

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

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

For the quarterly period ended September 30, 2024

OR

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

For the transition period from      to

**001-36560**

(Commission File Number)



**SYNCHRONY FINANCIAL**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**51-0483352**

(I.R.S. Employer  
Identification No.)

**777 Long Ridge Road  
Stamford, Connecticut**

(Address of principal executive offices)

**06902**

(Zip Code)

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

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

| Title of each class  | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common stock, par value \$0.001 per share  | SYF               | New York Stock Exchange                   |
| Depository Shares Each Representing a 1/40th Interest in a Share of 5.625% Fixed Rate Non-Cumulative Perpetual Preferred Stock, Series A       | SYFPrA            | New York Stock Exchange                   |
| Depository Shares Each Representing a 1/40th Interest in a Share of 8.250% Fixed Rate Reset Non-Cumulative Perpetual Preferred Stock, Series B | SYFPrB            | New York Stock Exchange                   |

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

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

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

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large Accelerated Filer | <input checked="" type="checkbox"/> | Accelerated Filer         | <input type="checkbox"/> |
| Non-Accelerated Filer   | <input type="checkbox"/>            | Smaller Reporting Company | <input type="checkbox"/> |
|                         |                                     | Emerging Growth Company   | <input type="checkbox"/> |

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

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

The number of shares of the registrant's common stock, par value \$0.001 per share, outstanding as of October 18, 2024 was 389,344,383.

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## Synchrony Financial

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## Certain Defined Terms

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

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

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

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

For a description of certain other terms we use, including “active account” and “purchase volume,” see the notes to “*Management’s Discussion and Analysis—Results of Operations—Other Financial and Statistical Data*” in our Annual Report on Form 10-K for the year ended December 31, 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](http://www.sec.gov) that contains reports, proxy and information statements, and other information that we file electronically with the SEC.

### Cautionary Note Regarding Forward-Looking Statements:

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

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

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

## PART I. FINANCIAL INFORMATION

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

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

### Introduction and Business Overview

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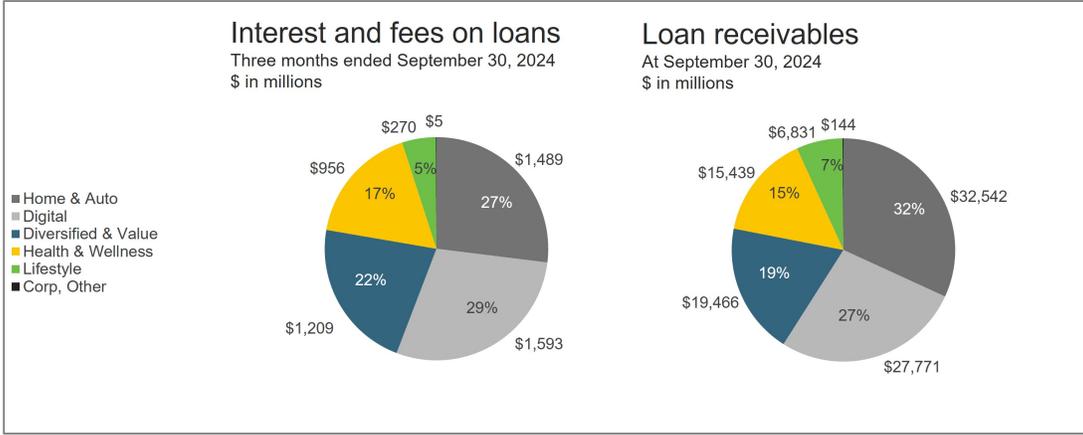
We are a premier consumer financial services company delivering one of the industry's most complete, digitally-enabled product suites. Our experience, expertise and scale encompass a broad spectrum of industries including digital, health and wellness, retail, telecommunications, home, auto, outdoor, pet and more. We have an established and diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers, which we refer to as our "partners." For the three and nine months ended September 30, 2024, we financed \$45.0 billion and \$134.2 billion of purchase volume, respectively, and had 70.4 million and 71.1 million average active accounts, respectively, and at September 30, 2024, we had \$102.2 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 September 30, 2024, we had \$82.3 billion in deposits, which represented 84% of our total funding sources.

### Our Sales Platforms

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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

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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 September 30, 2024.

| Credit Product             | Promotional Offer   |                   |                   | Total          |
|----------------------------|---------------------|-------------------|-------------------|----------------|
|                            | Standard Terms Only | Deferred Interest | Other Promotional |                |
| Credit cards               | 59.2 %              | 18.5 %            | 14.3 %            | 92.0 %         |
| Commercial credit products | 1.8                 | —                 | 0.1               | 1.9            |
| Consumer installment loans | —                   | 0.2               | 5.8               | 6.0            |
| Other                      | 0.1                 | —                 | —                 | 0.1            |
| <b>Total</b>               | <b>61.1 %</b>       | <b>18.7 %</b>     | <b>20.2 %</b>     | <b>100.0 %</b> |

### 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 September 30, 2024.

### Commercial Credit Products

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

### Installment Loans

We originate secured installment loans to consumers (and a limited number of commercial customers) in the United States, primarily for power products in our Outdoor market (motorcycles, ATVs and lawn and garden). We also offer unsecured installment loans primarily in our Home and Auto and Health and Wellness sales platforms and through our various other installment products, such as our Synchrony Pay Later solutions, including pay monthly and pay in 4 products, for short-term loans. Installment loans are closed-end credit accounts where the customer pays down the outstanding balance in installments. Installment loans are generally assessed periodic finance charges using fixed interest rates. Installment loans at September 30, 2024 include loan receivables related to Ally Financial Inc.'s point of sale financing business, ("Ally Lending") that was acquired in March 2024.

## Business Trends and Conditions

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

### **CFPB final rule on credit card late fees.**

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

Due to the pending litigation discussed above, which has resulted in a delay in the final rule’s effective date, it remains uncertain whether the final rule will become effective in 2024. As a result, the magnitude of the adverse effects to our results of operations in 2024 also remains uncertain.

In anticipation that the final rule will become effective, we are in the process of implementing a number of product, policy and pricing changes to adjust for the significant reduction in our late fee income. The effects of these changes have started to be reflected in our Consolidated Statement of Income for the three and nine months ended September 30, 2024.

While we continue to believe that over time, the strategies we have identified and are in the process of implementing will fully offset the decline in late fee income resulting from an effective final rule, it may take time for such product, policy and pricing changes to offset the expected reduction in late fees. In addition, we expect that upon the final rule becoming effective, 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. However, the effects of the final rule are also subject to other factors that could increase the adverse effects to our results of operations, including our ability to successfully implement the product, policy and pricing changes we have identified, as well as any potential changes in consumer behavior in response to these changes or the final rule itself.

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

### **Growth in loan receivables and interest income.**

During the three months ended September 30, 2024, we experienced a decrease in purchase volume of 4.3% compared to the prior year period, primarily driven by lower consumer spending and the impacts from credit actions we have taken across our portfolio where we have seen indications of higher probability of default. We expect these same factors to now result in a low single digit decrease in purchase volume for the year ending December 31, 2024. As a result, while we still anticipate loan receivables to increase for the remainder of 2024, we expect the rate of growth to moderate.

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

## Seasonality

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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 half of the calendar year. 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 second half of the calendar year. Because customers who were delinquent during the fourth quarter of a calendar year have a higher probability of returning to current status when compared to customers who are delinquent at the end of each of our interim reporting periods, we expect that a higher proportion of delinquent accounts outstanding at an interim period end will result in charge-offs, as compared to delinquent accounts outstanding at a year end. Consistent with this historical experience, we generally experience a higher allowance for credit losses as a percentage of total loan receivables at the end of an interim period, as compared to the end of a calendar year. In addition, even in instances of improving credit metrics such as declining past due amounts, we may experience an increase in our allowance for credit losses at an interim period end compared to the prior year end, reflecting these same seasonal trends.

However, in addition to these seasonal trends, the moderation in customer payment behavior from the previously elevated levels we experienced in recent periods, has also significantly impacted our key financial metrics, such as our net charge-off rate, and also the fluctuations experienced between quarterly periods. The effects from these changes in customer payment behavior have resulted and may continue to result in either partial, or in some instances full, offset to the impact from the ongoing seasonal trends discussed above.

## Results of Operations

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### Highlights for the Three and Nine Months Ended September 30, 2024

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

- Net earnings increased to \$789 million from \$628 million and to \$2.7 billion from \$1.8 billion for the three and nine months ended September 30, 2024. The increase in the three months ended September 30, 2024 was primarily driven by higher net interest income and lower retailer share arrangements, partially offset by an increase in provision for credit losses. The increase in the nine months ended September 30, 2024 was primarily driven by the after-tax gain on sale related to Pets Best of \$802 million, as well as the same trends experienced in the three months ended September 30, 2024.
- Loan receivables increased 4.4% to \$102.2 billion at September 30, 2024 compared to \$97.9 billion at September 30, 2023, primarily driven by lower customer payment rates and the completion of the Ally Lending acquisition, partially offset by lower purchase volume.
- Net interest income increased 5.7% to \$4.6 billion and 7.1% to \$13.4 billion for the three and nine months ended September 30, 2024, respectively. Interest and fees on loans increased 7.2% and 10.5% for the three and nine months ended September 30, 2024, respectively, primarily driven by growth in average loan receivables, the impact of our product, pricing and policy changes and lower payment rate, partially offset by higher reversals. For the three and nine months ended September 30, 2024, interest expense increased 18.5% and 33.8%, respectively, due to higher benchmark rates and higher interest-bearing liabilities.
- Retailer share arrangements decreased 6.6% to \$914 million and 10.6% to \$2.5 billion for the three and nine months ended September 30, 2024, respectively, primarily due to higher net charge-offs.
- Over-30 day loan delinquencies as a percentage of period-end loan receivables increased 38 basis points to 4.78% at September 30, 2024 compared to September 30, 2023. The net charge-off rate increased 146 basis points to 6.06% and increased 164 basis points to 6.26% for the three and nine months ended September 30, 2024, respectively.
- Provision for credit losses increased by \$109 million, or 7.3%, and \$1.0 billion, or 24.3%, for the three and nine months ended September 30, 2024, respectively, primarily driven by higher net charge-offs, partially offset by lower reserve builds. The reserve build in the nine months ended September 30, 2024 included \$180 million related to the Ally Lending acquisition. Our allowance coverage ratio (allowance for credit losses as a percentage of period-end loan receivables) increased to 10.79% at September 30, 2024, as compared to 10.40% at September 30, 2023.
- Other income increased by \$27 million to \$119 million, and by \$1.2 billion to \$1.4 billion for the three and nine months ended September 30, 2024, respectively. The increase in the three months ended September 30, 2024 was primarily driven by the impact of our product, pricing and policy change related fees, partially offset by the impact of the Pets Best disposition and venture investment gains and losses. The increase in the nine months ended September 30, 2024 was primarily driven by the \$1.1 billion gain on sale related to the Pets Best disposition.
- Other expense increased by \$35 million, or 3.0%, and \$130 million, or 3.8%, for the three and nine months ended September 30, 2024, respectively. The increase in the three and nine months ended September 30, 2024 was primarily driven by costs related to the Ally Lending acquisition, technology investments, and preparatory expenses related to the late fee rule change, partially offset by lower operational losses.
- At September 30, 2024, deposits represented 84% of our total funding sources. Total deposits increased by 1.4% to \$82.3 billion at September 30, 2024, compared to December 31, 2023.

- During the nine months ended September 30, 2024, we declared and paid cash dividends totaling \$51 million on our Series A 5.625% fixed rate non-cumulative perpetual preferred stock and our Series B 8.250% fixed rate reset non-cumulative perpetual preferred stock.
- During the nine months ended September 30, 2024, we repurchased \$900 million of our outstanding common stock, and declared and paid cash dividends of \$0.75 per share, or \$301 million in the aggregate. In April 2024, the Board of Directors approved an incremental share repurchase program of up to \$1.0 billion, through June 30, 2025, and maintained the quarterly dividend at its current amount of \$0.25 per common share. At September 30, 2024 we had a total share repurchase authorization of \$700 million remaining. For more information, see “Capital—Dividend and Share Repurchases.”
- In March 2024, we sold our wholly-owned subsidiary, Pets Best, for consideration comprising a combination of cash and an equity interest in Independence Pet Holdings, Inc. The sale resulted in the recognition of a gain on sale of \$1.1 billion, or \$802 million net of tax.
- In March 2024, we acquired Ally Lending for cash consideration of \$2.0 billion. The assets and liabilities of Ally Lending primarily included loan receivables with an unpaid principal balance of \$2.2 billion. See Note 3. *Acquisitions and Dispositions* to our condensed consolidated financial statements for additional information.

### **2024 Partner Agreements**

During the nine months ended September 30, 2024, we continued to expand and diversify our portfolio with the addition or renewal of more than 55 partners, as well as enter new strategic relationships, which included the following:

- In our Home & Auto sales platform, we announced our new partnerships with Bel Furniture and The Carpet Guys and extended our program agreements with Associated Materials, BrandsMart and Jerome's Furniture Warehouse.
- In our Digital sales platform, we announced our new partnership with Virgin Red and extended our program agreement with Cathay Pacific and Verizon.
- In our Health & Wellness sales platform, we expanded our network through our new partnerships with Bond Veterinary, Lakefield Veterinary Group, LaserAway and Western Veterinary and extended our program agreements with Bosley, Innovetive, LCA Vision and SCI. We also launched the integration of our CareCredit card with Pets Best to enable direct insurance claim reimbursement for customers.
- In our Lifestyle sales platform, we announced our new partnerships with BRP and Gibson and extended our program agreements with CF Moto, Daniel's, Dick's Sporting Goods, and EC Barton and Reeds.
- We added two new strategic technology partnerships with Adit Practice Management Software and ServiceTitan, both of which expand access for customers to our suite of credit products.
- We entered into a relationship with Atlanticus Holdings Corporation to deliver a preferred second look financing solution for private label credit cards and installment loan products across our business.

## Summary Earnings

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

| (\$ in millions)  | Three months ended September 30, |               | Nine months ended September 30, |                 |
|---|----------------------------------|---------------|---------------------------------|-----------------|
|   | 2024                             | 2023          | 2024                            | 2023            |
| Interest income   | \$ 5,785                         | \$ 5,354      | \$ 16,935                       | \$ 15,161       |
| Interest expense  | 1,176                            | 992           | 3,516                           | 2,628           |
| <b>Net interest income</b>  | <b>4,609</b>                     | <b>4,362</b>  | <b>13,419</b>                   | <b>12,533</b>   |
| Retailer share arrangements   | (914)                            | (979)         | (2,488)                         | (2,783)         |
| Provision for credit losses   | 1,597                            | 1,488         | 5,172                           | 4,161           |
| <b>Net interest income, after retailer share arrangements and provision for credit losses</b> | <b>2,098</b>                     | <b>1,895</b>  | <b>5,759</b>                    | <b>5,589</b>    |
| Other income  | 119                              | 92            | 1,393                           | 218             |
| Other expense   | 1,189                            | 1,154         | 3,572                           | 3,442           |
| <b>Earnings before provision for income taxes</b>   | <b>1,028</b>                     | <b>833</b>    | <b>3,580</b>                    | <b>2,365</b>    |
| Provision for income taxes  | 239                              | 205           | 855                             | 567             |
| <b>Net earnings</b>   | <b>\$ 789</b>                    | <b>\$ 628</b> | <b>\$ 2,725</b>                 | <b>\$ 1,798</b> |
| <b>Net earnings available to common stockholders</b>  | <b>\$ 768</b>                    | <b>\$ 618</b> | <b>\$ 2,674</b>                 | <b>\$ 1,767</b> |

## Other Financial and Statistical Data

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

| (\$ in millions)   | At and for the<br>Three months ended September 30, |            | At and for the<br>Nine months ended September 30, |            |
|--|--|------------|---|------------|
|  | 2024   | 2023       | 2024  | 2023       |
| <b>Financial Position Data (Average):</b>  |  |            |   |            |
| Loan receivables, including held for sale  | \$ 102,009   | \$ 96,230  | \$ 101,484  | \$ 93,198  |
| Total assets   | \$ 119,389   | \$ 110,335 | \$ 119,429  | \$ 108,209 |
| Deposits   | \$ 82,487  | \$ 76,353  | \$ 82,872   | \$ 74,750  |
| Borrowings   | \$ 15,785  | \$ 14,806  | \$ 15,924   | \$ 14,683  |
| Total equity   | \$ 15,815  | \$ 13,758  | \$ 15,318   | \$ 13,537  |
| <b>Selected Performance Metrics:</b>   |  |            |   |            |
| Purchase volume <sup>(1)(2)</sup>  | \$ 44,985  | \$ 47,006  | \$ 134,218  | \$ 135,839 |
| Home & Auto  | \$ 11,361  | \$ 12,273  | \$ 34,369   | \$ 35,989  |
| Digital  | \$ 13,352  | \$ 13,808  | \$ 39,383   | \$ 39,541  |
| Diversified & Value  | \$ 14,992  | \$ 15,445  | \$ 44,348   | \$ 44,240  |
| Health & Wellness  | \$ 3,867   | \$ 3,990   | \$ 11,936   | \$ 11,695  |
| Lifestyle  | \$ 1,411   | \$ 1,490   | \$ 4,180  | \$ 4,372   |
| Corp, Other  | \$ 2   | \$ —       | \$ 2  | \$ 2       |
| Average active accounts (in thousands) <sup>(2)(3)</sup>                                 | 70,424   | 70,308     | 71,052  | 69,842     |
| Net interest margin <sup>(4)</sup>   | 15.04 %  | 15.36 %    | 14.68 %   | 15.17 %    |
| Net charge-offs  | \$ 1,553   | \$ 1,116   | \$ 4,759  | \$ 3,218   |
| Net charge-offs (annualized) as a % of average loan receivables, including held for sale | 6.06 %   | 4.60 %     | 6.26 %  | 4.62 %     |
| Allowance coverage ratio <sup>(5)</sup>  | 10.79 %  | 10.40 %    | 10.79 %   | 10.40 %    |
| Return on assets <sup>(6)</sup>  | 2.6 %  | 2.3 %      | 3.0 %   | 2.2 %      |
| Return on equity <sup>(7)</sup>  | 19.8 %   | 18.1 %     | 23.8 %  | 17.8 %     |
| Equity to assets <sup>(8)</sup>  | 13.25 %  | 12.47 %    | 12.83 %   | 12.51 %    |
| Other expense (annualized) as a % of average loan receivables, including held for sale   | 4.64 %   | 4.76 %     | 4.70 %  | 4.94 %     |
| Efficiency ratio <sup>(9)</sup>  | 31.2 %   | 33.2 %     | 29.0 %  | 34.5 %     |
| Effective income tax rate  | 23.2 %   | 24.6 %     | 23.9 %  | 24.0 %     |
| <b>Selected Period-End Data:</b>   |  |            |   |            |
| Loan receivables   | \$ 102,193   | \$ 97,873  | \$ 102,193  | \$ 97,873  |
| Allowance for credit losses  | \$ 11,029  | \$ 10,176  | \$ 11,029   | \$ 10,176  |
| 30+ days past due as a % of period-end loan receivables <sup>(10)</sup>                  | 4.78 %   | 4.40 %     | 4.78 %  | 4.40 %     |
| 90+ days past due as a % of period-end loan receivables <sup>(10)</sup>                  | 2.33 %   | 2.06 %     | 2.33 %  | 2.06 %     |
| Total active accounts (in thousands) <sup>(3)</sup>                                      | 69,965   | 70,137     | 69,965  | 70,137     |

(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 annualized net interest income divided by average total interest-earning assets.

(5) Allowance coverage ratio represents allowance for credit losses divided by total period-end loan receivables.

(6) Return on assets represents annualized net earnings as a percentage of average total assets.

(7) Return on equity represents annualized net earnings as a percentage of average total equity.

(8) Equity to assets represents average total equity as a percentage of average total assets.

(9) Efficiency ratio represents (i) other expense, divided by (ii) sum of net interest income, plus other income, less retailer share arrangements.

(10) Based on customer statement-end balances extrapolated to the respective period-end date.

## Average Balance Sheet

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

|   | 2024              |                           |                                     | 2023              |                          |                                     |
|---|-------------------|---------------------------|-------------------------------------|-------------------|--------------------------|-------------------------------------|
|   | Average Balance   | Interest Income / Expense | Average Yield / Rate <sup>(1)</sup> | Average Balance   | Interest Income/ Expense | Average Yield / Rate <sup>(1)</sup> |
| <i>Three months ended September 30 (\$ in millions)</i>         |                   |                           |                                     |                   |                          |                                     |
| <b>Assets</b>   |                   |                           |                                     |                   |                          |                                     |
| <b>Interest-earning assets:</b>                                 |                   |                           |                                     |                   |                          |                                     |
| Interest-earning cash and equivalents <sup>(2)</sup>            | \$ 17,316         | \$ 235                    | 5.40 %                              | \$ 12,753         | \$ 172                   | 5.35 %                              |
| Securities available for sale                                   | 2,587             | 28                        | 4.31 %                              | 3,706             | 31                       | 3.32 %                              |
| <b>Loan receivables, including held for sale<sup>(3)</sup>:</b> |                   |                           |                                     |                   |                          |                                     |
| Credit cards  | 93,785            | 5,236                     | 22.21 %                             | 90,587            | 5,003                    | 21.91 %                             |
| Consumer installment loans                                      | 6,107             | 238                       | 15.50 %                             | 3,656             | 108                      | 11.72 %                             |
| Commercial credit products                                      | 1,992             | 46                        | 9.19 %                              | 1,861             | 38                       | 8.10 %                              |
| Other   | 125               | 2                         | 6.37 %                              | 126               | 2                        | 6.30 %                              |
| <b>Total loan receivables, including held for sale</b>          | <b>102,009</b>    | <b>5,522</b>              | <b>21.54 %</b>                      | <b>96,230</b>     | <b>5,151</b>             | <b>21.24 %</b>                      |
| <b>Total interest-earning assets</b>                            | <b>121,912</b>    | <b>5,785</b>              | <b>18.88 %</b>                      | <b>112,689</b>    | <b>5,354</b>             | <b>18.85 %</b>                      |
| <b>Non-interest-earning assets:</b>                             |                   |                           |                                     |                   |                          |                                     |
| Cash and due from banks   | 847               |                           |                                     | 964               |                          |                                     |
| Allowance for credit losses                                     | (10,994)          |                           |                                     | (9,847)           |                          |                                     |
| Other assets  | 7,624             |                           |                                     | 6,529             |                          |                                     |
| <b>Total non-interest-earning assets</b>                        | <b>(2,523)</b>    |                           |                                     | <b>(2,354)</b>    |                          |                                     |
| <b>Total assets</b>   | <b>\$ 119,389</b> |                           |                                     | <b>\$ 110,335</b> |                          |                                     |
| <b>Liabilities</b>  |                   |                           |                                     |                   |                          |                                     |
| <b>Interest-bearing liabilities:</b>                            |                   |                           |                                     |                   |                          |                                     |
| Interest-bearing deposit accounts                               | \$ 82,100         | \$ 968                    | 4.69 %                              | \$ 75,952         | \$ 800                   | 4.18 %                              |
| Borrowings of consolidated securitization entities              | 7,817             | 108                       | 5.50 %                              | 6,096             | 86                       | 5.60 %                              |
| Senior and subordinated unsecured notes                         | 7,968             | 100                       | 4.99 %                              | 8,710             | 106                      | 4.83 %                              |
| <b>Total interest-bearing liabilities</b>                       | <b>97,885</b>     | <b>1,176</b>              | <b>4.78 %</b>                       | <b>90,758</b>     | <b>992</b>               | <b>4.34 %</b>                       |
| <b>Non-interest-bearing liabilities:</b>                        |                   |                           |                                     |                   |                          |                                     |
| Non-interest-bearing deposit accounts                           | 387               |                           |                                     | 401               |                          |                                     |
| Other liabilities   | 5,302             |                           |                                     | 5,418             |                          |                                     |
| <b>Total non-interest-bearing liabilities</b>                   | <b>5,689</b>      |                           |                                     | <b>5,819</b>      |                          |                                     |
| <b>Total liabilities</b>  | <b>103,574</b>    |                           |                                     | <b>96,577</b>     |                          |                                     |
| <b>Equity</b>   |                   |                           |                                     |                   |                          |                                     |
| <b>Total equity</b>   | <b>15,815</b>     |                           |                                     | <b>13,758</b>     |                          |                                     |
| <b>Total liabilities and equity</b>                             | <b>\$ 119,389</b> |                           |                                     | <b>\$ 110,335</b> |                          |                                     |
| <b>Interest rate spread<sup>(4)</sup></b>                       |                   |                           | 14.10 %                             |                   |                          | 14.51 %                             |
| <b>Net interest income</b>                                      |                   | <b>\$ 4,609</b>           |                                     |                   | <b>\$ 4,362</b>          |                                     |
| <b>Net interest margin<sup>(5)</sup></b>                        |                   |                           | 15.04 %                             |                   |                          | 15.36 %                             |

|   | 2024              |                           |                                     | 2023              |                          |                                     |
|---|-------------------|---------------------------|-------------------------------------|-------------------|--------------------------|-------------------------------------|
|   | Average Balance   | Interest Income / Expense | Average Yield / Rate <sup>(1)</sup> | Average Balance   | Interest Income/ Expense | Average Yield / Rate <sup>(1)</sup> |
| <i>Nine months ended September 30 (\$ in millions)</i>          |                   |                           |                                     |                   |                          |                                     |
| <b>Assets</b>   |                   |                           |                                     |                   |                          |                                     |
| <b>Interest-earning assets:</b>                                 |                   |                           |                                     |                   |                          |                                     |
| Interest-earning cash and equivalents <sup>(2)</sup>            | \$ 17,685         | \$ 720                    | 5.44 %                              | \$ 13,107         | \$ 490                   | 5.00 %                              |
| Securities available for sale                                   | 2,915             | 99                        | 4.54 %                              | 4,138             | 92                       | 2.97 %                              |
| <b>Loan receivables, including held for sale<sup>(3)</sup>:</b> |                   |                           |                                     |                   |                          |                                     |
| Credit cards  | 93,757            | 15,345                    | 21.86 %                             | 87,914            | 14,179                   | 21.56 %                             |
| Consumer installment loans                                      | 5,644             | 630                       | 14.91 %                             | 3,375             | 285                      | 11.29 %                             |
| Commercial credit products                                      | 1,957             | 134                       | 9.15 %                              | 1,789             | 108                      | 8.07 %                              |
| Other   | 126               | 7                         | 7.42 %                              | 120               | 7                        | 7.80 %                              |
| <b>Total loan receivables, including held for sale</b>          | <b>101,484</b>    | <b>16,116</b>             | <b>21.21 %</b>                      | <b>93,198</b>     | <b>14,579</b>            | <b>20.91 %</b>                      |
| <b>Total interest-earning assets</b>                            | <b>122,084</b>    | <b>16,935</b>             | <b>18.53 %</b>                      | <b>110,443</b>    | <b>15,161</b>            | <b>18.35 %</b>                      |
| <b>Non-interest-earning assets:</b>                             |                   |                           |                                     |                   |                          |                                     |
| Cash and due from banks   | 892               |                           |                                     | 987               |                          |                                     |
| Allowance for credit losses                                     | (10,850)          |                           |                                     | (9,552)           |                          |                                     |
| Other assets  | 7,303             |                           |                                     | 6,331             |                          |                                     |
| <b>Total non-interest-earning assets</b>                        | <b>(2,655)</b>    |                           |                                     | <b>(2,234)</b>    |                          |                                     |
| <b>Total assets</b>   | <b>\$ 119,429</b> |                           |                                     | <b>\$ 108,209</b> |                          |                                     |
| <b>Liabilities</b>  |                   |                           |                                     |                   |                          |                                     |
| <b>Interest-bearing liabilities:</b>                            |                   |                           |                                     |                   |                          |                                     |
| Interest-bearing deposit accounts                               | \$ 82,481         | \$ 2,889                  | 4.68 %                              | \$ 74,340         | \$ 2,074                 | 3.73 %                              |
| Borrowings of consolidated securitization entities              | 7,686             | 323                       | 5.61 %                              | 6,062             | 241                      | 5.32 %                              |
| Senior and subordinated unsecured notes                         | 8,238             | 304                       | 4.93 %                              | 8,621             | 313                      | 4.85 %                              |
| <b>Total interest-bearing liabilities</b>                       | <b>98,405</b>     | <b>3,516</b>              | <b>4.77 %</b>                       | <b>89,023</b>     | <b>2,628</b>             | <b>3.95 %</b>                       |
| <b>Non-interest-bearing liabilities:</b>                        |                   |                           |                                     |                   |                          |                                     |
| Non-interest-bearing deposit accounts                           | 391               |                           |                                     | 410               |                          |                                     |
| Other liabilities   | 5,315             |                           |                                     | 5,239             |                          |                                     |
| <b>Total non-interest-bearing liabilities</b>                   | <b>5,706</b>      |                           |                                     | <b>5,649</b>      |                          |                                     |
| <b>Total liabilities</b>  | <b>104,111</b>    |                           |                                     | <b>94,672</b>     |                          |                                     |
| <b>Equity</b>   |                   |                           |                                     |                   |                          |                                     |
| <b>Total equity</b>   | <b>15,318</b>     |                           |                                     | <b>13,537</b>     |                          |                                     |
| <b>Total liabilities and equity</b>                             | <b>\$ 119,429</b> |                           |                                     | <b>\$ 108,209</b> |                          |                                     |
| <b>Interest rate spread<sup>(4)</sup></b>                       |                   |                           | 13.76 %                             |                   |                          | 14.41 %                             |
| <b>Net interest income</b>                                      |                   | <b>\$ 13,419</b>          |                                     |                   | <b>\$ 12,533</b>         |                                     |
| <b>Net interest margin<sup>(5)</sup></b>                        |                   |                           | 14.68 %                             |                   |                          | 15.17 %                             |

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

(2) Includes average restricted cash balances of \$57 million and \$151 million for the three months ended September 30, 2024 and 2023, respectively, and \$76 million and \$324 million for the nine months ended September 30, 2024 and 2023, respectively.

(3) Interest income on loan receivables includes fees on loans, which primarily consist of late fees on our credit products, of \$652 million and \$694 million for the three months ended September 30, 2024 and 2023, respectively, and \$1.9 billion and \$2.0 billion for the nine months ended September 30, 2024 and 2023, respectively.

(4) Interest rate spread represents the difference between the yield on total interest-earning assets and the rate on total interest-bearing liabilities.

(5) Net interest margin represents annualized 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 \$431 million, or 8.1%, and \$1.8 billion, or 11.7%, for the three and nine months ended September 30, 2024, respectively, primarily driven by increases in interest and fees on loans of 7.2% and 10.5%, respectively. The increases in the three and nine months ended September 30, 2024 in interest and fees on loans were primarily driven by growth in average loan receivables, the impact of our product, pricing and policy changes and lower customer payment rates, partially offset by higher reversals.

### Average interest-earning assets

Three months ended September 30 (\$ in millions)

|  | 2024              | %              | 2023              | %              |
|--|-------------------|----------------|-------------------|----------------|
| Loan receivables, including held for sale    | \$ 102,009        | 83.7 %         | \$ 96,230         | 85.4 %         |
| Liquidity portfolio and other                | 19,903            | 16.3 %         | 16,459            | 14.6 %         |
| <b>Total average interest-earning assets</b> | <b>\$ 121,912</b> | <b>100.0 %</b> | <b>\$ 112,689</b> | <b>100.0 %</b> |

Nine months ended September 30 (\$ in millions)

|  | 2024              | %              | 2023              | %              |
|--|-------------------|----------------|-------------------|----------------|
| Loan receivables, including held for sale    | \$ 101,484        | 83.1 %         | \$ 93,198         | 84.4 %         |
| Liquidity portfolio and other                | 20,600            | 16.9 %         | 17,245            | 15.6 %         |
| <b>Total average interest-earning assets</b> | <b>\$ 122,084</b> | <b>100.0 %</b> | <b>\$ 110,443</b> | <b>100.0 %</b> |

Average loan receivables, including held for sale, increased 6.0% and 8.9% for the three and nine months ended September 30, 2024, respectively, primarily driven by lower customer payment rates and the impact of the Ally Lending acquisition, partially offset by lower purchase volume. Purchase volume decreased by 4.3% and 1.2% for the three and nine months ended September 30, 2024, respectively, reflecting lower consumer spend as well as the impact of credit actions, partially offset by the Ally Lending acquisition. The decrease for the nine months ended September 30, 2024 was also partially offset by growth in average active accounts of 1.7%.

### Yield on average interest-earning assets

The yield on average interest-earning assets increased for the three and nine months ended September 30, 2024 primarily due to increases in the yield on average loan receivables. The loan receivable yield increased 30 basis points for both the three and nine months ended September 30, 2024 to 21.54% and 21.21%, respectively.

## Interest Expense

Interest expense increased by \$184 million to \$1.2 billion, and \$888 million to \$3.5 billion, for the three and nine months ended September 30, 2024, respectively, due to higher benchmark rates and higher interest-bearing liabilities. Our cost of funds increased to 4.78% and 4.77% for the three and nine months ended September 30, 2024, respectively, compared to 4.34% and 3.95% for the three and nine months ended September 30, 2023, respectively.

### Average interest-bearing liabilities

Three months ended September 30 (\$ in millions)

|  | 2024             | %              | 2023             | %              |
|--|------------------|----------------|------------------|----------------|
| Interest-bearing deposit accounts                  | \$ 82,100        | 83.9 %         | \$ 75,952        | 83.7 %         |
| Borrowings of consolidated securitization entities | 7,817            | 8.0 %          | 6,096            | 6.7 %          |
| Senior and subordinated unsecured notes            | 7,968            | 8.1 %          | 8,710            | 9.6 %          |
| <b>Total average interest-bearing liabilities</b>  | <b>\$ 97,885</b> | <b>100.0 %</b> | <b>\$ 90,758</b> | <b>100.0 %</b> |

Nine months ended September 30 (\$ in millions)

|  | 2024             | %              | 2023             | %              |
|--|------------------|----------------|------------------|----------------|
| Interest-bearing deposit accounts                  | \$ 82,481        | 83.8 %         | \$ 74,340        | 83.5 %         |
| Borrowings of consolidated securitization entities | 7,686            | 7.8 %          | 6,062            | 6.8 %          |
| Senior and subordinated unsecured notes            | 8,238            | 8.4 %          | 8,621            | 9.7 %          |
| <b>Total average interest-bearing liabilities</b>  | <b>\$ 98,405</b> | <b>100.0 %</b> | <b>\$ 89,023</b> | <b>100.0 %</b> |

## Net Interest Income

Net interest income increased by \$247 million, or 5.7%, and \$886 million, or 7.1%, for the three and nine months ended September 30, 2024, respectively, resulting from the changes in interest income and interest expense discussed above.

## Retailer Share Arrangements

Retailer share arrangements decreased by \$65 million, or 6.6%, and \$295 million, or 10.6%, for the three and nine months ended September 30, 2024, respectively, primarily due to higher net charge-offs.

## Provision for Credit Losses

Provision for credit losses increased by \$109 million, or 7.3%, and \$1.0 billion, or 24.3%, for the three and nine months ended September 30, 2024, respectively, primarily driven by higher net charge-offs, partially offset by lower reserve builds in the current year. The net charge-off rate for the three months ended September 30, 2024 increased by 146 basis points to 6.06%, as compared to the prior year period, and was 97 basis points above the average of the third quarters of 2017 through 2019. The reserve build in the nine months ended September 30, 2024 included \$180 million related to the Ally Lending acquisition.

## Other Income

(\$ in millions)

|                            | Three months ended September 30, |              | Nine months ended September 30, |               |
|----------------------------|----------------------------------|--------------|---------------------------------|---------------|
|                            | 2024                             | 2023         | 2024                            | 2023          |
| Interchange revenue        | \$ 256                           | \$ 267       | \$ 760                          | \$ 761        |
| Protection product revenue | 145                              | 131          | 411                             | 371           |
| Loyalty programs           | (346)                            | (358)        | (1,011)                         | (1,001)       |
| Other                      | 64                               | 52           | 1,233                           | 87            |
| <b>Total other income</b>  | <b>\$ 119</b>                    | <b>\$ 92</b> | <b>\$ 1,393</b>                 | <b>\$ 218</b> |

Other income increased by \$27 million to \$119 million, and \$1.2 billion to \$1.4 billion, for the three and nine months ended September 30, 2024, respectively. The increase in other income for the three months ended September 30, 2024 was primarily driven by the impact of our product, pricing and policy change related fees across all five of our sales platforms. This impact was partially offset by lower commission fees following the Pets Best disposition in March 2024 and venture investment losses in the three months ended September 30, 2024 as compared to net investment gains recognized in the prior year period.

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

## Other Expense

| (\$ in millions)                   | Three months ended September 30, |                 | Nine months ended September 30, |                 |
|------------------------------------|----------------------------------|-----------------|---------------------------------|-----------------|
|                                    | 2024                             | 2023            | 2024                            | 2023            |
| Employee costs                     | \$ 464                           | \$ 444          | \$ 1,394                        | \$ 1,346        |
| Professional fees                  | 231                              | 219             | 687                             | 614             |
| Marketing and business development | 123                              | 125             | 377                             | 389             |
| Information processing             | 203                              | 177             | 596                             | 522             |
| Other                              | 168                              | 189             | 518                             | 571             |
| <b>Total other expense</b>         | <b>\$ 1,189</b>                  | <b>\$ 1,154</b> | <b>\$ 3,572</b>                 | <b>\$ 3,442</b> |

Other expense increased by \$35 million, or 3.0% and by \$130 million, or 3.8%, for the three and nine months ended September 30, 2024, respectively.

The increase in the three and nine months ended September 30, 2024 were primarily driven by costs related to the Ally Lending acquisition, technology investments, and preparatory expenses related to the late fee rule change, partially offset by lower operational losses. Technology investments primarily reflect higher amortization of capitalized software expenditures.

## Provision for Income Taxes

| (\$ in millions)           | Three months ended September 30, |        | Nine months ended September 30, |        |
|----------------------------|----------------------------------|--------|---------------------------------|--------|
|                            | 2024                             | 2023   | 2024                            | 2023   |
| Effective tax rate         | 23.2 %                           | 24.6 % | 23.9 %                          | 24.0 % |
| Provision for income taxes | \$ 239                           | \$ 205 | \$ 855                          | \$ 567 |

The effective tax rate for the three months ended September 30, 2024 decreased compared to the same period in the prior year primarily due to the resolution of certain tax matters in the current period. The effective tax rate for the nine months ended September 30, 2024 decreased slightly compared to the same period in the prior year. For both periods presented, the effective tax rate differs from the applicable U.S. federal statutory tax rate primarily due to state income taxes.

## Platform Analysis

As discussed above under “—Our Sales Platforms,” we offer our credit products primarily through five sales platforms (Home & Auto, Digital, Diversified & Value, Health & Wellness and Lifestyle), which management measures based on their revenue-generating activities. The following is a discussion of certain supplemental information for the three and nine months ended September 30, 2024, for each of our five sales platforms and Corp, Other.

### Home & Auto

| (\$ in millions)                                  | Three months ended September 30, |           | Nine months ended September 30, |           |
|---|----------------------------------|-----------|---------------------------------|-----------|
|   | 2024                             | 2023      | 2024                            | 2023      |
| Purchase volume                                   | \$ 11,361                        | \$ 12,273 | \$ 34,369                       | \$ 35,989 |
| Period-end loan receivables                       | \$ 32,542                        | \$ 31,648 | \$ 32,542                       | \$ 31,648 |
| Average loan receivables, including held for sale | \$ 32,613                        | \$ 31,239 | \$ 32,358                       | \$ 30,386 |
| Average active accounts (in thousands)            | 19,157                           | 19,223    | 19,136                          | 18,894    |
| Interest and fees on loans                        | \$ 1,489                         | \$ 1,367  | \$ 4,290                        | \$ 3,867  |
| Other income                                      | \$ 56                            | \$ 28     | \$ 127                          | \$ 80     |

Home & Auto interest and fees on loans increased by \$122 million, or 8.9%, and increased by \$423 million, or 10.9%, for the three and nine months ended September 30, 2024, respectively, primarily driven by higher average loan receivables and higher benchmark rates. The increase in average loan receivables for both periods primarily reflects the completion of the Ally Lending acquisition as well as the impact of lower customer payment rates, partially offset by lower purchase volume. Purchase volume decreased 7.4% and 4.5% for the three and nine months ended September 30, 2024, as the impact of the Ally Lending acquisition was more than offset by a combination of lower consumer traffic, fewer large ticket purchases and the impact of credit actions.

Other income increased by \$28 million, or 100.0%, and \$47 million, or 58.8%, for the three and nine months ended September 30, 2024, respectively. The increases for the three and nine months ended September 30, 2024 were primarily due to the impact of product, pricing and policy change related fees, lower loyalty costs and higher protection product revenue.

### Digital

| (\$ in millions)                                  | Three months ended September 30, |           | Nine months ended September 30, |           |
|---|----------------------------------|-----------|---------------------------------|-----------|
|   | 2024                             | 2023      | 2024                            | 2023      |
| Purchase volume                                   | \$ 13,352                        | \$ 13,808 | \$ 39,383                       | \$ 39,541 |
| Period-end loan receivables                       | \$ 27,771                        | \$ 26,685 | \$ 27,771                       | \$ 26,685 |
| Average loan receivables, including held for sale | \$ 27,704                        | \$ 26,266 | \$ 27,776                       | \$ 25,484 |
| Average active accounts (in thousands)            | 20,787                           | 20,768    | 21,033                          | 20,641    |
| Interest and fees on loans                        | \$ 1,593                         | \$ 1,530  | \$ 4,704                        | \$ 4,315  |
| Other income                                      | \$ 4                             | \$ (6)    | \$ 10                           | \$ (7)    |

Digital interest and fees on loans increased by \$63 million, or 4.1%, and \$389 million, or 9.0%, for the three and nine months ended September 30, 2024, respectively, primarily driven by higher average loan receivables, lower payment rates and higher benchmark rates. Purchase volume decreased by 3.3% and 0.4% for the three and nine months ended September 30, 2024, primarily driven by lower consumer spend per account and the impact of credit actions. Average active accounts remained flat and increased by 1.9%, for the three and nine months ended September 30, 2024, respectively.

## Diversified & Value

| (\$ in millions)                                  | Three months ended September 30, |           | Nine months ended September 30, |           |
|---|----------------------------------|-----------|---------------------------------|-----------|
|   | 2024                             | 2023      | 2024                            | 2023      |
| Purchase volume                                   | \$ 14,992                        | \$ 15,445 | \$ 44,348                       | \$ 44,240 |
| Period-end loan receivables                       | \$ 19,466                        | \$ 18,865 | \$ 19,466                       | \$ 18,865 |
| Average loan receivables, including held for sale | \$ 19,413                        | \$ 18,565 | \$ 19,455                       | \$ 18,074 |
| Average active accounts (in thousands)            | 19,960                           | 20,410    | 20,448                          | 20,571    |
| Interest and fees on loans                        | \$ 1,209                         | \$ 1,168  | \$ 3,588                        | \$ 3,329  |
| Other income                                      | \$ (11)                          | \$ (28)   | \$ (50)                         | \$ (63)   |

Diversified & Value interest and fees on loans increased by \$41 million, or 3.5%, and \$259 million, or 7.8%, for the three and nine months ended September 30, 2024, respectively, primarily driven by growth in average loan receivables, lower payment rates and higher benchmark rates. Purchase volume decreased by 2.9% for the three months ended September 30, 2024 primarily driven by lower consumer spend per account and the impact of credit actions. Purchase volume remained flat for the nine months ended September 30, 2024. Average active accounts decreased by 2.2% and 0.6%, for the three and nine months ended September 30, 2024, respectively.

## Health & Wellness

| (\$ in millions)                                  | Three months ended September 30, |           | Nine months ended September 30, |           |
|---|----------------------------------|-----------|---------------------------------|-----------|
|   | 2024                             | 2023      | 2024                            | 2023      |
| Purchase volume                                   | \$ 3,867                         | \$ 3,990  | \$ 11,936                       | \$ 11,695 |
| Period-end loan receivables                       | \$ 15,439                        | \$ 14,019 | \$ 15,439                       | \$ 14,019 |
| Average loan receivables, including held for sale | \$ 15,311                        | \$ 13,600 | \$ 15,041                       | \$ 12,927 |
| Average active accounts (in thousands)            | 7,801                            | 7,276     | 7,713                           | 7,076     |
| Interest and fees on loans                        | \$ 956                           | \$ 844    | \$ 2,736                        | \$ 2,365  |
| Other income                                      | \$ 68                            | \$ 74     | \$ 182                          | \$ 189    |

Health & Wellness interest and fees on loans increased by \$112 million, or 13.3%, and \$371 million, or 15.7%, for the three and nine months ended September 30, 2024, respectively, primarily driven by higher average loan receivables. The growth in average loan receivables for both periods reflected higher purchase volume over the last 12 months and lower customer payment rates, as well as the completion of the Ally Lending acquisition. Purchase volume decreased 3.1%, and average active accounts increased 7.2% for the three months ended September 30, 2024, as lower spend in Dental, Cosmetic and Vision, combined with the impact of credit actions, was partially offset by growth in Pet and Audiology. Purchase volume increased 2.1%, and average active accounts increased 9.0% for the nine months ended September 30, 2024, reflecting growth in Pet and Audiology, partially offset by lower spend in Vision and Dental.

Other income decreased by \$6 million, or 8.1%, and \$7 million, or 3.7%, for the three and nine months ended September 30, 2024, respectively. The decreases for the three and nine months ended September 30, 2024 were primarily due to lower commission fees following the Pets Best disposition, partially offset by higher protection product revenue and the impact of product, pricing and policy change related fees.

**Lifestyle**

| (\$ in millions)                                  | Three months ended September 30, |          | Nine months ended September 30, |          |
|---|----------------------------------|----------|---------------------------------|----------|
|   | 2024                             | 2023     | 2024                            | 2023     |
| Purchase volume                                   | \$ 1,411                         | \$ 1,490 | \$ 4,180                        | \$ 4,372 |
| Period-end loan receivables                       | \$ 6,831                         | \$ 6,483 | \$ 6,831                        | \$ 6,483 |
| Average loan receivables, including held for sale | \$ 6,823                         | \$ 6,383 | \$ 6,726                        | \$ 6,137 |
| Average active accounts (in thousands)            | 2,677                            | 2,556    | 2,668                           | 2,572    |
| Interest and fees on loans                        | \$ 270                           | \$ 249   | \$ 783                          | \$ 704   |
| Other income                                      | \$ 9                             | \$ 8     | \$ 23                           | \$ 22    |

Lifestyle interest and fees on loans increased by \$21 million, or 8.4%, and \$79 million, or 11.2%, for the three and nine months ended September 30, 2024, respectively, primarily driven by growth in average loan receivables and higher benchmark rates. The growth in average loan receivables for both periods reflected lower customer payment rates. Purchase volume decreased by 5.3% and 4.4% for the three and nine months ended September 30, 2024, respectively, reflecting lower transaction values and the impact of credit actions.

**Corp, Other**

| (\$ in millions)                                  | Three months ended September 30, |        | Nine months ended September 30, |        |
|---|----------------------------------|--------|---------------------------------|--------|
|   | 2024                             | 2023   | 2024                            | 2023   |
| Purchase volume                                   | \$ 2                             | \$ —   | \$ 2                            | \$ 2   |
| Period-end loan receivables                       | \$ 144                           | \$ 173 | \$ 144                          | \$ 173 |
| Average loan receivables, including held for sale | \$ 145                           | \$ 177 | \$ 128                          | \$ 190 |
| Average active accounts (in thousands)            | 42                               | 75     | 54                              | 88     |
| Interest and fees on loans                        | \$ 5                             | \$ (7) | \$ 15                           | \$ (1) |
| Other income                                      | \$ (7)                           | \$ 16  | \$ 1,101                        | \$ (3) |

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

## Loan Receivables

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

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

| (\$ in millions)              | At September 30, 2024 |                | At December 31, 2023 |                |
|-------------------------------|-----------------------|----------------|----------------------|----------------|
|                               |                       | %              |                      | %              |
| <b>Loan receivables</b>       |                       |                |                      |                |
| Credit cards                  | \$ 94,008             | 92.0 %         | \$ 97,043            | 94.2 %         |
| Consumer installment loans    | 6,125                 | 6.0            | 3,977                | 3.9            |
| Commercial credit products    | 1,936                 | 1.9            | 1,839                | 1.8            |
| Other                         | 124                   | 0.1            | 129                  | 0.1            |
| <b>Total loan receivables</b> | <b>\$ 102,193</b>     | <b>100.0 %</b> | <b>\$ 102,988</b>    | <b>100.0 %</b> |

Loan receivables decreased 0.8% to \$102.2 billion at September 30, 2024 compared to \$103.0 billion at December 31, 2023, primarily driven by the seasonality of our business and lower purchase volume, partially offset by the Ally Lending acquisition and lower customer payment rates. Loan receivables related to the Ally Lending acquisition are included within Consumer installment loans at September 30, 2024 in the table above.

Loan receivables increased 4.4% to \$102.2 billion at September 30, 2024 compared to \$97.9 billion at September 30, 2023 driven by lower customer payment rates and the completion of the Ally Lending acquisition, partially offset by lower purchase volume.

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

| (\$ in millions) | Loan Receivables Outstanding |  | % of Total Loan Receivables Outstanding |  |
|------------------|------------------------------|--|---|--|
| State            |                              |  |   |  |
| Texas            | \$ 11,273                    |  | 11.0 %                                  |  |
| California       | \$ 10,513                    |  | 10.3 %                                  |  |
| Florida          | \$ 9,521                     |  | 9.3 %                                   |  |
| New York         | \$ 4,865                     |  | 4.8 %                                   |  |
| North Carolina   | \$ 4,300                     |  | 4.2 %                                   |  |

## Delinquencies

Over-30 day loan delinquencies as a percentage of period-end loan receivables increased to 4.78% at September 30, 2024 from 4.40% at September 30, 2023, and increased from 4.74% at December 31, 2023. These increases were primarily driven by lower customer payment rates.

## Net Charge-Offs

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

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

| (\$ in millions)           | Three months ended September 30, |        |          |        |
|----------------------------|----------------------------------|--------|----------|--------|
|                            | 2024                             |        | 2023     |        |
|                            | Amount                           | Rate   | Amount   | Rate   |
| Credit cards               | \$ 1,429                         | 6.06 % | \$ 1,040 | 4.56 % |
| Consumer installment loans | 89                               | 5.80 % | 49       | 5.32 % |
| Commercial credit products | 35                               | 6.99 % | 26       | 5.54 % |
| Other                      | —                                | — %    | 1        | 3.08 % |
| Total net charge-offs      | \$ 1,553                         | 6.06 % | \$ 1,116 | 4.60 % |

| (\$ in millions)           | Nine months ended September 30, |        |          |        |
|----------------------------|---------------------------------|--------|----------|--------|
|                            | 2024                            |        | 2023     |        |
|                            | Amount                          | Rate   | Amount   | Rate   |
| Credit cards               | \$ 4,392                        | 6.26 % | \$ 3,003 | 4.57 % |
| Consumer installment loans | 263                             | 6.22 % | 127      | 5.03 % |
| Commercial credit products | 103                             | 7.03 % | 87       | 6.50 % |
| Other                      | 1                               | 1.06 % | 1        | 1.10 % |
| Total net charge-offs      | \$ 4,759                        | 6.26 % | \$ 3,218 | 4.62 % |

### Allowance for Credit Losses

The allowance for credit losses totaled \$11.0 billion at September 30, 2024, compared to \$10.6 billion at December 31, 2023, respectively, and \$10.2 billion at September 30, 2023, and reflects our estimate of expected credit losses for the life of the loan receivables on our Condensed Consolidated Statement of Financial Position. Our allowance for credit losses as a percentage of total period end loan receivables increased to 10.79% at September 30, 2024, from 10.26% at December 31, 2023 and increased from 10.40% at September 30, 2023.

The increase in allowance for credit losses compared to December 31, 2023 and September 30, 2023 includes the addition of the Ally Lending portfolio. See Note 5. *Loan Receivables and Allowance for Credit Losses* to our condensed consolidated financial statements for additional information.

## Funding, Liquidity and Capital Resources

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

### Funding Sources

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

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

|   | 2024             |                |              | 2023             |                |              |
|---|------------------|----------------|--------------|------------------|----------------|--------------|
|   | Average Balance  | %              | Average Rate | Average Balance  | %              | Average Rate |
| <i>Three months ended September 30 (\$ in millions)</i> |                  |                |              |                  |                |              |
| Deposits <sup>(1)</sup>                                 | \$ 82,100        | 83.9 %         | 4.7 %        | \$ 75,952        | 83.7 %         | 4.2 %        |
| Securitized financings                                  | 7,817            | 8.0            | 5.5 %        | 6,096            | 6.7            | 5.6 %        |
| Senior and subordinated unsecured notes                 | 7,968            | 8.1            | 5.0 %        | 8,710            | 9.6            | 4.8 %        |
| <b>Total</b>  | <b>\$ 97,885</b> | <b>100.0 %</b> | <b>4.8 %</b> | <b>\$ 90,758</b> | <b>100.0 %</b> | <b>4.3 %</b> |

(1) Excludes \$387 million and \$401 million average balance of non-interest-bearing deposits for the three months ended September 30, 2024 and 2023, respectively. Non-interest-bearing deposits comprise less than 10% of total deposits for the three months ended September 30, 2024 and 2023.

|  | 2024             |                |              | 2023             |                |              |
|--|------------------|----------------|--------------|------------------|----------------|--------------|
|  | Average Balance  | %              | Average Rate | Average Balance  | %              | Average Rate |
| <i>Nine months ended September 30 (\$ in millions)</i> |                  |                |              |                  |                |              |
| Deposits <sup>(1)</sup>                                | \$ 82,481        | 83.8 %         | 4.7 %        | \$ 74,340        | 83.5 %         | 3.7 %        |
| Securitized financings                                 | 7,686            | 7.8            | 5.6 %        | 6,062            | 6.8            | 5.3 %        |
| Senior and subordinated unsecured notes                | 8,238            | 8.4            | 4.9 %        | 8,621            | 9.7            | 4.9 %        |
| <b>Total</b>   | <b>\$ 98,405</b> | <b>100.0 %</b> | <b>4.8 %</b> | <b>\$ 89,023</b> | <b>100.0 %</b> | <b>3.9 %</b> |

(1) Excludes \$391 million and \$410 million average balance of non-interest-bearing deposits for the nine months ended September 30, 2024 and 2023, respectively. Non-interest-bearing deposits comprise less than 10% of total deposits for the nine months ended September 30, 2024 and 2023.

### Deposits

We obtain deposits directly from retail, affinity relationships and commercial customers ("direct deposits") or through third-party brokerage firms that offer our deposits to their customers ("brokered deposits"). At September 30, 2024, we had \$71.6 billion in direct deposits and \$10.7 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 and uncommitted capacity) and unsecured debt.

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

|   | 2024             |                |              | 2023             |                |              |
|---|------------------|----------------|--------------|------------------|----------------|--------------|
|   | Average Balance  | %              | Average Rate | Average Balance  | %              | Average Rate |
| <i>Three months ended September 30 (\$ in millions)</i>         |                  |                |              |                  |                |              |
| Direct deposits:  |                  |                |              |                  |                |              |
| Certificates of deposit (including IRA certificates of deposit) | \$ 40,454        | 49.3 %         | 4.9 %        | \$ 34,436        | 45.3 %         | 4.1 %        |
| Savings, money market, and demand accounts                      | 30,281           | 36.9           | 4.5 %        | 28,746           | 37.9           | 4.4 %        |
| Brokered deposits   | 11,365           | 13.8           | 4.6 %        | 12,770           | 16.8           | 4.0 %        |
| <b>Total interest-bearing deposits</b>                          | <b>\$ 82,100</b> | <b>100.0 %</b> | <b>4.7 %</b> | <b>\$ 75,952</b> | <b>100.0 %</b> | <b>4.2 %</b> |
|   |                  |                |              |                  |                |              |
|   | 2024             |                |              | 2023             |                |              |
|   | Average Balance  | %              | Average Rate | Average Balance  | %              | Average Rate |
| <i>Nine months ended September 30 (\$ in millions)</i>          |                  |                |              |                  |                |              |
| Direct deposits:  |                  |                |              |                  |                |              |
| Certificates of deposit (including IRA certificates of deposit) | \$ 40,614        | 49.3 %         | 4.8 %        | \$ 32,115        | 43.2 %         | 3.5 %        |
| Savings, money market, and demand accounts                      | 29,467           | 35.7           | 4.6 %        | 29,180           | 39.3           | 3.9 %        |
| Brokered deposits   | 12,400           | 15.0           | 4.5 %        | 13,045           | 17.5           | 3.8 %        |
| <b>Total interest-bearing deposits</b>                          | <b>\$ 82,481</b> | <b>100.0 %</b> | <b>4.7 %</b> | <b>\$ 74,340</b> | <b>100.0 %</b> | <b>3.7 %</b> |

Our deposit liabilities provide funding with maturities ranging from one day to ten years. At September 30, 2024, the weighted average maturity of our interest-bearing time deposits was one year. 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 September 30, 2024:

|  | 3 Months or Less | Over 3 Months but within 6 Months | Over 6 Months but within 12 Months | Over 12 Months  | Total            |
|--|------------------|-----------------------------------|------------------------------------|-----------------|------------------|
| <i>(\$ in millions)</i>  |                  |                                   |                                    |                 |                  |
| <b>U.S. deposits (less than FDIC insurance limit)<sup>(1)(2)</sup></b> | \$ 32,972        | \$ 6,572                          | \$ 17,483                          | \$ 7,745        | \$ 64,772        |
| <b>U.S. deposits (in excess of FDIC insurance limit)<sup>(2)</sup></b> |                  |                                   |                                    |                 |                  |
| Direct deposits:   |                  |                                   |                                    |                 |                  |
| Certificates of deposit (including IRA certificates of deposit)        | 1,485            | 2,322                             | 5,620                              | 1,587           | 11,014           |
| Savings, money market, and demand accounts                             | 6,498            | —                                 | —                                  | —               | 6,498            |
| <b>Total</b>   | <b>\$ 40,955</b> | <b>\$ 8,894</b>                   | <b>\$ 23,103</b>                   | <b>\$ 9,332</b> | <b>\$ 82,284</b> |

(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 September 30, 2024 was approximately \$6.0 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 September 30, 2024.

| <i>(\$ in millions)</i>  | <b>Less Than<br/>One Year</b> | <b>One Year<br/>Through<br/>Three<br/>Years</b> | <b>Four Years<br/>Through<br/>Five<br/>Years</b> | <b>After Five<br/>Years</b> | <b>Total</b>    |
|--|-------------------------------|---|--|-----------------------------|-----------------|
| Scheduled maturities of long-term borrowings—owed to securitization investors: |                               |   |  |                             |                 |
| SYNCT  | \$ 550                        | \$ 1,100  | \$ —   | \$ —                        | \$ 1,650        |
| SFT  | 450                           | 1,000   | —  | —                           | 1,450           |
| SYNIT <sup>(1)</sup>   | 1,675                         | 3,250   | —  | —                           | 4,925           |
| <b>Total long-term borrowings—owed to securitization investors</b>             | <b>\$ 2,675</b>               | <b>\$ 5,350</b>                                 | <b>\$ —</b>                                      | <b>\$ —</b>                 | <b>\$ 8,025</b> |

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

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

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

The following table summarizes for each of our trusts the three-month rolling average excess spread at September 30, 2024.

|       | Note Principal Balance<br>(\$ in millions) | # of Series<br>Outstanding | Three-Month Rolling<br>Average Excess<br>Spread <sup>(1)</sup> |
|-------|--|----------------------------|--|
| SYNCT | \$ 1,650                                   | 3                          | ~ 14.8 - 15.6%   |
| SFT   | \$ 1,450                                   | 5                          | 12.5 %   |
| SYNIT | \$ 4,925                                   | 1                          | 17.2 %   |

(1) Represents the excess spread (generally calculated as interest income collected from the applicable pool of loan receivables less applicable net charge-offs, interest expense and servicing costs, divided by the aggregate principal amount of loan receivables in the applicable pool) for SFT or, in the case of SYNCT, a range of the excess spreads relating to the particular series issued within such trust or, in the case of SYNIT, the excess spread relating to the one outstanding series issued within such trust, in all cases omitting any series that have not been outstanding for at least three full monthly periods and calculated in accordance with the applicable trust or series documentation, for the three securitization monthly periods ended September 30, 2024.

### Senior and Subordinated Unsecured Notes

During the nine months ended September 30, 2024, we made repayments totaling \$1.85 billion of senior unsecured notes issued by Synchrony Financial.

The following table provides a summary of our outstanding fixed rate senior and subordinated unsecured notes at September 30, 2024, which includes \$750 million of senior unsecured notes issued by Synchrony Financial in August 2024.

| Issuance Date  | Interest Rate <sup>(1)</sup> | Maturity      | Principal Amount<br>Outstanding <sup>(2)</sup> |
|--|------------------------------|---------------|--|
| <i>(\$ in millions)</i>  |                              |               |  |
| <b>Fixed rate senior unsecured notes:</b>  |                              |               |  |
| <i>Synchrony Financial</i>   |                              |               |  |
| July 2015  | 4.500%                       | July 2025     | 1,000  |
| August 2016  | 3.700%                       | August 2026   | 500  |
| December 2017  | 3.950%                       | December 2027 | 1,000  |
| March 2019   | 5.150%                       | March 2029    | 650  |
| October 2021   | 2.875%                       | October 2031  | 750  |
| June 2022  | 4.875%                       | June 2025     | 750  |
| <i>Synchrony Bank</i>  |                              |               |  |
| August 2022  | 5.400%                       | August 2025   | 900  |
| August 2022  | 5.625%                       | August 2027   | 600  |
| <b>Fixed to floating rate senior unsecured notes:</b>                                      |                              |               |  |
| <i>Synchrony Financial</i>   |                              |               |  |
| August 2024  | 5.935% <sup>(3)</sup>        | August 2030   | 750  |
| <b>Fixed rate subordinated unsecured notes:</b>  |                              |               |  |
| <i>Synchrony Financial</i>   |                              |               |  |
| February 2023  | 7.250%                       | February 2033 | 750  |
| <b>Total fixed rate and fixed to floating rate senior and subordinated unsecured notes</b> |                              |               | <b>\$ 7,650</b>                                |

(1) Weighted average interest rate of all senior and subordinated unsecured notes at September 30, 2024 was 4.91%.

(2) The amounts shown exclude unamortized debt discounts, premiums and issuance costs.

(3) Interest rate fixed through August 1, 2029; resets August 2, 2029 to floating rate based on compounded Secured Overnight Financing Rate ("SOFR") plus 213 basis points.

## Short-Term Borrowings

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

## Covenants

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

At September 30, 2024, we were not in default under any of our credit facilities.

## Credit Ratings

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

The table below reflects our current credit ratings and outlooks:

|                                 | S&P    | Fitch Ratings |
|---------------------------------|--------|---------------|
| <b>Synchrony Financial</b>      |        |               |
| Senior unsecured debt           | BBB-   | BBB-          |
| Subordinated unsecured debt     | BB+    | BB+           |
| Preferred stock                 | BB-    | B+            |
| Outlook for Synchrony Financial | Stable | Positive      |
| <b>Synchrony Bank</b>           |        |               |
| 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 September 30, 2024 had \$19.7 billion of liquid assets, primarily consisting of cash and equivalents, 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 deposit growth and the issuances of securitized debt and preferred stock, as well as the proceeds from the Pets Best disposition. We believe our liquidity position at September 30, 2024 remains strong as we continue to operate in a period of uncertain economic conditions and we will continue to closely monitor our liquidity as economic conditions change.

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

We also have access to several additional sources of liquidity beyond our liquidity portfolio. At September 30, 2024, we had an aggregate of \$11.4 billion of available borrowing capacity through the Federal Reserve's discount window. In addition, we had \$2.7 billion of undrawn capacity on our securitized financings, subject to customary borrowing conditions, from private lenders under our securitization programs, of which \$2.2 billion was committed and \$450 million was uncommitted, as well as \$500 million of undrawn committed capacity under our unsecured revolving credit facility with private lenders. We also 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

| <b>Common Stock Cash Dividends Declared</b>    | <b>Month of Payment</b> | <b>Amount per Common Share</b> | <b>Amount</b> |
|--|-------------------------|--------------------------------|---------------|
| <i>(\$ in millions, except per share data)</i> |                         |                                |               |
| Three months ended March 31, 2024              | February 2024           | \$ 0.25                        | \$ 102        |
| Three months ended June 30, 2024               | May 2024                | 0.25                           | 100           |
| Three months ended September 30, 2024          | August 2024             | 0.25                           | 99            |
| <b>Total dividends declared</b>                |                         | <b>\$ 0.75</b>                 | <b>\$ 301</b> |

| <b>Series A Preferred Stock Cash Dividends Declared</b> | <b>Month of Payment</b> | <b>Amount per Preferred Share</b> | <b>Amount</b> |
|---|-------------------------|-----------------------------------|---------------|
| <i>(\$ in millions, except per share data)</i>          |                         |                                   |               |
| Three months ended March 31, 2024                       | February 2024           | \$ 14.06                          | \$ 11         |
| Three months ended June 30, 2024                        | May 2024                | 14.06                             | 10            |
| Three months ended September 30, 2024                   | August 2024             | 14.06                             | 11            |
| <b>Total Series A dividends declared</b>                |                         | <b>\$ 42.18</b>                   | <b>\$ 32</b>  |

| <b>Series B Preferred Stock Cash Dividends Declared</b> | <b>Month of Payment</b> | <b>Amount per Preferred Share</b> | <b>Amount</b> |
|---|-------------------------|-----------------------------------|---------------|
| <i>(\$ in millions, except per share data)</i>          |                         |                                   |               |
| Three months ended June 30, 2024                        | May 2024                | \$ 18.79                          | \$ 9          |
| Three months ended September 30, 2024                   | August 2024             | 20.63                             | 10            |
| <b>Total Series B dividends declared</b>                |                         | <b>\$ 39.42</b>                   | <b>\$ 19</b>  |

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.

| <b>Common Shares Repurchased Under Publicly Announced Programs</b> | <b>Total Number of Shares Purchased</b> | <b>Dollar Value of Shares Purchased</b> |
|--|---|---|
| <i>(\$ and shares in millions)</i>                                 |   |   |
| Three months ended March 31, 2024                                  | 7.5                                     | \$ 300                                  |
| Three months ended June 30, 2024                                   | 6.9                                     | 300                                     |
| Three months ended September 30, 2024                              | 6.6                                     | 300                                     |
| <b>Total</b>   | <b>21.0</b>                             | <b>\$ 900</b>                           |

During the nine months ended September 30, 2024, we repurchased \$900 million of common stock as part of our 2023 share repurchase program. In April 2024, the Board of Directors approved an incremental share repurchase program of up to \$1.0 billion through June 30, 2025 (the "2024 plan"). At September 30, 2024, \$700 million of the authorization capacity under the 2024 plan remained outstanding. Repurchases under this program are subject to market conditions and other factors, including legal and regulatory restrictions and required approvals, if any.

## Regulatory Capital Requirements - Synchrony Financial

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

For Synchrony Financial to be a well-capitalized savings and loan holding company, Synchrony Bank must be well-capitalized and Synchrony Financial must not be subject to any written agreement, order, capital directive, or prompt corrective action directive issued by the Federal Reserve Board to meet and maintain a specific capital level for any capital measure. At September 30, 2024, Synchrony Financial met all the requirements to be deemed well-capitalized.

The following table sets forth the composition of our capital ratios for the Company calculated under the Basel III Standardized Approach rules at September 30, 2024 and December 31, 2023, respectively.

| (\$ in millions)             | Basel III             |                      |                      |                      |
|------------------------------|-----------------------|----------------------|----------------------|----------------------|
|                              | At September 30, 2024 |                      | At December 31, 2023 |                      |
|                              | Amount                | Ratio <sup>(1)</sup> | Amount               | Ratio <sup>(1)</sup> |
| Total risk-based capital     | \$ 16,864             | 16.4 %               | \$ 15,464            | 14.9 %               |
| Tier 1 risk-based capital    | \$ 14,723             | 14.3 %               | \$ 13,334            | 12.9 %               |
| Tier 1 leverage              | \$ 14,723             | 12.5 %               | \$ 13,334            | 11.7 %               |
| Common equity Tier 1 capital | \$ 13,501             | 13.1 %               | \$ 12,600            | 12.2 %               |
| Risk-weighted assets         | \$ 103,103            |                      | \$ 103,460           |                      |

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

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

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

### Regulatory Capital Requirements - Synchrony Bank

At September 30, 2024 and December 31, 2023, the Bank met all applicable requirements to be deemed well-capitalized pursuant to OCC regulations and for purposes of the Federal Deposit Insurance Act. The following table sets forth the composition of the Bank's capital ratios calculated under the Basel III Standardized Approach rules at September 30, 2024 and December 31, 2023, and also reflects the applicable CECL regulatory capital transition adjustment for each period.

| (\$ in millions)             | At September 30, 2024 |        | At December 31, 2023 |        | Minimum to be Well-Capitalized under Prompt Corrective Action Provisions |
|------------------------------|-----------------------|--------|----------------------|--------|--|
|                              | Amount                | Ratio  | Amount               | Ratio  | Ratio  |
| Total risk-based capital     | \$ 15,583             | 15.9 % | \$ 14,943            | 15.3 % | 10.0%  |
| Tier 1 risk-based capital    | \$ 13,499             | 13.8 % | \$ 12,880            | 13.2 % | 8.0%   |
| Tier 1 leverage              | \$ 13,499             | 12.1 % | \$ 12,880            | 12.0 % | 5.0%   |
| Common equity Tier 1 capital | \$ 13,499             | 13.8 % | \$ 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

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We do not have any material off-balance sheet arrangements, including guarantees of third-party obligations. Guarantees are contracts or indemnification agreements that contingently require us to make a guaranteed payment or perform an obligation to a third-party based on certain trigger events. At September 30, 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

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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

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

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

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

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

On June 20, 2024, the FDIC released a final rule imposing additional requirements for the content of resolution plans submitted by insured depository institutions with \$100 billion or more in total assets, including the Bank, following the rule's effective date of October 1, 2024. Under the final rule, if the FDIC deems a resolution plan filing not credible and the insured depository institution fails to resubmit a credible plan, the institution could become subject to an enforcement action. Our first resolution plan under the final rule is due on July 1, 2025 and we will be required to file a resolution plan once every three years thereafter. Additionally, we will be required to submit interim supplements annually. We are evaluating the impact of the final rule.

On July 30, 2024, the FDIC issued a proposed rule that would revise the FDIC's regulations governing the classification and treatment of brokered deposits. The proposal would, among other changes, broaden the definition of deposit broker to include agents that place or facilitate the placement of third-party deposits at only one insured depository institution and agents that receive a fee or other remuneration in exchange for the placement of deposits. In addition, the proposal would narrow the exception to the definition of deposit broker for agents whose primary purpose is not the placement of funds with depository institutions. While we are evaluating the potential impact of the proposed rule, if the rule is finalized as proposed, the Bank may be required to classify a greater amount of its deposits obtained with the involvement of third parties as brokered deposits. An increase in the amount of brokered deposits on the Bank's balance sheet could, among other consequences, increase the Bank's deposit insurance assessment costs.

On September 10, 2024, the Vice Chair for Supervision at the Federal Reserve Board (the "Vice Chair"), gave a speech outlining a set of potential revisions to the July 2023 interagency proposed rule to revise the U.S. regulatory capital framework (known as the "Basel Endgame" proposal). In the speech, the Vice Chair indicated that he will recommend that the Federal Reserve Board issue a re-proposal of the rule in which banking organizations with total assets between \$100 billion and \$250 billion, such as Synchrony, would not be subject to the changes to their capital requirements that were included in the July 2023 Basel Endgame proposal, other than the proposed requirement to recognize unrealized gains and losses of their securities in regulatory capital. It remains uncertain whether the federal banking agencies will re-propose the Basel Endgame rule, and if so, whether the agencies will adopt the Vice Chair's recommendations.

On September 17, 2024, the OCC finalized a new Policy Statement Regarding Statutory Factors Under the Bank Merger Act (the "Policy Statement"), which outlines factors that the OCC will consider when evaluating a proposed bank merger transaction. Also on September 17, 2024, the United States Department of Justice (the "DOJ") withdrew its 1995 Bank Merger Guidelines and announced that it will instead evaluate the competitive impact of bank mergers using its 2023 Merger Guidelines that the DOJ applies to mergers in all industries. Compared to the 1995 Bank Merger Guidelines, the 2023 Merger Guidelines set forth more stringent concentration limits and add several largely qualitative bases on which the DOJ may challenge a merger. While the effect of these changes for particular transactions remains unclear, both the Policy Statement and the change in the DOJ's bank merger antitrust policy may make it more difficult and/or costly for us to obtain regulatory approval for an acquisition or may otherwise result in more onerous conditions to obtain approval for an acquisition.

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 September 30, |          | Nine months ended September 30, |           |
|--|----------------------------------|----------|---------------------------------|-----------|
|  | 2024                             | 2023     | 2024                            | 2023      |
| <i>(\$ in millions, except per share data)</i>   |                                  |          |                                 |           |
| <b>Interest income:</b>  |                                  |          |                                 |           |
| Interest and fees on loans (Note 5)  | \$ 5,522                         | \$ 5,151 | \$ 16,116                       | \$ 14,579 |
| Interest on cash and debt securities   | 263                              | 203      | 819                             | 582       |
| Total interest income  | 5,785                            | 5,354    | 16,935                          | 15,161    |
| <b>Interest expense:</b>   |                                  |          |                                 |           |
| Interest on deposits   | 968                              | 800      | 2,889                           | 2,074     |
| Interest on borrowings of consolidated securitization entities                         | 108                              | 86       | 323                             | 241       |
| Interest on senior and subordinated unsecured notes                                    | 100                              | 106      | 304                             | 313       |
| Total interest expense   | 1,176                            | 992      | 3,516                           | 2,628     |
| Net interest income  | 4,609                            | 4,362    | 13,419                          | 12,533    |
| Retailer share arrangements  | (914)                            | (979)    | (2,488)                         | (2,783)   |
| Provision for credit losses (Note 5)   | 1,597                            | 1,488    | 5,172                           | 4,161     |
| Net interest income, after retailer share arrangements and provision for credit losses | 2,098                            | 1,895    | 5,759                           | 5,589     |
| <b>Other income:</b>   |                                  |          |                                 |           |
| Interchange revenue  | 256                              | 267      | 760                             | 761       |
| Protection product revenue   | 145                              | 131      | 411                             | 371       |
| Loyalty programs   | (346)                            | (358)    | (1,011)                         | (1,001)   |
| Other (Note 3)   | 64                               | 52       | 1,233                           | 87        |
| Total other income   | 119                              | 92       | 1,393                           | 218       |
| <b>Other expense:</b>  |                                  |          |                                 |           |
| Employee costs   | 464                              | 444      | 1,394                           | 1,346     |
| Professional fees  | 231                              | 219      | 687                             | 614       |
| Marketing and business development   | 123                              | 125      | 377                             | 389       |
| Information processing   | 203                              | 177      | 596                             | 522       |
| Other  | 168                              | 189      | 518                             | 571       |
| Total other expense  | 1,189                            | 1,154    | 3,572                           | 3,442     |
| <b>Earnings before provision for income taxes</b>                                      | 1,028                            | 833      | 3,580                           | 2,365     |
| Provision for income taxes (Note 14)   | 239                              | 205      | 855                             | 567       |
| <b>Net earnings</b>  | \$ 789                           | \$ 628   | \$ 2,725                        | \$ 1,798  |
| <b>Net earnings available to common stockholders</b>                                   | \$ 768                           | \$ 618   | \$ 2,674                        | \$ 1,767  |
| Earnings per share (Note 12)   |                                  |          |                                 |           |
| Basic  | \$ 1.96                          | \$ 1.49  | \$ 6.71                         | \$ 4.16   |
| Diluted  | \$ 1.94                          | \$ 1.48  | \$ 6.65                         | \$ 4.14   |

See accompanying notes to condensed consolidated financial statements.

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

| (\$ in millions)                  | Three months ended September 30, |        | Nine months ended September 30, |          |
|-----------------------------------|----------------------------------|--------|---------------------------------|----------|
|                                   | 2024                             | 2023   | 2024                            | 2023     |
| Net earnings                      | \$ 789                           | \$ 628 | \$ 2,725                        | \$ 1,798 |
| Other comprehensive income (loss) |                                  |        |                                 |          |
| Debt securities                   | 21                               | 3      | 20                              | 31       |
| Currency translation adjustments  | 3                                | (2)    | (1)                             | (1)      |
| Employee benefit plans            | (1)                              | (1)    | (1)                             | (1)      |
| Other comprehensive income (loss) | 23                               | —      | 18                              | 29       |
| Comprehensive income              | \$ 812                           | \$ 628 | \$ 2,743                        | \$ 1,827 |

Amounts presented net of taxes.

See accompanying notes to condensed consolidated financial statements.

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

| (\$ in millions)   | At September 30, 2024 | At December 31, 2023 |
|--|-----------------------|----------------------|
| <b>Assets</b>  |                       |                      |
| Cash and equivalents   | \$ 17,934             | \$ 14,259            |
| Debt securities (Note 4)   | 2,345                 | 3,799                |
| Loan receivables: (Notes 5 and 6)  |                       |                      |
| Unsecuritized loans held for investment  | 81,005                | 81,554               |
| Restricted loans of consolidated securitization entities   | 21,188                | 21,434               |
| Total loan receivables   | 102,193               | 102,988              |
| Less: Allowance for credit losses  | (11,029)              | (10,571)             |
| Loan receivables, net  | 91,164                | 92,417               |
| Goodwill (Note 7)  | 1,274                 | 1,018                |
| Intangible assets, net (Note 7)  | 765                   | 815                  |
| Other assets   | 5,747                 | 4,915                |
| Assets held for sale (Note 3)  | —                     | 256                  |
| Total assets   | <u>\$ 119,229</u>     | <u>\$ 117,479</u>    |
| <b>Liabilities and Equity</b>  |                       |                      |
| Deposits: (Note 8)   |                       |                      |
| Interest-bearing deposit accounts  | \$ 81,901             | \$ 80,789            |
| Non-interest-bearing deposit accounts  | 383                   | 364                  |
| Total deposits   | 82,284                | 81,153               |
| Borrowings: (Notes 6 and 9)  |                       |                      |
| Borrowings of consolidated securitization entities   | 8,015                 | 7,267                |
| Senior and subordinated unsecured notes  | 7,617                 | 8,715                |
| Total borrowings   | 15,632                | 15,982               |
| Accrued expenses and other liabilities   | 5,333                 | 6,334                |
| Liabilities held for sale (Note 3)   | —                     | 107                  |
| Total liabilities  | <u>\$ 103,249</u>     | <u>\$ 103,576</u>    |
| Equity:  |                       |                      |
| Preferred stock, par share value \$0.001 per share; 1,250,000 and 750,000 shares authorized at September 30, 2024 and December 31, 2023, respectively; 1,250,000 and 750,000 shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively, and aggregate liquidation preference of \$1,250 at September 30, 2024 and \$750 at December 31, 2023 | \$ 1,222              | \$ 734               |
| Common Stock, par share value \$0.001 per share; 4,000,000,000 shares authorized; 833,984,684 shares issued at both September 30, 2024 and December 31, 2023; 389,224,881 and 406,875,775 shares outstanding at September 30, 2024 and December 31, 2023, respectively   | 1                     | 1                    |
| Additional paid-in capital   | 9,822                 | 9,775                |
| Retained earnings  | 20,975                | 18,662               |
| Accumulated other comprehensive income (loss):   |                       |                      |
| Debt securities  | (13)                  | (33)                 |
| Currency translation adjustments   | (39)                  | (38)                 |
| Employee benefit plans   | 2                     | 3                    |
| Treasury stock, at cost; 444,759,803 and 427,108,909 shares at September 30, 2024 and December 31, 2023, respectively  | (15,990)              | (15,201)             |
| Total equity   | <u>15,980</u>         | <u>13,903</u>        |
| Total liabilities and equity   | <u>\$ 119,229</u>     | <u>\$ 117,479</u>    |

See accompanying notes to condensed consolidated financial statements.

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

| (\$ in millions,<br>shares in thousands)                       | Preferred Stock  |        | Common Stock     |        | Additional<br>Paid-in Capital | Retained<br>Earnings | Accumulated Other<br>Comprehensive<br>Income (Loss) | Treasury<br>Stock | Total Equity |
|--|------------------|--------|------------------|--------|-------------------------------|----------------------|---|-------------------|--------------|
|  | Shares<br>Issued | Amount | Shares<br>Issued | Amount |                               |                      |   |                   |              |
| Balance at<br>January 1, 2023                                  | 750              | \$ 734 | 833,985          | \$ 1   | \$ 9,718                      | \$ 16,716            | \$ (125)  | \$ (14,171)       | \$ 12,873    |
| Cumulative effect of change in<br>accounting principle         | —                | —      | —                | —      | —                             | 222                  | —   | —                 | 222          |
| Adjusted balance, beginning of<br>period                       | 750              | \$ 734 | 833,985          | \$ 1   | \$ 9,718                      | \$ 16,938            | \$ (125)  | \$ (14,171)       | \$ 13,095    |
| Net earnings   | —                | —      | —                | —      | —                             | 601                  | —   | —                 | 601          |
| Other comprehensive income                                     | —                | —      | —                | —      | —                             | —                    | 23  | —                 | 23           |
| Purchases of treasury stock                                    | —                | —      | —                | —      | —                             | —                    | —   | (404)             | (404)        |
| Stock-based compensation                                       | —                | —      | —                | —      | (13)                          | (59)                 | —   | 61                | (11)         |
| Dividends - Series A preferred<br>stock<br>(\$14.06 per share) | —                | —      | —                | —      | —                             | (11)                 | —   | —                 | (11)         |
| Dividends - common stock<br>(\$0.23 per share)                 | —                | —      | —                | —      | —                             | (100)                | —   | —                 | (100)        |
| Balance at<br>March 31, 2023                                   | 750              | \$ 734 | 833,985          | \$ 1   | \$ 9,705                      | \$ 17,369            | \$ (102)  | \$ (14,514)       | \$ 13,193    |
| Net earnings   | —                | —      | —                | —      | —                             | 569                  | —   | —                 | 569          |
| Other comprehensive income                                     | —                | —      | —                | —      | —                             | —                    | 6   | —                 | 6            |
| Purchases of treasury stock                                    | —                | —      | —                | —      | —                             | —                    | —   | (303)             | (303)        |
| Stock-based compensation                                       | —                | —      | —                | —      | 22                            | (1)                  | —   | 3                 | 24           |
| Dividends - Series A preferred<br>stock<br>(\$14.06 per share) | —                | —      | —                | —      | —                             | (10)                 | —   | —                 | (10)         |
| Dividends - common stock<br>(\$0.23 per share)                 | —                | —      | —                | —      | —                             | (99)                 | —   | —                 | (99)         |
| Balance at<br>June 30, 2023                                    | 750              | \$ 734 | 833,985          | \$ 1   | \$ 9,727                      | \$ 17,828            | \$ (96)   | \$ (14,814)       | \$ 13,380    |
| Net earnings   | —                | —      | —                | —      | —                             | 628                  | —   | —                 | 628          |
| Other comprehensive income                                     | —                | —      | —                | —      | —                             | —                    | —   | —                 | —            |
| Purchases of treasury stock                                    | —                | —      | —                | —      | —                             | —                    | —   | (152)             | (152)        |
| Stock-based compensation                                       | —                | —      | —                | —      | 23                            | (4)                  | —   | 6                 | 25           |
| Dividends - Series A preferred<br>stock<br>(\$14.06 per share) | —                | —      | —                | —      | —                             | (10)                 | —   | —                 | (10)         |
| Dividends - common stock<br>(\$0.25 per share)                 | —                | —      | —                | —      | —                             | (104)                | —   | —                 | (104)        |
| Balance at<br>September 30, 2023                               | 750              | \$ 734 | 833,985          | \$ 1   | \$ 9,750                      | \$ 18,338            | \$ (96)   | \$ (14,960)       | \$ 13,767    |

| (\$ in millions,<br>shares in thousands)                       | Preferred Stock  |          | Common Stock     |        | Additional<br>Paid-in Capital | Retained<br>Earnings | Accumulated Other<br>Comprehensive<br>Income (Loss) | Treasury<br>Stock | Total Equity |
|--|------------------|----------|------------------|--------|-------------------------------|----------------------|---|-------------------|--------------|
|  | Shares<br>Issued | Amount   | Shares<br>Issued | Amount |                               |                      |   |                   |              |
| Balance at<br>January 1, 2024                                  | 750              | \$ 734   | 833,985          | \$ 1   | \$ 9,775                      | \$ 18,662            | \$ (68)   | \$ (15,201)       | \$ 13,903    |
| Net earnings   | —                | —        | —                | —      | —                             | 1,293                | —   | —                 | 1,293        |
| Other comprehensive income                                     | —                | —        | —                | —      | —                             | —                    | (1)   | —                 | (1)          |
| Issuance of preferred stock                                    | 500              | 488      | —                | —      | —                             | —                    | —   | —                 | 488          |
| Purchases of treasury stock                                    | —                | —        | —                | —      | —                             | —                    | —   | (300)             | (300)        |
| Stock-based compensation                                       | —                | —        | —                | —      | (7)                           | (52)                 | —   | 71                | 12           |
| Dividends - Series A preferred<br>stock<br>(\$14.06 per share) | —                | —        | —                | —      | —                             | (11)                 | —   | —                 | (11)         |
| Dividends - common stock<br>(\$0.25 per share)                 | —                | —        | —                | —      | —                             | (102)                | —   | —                 | (102)        |
| Balance at<br>March 31, 2024                                   | 1,250            | \$ 1,222 | 833,985          | \$ 1   | \$ 9,768                      | \$ 19,790            | \$ (69)   | \$ (15,430)       | \$ 15,282    |
| Net earnings   | —                | —        | —                | —      | —                             | 643                  | —   | —                 | 643          |
| Other comprehensive income                                     | —                | —        | —                | —      | —                             | —                    | (4)   | —                 | (4)          |
| Purchases of treasury stock                                    | —                | —        | —                | —      | —                             | —                    | —   | (305)             | (305)        |
| Stock-based compensation                                       | —                | —        | —                | —      | 25                            | (4)                  | —   | 22                | 43           |
| Dividends - Series A preferred<br>stock<br>(\$14.06 per share) | —                | —        | —                | —      | —                             | (10)                 | —   | —                 | (10)         |
| Dividends - Series B preferred<br>stock<br>(\$18.79 per share) | —                | —        | —                | —      | —                             | (9)                  | —   | —                 | (9)          |
| Dividends - common stock<br>(\$0.25 per share)                 | —                | —        | —                | —      | —                             | (100)                | —   | —                 | (100)        |
| Balance at<br>June 30, 2024                                    | 1,250            | \$ 1,222 | 833,985          | \$ 1   | \$ 9,793                      | \$ 20,310            | \$ (73)   | \$ (15,713)       | \$ 15,540    |
| Net earnings   | —                | —        | —                | —      | —                             | 789                  | —   | —                 | 789          |
| Other comprehensive income                                     | —                | —        | —                | —      | —                             | —                    | 23  | —                 | 23           |
| Purchases of treasury stock                                    | —                | —        | —                | —      | —                             | —                    | —   | (302)             | (302)        |
| Stock-based compensation                                       | —                | —        | —                | —      | 29                            | (4)                  | —   | 25                | 50           |
| Dividends - Series A preferred<br>stock<br>(\$14.06 per share) | —                | —        | —                | —      | —                             | (11)                 | —   | —                 | (11)         |
| Dividends - Series B preferred<br>stock (\$20.63 per share)    | —                | —        | —                | —      | —                             | (10)                 | —   | —                 | (10)         |
| Dividends - common stock<br>(\$0.25 per share)                 | —                | —        | —                | —      | —                             | (99)                 | —   | —                 | (99)         |
| Balance at September 30, 2024                                  | 1,250            | \$ 1,222 | 833,985          | \$ 1   | \$ 9,822                      | \$ 20,975            | \$ (50)   | \$ (15,990)       | \$ 15,980    |

See accompanying notes to condensed consolidated financial statements.

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

| (\$ in millions)  | Nine months ended September 30, |                  |
|---|---------------------------------|------------------|
|   | 2024                            | 2023             |
| <b>Cash flows - operating activities</b>  |                                 |                  |
| Net earnings  | \$ 2,725                        | \$ 1,798         |
| Adjustments to reconcile net earnings to cash provided from operating activities  |                                 |                  |
| Provision for credit losses   | 5,172                           | 4,161            |
| Deferred income taxes   | (80)                            | (271)            |
| Depreciation and amortization   | 361                             | 340              |
| (Increase) decrease in interest and fees receivable                               | 230                             | (323)            |
| (Increase) decrease in other assets   | (5)                             | 37               |
| Increase (decrease) in accrued expenses and other liabilities                     | (192)                           | (7)              |
| Gain on sale of business  | (1,069)                         | —                |
| All other operating activities  | 353                             | 541              |
| <b>Cash provided from (used for) operating activities</b>                         | <b>7,495</b>                    | <b>6,276</b>     |
| <b>Cash flows - investing activities</b>  |                                 |                  |
| Maturity and sales of debt securities   | 2,961                           | 3,882            |
| Purchases of debt securities  | (1,422)                         | (1,642)          |
| 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              | (3,545)                         | (8,797)          |
| All other investing activities  | (490)                           | (508)            |
| <b>Cash provided from (used for) investing activities</b>                         | <b>(3,940)</b>                  | <b>(7,065)</b>   |
| <b>Cash flows - financing activities</b>  |                                 |                  |
| Borrowings of consolidated securitization entities                                |                                 |                  |
| Proceeds from issuance of securitized debt  | 1,694                           | 1,547            |
| Maturities and repayment of securitized debt                                      | (950)                           | (1,257)          |
| Senior and subordinated unsecured notes   |                                 |                  |
| Proceeds from issuance of senior and subordinated unsecured notes                 | 745                             | 740              |
| Maturities and repayment of senior and subordinated unsecured notes               | (1,850)                         | —                |
| Proceeds from issuance of preferred stock   | 488                             | —                |
| Dividends paid on preferred stock   | (51)                            | (31)             |
| Net increase (decrease) in deposits   | 1,120                           | 6,354            |
| Purchases of treasury stock   | (907)                           | (859)            |
| Dividends paid on common stock  | (301)                           | (303)            |
| All other financing activities  | 18                              | (32)             |
| <b>Cash provided from (used for) financing activities</b>                         | <b>6</b>                        | <b>6,159</b>     |
| <b>Increase (decrease) in cash and equivalents, including restricted amounts</b>  | <b>3,561</b>                    | <b>5,370</b>     |
| Cash and equivalents, including restricted amounts, at beginning of period        | 14,420                          | 10,430           |
| Cash and equivalents at end of period:  |                                 |                  |
| Cash and equivalents  | 17,934                          | 15,643           |
| Restricted cash and equivalents included in other assets                          | 47                              | 157              |
| <b>Total cash and equivalents, including restricted amounts, at end of period</b> | <b>\$ 17,981</b>                | <b>\$ 15,800</b> |

See accompanying notes to condensed consolidated financial statements.

## Synchrony Financial and subsidiaries

### Notes to Condensed Consolidated Financial Statements (Unaudited)

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#### **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 a retrospective basis on its effective date, which for us is beginning within our December 31, 2025 Form 10-K.

### **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.

There were no adjustments to the fair value of assets acquired and liabilities assumed (measurement period adjustments) related to the acquisition during the three months ended September 30, 2024. During the nine months ended September 30, 2024, measurement period adjustments were recognized related to the acquisition as detailed in the table below.

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

(a) Loan discounts are recognized into interest income over the estimated remaining life of the acquired loans. There were no changes to the provisional amount of loan discount recorded in the three months ended September 30, 2024.

The amounts above represent the estimated fair values of the respective assets acquired and liabilities assumed as of the date of acquisition. The estimated fair values reflect market participant assumptions about facts and circumstances existing at the acquisition date. The measurement period adjustments reflected above did not result from events occurring subsequent to the acquisition date.

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

The acquisition primarily included loan receivables with an unpaid principal balance of \$2.2 billion. These loan receivables are reported within Consumer installment loans in Note 5. *Loan Receivables and Allowance for Credit Losses*. To determine the provisional fair value of loans at acquisition, we estimate expected cash flows and discount those cash flows using an observable market rate of interest, when available, adjusted for factors that a market participant would consider in determining fair value. In determining fair value, expected cash flows are adjusted to include prepayment, default rate, and loss severity estimates. The difference between the fair value and the amount contractually due is recorded as a loan discount or premium at acquisition. Including the impact of measurement period adjustments, the provisional loan discount at the acquisition date was \$469 million, which is to be amortized into interest income over the estimated remaining life of the loans, as described within Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* within our 2023 Form 10-K. The interest and fees related to the acquired business are included in our Condensed Consolidated Statements of Earnings subsequent to the acquisition date and totaled \$91 million and \$232 million for the three and nine months ended September 30, 2024, respectively. These amounts include amortization of the loan discount recognized at acquisition of \$42 million and \$122 million, respectively. Expense activities, including those associated with the acquired business, are managed for the Company as a whole.

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

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

#### **Pets Best**

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

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

## NOTE 4. DEBT SECURITIES

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

|  | September 30, 2024 |                        |                         |                      | December 31, 2023 |                        |                         |                      |
|--|--------------------|------------------------|-------------------------|----------------------|-------------------|------------------------|-------------------------|----------------------|
|  | Amortized cost     | Gross unrealized gains | Gross unrealized losses | Estimated fair value | Amortized cost    | Gross unrealized gains | Gross unrealized losses | Estimated fair value |
| <i>(\$ in millions)</i>                    |                    |                        |                         |                      |                   |                        |                         |                      |
| U.S. government and federal agency         | \$ 814             | \$ 5                   | \$ —                    | \$ 819               | \$ 2,264          | \$ 1                   | \$ (1)                  | \$ 2,264             |
| State and municipal                        | 17                 | —                      | —                       | 17                   | 10                | —                      | —                       | 10                   |
| Residential mortgage-backed <sup>(a)</sup> | 345                | —                      | (29)                    | 316                  | 392               | —                      | (38)                    | 354                  |
| Asset-backed <sup>(b)</sup>                | 1,178              | 8                      | (1)                     | 1,185                | 1,167             | 4                      | (8)                     | 1,163                |
| Other                                      | 8                  | —                      | —                       | 8                    | 8                 | —                      | —                       | 8                    |
| <b>Total<sup>(c)</sup></b>                 | <b>\$ 2,362</b>    | <b>\$ 13</b>           | <b>\$ (30)</b>          | <b>\$ 2,345</b>      | <b>\$ 3,841</b>   | <b>\$ 5</b>            | <b>\$ (47)</b>          | <b>\$ 3,799</b>      |

(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 September 30, 2024 and December 31, 2023, the estimated fair value of debt securities pledged by the Bank as collateral to the Federal Reserve to secure Federal Reserve discount window advances was \$701 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    |                         |
|                                    | Estimated fair value | Gross unrealized losses | Estimated fair value | Gross unrealized losses |
| <i>(\$ in millions)</i>            |                      |                         |                      |                         |
| <i>At September 30, 2024</i>       |                      |                         |                      |                         |
| U.S. government and federal agency | \$ —                 | \$ —                    | \$ —                 | \$ —                    |
| State and municipal                | 5                    | —                       | 4                    | —                       |
| Residential mortgage-backed        | —                    | —                       | 305                  | (29)                    |
| Asset-backed                       | 43                   | —                       | 136                  | (1)                     |
| Other                              | —                    | —                       | —                    | —                       |
| <b>Total</b>                       | <b>\$ 48</b>         | <b>\$ —</b>             | <b>\$ 445</b>        | <b>\$ (30)</b>          |
| <i>At December 31, 2023</i>        |                      |                         |                      |                         |
| U.S. government and federal agency | \$ 495               | \$ —                    | \$ 399               | \$ (1)                  |
| State and municipal                | —                    | —                       | 9                    | —                       |
| Residential mortgage-backed        | 1                    | —                       | 346                  | (38)                    |
| Asset-backed                       | 171                  | —                       | 244                  | (8)                     |
| Other                              | —                    | —                       | 8                    | —                       |
| <b>Total</b>                       | <b>\$ 667</b>        | <b>\$ —</b>             | <b>\$ 1,006</b>      | <b>\$ (47)</b>          |

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

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

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

| At September 30, 2024 (\$ in millions) | Amortized<br>cost | Estimated<br>fair value | Weighted<br>average yield <sup>(a)</sup> |
|--|-------------------|-------------------------|--|
| Due                                    |                   |                         |  |
| Within one year                        | \$ 1,272          | \$ 1,275                | 4.8 %                                    |
| After one year through five years      | \$ 747            | \$ 755                  | 5.0 %                                    |
| After five years through ten years     | \$ 149            | \$ 141                  | 1.8 %                                    |
| After ten years                        | \$ 194            | \$ 174                  | 2.2 %                                    |

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

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

There were no material realized gains or losses recognized for the nine months ended September 30, 2024 and 2023.

Although we generally do not have the intent to sell any specific securities held at September 30, 2024, in the ordinary course of managing our debt securities portfolio, we may sell securities prior to their maturities for a variety of reasons, including diversification, credit quality, yield, liquidity requirements and funding obligations.

**NOTE 5. LOAN RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES**

| (\$ in millions)   | September 30, 2024 | December 31, 2023 |
|--|--------------------|-------------------|
| Credit cards   | \$ 94,008          | \$ 97,043         |
| Consumer installment loans   | 6,125              | 3,977             |
| Commercial credit products   | 1,936              | 1,839             |
| Other  | 124                | 129               |
| <b>Total loan receivables, before allowance for credit losses <sup>(a)(b)(c)</sup></b> | <b>\$ 102,193</b>  | <b>\$ 102,988</b> |

(a) Total loan receivables include \$21.2 billion and \$21.4 billion of restricted loans of consolidated securitization entities at September 30, 2024 and December 31, 2023, respectively. See Note 6. *Variable Interest Entities* for further information on these restricted loans.

(b) At September 30, 2024 and December 31, 2023, loan receivables included deferred costs, net of purchase discounts and deferred income, of \$(251) million and \$213 million, respectively.

(c) At September 30, 2024 and December 31, 2023, \$21.2 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<sup>(a)(b)</sup>**

| (\$ in millions)           | Balance at July 1, 2024 | Provision charged to operations <sup>(c)</sup> | Gross charge-offs | Recoveries    | Other       | Balance at September 30, 2024 |
|----------------------------|-------------------------|--|-------------------|---------------|-------------|-------------------------------|
| Credit cards               | \$ 10,255               | \$ 1,460                                       | \$ (1,720)        | \$ 291        | \$ —        | \$ 10,286                     |
| Consumer installment loans | 602                     | 99   | (100)             | 11            | —           | 612                           |
| Commercial credit products | 123                     | 41   | (37)              | 2             | —           | 129                           |
| Other                      | 2                       | —  | —                 | —             | —           | 2                             |
| <b>Total</b>               | <b>\$ 10,982</b>        | <b>\$ 1,600</b>                                | <b>\$ (1,857)</b> | <b>\$ 304</b> | <b>\$ —</b> | <b>\$ 11,029</b>              |

| (\$ in millions)           | Balance at July 1, 2023 | Provision charged to operations | Gross charge-offs | Recoveries    | Other       | Balance at September 30, 2023 |
|----------------------------|-------------------------|---------------------------------|-------------------|---------------|-------------|-------------------------------|
| Credit cards               | \$ 9,464                | \$ 1,357                        | \$ (1,265)        | \$ 225        | \$ 7        | \$ 9,781                      |
| Consumer installment loans | 221                     | 92                              | (59)              | 10            | —           | 264                           |
| Commercial credit products | 112                     | 38                              | (28)              | 2             | —           | 124                           |
| Other                      | 7                       | 1                               | (1)               | —             | —           | 7                             |
| <b>Total</b>               | <b>\$ 9,804</b>         | <b>\$ 1,488</b>                 | <b>\$ (1,353)</b> | <b>\$ 237</b> | <b>\$ —</b> | <b>\$ 10,176</b>              |

| (\$ in millions)           | Balance at January 1, 2024 | Provision charged to operations <sup>(c)</sup> | Gross charge-offs | Recoveries    | Other <sup>(d)</sup> | Balance at September 30, 2024 |
|----------------------------|----------------------------|--|-------------------|---------------|----------------------|-------------------------------|
| Credit cards               | \$ 10,156                  | \$ 4,515                                       | \$ (5,313)        | \$ 921        | \$ 7                 | \$ 10,286                     |
| Consumer installment loans | 279                        | 557  | (297)             | 34            | 39                   | 612                           |
| Commercial credit products | 131                        | 101  | (109)             | 6             | —                    | 129                           |
| Other                      | 5                          | (2)  | (1)               | —             | —                    | 2                             |
| <b>Total</b>               | <b>\$ 10,571</b>           | <b>\$ 5,171</b>                                | <b>\$ (5,720)</b> | <b>\$ 961</b> | <b>\$ 46</b>         | <b>\$ 11,029</b>              |

| (\$ 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 September 30, 2023 |
|----------------------------|----------------------------|--------------------------------|--|---------------------------------|-------------------|---------------|-------------------------------|
| Credit cards               | \$ 9,225                   | \$ (294)                       | \$ 8,931                                 | \$ 3,853                        | \$ (3,697)        | \$ 694        | \$ 9,781                      |
| Consumer installment loans | 208                        | 1                              | 209                                      | 182                             | (148)             | 21            | 264                           |
| Commercial credit products | 87                         | (1)                            | 85                                       | 126                             | (93)              | 6             | 124                           |
| Other                      | 7                          | —                              | 8  | —                               | (1)               | —             | 7                             |
| <b>Total</b>               | <b>\$ 9,527</b>            | <b>\$ (294)</b>                | <b>\$ 9,233</b>                          | <b>\$ 4,161</b>                 | <b>\$ (3,939)</b> | <b>\$ 721</b> | <b>\$ 10,176</b>              |

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

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

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

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

The reasonable and supportable forecast period used in our estimate of credit losses at September 30, 2024 was 12 months, consistent with the forecast period utilized since the adoption of CECL. Beyond the reasonable and supportable forecast period, we revert to historical loss information at the loan receivables segment level over a 6-month period, gradually increasing the weight of historical losses by an equal amount each month during the reversion period, and utilize historical loss information thereafter for the remaining life of the portfolio. The reversion period and methodology remain unchanged since the adoption of CECL.

Losses on loan receivables, including those which are modified for borrowers experiencing financial difficulty, are estimated and recognized upon origination of the loan, based on expected credit losses for the life of the loan balance at September 30, 2024. Expected credit loss estimates are developed using both quantitative models and qualitative adjustments, and incorporates a macroeconomic forecast, as described within Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our 2023 annual consolidated financial statements within our 2023 Form 10-K. The current and forecasted economic conditions at the balance sheet date influenced our current estimate of expected credit losses, which reflects our expectations of the macroeconomic environment. There have been no significant changes in our overall expectation of credit losses during the current quarterly period. We continued to experience a decrease in payment rates from the second quarter and have also experienced an increase in net charge-offs during the nine months ended September 30, 2024 as compared to the prior year period. These conditions are reflected in our current estimate of expected credit losses. Our allowance for credit losses increased to \$11.0 billion during the nine months ended September 30, 2024, primarily reflecting these conditions and the impact of the Ally Lending acquisition. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* to our 2023 annual consolidated financial statements within our 2023 Form 10-K for additional information on our significant accounting policies related to our allowance for credit losses.

### **Delinquent and Non-accrual Loans**

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

|   | <b>30-89 days<br/>delinquent</b> | <b>90 or more days<br/>delinquent</b> | <b>Total past due</b> | <b>90 or more days<br/>delinquent and<br/>accruing</b> | <b>Total non-accruing</b> |
|---|----------------------------------|---------------------------------------|-----------------------|--|---------------------------|
| <i>At September 30, 2024 (\$ in millions)</i> |                                  |                                       |                       |  |                           |
| Credit cards                                  | \$ 2,318                         | \$ 2,298                              | \$ 4,616              | \$ 2,298   | \$ —                      |
| Consumer installment loans                    | 134                              | 40                                    | 174                   | —  | 40                        |
| Commercial credit products                    | 49                               | 44                                    | 93                    | 44   | —                         |
| Total delinquent loans                        | <u>\$ 2,501</u>                  | <u>\$ 2,382</u>                       | <u>\$ 4,883</u>       | <u>\$ 2,342</u>  | <u>\$ 40</u>              |
| Percentage of total loan receivables          | <u>2.4 %</u>                     | <u>2.3 %</u>                          | <u>4.8 %</u>          | <u>2.3 %</u>   | <u>— %</u>                |
| <br>  |                                  |                                       |                       |  |                           |
|   | <b>30-89 days<br/>delinquent</b> | <b>90 or more days<br/>delinquent</b> | <b>Total past due</b> | <b>90 or more days<br/>delinquent and<br/>accruing</b> | <b>Total non-accruing</b> |
| <i>At December 31, 2023 (\$ in millions)</i>  |                                  |                                       |                       |  |                           |
| Credit cards                                  | \$ 2,375                         | \$ 2,290                              | \$ 4,665              | \$ 2,290   | \$ —                      |
| Consumer installment loans                    | 96                               | 23                                    | 119                   | —  | 23                        |
| Commercial credit products                    | 61                               | 40                                    | 101                   | 40   | —                         |
| Total delinquent loans                        | <u>\$ 2,532</u>                  | <u>\$ 2,353</u>                       | <u>\$ 4,885</u>       | <u>\$ 2,330</u>  | <u>\$ 23</u>              |
| Percentage of total loan receivables          | <u>2.5 %</u>                     | <u>2.3 %</u>                          | <u>4.7 %</u>          | <u>2.3 %</u>   | <u>— %</u>                |

## Credit Quality Indicators

Our loan receivables portfolio includes both secured and unsecured loans. Secured loan receivables are largely comprised of consumer installment loans secured by equipment. Unsecured loan receivables are largely comprised of our open-ended consumer and commercial revolving credit card loans. As part of our credit risk management activities, on an ongoing basis, we assess overall credit quality by reviewing information related to the performance of a customer's account with us, including delinquency information, as well as information from credit bureaus relating to the customer's broader credit performance. We utilize VantageScore credit scores to assist in our assessment of credit quality. VantageScore credit scores are obtained at origination of the account and are refreshed, at a minimum quarterly, but could be as often as weekly, to assist in predicting customer behavior. We categorize these credit scores into the following three credit score categories: (i) 651 or higher, which are considered the strongest credits; (ii) 591 to 650, considered moderate credit risk; and (iii) 590 or less, which are considered weaker credits. There are certain customer accounts, including for our commercial credit products, for which a VantageScore credit score may not be available where we use alternative sources to assess their credit quality and predict behavior. The following table provides the most recent VantageScore credit scores, or equivalent, available for our revolving credit card and commercial credit product customers at September 30, 2024, December 31, 2023 and September 30, 2023, respectively, as a percentage of each class of loan receivable. The table below excludes 0.3% of our total loan receivables balance for our credit cards and commercial credit products at each of September 30, 2024, December 31, 2023 and September 30, 2023, which represents those customer accounts for which a VantageScore credit score, or equivalent, is not available.

|                            | September 30, 2024 |            |             | December 31, 2023 |            |             | September 30, 2023 |            |             |
|----------------------------|--------------------|------------|-------------|-------------------|------------|-------------|--------------------|------------|-------------|
|                            | 651 or higher      | 591 to 650 | 590 or less | 651 or higher     | 591 to 650 | 590 or less | 651 or higher      | 591 to 650 | 590 or less |
| Credit cards               | 72 %               | 19 %       | 9 %         | 72 %              | 19 %       | 9 %         | 73 %               | 19 %       | 8 %         |
| Commercial credit products | 83 %               | 7 %        | 10 %        | 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 loan receivables associated with the Ally Lending acquisition. See Note 3. *Acquisitions and Dispositions* for additional information.

### Consumer Installment Loans by Origination Year

| At September 30, 2024 (\$ in millions) | By origination year |          |          |        |        |       | Total    |
|--|---------------------|----------|----------|--------|--------|-------|----------|
|  | 2024                | 2023     | 2022     | 2021   | 2020   | Prior |          |
| Amortized cost basis                   | \$ 2,269            | \$ 1,997 | \$ 1,129 | \$ 484 | \$ 201 | \$ 45 | \$ 6,125 |
| 30-89 days delinquent                  | \$ 34               | \$ 47    | \$ 32    | \$ 14  | \$ 6   | \$ 1  | \$ 134   |
| 90 or more days delinquent             | \$ 10               | \$ 14    | \$ 11    | \$ 4   | \$ 1   | \$ —  | \$ 40    |

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

### Gross Charge-offs for Consumer Installment Loans by Origination Year

| For the nine months ended (\$ in millions) | By origination year |        |       |       |       |       | Total  |
|--|---------------------|--------|-------|-------|-------|-------|--------|
|  | 2024                | 2023   | 2022  | 2021  | 2020  | Prior |        |
| September 30, 2024                         | \$ 23               | \$ 135 | \$ 87 | \$ 35 | \$ 13 | \$ 4  | \$ 297 |
| September 30, 2023                         | \$ —                | \$ 29  | \$ 66 | \$ 32 | \$ 15 | \$ 6  | \$ 148 |

### 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:

|  | 2024                  |                                      | 2023            |                                      |
|--|-----------------------|--------------------------------------|-----------------|--------------------------------------|
|  | Amount <sup>(a)</sup> | % of Total Class of Loan Receivables | Amount          | % of Total Class of Loan Receivables |
| <i>Three months ended September 30</i> |                       |                                      |                 |                                      |
| <i>(\$ in millions)</i>                |                       |                                      |                 |                                      |
| Long-term modifications                |                       |                                      |                 |                                      |
| Credit cards                           | \$ 442                | 0.5 %                                | \$ 412          | 0.4 %                                |
| Consumer installment loans             | —                     | — %                                  | —               | — %                                  |
| Commercial credit products             | 3                     | 0.2 %                                | 1               | 0.1 %                                |
| Short-term modifications               |                       |                                      |                 |                                      |
| Credit cards                           | 231                   | 0.2 %                                | 163             | 0.2 %                                |
| Consumer installment loans             | —                     | — %                                  | —               | — %                                  |
| Commercial credit products             | —                     | — %                                  | —               | — %                                  |
| <b>Total</b>                           | <b>\$ 676</b>         | <b>0.7 %</b>                         | <b>\$ 576</b>   | <b>0.6 %</b>                         |
| <i>Nine months ended September 30</i>  |                       |                                      |                 |                                      |
| <i>(\$ in millions)</i>                |                       |                                      |                 |                                      |
| Long-term modifications                |                       |                                      |                 |                                      |
| Credit cards                           | \$ 1,322              | 1.4 %                                | \$ 1,134        | 1.2 %                                |
| Consumer installment loans             | —                     | — %                                  | —               | — %                                  |
| Commercial credit products             | 7                     | 0.4 %                                | 4               | 0.2 %                                |
| Short-term modifications               |                       |                                      |                 |                                      |
| Credit cards                           | 704                   | 0.7 %                                | 440             | 0.5 %                                |
| Consumer installment loans             | —                     | — %                                  | —               | — %                                  |
| Commercial credit products             | 1                     | — %                                  | —               | — %                                  |
| <b>Total</b>                           | <b>\$ 2,034</b>       | <b>2.0 %</b>                         | <b>\$ 1,578</b> | <b>1.6 %</b>                         |

(a) Represents balance at enrollment date. Long-term and short-term loan modifications made to borrowers for the nine months ended September 30, 2024 had amortized cost balances at September 30, 2024 of \$1.1 billion and \$149 million, respectively.

### Financial Effects of Loan Modifications to Borrowers Experiencing Financial Difficulty

As part of our loan modifications to borrowers experiencing financial difficulty, we may provide multiple concessions to minimize our economic loss and improve long-term loan performance and collectability.

For long-term modifications made in the three and nine months ended September 30, 2024 and September 30, 2023, the financial effect of these modifications reduced the weighted-average interest rates by 97% for all periods presented. For short-term modifications made in the three months ended September 30, 2024 and 2023, unpaid balances of \$15 million and \$10 million, respectively, were forgiven. For short-term modifications made in the nine months ended September 30, 2024 and 2023, unpaid balances of \$216 million and \$123 million, respectively, were forgiven. Additionally, beginning in the three months ended September 30, 2024, for borrowers that enroll in our short-term loan modification programs, we no longer charge interest and penalty fees during the term of the program.

### 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 September 30, 2024. For the comparative period, amounts represent loans that were modified subsequent to January 1, 2023 and remained in a modification program at September 30, 2023:

|   | Amortized cost basis |                       |                            |                               |
|---|----------------------|-----------------------|----------------------------|-------------------------------|
|   | Current              | 30-89 days delinquent | 90 or more days delinquent | Total past due <sup>(a)</sup> |
| <i>At September 30, 2024 (\$ in millions)</i> |                      |                       |                            |                               |
| Long-term modifications                       |                      |                       |                            |                               |
| Credit cards                                  | \$ 1,002             | \$ 178                | \$ 132                     | \$ 310                        |
| Consumer installment loans                    | —                    | —                     | —                          | —                             |
| Commercial credit products                    | 3                    | 1                     | 1                          | 2                             |
| Short-term modifications                      |                      |                       |                            |                               |
| Credit cards                                  | 72                   | 38                    | 39                         | 77                            |
| Consumer installment loans                    | —                    | —                     | —                          | —                             |
| Commercial credit products                    | —                    | —                     | —                          | —                             |
| Total delinquent modified loans               | <u>\$ 1,077</u>      | <u>\$ 217</u>         | <u>\$ 172</u>              | <u>\$ 389</u>                 |
| Percentage of total loan receivables          | <u>1.1 %</u>         | <u>0.2 %</u>          | <u>0.2 %</u>               | <u>0.4 %</u>                  |
| <br>  |                      |                       |                            |                               |
|   | Amortized cost basis |                       |                            |                               |
|   | Current              | 30-89 days delinquent | 90 or more days delinquent | Total past due <sup>(a)</sup> |
| <i>At September 30, 2023 (\$ in millions)</i> |                      |                       |                            |                               |
| Long-term modifications                       |                      |                       |                            |                               |
| Credit cards                                  | \$ 655               | \$ 150                | \$ 118                     | \$ 268                        |
| Consumer installment loans                    | —                    | —                     | —                          | —                             |
| Commercial credit products                    | 2                    | 1                     | 1                          | 2                             |
| Short-term modifications                      |                      |                       |                            |                               |
| Credit cards                                  | 40                   | 28                    | 39                         | 67                            |
| Consumer installment loans                    | —                    | —                     | —                          | —                             |
| Commercial credit products                    | —                    | —                     | —                          | —                             |
| Total delinquent modified loans               | <u>\$ 697</u>        | <u>\$ 179</u>         | <u>\$ 158</u>              | <u>\$ 337</u>                 |
| Percentage of total loan receivables          | <u>0.7 %</u>         | <u>0.2 %</u>          | <u>0.1 %</u>               | <u>0.3 %</u>                  |

(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 September 30, 2024, or between January 1, 2023 and September 30, 2023 for the comparative period, and experienced a payment default and charged-off during the period presented:

|  | 2024               |                 | 2023               |                 |
|--|--------------------|-----------------|--------------------|-----------------|
|  | Accounts defaulted | Loans defaulted | Accounts defaulted | Loans defaulted |
| Three months ended September 30<br>(\$ in millions, accounts in thousands) |                    |                 |                    |                 |
| Credit cards   | 43                 | \$ 116          | 31                 | \$ 77           |
| Consumer installment loans   | —                  | —               | —                  | —               |
| Commercial credit products   | —                  | 1               | —                  | 1               |
| <b>Total</b>   | <b>43</b>          | <b>\$ 117</b>   | <b>31</b>          | <b>\$ 78</b>    |

|   | 2024               |                 | 2023               |                 |
|---|--------------------|-----------------|--------------------|-----------------|
|   | Accounts defaulted | Loans defaulted | Accounts defaulted | Loans defaulted |
| Nine months ended September 30<br>(\$ in millions, accounts in thousands) |                    |                 |                    |                 |
| Credit cards  | 96                 | \$ 259          | 51                 | \$ 122          |
| Consumer installment loans  | —                  | —               | —                  | —               |
| Commercial credit products  | 1                  | 2               | —                  | 1               |
| <b>Total</b>  | <b>97</b>          | <b>\$ 261</b>   | <b>51</b>          | <b>\$ 123</b>   |

Of the loans modified to borrowers experiencing financial difficulty that enrolled in a short-term modification program within the previous 12 months from September 30, 2024, or between January 1, 2023 and September 30, 2023 for the comparative period, 60% and 50% had fully completed all required payments and successfully exited the program during the nine months ended September 30, 2024 and 2023, respectively.

## Unfunded Lending Commitments

We manage the potential risk in credit commitments by limiting the total amount of credit, both by individual customer and in total, by monitoring the size and maturity of our portfolios and by applying the same credit standards for all of our credit products. Unused credit card lines available to our customers totaled approximately \$432 billion and \$427 billion at September 30, 2024 and December 31, 2023, respectively. While these amounts represented the total available unused credit card lines, we have not experienced and do not anticipate that all of our customers will access their entire available line at any given point in time.

### **Interest Income by Product**

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

| (\$ in millions)            | Three months ended September 30, |                 | Nine months ended September 30, |                  |
|-----------------------------|----------------------------------|-----------------|---------------------------------|------------------|
|                             | 2024                             | 2023            | 2024                            | 2023             |
| Credit cards <sup>(a)</sup> | \$ 5,236                         | \$ 5,003        | \$ 15,345                       | \$ 14,179        |
| Consumer installment loans  | 238                              | 108             | 630                             | 285              |
| Commercial credit products  | 46                               | 38              | 134                             | 108              |
| Other                       | 2                                | 2               | 7                               | 7                |
| <b>Total<sup>(b)</sup></b>  | <b>\$ 5,522</b>                  | <b>\$ 5,151</b> | <b>\$ 16,116</b>                | <b>\$ 14,579</b> |

(a) Interest income on credit cards that was reversed related to accrued interest receivables written off was \$551 million and \$422 million for the three months ended September 30, 2024 and 2023, respectively, and \$1.7 billion and \$1.3 billion for the nine months ended September 30, 2024 and 2023, respectively.

(b) Deferred merchant discounts to be recognized in interest income at both September 30, 2024 and December 31, 2023, was \$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 and nine months ended September 30, 2024 and 2023. Our VIEs are able to accept new loan receivables and arrange new asset-backed financings, consistent with the requirements and limitations on such activities placed on the VIE by existing investors. Once an account has been designated to a VIE, the contractual arrangements we have require all existing and future loan receivables originated under such account to be transferred to the VIE. The amount of loan receivables held by our VIEs in excess of the minimum amount required under the asset-backed financing arrangements with investors may be removed by us under removal of accounts provisions. All loan receivables held by a VIE are subject to claims of third-party investors.

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

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

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

The loan receivables in these entities have risks and characteristics similar to our other loan 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 loan receivables must first be used to pay third-party debt holders, as well as other expenses of the entity. Excess cash flows, if any, are available to us. The creditors of these entities have no claim on our other assets.

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

| (\$ in millions)                     | September 30, 2024 | December 31, 2023 |
|--------------------------------------|--------------------|-------------------|
| <b>Assets</b>                        |                    |                   |
| Loan receivables, net <sup>(a)</sup> | \$ 19,246          | \$ 19,537         |
| Other assets <sup>(b)</sup>          | 47                 | 47                |
| <b>Total</b>                         | <b>\$ 19,293</b>   | <b>\$ 19,584</b>  |
| <b>Liabilities</b>                   |                    |                   |
| Borrowings                           | \$ 8,015           | \$ 7,267          |
| Other liabilities                    | 29                 | 31                |
| <b>Total</b>                         | <b>\$ 8,044</b>    | <b>\$ 7,298</b>   |

(a) Includes \$1.9 billion and \$1.9 billion of related allowance for credit losses resulting in gross restricted loan receivables of \$21.2 billion and \$21.4 billion at September 30, 2024 and December 31, 2023, respectively.

(b) Includes \$42 million and \$45 million of segregated funds held by the VIEs at September 30, 2024 and December 31, 2023, respectively, which are classified as restricted cash and equivalents and included as a component of Other assets in our Condensed Consolidated Statements of Financial Position.

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

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

Income (principally, interest and fees on loans) earned by our consolidated VIEs was \$1.2 billion and \$1.0 billion, for the three months ended September 30, 2024 and 2023, respectively. Related expenses consisted primarily of provision for credit losses of \$331 million and \$189 million, for the three months ended September 30, 2024 and 2023, respectively, and interest expense of \$108 million and \$86 million, for the three months ended September 30, 2024 and 2023, respectively.

Income (principally, interest and fees on loans) earned by our consolidated VIEs was \$3.2 billion and \$2.9 billion, for the nine months ended September 30, 2024 and 2023, respectively. Related expenses consisted primarily of provision for credit losses of \$753 million and \$553 million, for the nine months ended September 30, 2024 and 2023, respectively, and interest expense of \$323 million and \$241 million, for the nine months ended September 30, 2024 and 2023, respectively. These amounts do not include intercompany transactions, principally fees and interest, which are eliminated in our condensed consolidated financial statements.

#### **Non-consolidated VIEs**

As part of our community reinvestment initiatives, we invest in funds that 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 \$755 million and \$736 million at September 30, 2024 and December 31, 2023, respectively, and represents our total exposure for these entities.

For the three months ended September 30, 2024 and 2023, provision for income taxes included amortization expense of \$24 million and \$21 million, respectively, and tax credits and other tax benefits of \$30 million and \$25 million, respectively, associated with investments in affordable housing properties. For the nine months ended September 30, 2024 and 2023, provision for income taxes included amortization expense of \$71 million and \$56 million, respectively, and tax credits and other tax benefits of \$86 million and \$72 million, respectively, associated with investments in affordable housing properties.

Our other investments in non-consolidated VIEs, totaled \$282 million and \$252 million at September 30, 2024 and December 31, 2023, respectively. At September 30, 2024, the Company also had investment commitments of \$197 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 <sup>(a)</sup> | 4        |
| Goodwill recognized upon acquisition                                  | 252      |
| Balance at September 30   | \$ 1,274 |

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

### Intangible Assets

| (\$ in millions)     | September 30, 2024    |                          |        | December 31, 2023     |                          |        |
|----------------------|-----------------------|--------------------------|--------|-----------------------|--------------------------|--------|
|                      | Gross carrying amount | Accumulated amortization | Net    | Gross carrying amount | Accumulated amortization | Net    |
| Capitalized software | \$ 2,191              | \$ (1,490)               | \$ 701 | \$ 2,065              | \$ (1,302)               | \$ 763 |
| Other                | 194                   | (130)                    | 64     | 204                   | (152)                    | 52     |
| <b>Total</b>         | \$ 2,385              | \$ (1,620)               | \$ 765 | \$ 2,269              | \$ (1,454)               | \$ 815 |

During the nine months ended September 30, 2024, we recorded additions to intangible assets subject to amortization of \$193 million, primarily related to capitalized software expenditures, as well as intangible assets of \$18 million related to the Ally Lending acquisition. See Note 3. *Acquisitions and Dispositions* for additional information.

Amortization expense was \$83 million and \$74 million for the three months ended September 30, 2024 and 2023, respectively, and \$243 million and \$216 million for the nine months ended September 30, 2024 and 2023, respectively, and is included as a component of Other expense in our Condensed Consolidated Statements of Earnings.

## NOTE 8. DEPOSITS

| (\$ in millions)              | September 30, 2024 |                             | December 31, 2023 |                             |
|-------------------------------|--------------------|-----------------------------|-------------------|-----------------------------|
|                               | Amount             | Average rate <sup>(a)</sup> | Amount            | Average rate <sup>(a)</sup> |
| Interest-bearing deposits     | \$ 81,901          | 4.7 %                       | \$ 80,789         | 3.9 %                       |
| Non-interest-bearing deposits | 383                | —                           | 364               | —                           |
| <b>Total deposits</b>         | <b>\$ 82,284</b>   |                             | <b>\$ 81,153</b>  |                             |

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

At September 30, 2024 and December 31, 2023, interest-bearing deposits included \$11.0 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 September 30, 2024, our interest-bearing time deposits maturing for the remainder of 2024 and over the next four years and thereafter were as follows:

| (\$ in millions) | 2024     | 2025      | 2026     | 2027     | 2028     | Thereafter |
|------------------|----------|-----------|----------|----------|----------|------------|
| Deposits         | \$ 6,429 | \$ 32,886 | \$ 3,032 | \$ 2,969 | \$ 1,526 | \$ 916     |

The above maturity table excludes \$30.0 billion of demand deposits with no defined maturity, of which \$27.9 billion are savings accounts. In addition, at September 30, 2024, we had \$4.1 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

|  | September 30, 2024 |               |                                | December 31, 2023                    |                                      |
|--|--------------------|---------------|--------------------------------|--------------------------------------|--------------------------------------|
|  | Maturity date      | Interest Rate | Weighted average interest rate | Outstanding Amount <sup>(a)(b)</sup> | Outstanding Amount <sup>(a)(b)</sup> |
| <i>(\$ in millions)</i>                                    |                    |               |                                |                                      |                                      |
| <b>Borrowings of consolidated securitization entities:</b> |                    |               |                                |                                      |                                      |
| Fixed securitized borrowings                               | 2025 - 2027        | 3.37% - 5.74% | 4.73 %                         | \$ 4,915                             | \$ 3,417                             |
| Floating securitized borrowings                            | 2024 - 2027        | 5.81% - 6.07% | 5.90 %                         | 3,100                                | 3,850                                |
| Total borrowings of consolidated securitization entities   |                    |               | 5.18 %                         | 8,015                                | 7,267                                |
| <b>Senior unsecured notes:</b>                             |                    |               |                                |                                      |                                      |
| <i>Synchrony Financial senior unsecured notes:</i>         |                    |               |                                |                                      |                                      |
| Fixed senior unsecured notes                               | 2025 - 2031        | 2.87% - 5.15% | 4.19 %                         | 4,635                                | 6,480                                |
| Fixed to floating senior unsecured notes <sup>(c)</sup>    | 2030               | 5.94%         | 5.94 %                         | 745                                  | —                                    |
| <i>Synchrony Bank senior unsecured notes:</i>              |                    |               |                                |                                      |                                      |
| Fixed senior unsecured notes                               | 2025 - 2027        | 5.40% - 5.63% | 5.49 %                         | 1,496                                | 1,494                                |
| Total senior unsecured notes                               |                    |               | 4.66 %                         | 6,876                                | 7,974                                |
| <b>Subordinated unsecured notes:</b>                       |                    |               |                                |                                      |                                      |
| <i>Synchrony Financial subordinated unsecured notes:</i>   |                    |               |                                |                                      |                                      |
| Fixed subordinated unsecured notes                         | 2033               | 7.25%         | 7.25 %                         | 741                                  | 741                                  |
| Total senior and subordinated unsecured notes              |                    |               | 4.91 %                         | 7,617                                | 8,715                                |
| <b>Total borrowings</b>                                    |                    |               |                                | <b>\$ 15,632</b>                     | <b>\$ 15,982</b>                     |

(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

(c) Interest rate fixed through August 1, 2029; resets August 2, 2029 to floating rate based on compounded Secured Overnight Financing Rate ("SOFR") plus 213 basis points.

### 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:

| <i>(\$ in millions)</i> | 2024   | 2025     | 2026     | 2027     | 2028 | Thereafter |
|-------------------------|--------|----------|----------|----------|------|------------|
| Borrowings              | \$ 175 | \$ 5,650 | \$ 3,250 | \$ 3,700 | \$ — | \$ 2,900   |

### Senior Unsecured Notes

#### 2024 Issuance (*\$ in millions*):

| Issuance Date   | Principal Amount | Maturity    | Interest Rate |
|---|------------------|-------------|---------------|
| <b>Fixed to floating rate subordinated unsecured notes:</b> |                  |             |               |
| <i>Synchrony Financial</i>                                  |                  |             |               |
| August 2024   | \$ 750           | August 2030 | 5.935%        |

***Additional Sources of Liquidity***

We have undrawn committed and uncommitted capacity under certain credit facilities, primarily from private lenders under our securitization programs, subject to customary borrowing conditions, and also have access to the Federal Reserve discount window.

At September 30, 2024, we had an aggregate of \$2.7 billion of undrawn capacity under our securitization financings, of which \$2.2 billion was committed and \$450 million was uncommitted. At December 31, 2023, we had an aggregate of \$2.5 billion of undrawn capacity under our securitization financings, of which all was committed.

At September 30, 2024 and December 31, 2023, we had an aggregate of \$500 million of undrawn committed capacity under our unsecured revolving credit facility with private lenders.

At September 30, 2024 and December 31, 2023, we had an aggregate of \$11.4 billion and \$10.4 billion, respectively, of available borrowing capacity through the Federal Reserve discount window 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 September 30, 2024 (\$ in millions)

|                                    | Level 1      | Level 2         | Level 3      | Total <sup>(a)</sup> |
|------------------------------------|--------------|-----------------|--------------|----------------------|
| <b>Assets</b>                      |              |                 |              |                      |
| Debt securities                    |              |                 |              |                      |
| U.S. government and federal agency | \$ —         | \$ 819          | \$ —         | \$ 819               |
| State and municipal                | —            | —               | 17           | 17                   |
| Residential mortgage-backed        | —            | 316             | —            | 316                  |
| Asset-backed                       | —            | 1,185           | —            | 1,185                |
| Other                              | —            | —               | 8            | 8                    |
| Other <sup>(b)</sup>               | 15           | —               | 8            | 23                   |
| <b>Total</b>                       | <b>\$ 15</b> | <b>\$ 2,320</b> | <b>\$ 33</b> | <b>\$ 2,368</b>      |
| <b>Liabilities</b>                 |              |                 |              |                      |
| Other <sup>(c)</sup>               | —            | —               | 10           | 10                   |
| <b>Total</b>                       | <b>\$ —</b>  | <b>\$ —</b>     | <b>\$ 10</b> | <b>\$ 10</b>         |

At December 31, 2023 (\$ in millions)

|                                    |              |                 |              |                 |
|------------------------------------|--------------|-----------------|--------------|-----------------|
| <b>Assets</b>                      |              |                 |              |                 |
| 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 <sup>(b)</sup>               | 14           | —               | 10           | 24              |
| <b>Total</b>                       | <b>\$ 14</b> | <b>\$ 3,780</b> | <b>\$ 28</b> | <b>\$ 3,822</b> |
| <b>Liabilities</b>                 |              |                 |              |                 |
| Other <sup>(c)</sup>               | —            | —               | \$ 4         | \$ 4            |
| <b>Total</b>                       | <b>\$ —</b>  | <b>\$ —</b>     | <b>\$ 4</b>  | <b>\$ 4</b>     |

(a) For the nine months ended September 30, 2024 and 2023, there were no fair value measurements transferred between levels.

(b) Other is primarily comprised of equity investments measured at fair value, which are included in Other assets in our Condensed Consolidated Statement of Financial Position, as well as certain financial assets for which we have elected the fair value option which are included in Loan receivables in our Condensed Consolidated Statement of Financial Position.

(c) Other includes certain financial liabilities for which we have elected the fair value option. These liabilities are included in Accrued expenses and other liabilities in our Condensed Consolidated Statement of Financial Position.

### **Level 3 Fair Value Measurements**

Our Level 3 recurring fair value measurements primarily relate to state and municipal and corporate debt instruments, which are valued using non-binding broker quotes or other third-party sources, and financial assets and liabilities for which we have elected the fair value option. See Note 2. *Basis of Presentation and Summary of Significant Accounting Policies* and Note 10. *Fair Value Measurements* in our 2023 annual consolidated financial statements within our 2023 Form 10-K for a description of our process to evaluate third-party pricing services. Our state and municipal debt securities are classified as available-for-sale with changes in fair value included in Accumulated other comprehensive income.

The changes in our Level 3 assets and liabilities that are measured on a recurring basis for the three and nine months ended September 30, 2024 and 2023, respectively, were not material.

**Financial Assets and Financial Liabilities Carried at Other Than Fair Value**

| At September 30, 2024 (\$ in millions)                                      | Carrying value | Corresponding fair value amount |           |           |            |
|---|----------------|---------------------------------|-----------|-----------|------------|
|   |                | Total                           | Level 1   | Level 2   | Level 3    |
| <b>Financial Assets</b>   |                |                                 |           |           |            |
| Financial assets for which carrying values equal or approximate fair value: |                |                                 |           |           |            |
| Cash and equivalents <sup>(a)</sup>   | \$ 17,934      | \$ 17,934                       | \$ 17,934 | \$ —      | \$ —       |
| Other assets <sup>(a)(b)</sup>  | \$ 47          | \$ 47                           | \$ 47     | \$ —      | \$ —       |
| Financial assets carried at other than fair value:                          |                |                                 |           |           |            |
| Loan receivables, net <sup>(c)</sup>  | \$ 91,156      | \$ 104,113                      | \$ —      | \$ —      | \$ 104,113 |
| <b>Financial Liabilities</b>  |                |                                 |           |           |            |
| Financial liabilities carried at other than fair value:                     |                |                                 |           |           |            |
| Deposits  | \$ 82,284      | \$ 82,493                       | \$ —      | \$ 82,493 | \$ —       |
| Borrowings of consolidated securitization entities                          | \$ 8,015       | \$ 8,065                        | \$ —      | \$ 4,968  | \$ 3,097   |
| Senior and subordinated unsecured notes                                     | \$ 7,617       | \$ 7,558                        | \$ —      | \$ 7,558  | \$ —       |
| <b>At December 31, 2023 (\$ in millions)</b>                                |                |                                 |           |           |            |
| <b>Financial Assets</b>   |                |                                 |           |           |            |
| Financial assets for which carrying values equal or approximate fair value: |                |                                 |           |           |            |
| Cash and equivalents <sup>(a)</sup>   | \$ 14,259      | \$ 14,259                       | \$ 14,259 | \$ —      | \$ —       |
| Other assets <sup>(a)(b)</sup>  | \$ 50          | \$ 50                           | \$ 50     | \$ —      | \$ —       |
| Assets held for sale <sup>(d)</sup>   | \$ 112         | \$ 112                          | \$ 112    | \$ —      | \$ —       |
| Financial assets carried at other than fair value:                          |                |                                 |           |           |            |
| Loan receivables, net <sup>(c)</sup>  | \$ 92,407      | \$ 104,761                      | \$ —      | \$ —      | \$ 104,761 |
| <b>Financial Liabilities</b>  |                |                                 |           |           |            |
| 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 September 30<br>(\$ in millions) | Three months ended |        | Nine months ended |        |
|--|--------------------|--------|-------------------|--------|
|  | 2024               | 2023   | 2024              | 2023   |
| Carrying value <sup>(a)</sup>                                | \$ 270             | \$ 268 | \$ 270            | \$ 268 |
| Upward adjustments <sup>(b)</sup>                            | —                  | 17     | —                 | 17     |
| Downward adjustments <sup>(b)</sup>                          | (5)                | (5)    | (7)               | (6)    |

(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 September 30, 2024, cumulative upward and downward carrying value adjustments were \$205 million and \$(21) 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 September 30, 2024 and December 31, 2023, Synchrony Financial met all applicable requirements to be deemed well-capitalized pursuant to Federal Reserve Board regulations. At September 30, 2024 and December 31, 2023, the Bank also met all applicable requirements to be deemed well-capitalized pursuant to OCC regulations and for purposes of the Federal Deposit Insurance Act. There are no conditions or events subsequent to September 30, 2024 that management believes have changed the Company's or the Bank's capital category.

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

### Synchrony Financial

At September 30, 2024 (\$ in millions)

|                              | Actual    |                      | Minimum for capital adequacy purposes |                      |
|------------------------------|-----------|----------------------|---------------------------------------|----------------------|
|                              | Amount    | Ratio <sup>(a)</sup> | Amount                                | Ratio <sup>(b)</sup> |
| Total risk-based capital     | \$ 16,864 | 16.4 %               | \$ 8,248                              | 8.0 %                |
| Tier 1 risk-based capital    | \$ 14,723 | 14.3 %               | \$ 6,186                              | 6.0 %                |
| Tier 1 leverage              | \$ 14,723 | 12.5 %               | \$ 4,726                              | 4.0 %                |
| Common equity Tier 1 Capital | \$ 13,501 | 13.1 %               | \$ 4,640                              | 4.5 %                |

At December 31, 2023 (\$ in millions)

|                              | Actual    |                      | Minimum for capital adequacy purposes |                      |
|------------------------------|-----------|----------------------|---------------------------------------|----------------------|
|                              | Amount    | Ratio <sup>(a)</sup> | Amount                                | Ratio <sup>(b)</sup> |
| 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 September 30, 2024 (\$ in millions)

|                              | Actual    |                      | Minimum for capital adequacy purposes |                      | Minimum to be well-capitalized under prompt corrective action provisions |        |
|------------------------------|-----------|----------------------|---------------------------------------|----------------------|--|--------|
|                              | Amount    | Ratio <sup>(a)</sup> | Amount                                | Ratio <sup>(b)</sup> | Amount   | Ratio  |
| Total risk-based capital     | \$ 15,583 | 15.9 %               | \$ 7,852                              | 8.0 %                | \$ 9,815   | 10.0 % |
| Tier 1 risk-based capital    | \$ 13,499 | 13.8 %               | \$ 5,889                              | 6.0 %                | \$ 7,852   | 8.0 %  |
| Tier 1 leverage              | \$ 13,499 | 12.1 %               | \$ 4,469                              | 4.0 %                | \$ 5,586   | 5.0 %  |
| Common equity Tier I capital | \$ 13,499 | 13.8 %               | \$ 4,417                              | 4.5 %                | \$ 6,380   | 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 <sup>(a)</sup> | Amount                                | Ratio <sup>(b)</sup> | 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 September 30, 2024 and at December 31, 2023 in the above tables reflect the applicable CECL regulatory capital transition adjustment.

(b) At September 30, 2024 and at December 31, 2023, Synchrony Financial and the Bank also must maintain a capital conservation buffer of common equity Tier 1 capital in excess of minimum risk-based capital ratios by at least 2.5 percentage points to avoid limits on capital distributions and certain discretionary bonus payments to executive officers and similar employees.

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

## NOTE 12. EARNINGS PER SHARE

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

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

|  | Three months ended September 30, |         | Nine months ended September 30, |          |
|--|----------------------------------|---------|---------------------------------|----------|
|  | 2024                             | 2023    | 2024                            | 2023     |
| <i>(in millions, except per share data)</i>          |                                  |         |                                 |          |
| Net earnings   | \$ 789                           | \$ 628  | \$ 2,725                        | \$ 1,798 |
| Preferred stock dividends                            | (21)                             | (10)    | (51)                            | (31)     |
| Net earnings available to common stockholders        | \$ 768                           | \$ 618  | \$ 2,674                        | \$ 1,767 |
| Weighted average common shares outstanding, basic    | 392.3                            | 416.0   | 398.7                           | 424.3    |
| Effect of dilutive securities                        | 4.2                              | 2.4     | 3.7                             | 2.2      |
| Weighted average common shares outstanding, dilutive | 396.5                            | 418.4   | 402.4                           | 426.5    |
| Earnings per basic common share                      | \$ 1.96                          | \$ 1.49 | \$ 6.71                         | \$ 4.16  |
| Earnings per diluted common share                    | \$ 1.94                          | \$ 1.48 | \$ 6.65                         | \$ 4.14  |

We have issued certain stock-based awards under both the Synchrony Financial 2014 and 2024 Long-Term Incentive Plans. A total of zero shares and 3 million shares for the three months ended September 30, 2024 and 2023, respectively, and 1 million and 5 million shares for the nine months ended September 30, 2024 and 2023, respectively, related to these awards, were considered anti-dilutive and therefore were excluded from the computation of diluted earnings per common share.

## NOTE 13. EQUITY AND OTHER STOCK RELATED INFORMATION

### Preferred Stock

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

| Series   | Issuance Date     | Redeemable by Issuer Beginning | Per Annum Dividend Rate | Liquidation Preference per Share | Total Shares Outstanding | September 30, 2024 | December 31, 2023 |
|--|-------------------|--------------------------------|-------------------------|----------------------------------|--------------------------|--------------------|-------------------|
| <i>(\$ in millions, except per share data)</i> |                   |                                |                         |                                  |                          |                    |                   |
| Series A <sup>(a)</sup>                        | November 14, 2019 | November 15, 2024              | 5.625%                  | \$1,000                          | 750,000                  | \$ 734             | \$ 734            |
| Series B <sup>(a)</sup>                        | February 23, 2024 | May 15, 2029                   | 8.25% <sup>(b)</sup>    | \$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)

|   | September 30, 2024 | December 31, 2023 |
|---|--------------------|-------------------|
| Unrecognized tax benefits, excluding related interest expense and penalties <sup>(a)</sup>  | \$ 232             | \$ 230            |
| Portion that, if recognized, would reduce tax expense and effective tax rate <sup>(b)</sup> | \$ 183             | \$ 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 \$35 million, of which \$28 million, if recognized, would reduce the Company's tax expense and effective tax rate.

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

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

## NOTE 15. LEGAL PROCEEDINGS AND REGULATORY MATTERS

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

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

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

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

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

The following table presents the approximate net interest income impacts forecasted over the next twelve months from an immediate and parallel change in interest rates affecting all interest rate sensitive assets and liabilities at September 30, 2024.

| <u>Basis Point Change</u> | <u>At September 30, 2024</u> |       |
|---------------------------|------------------------------|-------|
| <i>(\$ in millions)</i>   |                              |       |
| -100 basis points         | \$                           | (223) |
| +100 basis points         | \$                           | 72    |

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 September 30, 2024.

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

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

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

### ITEM 1A. RISK FACTORS

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

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

The table below sets forth information regarding purchases of our common stock primarily related to our share repurchase program that were made by us or on our behalf during the three months ended September 30, 2024.

| <i>(\$ in millions, except per share data)</i> | <b>Total Number of Shares Purchased<sup>(a)</sup></b> | <b>Average Price Paid Per Share<sup>(b)</sup></b> | <b>Total Number of Shares Purchased as Part of Publicly Announced Programs</b> | <b>Maximum Dollar Value of Shares That May Yet Be Purchased Under the Programs<sup>(b)(c)</sup></b> |
|--|---|---|--|---|
| July 1 - 31, 2024                              | 35,424  | \$ 48.74  | —  | \$ 1,000.0  |
| August 1 - 31, 2024                            | 5,001,194   | 45.41   | 5,000,000  | 773.0   |
| September 1 - 30, 2024                         | 1,607,751   | 45.41   | 1,606,512  | 700.0   |
| <b>Total</b>                                   | <b>6,644,369</b>                                      | <b>\$ 45.43</b>                                   | <b>6,606,512</b>   | <b>\$ 700.0</b>   |

(a) Includes 35,424 shares, 1,194 shares and 1,239 shares withheld in July, August and September, respectively, to offset tax withholding obligations that occur upon the delivery of outstanding shares underlying performance stock awards, restricted stock awards or upon the exercise of stock options.

(b) Amounts exclude commission costs.

(c) In April 2024 the Board of Directors approved an incremental share repurchase program of up to \$1.0 billion through June 30, 2025.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

## ITEM 5. OTHER INFORMATION

### Trading Plans

On July 19, 2024, Jonathan S. Mothner, Executive Vice President, Chief Risk and Legal Officer, entered into a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). Mr. Mothner's plan covers the sale of an aggregate amount of 34,163 of the Company's securities, and will terminate on July 21, 2025, or an earlier date under certain circumstances specified under the terms of the plan, including if all trades are executed or all orders related to the trades under the plan expire. During the three months ended September 30, 2024, no other director or officer of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each such term is defined in Item 408(a) of Regulation S-K.

## ITEM 6. EXHIBITS

### EXHIBIT INDEX

| <b>Exhibit Number</b>  | <b>Description</b>  |
|------------------------|---|
| <a href="#">3.1</a>    | <a href="#">Second Amended and Restated Certificate of Incorporation of Synchrony Financial (incorporated by reference to Exhibit 3.1 of Form 8-K filed by Synchrony Financial on June 13, 2024 (No. 001-36560))</a>  |
| <a href="#">3.2</a>    | <a href="#">Amended and Restated Bylaws of Synchrony Financial (incorporated by reference to Exhibit 3.1 of Form 8-K filed by Synchrony Financial on November 1, 2016 (No. 001-36560))</a>  |
| <a href="#">4.1</a>    | <a href="#">Twelfth Supplemental Indenture, dated as of August 2, 2024, between Synchrony Financial and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 4.1 of Form 8-K filed by Synchrony Financial on August 2, 2024 (No. 001-36560))</a> |
| <a href="#">4.2</a>    | <a href="#">Form of 4.935% Fixed-to-Floating Rate Senior Notes due 2020 (incorporated by reference to Exhibit 4.1 of Form 8-K filed by Synchrony Financial on August 2, 2024 (No. 001-36560))</a>   |
| <a href="#">31(a)*</a> | <a href="#">Certification Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Amended</a>  |
| <a href="#">31(b)*</a> | <a href="#">Certification Pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as Amended</a>  |
| <a href="#">32*</a>    | <a href="#">Certification Pursuant to 18 U.S.C. Section 1350</a>  |
| 101.INS                | XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document  |
| 101.SCH                | XBRL Taxonomy Extension Schema Document   |
| 101.CAL                | XBRL Taxonomy Extension Calculation Linkbase Document   |
| 101.DEF                | XBRL Taxonomy Extension Definition Linkbase Document  |
| 101.LAB                | XBRL Taxonomy Extension Label Linkbase Document   |
| 101.PRE                | XBRL Taxonomy Extension Presentation Linkbase Document  |
| 104                    | The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, formatted in Inline XBRL (included as Exhibit 101)  |

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\* Filed electronically herewith.

## Signatures

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

Synchrony Financial  
(Registrant)

October 23, 2024

Date

/s/ Brian J. Wenzel Sr.

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

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

I, Brian D. Doubles, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Synchrony Financial;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 23, 2024

/s/ Brian D. Doubles

Brian D. Doubles  
Chief Executive Officer

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

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

1. I have reviewed this quarterly report on Form 10-Q of Synchrony Financial;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 23, 2024

/s/ Brian J. Wenzel Sr.

Brian J. Wenzel Sr.  
Chief Financial Officer

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

In connection with the Quarterly Report of Synchrony Financial (the "registrant") on Form 10-Q for the period ended September 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "report"), we, Brian D. Doubles, Chief Executive Officer, and Brian J. Wenzel Sr., Chief Financial Officer, of the registrant, certify, pursuant to 18 U.S.C. § 1350, that to our knowledge:

1. The report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: October 23, 2024

/s/ Brian D. Doubles

Brian D. Doubles  
Chief Executive Officer

/s/ Brian J. Wenzel Sr.

Brian J. Wenzel Sr.  
Chief Financial Officer