISE PRICE. The purchase price per Share purchasable under an Option shall be determined by the Committee; provided, however, and except as provided in Section 4(b), that such purchase price shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option.

(ii) OPTION TERM. The term of each Option shall not exceed ten (10) years from the date of grant.

(iii) TIME AND METHOD OF EXERCISE. The Committee shall establish in the applicable Award Agreement the time or times at which an Option may be exercised in whole or in part, and the method or methods by which, and the form or forms, including, without limitation, cash, Shares, or other Awards, or any combination thereof, having a Fair Market Value on the exercise date equal to the relevant exercise price, in which, payment of the exercise price with respect thereto may be made or deemed to have been made.

(iv) INCENTIVE STOCK OPTIONS. The terms of any Incentive Stock Option granted under the Plan shall be designed to comply in all respects with the provisions of Sections 422 of the Code, or any successor provision thereto, and any regulations promulgated thereunder. Notwithstanding anything in this Section 7(a) to the contrary, Options designated as Incentive Stock Options shall not be eligible for treatment under the Code as Incentive Stock Options (and will be deemed to be Non-Qualified Stock Options) to the extent that either (A) the aggregate Fair Market Value of Shares (determined as of the time of grant) with respect to which such Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any subsidiary) exceeds $100,000, taking Options into account in the order in which they were granted, or (B) such Options otherwise remain exercisable but are not exercised within three (3) months of termination of employment (or such other period of time provided in Section 422 of the Code).

(b) STOCK APPRECIATION RIGHTS. The Committee is hereby authorized to grant Stock Appreciation Rights to Participants. Subject to the terms of the Plan and any applicable Award Agreement, a Stock Appreciation Right granted under the Plan shall confer on the holder thereof a right to receive, upon exercise thereof, the excess of (i) the Fair Market Value of one Share on the date of exercise over (ii) the grant price of the right as specified by the Committee.

(i) GRANT PRICE. Shall be determined by the Committee, provided, however, and except as provided in Section 4(b), that such price shall not be less than 100% of the Fair Market Value of one Share on the date of grant of the Stock Appreciation Right, except that if a Stock Appreciation Right is at any time granted in tandem to an Option, the grant price of the Stock Appreciation Right shall not be less than the exercise price of such Option.

(ii) TERM. The term of each Stock Appreciation Right shall not exceed ten (10) years from the date of grant.

(iii) TIME AND METHOD OF EXERCISE. The Committee shall establish in the applicable Award Agreement the time or times at which a Stock Appreciation Right may be exercised in whole or in part.

(c) RESTRICTED STOCK AND RESTRICTED STOCK UNITS.

(i) ISSUANCE. The Committee is hereby authorized to grant Awards of Restricted Stock and Restricted Stock Units to Participants. Subject to the terms of the Plan or the applicable Award Agreement, a Restricted Stock Unit may be payable in Shares or cash.

(ii) RESTRICTIONS. Shares of Restricted Stock and Restricted Stock Units shall be subject to such restrictions as the Committee may establish in the applicable Award Agreement (including, without limitation, any limitation on the right to vote a Share of Restricted Stock or the right to receive any dividend or other right), which restrictions may lapse separately or in combination at such time or times, in such installments or otherwise, as the Committee may deem appropriate; provided, however, that any dividend shall be subject to the same restrictions as the underlying Award. Unrestricted Shares, evidenced in such manner as the Committee shall deem appropriate, shall be delivered to the holder of Restricted Stock promptly after such restrictions have lapsed.

(iii) REGISTRATION. Any Restricted Stock or Restricted Stock Units granted under the Plan may be evidenced in such manner as the Committee may deem appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of Shares of Restricted Stock granted under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock.

(iv) FORFEITURE. Upon termination of employment during the applicable restriction period, except as determined otherwise by the Committee, all Shares of Restricted Stock and all Restricted Stock Units still, in either case, subject to restriction shall be forfeited and reacquired by the Company.

(d) PERFORMANCE AWARDS. The Committee is hereby authorized to grant Performance Awards to Participants. Performance Awards include arrangements under which the grant, issuance, retention, vesting and/or transferability of any Award is subject to such Performance Criteria and such additional conditions or terms as the Committee may designate. Subject to the terms of the Plan and any applicable Award Agreement, a Performance Award granted under the Plan:

(i) may be denominated or payable in cash, Shares (including, without limitation, Restricted Stock), other securities, or other Awards; and

(ii) shall confer on the holder thereof rights valued as determined by the Committee and payable to, or exercisable by, the holder of the Performance Award, in whole or in part, upon the achievement of such Performance Criteria during such Performance Periods as the Committee shall establish.

(e) DIVIDEND EQUIVALENTS AND DIVIDENDS. The Committee is hereby authorized to grant to Participants Awards under which the holders thereof shall be entitled to receive payments equivalent to dividends or interest with respect to a number of Shares determined by the Committee, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested. Subject to the terms of the Plan and any applicable Award Agreement, such Awards may have such terms and conditions as the Committee shall determine; provided, however, any Dividend Equivalents and dividends with respect to Awards shall be subject to the same restrictions as the underlying Awards.

(f) OTHER STOCK-BASED AWARDS. The Committee is hereby authorized to grant to Participants such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares), as are deemed by the Committee to be consistent with the purposes of the Plan, provided, however, that such grants must comply with applicable law. Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine the terms and conditions of such Awards. Shares or other securities delivered pursuant to a purchase right granted under this Section 7(f) shall be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, or other Awards, or any combination thereof, as the Committee shall determine, the value of which consideration, as established by the Committee, and except as provided in Section 4(b), shall not be less than the Fair Market Value of such Shares or other securities as of the date such purchase right is granted.

(g) GENERAL.

(i) NO CASH CONSIDERATION FOR AWARDS. Awards shall be granted for no cash consideration or for such minimal cash consideration as may be required by applicable law.

(ii) AWARDS MAY BE GRANTED SEPARATELY OR TOGETHER. Awards may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution for any other Award or any award granted under any other plan of the Company or any Affiliate.

Awards granted in addition to or in tandem with other Awards, or in addition to or in tandem with awards granted under any other plan of the Company or any Affiliate, may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

(iii) FORMS OF PAYMENT UNDER AWARDS. Subject to the terms of the Plan and of any applicable Award Agreement, payments or transfers to be made by the Company or an Affiliate upon the grant, exercise, or payment of an Award may be made in such form or forms as the Committee shall determine, including, without limitation, cash, Shares, rights in or to Shares issuable under the Award or other Awards, other securities, or other Awards, or any combination thereof, and may be made in a single payment or transfer, in installments, or on a deferred basis, in each case in accordance with rules and procedures established by the Committee. Such rules and procedures may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents in respect of installment or deferred payments.

(iv) LIMITS ON TRANSFER OF AWARDS. Except as provided by the Committee, no Award and no right under any such Award, shall be assignable, alienable, saleable, or transferable by a Participant otherwise than by will or by the laws of descent and distribution; provided, however, that, if so determined by the Committee, a Participant may, in the manner established by the Committee, designate a beneficiary or beneficiaries to exercise the rights of the Participant with respect to any Award upon the death of the Participant. Each Award, and each right under any Award, shall be exercisable, during the Participant's lifetime, only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative. No Award and no right under any such Award, may be pledged, alienated, attached, or otherwise encumbered, and any purported pledge, alienation, attachment, or encumbrance thereof shall be void and unenforceable against the Company or any Affiliate.

(v) RESTRICTION ON BUYOUTS OF OPTIONS AND STOCK APPRECIATION RIGHTS. The Committee shall not without the approval of the shareholders of the Company cancel any previously granted Option or Stock Appreciation Right in exchange for cash or another award if the exercise price of such Option or the grant price of such Stock Appreciation Right exceeds the Fair Market Value of a Share on the date of such cancellation, in each case other than in connection with a Change in Control or the adjustment provisions set forth in Section 4(b).

(vi) PER-PERSON LIMITATION ON OPTIONS AND STOCK APPRECIATION RIGHTS. The number of Shares with respect to which Options and Stock Appreciation Rights may be granted under the Plan during any fiscal year to an individual Participant shall not exceed 3,000,000 Shares, subject to adjustment as provided in Section 4(b).

(vii) PER-PERSON LIMITATION ON CERTAIN AWARDS. Other than Options and Stock Appreciation Rights, (A) the aggregate number of Shares with respect to which Restricted Stock, Restricted Stock Units, Performance Awards and Other Stock-Based Awards may be granted under the Plan during any fiscal year to an individual Participant shall not exceed 1,000,000 Shares, subject to adjustment as provided in Section 4(b) and (B) with respect to Awards denominated in cash, the maximum amount that may be earned during any fiscal year by an individual Participant shall not exceed $20,000,000. The aggregate grant date fair value of the Awards that may be granted to any Non-Employee Director in any fiscal year shall not exceed $500,000.

(viii) CONDITIONS AND RESTRICTIONS UPON SECURITIES SUBJECT TO AWARDS. The Committee may provide that the Shares issued upon exercise of an Option or Stock Appreciation Right or otherwise subject to or issued under an Award shall be subject to such further agreements, restrictions, conditions or limitations as the Committee in its discretion may specify prior to the exercise of such Option or Stock Appreciation Right or the grant, vesting or settlement of such Award, including without limitation, conditions on vesting or transferability and forfeiture or repurchase provisions or provisions on payment of taxes arising in connection with an Award. Without limiting the foregoing, such restrictions may address the timing and manner of any re-sales by the Participant or other subsequent transfers by the Participant of any Shares issued under an Award, including without limitation: (A) restrictions under an insider trading policy or pursuant to applicable law, (B) restrictions designed to delay and/or coordinate the timing and manner of sales by Participant and holders of other Company equity compensation arrangements, (C) restrictions as to the use of a specified brokerage firm for such re-sales or other transfers and (D) provisions requiring Shares to be sold on the open market or to the Company in order to satisfy tax withholding or other obligations.

(ix) SHARE CERTIFICATES. All Shares or other securities delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan or the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares or other securities are then listed, and any applicable Federal, state, or local securities laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

SECTION 8. **AMENDMENT AND TERMINATION**

Except to the extent prohibited by applicable law and unless otherwise expressly provided in an Award Agreement or in the Plan:

(a) AMENDMENTS TO THE PLAN. The Board may amend, alter, suspend, discontinue, or terminate the Plan, in whole or in part; provided, however, that without the prior approval of the Company's shareowners, no material amendment shall be made if shareowner approval is required by law, regulation, or stock exchange on which the Company is listed, and; provided, further, that, notwithstanding any other provision of the Plan or any Award Agreement, no such amendment, alteration, suspension, discontinuation, or termination shall be made without the approval of the shareowners of the Company that would:

(i) increase the total number of Shares available for Awards under the Plan, except as provided in Section 4 hereof; or

(ii) except as provided in Section 4(b), permit Options, Stock Appreciation Rights, or other Stock-Based Awards encompassing rights to purchase Shares to be re-priced, replaced, or re-granted through cancellation, or by lowering the exercise price of a previously granted Option or the grant price of a previously granted Stock Appreciation Right, or the purchase price of a previously granted Other Stock-Based Award.

(b) AMENDMENTS TO AWARDS. The Committee may waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue, or terminate, any Awards theretofore granted, prospectively or retroactively. No such amendment or alteration shall be made which would impair the rights of any Participant, without such Participant's consent, under any Award theretofore granted, provided 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 (i) is required or advisable in order for the Company, the Plan or the Award to satisfy or conform to any law or regulation or to meet the requirements of any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Award.

SECTION 9. **GENERAL PROVISIONS**

(a) NO RIGHTS TO AWARDS. No Participant or other Person shall have any claim to be granted any Award under the Plan, or, having been selected to receive an

Award under this Plan, to be selected to receive a future Award, and further there is no obligation for uniformity of treatment of employees or consultants of the Company or any Affiliates, Non-Employee Directors, Participants, or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to each recipient.

(b) WITHHOLDING. The Company or any Affiliate shall be authorized to withhold from any Award granted or any payment due or transfer made under any Award or under the Plan the amount (in cash, Shares, other securities, or other Awards) of withholding taxes due in respect of an Award, its exercise, or any payment or transfer under such Award or under the Plan and to take such other action as may be necessary in the opinion of the Company or Affiliate to satisfy statutory withholding obligations for the payment of such taxes.

(c) NO LIMIT ON OTHER COMPENSATION ARRANGEMENTS. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other or additional compensation arrangements, and such arrangements may be either generally applicable or applicable only in specific cases.

(d) NO RIGHT TO EMPLOYMENT. The grant of an Award shall not constitute an employment contract nor be construed as giving a Participant the right to be retained in the employ of the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment, free from any liability, or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement.

(e) GOVERNING LAW. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the State of Delaware and applicable Federal law without regard to conflict of law.

(f) SEVERABILITY. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person, or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

(g) NO TRUST OR FUND CREATED. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Affiliate.

(h) NO FRACTIONAL SHARES. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, or other securities shall be paid or transferred in lieu of any fractional Shares, or whether such fractional Shares or any rights thereto shall be canceled, terminated, or otherwise eliminated.

(i) HEADINGS. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

(j) INDEMNIFICATION. Subject to requirements of Delaware State law, each individual who is or shall have been a member of the Board, or a Committee appointed by the Board, or an officer of the Company to whom authority was delegated in accordance with Section 3, shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under this Plan and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his/her own behalf, unless such loss, cost, liability, or expense is a result of his/her own willful misconduct or except as expressly provided by statute. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such individuals may be entitled under the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

(k) COMPLIANCE WITH SECTION 409A OF THE CODE. Except to the extent specifically provided otherwise by the Committee, Awards under the Plan are intended to satisfy the requirements of Section 409A of the Code (and the Treasury Department guidance and regulations issued thereunder) so as to avoid the imposition of any additional taxes or penalties under Section 409A of the Code. If the Committee determines that an Award, Award Agreement, payment, distribution, deferral election, transaction or any other action or arrangement contemplated by the provisions of the Plan or any Award Agreement would, if undertaken, cause a Participant to become subject to any additional taxes or other penalties under Section 409A of the Code, then unless the Committee specifically provides otherwise, such Award, Award Agreement, payment, distribution, deferral election, transaction or other action or arrangement shall not be given effect to the extent it causes such result and the related provisions of the Plan and/or Award Agreement will be deemed modified, or, if necessary, suspended in order to comply with the requirements of Section 409A of the Code to the extent determined appropriate by the Committee, in each case without the consent of or notice to the Participant.

(l) NO REPRESENTATIONS OR COVENANTS WITH RESPECT TO TAX QUALIFICATION. Although the Company may endeavor to (i) qualify an Award for favorable U.S. or foreign tax treatment (e.g., incentive stock options under Section 422 of the Code) or (ii) avoid adverse tax treatment (e.g., under Section 409A of the Code), the Company makes no representation to that effect and expressly disavows any covenant to maintain favorable or avoid unfavorable tax treatment. The Company shall be unconstrained in its corporate activities without regard to the potential negative tax impact on holders of Awards under the Plan.

(m) AWARDS TO NON-U.S. EMPLOYEES. The Committee shall have the power and authority to determine which Affiliates shall be covered by this Plan and which employees outside the U.S. shall be eligible to participate in the Plan. The Committee may adopt, amend or rescind rules, procedures or sub-plans relating to the operation and administration of the Plan to accommodate the specific requirements of local laws, procedures, and practices. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules, procedures and sub-plans with provisions that limit or modify rights on death, disability or retirement or on termination of employment; available methods of exercise or settlement of an award; payment of income, social insurance contributions and payroll taxes; the withholding procedures and handling of any stock certificates or other indicia of ownership which vary with local requirements. The Committee may also adopt rules, procedures or sub-plans applicable to particular Affiliates or locations.

(n) COMPLIANCE WITH LAWS. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or stock exchanges on which the Company is listed as may be required. The Company shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:

(i) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and

(ii) completion of any registration or other qualification of the Shares under any applicable national or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable or at a time when any such registration or qualification is not current, has been suspended or otherwise has ceased to be effective.

The inability or impracticability of the Company to obtain or maintain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

(o) AWARDS SUBJECT TO CLAWBACK**.** The Awards granted under this Plan and any cash payment, Shares or other securities delivered pursuant to an Award are subject to forfeiture, recovery by the Company or other action pursuant to the applicable Award Agreement or any clawback or recoupment policy which the Company may adopt from time to time, including without limitation any such policy which the Company may be required to adopt under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing rules and regulations thereunder, or as otherwise required by law.

SECTION 10.**EFFECTIVE DATE; STOCKHOLDER APPROVAL**

The Plan was previously amended and restated, and was approved by the stockholders of the Company at the Company's 2017 annual meeting of stockholders on May 18, 2017. The most recent amendment and restatement of the Plan became effective on July 26, 2017. This amendment and restatement of the Plan shall become effective on October 23, 2019.

SECTION 11.**TERM OF THE PLAN**

No Award shall be granted under the Plan on or after the date that is ten (10) years from the date of the adoption of the Plan. However, unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and the authority of the Committee to amend, alter, adjust, suspend, discontinue, or terminate any such Award, or to waive any conditions or rights under any such Award, and the authority of the Board to amend the Plan, shall extend beyond such date.

Exhibit 31(a)

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

I, Brian D. Doubles, certify that:

1. I have reviewed this 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: October 21, 2021

/s/ Brian D. Doubles

Brian D. Doubles
Chief Executive Officer

Exhibit 31(b)

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

I, Brian J. Wenzel Sr., certify that:

1. I have reviewed this 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: October 21, 2021

/s/ Brian J. Wenzel Sr.
Brian J. Wenzel Sr.
Chief Financial Officer

Exhibit 32

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

In connection with the Quarterly Report of Synchrony Financial (the “registrant”) on Form 10-Q for the period ended September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “report”), we, Brian D. Doubles, Chief Executive Officer, and Brian J. Wenzel Sr., Chief Financial Officer, of the registrant, certify, pursuant to 18 U.S.C. § 1350, that to our knowledge:

1. The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: October 21, 2021

/s/ Brian D. Doubles
Brian D. Doubles
Chief Executive Officer

/s/ Brian J. Wenzel Sr.
Brian J. Wenzel Sr.
Chief Financial Officer