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

FORM 10-Q

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

For the quarterly period ended June 30, 2023

OR

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

For the transition period from to

001-36560
(Commission File Number)

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

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

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

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

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

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 July 17, 2023 was 418,183,060.

Synchrony Financial

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Certain Defined Terms

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

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

We provide a range of credit products through programs we have established with a diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers, which, in our business and in this report, we refer to as our “partners.” The terms of the programs all require cooperative efforts between us and our partners of varying natures and degrees to establish and operate the programs. Our use of the term “partners” to refer to these entities is not intended to, and does not, describe our legal relationship with them, imply that a legal partnership or other relationship exists between the parties or create any legal partnership or other relationship.

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

For a description of certain other terms we use, including “active account” and “purchase volume,” see the notes to “*Management’s Discussion and Analysis—Results of Operations—Other Financial and Statistical Data*” in our Annual Report on Form 10-K for the year ended December 31, 2022 (our “2022 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.synchrony.com, we make available under the "Investors-SEC Filings" menu selection, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after such reports or amendments are electronically filed with, or furnished to, the SEC. The SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements, and other information that we file electronically with the SEC.

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 2022 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.

PART I. FINANCIAL INFORMATION

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this quarterly report and in our 2022 Form 10-K. The discussion below contains forward-looking statements that are based upon current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations. See “*Cautionary Note Regarding Forward-Looking Statements*.”

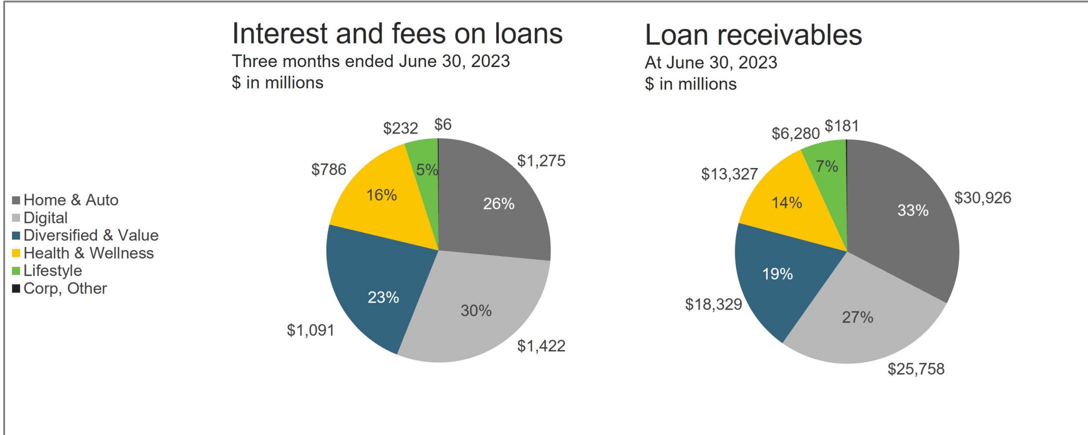
Introduction and Business Overview

We are a premier consumer financial services company delivering one of the industry's most complete, digitally-enabled product suites. Our experience, expertise and scale encompass a broad spectrum of industries including digital, health and wellness, retail, telecommunications, home, auto, outdoor, pet and more. We have an established and diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers, which we refer to as our “partners.” For the three and six months ended June 30, 2023, we financed $47.3 billion and $88.8 billion of purchase volume, respectively, and had 69.5 million and 69.6 million average active accounts, respectively, and at June 30, 2023, we had $94.8 billion of loan receivables.

We offer our credit products primarily through our wholly-owned subsidiary, the Bank. In addition, through the Bank, we offer, directly to retail, affinity relationships and commercial customers, a range of deposit products insured by the Federal Deposit Insurance Corporation (“FDIC”), including certificates of deposit, individual retirement accounts (“IRAs”), money market accounts, savings accounts and sweep and affinity deposits. We also take deposits at the Bank through third-party securities brokerage firms that offer our FDIC-insured deposit products to their customers. We have significantly expanded our online direct banking operations in recent years and our deposit base serves as a source of stable and diversified low cost funding for our credit activities. At June 30, 2023, we had $75.8 billion in deposits, which represented 84% of our total funding sources.

Our Sales Platforms

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



Home & Auto

Our Home & Auto sales platform provides comprehensive payments and financing solutions with integrated in-store and digital experiences through a broad network of partners and merchants providing home and automotive merchandise and services, as well as our Synchrony Car Care network and Synchrony HOME credit card offering. Our Home & Auto sales platform partners include a wide range of key retailers in the home improvement, furniture, bedding, appliance and electronics industry, such as Ashley HomeStores LTD, Lowe's, and Mattress Firm, as well as automotive merchandise and services, such as Chevron and Discount Tire. In addition, we also have program agreements with buying groups, manufacturers and industry associations, such as Nationwide Marketing Group and the Home Furnishings Association.

Digital

Our Digital sales platform provides comprehensive payments and financing solutions with integrated digital experiences through partners and merchants who primarily engage with their consumers through digital channels. Our Digital sales platform includes key partners delivering digital payment solutions, such as PayPal, including our Venmo program, online marketplaces, such as Amazon and eBay, and digital-first brands and merchants, such as Verizon, the Qurate brands, and Fanatics.

Diversified & Value

Our Diversified & Value sales platform provides comprehensive payments and financing solutions with integrated in-store and digital experiences through large retail partners who deliver everyday value to consumers shopping for daily needs or important life moments. Our Diversified & Value sales platform is comprised of five large retail partners: Belk, Fleet Farm, JCPenney, Sam's Club and TJX Companies, Inc.

Health & Wellness

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

Lifestyle

Lifestyle provides comprehensive payments and financing solutions with integrated in-store and digital experiences through partners and merchants who offer merchandise in power sports, outdoor power equipment, and other industries such as sporting goods, apparel, jewelry and music. Our Lifestyle sales platform partners include a wide range of key retailers in the apparel, specialty retail, outdoor, music and luxury industry, such as American Eagle, Dick's Sporting Goods, Guitar Center, Sweetwater, Kawasaki, Polaris, Suzuki and Pandora.

Corp, Other

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

Our 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 June 30, 2023.

		Promotional Offer		
Credit Product	**Standard Terms Only**	**Deferred Interest**	**Other Promotional**	**Total**
Credit cards	58.6 %	19.5 %	16.1 %	94.2 %
Commercial credit products	1.9	—	—	1.9
Consumer installment loans	0.1	0.1	3.6	3.8
Other	0.1	—	—	0.1
Total	60.7 %	19.6 %	19.7 %	100.0 %

Credit Cards

We offer the following principal types of credit cards:

- ***Private Label Credit Cards.*** Private label credit cards are partner-branded credit cards (e.g., Lowe's or Amazon) or program-branded credit cards (e.g., Synchrony Car Care or CareCredit) that are used primarily for the purchase of goods and services from the partner or within the program network. In addition, in some cases, cardholders may be permitted to access their credit card accounts for cash advances. Credit under our private label credit cards typically is extended either on standard terms only or pursuant to a promotional financing offer.

- ***Dual Cards and General Purpose Co-Branded Cards.*** Our patented Dual Cards are credit cards that function as private label credit cards when used to purchase goods and services from our partners, and as general purpose credit cards when used to make purchases from other retailers wherever cards from those card networks are accepted or for cash advance transactions. We also offer general purpose co-branded credit cards that do not function as private label credit cards, as well as a Synchrony-branded general purpose credit card. Dual Cards and general purpose co-branded credit cards are offered across all of our sales platforms and credit is typically extended on standard terms only. We offer either Dual Cards or general purpose co-branded credit cards through over 15 of our large partners, of which the majority are Dual Cards, as well as our CareCredit Dual Card. Consumer Dual Cards and Co-Branded cards totaled 25% of our total loan receivables portfolio at June 30, 2023.

Commercial Credit Products

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

Installment Loans

We originate secured installment loans to consumers (and a limited number of commercial customers) in the United States, primarily for power products in our Outdoor market (motorcycles, ATVs and lawn and garden). We also offer unsecured installment loans primarily in our Health and Wellness sales platform and through our various other installment products, such as our Synchrony Pay Later solutions, including pay in 4 and pay monthly options for short-term loans. Installment loans are closed-end credit accounts where the customer pays down the outstanding balance in installments. Installment loans are generally assessed periodic finance charges using fixed interest rates.

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 2022 Form 10-K. For a discussion of how certain trends and conditions impacted the three and six months ended June 30, 2023, 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 typically occurring over the first and second quarters of the following year as customers pay their balances down.

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

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

However, in addition to these seasonal trends, the elevated customer payment behavior we have experienced in recent years and more recently the subsequent moderation from these elevated levels, has also significantly impacted our key financial metrics and the fluctuations experienced between quarterly periods. The effects from these changes in customer payment behavior have resulted in either partial, or in some instances full, offset to the impact from the ongoing seasonal trends discussed above. This is most evident in our past due balances which increased to $3.6 billion at June 30, 2023 from $3.4 billion at December 31, 2022 due to the impact from lower customer payment rates which exceeded the effects of the seasonal trends we experienced.

Results of Operations

Highlights for the Three and Six Months Ended June 30, 2023

Below are highlights of our performance for the three and six months ended June 30, 2023 compared to the three and six months ended June 30, 2022, as applicable, except as otherwise noted.

- Net earnings decreased to $569 million from $804 million and to $1.2 billion from $1.7 billion for the three and six months ended June 30, 2022. The decreases in the three and six months ended June 30, 2023 were primarily driven by increases in provision for credit losses and higher interest expense, partially offset by higher interest income and lower retailer share arrangements.

- Loan receivables increased 14.7% to $94.8 billion at June 30, 2023 compared to $82.7 billion at June 30, 2022, driven by lower customer payment rates and purchase volume growth.

- Net interest income increased 8.4% to $4.1 billion and 7.6% to $8.2 billion for the three and six months ended June 30, 2023, respectively. Interest and fees on loans increased 19.1% and 17.2% for the three and six months ended June 30, 2023, respectively, primarily driven by growth in average loan receivables and higher benchmark rates, partially offset by the impact of portfolios sold in the second quarter of 2022. For the three and six months ended June 30, 2023, interest expense increased due to higher benchmark rates and higher funding liabilities.

- Retailer share arrangements decreased 21.3% to $887 million and 19.1% to $1.8 billion for the three and six months ended June 30, 2023, primarily due to higher net charge-offs and the impact of portfolios sold in the second quarter of 2022, partially offset by higher net interest income.

- Over-30 day loan delinquencies as a percentage of period-end loan receivables increased 110 basis points to 3.84% at June 30, 2023. The net charge-off rate increased 202 basis points to 4.75% and increased 189 basis points to 4.62% for the three and six months ended June 30, 2023.

- Provision for credit losses increased to $1.4 billion from $724 million, and to $2.7 billion from $1.2 billion for the three and six months ended June 30, 2023, respectively. The increases for the three and six months ended June 30, 2023, were primarily driven by higher net charge-offs and reserve increases in the current year. The increases in reserves for credit losses were primarily driven by growth in loan receivables. Our allowance coverage ratio (allowance for credit losses as a percent of period-end loan receivables) decreased to 10.34% at June 30, 2023, as compared to 10.65% at June 30, 2022.

- Other expense increased by $86 million, or 7.9%, and $166 million, or 7.8%, for the three and six months ended June 30, 2023, respectively. The increases for the three and six months ended June 30, 2023 were primarily driven by growth related items as well as higher operational losses and technology investments.

- At June 30, 2023, deposits represented 84% of our total funding sources. Total deposits increased by 5.6% to $75.8 billion at June 30, 2023, compared to December 31, 2022.

- During the six months ended June 30, 2023, we declared and paid cash dividends on our Series A 5.625% non-cumulative preferred stock of $28.12 per share, or $21 million.

- During the six months ended June 30, 2023, we repurchased $700 million of our outstanding common stock, and declared and paid cash dividends of $0.46 per share, or $199 million. In April 2023, the Board of Directors approved an incremental share repurchase program of up to $1.0 billion, commencing this quarter through June 30, 2024, and intends to increase our quarterly dividend to $0.25 per common share commencing in the third quarter of 2023. At June 30, 2023 we have a total share repurchase authorization of $1.0 billion remaining. For more information, see “Capital—Dividend and Share Repurchases.”

2023 Partner Agreements

During the six months ended June 30, 2023, we continued to expand and diversify our portfolio with the addition or renewal of more than 30 partners, which included the following:

- In our Home & Auto sales platform, we announced our new partnerships with Big Brand Tire & Service, GreatWater 360 Auto Care, LG Air Conditioning and Roto Rooter and extended our program agreements with CCA Global Partners, CertainPath, Conn's, Haverty's Furniture, Haynes, Horizon, Living Spaces and LoveSac.

- In our Digital sales platform, we extended our program agreement with Zulily.

- In our Health & Wellness sales platform, we expanded our network through our new partnerships with AmeriVet Veterinary Partners, Destination Pet, Hand & Stone, Heart and Paw, Marquee Dental Partners, O'Brien Vet Group, and Valley Veterinary, and also extended our endorsements with the American Dental Association, Academy of General Dentistry, The Aspen Group and NVA.

- In our Lifestyle sales platform, we extended our program agreement with Club Champion, JTV, Piaggio, Robbins Brothers and The Container Store and launched Synchrony's Outdoor Card, enabling easy and affordable financing solutions to powersports customers.

Summary Earnings

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

	Three months ended June 30,		Six months ended June 30,	
($ in millions)	**2023**	**2022**	**2023**	**2022**
Interest income	$ 5,021	$ 4,074	$ 9,807	$ 8,096
Interest expense	901	272	1,636	505
Net interest income	4,120	3,802	8,171	7,591
Retailer share arrangements	(887)	(1,127)	(1,804)	(2,231)
Provision for credit losses	1,383	724	2,673	1,245
Net interest income, after retailer share arrangements and provision for credit losses	1,850	1,951	3,694	4,115
Other income	61	198	126	306
Other expense	1,169	1,083	2,288	2,122
Earnings before provision for income taxes	742	1,066	1,532	2,299
Provision for income taxes	173	262	362	563
Net earnings	$ 569	$ 804	$ 1,170	$ 1,736
Net earnings available to common stockholders	$ 559	$ 793	$ 1,149	$ 1,715

Other Financial and Statistical Data

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

($ in millions)	At and for the Three months ended June 30, 2023	At and for the Three months ended June 30, 2022	At and for the Six months ended June 30, 2023	At and for the Six months ended June 30, 2022
Financial Position Data (Average):				
Loan receivables, including held for sale	$ 92,489	$ 83,412	$ 91,656	$ 83,081
Total assets	$ 108,401	$ 96,073	$ 107,128	$ 95,816
Deposits	$ 75,232	$ 64,357	$ 73,936	$ 63,527
Borrowings	$ 14,570	$ 13,537	$ 14,620	$ 13,791
Total equity	$ 13,435	$ 13,462	$ 13,425	$ 13,595
Selected Performance Metrics:				
Purchase volume[(1)(2)]	$ 47,276	$ 47,217	$ 88,833	$ 87,707
Home & Auto	$ 12,853	$ 12,895	$ 23,716	$ 23,155
Digital	$ 13,472	$ 12,463	$ 25,733	$ 23,659
Diversified & Value	$ 15,356	$ 14,388	$ 28,795	$ 25,946
Health & Wellness	$ 4,015	$ 3,443	$ 7,705	$ 6,550
Lifestyle	$ 1,580	$ 1,431	$ 2,882	$ 2,626
Corp, Other	$ —	$ 2,597	$ 2	$ 5,771
Average active accounts (in thousands)[(2)(3)]	69,517	68,671	69,637	69,438
Net interest margin[(4)]	14.94 %	15.60 %	15.08 %	15.70 %
Net charge-offs	$ 1,096	$ 567	$ 2,102	$ 1,125
Net charge-offs as a % of average loan receivables, including held for sale	4.75 %	2.73 %	4.62 %	2.73 %
Allowance coverage ratio[(5)]	10.34 %	10.65 %	10.34 %	10.65 %
Return on assets[(6)]	2.1 %	3.4 %	2.2 %	3.7 %
Return on equity[(7)]	17.0 %	24.0 %	17.6 %	25.8 %
Equity to assets[(8)]	12.39 %	14.01 %	12.53 %	14.19 %
Other expense as a % of average loan receivables, including held for sale	5.07 %	5.21 %	5.03 %	5.15 %
Efficiency ratio[(9)]	35.5 %	37.7 %	35.2 %	37.5 %
Effective income tax rate	23.3 %	24.6 %	23.6 %	24.5 %
Selected Period-End Data:				
Loan receivables	$ 94,801	$ 82,674	$ 94,801	$ 82,674
Allowance for credit losses	$ 9,804	$ 8,808	$ 9,804	$ 8,808
30+ days past due as a % of period-end loan receivables[(10)]	3.84 %	2.74 %	3.84 %	2.74 %
90+ days past due as a % of period-end loan receivables[(10)]	1.77 %	1.22 %	1.77 %	1.22 %
Total active accounts (in thousands)[(3)]	70,269	65,969	70,269	65,969

(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.

	2023			2022		
Three months ended June 30 ($ in millions)	**Average Balance**	**Interest Income / Expense**	**Average Yield / Rate[1]**	**Average Balance**	**Interest Income/ Expense**	**Average Yield / Rate[1]**
Assets						
Interest-earning assets:						
Interest-earning cash and equivalents[2]	$ 14,198	$ 178	5.03 %	$ 9,249	$ 20	0.87 %
Securities available for sale	3,948	31	3.15 %	5,063	15	1.19 %
Loan receivables, including held for sale[3]:						
Credit cards	87,199	4,679	21.52 %	78,912	3,943	20.04 %
Consumer installment loans	3,359	94	11.22 %	2,775	69	9.97 %
Commercial credit products	1,808	36	7.99 %	1,654	25	6.06 %
Other	123	3	9.78 %	71	2	11.30 %
Total loan receivables, including held for sale	92,489	4,812	20.87 %	83,412	4,039	19.42 %
Total interest-earning assets	110,635	5,021	18.20 %	97,724	4,074	16.72 %
Non-interest-earning assets:						
Cash and due from banks	976			1,614		
Allowance for credit losses	(9,540)			(8,651)		
Other assets	6,330			5,386		
Total non-interest-earning assets	(2,234)			(1,651)		
Total assets	$ 108,401			$ 96,073		
Liabilities						
Interest-bearing liabilities:						
Interest-bearing deposit accounts	$ 74,812	$ 717	3.84 %	$ 63,961	$ 160	1.00 %
Borrowings of consolidated securitization entities	5,863	78	5.34 %	6,563	40	2.44 %
Senior and subordinated unsecured notes	8,707	106	4.88 %	6,974	72	4.14 %
Total interest-bearing liabilities	89,382	901	4.04 %	77,498	272	1.41 %
Non-interest-bearing liabilities:						
Non-interest-bearing deposit accounts	420			396		
Other liabilities	5,164			4,717		
Total non-interest-bearing liabilities	5,584			5,113		
Total liabilities	94,966			82,611		
Equity						
Total equity	13,435			13,462		
Total liabilities and equity	$ 108,401			$ 96,073		
Interest rate spread[4]			14.16 %			15.31 %
Net interest income		$ 4,120			$ 3,802	
Net interest margin[5]			14.94 %			15.60 %

Six months ended June 30 ($ in millions)	2023 Average Balance	2023 Interest Income / Expense	2023 Average Yield / Rate[1]	2022 Average Balance	2022 Interest Income/ Expense	2022 Average Yield / Rate[1]
Assets						
Interest-earning assets:						
Interest-earning cash and equivalents[2]	$ 13,287	$ 318	4.83 %	$ 9,113	$ 25	0.55 %
Securities available for sale	4,358	61	2.82 %	5,287	24	0.92 %
Loan receivables, including held for sale[3]:						
Credit cards	86,555	9,176	21.38 %	78,738	7,856	20.12 %
Consumer installment loans	3,232	177	11.04 %	2,729	135	9.98 %
Commercial credit products	1,753	70	8.05 %	1,545	53	6.92 %
Other	116	5	8.69 %	69	3	8.77 %
Total loan receivables, including held for sale	91,656	9,428	20.74 %	83,081	8,047	19.53 %
Total interest-earning assets	109,301	9,807	18.09 %	97,481	8,096	16.75 %
Non-interest-earning assets:						
Cash and due from banks	1,000			1,620		
Allowance for credit losses	(9,402)			(8,663)		
Other assets	6,229			5,378		
Total non-interest-earning assets	(2,173)			(1,665)		
Total assets	$ 107,128			$ 95,816		
Liabilities						
Interest-bearing liabilities:						
Interest-bearing deposit accounts	$ 73,521	$ 1,274	3.49 %	$ 63,142	$ 287	0.92 %
Borrowings of consolidated securitization entities	6,045	155	5.17 %	6,695	73	2.20 %
Senior and subordinated unsecured notes	8,575	207	4.87 %	7,096	145	4.12 %
Total interest-bearing liabilities	88,141	1,636	3.74 %	76,933	505	1.32 %
Non-interest-bearing liabilities:						
Non-interest-bearing deposit accounts	415			385		
Other liabilities	5,147			4,903		
Total non-interest-bearing liabilities	5,562			5,288		
Total liabilities	93,703			82,221		
Equity						
Total equity	13,425			13,595		
Total liabilities and equity	$ 107,128			$ 95,816		
Interest rate spread[4]			14.35 %			15.43 %
Net interest income		$ 8,171			$ 7,591	
Net interest margin[5]			15.08 %			15.70 %

(1) Average yields/rates are based on total interest income/expense over average balances.
(2) Includes average restricted cash balances of $472 million and $637 million for the three months ended June 30, 2023 and 2022, respectively, and $412 million and $626 million for the six months ended June 30, 2023 and 2022, respectively.
(3) Interest income on loan receivables includes fees on loans of $644 million and $631 million for the three months ended June 30, 2023 and 2022, respectively, and $1.3 billion for both the six months ended June 30, 2023 and 2022, 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 2022 Form 10-K.

Interest Income

Interest income increased by $947 million, or 23.2%, and $1.7 billion, or 21.1%, for the three and six months ended June 30, 2023, respectively, primarily driven by increases in interest and fees on loans of 19.1% and 17.2%, respectively. The increases in interest and fees on loans were primarily driven by growth in average loan receivables and higher benchmark rates, partially offset by the impact of portfolios sold in the second quarter of 2022. Excluding the impact of the portfolio sales, interest and fees on loans increased 25.4% and 24.3% for the three and six months ended June 30, 2023, respectively.

Average interest-earning assets

Three months ended June 30 ($ in millions)	2023	%	2022	%
Loan receivables, including held for sale	$ 92,489	83.6 %	$ 83,412	85.4 %
Liquidity portfolio and other	18,146	16.4 %	14,312	14.6 %
Total average interest-earning assets	$ 110,635	100.0 %	$ 97,724	100.0 %

Six months ended June 30 ($ in millions)	2023	%	2022	%
Loan receivables, including held for sale	$ 91,656	83.9 %	$ 83,081	85.2 %
Liquidity portfolio and other	17,645	16.1 %	14,400	14.8 %
Total average interest-earning assets	$ 109,301	100.0 %	$ 97,481	100.0 %

Average loan receivables, including held for sale, increased 10.9% and 10.3% for the three and six months ended June 30, 2023, respectively, primarily driven by moderation in customer payment rates and growth in purchase volume, partially offset by the impact from portfolios sold in the second quarter of 2022. Purchase volume remained flat for the three months ended June 30, 2023 and increased 1.3% for the six months ended June 30, 2023, respectively, and excluding the impact of portfolios sold during the second quarter, purchase volume increased by 6.0% and 8.4%, respectively.

Yield on average interest-earning assets

The yield on average interest-earning assets increased for the three and six months ended June 30, 2023. The increases in the three and six months ended June 30, 2023 were primarily due to increases in the yield on average loan receivables. The increases in loan receivable yield were 145 basis points to 20.87% and 121 basis points to 20.74% for the three and six months ended June 30, 2023, respectively.

Interest Expense

Interest expense increased by $629 million to $901 million, and $1.1 billion, to $1.6 billion, for the three and six months ended June 30, 2023, respectively, primarily attributed to higher benchmark interest rates and higher funding liabilities. Our cost of funds increased to 4.04% and 3.74% for the three and six months ended June 30, 2023, respectively, compared to 1.41% and 1.32% for the three and six months ended June 30, 2022, respectively.

Average interest-bearing liabilities

Three months ended June 30 ($ in millions)	2023	%	2022	%
Interest-bearing deposit accounts	$ 74,812	83.7 %	$ 63,961	82.5 %
Borrowings of consolidated securitization entities	5,863	6.6 %	6,563	8.5 %
Senior and subordinated unsecured notes	8,707	9.7 %	6,974	9.0 %
Total average interest-bearing liabilities	$ 89,382	100.0 %	$ 77,498	100.0 %

Six months ended June 30 ($ in millions)	2023	%	2022	%
Interest-bearing deposit accounts	$ 73,521	83.4 %	$ 63,142	82.1 %
Borrowings of consolidated securitization entities	6,045	6.9 %	6,695	8.7 %
Senior and subordinated unsecured notes	8,575	9.7 %	7,096	9.2 %
Total average interest-bearing liabilities	$ 88,141	100.0 %	$ 76,933	100.0 %

Net Interest Income

Net interest income increased by $318 million, or 8.4%, and $580 million, or 7.6%, for the three and six months ended June 30, 2023, respectively, resulting from the changes in interest income and interest expense discussed above.

Retailer Share Arrangements

Retailer share arrangements decreased by $240 million, or 21.3%, and $427 million, or 19.1% for the three and six months ended June 30, 2023, respectively, primarily due to higher net charge-offs and the impact of portfolios sold in the second quarter of 2022, partially offset by higher net interest income.

Provision for Credit Losses

Provision for credit losses increased to $1.4 billion from $724 million, and $2.7 billion from $1.2 billion for the three and six months ended June 30, 2023, respectively, primarily driven by higher net charge-offs and reserve builds in the current year primarily driven by growth in loan receivables.

Other Income

	Three months ended June 30,		Six months ended June 30,	
($ in millions)	2023	2022	2023	2022
Interchange revenue	$ 262	$ 263	$ 494	$ 493
Debt cancellation fees	125	93	240	182
Loyalty programs	(345)	(322)	(643)	(580)
Other	19	164	35	211
Total other income	$ 61	$ 198	$ 126	$ 306

Other income decreased by $137 million, or 69.2%, and $180 million, or 58.8%, for the three and six months ended June 30, 2023, respectively. The decreases for the three and six months ended June 30, 2023 were primarily driven by the recognition in the prior year of the gain on sale of $120 million from the portfolio sales in the second quarter of 2022. The decrease for the six months ended June 30, 2023 was also driven by higher loyalty program costs associated with purchase volume growth and downward adjustments to certain equity method investments in the current year compared to investment gains in the prior year period, partially offset by higher debt cancellation fees.

Other Expense

($ in millions)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Employee costs	$ 451	$ 404	$ 902	$ 806
Professional fees	209	185	395	395
Marketing and business development	133	135	264	251
Information processing	179	163	345	308
Other	197	196	382	362
Total other expense	$ 1,169	$ 1,083	$ 2,288	$ 2,122

Other expense increased by $86 million, or 7.9% and by $166 million, or 7.8%, for the three and six months ended June 30, 2023, respectively, primarily driven by growth related items as well as higher operational losses and technology investments. These increases were partially offset by $62 million of additional marketing and site strategy actions taken in the prior year related to reinvestment of the gain on sale proceeds.

Employee costs increased for the three and six months ended June 30, 2023 primarily attributable to an increase in headcount driven by growth and higher benefit costs.

Professional fees and information processing increased for the three months ended June 30, 2023 primarily due to increased technology investments. The increase in information processing for the six months ended June 30, 2023 was primarily due to the same factor.

Marketing and business development costs remained flat for the three months ended June 30, 2023, as higher marketing investments in the current year to support business growth were offset by the additional marketing and growth investments in the prior year discussed above. Marketing and business development costs increased for the six months ended June 30, 2023 due to higher marketing investments in the current year to support business growth.

Other remained flat for the three months ended June 30, 2023, as higher operational losses were offset by the site strategy actions taken in the prior year. Other increased for the six months ended June 30, 2023, primarily due to higher operational losses which exceeded the impact from the site strategy actions taken in the prior year.

Provision for Income Taxes

($ in millions)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Effective tax rate	23.3 %	24.6 %	23.6 %	24.5 %
Provision for income taxes	$ 173	$ 262	$ 362	$ 563

The effective tax rate for the three and six months ended June 30, 2023 decreased compared to the same period in the prior year primarily due to the impact of higher research and development credits and the remeasurement of the state deferred tax asset caused by state income tax rate increases in the current year. The impact of both items is larger in the current year due to a decline in pre-tax income. For both periods presented, the effective tax rate differs from the applicable U.S. federal statutory tax rate primarily due to state income taxes.

Platform Analysis

As discussed above under "—*Our Sales Platforms*," we offer our credit products primarily through five sales platforms (Home & Auto, Digital, Diversified & Value, Health & Wellness and Lifestyle), which management measures based on their revenue-generating activities. The following is a discussion of certain supplemental information for the three and six months ended June 30, 2023, for each of our five sales platforms and Corp, Other.

Home & Auto

($ in millions)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Purchase volume	$ 12,853	$ 12,895	$ 23,716	$ 23,155
Period-end loan receivables	$ 30,926	$ 27,989	$ 30,926	$ 27,989
Average loan receivables, including held for sale	$ 30,210	$ 27,106	$ 29,951	$ 26,758
Average active accounts (in thousands)	18,935	17,942	18,769	17,746
Interest and fees on loans	$ 1,275	$ 1,108	$ 2,500	$ 2,196
Other income	$ 27	$ 23	$ 52	$ 44

Home & Auto interest and fees on loans increased by $167 million, or 15.1%, and increased by $304 million, or 13.8%, for the three and six months ended June 30, 2023, respectively, primarily driven by growth in average loan receivables and higher benchmark rates. The growth in average loan receivables for both periods primarily reflects the impact of lower customer payment rates, as well as purchase volume growth of 2.4% for the six months ended June 30, 2023. Purchase volume remained flat for the three months ended June 30, 2023, as purchase volume growth from higher transaction values in Furniture and Home Specialty and growth in commercial sales were offset by lower retail traffic and the effects from a reduction in gas prices.

Digital

($ in millions)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Purchase volume	$ 13,472	$ 12,463	$ 25,733	$ 23,659
Period-end loan receivables	$ 25,758	$ 21,842	$ 25,758	$ 21,842
Average loan receivables, including held for sale	$ 25,189	$ 21,255	$ 25,086	$ 21,208
Average active accounts (in thousands)	20,559	19,069	20,570	19,042
Interest and fees on loans	$ 1,422	$ 1,058	$ 2,785	$ 2,080
Other income	$ (2)	$ (13)	$ (1)	$ (25)

Digital interest and fees on loans increased by $364 million, or 34.4%, and $705 million, or 33.9%, for the three and six months ended June 30, 2023, respectively, primarily driven by growth in average loan receivables, the impact of higher benchmark rates and the maturation of newer programs. The growth in average loan receivables for both periods reflected purchase volume growth of 8.1% and 8.8%, respectively, and average active account growth of 7.8% and 8.0%, respectively.

Diversified & Value

($ in millions)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Purchase volume	$ 15,356	$ 14,388	$ 28,795	$ 25,946
Period-end loan receivables	$ 18,329	$ 16,076	$ 18,329	$ 16,076
Average loan receivables, including held for sale	$ 17,935	$ 15,498	$ 17,825	$ 15,314
Average active accounts (in thousands)	20,346	19,026	20,652	19,189
Interest and fees on loans	$ 1,091	$ 826	$ 2,161	$ 1,652
Other income	$ (21)	$ (35)	$ (35)	$ (44)

Diversified & Value interest and fees on loans increased by $265 million, or 32.1%, and $509 million, or 30.8%, for the three and six months ended June 30, 2023, respectively, primarily driven by growth in average loan receivables and higher benchmark rates. The growth in average loan receivables for both periods reflected purchase volume growth of 6.7% and 11.0%, respectively, reflecting higher out-of-partner spend, strong retailer performance and average active account growth of 6.9% and 7.6%, respectively.

Health & Wellness

($ in millions)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Purchase volume	$ 4,015	$ 3,443	$ 7,705	$ 6,550
Period-end loan receivables	$ 13,327	$ 10,932	$ 13,327	$ 10,932
Average loan receivables, including held for sale	$ 12,859	$ 10,596	$ 12,585	$ 10,424
Average active accounts (in thousands)	7,063	6,177	6,976	6,102
Interest and fees on loans	$ 786	$ 644	$ 1,521	$ 1,260
Other income	$ 54	$ 49	$ 115	$ 102

Health & Wellness interest and fees on loans increased by $142 million, or 22.0%, and $261 million, or 20.7% for the three and six months ended June 30, 2023, respectively, primarily driven by growth in average loan receivables. The growth in average loan receivables for both periods reflected continued higher promotional purchase volume and lower customer payment rates. Purchase volume increased 16.6% and 17.6%, respectively, and average active accounts increased 14.3% for both the three and six months ended June 30, 2023.

Other income increased by $5 million, or 10.2%, and $13 million, or 12.7%, for the three and six months ended June 30, 2023, respectively, primarily due to higher debt cancellation fees.

Lifestyle

($ in millions)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Purchase volume	$ 1,580	$ 1,431	$ 2,882	$ 2,626
Period-end loan receivables	$ 6,280	$ 5,558	$ 6,280	$ 5,558
Average loan receivables, including held for sale	$ 6,106	$ 5,443	$ 6,013	$ 5,411
Average active accounts (in thousands)	2,529	2,510	2,575	2,551
Interest and fees on loans	$ 232	$ 194	$ 455	$ 385
Other income	$ 7	$ 7	$ 14	$ 13

Lifestyle interest and fees on loans increased by $38 million, or 19.6%, and $70 million, or 18.2%, for the three and six months ended June 30, 2023, respectively, primarily driven by growth in average loan receivables and higher benchmark interest rates. The growth in average loan receivables for both periods reflected purchase volume growth of 10.4% and 9.7% for the three and six months ended June 30, 2023, respectively, which was driven by higher transaction values in Outdoor and Luxury.

Corp, Other

($ in millions)	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Purchase volume	$ —	$ 2,597	$ 2	$ 5,771
Period-end loan receivables	$ 181	$ 277	$ 181	$ 277
Average loan receivables, including held for sale	$ 190	$ 3,514	$ 196	$ 3,966
Average active accounts (in thousands)	85	3,947	95	4,808
Interest and fees on loans	$ 6	$ 209	$ 6	$ 474
Other income	$ (4)	$ 167	$ (19)	$ 216

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

Other income decreased by $171 million or 102.4%, and by $235 million, or 108.8%, for the three and six months ended June 30, 2023, respectively primarily due to the gain on sale of $120 million recognized in the prior year and lower interchange revenue related to the portfolios sold in the second quarter of 2022.

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.

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

($ in millions)	At June 30, 2023	(%)	At December 31, 2022	(%)
Loans				
Credit cards	$ 89,299	94.2 %	$ 87,630	94.8 %
Consumer installment loans	3,548	3.8 %	3,056	3.3
Commercial credit products	1,826	1.9 %	1,682	1.8
Other	128	0.1 %	102	0.1
Total loans	$ 94,801	100.0 %	$ 92,470	100.0 %

Loan receivables increased 2.5% to $94.8 billion at June 30, 2023 compared to December 31, 2022, and increased 14.7% to $94.8 billion at June 30, 2023 compared to $82.7 billion at June 30, 2022. The increases in loan receivables were primarily driven by lower customer payment rates and purchase volume growth. The increase compared to December 31, 2022 was partially offset by the seasonality of our business.

Our loan receivables portfolio had the following geographic concentration at June 30, 2023.

($ in millions) **State**	Loan Receivables Outstanding	% of Total Loan Receivables Outstanding
Texas	$ 10,339	10.9 %
California	$ 9,835	10.4 %
Florida	$ 8,765	9.2 %
New York	$ 4,665	4.9 %
North Carolina	$ 3,911	4.1 %

Delinquencies

Over-30 day loan delinquencies as a percentage of period-end loan receivables increased to 3.84% at June 30, 2023 from 2.74% at June 30, 2022, and increased from 3.65% at December 31, 2022. These increases were primarily driven by lower customer payment rates.

Net Charge-Offs

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

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

	Three months ended June 30,			
	2023		2022	
($ in millions)	Amount	Rate	Amount	Rate
Credit cards	$ 1,025	4.71 %	$ 541	2.75 %
Consumer installment loans	39	4.66 %	11	1.59 %
Commercial credit products	32	7.10 %	15	3.64 %
Other	—	— %	—	— %
Total net charge-offs	$ 1,096	4.75 %	$ 567	2.73 %

	Six months ended June 30,			
	2023		2022	
($ in millions)	Amount	Rate	Amount	Rate
Credit cards	$ 1,963	4.57 %	$ 1,071	2.74 %
Consumer installment loans	78	4.87 %	28	2.07 %
Commercial credit products	61	7.02 %	26	3.39 %
Other	—	— %	—	— %
Total net charge-offs	$ 2,102	4.62 %	$ 1,125	2.73 %

Allowance for Credit Losses

The allowance for credit losses totaled $9.8 billion at June 30, 2023, compared to $9.5 billion at December 31, 2022, respectively, and $8.8 billion at June 30, 2022, 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 increased to 10.34% at June 30, 2023, from 10.30% at December 31, 2022 and decreased from 10.65% at June 30, 2022.

The increase in allowance for credit losses compared to June 30, 2022 and December 31, 2022 was primarily driven by growth in loan receivables. The increase compared to December 31, 2022 was partially offset by a $294 million reduction related to the adoption of ASU 2022-02 on January 1, 2023 which eliminated the separate recognition and measurement guidance for troubled debt restructurings ("TDRs"). See Note 2. *Basis of Presentation and Summary of Significant Accounting Policie*s and Note 4. *Loan Receivables and Allowance for Credit Losses* to our condensed consolidated financial statements for additional information on the effects of adoption of the new accounting guidance.

Funding, Liquidity and Capital Resources

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

Funding Sources

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

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

Three months ended June 30 ($ in millions)	2023			2022		
	Average Balance	**%**	**Average Rate**	**Average Balance**	**%**	**Average Rate**
Deposits[1]	$ 74,812	83.7 %	3.8 %	$ 63,961	82.5 %	1.0 %
Securitized financings	5,863	6.6	5.3	6,563	8.5	2.4
Senior and subordinated unsecured notes	8,707	9.7	4.9	6,974	9.0	4.1
Total	$ 89,382	100.0 %	4.0 %	$ 77,498	100.0 %	1.4 %

(1) Excludes $420 million and $396 million average balance of non-interest-bearing deposits for the three months ended June 30, 2023 and 2022, respectively. Non-interest-bearing deposits comprise less than 10% of total deposits for the three months ended June 30, 2023 and 2022.

Six months ended June 30 ($ in millions)	2023			2022		
	Average Balance	**%**	**Average Rate**	**Average Balance**	**%**	**Average Rate**
Deposits[1]	$ 73,521	83.4 %	3.5 %	$ 63,142	82.1 %	0.9 %
Securitized financings	6,045	6.9	5.2	6,695	8.7	2.2
Senior and subordinated unsecured notes	8,575	9.7	4.9	7,096	9.2	4.1
Total	$ 88,141	100.0 %	3.7 %	$ 76,933	100.0 %	1.3 %

(1) Excludes $415 million and $385 million average balance of non-interest-bearing deposits for the six months ended June 30, 2023 and 2022, respectively. Non-interest-bearing deposits comprise less than 10% of total deposits for the six months ended June 30, 2023 and 2022.

Deposits

We obtain deposits directly from retail, affinity relationships and commercial customers (“direct deposits”) or through third-party brokerage firms that offer our deposits to their customers (“brokered deposits”). At June 30, 2023, we had $62.9 billion in direct deposits and $12.9 billion in deposits originated through brokerage firms (including network deposit sweeps procured through a program arranger that channels brokerage account deposits to us). A key part of our liquidity plan and funding strategy is to continue to utilize our direct deposit base as a source of stable and diversified low-cost funding.

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

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

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

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

	2023			2022		
Three months ended June 30 ($ in millions)	**Average Balance**	**%**	**Average Rate**	**Average Balance**	**%**	**Average Rate**
Direct deposits:						
Certificates of deposit (including IRA certificates of deposit)	$ 32,722	43.7 %	3.6 %	$ 21,612	33.8 %	1.1 %
Savings, money market, and demand accounts	28,893	38.6	4.1	30,868	48.3	0.7
Brokered deposits	13,197	17.7	3.9	11,481	17.9	1.6
Total interest-bearing deposits	$ 74,812	100.0 %	3.8 %	$ 63,961	100.0 %	1.0 %

	2023			2022		
Six months ended June 30 ($ in millions)	**Average Balance**	**%**	**Average Rate**	**Average Balance**	**%**	**Average Rate**
Direct deposits:						
Certificates of deposit (including IRA certificates of deposit)	$ 30,935	42.1 %	3.2 %	$ 20,923	33.1 %	1.1 %
Savings, money market, and demand accounts	29,401	40.0	3.7	30,982	49.1	0.6
Brokered deposits	13,185	17.9	3.7	11,237	17.8	1.3
Total interest-bearing deposits	$ 73,521	100.0 %	3.5 %	$ 63,142	100.0 %	0.9 %

Our deposit liabilities provide funding with maturities ranging from one day to ten years. At June 30, 2023, 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 June 30, 2023:

($ in millions)	**3 Months or Less**	**Over 3 Months but within 6 Months**	**Over 6 Months but within 12 Months**	**Over 12 Months**	**Total**
U.S. deposits (less than FDIC insurance limit)[(1)(2)]	$ 30,477	$ 4,858	$ 14,024	$ 11,445	$ 60,804
U.S. deposits (in excess of FDIC insurance limit)[(2)]					
Direct deposits:					
Certificates of deposit (including IRA certificates of deposit)	1,035	1,220	4,424	1,982	8,661
Savings, money market, and demand accounts	6,300	—	—	—	6,300
Total	$ 37,812	$ 6,078	$ 18,448	$ 13,427	$ 75,765

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(1) Includes brokered certificates of deposit for which underlying individual deposit balances are assumed to be less than $250,000.
(2) The standard deposit insurance amount is $250,000 per depositor, for each account ownership category. Deposits in excess of FDIC insurance limit presented above include partially insured accounts. Our estimate of the uninsured portion of these deposit balances at June 30, 2023 was approximately $5.1 billion.

Securitized Financings

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

The following table summarizes expected contractual maturities of the investors' interests in securitized financings, excluding debt premiums, discounts and issuance costs at June 30, 2023.

($ in millions)	Less Than One Year	One Year Through Three Years	Four Years Through Five Years	After Five Years	Total
Scheduled maturities of long-term borrowings—owed to securitization investors:					
SYNCT	$ 750	$ 1,550	$ —	$ —	$ 2,300
SFT	—	1,550	—	—	1,550
SYNIT[1]	—	1,675	—	—	1,675
Total long-term borrowings—owed to securitization investors	$ 750	$ 4,775	$ —	$ —	$ 5,525

(1) Excludes any subordinated classes of SYNIT notes that we owned at June 30, 2023.

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

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

The following table summarizes for each of our trusts the three-month rolling average excess spread at June 30, 2023.

	Note Principal Balance ($ in millions)	# of Series Outstanding	Three-Month Rolling Average Excess Spread[1]
SYNCT	$ 2,300	4	~ 14.9% to 15.7%
SFT	$ 1,550	6	13.3 %
SYNIT	$ 1,675	1	19.0 %

(1) Represents the excess spread (generally calculated as interest income collected from the applicable pool of loan receivables less applicable net charge-offs, interest expense and servicing costs, divided by the aggregate principal amount of loan receivables in the applicable pool) for SFT or, in the case of SYNCT, a range of the excess spreads relating to the particular series issued within such trust or, in the case of SYNIT, the excess spread relating to the one outstanding series issued within such trust, in all cases omitting any series that have not been outstanding for at least three full monthly periods and calculated in accordance with the applicable trust or series documentation, for the three securitization monthly periods ended June 30, 2023.

Senior and Subordinated Unsecured Notes

The following table provides a summary of our outstanding fixed rate senior and subordinated unsecured notes at June 30, 2023, which includes $750 million of subordinated unsecured notes issued by Synchrony Financial in February 2023.

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

(1) Weighted average interest rate of all senior and subordinated unsecured notes at June 30, 2023 was 4.69%.
(2) The amounts shown exclude unamortized debt discounts, premiums and issuance costs.

Short-Term Borrowings

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

Other

At June 30, 2023, 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 and subordinated 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 June 30, 2023.

At June 30, 2023, we were not in default under any of our credit facilities.

Credit Ratings

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

The table below reflects our current credit ratings and outlooks:

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

In addition, certain of the asset-backed securities issued by 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 June 30, 2023 had $16.4 billion of liquid assets, primarily consisting of cash and equivalents and short-term obligations of the U.S. Treasury, less cash in transit which is not considered to be liquid, compared to $14.2 billion of liquid assets at December 31, 2022. The increase in liquid assets was primarily due to deposit growth, issuance of subordinated unsecured debt and the seasonality of our business. We believe our liquidity position at June 30, 2023 remains strong as we continue to operate in a period of uncertain economic conditions and we will continue to closely monitor our liquidity as economic conditions change.

As additional sources of liquidity, at June 30, 2023, we had an aggregate of $2.5 billion of undrawn committed capacity on our securitized financings, subject to customary borrowing conditions, from private lenders under our securitization programs and $0.5 billion of undrawn committed capacity under our unsecured revolving credit facility with private lenders, 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 2022 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.

While we have not been subject to the Federal Reserve Board's formal capital plan submission requirements to-date, we submitted a capital plan to the Federal Reserve Board in 2023. While not currently required, our capital plan process does include certain internal stress testing.

In 2023, our average total consolidated assets exceeded $100 billion and we will now become subject to existing enhanced prudential standards following applicable transition periods. We will be subject to the Federal Reserve Board's formal capital plan submission requirements in 2024 and will be required to conduct stress tests beginning in 2026. See "*Regulation—Regulation Relating to Our Business—Recent Legislative and Regulatory Developments*" in our 2022 Form 10-K for additional information on regulations that are currently applicable to us, as well as these enhanced prudential standards.

Dividend and Share Repurchases

Common Stock Cash Dividends Declared	Month of Payment	Amount per Common Share	Amount
($ in millions, except per share data)			
Three months ended March 31, 2023	February 2023	$ 0.23	$ 100
Three months ended June 30, 2023	May 2023	0.23	99
Total dividends declared		$ 0.46	$ 199

Preferred Stock Cash Dividends Declared	Month of Payment	Amount per Preferred Share	Amount
($ in millions, except per share data)			
Three months ended March 31, 2023	February 2023	$ 14.06	$ 11
Three months ended June 30, 2023	May 2023	14.06	10
Total dividends declared		$ 28.12	$ 21

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 2022 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, 2023	11.3	$ 400
Three months ended June 30, 2023	10.5	300
Total	21.8	$ 700

In April 2023 the Board of Directors approved an incremental share repurchase program of up to $1.0 billion, through June 30, 2024. Repurchases under this program are subject to market conditions and other factors, including legal and regulatory restrictions and required approvals, if any. During the six months ended June 30, 2023, we repurchased $700 million of common stock as part of our share repurchase programs, with remaining authorized share repurchase capacity of $1.0 billion through June 2024.

Regulatory Capital Requirements - Synchrony Financial

As a savings and loan holding company, we are required to maintain minimum capital ratios, under the applicable U.S. Basel III capital rules. For more information, see "*Regulation—Savings and Loan Holding Company Regulation*" in our 2022 Form 10-K.

For Synchrony Financial to be a well-capitalized savings and loan holding company, Synchrony Bank must be well-capitalized and Synchrony Financial must not be subject to any written agreement, order, capital directive, or prompt corrective action directive issued by the Federal Reserve Board to meet and maintain a specific capital level for any capital measure. At June 30, 2023, Synchrony Financial met all the requirements to be deemed well-capitalized.

The following table sets forth the composition of our capital ratios for the Company calculated under the Basel III Standardized Approach rules at June 30, 2023 and December 31, 2022, respectively.

	Basel III			
	At June 30, 2023		At December 31, 2022	
($ in millions)	Amount	Ratio[(1)]	Amount	Ratio[(1)]
Total risk-based capital	$ 14,479	15.2 %	$ 13,713	15.0 %
Tier 1 risk-based capital	$ 12,462	13.1 %	$ 12,493	13.6 %
Tier 1 leverage	$ 12,462	11.6 %	$ 12,493	12.3 %
Common equity Tier 1 capital	$ 11,728	12.3 %	$ 11,759	12.8 %
Risk-weighted assets	$ 95,060		$ 91,596	

(1) Tier 1 leverage ratio represents total Tier 1 capital as a percentage of total average assets, after certain adjustments. All other ratios presented above represent the applicable capital measure as a percentage of risk-weighted assets.

The Company elected to adopt the option provided by the interim final rule issued by joint federal bank regulatory agencies, which largely delayed the effects of CECL on our regulatory capital through December 31, 2021. Beginning in the first quarter of 2022, the effects are now being phased-in over a three-year transitional period through 2024, collectively the "CECL regulatory capital transition adjustment". The effects of CECL on our regulatory capital will be fully phased-in beginning in the first quarter of 2025. For more information, see "*Capital—Regulatory Capital Requirements - Synchrony Financial*" in our 2022 Form 10-K.

Capital amounts and ratios in the above table all reflect the applicable CECL regulatory capital transition adjustment for each period. The decrease in our common equity Tier 1 capital ratio compared to December 31, 2022 was primarily due to the second year phase-in of the impact of CECL on our regulatory capital and an increase in risk-weighted assets during the six months ended June 30, 2023, partially offset by the retention of net earnings during the same period and the impact from the adoption of the new accounting standard for TDRs. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policie*s for additional information on the new accounting standard.

Regulatory Capital Requirements - Synchrony Bank

At June 30, 2023 and December 31, 2022, the Bank met all applicable requirements to be deemed well-capitalized pursuant to OCC regulations and for purposes of the Federal Deposit Insurance Act. The following table sets forth the composition of the Bank's capital ratios calculated under the Basel III Standardized Approach rules at June 30, 2023 and December 31, 2022, and also reflects the applicable CECL regulatory capital transition adjustment for each period.

($ in millions)	At June 30, 2023 Amount		At June 30, 2023 Ratio	At December 31, 2022 Amount		At December 31, 2022 Ratio	Minimum to be Well-Capitalized under Prompt Corrective Action Provisions Ratio
Total risk-based capital	$	14,036	15.7 %	$	13,313	15.6 %	10.0%
Tier 1 risk-based capital	$	12,086	13.5 %	$	12,174	14.2 %	8.0%
Tier 1 leverage	$	12,086	12.0 %	$	12,174	12.8 %	5.0%
Common equity Tier 1 capital	$	12,086	13.5 %	$	12,174	14.2 %	6.5%

Failure to meet minimum capital requirements can result in the initiation of certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could limit our business activities and have a material adverse effect on our business, results of operations and financial condition. See "*Regulation—Risk Factors Relating to Regulation—Failure by Synchrony and the Bank to meet applicable capital adequacy and liquidity requirements could have a material adverse effect on us*" in our 2022 Form 10-K.

Off-Balance Sheet Arrangements and Unfunded Lending Commitments

We do not have any material off-balance sheet arrangements, including guarantees of third-party obligations. Guarantees are contracts or indemnification agreements that contingently require us to make a guaranteed payment or perform an obligation to a third-party based on certain trigger events. At June 30, 2023, 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 variable interest entities ("VIE's").

We extend credit, primarily arising from agreements with customers for unused lines of credit on our credit cards, in the ordinary course of business. Each unused credit card line is unconditionally cancellable by us. See Note 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 2022 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.

In 2023, our average total consolidated assets exceeded $100 billion and we will now become subject to existing enhanced prudential standards following applicable transition periods. See "*Regulation—Regulation Relating to Our Business—Recent Legislative and Regulatory Developments*" in our 2022 Form 10-K for additional information on regulations that are currently applicable to us, as well as these enhanced prudential standards. 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.

Additionally, in July 2023, the Federal Reserve Vice Chair for Supervision indicated that the Board of Governors of the Federal Reserve plan to issue a notice of proposed rulemaking that will include changes to the regulatory capital requirements for U.S. banks and bank holding companies with at least $100 billion in total assets, including potential changes to stress testing requirements. Upon issuance, the notice of proposed rulemaking would be subject to a public comment period prior to finalization. However, to the extent the proposed changes are finalized and adopted, they may increase our regulatory capital requirements, which may decrease our return on equity and could result in limitations on our ability to pay dividends or repurchase our stock.

ITEM 1. FINANCIAL STATEMENTS

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

	Three months ended June 30,		Six months ended June 30,	
($ in millions, except per share data)	2023	2022	2023	2022
Interest income:				
Interest and fees on loans (Note 4)	$ 4,812	$ 4,039	$ 9,428	$ 8,047
Interest on cash and debt securities	209	35	379	49
Total interest income	5,021	4,074	9,807	8,096
Interest expense:				
Interest on deposits	717	160	1,274	287
Interest on borrowings of consolidated securitization entities	78	40	155	73
Interest on senior and subordinated unsecured notes	106	72	207	145
Total interest expense	901	272	1,636	505
Net interest income	4,120	3,802	8,171	7,591
Retailer share arrangements	(887)	(1,127)	(1,804)	(2,231)
Provision for credit losses (Note 4)	1,383	724	2,673	1,245
Net interest income, after retailer share arrangements and provision for credit losses	1,850	1,951	3,694	4,115
Other income:				
Interchange revenue	262	263	494	493
Debt cancellation fees	125	93	240	182
Loyalty programs	(345)	(322)	(643)	(580)
Other	19	164	35	211
Total other income	61	198	126	306
Other expense:				
Employee costs	451	404	902	806
Professional fees	209	185	395	395
Marketing and business development	133	135	264	251
Information processing	179	163	345	308
Other	197	196	382	362
Total other expense	1,169	1,083	2,288	2,122
Earnings before provision for income taxes	742	1,066	1,532	2,299
Provision for income taxes (Note 12)	173	262	362	563
Net earnings	$ 569	$ 804	$ 1,170	$ 1,736
Net earnings available to common stockholders	$ 559	$ 793	$ 1,149	$ 1,715
Earnings per share				
Basic	$ 1.32	$ 1.61	$ 2.74	$ 3.40
Diluted	$ 1.32	$ 1.60	$ 2.73	$ 3.38

See accompanying notes to condensed consolidated financial statements.

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
($ in millions)	2023	2022	2023	2022
Net earnings	$ 569	$ 804	$ 1,170	$ 1,736
Other comprehensive income (loss)				
Debt securities	4	(27)	28	(77)
Currency translation adjustments	2	(2)	1	(4)
Employee benefit plans	—	1	—	1
Other comprehensive income (loss)	6	(28)	29	(80)
Comprehensive income	$ 575	$ 776	$ 1,199	$ 1,656

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 June 30, 2023	At December 31, 2022
Assets		
Cash and equivalents	$ 12,706	$ 10,294
Debt securities (Note 3)	4,294	4,879
Loan receivables: (Notes 4 and 5)		
Unsecuritized loans held for investment	75,532	72,638
Restricted loans of consolidated securitization entities	19,269	19,832
Total loan receivables	94,801	92,470
Less: Allowance for credit losses	(9,804)	(9,527)
Loan receivables, net	84,997	82,943
Goodwill	1,105	1,105
Intangible assets, net (Note 6)	1,226	1,287
Other assets	4,369	4,056
Total assets	$ 108,697	$ 104,564
Liabilities and Equity		
Deposits: (Note 7)		
Interest-bearing deposit accounts	$ 75,344	$ 71,336
Non-interest-bearing deposit accounts	421	399
Total deposits	75,765	71,735
Borrowings: (Notes 5 and 8)		
Borrowings of consolidated securitization entities	5,522	6,227
Senior and subordinated unsecured notes	8,709	7,964
Total borrowings	14,231	14,191
Accrued expenses and other liabilities	5,321	5,765
Total liabilities	$ 95,317	$ 91,691
Equity:		
Preferred stock, par share value $0.001 per share; 750,000 shares authorized; 750,000 shares issued and outstanding at both June 30, 2023 and December 31, 2022 and aggregate liquidation preference of $750 at both June 30, 2023 and December 31, 2022	$ 734	$ 734
Common Stock, par share value $0.001 per share; 4,000,000,000 shares authorized; 833,984,684 shares issued at both June 30, 2023 and December 31, 2022; 418,109,398 and 438,216,755 shares outstanding at June 30, 2023 and December 31, 2022, respectively	1	1
Additional paid-in capital	9,727	9,718
Retained earnings	17,828	16,716
Accumulated other comprehensive income (loss):		
Debt securities	(65)	(93)
Currency translation adjustments	(37)	(38)
Employee benefit plans	6	6
Treasury stock, at cost; 415,875,286 and 395,767,929 shares at June 30, 2023 and December 31, 2022, respectively	(14,814)	(14,171)
Total equity	13,380	12,873
Total liabilities and equity	$ 108,697	$ 104,564

See accompanying notes to condensed consolidated financial statements.

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

($ in millions, shares in thousands)	Preferred Stock 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, 2022	750	$ 734	833,985	$ 1	$ 9,669	$ 14,245	$ (69)	$ (10,925)	$ 13,655
Net earnings	—	—	—	—	—	932	—	—	932
Other comprehensive income	—	—	—	—	—	—	(52)	—	(52)
Purchases of treasury stock	—	—	—	—	—	—	—	(968)	(968)
Stock-based compensation	—	—	—	—	(26)	(50)	—	51	(25)
Dividends - preferred stock ($14.06 per share)	—	—	—	—	—	(10)	—	—	(10)
Dividends - common stock ($0.22 per share)	—	—	—	—	—	(114)	—	—	(114)
Balance at March 31, 2022	750	$ 734	833,985	$ 1	$ 9,643	$ 15,003	$ (121)	$ (11,842)	$ 13,418
Net earnings	—	—	—	—	—	804	—	—	804
Other comprehensive income	—	—	—	—	—	—	(28)	—	(28)
Purchases of treasury stock	—	—	—	—	—	—	—	(701)	(701)
Stock-based compensation	—	—	—	—	20	(9)	—	8	19
Dividends - preferred stock ($14.06 per share)	—	—	—	—	—	(11)	—	—	(11)
Dividends - common stock ($0.22 per share)	—	—	—	—	—	(108)	—	—	(108)
Balance at June 30, 2022	750	$ 734	833,985	$ 1	$ 9,663	$ 15,679	$ (149)	$ (12,535)	$ 13,393

($ 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, 2023	750	$ 734	833,985	$ 1	$ 9,718	$ 16,716	$ (125)	$ (14,171)	$ 12,873
Cumulative effect of change in accounting principle						222			222
Adjusted balance, beginning of period	750	734	833,985	1	9,718	16,938	(125)	(14,171)	13,095
Net earnings			—	—	—	601	—	—	601
Other comprehensive income	—	—	—	—	—	—	23		23
Purchases of treasury stock	—	—	—	—	—	—		(404)	(404)
Stock-based compensation	—	—	—	—	(13)	(59)		61	(11)
Dividends - preferred stock ($14.06 per share)						(11)			(11)
Dividends - common stock ($0.23 per share)	—	—	—	—	—	(100)	—	—	(100)
Balance at March 31, 2023	750	$ 734	833,985	$ 1	$ 9,705	$ 17,369	$ (102)	$ (14,514)	$ 13,193
Net earnings	—	—	—	—	—	569	—	—	569
Other comprehensive income	—	—	—	—	—	—	6	—	6
Purchases of treasury stock	—	—	—	—	—	—	—	(303)	(303)
Stock-based compensation	—	—	—	—	22	(1)	—	3	24
Dividends - preferred stock ($14.06 per share)	—	—	—	—	—	(10)	—	—	(10)
Dividends - common stock ($0.23 per share)	—	—	—	—	—	(99)	—	—	(99)
Balance at June 30, 2023	750	$ 734	833,985	$ 1	$ 9,727	$ 17,828	$ (96)	$ (14,814)	$ 13,380

See accompanying notes to condensed consolidated financial statements.

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

	Six months ended June 30,	
($ in millions)	**2023**	**2022**
Cash flows - operating activities		
Net earnings	$ 1,170	$ 1,736
Adjustments to reconcile net earnings to cash provided from operating activities		
Provision for credit losses	2,673	1,245
Deferred income taxes	(151)	(74)
Depreciation and amortization	224	213
(Increase) decrease in interest and fees receivable	(183)	283
(Increase) decrease in other assets	(124)	11
Increase (decrease) in accrued expenses and other liabilities	(179)	(391)
All other operating activities	364	190
Cash provided from (used for) operating activities	3,794	3,213
Cash flows - investing activities		
Maturity and sales of debt securities	2,018	2,807
Purchases of debt securities	(1,212)	(2,660)
Proceeds from sale of loan receivables	—	3,930
Net (increase) decrease in loan receivables, including held for sale	(5,014)	(3,045)
All other investing activities	(289)	(266)
Cash provided from (used for) investing activities	(4,497)	766
Cash flows - financing activities		
Borrowings of consolidated securitization entities		
Proceeds from issuance of securitized debt	250	997
Maturities and repayment of securitized debt	(957)	(2,600)
Senior and subordinated unsecured notes		
Proceeds from issuance of senior and subordinated unsecured notes	740	746
Maturities and repayment of senior and subordinated unsecured notes	—	(1,500)
Dividends paid on preferred stock	(21)	(21)
Net increase (decrease) in deposits	4,056	2,434
Purchases of treasury stock	(707)	(1,669)
Dividends paid on common stock	(199)	(222)
All other financing activities	(34)	(40)
Cash provided from (used for) financing activities	3,128	(1,875)
Increase (decrease) in cash and equivalents, including restricted amounts	2,425	2,104
Cash and equivalents, including restricted amounts, at beginning of period	10,430	8,686
Cash and equivalents at end of period:		
Cash and equivalents	12,706	10,682
Restricted cash and equivalents included in other assets	149	108
Total cash and equivalents, including restricted amounts, at end of period	$ 12,855	$ 10,790

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, co-brand and general purpose credit cards, as well as short- and long-term installment loans, and savings products insured by the Federal Deposit Insurance Corporation ("FDIC") through Synchrony Bank (the "Bank").

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

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

Basis of Presentation

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

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

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

Consolidated Basis of Presentation

The Company's financial statements have been prepared on a consolidated basis. Under this basis of presentation, our financial statements consolidate all of our subsidiaries – i.e., entities in which we have a controlling financial interest, most often because we hold a majority voting interest. To determine if we hold a controlling financial interest in an entity, we first evaluate if we are required to apply the variable interest entity ("VIE") model to the entity, otherwise the entity is evaluated under the voting interest model. We consolidate certain securitization entities under the VIE model. See Note 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 2022 annual consolidated financial statements and the related notes in our Annual Report on Form 10-K for the year ended December 31, 2022 (our "2022 Form 10-K").

New Accounting Standards

Newly Adopted Accounting Standards

In March 2022, the FASB issued ASU No. 2022-02, Financial Instruments – Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures. This ASU eliminates the separate recognition and measurement guidance for Troubled Debt Restructurings ("TDRs") by creditors. The elimination of the TDR guidance may be adopted prospectively for loan modifications after adoption or on a modified retrospective basis, which would also apply to loans previously modified, resulting in a cumulative effect adjustment to retained earnings in the period of adoption for changes in the allowance for credit losses.

The Company adopted this guidance as of January 1, 2023, on a modified retrospective basis, which resulted in the recognition of the effects of adoption through a cumulative-effect adjustment to retained earnings. As a result of adoption, we incurred a reduction of $294 million to the Company's allowance for credit losses, and a corresponding increase, net of tax effect, to retained earnings of $222 million. Subsequent updates to our estimate of expected credit losses have been recorded through the provision for credit losses in our Condensed Consolidated Statement of Earnings.

Allowance for Credit Losses

Following the adoption of ASU 2022-02 on January 1, 2023 discussed above, we have made the following changes prospectively to our significant accounting policies.

We no longer separately measure our allowance for credit losses on TDRs, and we incorporate the impact of loan modifications made to borrowers experiencing financial difficulties into our overall assessment of portfolio loss content and estimate of expected credit losses. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our 2022 annual consolidated financial statements in our 2022 Form 10-K, for additional information on the methodology used to estimate expected credit losses.

Loan Modifications and Restructurings

Our loss mitigation strategy is intended to minimize economic loss and, at times, can result in rate reductions, principal forgiveness, extensions or other actions, for borrowers experiencing financial difficulty. We primarily use long-term modification programs for borrowers experiencing financial difficulty as a loss mitigation strategy to improve long-term collectability of the loans. The long-term modification programs include changing the structure of the loan to a fixed payment loan with a maturity no longer than 60 months, reducing the interest rate on the loan, and stopping the assessment of penalty fees. We also make long-term loan modifications for customers who request financial assistance through external sources, such as through consumer credit counseling service agencies. Long-term loan modification programs do not normally include the forgiveness of unpaid principal, interest or fees. We may also provide certain borrowers with a short-term loan modification program (generally up to 3 months) that can include the forgiveness of unpaid principal balance, interest and/or fees. The evaluation of whether a borrower is experiencing financial difficulty includes our consideration of all relevant facts and circumstances. See Note 4. *Loan Receivables and Allowance for Credit Losses* for additional information on our loan modifications and restructurings.

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

See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our 2022 annual consolidated financial statements in our 2022 Form 10-K, for additional information on our applicable significant accounting policies in effect prior to the adoption of ASU 2022-02.

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:

	June 30, 2023				December 31, 2022			
($ in millions)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
U.S. government and federal agency	$ 3,180	$ —	$ (21)	$ 3,159	$ 3,917	$ —	$ (53)	$ 3,864
State and municipal	10	—	—	10	10	—	—	10
Residential mortgage-backed[(a)]	424	—	(48)	376	467	—	(49)	418
Asset-backed[(b)]	757	—	(16)	741	599	—	(19)	580
Other	8	—	—	8	8	—	(1)	7
Total	$ 4,379	$ —	$ (85)	$ 4,294	$ 5,001	$ —	$ (122)	$ 4,879

(a) All of our residential mortgage-backed securities have been issued by government-sponsored entities and are collateralized by U.S. mortgages. At June 30, 2023 and December 31, 2022, $94 million and $100 million of residential mortgage-backed securities, respectively, were 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 June 30, 2023				
U.S. government and federal agency	$ 1,777	$ (2)	$ 1,183	$ (19)
State and municipal	1	—	9	—
Residential mortgage-backed	27	(2)	349	(46)
Asset-backed	400	(1)	248	(15)
Other	—	—	8	—
Total	$ 2,205	$ (5)	$ 1,797	$ (80)
At December 31, 2022				
U.S. government and federal agency	$ 3,032	$ (30)	$ 638	$ (23)
State and municipal	5	—	5	—
Residential mortgage-backed	316	(31)	101	(18)
Asset-backed	230	—	348	(19)
Other	7	(1)	—	—
Total	$ 3,590	$ (62)	$ 1,092	$ (60)

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

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

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

At June 30, 2023 ($ in millions)	Amortized cost	Estimated fair value	Weighted Average yield [a]
Due			
Within one year	$ 3,313	$ 3,290	3.3 %
After one year through five years	$ 652	$ 637	3.5 %
After five years through ten years	$ 212	$ 194	1.8 %
After ten years	$ 202	$ 173	1.8 %

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

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

There were no material realized gains or losses recognized for the six months ended June 30, 2023 and 2022.

Although we generally do not have the intent to sell any specific securities held at June 30, 2023, in the ordinary course of managing our debt securities portfolio, we may sell securities prior to their maturities for a variety of reasons, including diversification, credit quality, yield, liquidity requirements and funding obligations.

NOTE 4. LOAN RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES

($ in millions)	June 30, 2023	December 31, 2022
Credit cards	$ 89,299	$ 87,630
Consumer installment loans	3,548	3,056
Commercial credit products	1,826	1,682
Other	128	102
Total loan receivables, before allowance for credit losses[a][b]	$ 94,801	$ 92,470

(a) Total loan receivables include $19.3 billion and $19.8 billion of restricted loans of consolidated securitization entities at June 30, 2023 and December 31, 2022, respectively. See Note 5. *Variable Interest Entities* for further information on these restricted loans.

(b) At June 30, 2023 and December 31, 2022, loan receivables included deferred costs, net of deferred income, of $209 million and $237 million, respectively.

Allowance for Credit Losses[a][b]

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

($ in millions)	Balance at April 1, 2022	Provision charged to operations	Gross charge-offs	Recoveries	Balance at June 30, 2022
Credit cards	$ 8,464	$ 682	$ (769)	$ 228	$ 8,605
Consumer installment loans	115	25	(17)	6	129
Commercial credit products	70	16	(17)	2	71
Other	2	1	—	—	3
Total	$ 8,651	$ 724	$ (803)	$ 236	$ 8,808

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

($ in millions)	Balance at January 1, 2022	Provision charged to operations	Gross charge-offs	Recoveries	Balance at June 30, 2022
Credit cards	$ 8,512	$ 1,164	$ (1,488)	$ 417	$ 8,605
Consumer installment loans	115	42	(38)	10	129
Commercial credit products	59	38	(29)	3	71
Other	2	1	—	—	3
Total	$ 8,688	$ 1,245	$ (1,555)	$ 430	$ 8,808

(a) The allowance for credit losses at June 30, 2023 and 2022 reflects our estimate of expected credit losses for the life of the loan receivables on our Condensed Consolidated Statements of Financial Position at June 30, 2023 and 2022 which include the consideration of current and expected macroeconomic conditions that existed at those dates.
(b) Comparative information is presented in accordance with the applicable accounting standards in effect prior to the adoption of ASU 2022-02.

The reasonable and supportable forecast period used in our estimate of credit losses at June 30, 2023 was 12 months, consistent with the forecast period utilized since the adoption of CECL. Beyond the reasonable and supportable forecast period, we revert to historical loss information at the loan receivables segment level over a 6-month period, gradually increasing the weight of historical losses by an equal amount each month during the reversion period, and utilize historical loss information thereafter for the remaining life of the portfolio. The reversion period and methodology remain unchanged since the adoption of CECL.

Losses on loan receivables, including those which are modified for borrowers experiencing financial difficulty, are estimated and recognized upon origination of the loan, based on expected credit losses for the life of the loan balance at June 30, 2023. Expected credit loss estimates are developed using both quantitative models and qualitative adjustments, and incorporates a macroeconomic forecast, as described within the 2022 Form 10-K. The current and forecasted economic conditions at the balance sheet date influenced our current estimate of expected credit losses, and reflect an uncertain macroeconomic environment. While customer payment behavior remains elevated compared to historical averages, we continue to experience a decrease in payment rates and increases in both delinquencies and net charge-offs which are expected to continue as these credit metrics trend towards our historical averages. These conditions are reflected in our current estimate of expected credit losses, which remain generally consistent with the prior quarter. Our allowance for credit losses increased to $9.8 billion during the six months ended June 30, 2023, primarily due to growth in loan receivables, partially offset by the reserve reduction associated with the adoption of ASU 2022-02. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* for additional information on our significant accounting policies related to our allowance for credit losses.

Delinquent and Non-accrual Loans

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

At June 30, 2023 ($ in millions)	30-89 days delinquent	90 or more days delinquent	Total past due	90 or more days delinquent and accruing	Total non-accruing
Credit cards	$ 1,854	$ 1,622	$ 3,476	$ 1,622	$ —
Consumer installment loans	69	15	84	—	15
Commercial credit products	41	40	81	40	—
Total delinquent loans	$ 1,964	$ 1,677	$ 3,641	$ 1,662	$ 15
Percentage of total loan receivables	2.1 %	1.8 %	3.8 %	1.8 %	— %

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

Consumer Installment Loans by Origination Year

At or for the six months ended June 30, 2023 ($ in millions)	By origination year						
	2023	2022	2021	2020	2019	Prior	Total
Amortized cost basis	$ 1,159	$ 1,151	$ 687	$ 408	$ 97	$ 46	$ 3,548
30-89 days delinquent	20	22	14	9	2	2	69
90 or more days delinquent	5	6	3	1	—	—	15
Current period gross charge-offs	6	47	21	11	3	1	89

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

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

Loan Modifications to Borrowers Experiencing Financial Difficulty

We use certain loan modification programs for borrowers experiencing financial difficulties. We primarily use long-term modification programs for borrowers experiencing financial difficulty as a loss mitigation strategy to improve long-term collectability of the loans. The long-term programs involve changing the structure of the loan to a fixed payment loan with a maturity no longer than 60 months, reducing the interest rate on the loan, and stopping the assessment of penalty fees. We also make long-term loan modifications for customers who request financial assistance through external sources, such as through consumer credit counseling service agencies. Long-term loan modification programs do not normally include the forgiveness of unpaid principal, interest or fees. We may also provide certain borrowers with a short-term loan modification program (generally up to 3 months) that can include the forgiveness of unpaid principal balance, interest and/or fees. We generally do not convert revolving loans to term loans, outside of loan modification programs for borrowers experiencing financial difficulties.

Three and six months ended June 30, 2023

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

	Three months ended June 30, 2023		Six months ended June 30, 2023	
($ in millions)	**Amount**	**% of Loan Receivables**	**Amount**	**% of Loan Receivables**
Long-term modifications				
Credit cards	$ 345	0.4 %	$ 722	0.8 %
Consumer installment loans	—	— %	—	— %
Commercial credit products	2	0.1 %	3	0.2 %
Short-term modifications				
Credit cards	138	0.2 %	277	0.3 %
Consumer installment loans	—	— %	—	— %
Commercial credit products	—	— %	—	— %
Total	$ 485	0.5 %	$ 1,002	1.1 %

Financial Effects of Loan Modifications to Borrowers Experiencing Financial Difficulty

As part of our loan modifications to borrowers experiencing financial difficulty, we may provide multiple concessions to minimize our economic loss and improve long-term loan performance and collectability. For long-term modifications made in the three and six months ended June 30, 2023, the financial effect of these modifications reduced the weighted-average interest rates by 96% and 97%, respectively. For short-term modifications made in the three and six months ended June 30, 2023, unpaid balances of $10 million and $67 million, respectively, were forgiven.

Performance of Loans Modified to Borrowers Experiencing Financial Difficulty

The following table provides information on the performance of loans modified to borrowers experiencing financial difficulty which have been modified subsequent to January 1, 2023 and remain in a modification program at June 30, 2023:

	Amortized cost basis			
At June 30, 2023 ($ in millions)	**Current**	**30-89 days delinquent**	**90 or more days delinquent**	**Total past due[(a)]**
Long-term modifications				
Credit cards	$ 435	$ 109	$ 94	$ 203
Consumer installment loans	—	—	—	—
Commercial credit products	1	—	1	1
Short-term modifications				
Credit cards	41	24	27	51
Consumer installment loans	—	—	—	—
Commercial credit products	—	—	—	—
Total delinquent modified loans	$ 477	$ 133	$ 122	$ 255
Percentage of total loan receivables	0.5 %	0.1 %	0.1 %	0.3 %

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

Payment Defaults

The following table presents the type, number and amount of loans to borrowers experiencing financial difficulty that enrolled in a long-term modification program between January 1, 2023 and June 30, 2023 and experienced a payment default and charged-off during the period presented:

	Three months ended June 30, 2023		Six months ended June 30, 2023	
($ in millions, accounts in thousands)	**Accounts defaulted**	**Loans defaulted**	**Accounts defaulted**	**Loans defaulted**
Credit cards	18	$ 38	20	$ 45
Consumer installment loans	—	—	—	—
Commercial credit products	—	—	—	—
Total	18	$ 38	20	$ 45

Of the loans modified to borrowers experiencing financial difficulty that enrolled in a short-term modification program between January 1, 2023 and June 30, 2023, 43% have fully completed all required payments and successfully exited the program during the six months ended June 30, 2023.

Three and six months ended June 30, 2022

Troubled Debt Restructurings

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

($ in millions)	Three months ended June 30, 2022	Six months ended June 30, 2022
Credit cards	$ 193	$ 416
Consumer installment loans	—	—
Commercial credit products	—	1
Total	$ 193	$ 417

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

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

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

Financial Effects of TDRs

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

	Three months ended June 30,			Six months ended June 30,		
	2022			2022		
($ in millions)	Interest income recognized during period when loans were modified	Interest income that would have been recorded with original terms	Average recorded investment	Interest income recognized during period when loans were modified	Interest income that would have been recorded with original terms	Average recorded investment
Credit cards	$ 8	$ 77	$ 1,187	$ 17	$ 154	$ 1,182
Consumer installment loans	—	—	—	—	—	—
Commercial credit products	—	—	3	—	—	3
Total	$ 8	$ 77	$ 1,190	$ 17	$ 154	$ 1,185

Payment Defaults

The following table presents the type, number and amount of loans accounted for as TDRs that enrolled in a modification program within the previous 12 months from June 30, 2022 and experienced a payment default and charged-off during the prior year period presented:

	Three months ended June 30,		Six months ended June 30,	
	2022		2022	
($ in millions, accounts in thousands)	Accounts defaulted	Loans defaulted	Accounts defaulted	Loans defaulted
Credit cards	22	$ 50	36	$ 85
Consumer installment loans	—	—	—	—
Commercial credit products	—	—	—	—
Total	22	$ 50	36	$ 85

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 June 30, 2023, December 31, 2022 and June 30, 2022, respectively, as a percentage of each class of loan receivable. The table below excludes 0.4% of our total loan receivables balance at each of June 30, 2023, December 31, 2022 and June 30, 2022, respectively, which represents those customer accounts for which a VantageScore score is not available.

	June 30, 2023			December 31, 2022			June 30, 2022		
	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	74 %	19 %	7 %	74 %	19 %	7 %	77 %	17 %	6 %
Consumer installment loans	77 %	17 %	6 %	77 %	17 %	6 %	79 %	16 %	5 %
Commercial credit products	87 %	7 %	6 %	88 %	6 %	6 %	91 %	5 %	4 %

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 $425 billion and $417 billion at June 30, 2023 and December 31, 2022, respectively. While these amounts represented the total available unused credit card lines, we have not experienced and do not anticipate that all of our customers will access their entire available line at any given point in time.

Interest Income by Product

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

	Three months ended June 30,		Six months ended June 30,	
($ in millions)	2023	2022	2023	2022
Credit cards[(a)]	$ 4,679	$ 3,943	$ 9,176	$ 7,856
Consumer installment loans	94	69	177	135
Commercial credit products	36	25	70	53
Other	3	2	5	3
Total	$ 4,812	$ 4,039	$ 9,428	$ 8,047

(a) Interest income on credit cards that was reversed related to accrued interest receivables written off was $433 million and $258 million for the three months ended June 30, 2023 and 2022, respectively, and $848 million and $505 million for the six months ended June 30, 2023 and 2022, 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 of these VIEs in the three and six months ended June 30, 2023 and 2022. Our VIEs are able to accept new loan receivables and arrange new asset-backed financings, consistent with the requirements and limitations on such activities placed on the VIE by existing investors. Once an account has been designated to a VIE, the contractual arrangements we have require all existing and future loan receivables originated under such account to be transferred to the VIE. The amount of loan receivables held by our VIEs in excess of the minimum amount required under the asset-backed financing arrangements with investors may be removed by us under removal of accounts provisions. All loan receivables held by a VIE are subject to claims of third-party investors.

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

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

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

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

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

($ in millions)	June 30, 2023	December 31, 2022
Assets		
Loan receivables, net[(a)]	$ 17,496	$ 18,015
Other assets[(b)]	62	61
Total	$ 17,558	$ 18,076
Liabilities		
Borrowings	$ 5,522	$ 6,227
Other liabilities	22	23
Total	$ 5,544	$ 6,250

(a) Includes $1.8 billion and $1.8 billion of related allowance for credit losses resulting in gross restricted loans of $19.3 billion and $19.8 billion at June 30, 2023 and December 31, 2022, respectively.
(b) Includes $57 million and $56 million of segregated funds held by the VIEs at June 30, 2023 and December 31, 2022, 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 $909 million for the three months ended June 30, 2023 and 2022, respectively. Related expenses consisted primarily of provision for credit losses of $244 million and $82 million for the three months ended June 30, 2023 and 2022, respectively, and interest expense of $78 million and $40 million for the three months ended June 30, 2023 and 2022, respectively.

Income (principally, interest and fees on loans) earned by our consolidated VIEs was $1.9 billion and $1.8 billion for the six months ended June 30, 2023 and 2022, respectively. Related expenses consisted primarily of provision for credit losses of $364 million and $128 million for the six months ended June 30, 2023 and 2022, respectively, and interest expense of $155 million and $73 million for the six months ended June 30, 2023 and 2022, respectively. These amounts do not include intercompany transactions, principally fees and interest, which are eliminated in our condensed consolidated financial statements.

Non-consolidated VIEs

As part of our community reinvestment initiatives, we invest in affordable housing properties and receive affordable housing tax credits for these investments. These investments included in our Condensed Consolidated Statement of Financial Position totaled $712 million and $557 million at June 30, 2023 and December 31, 2022, respectively, and represents our total exposure for these entities. Additionally, we have other investments in non-consolidated VIEs which totaled $246 million and $230 million at June 30, 2023 and December 31, 2022, respectively. At June 30, 2023, the Company also had investment commitments of $185 million related to these investments.

NOTE 6. INTANGIBLE ASSETS

($ in millions)	June 30, 2023			December 31, 2022		
	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
Customer-related	$ 1,744	$ (1,174)	$ 570	$ 1,725	$ (1,113)	$ 612
Capitalized software and other	1,837	(1,181)	656	1,721	(1,046)	675
Total	$ 3,581	$ (2,355)	$ 1,226	$ 3,446	$ (2,159)	$ 1,287

During the six months ended June 30, 2023, we recorded additions to intangible assets subject to amortization of $136 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 six months ended June 30, 2023 and 2022, we recorded additions to customer-related intangible assets subject to amortization of $19 million and $44 million, respectively, primarily related to payments made to acquire and extend certain retail partner relationships. These additions had a weighted average amortizable life of 6 years and 5 years for the six months ended June 30, 2023 and 2022, respectively.

Amortization expense related to retail partner contracts was $27 million and $28 million for the three months ended June 30, 2023 and 2022, respectively, and $55 million and $60 million for the six months ended June 30, 2023 and 2022, 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 $72 million and $64 million for the three months ended June 30, 2023 and 2022, respectively, and $142 million and $125 million for the six months ended June 30, 2023 and 2022, respectively, and is included as a component of other expense in our Condensed Consolidated Statements of Earnings.

NOTE 7. DEPOSITS

($ in millions)	June 30, 2023		December 31, 2022	
	Amount	Average rate[a]	Amount	Average rate[a]
Interest-bearing deposits	$ 75,344	3.5 %	$ 71,336	1.5 %
Non-interest-bearing deposits	421	—	399	—
Total deposits	$ 75,765		$ 71,735	

(a) Based on interest expense for the six months ended June 30, 2023 and the year ended December 31, 2022 and average deposits balances.

At June 30, 2023 and December 31, 2022, interest-bearing deposits included $8.7 billion and $7.2 billion, respectively, of certificates of deposit that exceeded applicable FDIC insurance limits, which are generally $250,000 per depositor.

At June 30, 2023, our interest-bearing time deposits maturing for the remainder of 2023 and over the next four years and thereafter were as follows:

($ in millions)	2023	2024	2025	2026	2027	Thereafter
Deposits	$ 10,308	$ 24,845	$ 2,566	$ 1,079	$ 2,496	$ 888

The above maturity table excludes $28.5 billion of demand deposits with no defined maturity, of which $26.8 billion are savings accounts. In addition, at June 30, 2023, we had $4.7 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 2024 and 2026.

NOTE 8. BORROWINGS

($ in millions)	June 30, 2023 Maturity date	Interest Rate	Weighted average interest rate	Outstanding Amount[a][b]	December 31, 2022 Outstanding Amount[a][b]
Borrowings of consolidated securitization entities:					
Fixed securitized borrowings	2025 - 2025	3.37% - 3.86%	3.57 %	$ 1,672	$ 2,377
Floating securitized borrowings	2024 - 2026	5.88% - 6.28%	5.99 %	3,850	3,850
Total borrowings of consolidated securitization entities			5.26 %	5,522	6,227
Senior unsecured notes:					
Synchrony Financial senior unsecured notes:					
Fixed senior unsecured notes	2024 - 2031	2.87% - 5.15%	4.22 %	6,476	6,473
Synchrony Bank senior unsecured notes:					
Fixed senior unsecured notes	2025 - 2027	5.40% - 5.63%	5.49 %	1,492	1,491
Total senior unsecured notes			4.45 %	7,968	7,964
Subordinated unsecured notes:					
Synchrony Financial subordinated unsecured notes:					
Fixed subordinated unsecured notes	2033	7.25%	7.25 %	741	—
Total senior and subordinated unsecured notes			4.69 %	8,709	7,964
Total borrowings				$ 14,231	$ 14,191

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

Debt Maturities

The following table summarizes the maturities of the principal amount of our borrowings of consolidated securitization entities and senior and subordinated unsecured notes for the remainder of 2023 and over the next four years and thereafter:

($ in millions)	2023	2024	2025	2026	2027	Thereafter
Borrowings	$ —	$ 4,000	$ 5,375	$ 1,150	$ 1,600	$ 2,150

Third-Party Debt

2023 Issuance *($ in millions)*:

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

Credit Facilities

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

At June 30, 2023, we had an aggregate of $2.5 billion of undrawn committed capacity under our securitization financings, subject to customary borrowing conditions, from private lenders under our securitization programs, and an aggregate of $0.5 billion of undrawn committed capacity under our unsecured revolving credit facility with private lenders.

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 2022 annual consolidated financial statements in our 2022 Form 10-K. The following tables present our assets and liabilities measured at fair value on a recurring basis.

Recurring Fair Value Measurements

At June 30, 2023 ($ in millions)	Level 1	Level 2	Level 3	Total[(a)]
Assets				
Debt securities				
U.S. government and federal agency	$ —	$ 3,159	$ —	$ 3,159
State and municipal	—	—	10	10
Residential mortgage-backed	—	376	—	376
Asset-backed	—	741	—	741
Other	—	—	8	8
Other[(b)]	14	—	11	25
Total	$ 14	$ 4,276	$ 29	$ 4,319
Liabilities				
Other[(c)]	—	—	6	6
Total	$ —	$ —	$ 6	$ 6
At December 31, 2022 ($ in millions)				
Assets				
Debt securities				
U.S. government and federal agency	$ —	$ 3,864	$ —	$ 3,864
State and municipal	—	—	10	10
Residential mortgage-backed	—	418	—	418
Asset-backed	—	580	—	580
Other	—	—	7	7
Other[(b)]	14	—	13	27
Total	$ 14	$ 4,862	$ 30	$ 4,906
Liabilities				
Other[(c)]	—	—	$ 7	$ 7
Total	$ —	$ —	$ 7	$ 7

(a) For the six months ended June 30, 2023 and 2022, there were no fair value measurements transferred between levels.
(b) Other is primarily comprised of equity investments measured at fair value, which are included in Other assets in our Condensed Consolidated Statement of Financial Position, as well as certain financial assets for which we have elected the fair value option which are included in Loan receivables in our Condensed Consolidated Statement of Financial Position.
(c) Other is primarily comprised of certain financial liabilities for which we have elected the fair value option, which are included in Accrued expenses and other liabilities in our Condensed Consolidated Statement of Financial Position.

Level 3 Fair Value Measurements

Our Level 3 recurring fair value measurements primarily relate to state and municipal and corporate debt instruments, which are valued using non-binding broker quotes or other third-party sources, and financial assets and liabilities for which we have elected the fair value option. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* and Note 9. *Fair Value Measurements* in our 2022 annual consolidated financial statements in our 2022 Form 10-K for a description of our process to evaluate third-party pricing servicers. Our state and municipal debt securities are classified as available-for-sale with changes in fair value included in accumulated other comprehensive income.

The changes in our Level 3 assets and liabilities that are measured on a recurring basis for the three and six months ended June 30, 2023 and 2022, respectively, were not material.

Financial Assets and Financial Liabilities Carried at Other Than Fair Value

At June 30, 2023 ($ in millions)	Carrying value	Corresponding fair value amount			
		Total	Level 1	Level 2	Level 3
Financial Assets					
Financial assets for which carrying values equal or approximate fair value:					
Cash and equivalents[(a)]	$ 12,706	$ 12,706	$ 12,706	$ —	$ —
Other assets[(a)(b)]	$ 149	$ 149	$ 149	$ —	$ —
Financial assets carried at other than fair value:					
Loan receivables, net[(c)]	$ 84,986	$ 96,887	$ —	$ —	$ 96,887
Financial Liabilities					
Financial liabilities carried at other than fair value:					
Deposits	$ 75,765	$ 75,379	$ —	$ 75,379	$ —
Borrowings of consolidated securitization entities	$ 5,522	$ 5,439	$ —	$ 1,607	$ 3,832
Senior and subordinated unsecured notes	$ 8,709	$ 8,024	$ —	$ 8,024	$ —

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

(a) For cash and equivalents and restricted cash and equivalents, carrying value approximates fair value due to the liquid nature and short maturity of these instruments.

(b) This balance relates to restricted cash and equivalents, which is included in other assets.

(c) Excludes financial assets for which we have elected the fair value option. Under certain retail partner program agreements, the expected sales proceeds in the event of a sale of their credit card portfolio may be limited to the amounts owed by our customers, which may be less than the fair value indicated above.

Equity Securities Without Readily Determinable Fair Values

At or for the periods ended June 30 ($ in millions)	Three months ended June 30,		Six months ended June 30,	
	2023	**2022**	**2023**	**2022**
Carrying value[(a)]	$ 255	$ 247	$ 255	$ 247
Upward adjustments[(b)]	—	—	—	7
Downward adjustments[(b)]	(1)	—	(1)	(2)

(a) Carrying value reflects cumulative purchases and sales in addition to upward and downward carrying value changes, and at December 31, 2022 was $245 million.
(b) Between January 1, 2018 and June 30, 2023, cumulative upward and downward carrying value adjustments were $188 million and $(9) million, respectively.

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.

The Company elected to adopt the option provided by the interim final rule issued by joint federal bank regulatory agencies, which largely delayed the effects of CECL on its regulatory capital through December 31, 2021. Beginning in the first quarter of 2022, the effects are now being phased-in over a three-year period through 2024 and effects fully phased-in beginning in the first quarter of 2025. Under the interim final rule, the amount of adjustments to regulatory capital deferred until the phase-in period included both the initial impact of our adoption of CECL at January 1, 2020 and 25% of subsequent changes in our allowance for credit losses during the two-year period ended December 31, 2021, collectively the “CECL regulatory capital transition adjustment”. Beginning in the first quarter of 2023 only 50% of the CECL regulatory capital transition adjustment is now deferred in our regulatory capital amounts and ratios, as compared to 75% at December 31, 2022.

At June 30, 2023 and December 31, 2022, Synchrony Financial met all applicable requirements to be deemed well-capitalized pursuant to Federal Reserve Board regulations. At June 30, 2023 and December 31, 2022, the Bank also met all applicable requirements to be deemed well-capitalized pursuant to OCC regulations and for purposes of the Federal Deposit Insurance Act. There are no conditions or events subsequent to June 30, 2023 that management believes have changed the Company's or the Bank’s capital category.

The actual capital amounts, ratios and the applicable required minimums of the Company and the Bank are as follows:

Synchrony Financial

At June 30, 2023 ($ in millions)	Actual		Minimum for capital adequacy purposes	
	Amount	Ratio[a]	Amount	Ratio[b]
Total risk-based capital	$ 14,479	15.2 %	$ 7,605	8.0 %
Tier 1 risk-based capital	$ 12,462	13.1 %	$ 5,704	6.0 %
Tier 1 leverage	$ 12,462	11.6 %	$ 4,300	4.0 %
Common equity Tier 1 Capital	$ 11,728	12.3 %	$ 4,278	4.5 %

At December 31, 2022 ($ in millions)	Actual		Minimum for capital adequacy purposes	
	Amount	Ratio[a]	Amount	Ratio[b]
Total risk-based capital	$ 13,713	15.0 %	$ 7,328	8.0 %
Tier 1 risk-based capital	$ 12,493	13.6 %	$ 5,496	6.0 %
Tier 1 leverage	$ 12,493	12.3 %	$ 4,075	4.0 %
Common equity Tier 1 Capital	$ 11,759	12.8 %	$ 4,122	4.5 %

Synchrony Bank

At June 30, 2023 ($ in millions)	Actual		Minimum for capital adequacy purposes		Minimum to be well-capitalized under prompt corrective action provisions	
	Amount	Ratio[a]	Amount	Ratio[b]	Amount	Ratio
Total risk-based capital	$ 14,036	15.7 %	$ 7,152	8.0 %	$ 8,941	10.0 %
Tier 1 risk-based capital	$ 12,086	13.5 %	$ 5,364	6.0 %	$ 7,152	8.0 %
Tier 1 leverage	$ 12,086	12.0 %	$ 4,014	4.0 %	$ 5,017	5.0 %
Common equity Tier I capital	$ 12,086	13.5 %	$ 4,023	4.5 %	$ 5,811	6.5 %

At December 31, 2022 ($ 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	$ 13,313	15.6 %	$ 6,838	8.0 %	$ 8,547	10.0 %
Tier 1 risk-based capital	$ 12,174	14.2 %	$ 5,128	6.0 %	$ 6,838	8.0 %
Tier 1 leverage	$ 12,174	12.8 %	$ 3,790	4.0 %	$ 4,738	5.0 %
Common equity Tier I capital	$ 12,174	14.2 %	$ 3,846	4.5 %	$ 5,556	6.5 %

(a) Capital ratios are calculated based on the Basel III Standardized Approach rules. Capital amounts and ratios at June 30, 2023 and at December 31, 2022 in the above tables reflect the applicable CECL regulatory capital transition adjustment.
(b) At June 30, 2023 and at December 31, 2022, Synchrony Financial and the Bank also must maintain a capital conservation buffer of common equity Tier 1 capital in excess of minimum risk-based capital ratios by at least 2.5 percentage points to avoid limits on capital distributions and certain discretionary bonus payments to executive officers and similar employees.

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 June 30,		Six months ended June 30,	
(in millions, except per share data)	2023	2022	2023	2022
Net earnings	$ 569	$ 804	$ 1,170	$ 1,736
Preferred stock dividends	(10)	(11)	$ (21)	$ (21)
Net earnings available to common stockholders	$ 559	$ 793	$ 1,149	$ 1,715
Weighted average common shares outstanding, basic	422.7	493.0	418.9	$ 504.1
Effect of dilutive securities	1.5	2.3	2.2	$ 3.2
Weighted average common shares outstanding, dilutive	424.2	495.3	$ 421.1	$ 507.3
Earnings per basic common share	$ 1.32	$ 1.61	$ 2.74	$ 3.40
Earnings per diluted common share	$ 1.32	$ 1.60	$ 2.73	$ 3.38

We have issued certain stock-based awards under the Synchrony Financial 2014 Long-Term Incentive Plan. A total of 6 million shares and 4 million shares for the three months ended June 30, 2023 and 2022, respectively, and 5 million and 2 million shares for the six months ended June 30, 2023 and 2022, 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)	June 30, 2023	December 31, 2022
Unrecognized tax benefits, excluding related interest expense and penalties[a]	$ 243	$ 267
Portion that, if recognized, would reduce tax expense and effective tax rate[b]	$ 192	$ 177

(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 $31 million, of which $24 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 2023 tax year, and thus the tax year is under IRS review. The IRS is also examining our 2022 tax year, and we expect the review will be completed in the current year. Additionally, we are under examination in various states going back to 2014.

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

NOTE 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 April 3, 2023, the parties executed a Stipulation and Agreement of Settlement, in which plaintiffs agreed to settle all remaining claims in the action in exchange for a payment of $34 million. The District Court preliminarily approved the settlement on April 12, 2023.

On January 28, 2019, a purported shareholder derivative action, *Gilbert v. Keane, et al.*, was filed in the U.S. District Court for the District of Connecticut against the Company as a nominal defendant, and certain of the Company's officers and directors. The lawsuit alleges breach of fiduciary duty claims based on the allegations raised by the plaintiff in the *Stichting Depositary APG* class action, unjust enrichment, waste of corporate assets, and that the defendants made materially misleading statements and/or omitted material information in violation of the Exchange Act. The complaint seeks a declaration that the defendants breached and/or aided and abetted the breach of their fiduciary duties to the Company, unspecified monetary damages with interest, restitution, a direction that the defendants take all necessary actions to reform and improve corporate governance and internal procedures, and attorneys' and experts' fees. On March 11, 2019, a second purported shareholder derivative action, *Aldridge v. Keane, et al.*, was filed in the U.S. District Court for the District of Connecticut. The allegations in the *Aldridge* complaint are substantially similar to those in the *Gilbert* complaint. On March 26, 2020, the District Court recaptioned the *Gilbert* and *Aldridge* cases as *In re Synchrony Financial Derivative Litigation.*

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, correlations or other market factors will result in losses for a position or portfolio. We are exposed to market risk primarily from changes in interest rates.

We borrow money from a variety of depositors and institutions in order to provide loans to our customers. Changes in market interest rates cause our net interest income to increase or decrease, as some of our assets and liabilities carry interest rates that fluctuate with market benchmarks. The interest rate benchmark for our floating rate assets is generally the prime rate, and the interest rate benchmark for our floating rate liabilities is generally either the Secured Overnight Financing Rate ("SOFR"), U.S. Treasury bills, or the federal funds rate. The prime rate and the SOFR, U.S. Treasury bills or federal funds rate could reset at different times or could diverge, leading to mismatches in the interest rates on our floating rate assets and floating rate liabilities. We completed our transition from the London Interbank Offered Rate ("LIBOR") benchmark in the second quarter of 2023 and it did not have a material impact to our company.

The following table presents the approximate net interest income impacts forecasted over the next twelve months from an immediate and parallel change in interest rates affecting all interest rate sensitive assets and liabilities at June 30, 2023.

Basis Point Change	**At June 30, 2023**
($ in millions)	
-100 basis points	$ (199)
+100 basis points	$ 43

For a more detailed discussion of our exposure to market risk and our transition from the LIBOR benchmark rate, refer to "*Management's Discussion and Analysis—Quantitative and Qualitative Disclosures about Market Risk*" in our 2022 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

Under the direction of our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), and based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2023.

No change in internal control over financial reporting occurred during the fiscal quarter ended June 30, 2023 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 2022 Form 10-K under the heading *"Risk Factors Relating to Our Business"* and *"Risk Factors Relating to Regulation"*.

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

The table below sets forth information regarding purchases of our common stock primarily related to our share repurchase program that were made by us or on our behalf during the three months ended June 30, 2023.

($ in millions, except per share data)	**Total Number of Shares Purchased[(a)]**	**Average Price Paid Per Share[(b)]**	**Total Number of Shares Purchased as Part of Publicly Announced Programs[(c)]**	**Maximum Dollar Value of Shares That May Yet Be Purchased Under the Programs[(b)]**
April 1 - 30, 2023	2,244,982	$ 29.55	2,244,835	$ 1,233.7
May 1 - 31, 2023	7,984,720	28.02	7,984,720	1,009.9
June 1 - 30, 2023	307,349	33.72	294,625	1,000.0
Total	10,537,051	$ 28.51	10,524,180	$ 1,000.0

____

(a) Includes 147 shares, 0 shares and 12,724 shares withheld in April, May and June, respectively, to offset tax withholding obligations that occur upon the delivery of outstanding shares underlying performance stock awards, restricted stock awards or upon the exercise of stock options.

(b) Amounts exclude commission costs.

(c) In May 2021 the Board of Directors approved a share repurchase authorization of $2.8 billion through June 2023. In April 2023 the Board of Directors approved an incremental share repurchase program of up to $1.0 billion, commencing this quarter through June 30, 2024.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(c) During the three months ended June 30, 2023, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit Number	Description
10.1	Second Amended and Restated Synchrony Financial Executive Severance Plan
31(a)*	Certification Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Amended
31(b)*	Certification Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Amended
32*	Certification Pursuant to 18 U.S.C. Section 1350
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023, formatted in Inline XBRL (included as Exhibit 101)

* Filed electronically herewith.

† Portions of this exhibit have been redacted pursuant to Securities and Exchange Commission rules regarding confidential treatment. The locations where information has been redacted are indicated by the following notation "***".

Signatures

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

Synchrony Financial
(Registrant)

July 21, 2023	/s/ Brian J. Wenzel Sr.
Date	Brian J. Wenzel Sr. Executive Vice President and Chief Financial Officer (Duly Authorized Officer and Principal Financial Officer)

EXHIBIT 10.1

SYNCHRONY FINANCIAL

EXECUTIVE SEVERANCE PLAN

This document constitutes the Synchrony Financial Executive Severance Plan (the "Plan"). The Plan is intended to secure the continued services and ensure the continued dedication of the Participants. The purpose of the Plan is to provide benefits to a group of employees of the Company and its participating Affiliates that constitutes a "select group of management or highly compensated employees" within the meaning of Department of Labor Regulation §2520.104-24.

1. Definitions. As used in the Plan, the following terms shall have the respective meanings set forth below:

(a) "Affiliate" means (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 Plan Administrator.

(b) "Board" means the Board of Directors of the Company.

(c) "Chief Executive Officer" means the Chief Executive Officer of the Company.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Company" means Synchrony Financial, a Delaware corporation.

(f) "Comparable Employment" means employment that does not materially reduce a Participant's rate of annual base salary or incentive opportunity and does not require the Participant to move their home location more than forty (40) miles from their then home location, in each case unless consented to by the Participant, all as determined by the Plan Administrator.

(g) "Confidential Information" means information and data concerning the Company, any Affiliates, the business of the Company and its Affiliates, the customers, suppliers, clients and employees of the Company and its Affiliates (including, without limitation, contact information, compensation and benefits information and performance information) and all technical information relating to such business (including, without limitation, information related to know-how, trade secrets, processes, reports, manuals, purchases, sales, customers, customer lists, confidential information, financial and marketing data, business plans and the strategic direction of the Company and its Affiliates).

With respect to any particular Participant, "Confidential Information" does not include any of the following:

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

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

(h) "Employer" means the Company and any Affiliate which has adopted the Plan with the consent of the Company.

(i) "Group One Participant" means a Participant whose role as of their Termination Date is in "Level 18" or above, other than the Chief Executive Officer, or any comparable role or position (including any similar role or position if an Employer does not use the foregoing designations), all as determined by the Plan Administrator, in its sole discretion.

(j) "Group Two Participant" means a Participant who is the Chief Executive Officer as of their Termination Date.

(k) "Participant" means any employee of an Employer whose role as of their Termination Date is "Level 18" or above, or any comparable role or position (including any similar role or position if an Employer does not use the foregoing designations), all as determined by the Plan Administrator, in its sole discretion.

(l) "Plan Administrator" means the Executive Vice President, Human Resources or other person holding the most senior position in the human resources department of the Company.

(m) "Qualifying Termination" means (i) the termination of a Participant's employment by their Employer due to layoff, redundancy or reorganization, as determined by the Plan Administrator in accordance with the Company's policies, or (ii) a Separation for the Good of the Company, in each case unless the Participant receives an offer of employment from, or is transferred to another role with, the Company or an Affiliate contemporaneously therewith, and such offer of employment constitutes Comparable Employment, as determined by the Plan Administrator. In addition, terminations of employment in the following circumstances shall not constitute a "Qualifying Termination": (x) a termination of employment for "cause", as determined by the Plan Administrator (which may but will not necessarily include poor performance or misconduct (such as a breach of the Participant's duties or responsibilities, the commission of or conviction in connection with a felony or an act of fraud, embezzlement, theft or misrepresentation and any gross or willful misconduct, violation of law or violation of Company policy)) or in connection with a Participant's death, disability or commission of an act that would prohibit the Participant from being employed by the Company or its Affiliates pursuant to the Federal Deposit Insurance Act of 1950 or other applicable law, as determined by the Plan Administrator, nor (y) a termination of the Participant's employment in connection with a sale of the assets of the Company or an Affiliate if the Participant receives an offer of Comparable Employment from the acquiror shall constitute a "Qualifying Termination." In addition, if a Participant is given a notice of termination of employment by the Company that specifies a termination date and the Participant terminates their employment prior to such date without the agreement of the Company, the termination of employment will not be considered a Qualifying Termination, even if such termination would otherwise have been considered a Qualifying Termination.

(n) "Separation for the Good of the Company" means a termination of a Participant's employment by their Employer which is deemed to be for the good of, or in the interests of, the Company or any Affiliate**,** as determined by the Plan Administrator in its sole discretion.

(o) "Separation from Service" means a "separation from service" as defined in Treasury Regulation Section 1.409A-1(h).

(p) "Severance Base Salary Amount" means, as determined by the Plan Administrator:

(i) with respect to a Group One Participant, fifty two (52) weeks of the Participant's Weekly Base Salary; and

(ii) with respect to a Group Two Participant, seventy eight (78) weeks of the Participant's Weekly Base Salary.

(q) "Severance Period" means the period commencing on a Participant's Termination Date and ending,

(i) with respect to a Group One Participant, fifty two (52) weeks after the Termination Date; and

(ii) with respect to a Group Two Participant, seventy eight (78)weeks after the Termination Date.

(r) "Termination Date" with respect to a Participant means the date on which the Participant incurs a Separation from Service by reason of a Qualifying Termination.

(s) "Weekly Base Salary" means a Participant's annual base salary divided by 52.

2. Payments and Benefits Upon Separation from Service. If a Participant incurs a Separation from Service by reason of a Qualifying Termination, and the Participant (or the Participant's executor or other legal representative in the case of the Participant's death or disability following such termination) executes an agreement regarding the clawback and restrictive covenants described in Section 3 and a general release in a form acceptable to the Company in its sole discretion (the "Release") within forty-five (45) days (or such shorter period included in the Release) following the Participant's receipt of the Release and does not revoke the Release, the Company shall provide to the Participant, as compensation for services rendered to the Company and its Affiliates, and in consideration of the Release, a severance benefit (the "Severance Benefit") equal to the excess, if any, of (i) the Participant's Severance Base Salary Amount, less (ii) any severance or similar benefit payable in cash to, or on behalf of, the Participant in connection with the Participant's Separation from Service pursuant to law, contract or other arrangement (including any other severance plan, policy or arrangement maintained by the Company or its Affiliates, and including enhanced or additional severance benefits payable under any other plan, including a retirement or bonus plan), all as determined by the Plan Administrator ("Other Severance Benefits"). For the avoidance of doubt, if the Plan Administrator determines that the value of the Participant's Other Severance Benefits is equal to or greater than the amount described in clause (i) of the immediately preceding sentence, then the Participant will not be entitled to any Severance Benefit under the Plan. Subject to Sections 6 and 19, the Severance Benefit, if any, will be paid in a lump sum less than seventy-five (75) days after the Termination Date.

3. Clawback and Restrictive Covenants. The Company may recover from a Participant, as determined by the Plan Administrator, all or a portion of any Severance Benefit paid pursuant to this Plan, as follows:

(a) Subsequent Employment. In the event that the Participant is hired by the Company or any Affiliate during the Severance Period, the Company may recover from the Participant a prorated portion of the Severance Benefit, based on the number of months in which the Participant is employed for at least one (1) business day during the Severance Period divided by the total number of months in the Severance Period, all as determined by the Plan Administrator.

(b) Non-Competition, Non-Solicitation and Non-Disclosure of Confidential Information. The Company may recover from the Participant the entire Severance Benefit, to the extent permitted under applicable law, in the event that the Participant, without the prior written consent of the Executive Vice President, Human Resources (or other person holding the most senior position in the human resources department of the Company):

(i) during the eighteen (18) month period following the Participant's Termination Date:

(A) directly or indirectly owns any interest in, manages, controls, participates in, consults with, renders services for or in any manner engages in any business that is the same as, substantially similar to or competitive with the Company's business, as determined by the Plan Administrator; or

(B) promotes or assists, financially or otherwise, any firm, corporation or other entity engaged in any business which competes with the Company's business, as determined by the Plan Administrator; or

(C) directly or indirectly solicits or endeavors to solicit or gain the business of, canvas or interfere with the relationship of the Company or its Affiliates with any person that:

(I) was a customer of the Company or its Affiliates while the Participant was employed by the Company or as of the Termination Date;

(II) was a customer of the Company or its Affiliates at any time within twelve (12) months prior to the Termination Date; or

(III) has been pursued as a prospective customer by or on behalf of the Company or its Affiliates at any time within twelve (12) months prior to the Termination Date and in respect of whom the Company and its Affiliates have not determined to cease all such pursuit;

in each case with respect to Sections 3(b)(i)(C)(I) – (III), provided that the Participant either had contact with such customer or prospective customer at any time during the twenty-four (24) month period prior to the Participant's Termination Date or had obtained Confidential Information concerning such customer or prospective customer.

Nothing herein shall prohibit the Participant from being a passive owner of not more than 2% of the outstanding stock of any class of a corporation which is publicly traded, so long as the Participant has no active participation in the business of such corporation.

(ii) without the prior consent of the Company, directly or indirectly, during the eighteen (18) month period following the Participant's Termination Date, for whatever reason, either individually, or in partnership, or jointly, or in conjunction with any person as principal, agent, employee or shareholder or in any other manner whatsoever on the Participant's own behalf or on behalf of any third party:

(A) induces or endeavors to induce any other employee of the Company to leave their employment with the Company; or

(B) employs or attempts to employ or assist any person to employ any employee of the Company.

(iii) at any time, discloses Confidential Information.

(c) Severability. If any provision of this Section 3 shall be held invalid or unenforceable in any jurisdiction or as to any Participant, such provision shall be construed and deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without materially altering the intent of the Plan, as determined by the Plan Administrator, such provision shall be stricken as to such jurisdiction or Participant, and the remainder of Section 3 shall remain in full force and effect as if such provision had not been included.

The Release referenced in Section 2 above, the execution and non-revocation of which is a condition to the receipt of any benefits under the Plan, may include terms addressing the clawback and restrictive covenants described in this Section 3, including (i) an agreement and acknowledgment from the Participant that the Company, in addition to being entitled to the clawback of the Severance Benefit or other monetary damages that flow from the breach, will be entitled to injunctive relief in a court of appropriate jurisdiction in the event of any such act or breach, or threatened act or breach, by the Participant under Section 3(b) (and parallel provisions included in the Release), (ii) a confirmation from the Participant that all restrictions in Section 3(b) (and parallel provisions included in the Release) are separate and distinct and reasonable, and a waiver of all defenses to the strict enforcement thereof, and (iii) other provisions that the Plan Administrator deems appropriate to enforce this Section 3.

4. Plan Administration.

(a) The Plan shall be interpreted and administered by the Plan Administrator, who shall have complete authority, in its sole discretion subject to the express provisions of the Plan, to make all determinations necessary or advisable for the administration of the Plan (including determining whether any Separation from Service constitutes a Qualifying Termination). All questions arising in connection with the interpretation of the Plan or its administration shall be submitted to and determined by the Plan Administrator in a fair and equitable manner.

(b) The Plan Administrator may delegate any of their authorities hereunder to such person or persons as the Plan Administrator may designate. The Plan Administrator is empowered, on behalf of the Plan, to appoint such agents as it shall deem appropriate for the proper administration of the Plan. The functions of any such persons engaged by the Plan Administrator shall be limited to the specified services and duties for which they are engaged, and such persons shall have no other duties, obligations or responsibilities under the Plan. Such persons shall exercise no discretionary authority or discretionary control respecting the administration of the Plan, except to the extent permitted by the Plan Administrator. All reasonable fees and expenses of such persons shall be borne by the Company.

5. Claims Procedure.

(a) If any Participant or other person believes they are entitled to benefits in an amount greater than those which they are receiving or has received, such Participant or other such person or their authorized representative may file a claim with 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. Such a claim shall be in writing and state the nature of the claim,

the facts supporting the claim, the amount claimed, and the address of the claimant. The Claims Administrator shall review the claim and, unless special circumstances require an extension of time shall, within ninety (90) days after receipt of the claim, give written notice by registered or certified mail to the claimant of their decision with respect to the claim. If special circumstances require an extension of time, the claimant shall be so advised in writing within the initial ninety (90) day period and in no event shall such an extension exceed ninety (90) days. The notice of the decision of the Claims Administrator with respect to the claim shall be written in a manner calculated to be understood by the claimant and, if the claim is wholly or partially denied, set forth the specific reasons for the denial, specific references to the pertinent Plan provisions on which the denial is based, a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary, and an explanation of the claim review procedure under the Plan and the time limits applicable to such procedure, including a statement of the claimant's right to bring a claim under Section 502(a) of ERISA following an adverse benefit determination upon review. The Claims Administrator also shall advise the claimant that such claimant or their duly authorized representative may request a review by the Plan Administrator of the denial by filing with the Plan Administrator within sixty (60) days after notice of the denial has been received by the claimant, a written request for such review. The claimant shall be informed, within the same sixty (60) day period, that he or she (i) may be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claims for benefits and (ii) may submit written comments, documents, records and other information relating to the claim for benefits to the Plan Administrator. If a request is so filed, review of the denial shall be made by the Plan Administrator within, unless special circumstances require an extension of time, sixty (60) days after receipt of such request, and the claimant shall be given written notice of the Plan Administrator's final decision. If special circumstances require an extension of time, the claimant shall be so advised in writing within the initial sixty (60) day period and in no event shall such an extension exceed sixty (60) days. The review shall take into account all comments, documents, records and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The notice of the Plan Administrator's final decision shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision, specific references to the pertinent Plan provisions on which the decision is based and shall be written in a manner calculated to be understood by the claimant, a statement that the claimant is entitled to receive, upon request and free of charge, access to and copies of all documents, records and other information relevant to the benefit claim and a statement that the claimant has the right to bring a claim under Section 502(a) of ERISA.

(b) No legal action for benefits or eligibility under the Plan or otherwise related to the Plan, including without limitation any lawsuit or any matter subject to the dispute resolution program described in Section 12, may be brought by the Participant if he or she has not timely filed a claim and a review for such benefits or other matter pursuant to Section 5(a) and otherwise exhausted all administrative remedies under the Plan. No legal action, including without limitation any lawsuit or any matter subject to the dispute resolution program described in Section 12, may be brought in connection with any matter related to the Plan more than one (1) year after the date the Plan Administrator provides written notice of its final decision on the underlying claim.

6. Withholding Taxes and Offset. All payments due under the Plan shall be subject to required tax or other withholding or garnishment obligations, if any. The Company shall be authorized to withhold cash from any payment due to satisfy statutory withholding obligations for the payment of such taxes. The Participant shall pay to or reimburse the Company for any federal, state, local or foreign taxes required to be withheld and paid over by it, at such time and upon such terms and conditions as the Company may prescribe before the Company shall be required to make any additional payments to the Participant. The Company

also may, in its discretion and to the extent permitted under applicable law, offset against the Participant's benefits hereunder the value of any unreturned property and any outstanding loan, debt or other amount the Participant owes to the Company or its Affiliates.

7. Amendment and Termination. The Plan may be amended or terminated at any time by the Management Development and Compensation Committee of the Board (the "Committee") (or a duly authorized delegate thereof). The Plan Administrator shall have the right to amend the Plan at any time if such amendment (a) is required or advisable to satisfy or conform to any law or regulation or (b) is administrative in nature.

8. Unfunded Plan. The Plan shall not be funded. No Participant entitled to benefits hereunder shall have any right to, or interest in, any specific assets of the Company or any Affiliate, but a Participant shall have only the rights of a general creditor of the Company to receive benefits on the terms and subject to the conditions provided in the Plan.

9. Payments to Minors, Incompetents and Beneficiaries. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of giving a receipt therefor shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Company, the Employers, the Plan Administrator and all other parties with respect thereto. If a Participant shall die while any amounts would be payable to the Participant under the Plan had the Participant continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of the Plan to the estate of the Participant.

10. Nonassignability. None of the payments, benefits or rights of any Participant shall be subject to any claim of any creditor, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be free from attachment, garnishment, trustee's process or any other legal or equitable process available to any creditor of such Participant. Except as otherwise provided herein or by law, no right or interest of any Participant under the Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment or pledge; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Participant under the Plan shall be subject to any obligation or liability of such Participant.

11. No Guaranty of Employment. Nothing contained in the Plan shall be construed as a contract of employment between any Employer or other entity and any individual or as conferring a right on any individual to be continued in the employment of any Employer or other entity.

12. Dispute Resolution. Except as otherwise provided in the Release, any dispute, controversy or claim between the Company or any Affiliate and the Participant, whether arising out of or relating to the Plan, the breach of the provisions of the Plan, or otherwise, shall be settled in accordance with the terms of any then effective Company alternative dispute resolution program, to the extent such dispute, controversy or claim is covered by such program.

13. Successors; Binding Agreement. The Plan shall inure to the benefit of and be binding upon the beneficiaries, heirs, executors, administrators, successors and assigns of the parties, including each Participant, present and future, and any successor to the Company or an Affiliate. The Plan shall not be terminated by any merger or consolidation of the Company whereby the Company is or is not the surviving or resulting corporation or as a result of any transfer of all or substantially all of the assets of the Company. In the event of any such merger, consolidation or transfer of assets, the provisions of the Plan shall be binding upon the surviving or resulting corporation or the person or entity to which such assets are transferred.

14. Headings. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan and shall not be employed in the construction of the Plan.

15. Notices. Any notice or other communication required or permitted pursuant to the terms hereof shall have been duly given when delivered or mailed by United States mail, first class, postage prepaid, addressed to the intended recipient at their or its last known address.

16. Effective Date. The Plan shall be effective, as amended and restated, as of the date hereof and shall remain in effect unless and until terminated by the Committee pursuant to Section 7 hereof.

17. Employment with Affiliates. For purposes of the Plan, employment with the Company shall include employment with any Affiliate.

18. Governing Law and Venue; Validity. The Plan shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Delaware (without regard to principles of conflicts of laws) to the extent not preempted by Federal law, which shall otherwise control. To the extent any claim or other legal action involving or related to the Plan may be brought in any court notwithstanding Section 12 of the Plan, such legal action must be brought in the United States District Court for the Northern District of New York and no other federal or state court. If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and the Plan shall be construed and enforced as if such provision had not been included.

19. Compliance With Section 409A of Code. All payments pursuant to the Plan are intended to be exempt from Section 409A of the Code to the maximum extent possible, under either the separation pay exemption pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii) or as short-term deferrals pursuant to Treasury Regulation Section 1.409A-1(b)(4), and the Plan shall be interpreted and construed consistently with such intent. To the extent the Plan is subject to Section 409A of the Code, it is intended to comply with Section 409A of the Code and the Plan shall be interpreted and construed consistently with such intent. Any payment that is deferred compensation subject to Section 409A of the Code which is conditioned upon the Participant's execution of the Release and which is to be paid during a designated period that begins in one taxable year and ends in a second taxable year shall be paid in the second taxable year. In the event the Plan would subject the Participant, or their beneficiary, to taxes or penalties under Section 409A of the Code ("409A Penalties"), the Plan Administrator may amend the Plan to avoid such 409A Penalties, to the extent possible; provided that in no event shall the Company be responsible for any 409A Penalties that arise in connection with any payments under the Plan and the Participant shall remain liable for all 409A Penalties as required by applicable law. Notwithstanding any other provision in this Plan, if any payment to a Participant is deferred compensation subject to Section 409A of the Code, such payment shall be delayed until the first payroll date following the six-month anniversary of the Termination Date or, if the Participant dies following their Separation from Service and before such six-month anniversary, within ninety (90) days following the date of their death.

IN WITNESS WHEREOF, on behalf of the Company, the Committee has caused this Synchrony Financial Executive Severance Plan, as amended and restated, to be adopted effective as of the 1st of July, 2023.

SYNCHRONY FINANCIAL

By: ______________________

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: July 21, 2023

/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: July 21, 2023

/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 June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “report”), we, Brian D. Doubles, Chief Executive Officer, and Brian J. Wenzel Sr., Chief Financial Officer, of the registrant, certify, pursuant to 18 U.S.C. § 1350, that to our knowledge:

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

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

Date: July 21, 2023

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

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