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 March 31, 2024

OR

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

For the transition period from to

001-36560
(Commission File Number)

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

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

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

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

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

Large Accelerated Filer	☒	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 April 19, 2024 was 401,543,685.

Synchrony Financial

Certain Defined Terms

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

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

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

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

For a description of certain other terms we use, including “active account” and “purchase volume,” see the notes to “*Management’s Discussion and Analysis—Results of Operations—Other Financial and Statistical Data*” in our Annual Report on Form 10-K for the year ended December 31, 2023 (our “2023 Form 10-K”). There is no standard industry definition for many of these terms, and other companies may define them differently than we do.

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

On our website at https://investors.synchrony.com, we make available under the "Filings & Regulatory-SEC Filings" menu selection, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") as soon as reasonably practicable after such reports or amendments are electronically filed with, or furnished to, the SEC. The SEC maintains an Internet site at www.sec.gov that contains reports, proxy and information statements, and other information that we file electronically with the SEC.

Cautionary Note Regarding Forward-Looking Statements:

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

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

For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this report and in our public filings, including under the heading *“Risk Factors Relating to Our Business”* and *“Risk Factors Relating to Regulation”* in our 2023 Form 10-K. You should not consider any list of such factors to be an exhaustive statement of all of the risks, uncertainties, or potentially inaccurate assumptions that could cause our current expectations or beliefs to change. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our condensed consolidated financial statements and related notes included elsewhere in this quarterly report and in our 2023 Form 10-K. The discussion below contains forward-looking statements that are based upon current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations. See “*Cautionary Note Regarding Forward-Looking Statements*.”

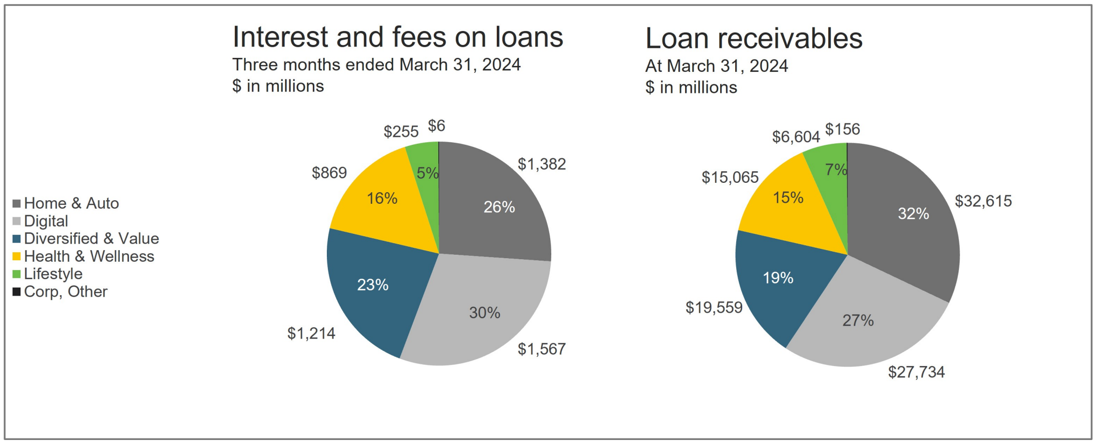
Introduction and Business Overview

We are a premier consumer financial services company delivering one of the industry's most complete, digitally-enabled product suites. Our experience, expertise and scale encompass a broad spectrum of industries including digital, health and wellness, retail, telecommunications, home, auto, outdoor, pet and more. We have an established and diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers, which we refer to as our “partners.” For the three months ended March 31, 2024, we financed $42.4 billion of purchase volume and had 71.7 million average active accounts and at March 31, 2024, we had $101.7 billion of loan receivables.

We offer our credit products primarily through our wholly-owned subsidiary, the Bank. In addition, through the Bank, we offer, directly to retail, affinity relationships and commercial customers, a range of deposit products insured by the Federal Deposit Insurance Corporation (“FDIC”), including certificates of deposit, individual retirement accounts (“IRAs”), money market accounts, savings accounts and sweep and affinity deposits. We also take deposits at the Bank through third-party securities brokerage firms that offer our FDIC-insured deposit products to their customers. We have significantly expanded our online direct banking operations in recent years and our deposit base has continued to serve as a source of stable and diversified low cost funding for our credit activities. At March 31, 2024, we had $83.6 billion in deposits, which represented 84% of our total funding sources.

Our Sales Platforms

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



Home & Auto

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

Digital

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

Diversified & Value

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

Health & Wellness

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

Lifestyle

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

Corp, Other

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

Our Credit Products

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

The following table sets forth each credit product by type and indicates the percentage of our total loan receivables that are under standard terms only or pursuant to a promotional financing offer at March 31, 2024.

		Promotional Offer		
Credit Product	**Standard Terms Only**	**Deferred Interest**	**Other Promotional**	**Total**
Credit cards	59.2 %	18.1 %	14.8 %	92.1 %
Commercial credit products	1.8	—	0.1	1.9
Consumer installment loans	—	0.2	5.7	5.9
Other	0.1	—	—	0.1
Total	61.1 %	18.3 %	20.6 %	100.0 %

Credit Cards

We offer the following principal types of credit cards:

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

- ***Dual Cards and General Purpose Co-Branded Cards.*** Our patented Dual Cards are credit cards that function as private label credit cards when used to purchase goods and services from our partners, and as general purpose credit cards when used to make purchases from other retailers wherever cards from those card networks are accepted or for cash advance transactions. We also offer general purpose co-branded credit cards that do not function as private label credit cards, as well as a Synchrony-branded general purpose credit card. Dual Cards and general purpose co-branded credit cards are offered across all of our sales platforms and credit is typically extended on standard terms only. We offer either Dual Cards or general purpose co-branded credit cards through over 15 of our large partners, of which the majority are Dual Cards, as well as our CareCredit Dual Card. Consumer Dual Cards and Co-Branded cards totaled 26% of our total loan receivables portfolio at March 31, 2024.

Commercial Credit Products

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

Installment Loans

We originate secured installment loans to consumers (and a limited number of commercial customers) in the United States, primarily for power products in our Outdoor market (motorcycles, ATVs and lawn and garden). We also offer unsecured installment loans primarily in our Home and Auto and Health and Wellness sales platforms and through our various other installment products, such as our Synchrony Pay Later solutions, including pay monthly and pay in 4 products, for short-term loans. Installment loans are closed-end credit accounts where the customer pays down the outstanding balance in installments. Installment loans are generally assessed periodic finance charges using fixed interest rates. Installment loans at March 31, 2024 include loan receivables acquired through the Ally Lending acquisition.

Business Trends and Conditions

We believe our business and results of operations will be impacted in the future by various trends and conditions. For a discussion of certain trends and conditions, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Trends and Conditions*" in our 2023 Form 10-K. For a discussion of how certain trends and conditions impacted the three months ended March 31, 2024, see "*—Results of Operations.*"

CFPB final rule on credit card late fees.

On March 5, 2024, the CFPB released a final rule amending its regulations that implement the Truth in Lending Act to lower the safe harbor dollar amount for credit card late fees from the prior $30 (adjusted to $41 for each subsequent late payment within the next six billing cycles) to $8 and to eliminate the automatic annual inflation adjustment to such safe harbor dollar amount. The final rule, when effective, will result in a significant reduction in our interest and fees on loan receivables. Industry organizations have challenged the final rule in court, and the outcome of such challenge, including the impact on the final rule, is uncertain. The final rule, if not impacted by litigation, has an effective date of May 14, 2024.

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

While we continue to believe that the strategies we have identified and started to implement will fully offset the decline in late fee income over time, it will take time for such product, policy and pricing changes to offset the reduction in the late fees and therefore we expect the final rule will have an adverse effect on our results of operations in 2024. The magnitude of these effects in 2024 remain uncertain due to the pending litigation discussed above, which could result in a delay in the final rule's effective date. To the extent the final rule becomes effective in May 2024, the final rule would have a material impact to our net income for the year ended December 31, 2024. In addition, the effects of the final rule are also subject to other factors which could increase the adverse effects to our results of operations, including our ability to successfully implement the product, policy and pricing changes we have identified, as well as any potential changes in consumer behavior in response to these changes or the final rule itself.

For a discussion of risks related to a CFPB final late fee rule, please see *"—Risk Factors Relating to our Business—The CFPB's proposed rule on credit card late fees, if adopted, would materially adversely affect our business and results of operations"*, in our 2023 Form 10-K.

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.

The seasonal trends discussed above are most evident between the fourth quarter and the first quarter of the following year, particularly with respect to our loan receivables which decreased by $1.3 billion, or 1.2% to $101.7 billion at March 31, 2024 compared to $103.0 billion at December 31, 2023, and our allowance for credit losses as a percentage of total loan receivables that increased to 10.72% at March 31, 2024, from 10.26% at December 31, 2023.

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. For the three months ended March 31, 2024, this is most evident in our loan receivables 90 days past due which increased to $2.5 billion at March 31, 2024 from $2.4 billion at December 31, 2023 due to the impact from lower customer payment rates which exceeded the effects of the seasonal trends we experienced. The same factors also provided a partial offset to the seasonal decrease in our total loan receivables in the first quarter of 2024.

Results of Operations

Highlights for the Three Months Ended March 31, 2024

Below are highlights of our performance for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, as applicable, except as otherwise noted.

- Net earnings increased to $1.3 billion from $601 million for the three months ended March 31, 2023, primarily driven by the after-tax gain on sale related to Pets Best of $802 million, higher interest income and lower retailer share arrangements, partially offset by increases in provision for credit losses and higher interest expense.

- Loan receivables increased 11.6% to $101.7 billion at March 31, 2024 compared to $91.1 billion at March 31, 2023, driven by purchase volume growth, lower customer payment rates and the completion of the Ally Lending acquisition.

- Net interest income increased 8.7% to $4.4 billion for the three months ended March 31, 2024. Interest and fees on loans increased 14.7% for the three months ended March 31, 2024, primarily driven by growth in average loan receivables, lower customer payment rates and higher benchmark rates. Interest expense increased 58.2%, due to higher benchmark rates and higher funding liabilities.

- Retailer share arrangements decreased 16.7% to $764 million for the three months ended March 31, 2024, primarily due to higher net charge-offs, partially offset by higher net interest income.

- Over-30 day loan delinquencies as a percentage of period-end loan receivables increased 93 basis points to 4.74% at March 31, 2024. The net charge-off rate increased 182 basis points to 6.31% for the three months ended March 31, 2024.

- Provision for credit losses increased by $594 million to $1.9 billion for the three months ended March 31, 2024. The increase for the three months ended March 31, 2024, was primarily driven by higher net charge-offs and a $299 million reserve build, which included $190 million related to the Ally Lending acquisition. Our allowance coverage ratio (allowance for credit losses as a percent of period-end loan receivables) increased to 10.72% at March 31, 2024, as compared to 10.44% at March 31, 2023.

- Other income increased by $1.1 billion to $1.2 billion for the three months ended March 31, 2024, primarily driven by the gain on sale related to Pets Best.

- Other expense increased by $87 million, or 7.8%, for the three months ended March 31, 2024. The increase for the three months ended March 31, 2024 was primarily driven by growth related items and technology investments.

- At March 31, 2024, deposits represented 84% of our total funding sources. Total deposits increased by 3.0% to $83.6 billion at March 31, 2024, compared to December 31, 2023.

- During the three months ended March 31, 2024, we declared and paid cash dividends on our Series A 5.625% non-cumulative perpetual preferred stock of $14.06 per share, or $11 million.

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

- During the three months ended March 31, 2024, we repurchased $300 million of our outstanding common stock, and declared and paid cash dividends of $0.25 per share, or $102 million. In April 2024, the Board of Directors approved an incremental share repurchase program of up to $1.0 billion, through June 30, 2025, bringing the total amount of share repurchase authorization to $1.3 billion, and intends to maintain the quarterly dividend at its current amount of $0.25 per common share. For more information, see “Capital—Dividend and Share Repurchases.”

- In March 2024, we sold our wholly-owned subsidiary, Pets Best, for consideration comprising a combination of cash and an equity interest in Independence Pet Holdings, Inc. The sale resulted in the recognition of a gain on sale of $1.1 billion, or $802 million net of tax.

- In March 2024, we acquired Ally Financial Inc.'s point of sale financing business, Ally Lending, for cash consideration of $2.0 billion. The assets and liabilities of Ally Lending primarily included loan receivables with an unpaid principal balance of $2.2 billion. See Note 3. *Acquisitions and Dispositions* to our condensed consolidated financial statements for additional information.

2024 Partner Agreements

During the three months ended March 31, 2024, we continued to expand and diversify our portfolio with the addition or renewal of more than 25 partners, which included the following:

- In our Home & Auto sales platform, we announced our new partnership with The Carpet Guys and extended our program agreements with Associated Materials and Brandsmart.

- In our Health & Wellness sales platform, we expanded our network through our new partnership with LaserAway.

- In our Lifestyle sales platform, we announced our new partnership with BRP.

- We added two new strategic technology partnerships with Adit Practice Management Software and ServiceTitan, both of which expand access for customers to our suite of credit products.

Summary Earnings

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

	Three months ended March 31,	
($ in millions)	**2024**	**2023**
Interest income	$ 5,568	$ 4,786
Interest expense	1,163	735
Net interest income	4,405	4,051
Retailer share arrangements	(764)	(917)
Provision for credit losses	1,884	1,290
Net interest income, after retailer share arrangements and provision for credit losses	1,757	1,844
Other income	1,157	65
Other expense	1,206	1,119
Earnings before provision for income taxes	1,708	790
Provision for income taxes	415	189
Net earnings	$ 1,293	$ 601
Net earnings available to common stockholders	$ 1,282	$ 590

Other Financial and Statistical Data

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

	At and for the Three months ended March 31,	
($ in millions)	2024	2023
Financial Position Data (Average):		
Loan receivables, including held for sale	$ 100,957	$ 90,815
Total assets	$ 119,034	$ 105,842
Deposits	$ 82,988	$ 72,627
Borrowings	$ 16,013	$ 14,671
Total equity	$ 14,614	$ 13,414
Selected Performance Metrics:		
Purchase volume[1][2]	$ 42,387	$ 41,557
Home & Auto	$ 10,512	$ 10,863
Digital	$ 12,628	$ 12,261
Diversified & Value	$ 14,023	$ 13,439
Health & Wellness	$ 3,980	$ 3,690
Lifestyle	$ 1,244	$ 1,302
Corp, Other	$ —	$ 2
Average active accounts (in thousands)[2][3]	71,667	69,494
Net interest margin[4]	14.55 %	15.22 %
Net charge-offs	$ 1,585	$ 1,006
Net charge-offs as a % of average loan receivables, including held for sale	6.31 %	4.49 %
Allowance coverage ratio[5]	10.72 %	10.44 %
Return on assets[6]	4.4 %	2.3 %
Return on equity[7]	35.6 %	18.2 %
Equity to assets[8]	12.28 %	12.67 %
Other expense as a % of average loan receivables, including held for sale	4.80 %	5.00 %
Efficiency ratio[9]	25.1 %	35.0 %
Effective income tax rate	24.3 %	23.9 %
Selected Period-End Data:		
Loan receivables	$ 101,733	$ 91,129
Allowance for credit losses	$ 10,905	$ 9,517
30+ days past due as a % of period-end loan receivables[10]	4.74 %	3.81 %
90+ days past due as a % of period-end loan receivables[10]	2.42 %	1.87 %
Total active accounts (in thousands)[3]	70,754	68,589

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

Average Balance Sheet

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

Three months ended March 31 ($ in millions)	2024 Average Balance	2024 Interest Income / Expense	2024 Average Yield / Rate[1]	2023 Average Balance	2023 Interest Income/ Expense	2023 Average Yield / Rate[1]
Assets						
Interest-earning assets:						
Interest-earning cash and equivalents[2]	$ 17,405	$ 236	5.45 %	$ 12,365	$ 140	4.59 %
Securities available for sale	3,432	39	4.57 %	4,772	30	2.55 %
Loan receivables, including held for sale[3]:						
Credit cards	94,216	5,096	21.75 %	85,904	4,497	21.23 %
Consumer installment loans	4,734	149	12.66 %	3,103	83	10.85 %
Commercial credit products	1,878	45	9.64 %	1,697	34	8.13 %
Other	129	3	9.35 %	111	2	7.31 %
Total loan receivables, including held for sale	100,957	5,293	21.09 %	90,815	4,616	20.61 %
Total interest-earning assets	121,794	5,568	18.39 %	107,952	4,786	17.98 %
Non-interest-earning assets:						
Cash and due from banks	944			1,024		
Allowance for credit losses	(10,677)			(9,262)		
Other assets	6,973			6,128		
Total non-interest-earning assets	(2,760)			(2,110)		
Total assets	$ 119,034			$ 105,842		
Liabilities						
Interest-bearing liabilities:						
Interest-bearing deposit accounts	$ 82,598	$ 954	4.65 %	$ 72,216	$ 557	3.13 %
Borrowings of consolidated securitization entities	7,383	105	5.72 %	6,229	77	5.01 %
Senior and subordinated unsecured notes	8,630	104	4.85 %	8,442	101	4.85 %
Total interest-bearing liabilities	98,611	1,163	4.74 %	86,887	735	3.43 %
Non-interest-bearing liabilities:						
Non-interest-bearing deposit accounts	390			411		
Other liabilities	5,419			5,130		
Total non-interest-bearing liabilities	5,809			5,541		
Total liabilities	104,420			92,428		
Equity						
Total equity	14,614			13,414		
Total liabilities and equity	$ 119,034			$ 105,842		
Interest rate spread[4]			13.64 %			14.55 %
Net interest income		$ 4,405			$ 4,051	
Net interest margin[5]			14.55 %			15.22 %

(1) Average yields/rates are based on total interest income/expense over average balances.
(2) Includes average restricted cash balances of $109 million and $351 million for the three months ended March 31, 2024 and 2023, respectively.
(3) Interest income on loan receivables includes fees on loans, which primarily consist of late fees on our credit products, of $652 million and $639 million for the three months ended March 31, 2024 and 2023, respectively.
(4) Interest rate spread represents the difference between the yield on total interest-earning assets and the rate on total interest-bearing liabilities.
(5) Net interest margin represents net interest income divided by average total interest-earning assets.

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

Interest Income

Interest income increased by $782 million, or 16.3%, for the three months ended March 31, 2024, primarily driven by an increase in interest and fees on loans of 14.7%.The increase in interest and fees on loans was primarily driven by growth in average loan receivables, lower customer payment rates and higher benchmark rates.

Average interest-earning assets

Three months ended March 31 ($ in millions)	2024	%	2023	%
Loan receivables, including held for sale	$ 100,957	82.9 %	$ 90,815	84.1 %
Liquidity portfolio and other	20,837	17.1 %	17,137	15.9 %
Total average interest-earning assets	$ 121,794	100.0 %	$ 107,952	100.0 %

Average loan receivables, including held for sale, increased 11.2% for the three months ended March 31, 2024, primarily driven by growth in purchase volume and lower customer payment rates. Purchase volume increased by 2.0% for the three months ended March 31, 2024.

Yield on average interest-earning assets

The yield on average interest-earning assets increased for the three months ended March 31, 2024 primarily due to an increase in the yield on average loan receivables. The increase in loan receivable yield was 48 basis points to 21.09% for the three months ended March 31, 2024.

Interest Expense

Interest expense increased by $428 million to $1.2 billion for the three months ended March 31, 2024, primarily attributed to higher benchmark interest rates and higher funding liabilities. Our cost of funds increased to 4.74% for the three months ended March 31, 2024, compared to 3.43% for the three months ended March 31, 2023.

Average interest-bearing liabilities

Three months ended March 31 ($ in millions)	2024	%	2023	%
Interest-bearing deposit accounts	$ 82,598	83.8 %	$ 72,216	83.1 %
Borrowings of consolidated securitization entities	7,383	7.5 %	6,229	7.2 %
Senior and subordinated unsecured notes	8,630	8.7 %	8,442	9.7 %
Total average interest-bearing liabilities	$ 98,611	100.0 %	$ 86,887	100.0 %

Net Interest Income

Net interest income increased by $354 million, or 8.7%, for the three months ended March 31, 2024, resulting from the changes in interest income and interest expense discussed above.

Retailer Share Arrangements

Retailer share arrangements decreased by $153 million, or 16.7%, for the three months ended March 31, 2024, primarily due to higher net charge-offs, partially offset by higher net interest income.

Provision for Credit Losses

Provision for credit losses increased by $594 million to $1.9 billion, for the three months ended March 31, 2024, primarily driven by higher net charge-offs and a $299 million reserve build, which included $190 million related to the Ally Lending acquisition.

Other Income

($ in millions)	Three months ended March 31, 2024	2023
Interchange revenue	$ 241	$ 232
Protection product revenue	141	115
Loyalty programs	(319)	(298)
Other	1,094	16
Total other income	$ 1,157	$ 65

Other income increased by $1.1 billion for the three months ended March 31, 2024, primarily driven by the gain on sale related to Pets Best. The pre-tax gain amount of $1.1 billion is included within the Other component of Other Income in our Condensed Consolidated Statements of Earnings.

Other Expense

($ in millions)	Three months ended March 31, 2024	2023
Employee costs	$ 496	$ 451
Professional fees	220	186
Marketing and business development	125	131
Information processing	186	166
Other	179	185
Total other expense	$ 1,206	$ 1,119

Other expense increased by $87 million, or 7.8% for the three months ended March 31, 2024, primarily driven by growth related items and higher technology investments. Employee costs increased for the three months ended March 31, 2024 primarily attributable to an increase in headcount driven by growth. Professional fees and information processing costs increased for the three months ended March 31, 2024 primarily due to increased technology investments.

Provision for Income Taxes

($ in millions)	Three months ended March 31, 2024	2023
Effective tax rate	24.3 %	23.9 %
Provision for income taxes	$ 415	$ 189

The effective tax rate for the three months ended March 31, 2024 increased compared to the same period in the prior year primarily due to an increase in state tax expense in the current period related to the sale of Pets Best. 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 months ended March 31, 2024, for each of our five sales platforms and Corp, Other.

Home & Auto

($ in millions)	Three months ended March 31, 2024	2023
Purchase volume	$ 10,512	$ 10,863
Period-end loan receivables	$ 32,615	$ 29,733
Average loan receivables, including held for sale	$ 31,865	$ 29,690
Average active accounts (in thousands)	18,969	18,521
Interest and fees on loans	$ 1,382	$ 1,225
Other income	$ 33	$ 25

Home & Auto interest and fees on loans increased by $157 million, or 12.8%, for the three months ended March 31, 2024, primarily driven by higher average loan receivables and higher benchmark rates. The increase in average loan receivables primarily reflected lower customer payment rates as well as the completion of the Ally Lending acquisition. Purchase volume decreased 3.2% for the three months ended March 31, 2024, as growth in Home Specialty and Auto and the impact of the Ally Lending acquisition were offset by a combination of lower retail traffic, fewer large ticket purchases and the impact of lower gas prices.

Digital

($ in millions)	Three months ended March 31, 2024	2023
Purchase volume	$ 12,628	$ 12,261
Period-end loan receivables	$ 27,734	$ 24,944
Average loan receivables, including held for sale	$ 28,081	$ 24,982
Average active accounts (in thousands)	21,349	20,564
Interest and fees on loans	$ 1,567	$ 1,363
Other income	$ 6	$ 1

Digital interest and fees on loans increased by $204 million, or 15.0%, for the three months ended March 31, 2024, primarily driven by growth in average loan receivables, higher benchmark rates and the maturation of newer programs. The growth in average loan receivables reflects lower customer payment rates, purchase volume growth of 3.0% and average active account growth of 3.8%.

Diversified & Value

($ in millions)	Three months ended March 31, 2024	2023
Purchase volume	$ 14,023	$ 13,439
Period-end loan receivables	$ 19,559	$ 17,702
Average loan receivables, including held for sale	$ 19,593	$ 17,713
Average active accounts (in thousands)	21,032	20,807
Interest and fees on loans	$ 1,214	$ 1,070
Other income	$ (17)	$ (14)

Diversified & Value interest and fees on loans increased by $144 million, or 13.5%, for the three months ended March 31, 2024, primarily driven by growth in average loan receivables and higher benchmark rates. The growth in average loan receivables reflected lower customer payment rates and purchase volume growth of 4.3%, reflecting growth in both in-partner and out-of-partner spend and average active account growth of 1.1%.

Health & Wellness

	Three months ended March 31,	
($ in millions)	**2024**	**2023**
Purchase volume	$ 3,980	$ 3,690
Period-end loan receivables	$ 15,065	$ 12,581
Average loan receivables, including held for sale	$ 14,697	$ 12,309
Average active accounts (in thousands)	7,611	6,887
Interest and fees on loans	$ 869	$ 735
Other income	$ 66	$ 61

Health & Wellness interest and fees on loans increased by $134 million, or 18.2%, for the three months ended March 31, 2024, primarily driven by higher average loan receivables. The growth in average loan receivables reflected higher purchase volume and lower customer payment rates, as well as the completion of the Ally Lending acquisition. Purchase volume increased 7.9% and average active accounts increased 10.5% for the three months ended March 31, 2024, reflecting broad-based growth led by Pet, Dental and Cosmetic.

Other income increased by $5 million, or 8.2%, for the three months ended March 31, 2024, primarily due to higher protection product revenue, partially offset by higher loyalty costs.

Lifestyle

	Three months ended March 31,	
($ in millions)	**2024**	**2023**
Purchase volume	$ 1,244	$ 1,302
Period-end loan receivables	$ 6,604	$ 5,971
Average loan receivables, including held for sale	$ 6,631	$ 5,919
Average active accounts (in thousands)	2,642	2,611
Interest and fees on loans	$ 255	$ 223
Other income	$ 8	$ 7

Lifestyle interest and fees on loans increased by $32 million, or 14.3%, for the three months ended March 31, 2024, primarily driven by growth in average loan receivables and higher benchmark interest rates. The growth in average loan receivables was primarily driven by continued purchase volume growth in 2023 and lower customer payment rates in the current quarter. Purchase volume decreased by 4.5% for the three months ended March 31, 2024, reflecting lower transaction values in Specialty and fewer transactions in Music.

Corp, Other

	Three months ended March 31,	
($ in millions)	**2024**	**2023**
Purchase volume	$ —	$ 2
Period-end loan receivables	$ 156	$ 198
Average loan receivables, including held for sale	$ 90	$ 202
Average active accounts (in thousands)	64	104
Interest and fees on loans	$ 6	$ —
Other income	$ 1,061	$ (15)

Other income for the three months ended March 31, 2024 in Corp, Other primarily included the gain on sale of Pets Best of $1.1 billion.

Loan Receivables

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

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

($ in millions)	At March 31, 2024	(%)	At December 31, 2023	(%)
Loans				
Credit cards	$ 93,736	92.1 %	$ 97,043	94.2 %
Consumer installment loans	5,957	5.9 %	3,977	3.9
Commercial credit products	1,912	1.9 %	1,839	1.8
Other	128	0.1 %	129	0.1
Total loans	$ 101,733	100.0 %	$ 102,988	100.0 %

Loan receivables decreased 1.2% to $101.7 billion at March 31, 2024 compared to $103.0 billion at December 31, 2023, primarily driven by the seasonality of our business, partially offset by the Ally Lending acquisition and lower customer payment rates. Loan receivables acquired through the Ally Lending acquisition are included within Consumer installment loans at March 31, 2024 in the table above.

Loan receivables increased 11.6% to $101.7 billion at March 31, 2024 compared to $91.1 billion at March 31, 2023 driven by purchase volume growth, lower customer payment rates and the completion of the Ally Lending acquisition.

Our loan receivables portfolio had the following geographic concentration at March 31, 2024.

($ in millions) **State**	Loan Receivables Outstanding	% of Total Loan Receivables Outstanding
Texas	$ 11,197	11.0 %
California	$ 10,539	10.4 %
Florida	$ 9,511	9.3 %
New York	$ 4,849	4.8 %
North Carolina	$ 4,280	4.2 %

Delinquencies

Over-30 day loan delinquencies as a percentage of period-end loan receivables increased to 4.74% at March 31, 2024 from 3.81% at March 31, 2023, and remained flat compared to 4.74% at December 31, 2023. The increase compared to the prior year was primarily driven by lower customer payment rates.

Net Charge-Offs

Net charge-offs consist of the unpaid principal balance of loans held for investment that we determine are uncollectible, net of recovered amounts. We exclude accrued and unpaid finance charges and fees and third-party fraud losses from charge-offs. Charged-off and recovered finance charges and fees are included in interest and fees on loans while third-party fraud losses are included in other expense. Charge-offs are recorded as a reduction to the allowance for credit losses and subsequent recoveries of previously charged-off amounts are credited to the allowance for credit losses. Costs incurred to recover charged-off loans are recorded as collection expense and included in Other expense in our 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 March 31,			
	2024		2023	
($ in millions)	Amount	Rate	Amount	Rate
Credit cards	$ 1,470	6.28 %	$ 938	4.43 %
Consumer installment loans	82	6.97 %	39	4.97 %
Commercial credit products	33	7.07 %	29	6.69 %
Other	—	— %	—	— %
Total net charge-offs	$ 1,585	6.31 %	$ 1,006	4.49 %

Allowance for Credit Losses

The allowance for credit losses totaled $10.9 billion at March 31, 2024, compared to $10.6 billion at December 31, 2023, respectively, and $9.5 billion at March 31, 2023, and reflects our estimate of expected credit losses for the life of the loan receivables on our Condensed Consolidated Statement of Financial Position. Our allowance for credit losses as a percentage of total loan receivables increased to 10.72% at March 31, 2024, from 10.26% at December 31, 2023 and increased from 10.44% at March 31, 2023.

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

Funding, Liquidity and Capital Resources

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

Funding Sources

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

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

	2024			2023		
Three months ended March 31 ($ in millions)	Average Balance	%	Average Rate	Average Balance	%	Average Rate
Deposits(1)	$ 82,598	83.8 %	4.6 %	$ 72,216	83.1 %	3.1 %
Securitized financings	7,383	7.5	5.7 %	6,229	7.2	5.0 %
Senior and subordinated unsecured notes	8,630	8.7	4.8 %	8,442	9.7	4.9 %
Total	$ 98,611	100.0 %	4.7 %	$ 86,887	100.0 %	3.4 %

(1) Excludes $390 million and $411 million average balance of non-interest-bearing deposits for the three months ended March 31, 2024 and 2023, respectively. Non-interest-bearing deposits comprise less than 10% of total deposits for the three months ended March 31, 2024 and 2023.

Deposits

We obtain deposits directly from retail, affinity relationships and commercial customers ("direct deposits") or through third-party brokerage firms that offer our deposits to their customers ("brokered deposits"). At March 31, 2024, we had $70.6 billion in direct deposits and $13.0 billion in deposits originated through brokerage firms (including network deposit sweeps procured through a program arranger that channels brokerage account deposits to us). A key part of our liquidity plan and funding strategy is to continue to utilize our direct deposit base as a source of stable and diversified low-cost funding.

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

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

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

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

	2024			2023		
Three months ended March 31 ($ in millions)	**Average Balance**	**%**	**Average Rate**	**Average Balance**	**%**	**Average Rate**
Direct deposits:						
Certificates of deposit (including IRA certificates of deposit)	$ 40,690	49.3 %	4.7 %	$ 29,128	40.3 %	2.8 %
Savings, money market, and demand accounts	28,438	34.4	4.6 %	29,914	41.4	3.3 %
Brokered deposits	13,470	16.3	4.5 %	13,174	18.3	3.5 %
Total interest-bearing deposits	$ 82,598	100.0 %	4.6 %	$ 72,216	100.0 %	3.1 %

Our deposit liabilities provide funding with maturities ranging from one day to ten years. At March 31, 2024, the weighted average maturity of our interest-bearing time deposits was 1.0 years. See Note 8. *Deposits* to our condensed consolidated financial statements for more information on the maturities of our time deposits.

The following table summarizes deposits by contractual maturity at March 31, 2024:

($ 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)	$ 35,473	$ 7,618	$ 9,525	$ 13,836	$ 66,452
U.S. deposits (in excess of FDIC insurance limit)(2)					
Direct deposits:					
Certificates of deposit (including IRA certificates of deposit)	2,587	2,116	2,951	3,021	10,675
Savings, money market, and demand accounts	6,427	—	—	—	6,427
Total	$ 44,487	$ 9,734	$ 12,476	$ 16,857	$ 83,554

(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 March 31, 2024 was approximately $5.7 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 March 31, 2024.

($ in millions)	**Less Than One Year**	**One Year Through Three Years**	**Four Years Through Five Years**	**After Five Years**	**Total**
Scheduled maturities of long-term borrowings—owed to securitization investors:					
SYNCT	$ 850	$ 1,450	$ —	$ —	$ 2,300
SFT	775	775	—	—	1,550
SYNIT(1)	—	4,175	—	—	4,175
Total long-term borrowings—owed to securitization investors	$ 1,625	$ 6,400	$ —	$ —	$ 8,025

(1) Excludes any subordinated classes of SYNIT notes that we owned at March 31, 2024.

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

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

The following table summarizes for each of our trusts the three-month rolling average excess spread at March 31, 2024.

	Note Principal Balance ($ in millions)		# of Series Outstanding	Three-Month Rolling Average Excess Spread[1]
SYNCT	$	2,300	4	~ 14.3% to 15.0%
SFT	$	1,550	6	12.3 %
SYNIT	$	4,175	1	17.0 %

(1) Represents the excess spread (generally calculated as interest income collected from the applicable pool of loan receivables less applicable net charge-offs, interest expense and servicing costs, divided by the aggregate principal amount of loan receivables in the applicable pool) for SFT or, in the case of SYNCT, a range of the excess spreads relating to the particular series issued within such trust or, in the case of SYNIT, the excess spread relating to the one outstanding series issued within such trust, in all cases omitting any series that have not been outstanding for at least three full monthly periods and calculated in accordance with the applicable trust or series documentation, for the three securitization monthly periods ended March 31, 2024.

Senior and Subordinated Unsecured Notes

The following table provides a summary of our outstanding fixed rate senior and subordinated unsecured notes at March 31, 2024.

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	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			$ 8,150

(1) Weighted average interest rate of all senior and subordinated unsecured notes at March 31, 2024 was 4.72%.
(2) The amounts shown exclude unamortized debt discounts, premiums and issuance costs.

Short-Term Borrowings

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

Covenants

The 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 March 31, 2024.

At March 31, 2024, we were not in default under any of our credit facilities.

Credit Ratings

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

The table below reflects our current credit ratings and outlooks:

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

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

Liquidity

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

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

We maintain a liquidity portfolio, which at March 31, 2024 had $21.9 billion of liquid assets, primarily consisting of cash and equivalents and short-term obligations of the U.S. Treasury, less cash in transit which is not considered to be liquid, compared to $16.8 billion of liquid assets at December 31, 2023. The increase in liquid assets was primarily due to the seasonality of our business, deposit growth and the proceeds from the sale of Pets Best, as well as issuances of secured notes and preferred stock. We believe our liquidity position at March 31, 2024 remains strong as we continue to operate in a period of uncertain economic conditions and we will continue to closely monitor our liquidity as economic conditions change.

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

We also have access to several additional sources of liquidity beyond our liquidity portfolio. At March 31, 2024, we had an aggregate of $10.8 billion of available borrowing capacity through the Federal Reserve's discount window, $2.5 billion of undrawn committed capacity on our securitized financings, subject to customary borrowing conditions, from private lenders under our securitization programs and $0.5 billion of undrawn committed capacity under our unsecured revolving credit facility with private lenders. In addition, we have other unencumbered assets in the Bank available to be used to generate additional liquidity through secured borrowings or asset sales or to be pledged to the Federal Reserve Board for credit at the discount window.

We rely significantly on dividends and other distributions and payments from the Bank for liquidity; however, bank regulations, contractual restrictions and other factors limit the amount of dividends and other distributions and payments that the Bank may pay to us. For a discussion of regulatory restrictions on the Bank's ability to pay dividends, see "*Regulation—Risk Factors Relating to Regulation—We are subject to restrictions that limit our ability to pay dividends and repurchase our common stock; the Bank is subject to restrictions that limit its ability to pay dividends to us, which could limit our ability to pay dividends, repurchase our common stock or make payments on our indebtedness*" and "*Regulation—Regulation Relating to Our Business—Savings Association Regulation—Dividends and Stock Repurchases*" in our 2023 Form 10-K.

Capital

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

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

Dividend and Share Repurchases

Common Stock Cash Dividends Declared	Month of Payment	Amount per Common Share	Amount
($ in millions, except per share data)			
Three months ended March 31, 2024	February 2024	$ 0.25	$ 102
Total dividends declared		$ 0.25	$ 102

Preferred Stock Cash Dividends Declared	Month of Payment	Amount per Preferred Share	Amount
($ in millions, except per share data)			
Three months ended March 31, 2024	February 2024	$ 14.06	$ 11
Total dividends declared		$ 14.06	$ 11

In February 2024, we issued depositary shares representing $500 million of Series B 8.250% fixed rate reset non-cumulative perpetual preferred stock, with dividends payable quarterly beginning in May 2024. The declaration and payment of future dividends to holders of our common and preferred stock will be at the discretion of the Board and will depend on many factors. For a discussion of regulatory and other restrictions on our ability to pay dividends and repurchase stock, see "*Regulation—Risk Factors Relating to Regulation—We are subject to restrictions that limit our ability to pay dividends and repurchase our common stock; the Bank is subject to restrictions that limit its ability to pay dividends to us, which could limit our ability to pay dividends, repurchase our common stock or make payments on our indebtedness*" in our 2023 Form 10-K.

Common Shares Repurchased Under Publicly Announced Programs	Total Number of Shares Purchased	Dollar Value of Shares Purchased
($ and shares in millions)		
Three months ended March 31, 2024	7.5	$ 300
Total	7.5	$ 300

During the three months ended March 31, 2024, we repurchased $300 million of common stock as part of our share repurchase programs. At March 31, 2024 we had a total share repurchase authorization of $300 million remaining under our prior share repurchase program, and in April 2024, the Board of Directors approved an incremental share repurchase program of up to $1.0 billion, through June 30, 2025. Repurchases under this program are subject to market conditions and other factors, including legal and regulatory restrictions and required approvals, if any. Following this approval, the total amount of share repurchase authorization through June 30, 2025 is now $1.3 billion.

Regulatory Capital Requirements - Synchrony Financial

As a savings and loan holding company, we are required to maintain minimum capital ratios, under the applicable U.S. Basel III capital rules. For more information, see "*Regulation—Savings and Loan Holding Company Regulation*" in our 2023 Form 10-K.

For Synchrony Financial to be a well-capitalized savings and loan holding company, Synchrony Bank must be well-capitalized and Synchrony Financial must not be subject to any written agreement, order, capital directive, or prompt corrective action directive issued by the Federal Reserve Board to meet and maintain a specific capital level for any capital measure. At March 31, 2024, Synchrony Financial met all the requirements to be deemed well-capitalized.

The following table sets forth the composition of our capital ratios for the Company calculated under the Basel III Standardized Approach rules at March 31, 2024 and December 31, 2023, respectively.

	Basel III			
	At March 31, 2024		At December 31, 2023	
($ in millions)	Amount	Ratio[(1)]	Amount	Ratio[(1)]
Total risk-based capital	$ 16,347	15.8 %	$ 15,464	14.9 %
Tier 1 risk-based capital	$ 14,207	13.8 %	$ 13,334	12.9 %
Tier 1 leverage	$ 14,207	12.0 %	$ 13,334	11.7 %
Common equity Tier 1 capital	$ 12,985	12.6 %	$ 12,600	12.2 %
Risk-weighted assets	$ 103,242		$ 103,460	

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

The Company elected to adopt the option provided by the interim final rule issued by joint federal bank regulatory agencies, which largely delayed the effects of CECL on our regulatory capital. Beginning in the first quarter of 2022, the effects are being phased-in over a three-year transitional period through 2024, collectively the "CECL regulatory capital transition adjustment". The effects of CECL on our regulatory capital will be fully phased-in beginning in the first quarter of 2025. For more information, see "*Capital—Regulatory Capital Requirements - Synchrony Financial*" in our 2023 Form 10-K.

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

Regulatory Capital Requirements - Synchrony Bank

At March 31, 2024 and December 31, 2023, the Bank met all applicable requirements to be deemed well-capitalized pursuant to OCC regulations and for purposes of the Federal Deposit Insurance Act. The following table sets forth the composition of the Bank's capital ratios calculated under the Basel III Standardized Approach rules at March 31, 2024 and December 31, 2023, and also reflects the applicable CECL regulatory capital transition adjustment for each period.

	At March 31, 2024		At December 31, 2023		Minimum to be Well-Capitalized under Prompt Corrective Action Provisions
($ in millions)	Amount	Ratio	Amount	Ratio	Ratio
Total risk-based capital	$ 14,769	15.1 %	$ 14,943	15.3 %	10.0%
Tier 1 risk-based capital	$ 12,690	12.9 %	$ 12,880	13.2 %	8.0%
Tier 1 leverage	$ 12,690	11.4 %	$ 12,880	12.0 %	5.0%
Common equity Tier 1 capital	$ 12,690	12.9 %	$ 12,880	13.2 %	6.5%

Failure to meet minimum capital requirements can result in the initiation of certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could limit our business activities and have a material adverse effect on our business, results of operations and financial condition. See "*Regulation—Risk Factors Relating to Regulation—Failure by Synchrony and the Bank to meet applicable capital adequacy and liquidity requirements could have a material adverse effect on us*" in our 2023 Form 10-K.

Off-Balance Sheet Arrangements and Unfunded Lending Commitments

We do not have any material off-balance sheet arrangements, including guarantees of third-party obligations. Guarantees are contracts or indemnification agreements that contingently require us to make a guaranteed payment or perform an obligation to a third-party based on certain trigger events. At March 31, 2024, we had not recorded any contingent liabilities in our Condensed Consolidated Statement of Financial Position related to any guarantees. See Note 6 - *Variable Interest Entities* to our condensed consolidated financial statements for more information on our investment commitments for unconsolidated variable interest entities ("VIE's").

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

Critical Accounting Estimates

In preparing our condensed consolidated financial statements, we have identified certain accounting estimates and assumptions that we consider to be the most critical to an understanding of our financial statements because they involve significant judgments and uncertainties. The critical accounting estimates we have identified relate to allowance for credit losses and fair value measurements. These estimates reflect our best judgment about current, and for some estimates future, economic and market conditions and their effects based on information available as of the date of these financial statements. If these conditions change from those expected, it is reasonably possible that these judgments and estimates could change, which may result in incremental losses on loan receivables, or material changes to our Condensed Consolidated Statement of Financial Position, among other effects. See "*Management's Discussion and Analysis—Critical Accounting Estimates*" in our 2023 Form 10-K, for a detailed discussion of these critical accounting estimates.

Regulation and Supervision

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

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

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

On March 5, 2024, the CFPB released a final rule amending its regulations that implement the Truth in Lending Act to lower the safe harbor dollar amount for credit card late fees from the prior $30 (adjusted to $41 for each subsequent late payment within the next six billing cycles) to $8 and to eliminate the automatic annual inflation adjustment to such safe harbor dollar amount. The final rule has an effective date of May 14, 2024. Industry organizations have challenged the final rule in court, and the outcome of such challenge, including the impact on the final rule, is uncertain. See *"Business Trends and Conditions"* above for the anticipated financial impacts related to the final rule.

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

ITEM 1. FINANCIAL STATEMENTS

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

	Three months ended March 31,	
($ in millions, except per share data)	**2024**	**2023**
Interest income:		
Interest and fees on loans (Note 5)	$ 5,293	$ 4,616
Interest on cash and debt securities	275	170
Total interest income	5,568	4,786
Interest expense:		
Interest on deposits	954	557
Interest on borrowings of consolidated securitization entities	105	77
Interest on senior and subordinated unsecured notes	104	101
Total interest expense	1,163	735
Net interest income	4,405	4,051
Retailer share arrangements	(764)	(917)
Provision for credit losses (Note 5)	1,884	1,290
Net interest income, after retailer share arrangements and provision for credit losses	1,757	1,844
Other income:		
Interchange revenue	241	232
Protection product revenue	141	115
Loyalty programs	(319)	(298)
Other (Note 3)	1,094	16
Total other income	1,157	65
Other expense:		
Employee costs	496	451
Professional fees	220	186
Marketing and business development	125	131
Information processing	186	166
Other	179	185
Total other expense	1,206	1,119
Earnings before provision for income taxes	1,708	790
Provision for income taxes (Note 14)	415	189
Net earnings	$ 1,293	$ 601
Net earnings available to common stockholders	$ 1,282	$ 590
Earnings per share (Note 12)		
Basic	$ 3.17	$ 1.36
Diluted	$ 3.14	$ 1.35

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended March 31,	
($ in millions)	2024	2023
Net earnings	$ 1,293	$ 601
Other comprehensive income (loss)		
Debt securities	(1)	24
Currency translation adjustments	—	(1)
Employee benefit plans	—	—
Other comprehensive income (loss)	(1)	23
Comprehensive income	$ 1,292	$ 624

Amounts presented net of taxes.

See accompanying notes to condensed consolidated financial statements.

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

($ in millions)	At March 31, 2024	At December 31, 2023
Assets		
Cash and equivalents	$ 20,021	$ 14,259
Debt securities (Note 4)	3,005	3,799
Loan receivables: (Notes 5 and 6)		
Unsecuritized loans held for investment	81,642	81,554
Restricted loans of consolidated securitization entities	20,091	21,434
Total loan receivables	101,733	102,988
Less: Allowance for credit losses	(10,905)	(10,571)
Loan receivables, net	90,828	92,417
Goodwill (Note 7)	1,073	1,018
Intangible assets, net (Note 7)	800	815
Other assets	5,446	4,915
Assets held for sale (Note 3)	—	256
Total assets	$ 121,173	$ 117,479
Liabilities and Equity		
Deposits: (Note 8)		
Interest-bearing deposit accounts	$ 83,160	$ 80,789
Non-interest-bearing deposit accounts	394	364
Total deposits	83,554	81,153
Borrowings: (Notes 6 and 9)		
Borrowings of consolidated securitization entities	8,016	7,267
Senior and subordinated unsecured notes	8,117	8,715
Total borrowings	16,133	15,982
Accrued expenses and other liabilities	6,204	6,334
Liabilities held for sale (Note 3)	—	107
Total liabilities	$ 105,891	$ 103,576
Equity:		
Preferred stock, par share value $0.001 per share; 1,250,000 and 750,000 shares authorized at March 31, 2024 and December 31, 2023, respectively; 1,250,000 and 750,000 shares issued and outstanding at March 31, 2024 and December 31, 2023, respectively, and aggregate liquidation preference of $1,250 at March 31, 2024 and $750 at December 31, 2023	$ 1,222	$ 734
Common Stock, par share value $0.001 per share; 4,000,000,000 shares authorized; 833,984,684 shares issued at both March 31, 2024 and December 31, 2023; 401,410,596 and 406,875,775 shares outstanding at March 31, 2024 and December 31, 2023, respectively	1	1
Additional paid-in capital	9,768	9,775
Retained earnings	19,790	18,662
Accumulated other comprehensive income (loss):		
Debt securities	(34)	(33)
Currency translation adjustments	(38)	(38)
Employee benefit plans	3	3
Treasury stock, at cost; 432,574,088 and 427,108,909 shares at March 31, 2024 and December 31, 2023, respectively	(15,430)	(15,201)
Total equity	15,282	13,903
Total liabilities and equity	$ 121,173	$ 117,479

See accompanying notes to condensed consolidated financial statements.

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

	Preferred Stock		Common Stock						
($ in millions, shares in thousands)	Shares Issued	Amount	Shares Issued	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Equity
Balance at January 1, 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

	Preferred Stock		Common Stock						
($ in millions, shares in thousands)	Shares Issued	Amount	Shares Issued	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Equity
Balance at January 1, 2024	750	$ 734	833,985	$ 1	$ 9,775	$ 18,662	$ (68)	$ (15,201)	$ 13,903
Net earnings			—	—	—	1,293	—	—	1,293
Other comprehensive income	—	—	—	—	—	—	(1)	—	(1)
Issuance of preferred stock	500	488	—	—	—	—	—	—	488
Purchases of treasury stock	—	—	—	—	—	—	—	(300)	(300)
Stock-based compensation	—	—	—	—	(7)	(52)	—	71	12
Dividends - preferred stock ($14.06 per share)	—	—	—	—	—	(11)	—	—	(11)
Dividends - common stock ($0.25 per share)	—	—	—	—	—	(102)	—	—	(102)
Balance at March 31, 2024	1,250	$ 1,222	833,985	$ 1	$ 9,768	$ 19,790	$ (69)	$ (15,430)	$ 15,282

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended March 31,	
(*$ in millions*)	**2024**	**2023**
Cash flows - operating activities		
Net earnings	$ 1,293	$ 601
Adjustments to reconcile net earnings to cash provided from operating activities		
Provision for credit losses	1,884	1,290
Deferred income taxes	27	(88)
Depreciation and amortization	119	111
(Increase) decrease in interest and fees receivable	(2)	(34)
(Increase) decrease in other assets	45	19
Increase (decrease) in accrued expenses and other liabilities	(204)	(177)
Gain on sale of business	(1,069)	—
All other operating activities	155	164
Cash provided from (used for) operating activities	2,248	1,886
Cash flows - investing activities		
Maturity and sales of debt securities	982	1,458
Purchases of debt securities	(163)	(391)
Acquisitions, net of cash acquired	(1,935)	—
Proceeds from sale of business, net of cash and restricted cash sold	491	—
Net (increase) decrease in loan receivables, including held for sale	1,504	(234)
All other investing activities	(81)	(141)
Cash provided from (used for) investing activities	798	692
Cash flows - financing activities		
Borrowings of consolidated securitization entities		
Proceeds from issuance of securitized debt	747	250
Maturities and repayment of securitized debt	—	(250)
Senior and subordinated unsecured notes		
Proceeds from issuance of senior and subordinated unsecured notes	—	740
Maturities and repayment of senior and subordinated unsecured notes	(600)	—
Dividends paid on preferred stock	(11)	(11)
Proceeds from issuance of preferred stock	488	—
Net increase (decrease) in deposits	2,396	2,720
Purchases of treasury stock	(300)	(404)
Dividends paid on common stock	(102)	(100)
All other financing activities	(14)	(33)
Cash provided from (used for) financing activities	2,604	2,912
Increase (decrease) in cash and equivalents, including restricted amounts	5,650	5,490
Cash and equivalents, including restricted amounts, at beginning of period	14,421	10,430
Cash and equivalents at end of period:		
Cash and equivalents	20,021	15,303
Restricted cash and equivalents included in other assets	50	617
Total cash and equivalents, including restricted amounts, at end of period	$ 20,071	$ 15,920

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

Consolidated Basis of Presentation

The Company's financial statements have been prepared on a consolidated basis. Under this basis of presentation, our financial statements consolidate all of our subsidiaries – i.e., entities in which we have a controlling financial interest, most often because we hold a majority voting interest. To determine if we hold a controlling financial interest in an entity, we first evaluate if we are required to apply the variable interest entity ("VIE") model to the entity, otherwise the entity is evaluated under the voting interest model. We consolidate certain securitization entities under the VIE model. See Note 6. *Variable Interest Entities*.

Interim Period Presentation

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

New Accounting Standards

Recently Issued But Not Yet Adopted Accounting Standards

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

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

Equity Method Investments

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

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

NOTE 3. ACQUISITIONS AND DISPOSITIONS

Ally Lending

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

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

($ in millions)	**Fair Value Estimate**
Assets acquired	
Cash	$ 34
Loan receivables	1,875
Intangible assets, net	23
Other assets	2
Total	$ 1,934
Liabilities assumed	
Other liabilities	(16)
Total net identifiable assets acquired	$ 1,918
Less: Total cash consideration paid	$ 1,969
Goodwill	$ 51

The above represents the provisional estimated fair values of the respective assets acquired and liabilities assumed as of the date of acquisition. We have not yet completed the valuation of the assets acquired and liabilities assumed. Any subsequent measurement period adjustments to our provisional estimate, including changes to the loan discount discussed below, may be recognized during the measurement period, which shall not exceed one year after the acquisition date.

The acquisition primarily included loan receivables with an unpaid principal balance of $2.2 billion. These loan receivables are reported within Consumer installment loans in Note 5. *Loan Receivables and Allowance for Credit Losse*. To determine the provisional fair value of loans at acquisition, we estimate expected cash flows and discount those cash flows using an observable market rate of interest, when available, adjusted for factors that a market participant would consider in determining fair value. In determining fair value, expected cash flows are adjusted to include prepayment, default rate, and loss severity estimates. The difference between the fair value and the amount contractually due is recorded as a loan discount or premium at acquisition. A provisional loan discount of $271 million was recorded at acquisition date, which is to be amortized into interest income over the estimated remaining life of the loans, as described within Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* within our 2023 Form 10-K.

Loans acquired without a more-than-insignificant credit deterioration since origination are measured under the Allowance for Credit Losses model, as described within Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* within our 2023 Form 10-K. The Company’s best estimate at the date of acquisition of contractual cash flows not expected to be collected was $189 million, which is included within our allowance for credit losses and recognized through provision for credit losses in our Condensed Consolidated Statements of Earnings.

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

The results of operations related to the acquired business are included in our Condensed Consolidated Statements of Earnings subsequent to the acquisition date and were not material for the three months ended March 31, 2024.

Pets Best

In March 2024, we sold our wholly-owned subsidiary, Pets Best Insurance Services, LLC (“Pets Best”) to Poodle Holdings, Inc. (“Buyer”) for consideration comprising a combination of cash and an equity interest of less than 10% in Independence Pet Holdings, Inc., ("IPH") an affiliate of Buyer. In connection with the sale, IPH also appointed two Synchrony executives to its board of directors. The sale of Pets Best resulted in the recognition of a gain on sale of $1.1 billion or $802 million, net of tax. The pre-tax gain amount has been recognized within the Other component of Other Income in our Condensed Consolidated Statements of Earnings.

The Company’s initial equity investment in IPH was recorded in Other Assets on our Condensed Consolidated Statements of Financial Position and is accounted for under the equity method of accounting. The investment was recorded at its estimated fair value at the date acquired of $605 million, which also represented the carrying value of the investment at March 31, 2024. The estimated fair value at acquisition date was determined using a weighted average methodology of three approaches: a market approach which includes using a multiple of projected revenues, precedent transactions and an intrinsic value analysis. The market-multiple approach was established based on a selected group of publicly traded companies. The use of selected precedent transaction multiples was calibrated to the valuation outcome using the market approach. Intrinsic value analysis determines implied multiples primarily based upon recent market studies and forecasted performance.

NOTE 4. DEBT SECURITIES

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

	March 31, 2024				December 31, 2023			
($ 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	$ 1,463	$ —	$ —	$ 1,463	$ 2,264	$ 1	$ (1)	$ 2,264
State and municipal	9	—	—	9	10	—	—	10
Residential mortgage-backed[(a)]	375	—	(41)	334	392	—	(38)	354
Asset-backed[(b)]	1,196	2	(7)	1,191	1,167	4	(8)	1,163
Other	8		—	8	8	—	—	8
Total[(c)]	$ 3,051	$ 2	$ (48)	$ 3,005	$ 3,841	$ 5	$ (47)	$ 3,799

(a) All of our residential mortgage-backed securities have been issued by government-sponsored entities and are collateralized by U.S. mortgages.
(b) Our asset-backed securities are collateralized by credit card and auto loans.
(c) At March 31, 2024 and December 31, 2023, the estimated fair value of debt securities pledged by the Bank as collateral to the Federal Reserve to secure Federal Reserve discount window advances was $344 million and $360 million, respectively.

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

	In loss position for			
	Less than 12 months		12 months or more	
($ in millions)	Estimated fair value	Gross unrealized losses	Estimated fair value	Gross unrealized losses
At March 31, 2024				
U.S. government and federal agency	$ 1,117	$ —	$ —	$ —
State and municipal	—	—	6	—
Residential mortgage-backed	—	—	328	(41)
Asset-backed	304	(1)	277	(6)
Other	—	—	8	—
Total	$ 1,421	$ (1)	$ 619	$ (47)
At December 31, 2023				
U.S. government and federal agency	$ 495	$ —	$ 399	$ (1)
State and municipal	—	—	9	—
Residential mortgage-backed	1	—	346	(38)
Asset-backed	171	—	244	(8)
Other	—	—	8	—
Total	$ 667	$ —	$ 1,006	$ (47)

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 March 31, 2024 ($ in millions)		**Amortized cost**		**Estimated fair value**	**Weighted Average yield (a)**
Due					
Within one year	$	1,923	$	1,918	4.9 %
After one year through five years	$	766	$	766	5.2 %
After five years through ten years	$	169	$	157	1.8 %
After ten years	$	193	$	164	2.0 %

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

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

There were no material realized gains or losses recognized for the three months ended March 31, 2024 and 2023.

Although we generally do not have the intent to sell any specific securities held at March 31, 2024, in the ordinary course of managing our debt securities portfolio, we may sell securities prior to their maturities for a variety of reasons, including diversification, credit quality, yield, liquidity requirements and funding obligations.

NOTE 5. LOAN RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES

($ in millions)		**March 31, 2024**		**December 31, 2023**
Credit cards	$	93,736	$	97,043
Consumer installment loans		5,957		3,977
Commercial credit products		1,912		1,839
Other		128		129
Total loan receivables, before allowance for credit losses(a)(b)(c)	$	101,733	$	102,988

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

(b) At March 31, 2024 and December 31, 2023, loan receivables included deferred costs and purchase discounts, net of deferred income, of $(120) million and $213 million, respectively.

(c) At March 31, 2024 and December 31, 2023, $23.2 billion and $22.4 billion, respectively, of loan receivables were pledged by the Bank as collateral to the Federal Reserve to secure Federal Reserve discount window advances.

Allowance for Credit Losses[a][b]

($ in millions)	Balance at January 1, 2024	Provision charged to operations[c]	Gross charge-offs	Recoveries	Other[d]	Balance at March 31, 2024
Credit cards	$ 10,156	$ 1,508	$ (1,761)	$ 291	$ —	$ 10,194
Consumer installment loans	279	345	(90)	8	39	581
Commercial credit products	131	29	(35)	2	—	127
Other	5	(2)	—	—	—	3
Total	$ 10,571	$ 1,880	$ (1,886)	$ 301	$ 39	$ 10,905

($ 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 March 31, 2023
Credit cards	$ 9,225	$ (294)	$ 8,931	$ 1,159	$ (1,162)	$ 224	$ 9,152
Consumer installment loans	208	1	209	85	(44)	5	255
Commercial credit products	87	(1)	85	48	(31)	2	104
Other	7	—	8	(2)	—	—	6
Total	$ 9,527	$ (294)	$ 9,233	$ 1,290	$ (1,237)	$ 231	$ 9,517

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(a) The allowance for credit losses at March 31, 2024 and 2023 reflects our estimate of expected credit losses for the life of the loan receivables on our Condensed Consolidated Statements of Financial Position at March 31, 2024 and 2023 which include the consideration of current and expected macroeconomic conditions that existed at those dates.
(b) Excluded from the table above are allowance for credit losses for loan receivables acquired and immediately written off within the period presented.
(c) Provision for credit losses in the Condensed Consolidated Statements of Earnings for the three months ended March 31, 2024 includes $4 million associated with off-balance sheet credit exposures recorded in Accrued expenses and other liabilities in the Condensed Consolidated Statements of Financial Position.
(d) Primarily represents allowance for credit losses for PCD assets.

The reasonable and supportable forecast period used in our estimate of credit losses at March 31, 2024 was 12 months, consistent with the forecast period utilized since the adoption of CECL. Beyond the reasonable and supportable forecast period, we revert to historical loss information at the loan receivables segment level over a 6-month period, gradually increasing the weight of historical losses by an equal amount each month during the reversion period, and utilize historical loss information thereafter for the remaining life of the portfolio. The reversion period and methodology remain unchanged since the adoption of CECL.

Losses on loan receivables, including those which are modified for borrowers experiencing financial difficulty, are estimated and recognized upon origination of the loan, based on expected credit losses for the life of the loan balance at March 31, 2024. Expected credit loss estimates are developed using both quantitative models and qualitative adjustments, and incorporates a macroeconomic forecast, as described within Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our 2023 annual consolidated financial statements within our 2023 Form 10-K. The current and forecasted economic conditions at the balance sheet date influenced our current estimate of expected credit losses, which reflects our expectations of the macroeconomic environment. We continued to experience a decrease in payment rates and at March 31, 2024, total delinquent balances as a percentage of total loan receivables remained consistent with the prior quarter. We also experienced an increase in net charge-offs during the three months ended March 31, 2024 and expect net charge-offs to continue to increase in the first half of 2024. These conditions are reflected in our current estimate of expected credit losses, which remain generally consistent with the prior quarter. Our allowance for credit losses increased to $10.9 billion during the three months ended March 31, 2024, primarily reflecting the impact of the Ally Lending acquisition. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our 2023 annual consolidated financial statements within our 2023 Form 10-K for additional information on our significant accounting policies related to our allowance for credit losses.

Delinquent and Non-accrual Loans

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

At March 31, 2024 ($ in millions)	**30-89 days delinquent**	**90 or more days delinquent**	**Total past due**	**90 or more days delinquent and accruing**	**Total non-accruing**
Credit cards	$ 2,189	$ 2,377	$ 4,566	$ 2,377	$ —
Consumer installment loans	121	33	154	—	33
Commercial credit products	51	49	100	49	—
Total delinquent loans	$ 2,361	$ 2,459	$ 4,820	$ 2,426	$ 33
Percentage of total loan receivables	2.3 %	2.4 %	4.7 %	2.4 %	— %

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

Credit Quality Indicators

Our loan receivables portfolio includes both secured and unsecured loans. Secured loan receivables are largely comprised of consumer installment loans secured by equipment. Unsecured loan receivables are largely comprised of our open-ended consumer and commercial revolving credit card loans. As part of our credit risk management activities, on an ongoing basis, we assess overall credit quality by reviewing information related to the performance of a customer's account with us, including delinquency information, as well as information from credit bureaus relating to the customer's broader credit performance. We utilize VantageScore credit scores to assist in our assessment of credit quality. VantageScore credit scores are obtained at origination of the account and are refreshed, at a minimum quarterly, but could be as often as weekly, to assist in predicting customer behavior. We categorize these credit scores into the following three credit score categories: (i) 651 or higher, which are considered the strongest credits; (ii) 591 to 650, considered moderate credit risk; and (iii) 590 or less, which are considered weaker credits. There are certain customer accounts, including for our commercial credit products, for which a VantageScore score is not available where we use alternative sources to assess their credit quality and predict behavior. The following table provides the most recent VantageScore scores, or equivalent, available for our revolving credit card and commercial credit product customers at March 31, 2024, December 31, 2023 and March 31, 2023, respectively, as a percentage of each class of loan receivable. The table below excludes 0.3%, 0.3% and 0.3% of our total loan receivables balance for our credit cards and commercial credit products at each of March 31, 2024, December 31, 2023 and March 31, 2023, respectively, which represents those customer accounts for which a VantageScore score, or equivalent, is not available.

	March 31, 2024			**December 31, 2023**			**March 31, 2023**		
	651 or higher	**591 to 650**	**590 or less**	**651 or higher**	**591 to 650**	**590 or less**	**651 or higher**	**591 to 650**	**590 or less**
Credit cards	71 %	20 %	9 %	72 %	19 %	9 %	73 %	19 %	8 %
Commercial credit products	86 %	7 %	7 %	83 %	10 %	7 %	86 %	7 %	7 %

Consumer Installment Loans

Delinquency trends are the primary credit quality indicator for our consumer installment loans, which we use to monitor credit quality and risk within the portfolio. The tables below include information on our consumer installment loans by origination year. The amounts for the current year period include information related to the loans acquired through the Ally Lending acquisition. See Note 3. *Acquisitions and Dispositions* for additional information.

Consumer Installment Loans by Origination Year

At or for the three months ended March 31, 2024 ($ in millions)	By origination year 2024	2023	2022	2021	2020	Prior	Total
Amortized cost basis	$ 809	$ 2,665	$ 1,470	$ 649	$ 287	$ 77	$ 5,957
30-89 days delinquent	4	53	38	16	7	3	121
90 or more days delinquent	—	15	12	4	2	—	33
Current period gross charge-offs[a]	—	47	25	12	5	1	90

At December 31, 2023 ($ in millions)	By origination year 2023	2022	2021	2020	2019	Prior	Total
Amortized cost basis	$ 2,097	$ 931	$ 541	$ 312	$ 69	$ 27	$ 3,977
30-89 days delinquent	44	25	15	9	2	1	96
90 or more days delinquent	11	6	4	2	—	—	23

(a) Gross charge-offs for the three months ended March 31, 2023 were not material.

Loan Modifications to Borrowers Experiencing Financial Difficulty

The Company adopted ASU 2022-02 at January 1, 2023 on a modified retrospective basis through a cumulative adjustment to retained earnings. The new guidance is applicable for all loans modified to borrowers experiencing financial difficulties since January 1, 2023. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies - Allowance for Credit Losses -Loan Modifications to Borrowers Experiencing Financial Difficulty* within our 2023 Form 10-K for additional information on our significant accounting policies related to loan modifications to borrowers experiencing financial difficulty.

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

Three months ended March 31	2024		2023	
($ in millions)	**Amount**	**% of Loan Receivables**	**Amount**	**% of Loan Receivables**
Long-term modifications				
Credit cards	$ 471	0.5 %	$ 377	0.4 %
Consumer installment loans	—		—	— %
Commercial credit products	2	0.1 %	1	0.1 %
Short-term modifications				
Credit cards	247	0.3 %	139	0.2 %
Consumer installment loans	—		—	— %
Commercial credit products	—		—	— %
Total	$ 720	0.7 %	$ 517	0.6 %

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 months ended March 31, 2024 and 2023, the financial effect of these modifications reduced the weighted-average interest rates by 97% for both periods, respectively. For short-term modifications made in the three months ended March 31, 2024 and 2023, unpaid balances of $15 million and $11 million, respectively, were forgiven.

Performance of Loans Modified to Borrowers Experiencing Financial Difficulty

The following tables provide information on the performance of loans modified to borrowers experiencing financial difficulty which have been modified within the previous 12 months and remain in a modification program at March 31, 2024. For the comparative period, amounts represent loans that were modified subsequent to January 1, 2023 and remained in a modification program at March 31, 2023:

	Amortized cost basis			
At March 31, 2024 ($ in millions)	**Current**	**30-89 days delinquent**	**90 or more days delinquent**	**Total past due**[(a)]
Long-term modifications				
Credit cards	$ 928	$ 175	$ 151	$ 326
Consumer installment loans	—	—	—	—
Commercial credit products	2	1	1	2
Short-term modifications				
Credit cards	71	41	50	91
Consumer installment loans	—	—	—	—
Commercial credit products	—	—	—	—
Total delinquent modified loans	$ 1,001	$ 217	$ 202	$ 419
Percentage of total loan receivables	1.0 %	0.2 %	0.2 %	0.4 %

	Amortized cost basis			
At March 31, 2023 ($ in millions)	**Current**	**30-89 days delinquent**	**90 or more days delinquent**	**Total past due**[(a)]
Long-term modifications				
Credit cards	$ 209	$ 89	$ 65	$ 154
Consumer installment loans	—	—	—	—
Commercial credit products	—	—	1	1
Short-term modifications				
Credit cards	28	18	44	62
Consumer installment loans	—	—	—	—
Commercial credit products	—	—	—	—
Total delinquent modified loans	$ 237	$ 107	$ 110	$ 217
Percentage of total loan receivables	0.3 %	0.1 %	0.1 %	0.2 %

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

Payment Defaults

The following table presents the type, number and amount of loans to borrowers experiencing financial difficulty that enrolled in a long-term modification program within the previous 12 months from March 31, 2024, or between January 1, 2023 and March 31, 2023 for the comparative period, and experienced a payment default and charged-off during the period presented:

Three months ended March 31	**2024**		**2023**	
($ in millions, accounts in thousands)	**Accounts defaulted**	**Loans defaulted**	**Accounts defaulted**	**Loans defaulted**
Credit cards	47	$ 118	2	$ 7
Consumer installment loans	—	—	—	—
Commercial credit products	—	1	—	—
Total	47	$ 119	2	$ 7

Of the loans modified to borrowers experiencing financial difficulty that enrolled in a short-term modification program within the previous 12 months from March 31, 2024, or between January 1, 2023 and March 31, 2023 for the comparative period, 51% and 14% had fully completed all required payments and successfully exited the program during the three months ended March 31, 2024 and 2023, respectively.

Unfunded Lending Commitments

We manage the potential risk in credit commitments by limiting the total amount of credit, both by individual customer and in total, by monitoring the size and maturity of our portfolios and by applying the same credit standards for all of our credit products. Unused credit card lines available to our customers totaled approximately $428 billion and $427 billion at March 31, 2024 and December 31, 2023, respectively. While these amounts represented the total available unused credit card lines, we have not experienced and do not anticipate that all of our customers will access their entire available line at any given point in time.

Interest Income by Product

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

	Three months ended March 31,	
($ in millions)	**2024**	**2023**
Credit cards[(a)]	$ 5,096	$ 4,497
Consumer installment loans	149	83
Commercial credit products	45	34
Other	3	2
Total[(b)]	$ 5,293	$ 4,616

(a) Interest income on credit cards that was reversed related to accrued interest receivables written off was $592 million and $415 million for the three months ended March 31, 2024 and 2023, respectively.

(b) Deferred merchant discounts to be recognized in interest income at March 31, 2024 and December 31, 2023, were $1.8 billion and $1.9 billion, respectively, which are included in Accrued expenses and other liabilities in our Condensed Consolidated Statement of Financial Position.

NOTE 6. VARIABLE INTEREST ENTITIES

We use VIEs to securitize loan receivables and arrange asset-backed financing in the ordinary course of business. Investors in these entities only have recourse to the assets owned by the entity and not to our general credit. We do not have implicit support arrangements with any VIE and we did not provide non-contractual support for previously transferred loan receivables to any of these VIEs in the three months ended March 31, 2024 and 2023. Our VIEs are able to accept new loan receivables and arrange new asset-backed financings, consistent with the requirements and limitations on such activities placed on the VIE by existing investors. Once an account has been designated to a VIE, the contractual arrangements we have require all existing and future loan receivables originated under such account to be transferred to the VIE. The amount of loan receivables held by our VIEs in excess of the minimum amount required under the asset-backed financing arrangements with investors may be removed by us under removal of accounts provisions. All loan receivables held by a VIE are subject to claims of third-party investors.

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

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

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

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

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

($ in millions)	March 31, 2024	December 31, 2023
Assets		
Loan receivables, net[(a)]	$ 18,259	$ 19,537
Other assets[(b)]	49	47
Total	$ 18,308	$ 19,584
Liabilities		
Borrowings	$ 8,016	$ 7,267
Other liabilities	31	31
Total	$ 8,047	$ 7,298

(a) Includes $1.8 billion and $1.9 billion of related allowance for credit losses resulting in gross restricted loans of $20.1 billion and $21.4 billion at March 31, 2024 and December 31, 2023, respectively.
(b) Includes $47 million and $45 million of segregated funds held by the VIEs at March 31, 2024 and December 31, 2023, respectively, which are classified as restricted cash and equivalents and included as a component of Other assets in our Condensed Consolidated Statements of Financial Position.

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

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

Income (principally, interest and fees on loans) earned by our consolidated VIEs was $1.0 billion and $948 million for the three months ended March 31, 2024 and 2023, respectively. Related expenses consisted primarily of provision for credit losses of $165 million and $120 million for the three months ended March 31, 2024 and 2023, respectively, and interest expense of $105 million and $77 million for the three months ended March 31, 2024 and 2023, respectively. These amounts do not include intercompany transactions, principally fees and interest, which are eliminated in our condensed consolidated financial statements.

Non-consolidated VIEs

As part of our community reinvestment initiatives, we invest in affordable housing properties and receive affordable housing tax credits for these investments. These investments included in our Condensed Consolidated Statement of Financial Position totaled $713 million and $736 million at March 31, 2024 and December 31, 2023, respectively, and represents our total exposure for these entities.

For the three months ended March 31, 2024 and 2023, we recognized amortization expense of $23 million and $20 million, respectively, and tax credits and other tax benefits of $28 million and $24 million, respectively, associated with investments in affordable housing properties within income tax expense or benefit.

Our other investments in non-consolidated VIEs, totaled $259 million and $252 million at March 31, 2024 and December 31, 2023, respectively. At March 31, 2024, the Company also had investment commitments of $192 million related to these investments.

NOTE 7. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

($ in millions)		**2024**
Balance at January 1	$	1,018
Change in amounts allocated to disposition of business[(a)]		4
Goodwill recognized upon acquisition		51
Balance at March 31	$	1,073

(a) The change in the three months ended March 31, 2024 was based upon the carrying amount of net assets of Pets Best and the final valuation of consideration received at closing.

Intangible Assets

	March 31, 2024			**December 31, 2023**		
($ in millions)	**Gross carrying amount**	**Accumulated amortization**	**Net**	**Gross carrying amount**	**Accumulated amortization**	**Net**
Capitalized software	$ 2,066	$ (1,331)	$ 735	$ 2,065	$ (1,302)	$ 763
Other	191	(126)	65	204	(152)	52
Total	$ 2,257	$ (1,457)	$ 800	$ 2,269	$ (1,454)	$ 815

During the three months ended March 31, 2024, we recorded additions to intangible assets subject to amortization of $64 million, primarily related to capitalized software expenditures, as well as intangible assets of $23 million related to the Ally Lending acquisition. See Note 3. *Acquisitions and Dispositions* for additional information.

Amortization expense was $80 million and $70 million for the three months ended March 31, 2024 and 2023, respectively, and is included as a component of Other expense in our Condensed Consolidated Statements of Earnings.

NOTE 8. DEPOSITS

($ in millions)	March 31, 2024 Amount	March 31, 2024 Average rate[(a)]	December 31, 2023 Amount	December 31, 2023 Average rate[(a)]
Interest-bearing deposits	$ 83,160	4.6 %	$ 80,789	3.9 %
Non-interest-bearing deposits	394	—	364	—
Total deposits	$ 83,554		$ 81,153	

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

At March 31, 2024 and December 31, 2023, interest-bearing deposits included $10.7 billion and $10.0 billion, respectively, of certificates of deposit that exceeded applicable FDIC insurance limits, which are generally $250,000 per depositor for each account ownership category. These amounts include partially insured certificates of deposit.

At March 31, 2024, our interest-bearing time deposits maturing for the remainder of 2024 and over the next four years and thereafter were as follows:

($ in millions)	2024	2025	2026	2027	2028	Thereafter
Deposits	$ 25,691	$ 17,744	$ 1,719	$ 2,726	$ 1,455	$ 282

The above maturity table excludes $29.3 billion of demand deposits with no defined maturity, of which $27.3 billion are savings accounts. In addition, at March 31, 2024, we had $4.3 billion of broker network deposit sweeps procured through a program arranger who channels brokerage account deposits to us that are also excluded from the above maturity table. Unless extended, the contracts associated with these broker network deposit sweeps will terminate between 2025 and 2026.

NOTE 9. BORROWINGS

($ in millions)	Maturity date	Interest Rate	Weighted average interest rate	March 31, 2024 Outstanding Amount[(a)(b)]	December 31, 2023 Outstanding Amount[(a)(b)]
Borrowings of consolidated securitization entities:					
Fixed securitized borrowings	2025 - 2027	3.37% - 5.74%	4.69 %	$ 4,166	$ 3,417
Floating securitized borrowings	2024 - 2026	6.07% - 6.28%	6.14 %	3,850	3,850
Total borrowings of consolidated securitization entities			5.39 %	8,016	7,267
Senior unsecured notes:					
Synchrony Financial senior unsecured notes:					
Fixed senior unsecured notes	2024 - 2031	2.87% - 5.15%	4.20 %	5,882	6,480
Synchrony Bank senior unsecured notes:					
Fixed senior unsecured notes	2025 - 2027	5.40% - 5.63%	5.49 %	1,494	1,494
Total senior unsecured notes			4.46 %	7,376	7,974
Subordinated unsecured notes:					
Synchrony Financial subordinated unsecured notes:					
Fixed subordinated unsecured notes	2033	7.25%	7.25 %	741	741
Total senior and subordinated unsecured notes			4.72 %	8,117	8,715
Total borrowings				$ 16,133	$ 15,982

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

Debt Maturities

The following table summarizes the maturities of the principal amount of our borrowings of consolidated securitization entities and senior and subordinated unsecured notes for the remainder of 2024 and over the next four years and thereafter:

($ in millions)	**2024**	**2025**	**2026**	**2027**	**2028**	**Thereafter**
Borrowings	$ 2,875	$ 6,050	$ 2,750	$ 2,350	$ —	$ 2,150

Additional Sources of Liquidity

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

At March 31, 2024 and December 31, 2023, we had an aggregate of $2.5 billion of undrawn committed capacity under our securitization financings, subject to customary borrowing conditions, from private lenders under our securitization programs, and an aggregate of $0.5 billion of undrawn committed capacity under our unsecured revolving credit facility with private lenders.

At March 31, 2024 and December 31, 2023, we had $10.8 billion and $10.4 billion, respectively, in undrawn Federal Reserve discount window borrowing capacity based on the amount and type of assets pledged.

NOTE 10. FAIR VALUE MEASUREMENTS

For a description of how we estimate fair value, see Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* in our 2023 annual consolidated financial statements within our 2023 Form 10-K. The following tables present our assets and liabilities measured at fair value on a recurring basis.

Recurring Fair Value Measurements

At March 31, 2024 ($ in millions)	Level 1	Level 2	Level 3	Total[(a)]
Assets				
Debt securities				
U.S. government and federal agency	$ —	$ 1,463	$ —	$ 1,463
State and municipal	—	—	9	9
Residential mortgage-backed	—	335	—	335
Asset-backed	—	1,191	—	1,191
Other	—	—	8	8
Other[(b)]	14	—	9	23
Total	$ 14	$ 2,989	$ 26	$ 3,029
Liabilities				
Other[(c)]	—	—	4	4
Total	$ —	$ —	$ 4	$ 4
At December 31, 2023 ($ in millions)				
Assets				
Debt securities				
U.S. government and federal agency	$ —	$ 2,264	$ —	$ 2,264
State and municipal	—	—	10	10
Residential mortgage-backed	—	354	—	354
Asset-backed	—	1,162	—	1,162
Other	—	—	8	8
Other[(b)]	14	—	10	24
Total	$ 14	$ 3,780	$ 28	$ 3,822
Liabilities				
Other[(c)]	—	—	$ 4	$ 4
Total	$ —	$ —	$ 4	$ 4

(a) For the three months ended March 31, 2024 and 2023, there were no fair value measurements transferred between levels.
(b) Other is primarily comprised of equity investments measured at fair value, which are included in Other assets in our Condensed Consolidated Statement of Financial Position, as well as certain financial assets for which we have elected the fair value option which are included in Loan receivables in our Condensed Consolidated Statement of Financial Position.
(c) Other 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 10. *Fair Value Measurements* in our 2023 annual consolidated financial statements within our 2023 Form 10-K for a description of our process to evaluate third-party pricing servicers. Our state and municipal debt securities are classified as available-for-sale with changes in fair value included in Accumulated other comprehensive income.

The changes in our Level 3 assets and liabilities that are measured on a recurring basis for the three months ended March 31, 2024 and 2023, respectively, were not material.

Financial Assets and Financial Liabilities Carried at Other Than Fair Value

At March 31, 2024 ($ in millions)	**Carrying value**	**Corresponding fair value amount** Total	Level 1	Level 2	Level 3
Financial Assets					
Financial assets for which carrying values equal or approximate fair value:					
Cash and equivalents[(a)]	$ 20,021	$ 20,021	$ 20,021	$ —	$ —
Other assets[(a)(b)]	$ 50	$ 50	$ 50	$ —	$ —
Financial assets carried at other than fair value:					
Loan receivables, net[(c)]	$ 90,819	$ 103,231	$ —	$ —	$ 103,231
Financial Liabilities					
Financial liabilities carried at other than fair value:					
Deposits	$ 83,554	$ 83,516	$ —	$ 83,516	$ —
Borrowings of consolidated securitization entities	$ 8,016	$ 8,001	$ —	$ 4,150	$ 3,851
Senior and subordinated unsecured notes	$ 8,117	$ 7,826	$ —	$ 7,826	$ —

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

(a) For cash and equivalents and restricted cash and equivalents, carrying value approximates fair value due to the liquid nature and short maturity of these instruments.
(b) This balance relates to restricted cash and equivalents, which is included in Other assets.
(c) Excludes financial assets for which we have elected the fair value option. Under certain retail partner program agreements, the expected sales proceeds in the event of a sale of their credit card portfolio may be limited to the amounts owed by our customers, which may be less than the fair value indicated above.
(d) Includes $19 million of cash and equivalents and $93 million of restricted cash and equivalents.

Equity Securities Without Readily Determinable Fair Values

At or for the periods ended March 31 ($ in millions)	Three months ended March 31, 2024	2023
Carrying value[a]	$ 272	$ 250
Upward adjustments[b]	—	—
Downward adjustments[b]	—	—

(a) Carrying value reflects cumulative purchases and sales in addition to upward and downward carrying value changes, and at December 31, 2023 was $270 million.
(b) Between January 1, 2018 and March 31, 2024, cumulative upward and downward carrying value adjustments were $205 million and $(14) million, respectively.

NOTE 11. REGULATORY AND CAPITAL ADEQUACY

As a savings and loan holding company and a financial holding company, we are subject to regulation, supervision and examination by the Federal Reserve Board and subject to the capital requirements as prescribed by Basel III capital rules and the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Bank is a federally chartered savings association. As such, the Bank is subject to regulation, supervision and examination by the Office of the Comptroller of the Currency of the U.S. Treasury (the “OCC”), which is its primary regulator, and by the Consumer Financial Protection Bureau (“CFPB”). In addition, the Bank, as an insured depository institution, is supervised by the FDIC.

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

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

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

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

At March 31, 2024 and December 31, 2023, Synchrony Financial met all applicable requirements to be deemed well-capitalized pursuant to Federal Reserve Board regulations. At March 31, 2024 and December 31, 2023, the Bank also met all applicable requirements to be deemed well-capitalized pursuant to OCC regulations and for purposes of the Federal Deposit Insurance Act. There are no conditions or events subsequent to March 31, 2024 that management believes have changed the Company's or the Bank’s capital category.

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

Synchrony Financial

At March 31, 2024 ($ in millions)	**Actual**		**Minimum for capital adequacy purposes**	
	Amount	**Ratio[(a)]**	**Amount**	**Ratio[(b)]**
Total risk-based capital	$ 16,347	15.8 %	$ 8,259	8.0 %
Tier 1 risk-based capital	$ 14,207	13.8 %	$ 6,195	6.0 %
Tier 1 leverage	$ 14,207	12.0 %	$ 4,719	4.0 %
Common equity Tier 1 Capital	$ 12,985	12.6 %	$ 4,646	4.5 %

At December 31, 2023 ($ in millions)	**Actual**		**Minimum for capital adequacy purposes**	
	Amount	**Ratio[(a)]**	**Amount**	**Ratio[(b)]**
Total risk-based capital	$ 15,464	14.9 %	$ 8,277	8.0 %
Tier 1 risk-based capital	$ 13,334	12.9 %	$ 6,208	6.0 %
Tier 1 leverage	$ 13,334	11.7 %	$ 4,563	4.0 %
Common equity Tier 1 Capital	$ 12,600	12.2 %	$ 4,656	4.5 %

Synchrony Bank

At March 31, 2024 ($ in millions)	**Actual**		**Minimum for capital adequacy purposes**		**Minimum to be well-capitalized under prompt corrective action provisions**	
	Amount	**Ratio[(a)]**	**Amount**	**Ratio[(b)]**	**Amount**	**Ratio**
Total risk-based capital	$ 14,769	15.1 %	$ 7,840	8.0 %	$ 9,800	10.0 %
Tier 1 risk-based capital	$ 12,690	12.9 %	$ 5,880	6.0 %	$ 7,840	8.0 %
Tier 1 leverage	$ 12,690	11.4 %	$ 4,454	4.0 %	$ 5,567	5.0 %
Common equity Tier I capital	$ 12,690	12.9 %	$ 4,410	4.5 %	$ 6,370	6.5 %

At December 31, 2023 ($ in millions)	**Actual**		**Minimum for capital adequacy purposes**		**Minimum to be well-capitalized under prompt corrective action provisions**	
	Amount	**Ratio[(a)]**	**Amount**	**Ratio[(b)]**	**Amount**	**Ratio**
Total risk-based capital	$ 14,943	15.3 %	$ 7,822	8.0 %	$ 9,778	10.0 %
Tier 1 risk-based capital	$ 12,880	13.2 %	$ 5,867	6.0 %	$ 7,822	8.0 %
Tier 1 leverage	$ 12,880	12.0 %	$ 4,302	4.0 %	$ 5,377	5.0 %
Common equity Tier I capital	$ 12,880	13.2 %	$ 4,400	4.5 %	$ 6,356	6.5 %

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

(b) At March 31, 2024 and at December 31, 2023, Synchrony Financial and the Bank also must maintain a capital conservation buffer of common equity Tier 1 capital in excess of minimum risk-based capital ratios by at least 2.5 percentage points to avoid limits on capital distributions and certain discretionary bonus payments to executive officers and similar employees.

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

NOTE 12. EARNINGS PER SHARE

Basic earnings per share is computed by dividing earnings available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per common share reflects the assumed conversion of all dilutive securities, which are calculated using the treasury stock method.

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

	Three months ended March 31,	
(in millions, except per share data)	2024	2023
Net earnings	$ 1,293	$ 601
Preferred stock dividends	(11)	(11)
Net earnings available to common stockholders	$ 1,282	$ 590
Weighted average common shares outstanding, basic	404.7	434.4
Effect of dilutive securities	3.5	2.8
Weighted average common shares outstanding, dilutive	408.2	437.2
Earnings per basic common share	$ 3.17	$ 1.36
Earnings per diluted common share	$ 3.14	$ 1.35

We have issued certain stock-based awards under the Synchrony Financial 2014 Long-Term Incentive Plan. A total of 2 million shares and 5 million shares for the three months ended March 31, 2024 and 2023, respectively, related to these awards, were considered anti-dilutive and therefore were excluded from the computation of diluted earnings per common share.

NOTE 13. EQUITY AND OTHER STOCK RELATED INFORMATION

Preferred Stock

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

Series	Issuance Date	Redeemable by Issuer Beginning	Per Annum Dividend Rate	Liquidation Preference per Share	Total Shares Outstanding	March 31, 2024	December 31, 2023
($ in millions, except per share data)							
Series A[(a)]	November 14, 2019	November 15, 2024	5.625%	$1,000	750,000	$ 734	$ 734
Series B[(a)]	February 23, 2024	May 15, 2029	8.25%[(b)]	$1,000	500,000	$ 488	$ —
						$ 1,222	$ 734

(a) Issued as depositary shares, each representing a 1/40th interest in a share of the corresponding series of non-cumulative perpetual preferred stock. Dividends are payable quarterly on February 15, May 15, August 15 and November 15 of each calendar year at a fixed rate, in each case when, as and if declared by the Board of Directors.

(b) Through May 14, 2029; resets May 15, 2029 and each date falling on the fifth anniversary at 5-Year Treasury Rate plus 4.044%.

NOTE 14. INCOME TAXES

Unrecognized Tax Benefits

($ in millions)	March 31, 2024	December 31, 2023
Unrecognized tax benefits, excluding related interest expense and penalties[a]	$ 242	$ 230
Portion that, if recognized, would reduce tax expense and effective tax rate[b]	$ 191	$ 182

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

We establish a liability that represents the difference between a tax position taken (or expected to be taken) on an income tax return and the amount of taxes recognized in our financial statements. The liability associated with the unrecognized tax benefits is adjusted periodically when new information becomes available. The amount of unrecognized tax benefits that is reasonably possible to be resolved in the next twelve months is expected to be $39 million, of which $31 million, if recognized, would reduce the Company's tax expense and effective tax rate.

In the current year, the Company executed a Memorandum of Understanding with the IRS to participate voluntarily in the IRS Compliance Assurance Process (“CAP”) program for the 2024 tax year, and thus the tax year is under IRS review. The IRS is also examining our 2023 tax year, and we expect the review will be completed in the current year. Additionally, we are under examination in various states going back to 2014.

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

NOTE 15. LEGAL PROCEEDINGS AND REGULATORY MATTERS

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

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

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

Our estimate of reasonably possible losses involves significant judgment, given the varying stages of the proceedings, the existence of numerous yet to be resolved issues, the breadth of the claims (often spanning multiple years), unspecified damages and/or the novelty of the legal issues presented. Based on our current knowledge, we do not believe that we are a party to any pending legal proceeding or regulatory matters that would have a material adverse effect on our condensed consolidated financial condition or liquidity. However, in light of the uncertainties involved in such matters, the ultimate outcome of a particular matter could be material to our operating results for a particular period depending on, among other factors, the size of the loss or liability imposed and the level of our earnings for that period, and could adversely affect our business and reputation.

Below is a description of certain of our regulatory matters and legal proceedings. Other than as described below, during the quarter ended March 31, 2024, there were no material changes to the legal proceedings previously disclosed in our 2023 Form 10-K.

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

On March 11, 2019, a second purported shareholder derivative action, *Aldridge v. Keane, et al.*, was filed in the U.S. District Court for the District of Connecticut. The allegations in the *Aldridge* complaint are substantially similar to those in the *Gilbert* complaint.

On March 26, 2020, the District Court recaptioned the *Gilbert* and *Aldridge* cases as *In re Synchrony Financial Derivative Litigation.* On August 11, 2023, the parties submitted a joint status report to the District Court indicating that the parties had reached a memorandum of understanding to settle the litigation, which is not expected to have a material financial impact on the Company. On December 21, 2023, the District Court entered an order preliminarily approving the settlement. On April 5, 2024, the District Court entered an order granting final approval of the settlement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

The following table presents the approximate net interest income impacts forecasted over the next twelve months from an immediate and parallel change in interest rates affecting all interest rate sensitive assets and liabilities at March 31, 2024.

Basis Point Change	**At March 31, 2024**	
($ in millions)		
-100 basis points	$	(209)
+100 basis points	$	45

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

ITEM 4. CONTROLS AND PROCEDURES

Under the direction of our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), and based on such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2024.

No change in internal control over financial reporting occurred during the fiscal quarter ended March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

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

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

The table below sets forth information regarding purchases of our common stock primarily related to our share repurchase program that were made by us or on our behalf during the three months ended March 31, 2024.

($ in millions, except per share data)	Total Number of Shares Purchased[(a)]	Average Price Paid Per Share[(b)]	Total Number of Shares Purchased as Part of Publicly Announced Programs[(c)]	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Programs[(b)]
January 1 - 31, 2024	1,296,803	$ 38.72	833,622	$ 567.4
February 1 - 29, 2024	4,575,352	39.46	4,575,247	386.8
March 1 - 31, 2024	2,507,417	41.85	2,066,907	300.0
Total	8,379,572	$ 40.06	7,475,776	$ 300.0

(a) Includes 463,181 shares, 105 shares and 440,510 shares withheld in January, February and March, respectively, to offset tax withholding obligations that occur upon the delivery of outstanding shares underlying performance stock awards, restricted stock awards or upon the exercise of stock options.
(b) Amounts exclude commission costs.
(c) In April 2023 the Board of Directors approved an incremental share repurchase program of up to $1.0 billion, commencing in the third quarter of 2023 through June 30, 2024. In April 2024 the Board of Directors approved an incremental share repurchase program of up to $1.0 billion, commencing in the second quarter of 2024 through June 30, 2025, which is not reflected in the table above.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(c) During the three months ended March 31, 2024, 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
3.1	Amended and Restated Certificate of Incorporation of Synchrony Financial (incorporated by reference to Exhibit 3.2 of Amendment No. 5 to Form S-1 Registration Statement filed by Synchrony Financial on July 18, 2014 (No. 333-194528))
3.2	Amended and Restated Bylaws of Synchrony Financial (incorporated by reference to Exhibit 3.1 of Form 8-K filed by Synchrony Financial on November 1, 2016)
4.1	Certificate of Designations of 8.250% Fixed Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B, dated February 22, 2024 (incorporated by reference to Exhibit 4.1 of Form 8-K filed by Synchrony Financial on February 23, 2024)
4.2	Deposit Agreement , dated February 23, 2024, by and among the Company, Computershare Inc. and Computershare Trust Company, N.A., collectively as Depositary, and the holders from time to time of the depositary receipts described therein ((incorporated by reference to Exhibit 4.2 of Form 8-K filed by Synchrony Financial on February 23, 2024)
4.3	Form of Depositary Receipt (included in Exhibit 4.2) (incorporated by reference to Exhibit 4.3 of Form 8-K filed by Synchrony Financial on February 23, 2024)
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 March 31, 2024, formatted in Inline XBRL (included as Exhibit 101)

* Filed electronically herewith.

Signatures

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

Synchrony Financial
(Registrant)

April 25, 2024	/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 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: April 25, 2024

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

Exhibit 31(b)

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

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

1. I have reviewed this quarterly report on Form 10-Q of Synchrony Financial;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 25, 2024

/s/ Brian J. Wenzel Sr.

Brian J. Wenzel Sr.
Chief Financial Officer

Exhibit 32

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

In connection with the Quarterly Report of Synchrony Financial (the “registrant”) on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “report”), we, Brian D. Doubles, Chief Executive Officer, and Brian J. Wenzel Sr., Chief Financial Officer, of the registrant, certify, pursuant to 18 U.S.C. § 1350, that to our knowledge:

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

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

Date: April 25, 2024

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

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