

Risk Factors Comparison 2025-02-07 to 2024-02-08 Form: 10-K

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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. ” Off- Balance Sheet Arrangements and Unfunded Lending Commitments

We do not have any material off- balance sheet arrangements, including guarantees of third- party obligations. Guarantees are contracts or indemnification agreements that contingently require us to make a guaranteed payment or perform an obligation to a third- party based on certain trigger events. At December 31, **2023-2024**, we had not recorded any contingent liabilities in our Consolidated Statements of Financial Position related to any guarantees. See Note 6- Variable Interest Entities to our 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 consolidated financial statements for more information on our unfunded lending commitments. Critical Accounting Estimates In preparing our 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 Consolidated Statements of Financial Position, among other effects. See Note 2. Basis of Presentation and Summary of Significant Accounting Policies to our consolidated financial statements, which discusses the significant accounting policies related to these estimates. Losses on loan receivables are estimated and recognized upon origination of the loan, based on expected credit losses for the life of the loan balance as of the period end date. This requires us to estimate expected losses in the portfolio as of each balance sheet date. The method for calculating the estimate of expected credit loss takes into account historical experience, and current conditions and future expectations for pools of loans with similar risk characteristics, and reasonable and supportable forecasts about the future. The model utilizes a macroeconomic forecast, with unemployment as the primary macroeconomic variable. We also perform a qualitative assessment in addition to model estimates and apply qualitative adjustments as necessary. The reasonable and supportable forecast period is determined primarily based upon an assessment of the current economic outlook and our ability to use available data to accurately forecast losses over time. The reasonable and supportable forecast period used in our estimate of credit losses at December 31, **2023-2024** was 12 months, consistent with the forecast period utilized since adoption of CECL. The Company reassesses the reasonable and supportable forecast period on a quarterly basis. 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, similar to the reasonable and supportable forecast period, may change in the future depending on multiple factors such as forecasting methods, portfolio changes, and macroeconomic environment. We evaluate each portfolio quarterly. For credit card receivables, our estimation process includes analysis of historical data, and there is a significant amount of judgment applied in selecting inputs and analyzing the results produced by the models to determine the allowance. Our risk process includes standards and policies for reviewing major risk exposures and concentrations, and evaluates relevant data either for individual loans or on a portfolio basis, as appropriate. More specifically, we use an enhanced migration analysis to estimate the likelihood that a loan will progress through the various stages of delinquency. The enhanced migration analysis considers uncollectible principal, interest and fees reflected in the loan receivables, segmented by credit and business parameters. We use other analyses to estimate expected losses on non- delinquent accounts, which include past performance, bankruptcy activity such as filings, policy changes, loan volumes and amounts. Holistically, for assessing the portfolio credit loss content, we also evaluate portfolio risk management techniques applied to various accounts, historical behavior of different account vintages, account seasoning, economic conditions, recent trends in delinquencies, account collection management, forecasting uncertainties, expectations about the future, and a qualitative assessment of the adequacy of the allowance for credit losses. We estimate our allowance for credit losses using pools of loans with similar risk characteristics. Further, **when** experience is not available for new portfolios ~~therefore~~, while we accumulate experience, we utilize our experience with the most closely analogous products and segments in our portfolio. The underlying assumptions, estimates and assessments we use to provide for losses are updated periodically to reflect our view of current and forecasted conditions and are subject to the regulatory examination process, which can result in changes to our assumptions. Changes in such estimates can significantly affect the allowance and provision for credit losses. It is possible that we will experience credit losses that are different from our current estimates. Fair Value Measurements **Assets and liabilities** measured at fair value ~~every reporting period on a recurring basis~~ primarily ~~consists~~ **consist** of investments in debt securities. **Liabilities at December 31, 2024 measured at fair value on a recurring basis were not material**. Assets that are

not measured at fair value every reporting period, but that are subject to fair value measurements in certain circumstances, primarily include **business acquisitions and dispositions**, acquired loans, loans that have been reduced to fair value when they are held for sale, equity method investments that are written down to fair value when they are impaired, as well as certain equity securities without readily determinable fair value that are measured based upon observable price changes. **Assets that** Our disposition of Pets Best and acquisition of Ally Lending are **written down** expected to close in the first quarter of 2024, subject to customary closing conditions. These transactions will also be subject to fair value measurements related **when impaired are not subsequently adjusted to fair value unless further impairment occurs** both the consideration to be received at the closing of the sale of Pets Best and the assets and liabilities acquired at the closing of the acquisition of Ally Lending. A fair value measurement is determined as the price that we would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. The determination of fair value often involves significant judgments about assumptions such as determining an appropriate discount rate that factors in both risk and liquidity premiums, identifying the similarities and differences in market transactions, weighting those differences accordingly and then making the appropriate adjustments to those market transactions to reflect the risks specific to **our the asset or liability** being valued. **Assets that are written down to** **During the year ended December 31, 2024, we completed the disposition of Pets Best and acquisition of Ally Lending. These transactions included** fair value measurements related **when impaired are not subsequently adjusted to both the consideration received at the closing of the sale of Pets Best and the assets and liabilities acquired at the closing of the acquisition of Ally Lending, which primarily included loan receivables with an unpaid principal balance of \$ 2.2 billion. To determine the fair value unless further impairment occurs of loan receivables acquired through our acquisition of Ally Lending, we estimated expected cash flows and discounted those cash flows using an observable market rate of interest, when available, and 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 of the loan receivables and the amount contractually due was recorded as a loan discount at acquisition. Including the impact of measurement period adjustments, the 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. See Note 3. Acquisitions and Dispositions to our consolidated financial statements for additional information on the Ally Lending acquisition and disposition of Pets Best**.

RISKS Risk Factors Summary We are providing the following summary of the risk factors contained in this Annual Report on Form 10-K to enhance the readability and accessibility of our risk factor disclosures. We encourage you to carefully review the full risk factors contained in this Annual Report on Form 10-K in their entirety for additional information regarding the material factors that make an investment in our securities speculative or risky. These risks and uncertainties include, but are not limited to, the following: Macroeconomic, Strategic and Operational Risks

- Macroeconomic conditions could have a material adverse effect on our business, results of operations and financial condition.
- Our results of operations and growth depend on our ability to retain existing partners and attract new partners. Further, a significant percentage of our interest and fees on loans comes from relationships with a small number of large retail partners, and the loss of any of these partners could adversely affect our business and results of operations.
- Our business is heavily concentrated in U. S. consumer credit, and therefore our results are more susceptible to **market** fluctuations **and legislative and regulatory developments** in that market than a more diversified company.
- The CFPB's **proposed final** rule on credit card late fees, if **adopted implemented**, would likely materially adversely affect our business and results of operations.
- Our results depend, to a significant extent, on the active and effective promotion and support of our products by our partners, and on the financial performance of our partners.
- Competition in the consumer finance industry is intense.
- We may be unable to successfully develop and commercialize new or enhanced products and services, or realize the value of acquisitions, dispositions, strategic investments and strategic initiatives that we pursue.
- Fraudulent activity associated with our products and services could negatively impact our operating results, brand and reputation and cause the use of our products and services to decrease and our fraud losses to increase.
- The failure of third parties to provide various services that are important to our operations could have a material adverse effect on our business and results of operations.
- **Our remote** As we continue to utilize work from home arrangements **may have**, our operations are subject to new and **an heightened risks adverse impact on our business**.

Technological Risks

- Cyber- attacks or other security breaches could have a material adverse effect on our business.
- Disruptions in the operation of our and our outsourced partners' technology environments could have a material adverse effect on our business.

Financial Risks

- Our allowance for credit losses may prove to be insufficient to cover losses on our loans.
- If assumptions or estimates we use in preparing our financial statements, including those related to the CECL accounting guidance, are incorrect or are required to change, our reported results of operations and financial condition may be adversely affected.
- Adverse financial market conditions, our inability to effectively manage our funding and liquidity risk or our inability to maintain or grow our deposits in the future could have a material adverse effect on our funding, liquidity and ability to meet our obligations.
- Changes in market interest rates could have a material adverse effect on our net earnings, funding and liquidity.
- A reduction in our credit ratings could materially increase the cost of our funding from, and restrict our access to, the capital markets.
- Various risks related to the securitization of our loan receivables, including our ability to securitize our loan receivables on favorable terms or at all, the occurrence of an early amortization event, our loss of the right to service or subservice our loan receivables or lower payment rates on such receivables could have a material adverse effect on our business, liquidity, cost of funds and financial condition.
- We rely extensively on models in managing many aspects of our business, and if they are not accurate or are misinterpreted, it could have a material adverse effect on our business and results of operations.
- Our business depends on our ability to successfully manage our credit risk, and failing to do so may result in high

charge-off rates. • We may not be able to offset increases in our costs with decreased payments under our retailer share arrangements, which could reduce our profitability. • Reductions in interchange fees and changes to the regulations governing such fees, could have a material adverse impact on our business and results of operations. Legal Risks • We have international operations that subject us to various international risks as well as increased compliance and regulatory risks and costs. • If we are alleged to have infringed upon the intellectual property rights owned by others or are not able to protect our intellectual property, our business and results of operations could be adversely affected. • Litigation, regulatory actions and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and / or requirements resulting in increased expenses. Regulatory Risks • Our business is subject to government regulation, supervision, examination and enforcement, which could adversely affect our business, results of operations and financial condition. • Ongoing changes to the regulatory framework applicable to us, **including with respect to the CFPB, anti- money laundering and anti- terrorism financing laws, and our third party vendors** have had, and may continue to have, a significant impact on our business, financial condition and results of operations. • Failure by Synchrony and the Bank to meet applicable capital adequacy and liquidity requirements could limit our ability to pay dividends and repurchase our common stock or otherwise have a material adverse effect on us. • Regulations relating to privacy, information security and data protection could increase our costs, affect or limit how we collect and use personal information and adversely affect our business opportunities. Risk Factors Relating to Our Business The following discussion of risk factors contains “ forward- looking statements, ” as discussed in “ Cautionary Note Regarding Forward- Looking Statements. ” These risk factors may be important to understanding any statement in this Annual Report on Form 10- K or elsewhere. The following information should be read in conjunction with “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations ” (MD & A), the consolidated financial statements and related notes in “ Consolidated Financial Statements and Supplementary Data ” and “ Regulation — Risk Factors Relating to Regulation ” of this Form 10- K Report. Our business routinely encounters and addresses risks, some of which will cause our future results to be different- sometimes materially different- than we anticipate. Discussion about important operational risks that our business encounters can be found in the business descriptions in “ Our Business ” and the MD & A section of this Form 10- K Report. The key categories of risks our business faces are macro- economic, strategic, operational, technological (including cybersecurity), financial, legal and regulatory. Our reactions to material future developments as well as our competitors’ reactions to those developments will affect our future results. Key macroeconomic conditions historically have affected our business, results of operations and financial condition and are likely to affect them in the future. Consumer confidence, **affordability, inflation,** unemployment, **personal income, personal savings and access to other liquidity, housing prices and values** and other economic indicators are among the factors that often impact consumer spending and payment behavior and demand for credit. Poor economic conditions reduce the usage of our credit cards and other financing products and the average purchase amount of transactions on our credit cards and through our other products, which, in each case, reduces our interest and fee income. We rely primarily on interest and fees on our loan receivables to generate our net earnings. Our interest and fees on our loan receivables was \$ ~~19.21~~ **9.6** billion for the year ended December 31, ~~2023~~ **2024**. Poor economic conditions also adversely affect the ability and willingness of customers to pay amounts owed to us, increasing delinquencies, bankruptcies, charge- offs and allowances for credit losses, ~~and settlements and decreasing recoveries~~. For example, our over-30 day delinquency rate as a percentage of period- end loan receivables was 8.25 % at December 31, 2009 during the financial crisis, compared to ~~4.74~~ **7.0** % at December 31, ~~2023~~ **2024**, and our full- year net charge- off rate was 11.26 % for the year ended December 31, 2009, compared to ~~4.6~~ **8.7** ~~31~~ % for the year ended December 31, ~~2023~~ **2024**. The assessment of our credit profile includes the evaluation of ~~portfolio mix, account maturation, as well as broader consumer~~ **and industry** trends, such as payment behavior and overall indebtedness. Economic growth in the United States can slow due to ~~higher unemployment rates, lower~~ **low housing values productivity, declining investments, limited access to credit, shrinking labor force, labor relations**, concerns about the level of U. S. government debt, inflation, interest rates, **tariffs (including retaliatory tariffs in response to tariffs imposed by the United States),** and monetary **and / or** fiscal actions ~~that may be taken to address these concerns~~, as well as economic and political conditions in the U. S. and global markets, **including international trade relations. Additionally, there is uncertainty regarding the impact of changes in the U. S. presidential administration and Congress on fiscal, monetary and regulatory policy**. A prolonged period of slow economic growth or a significant deterioration in economic conditions or broader consumer trends, including employment, wage growth, savings rates and consumer indebtedness, would likely affect consumer spending levels and the ability and willingness of customers to pay amounts owed to us, and could have a material adverse effect on our business, key credit trends, results of operations and financial condition. Further, while the ~~primary~~ effects of the COVID- 19 pandemic have subsided, ~~the extent of the ongoing impacts of COVID- 19 and~~ the impact of any future outbreaks, epidemics, pandemics or other public health crises on our business remain uncertain and are difficult to predict. Macroeconomic conditions may also cause net earnings to fluctuate and diverge from expectations of securities analysts and investors, who may have differing assumptions regarding the impact of these conditions on our business, and this may adversely impact our stock price. In addition, ~~as governments, investors and other stakeholders face pressures to accelerate actions to address climate change and other environmental, governance and social topics,~~ governments may implement regulations or investors and other stakeholders may adopt new investment policies or otherwise impose new expectations **regarding sustainability, social or other topics** that cause significant shifts in disclosure, commerce and consumption behaviors that may have negative impacts on our business and / or reputation. Substantially all of our revenue is generated from the credit products we provide to customers of our partners pursuant to program agreements we enter into with our partners. As a result, our results of operations and growth depend on our ability to retain existing partners and attract new partners. Historically, there has been turnover in our partners, and we expect this will continue in the future. ~~For example, in 2021, we announced that we would not be renewing our program agreement with Gap Inc.~~ Many of the program agreements we have in place with our large partners and national and regional retailer and manufacturer partners are for multi-

year terms. These program agreements generally permit **us or** our partner to terminate the agreement prior to its scheduled termination date **under certain circumstances. A partner may terminate an agreement** for various reasons, including, in some cases, if we fail to meet certain service levels or change certain key cardholder terms or our credit criteria, we fail to achieve certain targets with respect to approvals of new customers as a result of the credit criteria we use, we elect not to increase the program size when the outstanding loan receivables under the program reach certain thresholds or we are not adequately capitalized, certain force majeure events or changes in our ownership occur, or a material adverse change in our financial condition or a significant change in law occurs. A few programs with national and regional retailer and manufacturer partners also may be terminated at will by the partner on specified notice to us (e. g., several months). In addition, programs with manufacturers, buying groups and industry associations generally are made available to certain partners such as individual retail outlets, dealers and merchants under dealer agreements, which typically may be terminated at will by **the us or our** partner on short notice **to us** (e. g., 15 days). There is significant competition for our existing partners, and our failure to retain our existing larger partner relationships upon the expiration or our earlier loss of a relationship upon the exercise of a partner's early termination rights, or the expiration or termination of a substantial number of smaller partner relationships, could have a material adverse effect on our results of operations (including growth rates) and financial condition to the extent we do not acquire new partners of similar size and profitability or otherwise grow our business. In addition, existing relationships may be renewed with less favorable terms to the Company in response to increased competition for such relationships. The competition for new partners is also significant, and our failure to attract new partners could adversely affect our ability to grow. A significant percentage of our interest and fees on loans comes from relationships with a small number of large retail partners, and the loss of any of these partners could adversely affect our business and results of operations. Our five largest programs based upon interest and fees on loans for the year ended December 31, **2023-2024** were Amazon, JCPenney, Lowe's, PayPal and Sam's Club. These programs accounted in aggregate for **55-54** % of our total interest and fees on loans for the year ended December 31, **2023-2024**, and 51 % of loan receivables at December 31, **2023-2024**. Our programs with Lowe's, PayPal, which includes our Venmo program, and Sam's Club, each accounted for more than 10 % of our total interest and fees on loans for the year ended December 31, **2023-2024**. See "Our Business — Our Sales Platforms." The program agreements generally permit us or our partner to terminate the agreement prior to its scheduled termination date under various circumstances as described in the preceding risk factor. Some of our program agreements also provide that, upon expiration or termination, our partner may purchase or designate a third party to purchase the accounts and loans generated with respect to its program and all related customer data. The loss of any of our largest partners or a material reduction in the interest and fees we receive from their customers could have a material adverse effect on our results of operations and financial condition. Our business is heavily concentrated in **the U. S. consumer credit industry**. As a result, we are more susceptible to fluctuations and risks particular to U. S. consumer credit than a more diversified company. Our business is particularly sensitive to macroeconomic conditions that affect the U. S. economy, consumer spending and consumer credit. For example, **during beginning in** the second half of 2022 and **throughout** **through 2023-2024**, we experienced moderation in payment rates due to lower consumer savings and other factors. To the extent that payment rates continue to moderate, we could see a decline and / or volatility in purchase volume, as well as increases in our delinquencies, net charge-off rate and allowance for credit losses. The extent of the impacts on U. S. consumer credit from these and other macroeconomic conditions is currently uncertain and dependent on various factors and could have a material adverse effect on our business, results of operations and financial condition. **Additionally, we have and may in the future implement measures to tighten credit access in response to certain consumer and economic indicators which have and may in the future impact our financial performance, such as purchase volume and new accounts**. In addition, we are more susceptible to the risks of increased regulations and legal and other regulatory actions that are targeted at consumer credit or the specific consumer credit products that we offer (including **pricing on our credit products, our payment security program and promotional financing**). **Our** **For example, recent legislative and regulatory proposals have sought to limit pricing on consumer credit products. In addition, our** Health & Wellness platform is more susceptible to increased regulations and legal and other regulatory actions targeted at healthcare related procedures or services, in contrast to other industries. Our business concentration **in U. S. consumer credit and susceptibility to associated legislative and regulatory actions** could have **an a material** adverse effect on our results of operations. On **February 1-March 5, 2023-2024**, the CFPB issued a **final rule** notice of proposed rulemaking which, if adopted as proposed, would **amend-amending its** regulations **that implement the Truth in Lending Act to**, **among other things**, lower the safe harbor dollar amount for credit card late payment fees from **the current** \$ 30 (adjusted to \$ 41 for each subsequent late payment within the next six billing cycles) to \$ 8 and **eliminate** to cap late fees at 25 % of the minimum payment due **automatic annual inflation adjustment to such safe harbor dollar amount**. The **proposed final** rule, if adopted **when effective**, would **will** result in a significant reduction of credit card late **in our interest and fees on loan receivables** assessed by credit card issuers including the Company. The timing of a **Industry organizations have challenged the final rule in court. 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 remains in effect. The ultimate outcome of this litigation and the impact on the final rule, including whether the final rule will become effective and if effective, the timing of implementation, is unknown and we uncertain. We** continue to closely monitor relevant developments and the impact on our business. **If the final rule does not become effective, there is also a risk that new regulations relating to late fees may be proposed.** For the year ended December 31, **2023-2024**, interest income on loan receivables includes fees on loans, which primarily consist of late fees on our credit products, of \$ 2. **7-5** billion, net of reversals. A significant reduction in the late fees the Company charges would reduce our fees on loans and could also impact the competitiveness of our credit products and our ability and willingness to provide certain products and services, or to continue to offer our products to certain customers. **Additionally** **In anticipation that the final rule will become effective**, **we have implemented** a **number of product, pricing**

and policy changes to adjust for the significant reduction in the our late fee safe harbor would require income. The effects of these changes have started to be reflected in our Consolidated Statement of Earnings for the year ended December 31, 2024. These changes may subject us to adopt new a variety of risks, or make changes to existing strategies, processes and practices which may be difficult for us to implement due to, among other things, additional cost costs, required resource commitment and management attention, partner, customer and other stakeholder acceptance, and operational complexities and dependencies associated with our use of third-party service providers. Further, it will likely take time for such strategies these product, processes pricing and practices policy changes to offset the impact of a significant reduction in the late fees we charge and there can be no assurance that these changes will fully offset the impact. Additionally, we are unable to predict the impact the product, pricing and policy changes and the implementation of the final rule itself or the final rule not becoming effective, will have on our customers' and overall consumer behavior, including in regard to our ability to retain existing customers and attract new customers. Our inability to successfully manage these—the foregoing risks could result in harm to our reputation and our brand, as well as subject us to additional scrutiny from regulators and other stakeholders. If we are unable to continue to charge late fees at the same levels similar to those permitted under existing the current regulatory guidance or effectively offset the impacts of a significant reduction in the late fees we charge, there would be a material adverse effect on our business, results of operations and / or financial condition. Our results depend, to a significant extent, on the active and effective promotion and support of our products by our partners. Our partners generally accept most major credit cards and various other forms of payment, and therefore our success depends on their active and effective promotion of our products to their customers. We depend on our partners to integrate the use of our credit products into their physical and digital point-of-sale systems, to train their customer facing associates about our products, encourage their customers to apply for, and use, our products and otherwise effectively market our products through all physical and digital channels. In addition, although our programs with national and regional partners typically are exclusive with respect to the credit products we offer at that partner, some programs and most Health & Wellness provider relationships are not exclusive to us, and therefore a partner may choose to promote a competitor's financing over or alongside ours, depending upon cost, availability or attractiveness to consumers or other factors. Typically, we do not have, or utilize, any recourse against these non-exclusive partners when they do not prioritize the promotion of our products. Partners may also implement or fail to implement changes in their systems and technologies that may disrupt the integration between their systems and technologies and ours, which could disrupt or reduce the use of our products. The failure by our partners to effectively promote and support our products as well as changes they may make in their business models that negatively impact card usage could have a material adverse effect on our business and results of operations. In addition, if our partners engage in improper business practices, do not adhere to the terms of our program agreements or other contractual arrangements or standards, or otherwise diminish the value of our brand, we may suffer reputational damage and customers may be less likely to use our products, which could have a material adverse effect on our business and results of operations. Our results are impacted, to a significant extent, by the financial performance of our partners. Our ability to generate new loans and the interest and fees and other income associated with them is dependent upon sales of merchandise and services by our partners. The retail and healthcare industries in which our partners operate are intensely competitive. Our partners compete with retailers and department stores in their own geographic areas, as well as direct to consumer and online or digital sales businesses. Our partners in the healthcare industry compete with other healthcare providers. Our partners' sales may decrease or may not increase as we anticipate for various reasons, some of which are in the partners' control and some of which are not. For example, partner sales may be adversely affected by macroeconomic conditions having a national, regional or more local effect on consumer spending; regulatory actions such as tariffs, as well as retaliatory tariffs in response to tariffs imposed by the United States; taxes that impact the cost of consumer goods; business conditions affecting the general retail environment, such as supply chain disruptions or the ability to maintain sufficient staffing levels, or a particular partner or industry; or catastrophes affecting broad or more discrete geographic areas. If our partners' sales decline for any reason, it generally results in lower credit sales, and therefore lower loan volume and associated interest and fees and other income for us from their customers. In addition, if a partner closes some or all of its stores or locations, or becomes subject to a voluntary or involuntary bankruptcy proceeding (or if there is a perception that it may become subject to a bankruptcy proceeding), its customers who have used our financing products may have less incentive to pay their outstanding balances to us, which could result in higher charge-off rates than anticipated and our costs for servicing its customers' accounts may increase. This risk is particularly acute with respect to our largest partners that account for a significant amount of our interest and fees on loans. See “ — A significant percentage of our interest and fees on loans comes from relationships with a small number of partners, and the loss of any of these partners could adversely affect our business and results of operations. ” Moreover, if the financial condition of a partner deteriorates significantly or a partner becomes subject to a bankruptcy proceeding, we may not be able to recover amounts due to us from the partner such as customer returns or customer payments made in partner stores. A decrease in sales by our partners for any reason or a bankruptcy proceeding involving any of them could have a material adverse impact on our business and results of operations. The success of our business depends on our ability to retain existing partners and attract new partners. The competition for partners is intense and highly competitive across our product set. Our primary competitors for partners include major financial institutions, such as American Express, Bread Financial, Capital One, JPMorgan Chase, Citibank, TD Bank and Wells Fargo, and to a lesser extent, financial technology companies, point-of-sale lending focused companies, and potential partners' own in-house financing capabilities. Some of our competitors are substantially larger, have substantially greater resources and may offer a broader range of products and services. In addition, some of our competitors have been acquired, and others may in the future be acquired, by private-equity led consortia, which may expand the level of resources available to these competitors. We compete for partners on the basis of a number of factors, including program financial and other terms, technological capabilities, underwriting capabilities, marketing expertise, service levels, product and service offerings (including incentive and loyalty

programs), and integration, brand and reputation. In addition, some of our competitors ~~for partners~~ have a business model that allows for their partners to manage underwriting (e. g., new account approval), customer service and collections, and other core banking responsibilities that we retain but some partners may prefer to handle. As a result of competition, we may be unable to acquire new partners, lose existing relationships to competing companies or find it more costly to maintain our existing relationships. In addition, new tech- enabled platforms have arisen to support our potential partners in scaling quickly. These include eCards ~~;~~ (e. g., Shopify ~~;~~ and Magento ~~),~~ and independent software vendors ~~;~~ (e. g., ServiceTitan ~~).~~ Building relationships with and integrating our offerings into these platforms ~~is will be~~ important to attract and retain certain types of new merchants (e. g., smaller digital merchants or specialty merchants such as contractors). If our competitors secure and maintain advantaged positions with these platforms, we may be unable to drive growth with merchants that leverage these platforms. Our success also depends on our ability to attract and retain customers and generate usage of our products by them. The consumer credit and payments industry is highly competitive and we face an increasingly dynamic industry as emerging technologies enter the marketplace. As a form of payment, our products compete with cash, checks, debit cards, general purpose credit cards (including Visa, MasterCard, American Express and Discover Card), various forms of consumer installment loans, other private label card brands and, to a certain extent, prepaid cards and all forms of electronic payments. In the future, we expect our products may face increased competitive pressure to the extent that our products are not, or do not continue to be, accepted in, or compatible with digital wallet technologies such as Apple Pay, Samsung Pay, Android Pay and other similar technologies. We may also face increased competition from current competitors or others who introduce or embrace disruptive technology that significantly changes the consumer credit and payment industry. We compete for customers and their usage of our products, and to minimize transfers to competitors of our customers' outstanding balances, based on a number of factors, including pricing (interest rates and fees), product offerings, credit limits, incentives (including loyalty programs) and customer service. Although we offer a variety of consumer credit products, some of our competitors provide a broader selection of services, including home and automobile loans and other consumer banking services, which may position them better among customers who prefer to use a single financial institution to meet all of their financial needs. Some of our competitors are substantially larger than we are, which may give those competitors advantages, including a more diversified product and customer base, the ability to reach out to more customers and potential customers, operational efficiencies, more versatile technology platforms, broad- based local distribution capabilities and lower- cost funding. In addition, some of our competitors, including new and emerging competitors in the digital and mobile payments space, are not subject to the same regulatory requirements or legislative scrutiny to which we are subject. Non- bank providers of pay- over- time solutions, such as Affirm, Afterpay, Klarna and others, extend consumer credit- like offerings but do not face the same restrictions, such as capital requirements and other regulatory requirements, as banks ~~,~~ which also could place us at a competitive disadvantage. In addition, some larger technology focused companies, e. g., Apple and Google, and larger retailers, e. g., Walmart and Target, are now offering financial products sometimes in collaboration with our competitors. Customer attrition from any or all of our credit products or any lowering of the pricing of our products by reducing interest rates or fees in order to retain customers could reduce our revenues and ~~,~~ therefore ~~,~~ our earnings. In addition, companies that control access to consumer and merchant payment method choices at the point ~~-~~ of ~~-~~ sale or through digital wallets, commerce- related experiences, mobile applications or other technologies could choose not to accept, suppress use of, or degrade the experience of using our products. Such companies could also require payments from us to participate in such digital wallets, experiences or applications or negotiate incentives or pricing concessions, impacting our profitability on transactions. In our retail deposits business, we have acquisition and servicing capabilities similar to other direct banking competitors. We compete for deposits with traditional banks, including separately branded direct banking platforms of traditional banks and other banks that have direct banking models similar to ours, such as Ally Financial, American Express, Barclays, Capital One 360, CIT, Citi, Citizens Bank, Discover, E- Trade and Marcus by Goldman Sachs. Competition among direct banks is intense because online banking provides customers the ability to rapidly deposit and withdraw funds and open and close accounts in favor of products and services offered by competitors. In addition, we compete for deposits with other consumer cash alternatives such as government money market funds offered by brokerages. **See “ — Our inability to maintain or grow our deposits in the future could materially adversely affect our liquidity and ability to grow our business ” for additional information regarding the risks associated with our deposit business.** If we are unable to compete effectively for partners, customer usage ~~,~~ or deposits, our business and results of operations could be materially adversely affected. We may be unable to successfully develop and commercialize new or enhanced products and services. Our industry is subject to rapid and significant changes in technologies, products, services and consumer preferences. A key part of our financial success depends on our ability to develop and commercialize new products and services or enhancements to existing products and services, including with respect to loyalty programs, mobile and point- of- sale technologies, and Synchrony- branded bank deposit and credit products. Realizing the benefits of those products and services is uncertain. We may not assign the appropriate level of resources, priority or expertise to the development and commercialization of these new products, services or enhancements. Our ability to develop, acquire or commercialize competitive technologies, products or services on acceptable terms or at all may be limited by intellectual property rights that third parties, including competitors and potential competitors, may assert. In addition, success is dependent on factors such as partner and customer acceptance, adoption and usage, competition, the effectiveness of marketing programs, the availability of appropriate technologies and business processes and regulatory approvals. Success of a new product, service or enhancement also may depend upon our ability to deliver it on a large scale, which may require a significant investment, and we may not realize any benefits for many years. We also may select, utilize and invest in technologies, products and services that ultimately do not achieve widespread adoption and therefore are not as attractive or useful to our partners, customers and service partners as we anticipate, or partners may not recognize the value of our new products and services or believe they justify any potential costs or disruptions associated with implementing them. In addition, because our products and services typically are marketed through our partners, if our partners are unwilling or unable to

effectively implement our new technologies, products, services or enhancements, we may be unable to grow our business. Competitors may also develop or adopt technologies or introduce innovations that change the markets we operate in and make our products less competitive and **less** attractive to our partners and customers. Our failure to successfully develop and commercialize new ~~or enhanced~~ products, services or enhancements could have a material adverse effect on our business and results of operations. We may not realize the value of acquisitions, dispositions, strategic investments and strategic initiatives that we pursue and such transactions and initiatives could divert resources or introduce unforeseen risks to our business. We have and may in the future execute strategic acquisitions, dispositions, partnerships or initiatives or make other strategic investments in businesses, products, technologies or platforms to enhance or grow our business from time to time. For example, we ~~announced~~ **completed** the sale of Pets Best ~~in November 2023~~ and our acquisition of Ally Lending in ~~January~~ **March** 2024. These acquisitions, dispositions and strategic investments may divert management's time and resources, and introduce new costs, operational complexities or liabilities, including as a ~~results~~ **result** of any transition arrangements, which could impact our ability to grow or maintain acceptable performance. We may be unable to integrate systems, personnel or technologies from our acquisitions and strategic investments. These acquisitions, dispositions and strategic investments may also present unforeseen legal, regulatory or other challenges that we may not be able to manage effectively. The planning and integration of an acquisition, including of a new partner or credit card portfolio, partnership or investment, may shift employee time and other resources **away from other matters** which could impair our ability to focus on our core business. New partnerships, acquisitions, dispositions, strategic investments and strategic initiatives may not perform as expected due to lack of acceptance by partners, customers or employees, higher than forecasted costs or losses, lengthy transition periods, difficulties retaining key personnel, synergies or savings not being realized and a variety of other factors. This may result in a delay or unrealized benefit, or in some cases, increased costs or other unforeseen risks to our business. We are subject to the risk of fraudulent activity associated with partners, customers and third parties handling customer information. Our fraud-related operational losses were \$ **192 million, \$ 288 million, and \$ 173 million and \$ 104 million** for the years ended December 31, **2024, 2023, and 2022 and 2021**, respectively. Our lending products are susceptible to application fraud, because among other things, we provide immediate access to the credit line at the time of approval. In addition, sales on the internet and through mobile channels are becoming a larger part of our business and pose a greater fraudulent threat than sales made in stores. Dual Cards, general purpose, general purpose co-branded credit cards and private label credit cards are susceptible to different types of fraud, and, depending on our product channel mix, we may continue to experience variations in, or levels of, fraud-related expense that are different from or higher than that experienced by some of our competitors or the industry generally. Our funding products are **potentially** susceptible to different types of fraud, including transactional fraud given the size of deposit balances. The risk of fraud continues to increase for the financial services industry in general, and credit card fraud, identity theft and related crimes are **already prevalent and are** likely to **become more** ~~continue to be~~ prevalent ~~as~~ ~~and~~ perpetrators ~~grow~~ ~~are growing~~ more sophisticated. Our resources, technologies and fraud prevention tools ~~are not foolproof and~~ may be insufficient to accurately detect and prevent all of the various forms **and instances** of fraud. High profile fraudulent activity also could negatively impact our brand and reputation, which could negatively impact the use of our cards and thereby have a material adverse effect on our results of operations. In addition, significant increases in fraudulent activity could lead to regulatory intervention (such as increased customer notification requirements), which could increase our costs and ~~also~~ negatively impact our operating results, brand and reputation and could lead us to take additional steps to reduce fraud risk, which could increase our costs. Some services important to our business are outsourced to third-party vendors. For example, our principal technology and related services (including credit card transaction processing, production and related services (including the printing and mailing of customer statements ~~)), and the platform for our online retail deposits are handled via a contractual arrangement with Fiserv Solutions LLC (Fiserv). Fiserv, and, in some cases, other third-party vendors, are the sole source or one of a limited number of sources of the services they provide for us. It would be difficult and disruptive for us to replace certain of these third-party vendors, particularly Fiserv, in a timely or seamless manner if they were unwilling or unable to continue to provide us with these services in the future (as a result~~ **of the pace or level of investment in their business, their ability to execute and deliver enhancements, a deterioration** of their financial or business conditions or otherwise), and our business and operations likely would be materially adversely affected. Our principal agreement with Fiserv for technology, production, and online retail deposits services expires in December 2030, unless it is terminated earlier or is extended pursuant to the terms thereof. In addition, if a third-party provider fails to provide the services we require, fails to meet contractual requirements, such as compliance with applicable laws and regulations, or suffers a cyber-attack or other security breach, our business could suffer economic and reputational harm that could have a material adverse effect on our business and results of operations. **Our remote work arrangements, may have an adverse impact on our business.** We have adopted remote work arrangements, on either a full-time or part-time basis, for a majority of our employee population ~~and~~. Employees who work from home rely on residential communication networks and internet providers that may not be as resilient as commercial networks and providers **available in company office premises** and may be more susceptible to service interruptions and cyber-attacks than commercial systems. Our business continuity and disaster recovery plans, which have been historically developed and tested with a focus on centralized delivery locations, may not work as effectively in a distributed work from home model, where **such plans designed to address** weather impacts, network and power grid downtime may ~~not be available~~ **difficult to manage**. Remote work by a majority of our employee population or not requiring our employees to work in an office **or a specified location** on a **daily regular** basis may impact our culture ~~and~~ employee engagement with our company ~~and~~, ~~which~~. **This** could affect productivity and our ability to retain employees who are critical to our operations ~~and may~~, ~~as well as~~ increase our costs ~~and~~, impact our financial results of operations **and expose us to tax compliance risks within certain jurisdictions**. In addition, an increase in work from home **opportunities offered** by other companies may create more job opportunities for employees and make it more difficult for us to attract and retain key talent. If we are unable to continue to manage the work from home environment

effectively to address these and other risks, our reputation and results of operations may be impacted. In the normal course of business, we collect, process and retain sensitive and confidential information regarding our partners and our customers. We also have arrangements in place with our partners and other third parties through which we share and receive information about their customers who are or may become our customers. Although we devote significant resources and management focus to ~~ensuring~~ **maintaining** the integrity of our systems and strength of our processes through information security and business continuity programs, our facilities and systems, and those of our partners and third- party service providers, are nonetheless vulnerable to external or internal security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors, or other similar events. Security incidents or breaches have from time to time occurred and we and our partners and third- party service providers have experienced all of these events in the past and expect to continue to experience them in the future. These events could interrupt our business or operations, result in significant legal and financial exposure, supervisory liability, damage to our reputation and our relationships with our partners and customers, or a loss of confidence in the security of our systems, products and services. Additionally, while we maintain insurance coverage that, subject to applicable terms and ~~condition~~ **conditions**, may cover certain aspects of cybersecurity and information risks, such insurance coverage may not be sufficient to cover all losses or offset the impact of such events. ~~Although the impact to date from these events has not had a material adverse effect on us, we cannot be sure this will be the case in the future.~~ Information security risks for large financial institutions like us have increased recently in part because of new or expanded technologies such as artificial intelligence, the expanded use of the internet and telecommunications technologies (including mobile, other connected devices and cloud technologies) to conduct financial and other business transactions, increased remote working dynamics, and the increased sophistication and activities of organized crime, perpetrators of fraud, hackers, terrorists and others. In addition to cyber- attacks or other security breaches involving the theft of sensitive and confidential information, hackers recently have engaged in attacks against large financial institutions that are designed to disrupt key business services, such as consumer- facing web sites, via increasing use of ransomware technologies. Our business performance and marketing efforts may increase our profile and therefore our risk of being targeted for cyber- attacks and other security breaches, including attacks targeting our key business services, websites, executives, and partners. We are not able to anticipate or implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently and because attacks can originate from a wide variety of sources. We employ detection, prevention and response mechanisms designed to identify, contain and mitigate security incidents, but early detection may be thwarted by sophisticated attacks and malware designed to avoid detection **and the extent to which preventative measures may be effective may likewise be dependent on the sophistication and complexity of attacks.** We also face risks related to cyber- attacks and other security breaches in connection with credit card and deposit transactions that typically involve the transmission of sensitive information regarding our customers through various third- parties, including our partners, retailers that are not our partners where our Dual Cards and general purpose co-branded credit cards are used, merchant acquiring banks, payment processors, card networks (e. g., Visa and MasterCard) and our processors (e. g., Fiserv). Some of these parties have in the past been the target of security breaches and cyber- attacks, and because the transactions involve third parties and environments such as the point ~~of~~ **sale** that we neither control nor have the ability to secure, future security breaches or cyber- attacks affecting any of these third parties could impact us through no fault of our own, and in some cases, we may have exposure and suffer losses for breaches or attacks relating to them. We also rely on numerous other third- party service providers to conduct other aspects of our business operations and face similar risks relating to them. While we regularly conduct security assessments of critical third- party service providers using a risk based methodology, ~~we cannot be completely sure that~~ their information security protocols ~~will~~ **may not** be sufficient enough to withstand all forms of cyber- attacks or other security breaches. The access by unauthorized persons to, or the improper disclosure by us of, confidential information regarding our customers or our own proprietary information, software, methodologies and business secrets could interrupt our business or operations, result in significant legal and financial exposure, regulatory limitations and liability, damage to our reputation or a loss of confidence in the security of our systems, products and services, all of which could have a material adverse impact on our business, financial condition and results of operations. In addition, there have been a number of well- publicized cyber- attacks or breaches directed at others in our industry that have heightened concern by consumers generally about the security of using credit cards, which have caused some consumers, including our customers, to use our credit cards less in favor of alternative methods of payment **perceived to be more secure,** and has led to increased regulatory focus on, and new regulations relating to, these matters. Further cyber- attacks or other breaches in the future, whether affecting us or others, could intensify consumer concern and regulatory focus and result in reduced use of our cards or other products and increased costs arising from, among other things new regulatory requirements relating to data security, all of which could have a material adverse effect on our business. Our ability to deliver products and services to our partners and our customers, service our loans and otherwise operate our business and comply with applicable laws depends in large part on the efficient and uninterrupted operation of our computer systems, on premises data centers and cloud- based capabilities, as well as those of our partners and third- party service providers. Service interruptions in certain of these environments may be encountered at any time due to system or software failure resulting from events such as, extreme weather conditions, natural disasters, cyber- attacks or other reasons. In addition, climate change may exacerbate certain of these threats, including the frequency and severity of weather- related events and other natural disasters ~~;~~ **;** The implementation of technology changes and upgrades to maintain current **;** and integrate new **;** systems, such as our efforts to migrate certain operations to third- party cloud infrastructure platforms, may expose us to increasing risk of service interruptions, transaction processing errors and system conversion delays, including as a result of cyber or information security incidents, and may cause our failure to comply with applicable laws, all of which could have a material adverse effect on our business. We expect that new technologies and business processes applicable to the consumer credit industry will continue to emerge, and these new technologies and business processes may be better than those we currently use. The pace of technology change is rapid and our

industry is intensely competitive. **We may not**, and we cannot assure you that we will be able to timely deploy in new technologies, **including emerging technologies such as generative artificial intelligence and blockchain, where their adoption is rapidly accelerating**, as critical systems and applications become obsolete and better ones become available or implement adequate controls to manage the risks associated with these technologies. **Additionally, our competitors may successfully adopt or innovate new technologies or new uses of existing technology before we do, which could leave us at a competitive disadvantage**. A failure to maintain current technology and business processes or effectively implement and maintain new technologies and business processes, could cause disruptions in our operations or cause our products and services to be less competitive, all of which could have a material adverse effect on our business, financial condition and results of operations. We maintain an allowance for credit losses (a reserve established through a provision for credit losses charged to expense) that we believe is appropriate to provide for expected credit losses for the life of our loan portfolio. In addition, for portfolios we acquire when we enter into new partner program agreements we are required to establish an allowance for expected credit losses for the life of the acquired loan portfolio. Any subsequent deterioration in the performance of the purchased portfolios after acquisition results in incremental credit loss reserves. Growth in our loan portfolio generally would also lead to an increase in the allowance for credit losses. The process for establishing an allowance for credit losses is critical to our results of operations and financial condition, and requires **complex sophisticated** models and judgments, including forecasts of economic conditions. We utilize an impairment model in accordance with **U. S. GAAP ASU 2016-13, Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments**, known as the CECL model. The CECL model requires, upon origination of a loan, the recognition of all expected credit losses over the life of the loan based on historical experience, current conditions and reasonable and supportable forecasts. Changes in economic conditions affecting borrowers, new information regarding our loans and other factors, both within and outside of our control, may require an increase in the allowance for credit losses. We may underestimate our expected losses and fail to maintain an allowance for credit losses sufficient to account for these losses. **If in cases where we modify a loan, if the modified loans do not perform as anticipated, we may be required to establish additional increase our allowances on these loans and / or recognize further losses**. We will continue to periodically review and **update enhance** our current methodology, models and the underlying assumptions, estimates and assessments we use to establish our allowance for credit losses to reflect our view of current conditions and reasonable and supportable forecasts. Moreover, our regulators, as part of their supervisory function, periodically review our methodology, models and the underlying assumptions, estimates and assessments we use for calculating, and the adequacy of, our allowance for credit losses. **Our regulators, and** based on their judgment, may conclude that we should modify our current methodology, models or the underlying assumptions, estimates and assessments, increase our allowance for credit losses and / or recognize further losses. We will implement further enhancements or changes to our methodology, models and the underlying assumptions, estimates and assessments, as needed. **Our** ~~We cannot assure you that our~~ credit loss reserves ~~will~~ **may not** be sufficient to cover actual losses. Future increases in the allowance for credit losses or actual losses (as a result of any review, update, regulatory guidance or otherwise) will result in a decrease in net earnings and capital and could have a material adverse effect on our business, results of operations and financial condition. We are required to make various assumptions and estimates in preparing our financial statements under GAAP, **primarily** including for purposes of determining our allowance for credit losses **and for fair value measurements**, **asset impairment as well as other areas such as**, reserves related to litigation and other **contingencies legal matters**, valuation of **allowances on deferred income tax assets and other determining liabilities for income** taxes and regulatory exposures and the amounts recorded for certain contractual payments to be paid to or received from partners and others under contractual arrangements. Our most critical estimate used in preparing our financial statements is the determination of our allowance for credit losses, which was \$ 10. ~~6-9~~ billion at December 31, ~~2023~~ **2024**. Upon origination of a loan, the estimate of expected credit losses, and any subsequent changes to such estimate, are recorded through provision for credit losses in our Consolidated Statements of Earnings. **Fair value measurements utilized in preparing our financial statements include business acquisitions and dispositions, such as our acquisition of Ally Lending in March 2024, as well as other areas such as determining the fair value of debt securities and asset impairment evaluations**. As a result, any subsequent changes we make to **our these** underlying assumptions and estimates may result in a material adverse impact to our results of operations and the Company's ability to return capital to our shareholders. In addition, significant assumptions and estimates are involved in determining certain disclosures required under GAAP, including those involving the fair value of our financial instruments **assets and financial liabilities carried at other than fair value in our Consolidated Statement of Financial Position**. If the assumptions or estimates underlying our financial statements are incorrect or are required to change, the actual amounts realized on transactions and balances subject to those estimates will be different, and this could have a material adverse effect on our results of operations and financial condition. For additional information on the key areas for which assumptions and estimates are used in preparing our financial statements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates" and Note 2. Basis of Presentation and Summary of Significant Accounting Policies to our consolidated financial statements. Adverse financial market conditions or our inability to effectively manage our funding and liquidity risk could have a material adverse effect on our funding, liquidity and ability to meet our obligations. We need to effectively manage our funding and liquidity in order to meet our cash requirements such as day-to-day operating expenses, extensions of credit to our customers, payments of principal and interest on our borrowings and payments on our other obligations. Our primary sources of funding and liquidity are collections from our customers, deposits, funds from securitized financings and proceeds from unsecured borrowings. If we do not have sufficient liquidity, we may not be able to meet our obligations, particularly during a liquidity stress event. If we maintain or are required to maintain too much liquidity, it could be costly and reduce our financial flexibility. We will need additional financing in the future to refinance any existing debt and finance growth of our business. The availability of additional financing will depend on a variety of factors such as financial market conditions generally, including the availability of credit to the financial services

industry, consumers' willingness to place money on deposit in the Bank, our performance and credit ratings and the performance of our securitized portfolios. Disruptions, uncertainty or volatility in the capital, credit or deposit markets, such as the uncertainty and volatility experienced in the capital and credit markets during periods of financial stress and other economic and political conditions in the global markets and concerning the level of U. S. government debt and fiscal measures that may be taken over the longer term to address these matters, may limit our ability to obtain additional financing or refinance maturing liabilities on desired terms (including funding costs) in a timely manner or at all. As a result, we may be forced to delay obtaining funding or be forced to issue or raise funding on undesirable terms, which could significantly reduce our financial flexibility and cause us to contract or not grow our business, all of which could have a material adverse effect on our results of operations and financial conditions. In addition, at December 31, 2023-2024, we had an aggregate of \$ 3-2. 0-6 billion of undrawn credit facilities, subject to customary borrowing conditions, from private lenders under our securitization programs and an unsecured revolving credit facility. Our ability to draw on such commitments is subject to the satisfaction of certain conditions, including the applicable securitization trust having sufficient collateral to support the draw and the absence of an early amortization event. Moreover, there are regulatory reforms that have been proposed or adopted in the United States and internationally that are intended to address certain issues that affected banks in the last financial crisis. These reforms, generally referred to as " Basel III, " subject banks to more stringent capital, liquidity and leverage requirements. To the extent that the Basel III requirements result in increased costs to the banks providing undrawn committed capacity under our securitization programs, these costs are likely to be passed on to us. In addition, in response to Basel III, some banks in the market (including certain of the private lenders in our securitization programs) have added provisions to their credit agreements permitting them to delay disbursement of funding requests for 30 days or more. If our bank lenders require delayed disbursements of funding and / or higher pricing for committing undrawn capacity to us, our cost of funding and access to liquidity could be adversely affected. While financial market conditions are generally stable, ~~there can be no assurance that~~ significant disruptions, uncertainties and volatility ~~may will not~~ occur in the future. If we are unable to continue to finance our business, access capital markets and attract deposits on favorable terms and in a timely manner, or if we experience an increase in our borrowing costs or otherwise fail to manage our liquidity effectively, our results of operations and financial condition may be materially adversely affected. Our inability to maintain or grow our deposits in the future could materially adversely affect our liquidity and ability to grow our business. We obtain deposits directly from retail and commercial customers or through brokerage firms that offer our deposit products to their customers. At December 31, 2023-2024, we had \$ 67-72. 0-3 billion in direct deposits and \$ 14-9. 2-8 billion in deposits originated through brokerage firms (including network deposit sweeps procured through a program arranger who channels brokerage account deposits to us). A key part of our liquidity plan and funding strategy is to continue to fund our growth through direct deposits. The deposit business is highly competitive, with intense competition in attracting and retaining deposits. We compete on the basis of the rates we pay on deposits, features and benefits of our products, the quality of our customer service and the competitiveness of our digital banking capabilities. Our ability to originate and maintain retail deposits is also highly dependent on the products we offer, the strength of the Bank and the perceptions of consumers and others of our business practices and our financial health. Adverse perceptions regarding our reputation could lead to difficulties in attracting and retaining deposits accounts. Negative public opinion could result from ~~among other things,~~ actual or alleged conduct in a number of areas, including lending practices, the composition of our deposit base, regulatory compliance, inadequate protection of customer information or sales and marketing activities, and from actions taken by regulators or others in response to such conduct. The demand for the deposit products we offer may also be reduced due to a variety of factors, such as demographic patterns, macroeconomic shocks, significant changes in the level of interest rates, changes in customer preferences, reductions in consumers' disposable income, regulatory actions that decrease customer access to particular products or the availability of competing products which may offer more features or perceived benefits than the Bank' s products. Competition from other financial services firms and others that use deposit funding products may affect deposit renewal rates, costs or availability. Changes we make to the rates offered on our deposit products may affect our profitability and liquidity. In 2022, we launched a partnership with PayPal Holdings Inc. to offer demand savings accounts exclusively to PayPal customers. This ~~is~~, and other future affiliate banking products ~~could become~~, ~~an important sources~~ ~~source~~ of funding and liquidity to the Bank. To the extent such partnerships are dissolved, the Bank may need to find suitable replacement sources of that funding and liquidity at potentially higher costs. The Federal Deposit Insurance Act (the " FDIA ") prohibits an insured bank from accepting brokered deposits or offering interest rates on any deposits significantly higher than the prevailing rate in the bank' s normal market area or nationally (depending upon where the deposits are solicited), unless it is " well capitalized, " or it is " adequately capitalized " and receives a waiver from the FDIC. A bank that is " adequately capitalized " and accepts brokered deposits under a waiver from the FDIC may not pay an interest rate on any deposit in excess of 75 basis points over certain prevailing market rates. There are no such restrictions under the FDIA on a bank that is " well capitalized " and at December 31, 2023-2024, the Bank met or exceeded all applicable requirements to be deemed " well capitalized " for purposes of the FDIA. However, ~~there~~ ~~the~~ ~~can~~ ~~Bank may not~~ be ~~able to~~ ~~no assurance that the Bank will~~ continue to meet those requirements. Limitations on the Bank' s ability to accept brokered deposits for any reason (including regulatory limitations on the amount of brokered deposits in total or as a percentage of total assets) in the future could materially adversely impact our funding costs and liquidity. **See also " Regulation — Savings Association Regulation " for additional discussion regarding restrictions and risks related to brokered deposits.** Any limitation on the interest rates the Bank can pay on deposits could competitively disadvantage us in attracting and retaining deposits and have a material adverse effect on our business. Changes in market interest rates cause our net interest income to increase or decrease, as certain of our assets and liabilities carry interest rates that fluctuate with market benchmarks. At December 31, 2023-2024, 62 % of our loan receivables were priced at a fixed interest rate to the customer, with the remaining 38 % at a floating interest rate. We fund our assets with a combination of fixed rate and floating rate funding sources that include deposits, asset- backed securities and unsecured debt. The interest rate benchmark for our floating rate

assets and the interest rate benchmark for our floating rate liabilities could reset at different times or could diverge, leading to mismatches in the interest rates on our floating rate assets and floating rate liabilities. Competitive and regulatory factors may limit our ability to raise interest rates on our loans **or lower them on our liabilities**. In addition, some of our program agreements limit the rate of interest we can charge to customers. If interest rates were to rise materially over a sustained period of time, like we experienced during 2022 and 2023, and we are unable to sufficiently raise our interest rates in a timely manner, or at all, our net interest margin could be adversely impacted, which could have a material adverse effect on our **net earnings**. **Further, if interest rates were to decline materially and we are unable to reprice our liabilities, this could also adversely impact our net interest margin and** net earnings. Interest rates may also adversely impact our customers' spending levels and ability and willingness to pay amounts owed to us. Our floating rate credit products bear interest at rates that fluctuate with the prime rate. Higher interest rates often lead to higher payment obligations by customers to us and other lenders under mortgage, credit card and other consumer loans, which may reduce our customers' ability to remain current on their obligations to us and therefore lead to increased delinquencies, bankruptcies, charge-offs, allowances for credit losses, and decreasing recoveries, all of which could have a material adverse effect on our net earnings. Changes in interest rates and competitor responses to these changes may also impact customer decisions to maintain deposits with us, and reductions in deposits could materially adversely affect our funding costs and liquidity. We assess our interest rate risk by estimating the net interest income impact of various interest rate scenarios. We take risk mitigation actions based on those assessments. Changes in interest rates could materially reduce our net interest income and our net earnings, and could also increase our funding costs and reduce our liquidity, especially if actual conditions turn out to be materially different from our assumptions. For a discussion of interest rate risk sensitivities, see "Quantitative and Qualitative Disclosures About Market Risk — Interest Rate Risk." Synchrony's senior unsecured debt currently is rated BBB- (positive outlook) by Fitch Ratings, Inc. ("Fitch") and BBB- (stable outlook) by Standard & Poor's ("S & P"). The Bank's senior unsecured debt currently is rated BBB- (**stable-positive** outlook) by Fitch and BBB (stable outlook) by S & P. Although we have not requested that Moody's Investor Services, Inc. ("Moody's") provide a rating for our senior unsecured debt, we believe that if Moody's were to issue a rating on our unsecured debt, its rating may be lower than the comparable ratings issued by Fitch and S & P. The ratings for our unsecured debt are based on a number of factors, including our financial strength, as well as factors that may not be within our control, such as macroeconomic conditions and the rating agencies' perception of the industries in which we operate and the products we offer. The ratings of our asset-backed securities are, and will continue to be, based on a number of factors, including the quality of the underlying loan receivables and the credit enhancement structure with respect to each series of asset-backed securities, as well as our credit rating as sponsor and servicer of our publicly registered securitization trust. These ratings also reflect the various methodologies and assumptions used by the rating agencies, which are subject to change and could adversely affect our ratings. The rating agencies regularly evaluate our credit ratings as well as the credit ratings of our asset-backed securities. A downgrade in our unsecured debt or asset-backed securities credit ratings (or investor concerns that a downgrade may occur) could materially increase the cost of our funding from, and restrict our access to, the capital markets. If the ratings on our asset-backed securities are reduced, put on negative watch or withdrawn, it may have an adverse effect on the liquidity or the market price of our asset-backed securities and on the cost of, or our ability to continue using, securitized financings to the extent anticipated. Our inability to securitize our loan receivables would have a material adverse effect on our business, liquidity, cost of funds and financial condition. We use the securitization of loan receivables, which involves the transfer of loan receivables to a trust and the issuance by the trust of asset-backed securities to third-party investors, as a significant source of funding. Our average level of securitized financings from third parties was \$ **7.7 billion and \$ 6.3 billion and \$ 6.5 billion** for the years ended December 31, **2024 and 2023 and 2022**, respectively. For a discussion of our securitization activities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Funding, Liquidity and Capital Resources — Funding Sources — Securitization Financings" and Note **5-6**. Variable Interest Entities to our consolidated financial statements. ~~There~~ **The can be no assurance that the** securitization market for credit cards **may will not** experience future disruptions. The extent to which we securitize our loan receivables in the future will depend in part upon the conditions in the securities markets in general and the credit card asset-backed securities market in particular, the availability of loan receivables for securitization, the overall credit quality of our loan receivables and the conformity of the loan receivables and our securitization program to rating agency requirements, the costs of securitizing our loan receivables, and the legal, regulatory, accounting and tax requirements governing securitization transactions. In the event we are unable to refinance existing asset-backed securities with new or other existing asset-backed securities, we would be required to rely on other sources of funding, which may not be available or may be available only at higher cost. Further, in the event we are unable to refinance existing asset-backed securities from our nonbank subsidiary securitization trust with new or other existing securities from the same trust, there are structural and regulatory constraints on our ability to refinance these asset-backed securities with Bank deposits or other funding at the Bank, and therefore we would be required to rely on sources outside of the Bank, which may not be available or may be available only at higher cost. A prolonged inability to securitize our loan receivables on favorable terms, or at all, or to refinance our asset-backed securities would have a material adverse effect on our business, liquidity, cost of funds and financial condition. The occurrence of an early amortization of our securitization facilities would have a material adverse effect on our liquidity and cost of funds. Our liquidity would be materially adversely affected by the occurrence of events resulting in the early amortization of our existing securitized financings. During an early amortization period, principal collections from the loan receivables in our asset-backed securitization trust in which the early amortization event occurred would be applied to repay principal of the trust's asset-backed securities rather than being available on a revolving basis to fund purchases of newly originated loan receivables. This would negatively impact our liquidity, including our ability to originate new loan receivables under existing accounts, and require us to rely on alternative funding sources, which might increase our funding costs or might not be available when needed. Our loss of the right to service or subservice our securitized loan receivables would have a material adverse effect on our

liquidity and cost of funds. Synchrony currently acts as servicer with respect to our nonbank subsidiary securitization trust, and the Bank acts as servicer with respect to our other two securitization trusts. If Synchrony or the Bank, as applicable, defaults in its servicing obligations, an early amortization event could occur with respect to the relevant asset-backed securities and / or Synchrony or the Bank, as applicable, could be replaced as servicer. Servicer defaults include, for example, the failure of the servicer to make any payment, transfer or deposit in accordance with the securitization documents, a breach of representations, warranties or agreements made by the servicer under the securitization documents, the delegation of the servicer's duties contrary to the securitization documents and the occurrence of certain insolvency events with respect to the servicer. Such an early amortization event would have the adverse consequences discussed in the immediately preceding risk factor. If either Synchrony or the Bank defaults in its servicing obligations with respect to any of our three securitization trusts, a third party could be appointed as servicer of such trust. If a third-party servicer is appointed, ~~there is no assurance that~~ the third party ~~will~~ **may not** engage us as sub-servicer, in which event we would no longer be able to control the manner in which the related trust's assets are serviced, and the failure of a third party to appropriately service such assets could lead to an early amortization event in the affected securitization trust, which would have the adverse consequences discussed in the immediately preceding risk factor. Lower payment rates on our securitized loan receivables could materially adversely affect our liquidity and financial condition. Certain collections from our securitized loan receivables come back to us through our subsidiaries, and we use these collections to fund our purchase of newly originated loan receivables to collateralize our securitized financings. If payment rates on our securitized loan receivables are lower than they have historically been, fewer collections will be remitted to us on an ongoing basis. Further, certain series of our asset-backed securities include a requirement that we accumulate principal collections in a restricted account for a specified number of months prior to the applicable security's maturity date. We are required under the program documents to lengthen this accumulation period to the extent we expect the payment rates to be low enough that the current length of the accumulation period is inadequate to fully fund the restricted account by the applicable security's maturity date. Lower payment rates, and in particular, payment rates that are low enough that we are required to lengthen our accumulation periods, could materially adversely affect our liquidity and financial condition. We rely extensively on models in managing many aspects of our business, including liquidity and capital planning (including stress testing), customer selection, credit and other risk management, pricing, reserving and collections management. The models may prove in practice to be less predictive than we expect for a variety of reasons, including as a result of errors in constructing, interpreting or using the models or the use of inaccurate assumptions (including failures to update assumptions appropriately or in a timely manner). Our assumptions may be inaccurate for many reasons including that they often involve matters that are inherently difficult to predict and beyond our control (e. g., macroeconomic conditions and their impact on partner and customer behaviors) and they often involve complex interactions between a number of dependent and independent variables, factors and other assumptions. The errors or inaccuracies in our models may be material, and could lead us to make wrong or sub-optimal decisions in managing our business and / or provide inaccurate or misleading information to the public or our regulators, and this could have a material adverse effect on our business, results of operations and financial condition. Our success depends on our ability to manage our credit risk while attracting new customers with profitable usage patterns. We select our customers, manage their accounts and establish terms and credit limits using proprietary scoring models, data and other analytical techniques that are designed to set terms and credit limits to appropriately compensate us for the credit risk we accept, while encouraging customers to use their available credit. The models and approaches we use to manage our credit risk may not accurately predict future charge-offs for various reasons discussed in the preceding risk factors. Our ability to manage credit risk and avoid high charge-off rates also may be adversely affected by economic conditions that may be difficult to predict, such as the last financial crisis. The assessment of our credit profile includes the evaluation of portfolio mix, account maturation, as well as broader consumer **and industry** trends, such as payment behavior and overall indebtedness. See "Management's Discussion and Analysis — Results of Operations — Business Trends and Conditions" for further discussion of our expectations of future credit trends, in the near term. Credit trends may deteriorate materially from our expectations if economic conditions were to deteriorate beyond what we currently expect. In addition, we remain subject to conditions in the consumer credit environment. Our credit underwriting and risk management strategies are used to manage our credit exposures; however, there can be no assurance that those will enable us to avoid high charge-off levels or delinquencies, or that our allowance for credit losses will be sufficient to cover actual losses. A customer's ability to repay us can be negatively impacted by increases in their payment obligations to other lenders under mortgage, credit card and other loans (including student and auto loans). These changes can result from increases in base lending rates, structured increases in payment obligations, or the resumption of payments post deferral, and could reduce the ability of our customers to meet their payment obligations to other lenders and to us. In addition, a customer's ability to repay us can be negatively impacted by the restricted availability of credit to consumers generally, including reduced and closed lines of credit. Customers with insufficient cash flow to fund daily living expenses and lack of access to other sources of credit may be more likely to increase their card usage and ultimately default on their payment obligations to us, resulting in higher credit losses in our portfolio. Our collection operations may not compete effectively to secure more of customers' diminished cash flow than our competitors. We may not identify customers who are likely to default on their payment obligations to us and reduce our exposure by closing credit lines and restricting authorizations quickly enough, which could have a material adverse effect on our business, results of operations and financial condition. In addition, our collection strategy depends in part on the sale of debt to third-party buyers. Regulatory or other factors may adversely affect the pricing of our debt sales or the performance of our third-party buyers, which may result in higher credit losses in our portfolio. At December 31, ~~2023-2024~~, **27-26**% of our loan receivables were from customers with a VantageScore credit score of 650 or less (excluding unrated accounts), who typically have higher delinquency and credit losses than consumers with higher credit scores. Our ability to manage credit risk also may be adversely affected by legal or regulatory changes (such as bankruptcy laws and minimum payment regulations) and collection regulations, competitors' actions and consumer behavior, as well as

inadequate collections staffing, techniques, models and performance of vendors such as collection agencies. Most of our program agreements with larger retailers and certain other program agreements contain retailer share arrangements that provide for payments to our partners if the economic performance of the relevant program exceeds a contractually defined threshold. Although the share arrangements vary by partner, these arrangements are generally structured to measure the economic performance of the program, based typically on agreed upon program revenues (including interest income and certain other income) less agreed upon program expenses (including interest expense, provision for credit losses, retailer payments and operating expenses), and share portions of this amount above a negotiated threshold. These arrangements are typically designed to permit us to achieve an economic return before we are required to make payments to our partners based on the agreed contractually defined threshold. However, because the threshold and the economic performance of a program that are used to calculate payments to our partners may be based on, among other things, agreed upon measures of program expenses rather than our actual expenses, we may not be able to pass on increases in our actual expenses (such as funding costs, higher provision for credit losses or operating expenses) in the form of reduced payments under our retailer share arrangements, and our economic return on a program could be adversely affected. While most of our agreements contain retailer share arrangements, in some cases, where we instead provide other economic benefits to our partners such as royalties on purchase volume or payments for new accounts (for example, on our co-branded credit cards), our ability to offset increases in our costs is limited. **Merchants generally pay a merchant discount fee in connection with accepting branded payment cards. Although the structure and economics of payment card networks may vary, the fee paid to the card issuer as part of that transaction — known as the “interchange interchange fee” — is a fee funded by the merchants— merchant discount pay to the interchange network in exchange for the use of the network’s infrastructure and payment facilitation, and which are paid to credit card issuers to compensate them for the risk they bear in lending money to customers.** We earn interchange fees on Dual Card **transactions outside of our partners’ sales channels and from general purpose co-branded credit card transactions** but we typically do not charge or earn interchange fees, **as that term has been commonly understood,** from our partners or customers on our private label credit card products. Merchants, trying to decrease their operating expenses, have sought to, ~~and have had some success at,~~ lowering ~~lower~~ interchange rates, ~~Several recent events and~~ **policy makers actions indicate a continuing continue to increase in focus on interchange by both regulators regulation.** **For example, in June 2024, the State of Illinois adopted the Interchange Fee Prohibition Act, which restricts credit card and merchants debit card interchange fees, as defined in the legislation, that may be charged on portions of electronic payment transactions attributable to taxes and gratuities. While a U. S. District Court has preliminarily enjoined this law from applying to federally chartered banking organizations, including the Bank, other jurisdictions may seek to adopt similar or other types of restrictions on interchange fees in the future.** Beyond pursuing litigation, legislation and regulation, merchants are also pursuing alternate payment platforms as a means to lower payment processing costs. To the extent interchange fees are reduced, one of our current competitive advantages with our partners — that we typically do not charge interchange fees when our private label credit card products are used to purchase our partners’ goods and services — may be reduced. Moreover, to the extent interchange fees are reduced, our income from those fees will be lower. We received \$ 1. 0 billion of interchange fees for the year ended December 31, ~~2023~~ **2024**. As a result, a reduction in interchange fees could have a material adverse effect on our business and results of operations. In addition, for our Dual Cards and general purpose co-branded credit cards, we are subject to the operating regulations and procedures set forth by the interchange network, and our failure to comply with these operating regulations, which may change from time to time, could subject us to various penalties or fees, or the termination of our license to use the interchange network, all of which could have a material adverse effect on our business and results of operations. We have international operations, primarily in India and the Philippines, and some of our third-party service providers provide services to us from other countries, all of which subject us to a number of international risks, including, among other things, sovereign volatility and socio-political instability. For example, the Philippines has in the past experienced severe political and social instability. Any future political or social instability in the countries in which we operate could have a material adverse effect on our business operations. U. S. regulations also govern various aspects of the international activities of domestic corporations and increase our compliance and regulatory risks and costs. Any failure on our part or the part of our service providers to comply with applicable U. S. regulations, as well as the regulations in the countries and markets in which we or they operate, could result in fines, penalties, injunctions or other similar restrictions, any of which could have a material adverse effect on our business, results of operations and financial condition. Competitors or other third parties may allege that we, or consultants or other third parties retained or indemnified by us, infringe on their intellectual property rights. We also may face allegations that our employees have misappropriated intellectual property of their former employers or other third parties. Given the complex, rapidly changing and competitive technological and business environment in which we operate, and the potential risks and uncertainties of intellectual property-related litigation, an assertion of an infringement claim against us may cause us to spend significant amounts to defend the claim (even if we ultimately prevail), pay significant money damages, lose significant revenues, be prohibited from using the relevant systems, processes, technologies or other intellectual property, cease offering certain products or services, or incur significant license, royalty or technology development expenses. Moreover, it has become common in recent years for individuals and groups to purchase intellectual property assets for the sole purpose of making claims of infringement and attempting to extract settlements from companies like ours. Even in instances where we believe that claims and allegations of intellectual property infringement against us are without merit, defending against such claims is time consuming and expensive and could result in the diversion of time and attention of our management and employees. In addition, although in some cases a third party may have agreed to indemnify us for such costs, such indemnifying party may refuse or be unable to uphold its contractual obligations. Moreover, we rely on a variety of measures to protect our intellectual property and proprietary information, including copyrights, trademarks, patents, trade secrets and controls on access and distribution. These measures may not prevent misappropriation or infringement of our intellectual property or proprietary information and a

resulting loss of competitive advantage, and in any event, we may be required to litigate to protect our intellectual property and proprietary information from misappropriation or infringement by others, which is expensive, could cause a diversion of resources and may not be successful. Third parties may challenge, invalidate or circumvent our intellectual property, or our intellectual property may not be sufficient to provide us with competitive advantages. Our competitors or other third parties may independently design around or develop similar technology, or otherwise duplicate our services or products such that we could not assert our intellectual property rights against them. In addition, our contractual arrangements may not effectively prevent disclosure of our intellectual property or confidential and proprietary information or provide an adequate remedy in the event of an unauthorized disclosure. Our business is subject to increased risks of litigation and regulatory actions as a result of a number of factors and from various sources, including the highly regulated nature of the financial services industry, the focus of state and federal prosecutors on banks and the financial services industry and the structure of the credit card industry. In the normal course of business, from time to time, we have been named as a defendant in various legal actions, 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. In addition, while historically the arbitration provision in our customer agreements generally has limited our exposure to consumer class action litigation, ~~there can be no assurance that we will~~ **may not** be successful in enforcing our arbitration clause in the future. There may also be legislative or other efforts to directly or indirectly prohibit the use of pre-dispute arbitration clauses, or we may be compelled as a result of competitive pressure or reputational concerns to voluntarily eliminate pre-dispute arbitration clauses. If the arbitration provision is not enforceable or eliminated (for whatever reason), our exposure to class action litigation could increase significantly. Even if our arbitration clause remains enforceable, we may be subject to mass arbitrations in which large groups of consumers bring arbitrations against the Company simultaneously. **These mass arbitrations may, among other risks, require the Company to bear the cost of potentially exorbitant filing fees.** 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 earnings and damage to our reputation. The current environment of additional regulation, increased regulatory compliance efforts and enhanced regulatory enforcement has resulted in significant operational and compliance costs and may prevent or make it less attractive for us to continue providing certain products and services. ~~There~~ **These is no assurance that these** regulatory matters or other factors ~~may will not~~, in the future, affect how we conduct our business and in turn have a material adverse effect on our business, results of operations and financial condition. We contest liability and / or the amount of damages as appropriate in each pending matter. The outcome of pending and future matters could be material to our results of operations, financial condition and cash flows depending on, among other factors, the level of our earnings for that period, and could adversely affect our business and reputation. For a discussion of certain legal proceedings, see “Regulation — Consumer Financial Services Regulation,” and Note 17-18. Legal Proceedings and Regulatory Matters to our consolidated financial statements. In addition to litigation and regulatory matters, from time to time, through our operational and compliance controls, we identify compliance issues that require us to make operational changes and, depending on the nature of the issue, result in financial remediation to impacted cardholders. These self-identified issues and voluntary remediation payments could be significant depending on the issue and the number of cardholders impacted. They also could generate litigation or regulatory investigations that subject us to additional adverse effects on our business, results of operations and financial condition. General Risks Damage to our reputation could negatively impact our business. Maintaining a positive reputation is critical to our attracting and retaining customers, partners, investors and employees. In particular, adverse perceptions regarding our reputation could also make it more difficult for us to **attract and retain customers, partners and employees, promote and increase the utilization of our credit products, as well as** execute our strategy of increasing retail deposits at the Bank and may lead to decreases in deposits. Harm to our reputation can arise from many sources, including employee misconduct, misconduct by our partners, outsourced service providers or other counterparties, litigation or regulatory actions, failure by us or our partners to meet minimum standards of service and quality, inadequate protection of customer information and compliance failures. Negative publicity regarding us (or others engaged in a similar business or activities), whether or not accurate, may damage our reputation, which could have a material adverse effect on our business, results of operations and financial condition. Our risk management processes and procedures may not be effective in mitigating our risks. Our risk management processes and procedures seek to appropriately balance risk and return and mitigate risks. We have established processes and procedures intended to identify, measure, monitor and control the types of risk to which we are subject, including credit risk, market risk, liquidity risk, operational risk, ~~(including compliance risk)~~, **legal risk**, strategic risk, and reputational risk. Credit risk is the risk of loss that arises when an obligor fails to meet the terms of an obligation. We are exposed to both consumer credit risk, from our customer loans, and institutional credit risk, principally from our partners. 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. Liquidity risk is the risk that financial condition or overall safety and soundness are adversely affected by an inability, or perceived inability, to meet obligations and support business growth. Operational risk is the risk of loss arising from inadequate or failed processes, people or systems, external events (e. g., natural disasters **and cybersecurity incidents**) ~~or compliance~~, reputational ~~or legal~~ matters and includes those risks as they relate directly to us as well as to third parties with whom we contract or otherwise do business. **Compliance risk is the risk of non-compliance with applicable laws, rules, regulations, other supervisory guidance, and internal policies, and also includes any of those risks as they relate directly to us and our subsidiaries, as well as to third parties with whom we contract or otherwise do business. Legal risk is the risk of potential disputes, litigation, defective agreements or unprotected or infringed rights that can disrupt or otherwise negatively affect operations or condition of the organization.** Strategic risk is the risk from changes in the business environment, improper implementation of decisions or

inadequate responsiveness to changes in the business environment. Reputational risk is the risk arising from negative perception on the part of **stakeholders, including** customers, counterparties, shareholders, investors, rating agencies, regulators and employees that can adversely affect the Company's ability to maintain existing talent and customers and establish new business relationships with continued access to sources of funding. See "Our Business — Credit Risk Management" and "Risks — Risk Management" for additional information on the types of risks affecting our business. We seek to monitor and control our risk exposure through a framework that includes our Risk Appetite Statement (RAS), Enterprise Risk Assessment **and Risk Aggregation Reporting** (ERA /RAR) process, risk policies, procedures and controls, reporting requirements, and corporate culture and values in conjunction with the risk management accountability incorporated into our integrated Risk Management Framework, which includes our governance structure and three distinct Lines of Defense. Management of our risks in some cases depends upon the use of analytical and / or forecasting models. If the models that we use to manage these risks are ineffective at predicting future losses or are otherwise inadequate, we may incur unexpected losses or otherwise be adversely affected. In addition, the information we use in managing our credit and other risk may be inaccurate or incomplete as a result of error or fraud, both of which may be difficult to detect and avoid. There may also be risks that exist, or that develop in the future, that we have not appropriately anticipated, identified or mitigated including when processes are changed or new products and services are introduced. If our Risk Management Framework does not effectively identify and control our risks, we could suffer unexpected losses or be adversely affected, and that could have a material adverse effect on our business, results of operations, and financial condition. Our business could be adversely affected if we are unable to attract, retain, motivate and develop key officers and employees. Our success depends, in large part, on our ability to retain, recruit and motivate key officers and employees. Specifically, our ability to remain competitive with our peers, manage our business effectively and to execute our strategic plans and initiatives depends on our ability to attract, retain, motivate and develop key officers and employees, as well as manage the costs of employee compensation and benefits within budget. Our senior management team has significant industry experience and would be difficult to replace. Competition for senior executives and other key talent in the financial services and payment industry has been intense and may further increase. We may not be able to attract and retain qualified personnel to replace or succeed members of our senior management team or other key personnel, particularly if we do not offer employment terms that are competitive with the rest of the labor market. Guidelines issued by the federal banking regulators prohibits our payment of "excessive" compensation, or compensation that could lead to our material financial loss, to our executives, employees, and directors. In addition, proposed rules implementing the executive compensation provisions of the Dodd- Frank Act would limit the type and structure of compensation arrangements that we may enter into with our senior executives and persons deemed "significant risk-takers." These restrictions could negatively impact our ability to compete with other companies in recruiting, retaining and motivating key personnel. Failure to retain talented senior leadership could have a material adverse effect on our business, results of operations and financial condition. Tax legislation initiatives or challenges to our tax positions could adversely affect our results of operations and financial condition. We operate in multiple jurisdictions and we are subject to tax laws and regulations of the U. S. federal, state and local governments, and of various foreign jurisdictions. From time to time legislative initiatives may be proposed, which may impact our effective tax rate and could adversely affect our deferred tax assets, tax positions and / or our tax liabilities, if enacted. In addition, U. S. federal, state and local, as well as foreign, tax laws and regulations are extremely complex and subject to varying interpretations. There can be no assurance that our historical tax positions will not be challenged by relevant tax authorities or that we would be successful in defending our positions in connection with any such challenge. State sales tax rules and regulations, and their application and interpretation by the respective states, could change and adversely affect our results of operations. State sales tax rules and regulations, and their application and interpretation by the respective states, could adversely affect our results of operations. Retailers collect sales tax from retail customers and remit those collections to the applicable states. When customers fail to repay their loans, including the amount of sales tax advanced by us to the merchant on their behalf, we are entitled, in some cases, to seek a refund of the amount of sales tax from the applicable state. Sales tax laws and regulations enacted by the various states are subject to change and interpretation, and our compliance with such laws is routinely subject to audit and review by the states. Audit risk is concentrated in several states, and these states are conducting ongoing audits. The outcomes of ongoing and any future audits and changes in the states' interpretation of the sales tax laws and regulations involving the recovery of tax on bad debts could materially adversely impact our results of operations. See "Regulation — Risk Factors Relating to Regulation" on page **99-101** for additional risk factors. Strong risk management is at the core of our business strategy and we have developed processes to manage the major categories of risk, namely credit, market, liquidity, operational, **(including compliance), legal**, strategic, **and** reputational risk (considered across all risk types). As described in greater detail below under " — Risk Management Roles and Responsibilities," we manage enterprise risk using an integrated framework that includes board- level oversight, administration by a group of cross- functional management committees **and** day- to- day implementation by a dedicated risk management team led by the Chief Risk Officer ("CRO") a role currently held by our Chief Risk and Legal Officer. We also utilize the "Three Lines of Defense" risk management model to demonstrate and structure the roles, responsibilities and accountabilities in the organization for taking and managing risk. The Risk Committee of the Board of Directors has responsibility for the oversight of the risk management program, and **three-four** other board committees have other oversight roles with respect to risk management. Several management committees and subcommittees have important roles and responsibilities in administering the risk management program, including the Enterprise Risk Management Committee (the "ERMC"), the Management Committee (the "MC"), the Asset and Liability Management Committee (the "ALCO") and the Capital Management Committee (the "CMC"). This committee- focused governance structure provides a forum through which risk expertise is applied cross- functionally to all major decisions, including development of policies, processes and controls used by the CRO and risk management team to execute the risk management philosophy. The enterprise risk management philosophy is to ensure that all relevant risks are appropriately identified, measured, monitored and controlled. The

approach in executing this philosophy focuses on leveraging risk expertise to drive enterprise risk management using a strong governance framework structure, a comprehensive enterprise risk assessment ~~program~~ **and risk aggregation reporting process** and an effective risk appetite framework. Risk Categories Risk management is organized around ~~six~~ **eight** major risk categories: credit risk, market risk, liquidity risk, operational risk, ~~(including compliance)~~ **risk, legal risk**, strategic risk, and reputational risk. We evaluate the potential impact of a risk event on us (including subsidiaries) by assessing the partner and customer, financial, reputational, legal and regulatory impacts. Credit risk is the risk of loss that arises when an obligor fails to meet the terms of a contract and / or the underlying collateral is insufficient to satisfy the obligation. Credit risk includes exposure to consumer credit risk from customer loans as well as institutional credit risk, principally from our partners. Consumer credit risk is one of our most significant risks. See “ Our Business — Credit Risk Management ” for a description of the customer credit risk management procedures. 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. The principal market risk exposures arise from volatility in interest rates and their impact on economic value, ~~capitalization levels~~ and earnings. Market risk is managed by the ALCO, and is subject to policy and risk appetite limits on sensitivity of both earnings at risk and the economic value of equity. Market risk metrics are reviewed by ALCO monthly, the Risk Committee on a quarterly basis and the Board of Directors as required. Liquidity Risk Liquidity risk is the risk that an institution’s financial condition or overall safety and soundness are adversely affected by a real or perceived inability to meet contractual ~~or contingent~~ obligations and support planned growth. The primary liquidity objective is to maintain a liquidity profile that will enable us, even in times of stress or market disruption, to fund our existing assets and meet liabilities in a timely manner and at an acceptable cost. Policy and risk appetite limits require us and the Bank (and other entities within our business, as applicable) to ensure that sufficient liquid assets are available to survive liquidity stresses over a specified time period. Our Risk Appetite Statement requires funding diversification, monitoring early warning indicators in the capital markets, and other related limits. ALCO reviews liquidity exposures continuously in the context of approved policy and risk appetite limits and reports results quarterly to the Risk Committee, and the Board of Directors as required. Operational risk is the risk of loss arising from inadequate or failed processes, people or systems, external events (such as natural disasters or cyber- attacks) ~~or compliance~~, reputational ~~or legal~~ matters, and includes any of those risks as they relate directly to us and our subsidiaries, as well as to third parties with whom we contract or otherwise do business. ~~Compliance risk arises from the failure to adhere to applicable laws, rules, regulations and internal policies and procedures.~~ Operational risk also includes model risk relating to various financial and other models used by us and our subsidiaries, including the Bank, and is subject to a formal governance process. **Compliance Risk Compliance risk is the risk of non- compliance with applicable laws, rules, regulations, other supervisory guidance, and internal policies, and includes any of those risks as they relate directly to us and our subsidiaries, as well as to third parties with whom we contract or otherwise do business. Compliance risk includes risks related to complying with regulations and laws that protect customers, requirements applicable to non- consumer transactions and business, conduct and behavior of individuals and organizations, and potential illicit activities and criminal behavior. Legal Risk is the risk of potential disputes, litigation, defective agreements or unprotected or infringed rights that can disrupt or otherwise negatively affect operations or the condition of a banking organization, and includes any of those risks as they relate directly to us and our subsidiaries, as well as to third parties with whom we contract or otherwise do business. Legal risk includes risks related to litigation and / or disputes against the organization as well as potential management of own assets or compliance with third- party asset rights.** Strategic Risk Strategic risk consists of the current or prospective risk to earnings and capital arising from changes in the business environment and from adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. The New Product Introduction (“ NPI ”) Sub-Committee assesses the strategic viability and consistency of each new product or service. All new initiatives require the approval of the NPI Sub- Committee, ~~and a select number of new product requests are escalated to the MC and the Board of Directors, based on level of risk.~~ Reputational Risk Responsibility for risk management flows to individuals and entities throughout our Company, including the Board of Directors, various board and management committees and senior management. The corporate culture and values, in conjunction with the risk management accountability incorporated into the integrated Enterprise Risk Governance Framework, which includes governance structure and three distinct Lines of Defense, has facilitated, and will continue to facilitate, the evolution of an effective risk presence across the Company. The “ First Line of Defense ” is comprised of the business areas whose day- to- day activities involve decision- making and associated risk- taking for the Company. As the business owner, the first line is responsible for identifying, assessing, managing and controlling that risk, ~~and as well as~~ for mitigating our overall risk exposure. The first line formulates strategy and ~~operates~~ **is tasked with operating** within the risk appetite and risk governance framework. The “ Second Line of Defense, ” also known as the independent risk management organization, provides oversight of first line risk taking and management. The second line assists in determining risk capacity, risk appetite, and the strategies, policies, ~~and structure for managing risks.~~ The second line owns the risk governance framework. The “ Third Line of Defense ” is comprised of Internal Audit. The third line provides independent and objective assurance to senior management and to the Board of Directors and Audit Committee that the first and second line risk management and internal control systems and its governance processes are well- designed and working as intended. Set forth below is a further description of the roles and responsibilities related to the key elements of the Enterprise Risk Governance Framework. The Board of Directors, among other things, has approved the enterprise- wide Risk Appetite Statement for the Company, as well as certain other risk management policies and oversees the Company’s strategic plan and enterprise- wide risk management program. The Board of Directors may assign certain risk management activities to applicable committees and management. Board Committees The Board of Directors has established five committees that assist the board in its oversight of risk management. These committees and their risk- related roles are described below. In coordination with the Risk Committees of the Company and the Bank, the Audit Committee’s role, among other things, is to review: (i) the

Company's major financial risk exposures and the steps management has taken to monitor and control these risks; (ii) the Company's risk assessment and risk management practices and the guidelines, policies and processes for risk assessment and risk management; (iii) the organization, performance and audit findings of our internal audit function; (iv) our public disclosures and effectiveness of internal controls; and (v) the Company's risk guidelines and policies relating to financial statements, financial systems, financial reporting processes, compliance and auditing, cybersecurity and allowance for credit losses.

Nominating and Corporate Governance Committee The Nominating and Corporate Governance Committee's role, among other things, is to: (i) review and approve certain transactions with related persons; (ii) review and resolve any conflict of interest involving directors or executive officers; (iii) oversee the risks, if any, related to corporate governance structure and practices; and (iv) identify and discuss with management the risks, if any, related to social responsibility actions and public policy initiatives.

Management Development and Compensation Committee The Management Development and Compensation Committee's role, among other things, is to: (i) review our incentive compensation arrangements with a view to appropriately balancing risk and financial results in a manner that does not encourage employees to expose us or any of our subsidiaries to imprudent risks, and are consistent with safety and soundness; and (ii) review (with input from our CRO and the Bank's CRO) the relationship between risk management policies and practices, corporate strategies and senior executive compensation.

The Risk Committee's role, among other things, is to: (i) assist the Board of Directors in its oversight of the Company's Enterprise Risk Governance Framework, including as it relates to credit, investment, market, liquidity, operational, cybersecurity, compliance, **third-party relationships**, strategic and reputational risks; (ii) review and, at least annually, approve the Company's Enterprise Risk Governance Framework and risk assessment and risk management practices, guidelines and policies including significant policies that management uses to manage the risks discussed above; (iii) review and, at least annually, recommend to the Board of Directors for approval the Company's enterprise-wide risk appetite (including the Company's liquidity risk tolerance), and review and approve the Company's strategy relating to managing key risks and other policies on the establishment of risk limits as well as the guidelines, policies and processes for monitoring and mitigating such risks; (iv) meet separately on a regular basis with our CRO and (in coordination with the Bank's Risk Committee, as appropriate) the Bank's CRO; (v) receive periodic reports from management on metrics used to measure, monitor and manage known and emerging risks, including management's view on acceptable and appropriate levels of exposure; (vi) receive reports from our internal audit, risk management and independent liquidity review functions on the results of risk management reviews and assessments; (vii) review and approve, at least annually, the Company's enterprise-wide capital and liquidity framework (including its contingency funding plan) and, in coordination with the Bank's Risk Committee, review, at least quarterly, the Bank's liquidity risk appetite, regulatory capital and ratios and internal capital adequacy assessment processes and, at least annually, the Bank's allowance for credit losses methodology, annual capital plan and resolution plan; (viii) review, at least semi-annually, information from senior management regarding whether the Company is operating within its established risk appetite; (ix) review the status of financial services regulatory examinations; (x) review the independence, authority and effectiveness of the Company's risk management ~~function and independent liquidity review~~ function; (xi) approve the appointment of, evaluate and, when appropriate, replace the CRO; and (xii) review disclosure regarding risk contained in the Company's annual and quarterly reports.

Technology Committee The Technology Committee's role, among other things, is to review and make recommendations to the Board of Directors on major technology strategies and other subjects relating to: (i) the Company's approach to technology-related innovation, including the Company's competitive position and relevant trends in technology and innovation; (ii) the technology development process to assure ongoing business growth; and (iii) developments on existing and emerging technologies which present opportunities or threats to the Company's strategic agenda.

Management Committees There are four management committees with important roles and responsibilities in the risk management function: the MC, the ERM, the ALCO and the CMC. These committees and their risk-related roles are described below. The MC is under the oversight of the Board of Directors and is comprised of our senior executives and chaired by our **CEO Chief Executive Officer**. The MC has responsibility for reviewing and approving lending and investment activities of the Company, such as equity investments, acquisitions, dispositions, joint ventures, portfolio deals and investment issues regarding the Company. It is also responsible for overseeing the Company's approach to managing its investments, reviewing and approving the Company's annual strategic ~~plan and annual operating~~ plan, and overseeing activities administered by its Credit, Information Technology, New Product Introduction, Investment Review and Pricing sub-committees. The MC also reviews management reports provided on a periodic basis, or as requested, in order to monitor evolving issues, effectiveness of risk mitigation activities and performance against strategic plans. The MC may make decisions only within the authority that is granted to it by the Board of Directors and must escalate any investment or other proposals outside of its authority to the Board of Directors for final decision. The ERM is a management committee under the oversight of the Risk Committee and is comprised of senior executives and chaired by the CRO. The ERM has responsibility for risk oversight across the Company and for reporting on material risks to our Risk Committee. The responsibilities of the ERM include the day-to-day oversight of risks impacting the Company, establishing a risk appetite statement, and ensuring compliance across the Company with the overall risk appetite. The ERM also oversees establishment of risk management policies, the performance and functioning of the relevant overall risk management function, and the implementation of appropriate governance activities and systems that support control of risks. The ALCO is a management committee under the oversight of the Risk Committee and is comprised of our senior executives and chaired by the Treasurer. It identifies, measures, monitors, manages and controls market, liquidity, and credit (investments and bank relationships) risks to the Company's balance sheet. ALCO activities include reviewing and monitoring cash management, investments, liquidity, funding, and foreign exchange risk activities and overseeing the safe, sound and efficient operation of the Company in compliance with applicable policies, laws, and regulations. The CMC is a management committee under the oversight of the Risk Committee and is comprised of our senior executives and chaired by the SVP, Capital Management and Stress Testing. The CMC provides oversight of the Company's capital management, stress

testing, and recovery and resolution planning activities. The CMC supports the Risk Committee in overseeing capital management activities such as the **Annual annual Capital capital Plan-plan**, the **Internal internal Capital capital Adequacy adequacy Assessment assessment Process-process**, stress testing, the **Pre pre Provision provision Net-net Revenue revenue** and **Credit credit Loss-loss Methodologies-methodologies**, the **Contingent-contingent Capital capital Plan-plan** as needed in the event of a breach, and the **Recovery-recovery** and **Resolution-resolution Planning-planning Process-process**. Chief Executive Officer, Chief Risk Officer, and Other Senior Officers The Chief Executive Officer (“CEO”) has ultimate responsibility for ensuring the management of the Company’s risk in accordance with the Company’s approved risk appetite statement, including through their role as chairperson of the MC. The CEO also provides leadership in communicating the risk appetite to internal and external stakeholders to help embed appropriate risk taking into the overall corporate culture of the Company. The CRO manages our risk management team and, as chairperson of the ERM, is responsible for establishing and implementing standards for the identification, management, measurement, monitoring and reporting of risk on an enterprise-wide basis. In collaboration with our CEO and the Chief Financial Officer, the CRO has responsibility for developing an appropriate risk appetite with corresponding limits that aligns with supervisory expectations, and this risk appetite statement has been approved by the Board of Directors. The **CEO and CRO** regularly **reports-report** to the Board of Directors and the Risk Committee on risk management matters. The senior executive officers who serve as leaders in the “First Line of Defense,” are responsible for ensuring that their respective functions operate within established risk limits, in accordance with the Company’s Risk Appetite Statement. As members of the ERM and the MC, they are also responsible for identifying risks, considering risk when developing strategic plans, budgets and new products and implementing appropriate risk controls when pursuing business strategies and objectives. In addition, senior executive officers are responsible for deploying sufficient financial resources and qualified personnel to manage the risks inherent in the Company’s business activities. The risk management team, including compliance, led by the CRO, provides oversight of our risk profile and is responsible for maintaining a compliance program that includes compliance risk assessment, policy development, testing and reporting activities. This team effectively serves in a “Second Line of Defense” role by overseeing the operating activities of the “First Line of Defense.” Internal Audit Team The internal audit team is responsible for performing periodic, independent reviews and testing of compliance with the Company’s and the Bank’s risk management policies and standards, as well as with regulatory guidance and industry best practices. The internal audit team also assesses the design of the Company’s and the Bank’s policies and standards and validates the effectiveness of risk management controls, and reports the results of such reviews to the Audit Committee. The internal audit team effectively serves as the “Third Line of Defense” for the Company. **Enterprise Risk Assessment Process** The Enterprise Risk Assessment process **and Risk Aggregation Reporting (“ERA / RAR”)** is a **top-down process** designed to identify, assess and, quantify, **and aggregate** risk across the Company’s primary risk categories and serves as a basis to determine the Company’s risk profile. The Enterprise Risk Management team, in collaboration with the **Risk risk Pillar-pillar** leaders, performs an independent ERA / RAR using a methodology that measures **likelihood-inherent risk, impact-enterprise control environment, vulnerability and residual risk the speed of onset to rate enterprise-level risks across Synchrony for the ERA, and aggregate risk level, enterprise control environment, and aggregate risk exposure to rate risk categories across Synchrony for RAR**. The ERA / RAR process plays an important role in directing the risk management activities by helping prioritize initiatives and focus resources on the most appropriate risks. The ERA / RAR process is performed **quarterly. The ERA output determines annually and refreshed periodically, and is the basis of** the Material Risk Inventory, which is a key input in the strategic and capital planning processes. Stress testing activities provide a forward-looking assessment of risks and losses. Stress testing is integrated into the strategic, capital and liquidity planning processes, and the results are used to identify portfolio vulnerabilities and develop risk mitigation strategies or contingency plans across a range of stressed conditions. Risk Appetite Framework We operate in accordance with a Risk Appetite Statement setting forth objectives, plans and limits, and expressing preferences with respect to risk-taking activities in the context of overall business goals. The **risk Risk appetite Appetite statement Statement** is approved annually by the Board of Directors, with delegated authority to the CRO for implementation throughout the Company. The Risk Appetite Statement serves as a tool to preclude activities that are inconsistent with the business and risk strategy. The Risk Appetite Statement is reviewed and approved at least annually as part of the business planning process and will be modified, as necessary, to include updated risk tolerances by risk category, enabling us to meet prescribed goals while continuing to operate within established risk **boundaries-thresholds**. Cybersecurity Risk Management and Strategy Our information security program includes administrative, technical and physical safeguards and is designed to provide an appropriate level of protection to maintain the confidentiality, integrity and availability of our Company’s, our **client-clients’** and our customers’ information. This includes protecting against known and evolving threats to the security of customer records and information, and against unauthorized access, compromise, or loss of customer records or information. Our information security program is designed to continuously adapt to an evolving landscape of emerging threats and available technology. Through data gathering and evaluation of emerging threats from internal and external incidents and technology investments, security controls are adjusted on an as needed basis. We have developed a security strategy and implemented layers of controls embedded throughout our technology environment that establish multiple control points between threats and our assets. We test the effectiveness of our controls and data protection processes through internal and independent external audits and assessments, including regular penetration tests, application code reviews, vulnerability scans, disaster recovery tests and cyber exercises to simulate hacker attacks. Our information security program is supported by regular training of information security employees and awareness training and activities for executives, directors, and employees companywide through which we communicate our information security policies, standards, processes and practices. Further, our information security program is designed to provide oversight of third parties who store, process or have access to sensitive data, and we require similar levels of protection from third-party service providers as are required for the Company. We maintain supplier risk assessment processes to identify risks associated with third-party service providers and have implemented enhanced

cybersecurity incident and data breach response requirements for critical supplier relationships. We employ business continuity, backup and disaster recovery procedures for all the systems that are used for storing, processing and transferring customer information, and we periodically test and validate our disaster recovery plans to **validate-assess** our resilience capabilities. Additionally, we maintain insurance coverage that, subject to applicable terms and conditions, may cover certain aspects of cybersecurity and information risks. However, there can be no assurance that liabilities or losses we may incur will be covered under such policies or that the amount of insurance will be adequate. Our information security program is designed and managed to be consistent with the Cyber Risk Institute (CRI) Profile, a cybersecurity assessment framework which is a financial services industry- specific extension of the National Institute of Standards and Technology (NIST) Cybersecurity Framework. We measure and monitor the maturity of the information security program against this framework, industry guidance, and a risk-driven metrics program aligned to our business requirements. Along with periodically being examined by our regulators, Synchrony regularly engages external experts to audit, evaluate and validate our controls against these standard frameworks, and we adjust our cybersecurity policies, standards, processes and practices as necessary based on the information provided by these examinations, audits and evaluations. Cybersecurity threats, including as a result of **any** previous cybersecurity incidents, have not materially affected the Company during the past three fiscal years. While we are not currently aware of any cybersecurity threats that are reasonably likely to materially affect the Company there is no assurance that we will not be materially affected by such threats in the future. For additional information on our risks related to cybersecurity, see “ Risk Factors Relating to Our Business — Cyber- attacks or other security breaches could have a material adverse effect on our business. ” Our Board’ s fully independent Risk Committee **oversees** **has primary oversight of the Company’ s** cybersecurity risk. Cybersecurity risk is a component of operational risk within our enterprise risk management framework. For a detailed description of our enterprise risk management framework, including its governance and processes, see “ Risks — Risk Management. ” Our information security team, led by our Chief Information Security Officer (“ CISO”), in collaboration with our Risk Committee and our executive leadership team, closely monitors our information security program, including our strategy, and information security policies and practices, against a rapidly evolving landscape of threats **and regulatory requirements and expectations**. The Risk Committee receives reports and briefings on our information security and enterprise risk management programs at least quarterly, including the results of any external audits, examinations and evaluations, as well as maturity assessments of our information security program, **at least one of these sessions is held jointly with the Audit Committee**. The CISO team leading our information security program is responsible for identifying, assessing, managing and controlling cybersecurity risk, and for mitigating our cybersecurity risk exposure. Our information security program is monitored and challenged by our risk management team, led by our CRO. We have developed an incident response governance framework to timely **identify, evaluate and thereafter** report cybersecurity incidents to our executive management team, appropriate management committees, including the enterprise risk management committee, the Risk **Committee, Audit** Committee and Board, as necessary. In addition to facilitating timely evaluation, escalation and reporting of cybersecurity incidents, this framework also sets forth the process for identifying and assessing the severity of cybersecurity incidents, as well as for managing post- incident activities, including recovery and resolution. The CISO reports directly to our Chief Technology and Operating Officer and on a dotted line basis to our CRO. Our CISO has expertise in cybersecurity, information security risk management, identity and access management, security architecture, application security, vulnerability management, threat intelligence, security operations and incident management and response through prior roles leading information security functions at **other** large organizations **and has over 30 years of experience across technology and security**. The CISO holds various professional certifications, including the Certified Information Security Manager certification from the Information Systems Audit and Control Association. REGULATION Regulation Relating to Our Business 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 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. The Dodd- Frank Act and regulations promulgated thereunder have had, and may continue to have, a significant impact on our business, results of operations and financial condition. As a result, the extensive laws and regulations to which we are subject and with which we must comply significantly impact our earnings, results of operations, financial condition and competitive position. The impact of such regulations on our business is discussed further below, as well as in “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations ” (MD & A) and “ Risk Factors Relating to Regulation ” of this Form 10- K Report. The Dodd- Frank Wall Street Reform and Consumer Protection Act and Related Developments The Dodd- Frank Act, which was enacted in 2010, significantly restructured the financial regulatory regime in the United States. Certain aspects of the Dodd- Frank Act are subject to rules that have been taking effect over several years or have been revised since their initial adoption. On May 24, 2018, the President signed into law the Economic Growth, Regulatory Relief, and Consumer Protection Act (“ EGRRCPA ”), which amended the Dodd- Frank Act and modified certain post- crisis regulatory requirements. On October 10, 2019, the Federal Reserve Board, OCC, and FDIC issued final rules, which we refer to as the **” Tailoring Rules, ”** that tailor the applicability of the Federal Reserve Board’ s enhanced prudential standards relating to capital, liquidity, and other risk management matters, and apply certain of these standards to savings and loan holding companies (other than those substantially

engaged in insurance underwriting or commercial activities) that have total consolidated assets of \$ 100 billion or more based on the average of the previous four quarters, referred to as “ covered savings and loan holding companies. ” ~~Because Synchrony had average total consolidated assets of \$ 100 billion or more based on a four quarter average as of March 31, 2023, Synchrony will become~~ **became** subject to these enhanced prudential standards ~~following in 2023. These enhanced prudential standards, including the~~ applicable transition periods **for Synchrony**. ~~The enhanced prudential standards~~ are discussed in greater detail below. The recent and possible future changes to the regulatory framework applicable to Synchrony and the Bank make it difficult to assess the overall financial impact of the Dodd- Frank Act and related regulatory developments on us and across the industry. See also “ Regulation — Risk Factors Relating to Regulation — Ongoing changes to the regulatory framework applicable to us have had, and may continue to have, a significant impact on our business, financial condition and results of operations. ” Savings and Loan Holding Company Regulation Overview As a savings and loan holding company, we are required to register and file periodic reports with, and are subject to regulation, supervision and examination by, the Federal Reserve Board. The Federal Reserve Board has adopted guidelines establishing safety and soundness standards on such matters as liquidity risk management, securitizations, operational risk management, internal controls and audit systems, business continuity, and compensation and other employee benefits. We are regularly reviewed and examined by the Federal Reserve Board, which results in supervisory comments and directions relating to many aspects of our business that require our response and attention. The Federal Reserve Board has broad enforcement authority over us and our subsidiaries (other than the Bank and its subsidiaries). Under the Dodd- Frank Act, we are required to serve as a source of financial strength for any insured depository institution that we control, such as the Bank. As a savings and loan holding company, Synchrony is subject to capital requirements. The following are the minimum capital ratios to which Synchrony is subject: • under the Basel III standardized approach, a common equity Tier 1 capital to risk- weighted assets ratio of 7 % (the minimum of 4. 5 % plus a capital conservation buffer of 2. 5 %), a Tier 1 capital to risk- weighted assets ratio of 8. 5 % (the minimum of 6 % plus a capital conservation buffer of 2. 5 %), and a total capital to risk- weighted assets ratio of 10. 5 % (a minimum of 8 % plus a capital conservation buffer of 2. 5 %); and • a leverage ratio of Tier 1 capital to total consolidated assets of 4 %. For a discussion of our capital ratios at December 31, ~~2023-2024~~, see “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations- Capital. ” Under the Tailoring Rules, ~~most as a~~ **covered savings and loan holding company with average total consolidated assets of \$ 100 billion or more, but less than \$ 250 billion, Synchrony is now subject to supervisory stress tests on a biennial basis, in even calendar years. Synchrony currently expects that the 2026 supervisory stress test is the first stress test in which it will be required to participate. Covered** savings and loan holding companies with average total consolidated assets of \$ 100 billion or more, ~~but less than \$ 250 billion,~~ **are also** subject to supervisory stress tests on a biennial basis, in even calendar years. ~~Because Synchrony had average total consolidated assets of \$ 100 billion or more based on a four quarter average as of March 31, 2023, it will become subject to these stress tests following a transition period of at least five quarters. Synchrony currently expects that the 2026 supervisory stress test is the first stress test in which it will be required to participate. Covered savings and loan holding companies with average total consolidated assets of \$ 100 billion or more are~~ subject to a stress capital buffer in lieu of the 2. 5 % capital conservation buffer. The stress capital buffer is calculated as the amount of loss of common equity Tier 1 capital incurred by the Company in the severely adverse scenario of the most recent supervisory stress test exercise, assuming certain continued payments on capital instruments, and is subject to a floor of 2. 5 % of risk- weighted assets. ~~Because Synchrony had average total consolidated assets of \$ 100 billion or more based on a four quarter average at March 31, 2023, it will become subject to the stress capital buffer once it begins to participate in supervisory stress tests. As a result, its capital requirements may increase and its ability to pay dividends, make other capital distributions, or redeem or repurchase its stock may be adversely impacted. Under a December 2018 final rule, banking organizations were permitted to phase in the regulatory capital effects of the CECL model, the new accounting standard for credit losses, over three years. On March 27, 2020, the CARES Act was signed into law, and included a provision that permits financial institutions to defer temporarily the use of CECL. In a related action, the joint federal bank regulatory agencies issued an interim final rule effective March 31, 2020, that allows banking organizations that implemented CECL in 2020 to elect to mitigate the effects of the CECL accounting standard on their regulatory capital for two years. This two- year delay is in addition to the three- year transition period that the agencies had already made available in December 2018. Synchrony and the Bank have elected to defer the regulatory capital effects of CECL in accordance with the interim final rule, and not to apply the deferral of CECL available under the CARES Act. As a result, the effects of CECL on Synchrony’ s and the Bank’ s regulatory capital were delayed through the year 2021, and~~ ~~were are being~~ phased- in over a three- year period from January 1, 2022 through December 31, 2024. Under the March 31, 2020 interim final rule, the amount of adjustments to regulatory capital deferred until the phase- in period included both the initial impact of a banking organization’ s adoption of CECL at January 1, 2020, and 25 % of subsequent changes in its allowance for credit losses during each quarter of the two- year period ended December 31, 2021. On July 27, 2023, the federal banking agencies proposed rules, **known as the “ Basel Endgame ” proposal**, that would change the regulatory capital requirements for banking organizations that have \$ 100 billion or more in total assets, such as Synchrony, or have significant trading activity. The proposed rules would ~~implement the international capital standards issued by the Basel Committee on Banking Supervision and are known as the “ Basel Endgame ” proposal. Among among~~ other changes, ~~the proposed rules would~~ lower the threshold for the amount of certain deferred tax assets that must be deducted from capital, ~~and~~ introduce a new expanded risk ~~-based~~ approach for calculating risk weighted assets, which, compared to the standardized approach to which Synchrony is currently subject, ~~would~~ add an operational risk charge and apply higher credit conversion factors to ~~the unused portion of unconditionally cancellable lines of credit. We are currently assessing~~ **On September 10, 2024, the then impact Vice Chair for Supervision at the Federal Reserve Board (the " Vice Chair"), gave a speech outlining a set of potential revisions to the Basel Endgame proposal, such as recommending 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 outlined in the Basel Endgame proposal, other than the proposed rules requirement to our business. However, to recognize unrealized gains and losses of the their securities in extent the proposed changes are finalized and adopted, they would likely increase our regulatory capital requirements, which may decrease. It remains uncertain whether the federal banking agencies will re-propose and / or return on equity-finalize the Basel Endgame rule, and could result in limitations on our ability to pay dividends or repurchase our stock if so, whether the agencies will adopt the Vice Chair's recommendations. Dividends and Stock Repurchases We are limited in our ability to pay dividends or repurchase our stock by the Federal Reserve Board, including on the basis that doing so would be an unsafe or unsound banking practice. Where we intend to declare or pay a dividend or repurchase our stock, we are expected to inform and consult with the Federal Reserve Board in advance to ensure that such dividend or repurchase does not raise supervisory concerns. It is the policy of the Federal Reserve Board that a savings and loan holding company like us should generally pay dividends on common stock and preferred stock out of earnings, and only if prospective earnings retention is consistent with the company's capital needs and overall current and prospective financial condition. According to guidance from the Federal Reserve Board, our dividend policies will be assessed against, among other things, our ability to achieve applicable Basel III capital ratio requirements. If we do not achieve applicable Basel III capital ratio requirements, we may not be able to pay dividends. Although we currently expect to meet applicable Basel III capital ratio requirements, inclusive of the capital conservation buffer, we cannot be sure that we will meet those requirements or that even if we do, if we will be able to pay dividends. In evaluating the appropriateness of a proposed redemption or repurchase of stock, the Federal Reserve Board will consider, among other things, the potential loss that we may suffer from the prospective need to increase reserves and write down assets as a result of continued asset deterioration, and our ability to raise additional common equity and other capital to replace the stock that will be redeemed or repurchased. The Federal Reserve Board also will consider the potential negative effects on our capital structure of replacing common stock with any lower-tier form of regulatory capital issued. Moreover, **we became subject to formal capital plan submission requirements as of January 1, 2024, and regulatory review of any our capital plan may we are currently required to submit could result in restrictions an increase in our capital requirements and adverse impacts on our ability to pay dividends or, make other capital distributions, or redeem or repurchase our stock.** 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" and "— 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." **As a Covered covered savings and loan holding companies company with average total consolidated assets of \$ 100 billion or more are subject to formal capital plan submission requirements. Because, we Synchrony had average total consolidated assets of \$ 100 billion or more based on a four quarter average as of March 31, 2023, it became subject to formal capital plan submission requirements as of January 1, 2024, and as a result, its capital requirements may increase and its ability to pay dividends, make other capital distributions, or redeem or repurchase its stock may be adversely impacted. Under the Tailoring Rules, covered savings and loan holding companies with average total consolidated assets of \$ 100 billion or more must comply with enhanced prudential standards with respect to liquidity management, including maintaining diversified liquidity buffers and regularly conducting liquidity stress tests -Because, Synchrony had average total consolidated assets of \$ 100 billion or more based on a four quarter average as of March 31, 2023, it will become subject to these enhanced prudential standards beginning April 1, 2024.** Activities In general, savings and loan holding companies may only conduct, or acquire control of companies engaged in, financial activities as permitted under the relevant provisions of the Bank Holding Company Act and the Home Owners' Loan Act ("HOLA"). Savings and loan holding companies that have elected financial holding company status generally can engage in a broader range of financial activities than are otherwise permissible for savings and loan holding companies, including securities underwriting, dealing and making markets in securities, and making merchant banking investments in non-financial companies. Synchrony has elected for financial holding company status. The Federal Reserve Board has the authority to limit a financial holding company's ability to conduct otherwise permissible activities if the financial holding company or any of its depository institution subsidiaries ceases to meet the applicable eligibility requirements, including requirements that the financial holding company and each of its U. S. depository institution subsidiaries maintain their status as "well-capitalized" and "well-managed." The Federal Reserve Board may also impose corrective capital and / or managerial requirements on the financial holding company and may, for example, require divestiture of the holding company's depository institutions if the deficiencies persist. Federal regulations additionally provide that if any depository institution controlled by a financial holding company fails to maintain at least a "Satisfactory" rating under the Community Reinvestment Act ("CRA"), the financial holding company and its subsidiaries are prohibited from engaging in additional activities that are permissible only for financial holding companies. In addition, we are subject to banking laws and regulations that limit in certain respects the types of acquisitions and investments that we can make. For example, certain acquisitions of and investments in depository institutions or their holding companies that we may undertake are subject to the prior review and approval of our banking regulators, including the Federal Reserve Board, the OCC and the FDIC. Our banking regulators have broad discretion on whether to approve such acquisitions and investments. In deciding whether to approve a proposed acquisition or investment, federal bank regulators may consider, among other factors: (i) the effect of the acquisition or investment on competition, (ii) our financial condition and future prospects, including current and projected capital ratios and levels, (iii) the competence, experience and integrity of our management and its record of compliance with laws and regulations, (iv) the convenience and needs of the communities to be served, including our record of compliance under the CRA, (v) our effectiveness in combating money laundering, and (vi) any risks that the proposed acquisition poses to the U. S. banking or financial system. Certain acquisitions of our voting stock may be subject to regulatory approval or notice under federal law. Investors are responsible for ensuring that they do not, directly or indirectly, acquire shares

of our stock in excess of the amount that can be acquired without regulatory approval under the Change in Bank Control Act and the HOLA, which prohibit any person or company from acquiring control of us without, in most cases, the prior written approval of the Federal Reserve Board. **Resolution** As a savings and loan holding company with \$ 100 billion or more in assets, Synchrony may become subject to long- term debt requirements that are intended to facilitate an orderly resolution of large banking organizations and make their funding profiles more stable. An August 2023 interagency notice of proposed rulemaking would require depository institution holding companies with \$ 100 billion or more in assets to issue minimum amounts of long- term debt and to maintain “ clean ” holding companies without certain types of liabilities, and, relatedly, would require insured depository institution subsidiaries with \$ 100 billion or more in assets to issue minimum amounts of long- term debt to a holding company. ~~If While we are assessing the impact of the proposed rule to our business, if~~ the proposed changes are finalized ~~and adopted~~, they may require changes to our funding strategy and / or increase our cost of funding. **Savings Association Regulation** The Bank is required to file periodic reports with the OCC and is subject to regulation, supervision, and examination by the OCC, the FDIC, and the CFPB. The OCC has adopted guidelines establishing safety and soundness standards on such matters as loan underwriting and documentation, asset quality, earnings, internal controls and audit systems, risk management, interest rate risk exposure and compensation and other employee benefits. The Bank is periodically examined by the OCC, the FDIC, and the CFPB, which results in supervisory comments and directions relating to many aspects of the Bank’ s business that require the Bank’ s response and attention. In addition, the OCC, the FDIC, and the CFPB have broad enforcement authority over the Bank. The Bank is required by OCC regulations to maintain specified levels of regulatory capital. Institutions that are not well- capitalized are subject to certain restrictions on brokered deposits and interest rates on deposits. The OCC is authorized and, under certain circumstances, required to take certain actions against an institution that fails to meet the minimum ratios for an adequately capitalized institution. At December 31, ~~2023~~ **2024**, the Bank met or exceeded all applicable requirements to be deemed well- capitalized under OCC regulations. The following are the minimum capital ratios to which the Bank is subject: For a discussion of the Bank’ s capital ratios, see “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations — Capital. ” As an insured depository institution, the Bank is also subject to the FDIA, which requires, among other things, the federal banking agencies to take “ prompt corrective action ” in respect of depository institutions that do not meet minimum capital requirements. The FDIA sets forth the following five capital tiers: “ well- capitalized, ” “ adequately capitalized, ” “ undercapitalized, ” “ significantly undercapitalized ” and “ critically undercapitalized. ” A depository institution’ s capital tier will depend upon how its capital levels compare with various relevant capital measures and certain other factors that are established by regulation. To be well- capitalized for purposes of the FDIA, the Bank must maintain a common equity Tier 1 capital to risk- weighted assets ratio of 6. 5 %, a Tier 1 capital to risk- weighted assets ratio of 8 %, a total capital to risk- weighted assets ratio of 10 %, and a leverage ratio of Tier 1 capital to total consolidated assets of 5 %, and not be subject to any written agreement, order or capital directive, or prompt corrective action directive issued by the OCC to meet or maintain a specific capital level for any capital measure. At December 31, ~~2023~~ **2024**, the Bank met or exceeded all applicable requirements to be deemed well- capitalized for purposes of the FDIA. OCC regulations limit the ability of savings associations to make distributions of capital, including payment of dividends, stock redemptions and repurchases, cash- out mergers and other transactions charged to the capital account. The Bank must obtain the OCC’ s approval or give the OCC prior notice before making a capital distribution in certain circumstances, including if the Bank proposes to make a capital distribution when it does not meet certain capital requirements (or will not do so as a result of the proposed capital distribution) or certain net income requirements. In addition, the Bank must file a prior written notice of a planned or declared dividend or other distribution with the Federal Reserve Board. The OCC or the Federal Reserve Board may object to a capital distribution if: among other things, (i) the Bank is, or as a result of such distribution would be, undercapitalized, significantly undercapitalized or critically undercapitalized, (ii) the regulators have safety and soundness concerns or (iii) the distribution violates a prohibition in a statute, regulation, agreement between us and the OCC or the Federal Reserve Board, or a condition imposed on us in an application or notice approved by the OCC or the Federal Reserve Board. Additional restrictions on dividends apply if the Bank fails the QTL test (described below under “ — Activities ”). The FDIA also prohibits any insured depository institution from making any capital distributions (including payment of a dividend) or paying any management fee to its parent holding company if the depository institution would thereafter be “ undercapitalized. ” If a depository institution is less than adequately capitalized, it must prepare and submit a capital restoration plan to its primary federal regulator for approval. For a capital restoration plan to be acceptable, among other things, the depository institution’ s parent holding company must guarantee that the institution will comply with the capital restoration plan. If a depository institution fails to submit an acceptable capital restoration plan, it is treated as if it is “ significantly undercapitalized. ” A “ significantly undercapitalized ” depository institution may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become “ adequately capitalized, ” elect a new Board of Directors, reduce total assets or cease taking deposits from correspondent banks. A “ critically undercapitalized ” institution may be subject to the appointment of a conservator or receiver which could sell or liquidate the institution, be required to refrain from making payments on its subordinated debt, or be subject to additional restrictions on its activities. The Bank is required to comply with prudential regulation in connection with liquidity. In particular, under OCC guidelines establishing heightened standards for governance and risk management (the “ Heightened Standards ”), the Bank is required to establish liquidity stress testing and planning processes, which the Bank has done. For a discussion of the Heightened Standards, see “ — Heightened Standards for Risk Management Governance ” below. Under HOLA, the OCC requires the Bank to comply with the qualified thrift lender, or “ QTL ” test. Under the QTL test, the Bank is required to maintain at least 65 % of its “ portfolio assets ” (total assets less (i) specified liquid assets up to 20 % of total assets, (ii) intangibles, including goodwill and (iii) the value of property used to conduct business) in certain “ qualified thrift investments ” (primarily residential mortgages and related investments, including certain mortgage- backed securities, credit card loans, student loans and small business loans) in at least nine months of the most recent 12- month period. The Bank

currently meets that test. A savings association that fails to meet the QTL test is subject to certain operating restrictions and may be required to convert to a national bank charter. Savings associations, including the Bank, are subject to limitations on their lending and investments. These limitations include percentage of asset limitations on various types of loans the Bank may make. In addition, there are similar limitations on the types and amounts of investments the Bank may make. Insured depository institutions, including the Bank, are subject to restrictions under Sections 23A and 23B of the Federal Reserve Act (as implemented by Federal Reserve Board Regulation W), which govern transactions between an insured depository institution and an affiliate, including an entity that is the institution's direct or indirect holding company and a nonbank subsidiary of such a holding company. Restrictions in Sections 23A and 23B of the Federal Reserve Act apply to "covered transactions" such as extensions of credit, issuances of guarantees or asset purchases. In general, these restrictions require that any extensions of credit made by the insured depository institution to an affiliate must be fully secured with qualifying collateral and that the aggregate amount of covered transactions is limited, as to any one affiliate of the Bank, to 10 % of the Bank's capital stock and surplus, and, as to all of the Bank's affiliates in the aggregate, to 20 % of the Bank's capital stock and surplus. In addition, transactions between the Bank and its affiliates must be on terms and conditions that are, or in good faith would be, offered by the Bank to non-affiliated companies (i. e., at arm's length). The CRA is a federal law that generally requires an insured depository institution to identify the communities it serves and to make loans and investments, offer products and provide services, in each case designed to meet the credit needs of these communities. The CRA also requires an institution to maintain comprehensive records of CRA activities to demonstrate how it is meeting the credit needs of communities. These records are subject to periodic examination by the responsible federal banking agency of the institution. Based on these examinations, the agency rates the institution's compliance with CRA as "Outstanding," "Satisfactory," "Needs to Improve" or "Substantial Noncompliance." The CRA requires the agency to take into account the record of an institution in meeting the credit needs of the entire communities served, including low- and moderate- income neighborhoods, in determining such rating. Failure of an institution to receive at least a "Satisfactory" rating could inhibit the institution or its holding company from undertaking certain activities, including acquisitions. The Bank is currently designated as a Limited Purpose bank under the CRA and therefore is generally evaluated on the basis of its community development activity in the geographies in which its physical facilities are located. The Bank received a CRA rating of "Outstanding" as of its most recent CRA examination. On October 24, 2023, the federal banking agencies issued a final rule that revises how they evaluate an insured depository institution's record of satisfying the credit needs of its entire communities, including low- and moderate- income individuals and neighborhoods, under the CRA. The final rule provides that Limited Purpose banks, such as the Bank, will continue to be evaluated primarily on the basis of their community development activities. **Industry organizations have challenged Compliance with most provisions of the final rule in court will be required beginning January 1, and on March 29, 2026-2024**. The Bank is evaluating the impact **United States District Court for the Northern District of Texas granted an injunction and stay of the final rule. The final outcome of such challenge is uncertain**. The FDIA prohibits insured banks from accepting brokered deposits or offering interest rates on any deposits significantly higher than the prevailing rate in the bank's normal market area or nationally (depending upon where the deposits are solicited) unless it is "well- capitalized," or it is "adequately capitalized" and receives a waiver from the FDIC. A bank that is "adequately capitalized" and that accepts brokered deposits under a waiver from the FDIC may not pay an interest rate on any deposit in excess of 75 basis points over certain prevailing market rates. There are no such restrictions under the FDIA on a bank that is "well- capitalized." Further, "undercapitalized" institutions are subject to growth limitations. At December 31, **2023-2024**, the Bank met or exceeded all applicable requirements to be deemed well- capitalized for purposes of the FDIA. An inability to accept brokered deposits in the future could materially adversely impact our funding costs and liquidity. **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**. The FDIA requires the Bank to pay deposit insurance assessments. Under the FDIC's current deposit insurance assessment methodology, the Bank is required to pay deposit insurance assessments based on its average consolidated total assets, less average tangible equity, and various other regulatory factors included in an FDIC assessment scorecard. Deposit insurance assessments are also affected by the minimum reserve ratio with respect to the federal Deposit Insurance Fund (the "DIF"). The Dodd- Frank Act increased the minimum reserve ratio with respect to the DIF to 1. 35 % and removed the statutory cap on the reserve ratio. The FDIC subsequently adopted a designated ratio of 2 % and may increase that ratio in the future. Since the outbreak of the COVID- 19 pandemic, the amount of total estimated insured deposits has grown very rapidly while the funds in the DIF have grown at a normal rate, causing the DIF reserve ratio to fall below the statutory minimum of 1. 35 %. The FDIC adopted a restoration plan in September 2020, which it amended in June 2022, to restore the DIF reserve ratio to at least 1. 35 % by September 30, 2028. On October 18, 2022 the FDIC adopted a final rule to increase initial base deposit insurance assessment rates for insured depository institutions by 2 basis points, beginning with the first quarterly assessment period of 2023. The increased assessment rate schedules will remain in effect unless and until the reserve ratio of the DIF meets or exceeds 2 %. As a result of the final rule, the FDIC insurance costs of insured depository institutions, including the Bank, have generally increased. In addition, on November 16, 2023, the FDIC adopted a final rule to implement a special assessment to recover losses to the DIF

arising from the protection of uninsured depositors following the receiverships of failed institutions in the spring of 2023. The assessment base for the special assessment ~~is was~~ equal to an insured depository institution's estimated uninsured deposits reported for the quarter ended December 31, 2022, minus the first \$ 5 billion in estimated ~~insured~~ **uninsured** deposits. The FDIC will collect the special assessment over eight **initial** quarterly assessment periods starting with the first quarter of 2024, at a quarterly rate of 3.36 basis points. Synchrony recognized the entire **initial** special assessment expense of \$ 9 million in the fourth quarter of 2023. However, depending on future adjustments to the DIF's estimated loss, the FDIC ~~has~~ retained the ability to cease collection early, extend the special assessment collection period, or impose a one-time final shortfall assessment.

During 2024, the FDIC revised its loss estimate and projected that the special assessment would be collected for an additional two quarters beyond its initial eight-quarter collection period. The additional special assessment expense related to the revision of the loss estimate was not material to Synchrony. The FDIA creates a depositor preference regime for the resolution of all insured depository institutions, including the Bank. If any such institution is placed into receivership, the FDIC will pay (out of the remaining net assets of the failed institution and only to the extent of such assets) first secured creditors (to the extent of their security), second the administrative expenses of the receivership, third all deposits liabilities (both insured and uninsured), fourth any other general or senior liabilities, fifth any obligations subordinated to depositors or general creditors, and finally any remaining net assets to shareholders in that capacity.

Resolution and Recovery Planning
Under FDIC regulations, an insured depository institution with \$ ~~50-100~~ billion or more in total assets is required ~~annually~~ **periodically** to submit to the FDIC a plan for the institution's resolution in the event of its failure. The plan is designed to enable the FDIC, if appointed receiver for the institution, to resolve the institution under sections 11 and 13 of the FDIA in a manner that ensures that its depositors receive **timely** access to their insured deposits ~~within one business day of the institution's failure (two business days if the failure occurs on a day other than Friday)~~, maximizes the net present value return from the sale or disposition of the institution's assets, ~~and~~ minimizes the amount of any loss realized by the creditors in the resolution, **and addresses risks of adverse effects on U. S. economic conditions or economic stability**. The resolution plan requirement is intended to ensure that **a covered insured depository institution develops a credible strategy to facilitate the FDIC's resolution of the institution across a range of possible scenarios and that** the FDIC has access to all of the material information it needs to resolve **the institution efficiently in the event of its failure. If the FDIC deems a large resolution plan filing not credible and the** insured depository institution **fails to resubmit** efficiently in the event of its failure. Under a **credible plan** moratorium that has been in place since April 2019, the FDIC has suspended requiring **institution could become subject to an enforcement action. The Bank's first** resolution plan **is due on July 1** submissions for insured depository institutions with less than \$ 100 billion in total assets, which included **2025, and going forward,** the Bank **will be** prior to September 30, 2023. Insured depository institutions with \$ 100 billion or more of total assets, like the Bank, are required to submit resolution plans every three years **and interim supplements annually**. **In October** ~~On August 29, 2023~~ **2024**, the FDIC **OCC** issued **final revisions to its recovery planning guidelines. These revised guidelines apply to a proposed rule that would impose additional requirements for the content of resolution plans submitted by insured depository institutions with average total consolidated assets of \$ 100 billion or more in total assets, including such as** the Bank. **The guidelines require the Bank to develop and maintain a recovery plan that identifies triggers and options for responding to a wide range of severe internal and external stress scenarios and for restoring the Bank, to the extent it is experiencing or is likely to experience considerable financial or non-financial stress, to financial strength and viability in a timely manner.** Under the ~~proposal~~ **guidelines**, if the FDIC deems a resolution **Bank must test its recovery** plan ~~filing not credible and at least annually. The Bank is required to comply with all aspects of the~~ **these guidelines by January 1** insured depository institution ~~fails to resubmit a credible plan, 2026, the other than~~ institution ~~could become subject to an enforcement action. We are evaluating the impact of this proposal~~ **testing requirement, with which the Bank must comply by January 1, 2027**. The OCC's Heightened Standards establish guidelines for the governance and risk management practices of large OCC-regulated institutions, including the Bank. These Heightened Standards require covered banks to establish and adhere to a written governance framework in order to manage and control their risk-taking activities, provide standards for covered banks' boards of directors to oversee the risk governance framework, and describe the appropriate risk management roles and responsibilities of front line units, independent risk management, and internal audit functions. The Bank believes it complies with the Heightened Standards. The relationship between us and our U. S. customers is regulated under federal and state consumer protection laws. Federal laws include the Truth in Lending Act, the Equal Credit Opportunity Act, HOLA, the Fair Credit Reporting Act (the "FCRA"), the Gramm-Leach-Bliley Act (the "GLBA"), the CARD Act and the Dodd-Frank Act. These and other federal laws, among other things, require disclosures of the cost of credit, provide substantive consumer rights, prohibit discrimination in credit transactions, regulate the use of credit report information, provide financial privacy protections, require safe and sound banking operations, prohibit unfair, deceptive and abusive practices, restrict our ability to raise interest rates on certain credit card balances, and subject us to substantial regulatory oversight. State and, in some cases, local laws also may regulate the relationship between us and our U. S. customers in these areas, as well as in the areas of collection practices, and may provide additional consumer protections. Moreover, we are subject to the Servicemembers Civil Relief Act, which protects persons called to active military service and their dependents from undue hardship resulting from their military service, and the Military Lending Act (the "MLA"), which extends specific protections if an account holder, at the time of account opening, is a covered active duty member of the military or certain family members thereof. The Servicemembers Civil Relief Act applies to all debts incurred prior to the commencement of active duty (including credit card and other open-end debt) and limits the amount of interest, including service and renewal charges and any other fees or charges (other than bona fide insurance) that are related to the obligation or liability. The MLA applies to certain consumer loans, including credit extended pursuant to a credit card account, and extends specific protections if an account holder, at the time of account opening, is a covered active duty member of the military or certain family members thereof (collectively, the "covered borrowers"). These

protections include, but are not limited to: a limit on the military annual percentage rate that can be charged to 36 %, delivery of certain required disclosures and a prohibition on mandatory arbitration agreements. If we were to extend credit to a covered borrower without complying with certain MLA provisions, the credit card agreement could be void from its inception. Violations of applicable consumer protection laws can result in significant potential liability from litigation brought by customers, including actual damages, restitution and attorneys' fees. Federal banking regulators, as well as state attorneys general and other state and local consumer protection agencies, also may seek to enforce consumer protection requirements and obtain these and other remedies, including civil money penalties and fines. The CARD Act, which was enacted in 2009, amended the Truth in Lending Act and required us to make significant changes to many of our business practices, including marketing, underwriting, pricing and billing. The CARD Act's restrictions on our ability to increase interest rates on existing balances to respond to market conditions and credit risk ultimately limits our ability to extend credit to new customers and provide additional credit to current customers. Other CARD Act restrictions, such as limitations on late fees, have resulted and will continue to result in reduced interest income and loan fee income. On ~~February 1~~ **March 5, 2023-2024**, the CFPB issued 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 assessed by credit card issuers from \$ 30 (adjusted to \$ 41 for each subsequent late payment within the next six billing cycles) to \$ 8 and 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 our earnings on the final rule, is uncertain.** See " **Business Trends and Conditions**" above for the **anticipated financial impacts related to the final rule and see** — Risk Factors Relating to ~~our~~ **Our** Business- The CFPB's ~~proposed final~~ rule on credit card late fees, if **implemented** ~~adopted~~, **could** ~~would likely~~ materially adversely affect our business and results of operations." The FCRA regulates our use of credit reports and the reporting of information to credit reporting agencies, and also provides a standard for lenders to share information with affiliates and certain third parties and to provide firm offers of credit to consumers. The FCRA also places further restrictions on the use of information shared between affiliates for marketing purposes, requires the provision of disclosures to consumers when risk- based pricing is used in a credit decision, and requires safeguards to help protect consumers from identity theft. Under HOLA, the Bank is prohibited from engaging in certain tying or reciprocity arrangements with its customers. In general, the Bank may not extend credit, lease or sell property, or furnish any services or fix or vary the consideration for these on the condition that: (i) the customer obtain or provide some additional credit, property, or services from or to the Bank or Synchrony or their subsidiaries or (ii) the customer may not obtain some other credit, property, or services from a competitor, except in each case to the extent reasonable conditions are imposed to assure the soundness of the credit extended. Certain arrangements are permissible. For example, the Bank may offer more favorable terms if a customer obtains two or more traditional bank products. The Dodd- Frank Act established the CFPB, which regulates consumer financial products and services and certain financial services providers. The CFPB is authorized to prevent " unfair, deceptive or abusive acts or practices " and ensure consistent enforcement of laws so that all consumers have access to markets for consumer financial products and services that are fair, transparent and competitive. The CFPB has rulemaking and interpretive authority under the Dodd- Frank Act and other federal consumer financial services laws, as well as broad supervisory, examination and enforcement authority over large providers of consumer financial products and services, such as us. In addition, the CFPB has an online complaint system that allows consumers to log complaints with respect to various consumer finance products, including the products we offer. The system could inform future agency decisions with respect to regulatory, enforcement or examination focus. There continues to be uncertainty as to how the CFPB's strategies and priorities will impact our business and our results of operations going forward. See " Regulation — Risk Factors Relating to Regulation — There **is ongoing** ~~continues to be~~ uncertainty as to how the Consumer Financial Protection Bureau's actions will impact our business; the agency's actions have had and may continue to have an adverse impact on our business. " **On October 22, 2024, the CFPB issued a final rule to implement Section 1033 of the Dodd- Frank Act. Under the final rule, financial institutions that offer credit cards or consumer deposit accounts like the Bank are required, upon request, to make available to a consumer or third party authorized by the consumer certain information the Bank has concerning a consumer financial product or service covered by the rule, such as a credit card or a deposit account. In issuing this rule, the CFPB said that the rule will move the U. S. closer to an " open banking " system that will allow consumers to switch banks or other providers more easily. The final rule also requires, among other things, covered data providers, such as the Bank, to establish a developer interface that satisfies certain performance and data security specifications through which the data provider can receive requests for, and provide, specific types of data covered by the rule in electronic, usable form to authorized third parties directly or through data aggregators. Under the final rule, the Bank will be prohibited from charging fees for maintaining the developer interface or providing access to such data. The Bank may also act as an authorized third party to request and access covered data under the final rule from other financial institutions that are covered data providers. The final rule places data security, authorization, and other obligations on those authorized third parties, including limitations on secondary uses of the data received. Industry organizations have challenged the final rule in court and the litigation is ongoing. If the challenge is not successful, as a data provider, the Bank must comply with the rule beginning April 1, 2027. We are monitoring the status of the litigation and evaluating the impact of this rule.** Privacy, Information Security, and Data Protection We are subject to various privacy, information security and data protection laws, including requirements concerning security breach notification. For example, in the United States, certain of our businesses are subject to the GLBA and implementing regulations and guidance. Among other things, the GLBA: (i) imposes certain limitations on the ability of financial institutions to share consumers' nonpublic personal information

with nonaffiliated third parties, (ii) requires that financial institutions provide certain disclosures to consumers about their information collection, sharing and security practices and affords customers the right to “opt out” of the institution’s disclosure of their personal financial information to nonaffiliated third parties (with certain exceptions) and (iii) requires financial institutions to develop, implement and maintain a written comprehensive information security program containing safeguards that are appropriate to the financial institution’s size and complexity, the nature and scope of the financial institution’s activities, the sensitivity of customer information processed by the financial institution as well as plans for responding to data security breaches. Federal and state laws also require us to respond appropriately to data security breaches. A final rule that the federal banking agencies issued in November 2021 requires banking organizations to notify their primary federal regulator of significant computer security incidents within 36 hours of determining that such an incident has occurred. In 2018, the State of California enacted the California Consumer Privacy Act (“CCPA”). The CCPA requires covered businesses to comply with requirements that give consumers **residing in California** the right to know what information is being collected from them and whether such information is sold or disclosed to third parties. The statute also allows consumers to access, delete, and prevent the sale of personal information that has been collected by covered businesses in certain circumstances. The CCPA does not apply to personal information collected, processed, sold, or disclosed pursuant to the GLBA or the California Financial Information Privacy Act. **In 2020, the State of California enacted the California Privacy Rights Act (“CPRA”). The CPRA essentially serves to supplement the CCPA by, amongst other changes, bringing the personal information of employees residing in California into the scope of the law.** We believe we are a covered business under the CCPA **and CPRA**. We have a program to comply with applicable privacy, information security, and data protection requirements imposed by federal, state, and foreign laws. However, if we experience a significant cybersecurity incident or our regulators deemed our information security controls to be inadequate, we could be subject to supervisory criticism or penalties, and / or suffer reputational harm. See also “Regulation — Risk Factors Relating to Regulation — Regulations relating to privacy, information security and data protection could increase our costs, affect or limit how we collect and use personal information and adversely affect our business opportunities.” Money Laundering and Terrorist Financing Prevention Program We maintain an enterprise-wide program designed to enable us to comply with all applicable anti- money laundering and anti- terrorism financing laws and regulations, including, but not limited to, the Bank Secrecy Act and the Patriot Act. This program includes policies, procedures, processes and other internal controls designed to identify, monitor, manage and mitigate the risk of money laundering or terrorist financing posed by our products, services, customers and geographic locale. These controls include procedures and processes to detect and report suspicious transactions, perform customer due diligence, respond to requests from law enforcement, identify and verify a legal entity customer’s beneficial owner (s) at the time a new account is opened and to understand the nature and purpose of the customer relationship, and meet all recordkeeping and reporting requirements related to particular transactions involving currency or monetary instruments. The program is coordinated by a compliance officer, undergoes an annual independent audit to assess its effectiveness, and requires training of employees. See “Regulation — Risk Factors Relating to Regulation — Failure to comply with anti- money laundering and anti- terrorism financing laws could have significant adverse consequences for us.” Sanctions Programs We have a program designed to comply with applicable economic and trade sanctions programs, including those administered and enforced by OFAC. These sanctions are usually targeted against foreign countries, terrorists, international narcotics traffickers and those believed to be involved in the proliferation of weapons of mass destruction. These regulations generally require either the blocking of accounts or other property of specified entities or individuals, but they may also require the rejection of certain transactions involving specified entities or individuals. We maintain policies, procedures and other internal controls designed to comply with these sanctions programs. Risk Factors Relating to Regulation The following discussion of risk factors contains “forward- looking statements,” as discussed in “Cautionary Note Regarding Forward- Looking Statements.” These risk factors may be important to understanding any statement in this Annual Report on Form 10- K or elsewhere. The following information should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (MD & A), the consolidated financial statements and related notes in “Consolidated Financial Statements and Supplementary Data” and “Risk Factors Relating to Our Business” of this Form 10- K Report. 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. As a savings and loan holding company and 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. We, including the Bank, are regularly reviewed and examined by our respective regulators, which results in supervisory comments and directions relating to many aspects of our business that require response and attention. See “Regulation” for more information about the regulations applicable to us. Banking laws and regulations are primarily intended to protect consumers, federally insured deposits, the DIF and the banking system as a whole, and **are** not intended to protect our stockholders, noteholders or creditors. If we (or our service providers, including our partners) fail to satisfy applicable laws and regulations, our respective regulators have broad discretion to enforce those laws and regulations, including with respect to the operation of our business, required capital levels, payment of dividends and other capital distributions, engaging in certain activities and making acquisitions and investments. Our regulators also have broad discretion with respect to the manner in which they enforce applicable laws and regulations, including through enforcement actions that could subject us to civil money penalties, customer remediation programs, increased compliance costs, and limits or prohibitions on our ability to offer certain

products and services or to engage in certain activities. In addition, to the extent we undertake actions requiring regulatory approval or non-objection, our regulators may make their approval or non-objection subject to conditions or restrictions that could have a material adverse effect on our business, results of operations and financial condition. Any other actions taken by our regulators could have a material adverse impact on our business, reputation and brand, results of operations and financial condition. Moreover, some of our competitors are subject to different, and in some cases less restrictive, statutory and / or regulatory regimes, which may have the effect of providing them with a competitive advantage over us. New laws, regulations, policies, or practical changes in enforcement of existing laws, regulations or policies applicable to our business, **including as a result of changes to the U. S. presidential administration and Congress**, or our own reexamination of our current practices, could adversely impact our profitability, limit our ability to continue existing or pursue new business activities or acquisitions, require us to change certain of our business practices or alter our relationships with customers, affect retention of our key personnel, affect how we interact with our partners and / or service providers, or expose us to additional costs (including increased compliance costs and / or customer remediation). These changes may also require us to invest significant management attention and resources to make any necessary changes and could adversely affect our business, results of operations and financial condition. For example, the CFPB has broad authority over our business and there continues to be uncertainty as to how the CFPB's actions will impact our business. See “ — There **is ongoing** ~~continues to be~~ uncertainty as to how the Consumer Financial Protection Bureau's actions will impact our business; the agency's actions have had and may continue to have an adverse impact on our business. ” We are also subject to potential enforcement and other actions that may be brought by state attorneys general or other state enforcement authorities and other governmental agencies. Any such actions could subject us to civil money penalties and fines, customer remediation programs and increased compliance costs, as well as damage our reputation and brand and limit or prohibit our ability to offer certain products and services or engage in certain business practices. For a discussion of risks related to actions or proceedings brought by regulatory agencies, see “ — Risk Factors Relating to Our Business — Litigation, regulatory actions and compliance issues could subject us to significant fines, penalties, judgments, remediation costs and / or requirements resulting in increased expenses. ” Ongoing changes to the regulatory framework applicable to us have had, and may continue to have, a significant adverse impact on our business, results of operations and financial condition. For example, the Dodd- Frank Act and related regulations restrict certain business practices, **and** impose stringent capital, liquidity and leverage ratio requirements, as well as additional costs (including increased compliance costs and increased costs of funding raised through the issuance of asset-backed securities) ~~on us~~, and impact the value of our assets. In addition, the Dodd- Frank Act requires us to serve as a source of financial strength for any insured depository institution we control, such as the Bank. Such support may be required by the Federal Reserve Board at times when we might otherwise determine not to provide it or when doing so is not otherwise in the interest of Synchrony or its stockholders, noteholders or creditors. We describe certain provisions of the Dodd- Frank Act and other legislative and regulatory developments in “ Regulation — Regulation Relating to Our Business. ” The EGRRCPA and related regulatory reform initiatives modified many of the Dodd- Frank Act's requirements, including provisions in the Tailoring Rules that apply certain enhanced prudential standards to covered savings and loan holding companies. As a result, because we **had now have** ~~had~~ average total consolidated assets of **over** \$ 100 billion ~~or more based on a four quarter average as of March 31, 2023~~, following applicable transition periods we **have become or** will become subject to biennial supervisory stress tests, formal capital plan submission requirements, and the stress capital buffer, which will impose additional requirements and constraints on us. Additional rulemaking may impose new capital requirements and limitations on our ability to pay dividends or redeem or repurchase our stock, increase liquidity requirements, require changes to our funding strategy and / or increase our funding and operating costs. Such additional rulemaking includes an existing rule proposal to change the regulatory capital requirements for U. S. banking organizations with at least \$ 100 billion in total assets, and an existing proposal to require depository institution holding companies with \$ 100 billion or more in assets to issue minimum amounts of long-term debt and maintain “ clean ” holding companies. See “ Regulation — Regulation Relating to Our Business — Savings and Loan Holding Company Regulation — Capital ” and “ Regulation — Regulation Relating to Our Business — Savings and Loan Holding Company Regulation — Resolution. Further, the recent and possible future changes to the regulatory framework applicable to Synchrony and the Bank, and any potential additional rulemaking make it difficult to assess the overall financial impact of the Dodd- Frank Act and related regulatory developments on us and across the industry. ~~There is ongoing uncertainty as to how the Consumer Financial Protection Bureau's actions will impact our business; the agency's actions have had and may continue to have an adverse impact on our business.~~ The CFPB has broad authority over our business. This includes authority to write regulations under federal consumer financial protection laws and to enforce those laws against and examine large financial institutions, such as us, for compliance. The CFPB is authorized to prevent “ unfair, deceptive or abusive acts or practices ” through its regulatory, supervisory and enforcement authority. The Federal Reserve Board and the OCC and state government agencies may also invoke their supervisory and enforcement authorities to prevent unfair and deceptive acts or practices. These federal and state agencies are authorized to remediate violations of consumer protection laws in a number of ways, including collecting civil money penalties and fines and providing for customer restitution. The CFPB also engages in consumer financial education, requests data and promotes the availability of financial services to underserved consumers and communities. In addition, the CFPB maintains an online complaint system that allows consumers to log complaints with respect to various consumer finance products, including the products we offer. This system could inform future CFPB decisions with respect to its regulatory, enforcement or examination focus. There is ongoing uncertainty as to how the CFPB's strategies and priorities, including in both its examination and enforcement processes, will impact our business and our results of operations going forward, **including as a result of changes to the U. S. presidential administration and Congress**. Actions by the CFPB could result in requirements to alter or cease offering affected products and services, including deferred interest products, making them less attractive to consumers and less profitable to us and also restricting our ability to offer them. In addition, since 2013, the Bank

has entered into two consent orders with the CFPB — one in 2013, which has since been terminated; and another in 2014 with respect to a debt cancellation product and sales practices and an unrelated issue that arose from the Bank's self-identified omission of certain Spanish-speaking customers and customers residing in Puerto Rico from two offers that were made to certain delinquent customers. The Bank's resolutions with the CFPB do not preclude ~~it or~~ other regulators or state attorneys general from seeking additional monetary or injunctive relief with respect to these or other issues, and any such relief could have a material adverse effect on our business, results of operations or financial condition. Although we have committed significant resources to enhancing our compliance programs, changes by the CFPB in regulatory expectations, interpretations or practices or interpretations that are different or stricter than ours or those adopted in the past by the CFPB or other regulators could increase the risk of additional enforcement actions, fines and penalties. Most recently, the CFPB has identified certain areas of concern for consumers, including, for example, the increasing sophistication of underwriting, fair lending concerns (including in marketing), debt collection, excessive and / or unexpected fees and medical debt. Actions by the CFPB with respect to these or other areas could result in requirements to alter our products and services that may make them less attractive to consumers or less profitable to us. For example, on ~~February 1~~ **March 5, 2023-2024**, the CFPB issued a **final rule that notice of proposed rulemaking which, if adopted, likely** would result in a significant reduction of credit card late fees assessed by credit card issuers **if and when it is implemented**. For a discussion of risks related to the CFPB's ~~proposed final~~ late fee rule, please see " — Risk Factors Relating to ~~our~~ **Our Business** — The CFPB's ~~proposed final~~ rule on credit card late fees, if ~~adopted~~ **implemented**, ~~could~~ **would likely** materially adversely affect our business and results of operations." Additionally, on July 7, 2023, the CFPB, together with the U. S. Department of Health and Human Services and the U. S. Department of the Treasury, issued a request for information soliciting public comment on medical credit cards, loans, and other financial products used to pay for health care, which may lead to additional regulatory, supervisory, or enforcement activity regarding these products. Future actions by the CFPB (or other regulators) against us or our competitors that discourage the use of products we offer or suggest to consumers the desirability of other products or services could result in reputational harm and a loss of customers. If the CFPB changes regulations which it adopted in the past or which were adopted in the past by other regulators and transferred to the CFPB by the Dodd- Frank Act, or modifies, through supervision or enforcement, past related regulatory guidance or interprets existing regulations in a different or stricter manner than they have been interpreted in the past by us, the industry or other regulators, our compliance costs and litigation exposure could increase materially. If future regulatory or legislative restrictions or prohibitions are imposed that affect our ability to offer promotional financing, including deferred interest, for certain of our products or require us to make significant changes to our business practices, and we are unable to develop compliant alternatives with acceptable returns, these restrictions or prohibitions could have a material adverse impact on our business, results of operations and financial condition. The Dodd- Frank Act authorizes state officials to enforce regulations issued by the CFPB and to enforce the Act's general prohibition against unfair, deceptive or abusive acts or practices. This could make it more difficult than in the past for federal financial regulators to declare state laws that differ from federal standards to be preempted. To the extent that states enact requirements that differ from federal standards or state officials and courts adopt interpretations of federal consumer laws that differ from those adopted by the CFPB, we may be required to alter or cease offering products or services in some jurisdictions, which would increase compliance costs and reduce our ability to offer the same products and services to consumers nationwide, and we may be subject to a higher risk of state enforcement actions. Synchrony and the Bank must meet rules for capital adequacy as discussed in " Regulation — Regulation Relating to Our Business. " As a stand- alone savings and loan holding company, Synchrony is subject to capital requirements similar to those that apply to the Bank. Synchrony and the Bank may be subject to increasingly stringent capital adequacy standards in the future. For instance, because Synchrony **now had, as has over of March 31, 2023,** \$ 100 billion ~~or more~~ in average total consolidated assets, **following applicable transition periods based on a four quarter average**, Synchrony **has or** will become subject to biennial supervisory stress tests, a formal capital plan submission requirement, and the stress capital buffer **following applicable transition periods which could impose additional requirements and constraints on us, including additional restrictions on our ability to return capital to our shareholders**. See " Regulation — Regulation Relating to Our Business — Savings and Loan Holding Company Regulation — Capital " and " Regulation — Regulation Relating to Our Business — Savings and Loan Holding Company Regulation — Dividends and Stock Repurchases. " ~~Once Synchrony becomes subject to supervisory stress tests, a formal capital plan submission requirement, and / or the stress capital buffer, Synchrony could be subject to additional restrictions on its ability to return capital to shareholders.~~ In addition, in July 2023 the federal banking agencies proposed changes to the capital requirements of banking organizations that have \$ 100 billion or more in total assets. See " Regulation — Regulation Relating to Our Business — Savings and Loan Holding Company Regulation — Capital. " ~~To the extent the proposed changes are finalized and adopted~~ **apply to us**, they would likely increase our regulatory capital requirements, which may decrease our return on equity and could result in limitations on our ability to pay dividends or repurchase our stock. If Synchrony or the Bank fails to meet current or future minimum capital, leverage or other financial requirements, its operations, results of operations and financial condition could be materially adversely affected. Among other things, failure by Synchrony or the Bank to maintain its status as " well capitalized " (or otherwise meet current or future minimum capital, leverage or other financial requirements) could compromise our competitive position and result in restrictions imposed by the Federal Reserve Board or the OCC, including, potentially, on the Bank's ability to engage in certain activities. These could include restrictions on the Bank's ability to enter into transactions with affiliates, accept brokered deposits, grow its assets, engage in material transactions, extend credit in certain highly leveraged transactions, amend or change its charter, bylaws or accounting methods, pay interest on its liabilities without regard to regulatory caps on the rates that may be paid on deposits, and pay dividends or repurchase stock. In addition, failure to maintain the well capitalized status of the Bank could result in our having to invest additional capital in the Bank, which could in turn require us to raise additional capital. The market and demand for, and cost of, our asset- backed securities also could be adversely affected by failure to meet current or future capital requirements. Synchrony must also

continue to comply with regulatory requirements related to the maintenance, management, monitoring and reporting of liquidity as discussed in “ Regulation — Regulation Relating to Our Business. ” Under the Tailoring Rules, enhanced prudential standards with respect to liquidity management apply to covered savings and loan holding companies with \$ 100 billion or more in average total consolidated assets, ~~based on a four-quarter average.~~ See “ Regulation — Regulation Relating to Our Business — Legislative and Regulatory Developments. ” Because Synchrony **now has met this the four-quarter average total consolidated assets** threshold ~~as of March 31, 2023~~, such requirements **have begun to apply or** will apply to us in the future after **a applicable transition period periods**, which could cause our results of operations and financial condition to be materially adversely affected. We are limited in our ability to pay dividends and repurchase our common stock by the Federal Reserve Board, which has broad authority to review our capital planning and risk management processes, and our current, projected and stressed capital levels, and to object to any capital action that the Federal Reserve Board considers to be unsafe or unsound. In addition, the declaration and amount of any future dividends to holders of our common stock or stock repurchases will be at the discretion of the Board of Directors and will depend on many factors, including our financial condition, earnings, capital and liquidity position, including the Bank, applicable regulatory requirements, corporate law and contractual restrictions and other factors that the Board of Directors deems relevant. Any inability to pay dividends or repurchase our common stock could adversely affect the market price of our common stock and market perceptions of Synchrony Financial. See “ Regulation — Regulation Relating to Our Business — Savings and Loan Holding Company Regulation- Dividends and Stock Repurchases. ” We rely significantly on dividends and other distributions and payments from the Bank for liquidity, including to pay our obligations under our indebtedness and other indebtedness as they become due, and federal law limits the amount of dividends and other distributions and payments that the Bank may pay to us. For example, OCC regulations limit the ability of savings associations to make distributions of capital, including payment of dividends, stock redemptions and repurchases, cash-out mergers and other transactions charged to the capital account. The Bank must obtain the OCC’s approval prior to making a capital distribution in certain circumstances, including if the Bank proposes to make a capital distribution when it does not meet certain capital requirements (or will not do so as a result of the proposed capital distribution) or certain net income requirements. In addition, the Bank must file a prior written notice of a planned or declared dividend or other distribution with the Federal Reserve Board. The Federal Reserve Board or the OCC may object to a capital distribution if, among other things, the Bank is, or as a result of such dividend or distribution would be, undercapitalized or the Federal Reserve Board or OCC has safety and soundness concerns. Additional restrictions on bank dividends may apply if the Bank fails the QTL test. The application of these restrictions on the Bank’s ability to pay dividends involves broad discretion on the part of our regulators. Limitations on the Bank’s payments of dividends and other distributions and payments that we receive from the Bank could reduce our liquidity and limit our ability to pay dividends or our obligations under our indebtedness. See “ Regulation — Regulation Relating to Our Business — Savings Association Regulation — Dividends and Stock Repurchases ” and “ — Activities. ” We are subject to various privacy, information security and data protection laws, including requirements concerning security breach notification, and we could be negatively impacted by them. For example, in the United States, certain of our businesses are subject to the GLBA and implementing regulations and guidance. Among other things, the GLBA: (i) imposes certain limitations on the ability of financial institutions to share consumers’ nonpublic personal information with nonaffiliated third parties, (ii) requires that financial institutions provide certain disclosures to consumers about their information collection, sharing and security practices and affords customers the right to “ opt out ” of the institution’s disclosure of their personal financial information to nonaffiliated third parties (with certain exceptions) and (iii) requires financial institutions to develop, implement and maintain a written comprehensive information security program containing safeguards that are appropriate to the financial institution’s size and complexity, the nature and scope of the financial institution’s activities, and the sensitivity of customer information processed by the financial institution as well as plans for responding to data security breaches. Moreover, various United States federal banking regulatory agencies, states and foreign jurisdictions have enacted data security breach notification requirements with varying levels of individual, consumer, regulatory and / or law enforcement notification in certain circumstances in the event of a security breach. Many of these requirements also apply broadly to our partners that accept our cards. In many countries that have yet to impose data security breach notification requirements, regulators have increasingly used the threat of significant sanctions and penalties by data protection authorities to encourage voluntary notification and discourage data security breaches. Furthermore, legislators and / or regulators in the United States and other countries in which we operate are increasingly adopting or revising privacy, information security and data protection laws that potentially could have a significant impact on our current and planned privacy, data protection and information security- related practices; our collection, use, sharing, retention and safeguarding of consumer and / or employee information; and some of our current or planned business activities. This could also increase our costs of compliance and business operations and could reduce income from certain business initiatives. In the United States, this includes increased privacy- related enforcement activity at the federal level, by the Federal Trade Commission, as well as at the state level, such as with regard to mobile applications, and state legislation such as the CCPA, which could increase our costs. In the European Union, this includes the General Data Protection Regulation. See “ Regulation — Regulation Relating to Our Business — Privacy. ” Compliance with current or future privacy, data protection and information security laws (including those regarding security breach notification and consumer privacy) affecting customer and / or employee data to which we are subject could result in higher compliance and technology costs and could restrict our ability to provide certain products and services (such as products or services that involve us sharing information with third parties or storing sensitive credit card information), which could materially and adversely affect our profitability. Our failure to comply with privacy, data protection and information security laws could result in potentially significant regulatory investigations and government actions, litigation, fines or sanctions, consumer or partner actions and damage to our reputation and our brand, all of which could have a material adverse effect on our business and results of operations. Our use of third- party vendors and our other ongoing third- party business relationships are subject to increasing

regulatory requirements and attention. We regularly use third- party vendors and subcontractors as part of our business. We also have substantial ongoing business relationships with our partners and other third parties. These types of third- party relationships are subject to increasingly demanding regulatory requirements and attention by our federal bank regulators (the Federal Reserve Board, the OCC and the FDIC) and our consumer financial services regulator (the CFPB). Regulatory guidance requires us to enhance our due diligence, ongoing monitoring and control over our third- party vendors and subcontractors and other ongoing third- party business relationships, including with our partners. In certain cases, we may be required to renegotiate our agreements with these vendors and / or their subcontractors to meet these enhanced requirements, which could increase our costs. These regulatory expectations may change, and **may** potentially become more rigorous in certain ways, ~~due to an interagency effort to replace existing guidance on the risk management of third- party relationships with new guidance~~. We expect that our regulators will hold us responsible for deficiencies in our oversight and control of our third- party relationships and in the performance of the parties with which we have these relationships. As a result, if our regulators conclude that we have not exercised adequate oversight and control over our third- party vendors and subcontractors or other ongoing third- party business relationships, or that such third parties have not performed appropriately, we could be subject to enforcement actions, including the imposition of civil money penalties or other administrative or judicial penalties or fines as well as requirements for customer remediation. We maintain an enterprise- wide program designed to enable us to comply with all applicable anti- money laundering and anti- terrorism financing laws and regulations, including, but not limited to, the Bank Secrecy Act and the Patriot Act. This program includes policies, procedures, processes and other internal controls designed to identify, monitor, manage and mitigate the risk of money laundering or terrorist financing posed by our products, services, customers and geographic locale. These controls include procedures and processes to detect and report suspicious transactions, perform customer due diligence, respond to requests from law enforcement, identify and verify a legal entity customer' s beneficial owner (s) at the time a new account is opened and to understand the nature and purpose of the customer relationship, and meet all recordkeeping and reporting requirements related to particular transactions involving currency or monetary instruments. **Our** ~~We cannot be sure our~~ programs and controls ~~will~~ **may not** be effective to ensure our compliance with all applicable anti- money laundering and anti- terrorism financing laws and regulations, and our failure to comply could subject us to significant sanctions, fines, penalties and reputational harm, all of which could have a material adverse effect on our business, results of operations and financial condition.

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA Report of Independent Registered Public Accounting Firm To the Stockholders and Board of Directors Synchrony Financial: Opinion on Internal Control Over Financial Reporting We have audited Synchrony Financial and subsidiaries' (the Company) internal control over financial reporting as of December 31, ~~2023-2024~~, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, ~~2023-2024~~, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Consolidated Statements of Financial Position of the Company as of December 31, ~~2024 and 2023 and 2022~~, the related Consolidated Statements of Earnings, Comprehensive Income, Changes in Equity, and Cash Flows for each of the years in the three- year period ended December 31, ~~2023-2024~~, and the related notes (collectively, the consolidated financial statements), and our report dated February ~~8-7~~, ~~2024-2025~~ expressed an unqualified opinion on those consolidated financial statements. Basis for Opinion The Company' s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report on Management' s Assessment of Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company' s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U. S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Definition and Limitations of Internal Control Over Financial Reporting A company' s internal control over financial reporting is a process designed 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. A company' s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company' s assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. / s / KPMG LLP New York, New York Opinion on the Consolidated Financial Statements We have audited the accompanying Consolidated Statements of Financial Position of

Synchrony Financial and subsidiaries (the Company) as of December 31, ~~2023 and 2022~~, the related Consolidated Statements of Earnings, Comprehensive Income, Changes in Equity, and Cash Flows for each of the years in the three-year period ended December 31, ~~2023~~ **2024**, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, ~~2023 and 2022~~, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, ~~2023~~ **2024**, in conformity with U. S. generally accepted accounting principles. We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, ~~2023~~ **2024**, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 8-7, ~~2024~~ **2025** expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U. S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion. Critical Audit Matter The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates. Allowance for Credit Losses on Loan Receivables As discussed in Notes 2 and 5 to the consolidated financial statements, the Company's allowance for credit losses (ACL) as of December 31, ~~2023~~ **2024** was \$ 10, ~~571-929~~ million. The Company estimated and recognized losses on loan receivables upon origination of the loan, based on expected credit losses for the life of the loan balance as of the period end date. Expected credit loss estimates for the December 31, ~~2023~~ **2024** ACL involved modeling of loss projections attributable to existing loan balances, considering historical experience, current conditions, and future expectations for pools of loans with similar risk characteristics over the reasonable and supportable forecast period. The model considers a macroeconomic forecast, with unemployment as the primary macroeconomic variable. The Company used an enhanced migration analysis to estimate the likelihood that a loan will progress through the various stages of delinquency. After the reasonable and supportable forecast period, the Company reverted to historical loss information at the loan receivables segment level. The historical loss information was derived from a combination of recessionary and non-recessionary performance periods. In determining expected credit losses over the life of the loan balance, the Company utilized an approach which implicitly considered total expected future payments and applied appropriate allocations to reduce those payments in order to estimate losses pertaining to measurement date loan receivables. The Company also performed a qualitative assessment in addition to model estimates and applied qualitative adjustments as necessary. We identified the assessment of the December 31, ~~2023~~ **2024** ACL as a critical audit matter. A high degree of auditor effort, including specialized skills and knowledge, and subjective and complex auditor judgment was involved in the assessment of the December 31, ~~2023~~ **2024** ACL due to significant measurement uncertainty. Specifically, the assessment encompassed the evaluation of the December 31, ~~2023~~ **2024** ACL methodologies, including the methods and models used to estimate expected credit losses. The assessment also included an evaluation of the significant assumptions to the December 31, ~~2023~~ **2024** ACL, which included: (1) the segmentation of the loan receivables population with similar risk characteristics, (2) the length of the historical experience, (3) the length of the reasonable and supportable forecast period, (4) the estimated life of the loan, (5) the reversion to historical loss information, and (6) the macroeconomic forecast. The assessment also included an evaluation of the conceptual soundness of the models. In addition, auditor judgment was required to evaluate the sufficiency of the audit evidence obtained. The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's measurement of the December 31, ~~2023~~ **2024** ACL, including controls over the: • development and approval of the December 31, ~~2023~~ **2024** ACL methodologies • ~~development and~~ performance monitoring of the models • identification and determination of the significant assumptions used to estimate the ACL • monitoring of the December 31, ~~2023~~ **2024** ACL results, trends, and ratios. We evaluated the Company's process to develop the December 31, ~~2023~~ **2024** ACL by testing certain sources of data, factors, and assumptions that the Company used, and considered the relevance and reliability of such data, factors, and assumptions. In addition, we involved credit risk professionals with specialized industry knowledge and experience, who assisted in: • evaluating the Company's December 31, ~~2023~~ **2024** ACL methodologies for compliance with U. S. generally accepted accounting principles • assessing the conceptual soundness of the models used by inspecting model documentation to determine whether the models are suitable for intended use • determining whether the loan portfolio is segmented by similar risk characteristics by comparing to the Company's business environment and evaluating statistical testing performed • evaluating the length of the historical experience period by comparing to portfolio performance and evaluating the back-testing and sensitivity testing performed •

evaluating the length of the reasonable and supportable period by comparing to model performance, including back testing results, the quantitative methodology, and industry practice • determining whether the estimated life of the loan is appropriate based on empirical analysis performed and industry practice • evaluating whether the length of the reversion period is appropriate based on empirical analysis • evaluating whether the reversion method uses a systematic and rational approach • assessing the historical loss information that is being reverted to by verifying whether the historical loss information captures a through the cycle estimate and evaluating the consistency of the empirical analysis performed based on industry data and established methodology • assessing the macroeconomic forecast by evaluating the Company' s process for evaluating future expectations of macroeconomic conditions, comparing to portfolio performance, and comparing to publicly available forecasts • evaluating the methods and assumptions used to develop certain qualitative adjustments compared with relevant credit risk factors and consistency with credit trends. We also assessed the sufficiency of the audit evidence obtained related to the December 31, 2023-2024 ACL by evaluating the cumulative results of the audit procedures and potential bias in the accounting estimates. We have served as the Company' s auditor since 2013. New York, New York **INDEX TO CONSOLIDATED FINANCIAL STATEMENTS** Page**CONSOLIDATED FINANCIAL STATEMENTS**Consolidated Statements of Earnings**112**Consolidated Statements of Comprehensive Income**113**Consolidated Statements of Financial Position**114**Consolidated Statements of Changes in Equity**115**Consolidated Statements of Cash Flows**116****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**Note 1. Business Description**117**Note 2. Basis of Presentation and Summary Significant Accounting Policies**117**Note 3. Acquisitions and Dispositions**127**Note 4. Debt Securities**129**Note 5. Loan Receivables and Allowance for Credit Losses**130**Note 6. Variable Interest Entities**136**Note 7. Goodwill and Other Intangible Assets**138**Note 8. Deposits**139**Note 9. Borrowings**140**Note 10. Fair Value Measurements**141**Note 11. Regulatory and Capital Adequacy**143**Note 12. Employee Benefit Plans**144**Note 13. Earnings Per Share**145**Note 14. Equity and Other Stock Related Information**146**Note 15. Income Taxes**147**Note 16. Parent Company Financial Information**149**Note 17. Segment Reporting**151**Note 18. Legal Proceedings and Regulatory Matters**152** Consolidated Statements of Earnings

For the years ended December 31 (\$ in millions, except per share data) ~~2023~~~~2022~~~~2021~~~~Interest~~---- **2024****2023****2022****Interest**
income: Interest and fees on loans (Note 5) \$ **21, 596** \$ 19, 902 \$ 16, 881 \$ ~~15, 228~~ Interest on cash and debt securities**808**
securities**1, 049** **808** **265** **43** Total interest income**20** **income****22, 645** **20** , 710 17, 146 ~~15, 271~~ Interest expense: Interest on
deposits**2** **deposits****3, 806** **2** , 952 1, 008 ~~566~~ Interest on borrowings of consolidated securitization entities**340** **entities****427** **340**
196 ~~169~~ Interest on senior and subordinated unsecured notes**419** **notes****401** **419** 317 297 Total interest expense**3** **expense****4, 634**
3 , 711 1, 521 ~~1, 032~~ Net interest income**16** **income****18, 011** **16** , 999 15, 625 ~~14, 239~~ Retailer share arrangements (3, 407) (3,
661) (4, 331) ~~(4, 528)~~ Provision for credit losses (Note 5) **6, 733** **5** , 965 3, 375 ~~726~~ Net interest income, after retailer share
arrangements and provision for credit losses**7, 871** **7** , 373 7, 919 ~~8, 985~~ Other income: Interchange revenue**1, 026** **1** , 031 982 ~~880~~
Protection product revenue**510** **revenue****562** **510** 387 284 Loyalty programs (1, 382) (1, 370) (1, 257) ~~(992)~~ Other**118** **Other**
(Note 3) **1, 315** **118** 268 309 Total other income**289** **income****1, 521** **289** 380 481 Other expense: Employee costs**1, 872** **1** , 884 1,
681 ~~1, 501~~ Professional fees**842** **fees****936** **842** 832 782 Marketing and business development **524** 527 487 ~~486~~ Information
processing **803** 712 623 ~~550~~ Other **704** 793 714 ~~644~~ Total other expense **4, 839** **4** , 758 4, 337 ~~3, 963~~ Earnings before provision
for income taxes**2** **taxes****4, 553** **2** , 904 3, 962 ~~5, 503~~ Provision for income taxes (Note 15) **1, 054** 666 946 ~~1, 282~~ Net earnings \$
3, 499 \$ **2, 238** \$ **3, 016** \$ ~~4, 221~~ Net earnings available to common stockholders \$ **3, 427** \$ **2, 196** \$ **2, 974** \$ ~~4, 179~~ Earnings
per share **Basic** **share** (Note 13) **Basic** \$ **8. 64** \$ 5. 21 \$ 6. 19 \$ ~~7. 40~~ Diluted \$ **8. 55** \$ 5. 19 \$ 6. 15 \$ ~~7. 34~~ See accompanying
notes to consolidated financial statements. Consolidated Statements of Comprehensive Income For the years ended December
31 (\$ in millions) ~~2023~~~~2022~~~~2021~~~~Net~~ **2024****2023****2022****Net** earnings \$ **3, 499** \$ 2, 238 \$ 3, 016 \$ ~~4, 221~~ Other comprehensive
income (loss) Debt securities**60** **securities****10** **60** (97) ~~(21)~~ Currency translation adjustments **(6)** — (12) ~~(4)~~ Employee benefit
plans**5** (3) 53 7 Other comprehensive income (loss) **9** 57 (56) ~~(18)~~ Comprehensive income \$ **3, 508** \$ 2, 295 \$ 2, 960 \$ ~~4,~~
203 Amounts presented net of taxes. At December 31 (\$ in millions) ~~2023~~~~2022~~~~Assets~~ **2024****2023****Assets** Cash and equivalents \$
14, **711** \$ **14, 259** \$ ~~10, 294~~ Debt securities (Note 4) 3, **079** 3, 799 4, 879 Loan receivables: (Notes 5 and 6) Unsecuritized loans
held for investment**81** **investment****83, 382** **81** , 554 72, 638 Restricted loans of consolidated securitization entities**21** , **339** **21** ,
434 ~~19, 832~~ Total loan receivables**102** **receivables****104, 721** **102** , 988 92, 470 Less: Allowance for credit losses (10, **929**) (10,
571) ~~(9, 527)~~ Loan receivables, net**92** **net****93, 792** **92** , 417 82, 943 Goodwill (Note 7) 1, **274** 1, 018 ~~1, 105~~ Intangible assets, net
(Note 7) **854** 815 742 Other assets**4** **assets****5, 753** **4** , 915 4, 601 Assets held for sale (Note 3) — 256 — Total assets \$ **119, 463** \$
117, 479 \$ ~~104, 564~~ Liabilities and Equity Deposits: (Note 8) Interest-bearing deposit accounts \$ **81, 664** \$ 80, 789 \$ ~~71, 336~~
Non-interest-bearing deposit accounts**364** **accounts****398** **364** Total deposits**81** **deposits****82, 062** **81** , 153 71, 735
Borrowings: (Notes 6 and 9) Borrowings of consolidated securitization entities**7, 842** 7, 267 6, 227 Senior and subordinated
unsecured notes**8** **notes****7, 620** **8** , 715 7, 964 Total borrowings**15, 462** 15, 982 14, 191 Accrued expenses and other liabilities**6**
liabilities**5, 359** **6** , 334 5, 765 Liabilities held for sale (Note 3) — 107 — Total liabilities \$ **102, 883** \$ 103, 576 \$ ~~91, 691~~
Equity: Preferred stock, par share value \$ 0. 001 per share: **1, 250, 000** and 750, 000 shares authorized **at December 31, 2024**
and 2023, respectively; **1, 250, 000** and 750, 000 shares issued and outstanding at **both** December 31, **2024 and 2023 and**
2022, respectively and aggregate liquidation preference of \$ **1, 250** **at December 31, 2024 and** \$ 750 **at both** December 31,
2023 and 2022 \$ ~~734~~ **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 December 31, **2024 and 2023 and 2022**; **388, 261, 077** and 406, 875, 775 and 438, 216, 755
shares outstanding at December 31, **2024 and 2023 and 2022**, respectively 1 Additional paid-in capital**9, 853** 9, 775 9, 718
Retained earnings**18** **earnings****21, 635** **18** , 662 16, 716 Accumulated other comprehensive income (loss): Debt securities (**23**)
(**33**) ~~(93)~~ Currency translation adjustments (**38** **44**) (**38**) Employee benefit plans**3** **plans****8** **6** **3** Treasury stock, at cost; **445, 723,**
607 and 427, 108, 909 and 395, 767, 929 shares at December 31, **2024 and 2023 and 2022**, respectively (**16, 072**) (**15, 201**)
(**14, 171**) Total equity**13** **equity****16, 580** **13** , 903 12, 873 Total liabilities and equity \$ **119, 463** \$ 117, 479 \$ ~~104, 564~~

Consolidated Statements of Changes in Equity

Preferred

Stock	Common Stock (\$ in millions, shares in thousands)	Shares Issued	Amount	Shares Issued	Amount	Additional Paid-in
Capital Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total Equity	Balance at January 1,	2021	750
2022	750	2022	750	2022	750	2022
734	833,985	1	9,669	14,245	(69)	(10,925)
Net earnings	3,016	3,016	Other comprehensive income	(56)	(56)	
Purchases of treasury stock	(3,320)	(3,320)	Stock-based compensation	49	(69)	74
Dividends- Series A preferred stock (\$ 56.24 per share)	(42)	(42)	Dividends- common stock (\$ 0.90 per share)	(434)	(434)	
Balance at December 31, 2022	750	734,833,985	1	9,718	16,716	(125)
Cumulative effect of change in accounting principle	222	222	Adjusted balance, beginning of period	750	734,833,985	1
2,238	2,238	Other comprehensive income	57	57	Purchases of treasury stock	(1,112)
(1,112)	(1,112)	Stock-based compensation	57	(66)	82	73
Dividends- Series A preferred stock (\$ 56.24 per share)	(42)	(42)	Dividends- common stock (\$ 0.96 per share)	(406)	(406)	
Balance at December 31, 2023	750	734,833,985	1	9,775	18,662	(68)
Consolidated Statements Net earnings	3,499	3,499	Other comprehensive income	9	9	
Issuance of preferred stock	500	488	734,833,985	1	9,570	10,621
Net earnings	4,221	4,221	Other comprehensive income	488	(18)	(18)
Purchases of treasury stock	(12,008,876)	(12,008,876)	Stock-based compensation	78	99	(56,55)
Dividends- Series A preferred stock (\$ 56.24 per share)	(42)	(42)	Dividends- common Series B preferred stock (\$ 60.05 per share)	(30,500)	(30,500)	(398)
Balance at December 31, 2021	2021	2021	2021	2021	2021	2021
2022	2022	2022	2022	2022	2022	2022
2023	2023	2023	2023	2023	2023	2023
2024	2024	2024	2024	2024	2024	2024
Cash flows- operating activities	Net earnings	3,499	2,238	3,016	4,221	4,221
Adjustments to reconcile net earnings to cash provided from operating activities	Provision for credit losses	5,965	3,375	726	Deferred income taxes	(98)
(458)	(421)	219	Depreciation and amortization	458	amortization	481
458	419	390	Gain on sale of business	(1,069)	decrease in interest and fees receivable	(645)
(197)	424	(Increase)	decrease in other assets	7	21	37
Increase (decrease) in accrued expenses and other liabilities	293	(93)	560	All other operating activities	735	507
735	574	522	Changes in operating assets and liabilities, net of effects of acquisitions and dispositions	(Increase)	decrease in interest and fees receivable	33
(645)	(197)	(Increase)	decrease in other assets	(117)	7	21
Increase (decrease) in accrued expenses and other liabilities	(121)	293	(93)	Cash provided from (used for) operating activities	8,448	8,448
8,448	5,936	6,694	7,099	Cash flows- investing activities	Maturity and sales of debt securities	5,616
5,616	3,011	3,984	5,080	Purchases of debt securities	(2,811)	(3,623)
(3,866)	Acquisitions	(2,990)	net of cash acquired	(1,935)		
Proceeds from sale of business, net of cash and restricted cash sold	491		Proceeds from sale of loan receivables	3,930	23	Net (increase) decrease in loan receivables, including held for sale
(7,576)	(14,900)	(13,733)	(6,378)	All other investing activities	(688)	(722)
(549)	(549)	Cash provided from (used for) investing activities	(8,903)	(14,234)	(10,234)	(4,814)
Cash flows- financing activities	Borrowings of consolidated securitization entities	Proceeds from issuance of securitized debt	2,294	2,720	2,361	Maturities and repayment of securitized debt
(1,125)	(1,257)	(3,784)	(2,886)	Senior and subordinated unsecured notes	740	notes
745	740	2,235	744	Maturities and repayment of senior and subordinated unsecured notes	(1,850)	(1,500)
(1,500)	Proceeds from issuance of preferred stock	488	Dividends paid on preferred stock	(42)	(42)	Net increase (decrease) in deposits
9	437	9,453	(534)	Purchases of treasury stock	(1,008)	(1,112)
(3,320)	(2,876)	Dividends paid on common stock	(398)	(406)	(434)	(500)
All other financing activities	activities	36	(22)	(44)	29	Cash provided from (used for) financing activities
9	611	9	632	5,284	(5,204)	Increase (decrease) in cash and equivalents, including restricted and held for sale amounts
3	334	3	991	1,744	(2,919)	Cash and equivalents, including restricted amounts, at beginning of year
10	14,421	10	430	8,686	11,605	Cash and equivalents at end of year: Cash and equivalents
14,711	14,259	10,294	8,337	Restricted cash and equivalents included in other assets	50	assets
44	50	136	349	Cash and equivalents, including restricted amounts, held for sale	112	sale
112	sale	112	Total cash and equivalents, including restricted and held for sale amounts, at end of year	14,755	14,421	10,430
8,686	Supplemental disclosure of cash flow information	Cash paid during the year for interest	(4,662)	(3,551)	(1,356)	(1,034)
(1,087)	(1,125)	(1,290)	(1,112)	Notes to Consolidated Financial Statements	NOTE 1. BUSINESS DESCRIPTION	Synchrony Financial (the “Company”)

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”). We conduct our operations through a single business segment. See Note 17. Segment Reporting for additional information. 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 The accompanying 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 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. Where we hold current or potential rights that give us the power to direct the activities of a VIE that most significantly impact the VIE’ s economic performance (“ power ”) combined with a variable interest that gives us the right to receive potentially significant benefits or the obligation to absorb potentially significant losses (“ significant economics ”), we have a controlling financial interest in **and consolidate, the VIE. In evaluating whether we have power, 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 VIE affects significantly determine** the entity’ s future economic performance **and as compared to the other economic interest holders** 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 **economics** 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 all facts and circumstances to determine whether we have power and significant economics requires the exercise of professional judgment**. Rights held by others to remove the party with power over the VIE are not considered unless one party can exercise those rights unilaterally. We consolidate certain securitization entities under the VIE model because we have both power **to direct** and significant economics **, primarily because of Synchrony or the Bank’ s role as servicer**. See Note 6.

Variable Interest Entities – Investments in which we do not hold a controlling financial interest but have significant influence over the entity’ s financial and operating decisions are accounted for under the equity method. Changes in Presentation At December 31, 2023, contract costs related to our retailer partner agreements of \$ 498 million, net of accumulated amortization, previously classified as Intangible assets are now presented as a component of Other assets on our Consolidated Statements of Financial Position. Reclassifications of prior period amounts of \$ 545 million, net of accumulated amortization, have been made to conform with the current period presentation discussed above. Protection product revenue in our Consolidated Statements of Income was previously captioned “ Debt cancellation fees ” and represents fees earned from our debt cancellation product offered to our credit card customers. New Accounting Standards Newly Adopted Accounting Standards In March **November 2022-2023**, the FASB issued ASU No. 2022-2023-02-07, **Segment Reporting** Financial Instruments – Credit Losses (Topic 326-280): **Improvements to Reportable Segment** Troubled Debt Restructurings and Vintage Disclosures. This ASU eliminates the separate recognition **improves reportable segment disclosure requirements** and **requires enhanced disclosures about significant segment expenses** measurement guidance for Troubled Debt Restructurings (“ TDRs ”) by creditors. The elimination of the TDR guidance may be adopted prospectively for loan modifications after adoption or on a modified retrospective basis, which would also apply to loans previously modified, resulting in a cumulative effect adjustment to retained earnings in the period of adoption for changes in the allowance for credit losses. The Company adopted this guidance as of **January 1 December 31, 2023-2024**, on a modified retrospective basis, which resulted in the recognition of the effects of adoption through a cumulative effect adjustment to retained earnings. **See Note 17. Segment Reporting** As a result of adoption, we incurred a reduction of \$ 294 million to the Company’ s allowance for **additional information** credit losses, and a corresponding increase, net of tax effect, to retained earnings of \$ 222 million. Subsequent updates to our estimate of expected credit losses have been recorded through the provision for credit losses in our Consolidated Statements of Earnings. Recently Issued But Not Yet Adopted Accounting Standards In **November December 2023**, the FASB issued ASU 2023-07-09, **Segment Reporting** **Income Taxes** (Topic 280-740): Improvements to Reportable Segment **Income Tax** Disclosures. This ASU **requires** improves reportable segment disclosure requirements and requires enhanced disclosures **of specific categories in the rate reconciliation, as well as additional qualitative information** about significant segment expenses **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, 2024-2025** Form 10- K. **Management does not expect this guidance to have a material impact on the Consolidated Financial Statements.** In **December November 2023-2024**, the FASB issued ASU 2023-2024-09-03, **Income Statement – Reporting Comprehensive Taxes** (Topic 740): **Improvements to Income Tax – Expense Disaggregation** Disclosures (Subtopic 220-40). 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 **certain** income taxes paid **statement line items in a tabular format in the notes to the financial statements**. The Company will adopt this guidance on its effective date, which for us is beginning within our **December 31, 2025-2027** Form 10- K, and is currently determining the method of adoption. We conduct our operations through a single business segment. Substantially all of our interest and fees on loans and long- lived assets relate to our operations within the United States. Pursuant to FASB Accounting Standards Codification (“ ASC ”) 280, Segment Reporting, operating segments

represent components of an enterprise for which separate financial information is available that is regularly evaluated by the chief operating decision maker in determining how to allocate resources and in assessing performance. The chief operating decision maker uses a variety of measures to assess the performance of the business as a whole, depending on the nature of the activity. Revenue activities are primarily managed 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 to reach our customers, with success principally measured based on interest and fees on loans, loan receivables, active accounts and other sales metrics. Detailed profitability information of the nature that could be used to allocate resources and assess the performance and operations for each sales platform individually, however, it is not **expected to have** used by our chief operating decision maker. Expense activities, including funding costs, credit losses and operating expenses, are not measured for each platform but instead are managed for the Company as a whole **material impact to our Consolidated Financial Statements**. Cash and Equivalents Debt securities, money market instruments and bank deposits with original maturities of three months or less are included in cash and equivalents unless designated as available- for- sale and classified as debt securities. Cash and equivalents at December 31, **2024 primarily included cash and due from banks of \$ 646 million and interest- bearing deposits in other banks of \$ 14. 0 billion. Cash and equivalents at December 31, 2023 primarily included cash and due from banks of \$ 1. 4 billion and interest- bearing deposits in other banks of \$ 12 .8 billion. Cash and equivalents at December 31, 2022 primarily included cash and due from banks of \$ 1. 5 billion and interest- bearing deposits in other banks of \$ 8. 8 billion.** Restricted Cash and Equivalents Restricted cash and equivalents represent cash and equivalents that are not available to us due to restrictions related to its use. In addition, our securitization entities are required to fund segregated accounts that may only be used for certain purposes, including payment of interest and servicing fees and repayment of maturing debt. We include our restricted cash and equivalents in Other assets in our Consolidated Statements of Financial Position. Investment Securities We report investments in debt securities and equity securities with a readily determinable fair value at fair value. See Note 10. Fair Value Measurements for further information on fair value. Changes in fair value on debt securities, which are classified as available- for- sale, are included in **equity- other comprehensive income (loss)**, net of applicable taxes. Changes in fair value on equity securities are included in earnings. We regularly review investment securities for impairment using both quantitative and qualitative criteria. For debt securities, if we do not intend to sell the security, or it is not more likely than not, that we will be required to sell the security before recovery of our amortized cost, we evaluate other qualitative criteria to determine whether we do not expect to recover the amortized cost basis of the security, such as the financial health of, and specific prospects for the issuer, including whether the issuer is in compliance with the terms and covenants of the security. We also evaluate quantitative criteria including determining whether there has been an adverse change in expected future cash flows. If we do not expect to recover the entire amortized cost basis of the security, we consider the debt security to be impaired. If the security is impaired, we determine whether the impairment is the result of a credit loss or other factors. If a credit loss exists, an allowance for credit losses is recorded, with a related charge to earnings, limited by the amount that the fair value of the security is less than its amortized cost. Given the nature of our current portfolio, we perform a qualitative assessment to determine whether any credit loss is warranted. The assessment considers factors such as adverse conditions and payment structure of the securities, history of payment, and market conditions. If we intend to sell the security or it is more likely than not we will be required to sell the debt security before recovery of its amortized cost basis, the security is also considered impaired and we recognize the entire difference between the security' s amortized cost basis and its fair value in earnings. Realized gains and losses are accounted for on the specific identification method. **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. At December 31, 2024, our equity method investments included within Other assets in our Consolidated Statement of Financial Position totaled \$ 816 million, primarily related to our equity interest in Independence Pet Holdings, Inc. See Note 3. Acquisitions and Dispositions for additional information.** Loan receivables primarily consist of open- end consumer revolving credit card accounts, closed- end consumer installment loans and open- end commercial revolving credit card accounts. Loan receivables are reported at the amounts due from customers, including unpaid interest and fees, **net of unamortized purchase discounts**, deferred income and costs. Loan Receivables Held for Sale Loans purchased or originated with the intent to sell are classified as loan receivables held for sale and carried at the lower of amortized cost or fair value. Loans initially classified as held for investment are transferred to loan receivables held for sale and carried at the lower of amortized cost or fair value once a decision has been made to sell the loans. We continue to recognize interest and fees on these loans on the accrual basis. The fair value of loan receivables held for sale is determined on an aggregate homogeneous portfolio basis. If a loan is transferred from held for investment to held for sale, any associated allowance for credit loss is reversed through earnings, and the loan is transferred to held for sale at amortized cost. The amount by which amortized cost basis exceeds fair value is accounted for as a valuation allowance. The loan is carried at the lower of amortized cost or fair value. Acquired Loans To determine the 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. Loans acquired that have experienced more- than- insignificant deterioration in credit quality since

origination (referred to as “purchased credit deteriorated” or “PCD” assets) are subject to specific guidance upon acquisition. An allowance for PCD assets is added to the purchase price or fair value of the acquired loans to arrive at the amortized cost basis. Subsequent to initial recognition, the accounting for the PCD asset will generally follow the **Allowance for credit Credit loss-Losses** model described below. Loans acquired without a more- than- insignificant credit deterioration since origination are measured under the Allowance for Credit Losses model described below. ~~As discussed above, the Company adopted ASU 2022-02 as of January 1, 2023.~~ Losses on loan receivables are estimated and recognized upon origination of the loan, based on expected credit losses for the life of the loan balance as of the period end date. Expected credit loss estimates involve modeling loss projections attributable to existing loan balances, considering historical experience, current conditions and future expectations for pools of loans with similar risk characteristics over the reasonable and supportable forecast period. The model considers a macroeconomic forecast, with unemployment as the primary macroeconomic variable considered. We also perform a qualitative assessment in addition to model estimates and apply qualitative adjustments as necessary. The reasonable and supportable forecast period is determined primarily based upon an assessment of the current economic outlook, including our ability to use available data to accurately forecast losses over time. The reasonable and supportable forecast period used in our estimate of credit losses at December 31, **2023-2024** was 12 months, consistent with the forecast period utilized since adoption of CECL. The Company reassesses the reasonable and supportable forecast period on a quarterly basis. 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 historical loss information is derived from a combination of recessionary and non- recessionary performance periods, weighted by the time span of each period. Similar to the reasonable and supportable forecast period, we also reassess the reversion period and historical mean on a quarterly basis, considering any required adjustments for differences in underwriting standards, portfolio mix, and other relevant data shifts over time. We generally segment our loan receivable population into pools of loans with similar risk characteristics at the major retailer and product level. Consistent with our other assumptions, we regularly review segmentation to determine whether the segmentation pools remain relevant as risk characteristics change. Our loan receivables generally do not have a stated life. The life of a credit card loan receivable is dependent upon the allocation of payments received, as well as a variety of other factors, including the principal balance, promotional terms, interest charges and fees and overall consumer credit profile and usage pattern. We determine the expected credit losses for credit card loan receivables as of the measurement date by using a combination of migration analysis, and other historical analyses, which implicitly consider the payments attributable to the measurement date balance. To do so, we utilize an approach which implicitly considers total expected future payments and applies appropriate allocations to reduce those payments in order to estimate losses pertaining to measurement date loan receivables. Based on our payments analyses, we also ensure that expected future payments from an account do not exceed the measurement date balance. We evaluate each portfolio quarterly. For credit card receivables, our estimation process includes analysis of historical data, and there is a significant amount of judgment applied in selecting inputs and analyzing the results produced by the models to determine the allowance for credit losses. We use an enhanced migration analysis to estimate the likelihood that a loan will progress through the various stages of delinquency. The enhanced migration analysis considers uncollectible principal, interest and fees reflected in the loan receivables, segmented by credit and business parameters. We use other analyses to estimate expected losses on non- delinquent accounts, which include past performance, bankruptcy activity such as filings, policy changes and loan volumes and amounts. Holistically, for assessing the portfolio credit loss content, we also evaluate portfolio risk management techniques applied to various accounts, historical behavior of different account vintages, account seasoning, economic conditions, recent trends in delinquencies, account collection management including the impact of modifications made to borrowers experiencing financial difficulties, forecasting uncertainties, expectations about the future and a qualitative assessment of the adequacy of the allowance for credit losses. Key factors that impact the accuracy of our historical loss forecast estimates include the models and methodology utilized, credit strategy and trends, and consideration of material changes in our loan portfolio such as changes in growth and portfolio mix. We regularly review our collection experience (including delinquencies and net charge- offs) in determining our allowance for credit losses. We also consider our historical loss experience to date based on actual defaulted loans and overall portfolio indicators including delinquent and non-accrual loans, trends in loan volume and lending terms, credit policies and other observable environmental factors such as unemployment and home price indices. Additionally, the estimate of expected credit losses includes expected recoveries of amounts previously charged- off and expected to be charged- off. The underlying assumptions, estimates and assessments we use to provide for losses are updated periodically to reflect our view of current and forecasted conditions, and are subject to the regulatory examination process, which can result in changes to our assumptions. Changes in such estimates can significantly affect the allowance and provision for credit losses. It is possible that we will experience credit losses that are different from our current estimates. Charge- offs are deducted from the allowance for credit losses and are recorded in the period when we judge the principal to be uncollectible, and subsequent recoveries are added to the allowance, generally at the time cash is received on a charged- off account. Delinquent receivables are those that are 30 days or more past due based on their contractual payments. Non- accrual loan receivables are those on which we have stopped accruing interest. We **typically** continue to accrue interest until the earlier of the time at which collection of an account becomes doubtful, or **in the period** the account becomes 180 days past due, with the exception of non- credit card accounts, for which we stop accruing interest in the period that the account becomes 90 days past due. The same loan receivable may meet more than one of the definitions above. Accordingly, these categories are not mutually exclusive, and it is possible for a particular loan to meet the definitions of a non- accrual loan and a delinquent loan, or be modified to a borrower experiencing financial difficulty, and be included in each of these categories. The categorization of a particular loan also may not necessarily be indicative of the potential for loss. Loan Modifications and Borrowers Experiencing Financial Difficulty Our loss mitigation strategy is intended to minimize economic loss and, at times,

can result in rate reductions, principal forgiveness, extensions or other actions, for borrowers experiencing financial difficulty. We primarily use long- term modification programs for borrowers experiencing financial difficulty as a loss mitigation strategy to improve long- term collectability of the loans. The long- term modification programs include changing the structure of the loan to a fixed payment loan with a maturity no longer than 60 months, reducing the interest rate on the loan, and stopping the assessment of penalty fees. We also make long- term loan modifications for customers who request financial assistance through external sources, such as through consumer credit counseling service agencies. Long- term loan modification programs do not normally include the forgiveness of unpaid principal, interest or fees. We may also provide certain borrowers with a short- term loan modification program (generally up to 3 months) that can include the forgiveness of **a percentage of their** unpaid principal balance, interest and / or fees. **Effective in 2024, for borrowers that newly enroll in our short- term modification programs, we no longer charge interest and penalty fees during the term of the program and also typically waive accrued and unpaid interest and fees at the time of enrollment.** We generally do not convert revolving loans to term loans, outside of loan modification programs for borrowers experiencing financial difficulties. The evaluation of whether a borrower is experiencing financial difficulty includes our consideration of all relevant facts and circumstances. See Note 5. Loan Receivables and Allowance for Credit Losses for additional information on our loan modifications to borrowers experiencing financial difficulty. Data related to redefault experience is also considered in our overall reserve adequacy review. Once the loan has been modified, it only returns to current status **(if the borrower pays the total minimum payment due or if the loan is re-aged)** after three consecutive monthly program payments are received post the modification date, subject to re- aging limitations **of once a year, or twice in a five- year period** ~~the Federal Financial Institutions Examination Council guidelines on Uniform Retail Credit Classification and Account Management policy issued in June 2000.~~ 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, fees and third- party fraud losses from charge- offs. Charged- off and recovered accrued and unpaid finance charges and fees are included in interest and fees on loans while 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 are included in ~~other~~ **Other** expense in our Consolidated Statements of Earnings. We charge- off **our loans based upon days contractually past due, which is typically 120 days for our** unsecured closed- end consumer installment loans and loans secured by collateral ~~when and in they~~ **the are 120- period the account becomes 180 days for our** ~~contractually past due, and~~ unsecured open- ended revolving loans ~~when they are 180 days contractually past due.~~ Unsecured consumer loans in bankruptcy are charged- off within 60 days of notification of filing by the bankruptcy court or within contractual charge- off periods, whichever occurs earlier. Credit card loans of deceased account holders are charged- off within 60 days of receipt of notification. Goodwill and Intangible Assets We do not amortize goodwill but test it at least annually for impairment at the reporting unit level pursuant to ASC 350, Intangibles — Goodwill and Other. A reporting unit is defined under GAAP as the operating segment, or one level below that operating segment (the component level) if discrete financial information is prepared and regularly reviewed by segment management. Our single operating segment comprises a single reporting unit, based on the level at which segment management regularly reviews and measures the business operating results. When a portion of a reporting unit constitutes a business that is being disposed of, the amount of goodwill to be included in the carrying amount of the business classified as held for sale is based upon the relative fair values of the business to be disposed of and the portion of the reporting unit that will be retained. Goodwill impairment risk is first assessed by performing a qualitative review of entity- specific, industry, market and general economic factors for our reporting unit. If potential goodwill impairment risk exists that indicates that it is more likely than not that the carrying value of our reporting unit exceeds its fair value, a quantitative test is performed. The quantitative test compares the reporting unit’ s estimated fair value with its carrying value, including goodwill. If the carrying value of our reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited to the amount of goodwill allocated to the reporting unit. The qualitative assessment for each period presented in the consolidated financial statements was performed without hindsight, assuming only factors and market conditions existing as of those dates, and resulted in no potential goodwill impairment risk for our reporting unit. Consequently, goodwill was not deemed to be impaired for any of the periods presented. Definite- lived intangible assets principally consist of certain costs incurred to develop or acquire capitalized software and customer- related assets including purchased credit card relationships. Capitalized software is amortized on a straight- line basis over its estimated useful life, generally 5 years. Customer- related assets are amortized over their estimated useful lives. Defined- lived intangible assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The evaluation compares the cash inflows expected to be generated from each intangible asset to its carrying value. If cash flows attributable to the intangible asset are less than the carrying value, the asset is considered impaired and written down to its estimated fair value. Other Assets Other assets primarily consist of deferred income taxes, contract costs related to our retail partner agreements and equity investments. Retail partner contract costs are recognized over the life of the contract with the retail partner and are included as a component of ~~marketing~~ **Marketing** and business development expense in our Consolidated Statements of Earnings. Discontinued Operations and Held for Sale An entity is classified as held for sale in the period in which management approves and commits to a plan to sell the entity, the entity is available to be sold in its immediate condition subject to usual and customary terms, the entity is being actively marketed at a reasonable price with other actions required to complete the plan to sale initiated, the sale is generally probable to be completed within one year, and it is unlikely that there will be significant changes to the plan to sell. The disposal of an entity should be reported in discontinued operations if the disposal represents a strategic shift that has, or will have, a major effect on the Company’ s operations and financial results, otherwise the results of the entity to be disposed continue to be presented within continuing operations on the Consolidated Statements of Earnings. Assets and liabilities to be disposed of ~~are have been~~ reclassified to held for sale in our

Consolidated Statements of Financial Position - See Note 3. Dispositions and Acquisitions for further details. Revenue Recognition Interest and Fees on Loans We use the effective interest method to recognize income on loans. Interest and fees on loans is comprised largely of interest and late fees on credit card and other loans. Interest income is recognized based upon the amount of loans outstanding and their contractual interest rate. Late fees are recognized when billable to the customer. We typically continue to accrue interest and fees on credit cards until the accounts are charged-off in the period the account becomes 180 days past due. For non-credit card loans, we stop accruing interest and fees in the period when the account becomes 90 days past due. Previously recognized interest income that was accrued but not collected from the customer is reversed. Although we stop accruing interest in advance of payments, we recognize interest income as cash is collected when appropriate, provided the amount does not exceed that which would have been earned at the historical effective interest rate; otherwise, payments received are applied to reduce the principal balance of the loan. We resume accruing interest on non-credit card loans when the customer's account is less than 90 days past due and collection of such amounts is probable. Interest income from accruals on modified loans disclosed as long-term modifications to borrowers experiencing financial difficulty is accounted for in the same manner as other accruing loans. Effective in 2024, for borrowers that newly enroll in our short-term modification programs, we no longer charge interest and penalty fees during the term of the program and also typically waive accrued and unpaid interest and fees at least three consecutive minimum monthly payments subject to a re-aging limitation of enrollment once a year, or twice in a five-year period. Direct loan origination costs on credit card loans are deferred and amortized on a straight-line basis over a one-year period, or the estimated life of the loan for other loan receivables, and are included in interest and fees on loans in our Consolidated Statements of Earnings. See Note 5. Loan Receivables and Allowance for Credit Losses for further detail. Other loan and customer-related fees including miscellaneous fees charged to borrowers are recognized net of waivers and charge-offs when the related transaction or service is provided, and are included in other income in our Consolidated Statements of Earnings. Promotional Financing Loans originated with promotional financing may include deferred interest financing (interest accrues during a promotional period and becomes payable if the full purchase amount is not paid off during the promotional period), no interest financing (no interest accrues during a promotional period but begins to accrue thereafter on any outstanding amounts at the end of the promotional period) and reduced interest financing (interest accrues monthly at a promotional interest rate during the promotional period). For deferred interest financing, we bill interest to the borrower, retroactive to the inception of the loan, if the loan is not repaid prior to the specified date. Income is recognized on such loans when it is billable. In almost all cases, our retail partner will pay an upfront fee or reimburse us to compensate us for all or part of the costs associated with providing the promotional financing. Upfront fees are deferred and accreted to income over the promotional period. Reimbursements are estimated and accrued as income over the promotional period. Purchased Loans Loans acquired by purchase are recorded at fair value, which may result in the recognition of a loan premium or loan discount. For acquired loans with evidence of more-than-insignificant deterioration in credit quality since origination, the initial allowance for credit losses at acquisition is added to the purchase price to determine the initial cost basis of the loans and loan premium or loan discount. Loan premiums and loan discounts are recognized into interest income using the effective interest method over the estimated remaining life of the loans. The Company develops an allowance for credit losses for all purchased loans, which is recognized upon acquisition, similar to that of an originated financial asset. Subsequent changes to the expected credit losses for these loans follow the allowance for credit losses methodology described above under "— Allowance for Credit Losses." Retailer Share Arrangements Most of our program agreements with large retail and certain other partners contain retailer share arrangements that provide for payments to our partners if the economic performance of the program exceeds a contractually defined threshold. We also provide other economic benefits to our partners such as royalties on purchase volume or payments for new accounts, in some cases instead of retailer share arrangements (for example, on our co-branded credit cards). Although the share arrangements vary by partner, these arrangements are generally structured to measure the economic performance of the program, based typically on agreed upon program revenues (including interest income and certain other income) less agreed upon program expenses (including interest expense, provision for credit losses, retailer payments and operating expenses), and share portions of this amount above a negotiated threshold. These thresholds and the economic performance of a program are based on, among other things, agreed upon measures of program expenses. On a quarterly basis, we make a judgment as to whether it is probable that the performance threshold will be met under a particular retail partner's retailer share arrangement. The current period's estimated contribution to that ultimate expected payment is recorded as a liability. To the extent facts and circumstances change and the cumulative probable payment for prior months has changed, a cumulative adjustment is made to align the retailer share arrangement liability balance with the amount considered probable of being paid relating to past periods. Other Income Interchange and Protection Product Revenue Other Income primarily includes interchange and protection product revenue. We earn interchange revenue at the time the cardholder transaction occurs. Protection product revenue represents fees earned from our Payment Security offering, which is a debt cancellation product. Fees are assessed and recognized during the monthly coverage period, based upon a customer's account balance. Loyalty Programs Our loyalty programs are designed to generate increased purchase volume per customer while reinforcing the value of our credit cards and strengthening cardholder loyalty. These programs typically provide cardholders with statement credit or cash back rewards. Other programs include rewards points, which are redeemable for a variety of products or awards, or merchandise discounts that are earned by achieving a pre-set spending level on their private label credit card, Dual Card or general purpose co-branded credit card. We establish a rewards liability based on points and merchandise discounts earned that are ultimately expected to be redeemed and the average cost per point at redemption. The rewards liability is included in accrued expenses and other liabilities in our Consolidated Statements of Financial Position. Cash rebates are earned based on a tiered percentage of purchase volume. As points and discounts are redeemed or cash rebates and rewards are issued, the rewards liability is relieved. The estimated cost of loyalty programs is

classified as a reduction to ~~other~~ **Other** income in our Consolidated Statements of Earnings. Other Expense Fraud Losses We experience third- party fraud losses from the unauthorized use of credit cards and when loans are obtained through fraudulent means. Fraud losses are included as a charge within ~~other~~ **Other** expense in our Consolidated Statements of Earnings, net of recoveries, when such losses are probable. Loans are charged- off, as applicable, after the investigation period has completed. We recognize the current and deferred tax consequences of all transactions that have been recognized in the financial statements using the provisions of the enacted tax laws. The effects of tax adjustments and settlements from taxing authorities are presented in our consolidated financial statements in the period they occur. Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax laws and rates that will be in effect when the differences are expected to reverse. We record valuation allowances to reduce deferred tax assets to the amount that is more likely than not to be realized. In making decisions regarding our ability to realize tax assets, we evaluate all positive and negative evidence, including projected future taxable income, taxable income in carryback periods, expected reversal of deferred tax liabilities and the implementation of available tax planning strategies. We recognize the financial statement impact of uncertain income tax positions when we conclude that it is more likely than not, based on the technical merits of a position, that the position will be sustained upon examination. In certain situations, 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. We recognize accrued interest and penalties related to unrecognized tax benefits as interest expense and provision for income taxes, respectively, in our Consolidated Statements of Earnings. Fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Preference is given to observable inputs. These two types of inputs create the following fair value hierarchy: Level 1 — Quoted prices for identical instruments in active markets. Level 2 — Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model- derived valuations whose inputs are observable or whose significant value drivers are observable. Level 3 — Significant inputs to the valuation are unobservable. We maintain policies and procedures to value instruments using the best and most relevant data available. In addition, we have risk management teams that review valuations, including independent price validation for certain instruments. We use non- binding broker quotes and third- party pricing services, when available, as our primary basis for valuation when there is limited or no relevant market activity for a specific instrument or for other instruments that share similar characteristics. We have not adjusted prices that we have obtained. In the absence of such data, such measurements involve developing assumptions based on internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. The third- party brokers and third- party pricing services do not provide us access to their proprietary valuation models, inputs and assumptions. Accordingly, our risk management, treasury and / or finance personnel conduct reviews of these brokers and services, as applicable. In addition, we conduct internal reviews of pricing provided by our third- party pricing service for all investment securities on a quarterly basis to ensure reasonableness of valuations used in the consolidated financial statements. These reviews are designed to identify prices that appear stale, those that have changed significantly from prior valuations and other anomalies that may indicate that a price may not be accurate. Based on the information available, we believe that the fair values provided by the third- party brokers and pricing services are representative of prices that would be received to sell the assets at the measurement date (exit prices) and are classified appropriately in the hierarchy. Recurring Fair Value Measurements Our investments in debt and certain equity securities, as well as certain financial assets and liabilities for which we have elected the fair value option, are measured at fair value every reporting period on a recurring basis. Non- Recurring Fair Value Measurements Certain assets are measured at fair value on a non- recurring basis. These assets are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. Assets that are written down to fair value when impaired are not subsequently adjusted to fair value unless further impairment occurs. Equity Securities Without Readily Determinable Fair Values The company measures certain equity securities without readily determinable fair values using observable price changes in orderly transactions for the identical or a similar investment of the same issuer when they occur. Changes in observable price changes are recognized in ~~other~~ **Other** income in our Consolidated Statements of Earnings. Financial Assets and Financial Liabilities Carried at Other than Fair Value The following is a description of the valuation techniques used to estimate the fair values of the financial assets and liabilities carried at other than fair value. In estimating the fair value for our loan receivables, we use a discounted future cash flow model. We use various unobservable inputs including estimated interest and fee income, payment rates, loss rates and discount rates (which consider current market interest rate data adjusted for credit risk and other factors) to estimate the fair values of loans. When collateral dependent, loan receivables may be valued using collateral values. For demand deposits with no defined maturity, carrying value approximates fair value due to the liquid nature of these deposits. For fixed- maturity certificates of deposit, fair values are estimated by discounting expected future cash flows using market rates currently offered for deposits with similar remaining maturities. The fair values of borrowings of consolidated securitization entities are based on valuation methodologies that utilize current market interest rate data, which are comparable to market quotes adjusted for our non- performance risk. Borrowings that are publicly traded securities are classified as level 2. Borrowings that are not publicly traded are classified as level 3. The fair values of the senior **and subordinated** unsecured notes are based on secondary market trades and other observable inputs and are classified as level 2. NOTE 3. ACQUISITIONS AND DISPOSITIONS ~~In January~~ **On March 1, 2024, we announced our agreement to acquire** **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 assets of 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 December 31, 2024. During the year ended December 31, 2024, measurement period adjustments were recognized related to the acquisition as detailed in the table below. (\$ in millions) Amounts Recognized as of Acquisition Date (as previously reported as of March 31, 2024) Measurement Period Adjustments Amounts Recognized as of Acquisition Date (as adjusted)

Assets acquired	Cash	\$ 34	—	\$ 34
Loan receivables (a)	1,875	(198)	1,677	Intangible assets, net
23	(5)	18		Other assets
2	—	2	1,934	(2023—203)
\$ 1,731				Liabilities assumed
(16)	2	(14)		Total net identifiable assets acquired
\$ 1,918				\$ 1,918
(201)				\$ 1,717 Less: Total cash consideration paid
\$ 1,969				\$ —
\$ 1,969				Goodwill
\$ 51				\$ 201
\$ 252				(a) Loan discounts are recognized into interest income over the estimated remaining life of the acquired loans. The amounts above represent the estimated fair values of the respective assets acquired and liabilities assumed as of the date of acquisition. The valuation of the assets acquired and liabilities assumed is complete. 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 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 approximately loan receivables with an unpaid principal balance of \$ 2.2 billion of. These loan receivables are reported within Consumer installment loans in Note 5. Loan Receivables and Allowance for Credit Losses. To determine the 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 transaction 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 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. The interest and fees related to the acquired business are included in our Consolidated Statements of Earnings subsequent to the acquisition date and totaled \$ 320 million for the year ended December 31, 2024. This amount includes amortization of the loan discount recognized at acquisition of \$ 162 million. 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. The Company's best estimate of contractual cash flows not expected to close in the first quarter of acquisition was \$ 180 million, which is included within our Allowance for credit losses, and recognized through Provision for credit losses in our Consolidated Statements of Earnings for the year ended December 31, 2024. Included in the acquisition was \$ 64 million of PCD assets that were not immediately written off at the acquisition date and are subject to the completion-specific guidance upon acquisition. An allowance for PCD assets of customary closing \$ 39 million was recorded at the date of acquisition. Subsequent to initial conditions 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. In November 2023, we sold entered into an agreement for the sale of 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. Subject in connection with the sale, IPH also appointed two Synchrony executives to regulatory approval and other customary closing conditions, the transaction is its board expected to close in the first quarter of 2024, and is expected to directors. The sale of Pets Best result 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 to be has been recognized will be within the Other component of Other income in our Consolidated Statements of Earnings. The Company's initial equity investment in IPH was recorded in Other assets on our 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 the 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 amount value of our equity investment net assets of Pets Best and the final valuation of consideration to be received at closing. At December 31, 2023, \$ 256 million in IPH subsequent to the date acquired assets and \$ 107 million in liabilities are classified as was not material held for sale on our Consolidated Statements of Financial Position related to the planned disposition. The composition of those assets and liabilities are included in the table below. At December 31 (\$ in millions) 2023 Assets Cash \$ 19 Goodwill (a) 87 Intangible assets, net 24 Other assets (b) 126 Total assets held for sale \$ 256 Liabilities Other liabilities 107 Total liabilities held for sale \$ 107 (a) The allocated goodwill is subject to change based upon the carrying amount of net assets of Pets Best and the final valuation of consideration to be received at

closing. (b) Other assets primarily includes \$ 93 million of restricted cash and equivalents. 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: December 31, 2023

	2023	2022	2021	2020
U. S. government and federal agency	\$ 1,841	\$ 3	\$ —	\$ 1,844
State and municipal	\$ 17	\$ 3,917	\$ —	\$ (53)
Residential mortgage-backed (a)	\$ 324	\$ (35)	\$ 289	\$ 392
Asset-backed (b)	\$ 919	\$ 4	\$ (1)	\$ 922
Other	\$ 8	\$ —	\$ 8	\$ —
Total	\$ 3,109	\$ 7	\$ (37)	\$ 3,079

(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 December 31, 2024 and 2023 and 2022, 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 \$ 551 million and \$ 360 million and \$ 400 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

	2024	2023	2022	2021
U. S. government and federal agency	\$ 199	\$ —	\$ —	\$ —
State and municipal	\$ 12	\$ (1)	\$ 3	\$ —
Residential mortgage-backed	\$ 5	\$ (279)	\$ (35)	\$ —
Asset-backed	\$ 79	\$ (1)	\$ 4	\$ —
Other	\$ —	\$ —	\$ —	\$ —
Total (a)	\$ 295	\$ (2)	\$ 286	\$ (35)

At December 31, 2023 U. S. government and federal agency \$ 495 \$ — \$ 399 (1) State and municipal — — 9 Residential mortgage-backed 1 — 346 (38) Asset-backed 171 — 244 (8) Other — — 8 — Total (a) \$ 667 \$ — \$ 1,006 \$ (47) At (a) Consists of 224 and 250 securities in gross unrealized loss positions as of December 31, 2024 2022 U. S. government and 2023 federal agency \$ 3, 032 \$ (30) \$ 638 \$ (23) State and municipal 5 — 5 Residential mortgage-backed 316 (31) 101 (18) Asset-backed 230 — 348 (19) Other 7 (1) — Total \$ 3,590 \$ (62) \$ 1,092 \$ (60)

We regularly review debt securities for impairment resulting from credit loss using both qualitative and quantitative criteria, as necessary based on the composition of the portfolio at period end. Based on our assessment, no material impairments for from 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 Amortized Estimated Weighted At December 31, 2023 2024 (\$ in millions) cost fair value Average yield (a) Due Within within 1 year Due one year \$ 2,745 \$ 2,738 4.5 % After after one 1 year through five 5 years Due after 5 years through 10 years Due after 10 years Total U. S. government and federal agency \$ 719 1,192 \$ 722 \$ 652 \$ — \$ 1,844 State and municipal — 3 3 10 16 Residential mortgage-backed — 17 123 149 289 Asset-backed 535 387 — 922 Other — 8 — 8 Total estimated fair value \$ 1,727 \$ 1,067 \$ 126 \$ 159 \$ 3,079 Amortized cost \$ 1,724 \$ 1,064 \$ 136 \$ 185 \$ 3,109 Weighted average yield (a) 4.7 % 4.6 % 1.8 % 2.3 % 4 After five years through ten years \$ 179 \$ 167 1.4 8 % After ten years \$ 198 \$ 172 2.0 % (a) Weighted average yield is calculated based on the amortized cost of each security. In calculating yield, no adjustment has been made with respect to any tax-exempt obligations. All securities are presented above based upon contractual maturity date, except our asset-backed securities which are allocated based upon expected final payment date. We expect actual maturities to differ from contractual maturities because borrowers have the right to prepay certain obligations. There were no material realized gains or losses recognized for the years ended December 31, 2024, 2023, and 2022 and 2021. Although we generally do not have the intent to sell any specific securities held at December 31, 2023-2024, 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 At December 31 (\$ in millions) 2023 2022 Credit 2024 2023 Credit cards \$ 96,818 \$ 97,043 \$ 87,630 Consumer installment loans 3,971 3,977 3,056 Commercial credit products 1,826 1,839 1,682 Other 106 129 102 Total loan receivables, before allowance for credit losses (a) (b) (c) \$ 104,721 \$ 102,988 \$ 92,470 (a) Total loan receivables include \$ 21.3 billion and \$ 21.4 billion and \$ 19.8 billion of restricted loans of consolidated securitization entities at December 31, 2024 and 2023 and 2022, respectively. See Note 6. Variable Interest Entities for further information on these restricted loans. (b) At December 31, 2024 and 2023 and 2022, loan receivables included deferred costs, net of purchase discounts and deferred income, of \$ (212) million and \$ 213 million and \$ 237 million, respectively. (c) At December 31, 2024 and 2023, \$ 20.7 billion and \$ 22.4 billion, respectively, of loan receivables were pledged by the Bank as collateral to the Federal Reserve to secure Federal Reserve discount window advances. Allowance for Credit Losses (a) (b) (\$ in millions) Balance at January 1, 2024 Provision charged to operations (c) Gross charge-offs Recoveries Other Balance at December 31, 2024 Credit cards \$ 10,156 \$ 6,005 \$ (7,133) \$ 1,224 \$ 7 \$ 10,259 Consumer installment loans 279 595 (416) 45 39 542 Commercial credit products 131 135 (147) 8 — 127 Other 5 (3) (1) — — 1 Total \$ 10,571 \$ 6,732 \$ (7,697) \$ 1,277 \$ 46 \$ 10,929 (\$ in millions) Balance at January 1, 2023 Impact of ASU 2022-02 Adoption Post-Adoption Balance at January 1, 2023 Provision charged to operations (e-d) Gross charge-offs Recoveries Balance at December 31, 2023 Credit cards \$ 9,225 \$ (294) \$ 8,931 \$ 5,536 \$ (5,263) \$ 952 \$ 10,156 Consumer installment loans 208 1 209 259 (218) 29 279 Commercial credit products 87 (1) 86 164 (128) 9 131 Other 7 — 7 (1) (1) — 5 Total \$ 9,527 \$ (294) \$ 9,233 \$ 5,958 \$ (5,610) \$ 990 \$ 10,571 (\$ in millions) Balance at January 1, 2022 Provision charged to operations Gross charge-offs Recoveries Other Balance at December 31, 2022 Credit cards \$ 8,512 \$ 3,105 \$ (3,202) \$ 810 \$ — \$ 9,225 Consumer installment loans 115 173 (97) 17 — 208 Commercial credit products 59 91 (70) 7 — 87 Other 2 6 (1) — — 7 Total \$ 8,688 \$ 3,375 \$ (3,370) \$ 834 \$ — \$ 9,527 (\$ in millions) Balance at January 1, 2021 Provision charged to operations Gross charge-offs Recoveries Other Balance at December 31, 2021 Credit cards \$ 10,076 \$ 671 \$ (3,056) \$ 821 \$ — \$

8, 512 Consumer installment loans 127 25 (55) 17 1 115 Commercial credit products 61 28 (36) 6 — 59 Other 1 2 (1) — 2
Total \$ 10, 265 \$ 726 \$ (3, 148) \$ 844 \$ 1 \$ 8, 688 (a) The allowance for credit losses at December 31, 2024, 2023, and 2021 and 2021 reflects our estimate of expected credit losses for the life of the loan receivables on our Consolidated Statements of Financial Position at December 31, 2024, 2023, and 2021, which include includes the consideration of current and expected macroeconomic conditions that existed at those dates. (b) Comparative information is 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 accordance the Consolidated Statements of Earnings for the year ended December 31, 2024 also includes amounts associated with the applicable accounting standards in effect prior to the adoption of off ASU 2022- 02 balance sheet credit exposures recorded in Accrued expenses and other liabilities in the Consolidated Statements of Financial Position. (e-d) Provision for credit losses in the Consolidated Statements of Earnings for the year ended December 31, 2023 includes \$ 7 million associated with a forward loan portfolio purchase recorded in Accrued expenses and other liabilities in the Consolidated Statements of Financial Position. The reasonable and supportable forecast period used in our estimate of credit losses at December 31, 2023-2024 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 December 31, 2023-2024. Expected credit loss estimates are developed using both quantitative models and qualitative adjustments, and incorporates a macroeconomic forecast, as described within Note 2. The Basis of Presentation and Summary of Significant Accounting Policies. Our current estimate of expected credit losses is based on the current and forecasted economic conditions at the balance sheet date influenced, which reflects our expectations current estimate of expected the macroeconomic environment. There have been no significant changes in our overall expectation of future credit losses during, which reflects our expectations of the macroeconomic environment year ended December 31, 2024. We continue continued to experience a decrease in payment rates and have also experienced an increase in delinquencies and net charge- offs during the year ended December 31, 2023-2024 as compared. We expect net charge- offs to continue to increase the prior year. These conditions are reflected in our current estimate of expected credit losses, which remain generally consistent with the prior quarter. Our allowance for credit losses increased to \$ 10. 6-9 billion during the year ended December 31, 2023-2024, primarily reflecting due to growth in loan receivables, partially offset by the these conditions and reserve reduction associated with the adoption impact of ASU 2022- 02 the Ally Lending acquisition. See Note 2. Basis of Presentation and Summary of Significant Accounting Policies for additional information on our significant accounting policies related to our allowance for credit losses. Delinquent and Non-accrual Loans The following table provides information on our delinquent and non- accrual loans: At December 31, 2024 (\$ in millions) 30- 89 days delinquent 90 or more days delinquent Total past due 90 or more days delinquent and accruing Total non- accruing Credit cards \$ 2, 229 \$ 2, 431 \$ 4, 660 \$ 2, 431 \$ — Consumer installment loans 139 39 178 — 39 Commercial credit products 45 42 87 42 — Total delinquent loans \$ 2, 413 \$ 2, 512 \$ 4, 925 \$ 2, 473 \$ 39 Percentage of total loan receivables 2. 3 % 2. 4 % 4. 7 % 2. 4 % — % At December 31, 2023 (\$ in millions) 30- 89 days delinquent 90 or more days delinquent Total past due 90 or more days delinquent and accruing Total non- accruing Credit cards \$ 2, 375 \$ 2, 290 \$ 4, 665 \$ 2, 290 \$ — Consumer installment loans 96 23 119 — 23 Commercial credit products 61 40 101 40 — Total delinquent loans \$ 2, 532 \$ 2, 353 \$ 4, 885 \$ 2, 330 \$ 23 Percentage of total loan receivables 2. 5 % 2. 3 % 4. 7 % 2. 3 % — % cards 60 \$ 134 41 \$ 103 Consumer installment loans — Commercial credit products — 1 — Total 60 \$ 135 41 \$ 103 Credit Quality Indicators Our loan receivables portfolio includes both secured and unsecured loans. Secured loan receivables are largely comprised of consumer installment loans secured by equipment. Unsecured loan receivables are largely comprised of our open-ended consumer and commercial revolving credit card loans. As part of our credit risk management activities, on an ongoing basis, we assess overall credit quality by reviewing information related to the performance of a customer's account with us, including delinquency information, as well as information from credit bureaus relating to the customer's broader credit performance. We utilize VantageScore credit scores to assist in our assessment of consumer 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 is 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 December 31, 2024 and 2023 and 2022, respectively, as a percentage of each class of loan receivable. The table below excludes 0.3 % and 0.4 % of our total loan receivables balance for our credit cards and commercial credit products at both December 31, 2024 and 2023 and 2022, respectively, which represents those customer accounts for which a VantageScore credit score, or equivalent, is not available. At December 31 2023 2022 2021 At December 31 2024 2023 2022 (\$ in millions) 30- 89 days delinquent 90 or more days delinquent Total past due 90 or more days delinquent and accruing Total non- accruing Credit cards 73 % 19 % 8 % 72 % 19 % 9 % \$ 1, 710 \$ 1, 516 \$ 3, 226 \$ 1, 516 \$ — Consumer installment loans 61 14 75 — 14 Commercial credit products 44 — products 83 32 76 32 — Total delinquent loans \$ 1, 815 \$ 1, 562 \$ 3, 377 \$ 1, 548 \$ 14 Percentage of total loan receivables 2. 0 % 1. 7 % 3. 10 % 83 % 10 % 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. 7%—%. 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

By origination year	At or	December 31, 2024	(\$ in millions)																											
2024	2023	2022	2021	2020	Prior	Total	Amortized cost basis	\$ 2, 581	\$ 1, 761	\$ 1, 005	\$ 424	\$ 166	\$ 34	\$ 5, 971	30- 89 days delinquent	\$ 47	\$ 44	\$ 30	\$ 12	\$ 5	\$ 1	\$ 139	90 or more days delinquent	\$ 13	\$ 13	\$ 9	\$ 3	\$ 1	\$ —	\$ 39

By origination year

By origination year	At year	For the years ended	(\$ in millions)																												
2024	2023	2022	2021	2020	2019	Prior	Total	Amortized cost basis	\$ 2, 097	\$ 931	\$ 541	\$ 312	\$ 69	\$ 27	\$ 3, 977	30- 89 days delinquent	\$ 44	\$ 25	\$ 15	\$ 9	\$ 2	\$ 1	\$ 96	90 or more days delinquent	\$ 11	\$ 6	\$ 4	\$ 2	\$ —	\$ —	\$ 23

Current period gross

Gross charge-offs for Consumer Installment Loans

By origination year	At year	For the years ended	(\$ in millions)																												
2024	2023	2022	2021	2020	2019	Prior	Total	Amortized cost	\$ 65	\$ 84	\$ 42	\$ 19	\$ 5	\$ 3	\$ 218	December 31, 2023	\$ 55	\$ 178	\$ 117	\$ 46	\$ 16	\$ 4	\$ 416	December 31, 2023	\$ —	\$ 65	\$ 84	\$ 42	\$ 19	\$ 8	\$ 218

The Company adopted ASU 2022-02 as of January 1, 2023 on a modified retrospective basis through a cumulative adjustment to retained earnings. The guidance is applicable for all loans modified to borrowers experiencing financial difficulties since January 1, 2023

441 \$ 868 \$ 535 \$ 135 \$ 58 \$ 19 \$ 3, 056 30- 89 days delinquent \$ 26 \$ 18 \$ 12 \$ 3 \$ 1 \$ 1 \$ 61 90 or more days delinquent \$ 6 \$ 5 \$ 2 \$ 1 \$ — \$ — \$ 14

Delinquency trends are the primary credit quality indicator for our consumer installment loans, which we use to monitor credit quality and risk within the portfolio. See Note 2. Basis of Presentation and Summary of Significant Accounting Policies- Allowance for Credit Losses- Loan Modifications to Borrowers Experiencing Financial Difficulty for additional information on our significant accounting policies related to loan modifications to borrowers experiencing financial difficulty.

Year ended December 31, 2023 The Company adopted ASU 2022-02 as of January 1, 2023 on a modified retrospective basis through a cumulative adjustment to retained earnings. The new guidance is applicable for all loans modified to borrowers experiencing financial difficulties as of the beginning of 2023. The following table provides information on our loan modifications made to borrowers experiencing financial difficulty during the period periods presented, which do not include loans that are classified as loan receivables held for sale: Year Years ended December 31 2024 2023 (\$ in millions) Amount (a) % of Total Class of Loan Receivables

Year	Years ended	December 31	2024	2023	(\$ in millions)	Amount (a)	% of Total Class of Loan Receivables
Long- term modifications	Credit cards	\$ 1, 743	1. 8 %	\$ 1, 573	1. 6 %	Consumer installment loans	— %
Commercial credit products	6- products	10	0. 5 %	6	0. 3 %	Short- term modifications	Credit cards

628 0. 6 % Consumer installment loans — % — % Commercial credit products 1 — % 1 — % Total \$ 2, 702 2. 6 % \$ 2, 208 2. 1 % (a)

Represents balance at enrollment date. 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 year years ended December 31, 2024 and 2023, the financial effect of these modifications reduced the weighted- average interest rates by 97 % for both periods. For short- term modifications made in the year years ended December 31, 2024 and 2023, unpaid balances of \$ 316 million and \$ 186 million, respectively, were forgiven. Additionally, effective in 2024, for borrowers that newly enroll in our short- term loan modification programs, we no longer charge interest and penalty fees during the term of the program and also typically waive accrued and unpaid interest and fees at the time of enrollment.

Performance of Loans Modified to Borrowers Experiencing Financial Difficulty The following table provides information on the performance of loans modified to borrowers experiencing financial difficulty which have been modified subsequent to January 1, 2023 within the previous 12 months from the applicable balance sheet date and remain remained in a modification program at the periods presented: Amortized cost basis At December 31, 2023 2024 (\$ in millions) Current 30- 89 days delinquent 90 or more days delinquent Total past due (a) Long- term modifications

Year	Years ended	December 31	2024	2023	(\$ in millions)	Current	30- 89 days delinquent	90 or more days delinquent	Total past due	(a)														
Long- term modifications	Credit cards	\$ 987	\$ 169	\$ 136	\$ 305	Consumer installment loans	—	—	—	—														
Commercial credit products	4	1	2	Short- term modifications	Credit cards	65	37	45	82	Consumer installment loans	—	—	—	Commercial credit products	—	—	—	Total delinquent modified loans	\$ 1, 056	\$ 207	\$ 182	\$ 389	Percentage of total loan receivables	1. 0 %

0. 2 % 0. 2 % 0. 4 % Amortized cost basis At December 31, 2023 (\$ in millions) Current 30- 89 days delinquent 90 or more days delinquent Total past due (a) Long- term modifications

Year	Years ended	December 31	2023	2022	(\$ in millions)	Current	30- 89 days delinquent	90 or more days delinquent	Total past due	(a)													
Long- term modifications	Credit cards	\$ 861	\$ 180	\$ 141	\$ 321	Consumer installment loans	—	—	—	—													
Commercial credit products	2	1	2	Short- term modifications	Credit cards	53	32	41	73	Consumer installment loans	—	—	Commercial credit products	—	—	—	Total delinquent modified loans	\$ 916	\$ 213	\$ 183	\$ 396	Percentage of total loan receivables	0. 9 %

0. 9 % 0. 2 % 0. 2 % 0. 4 % (a) Once a loan has been modified, it only returns to current status (if the borrower pays the total minimum payment due or if the loan is 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 during within the year ended December 31 previous 12 months from the applicable balance sheet date, 2023 and experienced a payment default and charged- off during the year periods presented: Year ended December 31, 2024 Year 2023 (\$ in millions, accounts in thousands) Accounts defaulted Loans defaulted Credit cards

Year	Years ended	December 31	2024	2023	(\$ in millions, accounts in thousands)	Accounts defaulted	Loans defaulted	Credit cards	96	\$ 233	Consumer installment loans	—	Commercial credit products	2	Total	96	\$ 235
Of the loans modified to borrowers experiencing financial difficulty that enrolled in a short- term modification program in the year ended December 31, 2023, 54 % have fully completed all required payments and successfully exited the program during the year ended December 31, 2023. Year ended December 31, 2022 Under our modified retrospective adoption of ASU 2022-02, the following information on loan modifications for periods prior to January 1, 2023 are presented in accordance with the applicable accounting standards in effect at that time. The following table provides information on our TDR loan modifications during the prior year period presented: For the year ended December 31 (\$ in millions, accounts in thousands) 2022 Credit Accounts defaulted Loans defaulted Accounts defaulted Loans defaulted Credit cards	97	\$ 268	993	Consumer installment loans	—	Commercial credit products	3	Total	\$ 996	96	Prior to January 1, 2023, our allowance for						

993 Consumer installment loans — Commercial credit products 3 Total \$ 996 96 Prior to January 1, 2023, our allowance for

993 Consumer installment loans — Commercial credit products 3 Total \$ 996 96 Prior to January 1, 2023, our allowance for

993 Consumer installment loans — Commercial credit products 3 Total \$ 996 96 Prior to January 1, 2023, our allowance for

993 Consumer installment loans — Commercial credit products 3 Total \$ 996 96 Prior to January 1, 2023, our allowance for

993 Consumer installment loans — Commercial credit products 3 Total \$ 996 96 Prior to January 1, 2023, our allowance for

993 Consumer installment loans — Commercial credit products 3 Total \$ 996 96 Prior to January 1, 2023, our allowance for

993 Consumer installment loans — Commercial credit products 3 Total \$ 996 96 Prior to January 1, 2023, our allowance for

993 Consumer installment loans — Commercial credit products 3 Total \$ 996 96 Prior to January 1, 2023, our allowance for

993 Consumer installment loans — Commercial credit products 3 Total \$ 996 96 Prior to January 1, 2023, our allowance for

993 Consumer installment loans — Commercial credit products 3 Total \$ 996 96 Prior to January 1, 2023, our allowance for

993 Consumer installment loans — Commercial credit products 3 Total \$ 996 96 Prior to January 1, 2023, our allowance for

993 Consumer installment loans — Commercial credit products 3 Total \$ 996 96 Prior to January 1, 2023, our allowance for

credit losses on TDRs was generally measured based on the difference between the recorded loan receivable and the present value of the expected future cash flows, discounted at the original effective interest rate of the loan. Interest income from loans accounted for as TDRs was accounted for in the same manner as other accruing loans. The following table provides information about loans classified as TDRs and specific reserves at December 31, 2022. We do not evaluate credit card loans on an individual basis but instead estimate an allowance for credit losses on a collective basis. At December 31, 2022 (\$ 233 in millions) Total recorded investment Related allowance Net recorded investment Unpaid principal balance Credit cards \$ 1,355 \$ (600) \$ 755 \$ 1,206 Consumer installment loans — — — Commercial credit products 4 products 1 (-2) — 2 4 Total Total 198 \$ 270 96 1,359 \$ 235 Of the loans modified to borrowers experiencing (602) \$ 757 \$ 1,210 Financial financial Effects of TDRs difficulty that enrolled in a short-term modification program within the previous 12 months from the applicable balance sheet date, 61 % and 54 % had fully completed all required payments and successfully exited the program during the years ended December 31, 2024 and 2023, respectively. Troubled Debt Restructurings The following table information on loan modifications for the year ended December 31, 2022 is presented in accordance with the types and financial applicable accounting standards in effects effect of at that time. For the year ended December 31, 2022, loans loan modified and receivables of \$ 996 million enrolled in a modification plan that was accounted for as a troubled debt restructuring (" TDR "), for which substantially all related to our credit card loans. For TDRs made during the prior year periods presented. Years ended December 31, 2022 2021 (\$ in 2022, a total of \$ 286 million million) of interest interest income was forgone as compared to the interest recognized during period when loans were modified Interest income that would have been recorded with earned under the original terms of the terms Average recorded investment Interest income recognized during period when loans loan were modified Interest income that would have been recorded with original terms Average recorded investment Credit cards \$ 36 \$ 321 \$ 1, 231 \$ 39 \$ 311 \$ 1, 222 Consumer installment loans — — — Commercial credit products — 1 4 — 1 4 Total \$ 36 \$ 322 \$ 1, 235 \$ 39 \$ 312 \$ 1, 226 The following table presents the type, number and amount \$ 135 million of loans accounted for as TDRs that enrolled in a modification program within the previous 12 months from the applicable balance sheet date and experienced a payment default and charged-off during the prior year periods period presented. Years ended December 31, 2022 2021 (..... % 88 % 6 % 6 %) 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 \$ 433 billion and \$ 427 billion and \$ 417 billion at December 31, 2024 and 2023 and 2022, respectively. While these amounts represented the total available unused credit card lines, we have not experienced and do not anticipate that all of our customers will access their entire available line at any given point in time. Interest Income by Product The following table provides additional information about our interest and fees on loans, including merchant discounts, from our loan receivables, including held for sale: For the years ended December 31 (\$ in millions) 2023 2022 2021 Credit --- 2024 2023 2022 Credit cards (a) \$ 20, 554 \$ 19, 341 \$ 16, 471 \$ 14, 880 Consumer installment loans 401 -- loans 854 401 287 241 Commercial credit products 150 products 179 150 117 Other 9 103 -- 10 Other 10 6 4 Total (b) \$ 21, 596 \$ 19, 902 \$ 16, 881 \$ 15, 228 (a) Interest income on credit cards that was reversed related to accrued interest and fees receivables written off was \$ 2. 4 billion, \$ 1. 8 billion , and \$ 1. 1 billion and \$ 1. 0 billion for the years ended December 31, 2024, 2023 , and 2022 and 2021, respectively. (b) Deferred merchant discounts to be recognized in interest income at December 31, 2023 2024 and December 31, 2022 2023 , were \$ 1. 8 billion and \$ 1. 9 billion and \$ 1. 7 billion, respectively, which are included in Accrued expenses and other liabilities in our Consolidated Statements of Financial Position. NOTE 6. VARIABLE INTEREST ENTITIES We use VIEs to securitize loan receivables and arrange public and private asset-backed financing in the ordinary course of business through Synchrony Card Issuance Trust, as well as private asset-backed financing through Synchrony Credit Card Master Note Trust and Synchrony Sales Finance Master Trust . 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 years ended December 31, 2024 and 2023 and 2022. Our VIEs are able to accept new loan receivables and arrange new asset- backed financings, consistent with the requirements and limitations on such activities placed on the VIE by existing investors. Once an account has been designated to a VIE, the contractual arrangements we have require all existing and future loan receivables originated under such account to be transferred to the VIE. The amount of loan receivables held by our VIEs in excess of the minimum amount required under the asset- backed financing arrangements with investors may be removed by us under removal of accounts provisions. All loan receivables held by a VIE are subject to claims of third- party investors. In evaluating whether we have the power..... of the VIEs will be issued. The loan receivables in these entities have risks and characteristics similar to our other financing 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 financing 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. At December 31 (\$ in millions) 2023 2022 Assets 2024 2023 Assets Loan receivables, net (a) \$ 19, 439 \$ 19, 537 \$ 18, 015 Other assets (b) 44 47 61 Total \$ 19, 483 \$ 19, 584 \$ 18, 076 Liabilities Borrowings \$ 7, 842 \$ 7, 267 \$ 6, 227 Other liabilities 31 liabilities 27 23 31 Total \$ 7, 869 \$ 7, 298 \$ 6, 250 (a) Includes \$ 1. 9 billion and \$ 1. 8 9 billion of related allowance for credit losses resulting in gross restricted loans loan receivables of \$ 21. 3 billion and \$ 21. 4 billion and \$ 19. 8 billion at December 31, 2024 and 2023 and 2022, respectively. (b) Includes \$ 40 million and \$ 45 million and \$ 56 million of segregated funds held by the VIEs at December 31, 2024 and 2023 and 2022, respectively, which are classified as restricted cash and equivalents and included as a component of Other assets in our Consolidated Statements of Financial

Position. The balances presented above are net of intercompany balances and transactions that are eliminated in our 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 \$ 4.4 billion, \$ 3.9 billion, and \$ 3.7 billion and \$ 4.1 billion for the years ended December 31, 2024, 2023, and 2022 and 2021, respectively. Related expenses consisted primarily of provision for credit losses of \$ 963 million, \$ 857 million, and \$ 365 million and \$ (105) million for the years ended December 31, 2024, 2023, and 2022 and 2021, respectively, and interest expense of \$ 427 million, \$ 340 million, and \$ 196 million and \$ 169 million for the years ended December 31, 2024, 2023, and 2022 and 2021, respectively. These amounts do not include intercompany transactions, principally fees and interest, which are eliminated in our 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. We account for these investments using the proportional amortization method, where the costs of the investment are amortized in proportion to the income tax credits and other income tax benefits received. These investments are included in Other assets within our Consolidated Statements of Financial Position totaled \$ 776 million and \$ 736 million and \$ 557 million at December 31, 2023-2024 and December 31, 2022-2023, respectively, and represents our total exposure for these entities. Additionally For the years ended December 31, we have 2024, 2023 and 2022, provision for income taxes included amortization of \$ 90 million, \$ 71 million and \$ 44 million, respectively, and tax credits and other tax benefits of \$ 108 million, \$ 90 million and \$ 56 million, respectively, associated with investments in affordable housing properties. Our other investments in non-consolidated VIEs which totaled \$ 274 million and \$ 252 million and \$ 230 million at December 31, 2024 and 2023 and 2022, respectively, are included in Other assets within our Consolidated Statements of Financial Position. At December 31, 2023-2024, the Company also has had investment commitments of \$ 188-191 million related to these investments. For the years ended December 31, 2023 and 2022, we recognized amortization of \$ 71 million and \$ 44 million, respectively, and tax credits and other tax benefits of \$ 90 million and \$ 56 million, respectively, associated with investments in affordable housing properties within income tax expense or benefit. NOTE 7. GOODWILL AND OTHER INTANGIBLE ASSETS (\$ in millions) 2023-2022 Balance 2024-2023 Balance at January 1 \$ 1, 018 \$ 1, 105 Change in amounts \$ -1, 105 Allocated allocated to disposition of held for sale business (a) 4 (87) Goodwill recognized upon acquisition 252 — Balance at December 31 \$ 1, 274 \$ 1, 018 \$ -1, 105 (a) The change in the year ended December 31, 2024 was based upon the carrying amount of net assets of Pets Best and the final valuation of consideration received at closing. Intangible Assets 2023-2022 At December 31 (\$ in millions) Gross carrying amount Accumulated amortization Net Capitalized software \$ 2, 361 \$ (1, 569) \$ 792 \$ 2, 065 \$ (1, 302) \$ 763 Other \$ 195 \$ (133) \$ 62 \$ 204 \$ (152) \$ 52 Total \$ 2, 556 \$ (1, 677-702) \$ 854 \$ 2, 269 \$ (1, 020) \$ 657 Other \$ 204 \$ (152) \$ 52 \$ 245 \$ (160) \$ 85 Total \$ 2, 269 \$ (1, 454) \$ 815 \$ 1, 922 \$ (1, 180) \$ 742 During the year ended December 31, 2023-2024, we recorded additions to intangible assets of \$ 392-363 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 \$ 324 million, \$ 294 million, and \$ 252 million and \$ 209 million for the years ended December 31, 2024, 2023, and 2022 and 2021, respectively, and is included within as a component of Other expense in our Consolidated Statements of Earnings. At December 31, 2023, contract costs related to our retailer partner agreements of \$ 498 million, net of accumulated amortization, previously classified as Intangible Assets are now presented as a component of Other assets on our Consolidated Statements of Financial Position. Reclassifications of prior period amounts of \$ 545 million, net of accumulated amortization, have been made to conform with the current period presentation discussed above. In addition, intangible assets of \$ 24 million, net of accumulated amortization, are now classified as assets held for sale at December 31, 2023. See Note 3 Acquisitions and Dispositions for additional information. We estimate annual amortization expense for existing intangible assets over the next five calendar years to be as follows: (\$ in millions) 2024-2025 2026-2027 2028-2029 Amortization expense \$ 283-295 \$ 215-222 \$ 154-165 \$ 99-110 \$ 50-47 NOTE 8. DEPOSITS 2023-2022 At At December 31 (\$ in millions) 2024-2023 Interest Amount Average rate (a) Amount Average rate (a) Interest-bearing deposits: Money market and other demand deposits \$ 2, 264 \$ 1, 853 Savings 28, 605 26, 220 Certificates of deposit Direct 41, 055 38, 546 Brokered 5, 891 10, 123 Brokered sweep accounts 3, 849 4, 047 Total interest-bearing deposits 81, 664 80, 789 Total non-interest-bearing deposits 364 398 364 — 399 — Total deposits \$ 82, 062 \$ 81, 153 Certificates of \$ 71, 735 (a) Based on interest expense for the years ended December 31, 2023 and 2022 and average deposits. Deposit balances. At December 31, 2024, our certificates of deposit maturing over the next five years and thereafter were as follows: (\$ in millions) 2025-2026 2027-2028 2029 Thereafter Certificates of deposit \$ 36, 740 \$ 4, 283 \$ 3, 053 \$ 1, 555 \$ 1, 168 \$ 147 At December 31, 2024 and 2023 and 2022, interest-bearing direct certificates of deposits— deposit included of \$ 11.2 billion and \$ 10.0 billion and \$ 7.2 billion, respectively, were of denominations at or exceeding 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 December 31, 2024 and 2023, our interest-bearing time the portion of these direct certificates of deposits— deposit estimated to be uninsured maturing over the next five years and thereafter were as follows: (\$ 3 in millions) 2024-2025 2026-2027 2028 Thereafter Deposits \$ 33, 343 \$ 9, 483 \$ 1, 645 \$ 2, 649 \$ 1, 430 \$ 119 The above maturity table excludes \$ 28.1-7 billion and of demand deposits with no defined maturity, of which \$ 26-3.2-3 billion, respectively. Brokered certificates of deposit are savings accounts assumed to be individual deposit balances within applicable FDIC insurance limits. Brokered Sweep Deposits Our In addition, at December 31, 2023, we had \$ 4.0

billion of broker network deposit sweeps are 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 2023-2022 At 2024-2023 At December 31 (\$ in millions) Maturity date Interest Rate Weighted average interest rate Outstanding Amount (a) (b) Outstanding Amount (a) (b)

Borrowings of consolidated securitization entities: Fixed securitized borrowings 2025- 2026- 2027- 37 % - 5. 74 % 4. 62- 73 % \$ 4, 917 \$ 3, 417 \$ 2, 377 Floating securitized borrowings 2024- borrowings 2025 - 2026- 2027- 5. 10- 14 % - 6. 5. 38- 53 % 6- 5. 22- 29 % 3- 2, 850- 925 \$ 3, 850 Total borrowings of consolidated securitization entities 5- entities 4. 47- 94 % 7, 842 7, 267 6, 227

Senior unsecured notes: Synchrony Financial senior unsecured notes: Fixed senior unsecured notes 2024- notes 2025 - 2031- 2. 87 88 % - 5. 15 % 4. 22- 19 % 4, 637 6, 480 6, 473 Fixed- to- floating senior unsecured notes (c) 2030- 5. 94 % 5. 94 % 745 —

Synchrony Bank senior unsecured notes: Fixed senior unsecured notes 2025- 2027- 5. 40 % - 5. 63 % 5. 49 % 1, 497 1, 494 1, 491 Total senior unsecured notes 4. 45- 66 % 6, 879 7, 974 7, 964 Subordinated unsecured notes: Synchrony Financial subordinated unsecured notes: Fixed subordinated unsecured notes 2033- 7. 25 % 7. 25 % 741 — 741 Total senior and subordinated unsecured notes 4. 69- 91 % 7, 620 8, 715 7, 964 Total borrowings \$ 15, 462 \$ 15, 982 \$ 14, 191 (a) Includes unamortized debt premiums, discounts and issuance costs. (b) The Company may redeem certain borrowings prior to their original contractual maturity dates in accordance with the optional redemption provision specified in the respective instruments. (c) \$ 750 million principal amount issued in August 2024. 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 over the next five years and thereafter: (\$ in millions)

2024	2025	2026	2027	2028	2029	Thereafter	Borrowings
\$ 4, 225	\$ 5, 300	\$ 650	\$ 3, 250	\$ 3, 700	\$ —	\$ 650	\$ 2, 750
\$ 1, 600	\$ —	\$ 2, 150	Third- Party Debt 2023 Issuances (\$ in millions): Issuance Date Principal Amount Maturity Interest Rate Fixed rate subordinated unsecured notes: Synchrony Financial February 2023 February 2033 7- 250 %				

Additional Sources of Liquidity We have undrawn committed and uncommitted capacity under certain credit facilities, primarily related to from private lenders under our securitization programs, subject to customary borrowing conditions, and also have access to the Federal Reserve discount window. At December 31, 2023- 2024 and 2022, we had an aggregate of \$ 2. 6 billion of undrawn capacity under our securitization financings, of which \$ 2. 1 billion was committed and \$ 450 million was uncommitted. At December 31, 2023, we had an aggregate of \$ 2. 5 billion of undrawn committed capacity under our securitization financings, subject to customary borrowing conditions of which all was committed. At December 31, 2024 from private lenders under our securitization programs, and 2023, we had an aggregate of \$ 500 0. 5 billion million of undrawn committed capacity under our unsecured revolving credit facility with private lenders. At December 31, 2024 and 2023 and 2022, we had an aggregate of \$ 11. 5 billion and \$ 10. 4 billion and \$ 0. 1 billion, respectively, in undrawn of available borrowing capacity through the Federal Reserve discount window borrowing capacity based on the amount and type of assets pledged. NOTE 10. FAIR VALUE MEASUREMENTS For a description of how we estimate fair value, see Note 2. Basis of Presentation and Summary of Significant Accounting Policies. The following tables present our assets and liabilities measured at fair value on a recurring basis. At December 31, 2024 (\$ in millions) Level 1 Level 2 Level 3 Total (a) Assets Debt securities U. S. government and federal agency \$ — \$ 1, 844 \$ — \$ 1, 844 State and municipal — — 16 16 Residential mortgage- backed — 289 — 289 Asset- backed — 922 — 922 Other — — 8 8 Other (b) 14 — 6 20 Total \$ 14 \$ 3, 055 \$ 30 \$ 3, 099 Liabilities Other (c) — — 11 11 Total \$ — \$ — \$ 11 \$ 11

Level 1	Level 2	Level 3	Total (a)	Assets	Debt securities	U. S. government and federal agency	State and municipal	Residential mortgage- backed	Asset- backed	Other	Other (b)	Total
\$ 14	\$ 3, 055	\$ 30	\$ 3, 099	\$ —	\$ 2, 264	\$ —	\$ 2, 264	\$ 10	\$ 10	\$ 8	\$ 8	\$ 14
\$ 14	\$ 3, 780	\$ 28	\$ 3, 822	\$ 3, 864	\$ —	\$ 3, 864	\$ 10	\$ 10	\$ 8	\$ 8	\$ 10	\$ 14
\$ 14	\$ 3, 780	\$ 28	\$ 3, 822	\$ 3, 864	\$ —	\$ 3, 864	\$ 10	\$ 10	\$ 8	\$ 8	\$ 10	\$ 14

Liabilities Other (c) — 7 7 Total \$ — \$ 7 \$ 7 (a) For the years ended December 31, 2024 and 2023 and 2022, there were no fair value measurements transferred between levels. (b) Other is primarily comprised of equity investments measured at fair value, which are included in Other assets in our Consolidated Statements 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 Consolidated Statements of Financial Position. (c) Other includes is primarily comprised of certain financial liabilities for which we have elected the fair value option, which. These liabilities are included in Accrued expenses and other liabilities in our Consolidated Statements 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. For a description of our process to evaluate third- party pricing servicers, see Note 2. Basis of Presentation and Summary of Significant Accounting Policies. 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 years ended December 31, 2024 and 2023 and 2022 were not material. Financial Assets and Financial Liabilities Carried at Other Than Fair Value Carrying Corresponding fair value amount At December 31, 2023- 2024 (\$ in millions) value Total Level 1 Level 2 Level 3 Financial Assets Financial assets for which carrying values equal or approximate fair value: Cash and equivalents (a) \$ 14, 259- 711 \$ 14, 259- 711 \$ 14, 259- 711 \$ — \$ — Other assets (a) (b) \$ 50- 44 \$ 50- 44 \$ 44 50 \$ — Assets held for sale (c) \$ 112 \$ 112 \$ 112 \$ — \$ — Financial assets carried at other than fair value: Loan receivables, net (d) \$ 92- 93, 407- 785 \$ 104- 106, 761- 632 \$ — \$ — \$ 104- 106, 761- 632 Financial Liabilities (d) Financial liabilities carried at other than fair value: Deposits (e) \$ 81- 82, 153- 062 \$ 80- 82, 935- 256 \$ — \$ 80- 82, 935- 256 \$ — Borrowings of consolidated securitization entities \$ 7, 267- 842 \$ 7, 250- 871 \$ — \$ 3- 4, 411- 950 \$ 3- 2, 839- 921 Senior and subordinated unsecured notes \$

8-7, 715-620 \$ 8-7, 423-502 \$ — \$ 8-7, 423-502 \$ — Carrying/Corresponding fair value amount/At December 31, 2022-2023 (\$ in millions) value/Total/Level 1/Level 2/Level 3/Financial Assets/Financial assets for which carrying values equal or approximate fair value: Cash and equivalents (a) \$ 10-14, 294-259 \$ 10-14, 294-259 \$ 10-14, 294-259 \$ — \$ — Other assets (a) (e-b) \$ 136-50 \$ 136-50 \$ 136-50 \$ — \$ — Assets held for sale (f) \$ 112 \$ 112 \$ 112 \$ — \$ — Financial assets carried at other than fair value: Loan receivables, net (d-c) \$ 82-92, 930-407 \$ 94-104, 339-761 \$ — \$ — \$ 94-104, 339-761 Financial Liabilities (d) Financial liabilities carried at other than fair value: Deposits (e) \$ 71-81, 735-153 \$ 70-80, 685-935 \$ — \$ 70-80, 685-935 \$ — Borrowings of consolidated securitization entities \$ 6-7, 227-267 \$ 6-7, 127-250 \$ — \$ 2,327-3,800-411 \$ 3,839 Senior and subordinated unsecured notes \$ 7-8, 964-715 \$ 7-8, 530-423 \$ — \$ 7-8, 530-423 \$ — (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/Other assets. Excludes accrued interest receivables of \$ 25 million and \$ 14 million at December 31, 2024 and 2023, respectively, for which carrying value approximates fair value. (c) Includes \$ 19 million of cash and equivalents and \$ 93 million of restricted cash and equivalents. (d) 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) Excludes accrued interest payable of \$ 339 million and \$ 397 million, included in Accrued expenses and other liabilities, in our Consolidated Statements of Financial Position at December 31, 2024 and 2023, respectively, for which carrying values approximate fair value. (e) Includes demand deposits with no defined maturity. (f) Includes \$ 19 million of cash and equivalents and \$ 93 million of restricted cash and equivalents. At or for the year ended December 31 (\$ in millions) 2023/2022/Carrying/----/2024/2023/Carrying Value \$ 270 \$ 245-270 Upward adjustments (a) — 17-7-Downward adjustments (a) (7) (6) (-3) (a) Between January 1, 2018 and December 31, 2023-2024, cumulative upward and downward carrying value adjustments were \$ 205 million and \$ (14-21) 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. The Beginning in the first quarter of 2022, the effects were 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”. At December 31, 2023-2024 only 50-25 % of the CECL regulatory capital transition adjustment is deferred in our regulatory capital amounts and ratios, as compared to 75-50 % at December 31, 2022-2023. At December 31, 2024 and 2023 and 2022-, Synchrony Financial met all applicable requirements to be deemed well- capitalized pursuant to Federal Reserve Board regulations. At December 31, 2024 and 2023 and 2022-, the Bank also met all applicable requirements to be deemed well- capitalized pursuant to OCC regulations and for purposes of the Federal Deposit Insurance Act. There are no conditions or events subsequent to December 31, 2023-2024 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: At December 31, 2023-2024 (\$ in millions) Actual/Minimum for capital adequacy purposes/Amount/Ratio (a) Amount/Ratio (b) Total risk- based capital \$ 15-17, 464-14-407-16. 9-5 % \$ 8, 277-433 8. 0 % Tier 1 risk- based capital \$ 13-15, 334-12-239-14. 9-5 % \$ 6, 208-325 6. 0 % Tier 1 leverage \$ 13-15, 334-11-239-12. 7-9 % \$ 4, 563-717 4. 0 % Common equity Tier 1 capital \$ 12-14, 600-12-017-13. 2-3 % \$ 4, 656-744 4. 5 % At December 31, 2022-2023 (\$ in millions) Actual/Minimum Actual/(e) Minimum for capital adequacy purposes/Amount/Ratio (a) Amount/Ratio (b) Total risk- based capital \$ 15, 464 14, -253-15- 5-9 % \$ 7-8, 369-277 8. 0 % Tier 1 risk- based capital \$ 13, 026-14-334-12. 1-9 % \$ 5-6, 527-208 6. 0 % Tier 1 leverage \$ 13, 026-12-334-11. 7 % \$ 4, 096-563 4. 0 % Common equity Tier 1 capital \$ 12, 292-13-600-12. 3-2 % \$ 4, 145-656 4. 5 % At December 31, 2023-2024 (\$ in millions) Actual/Minimum for capital adequacy purposes/Minimum to be well- capitalized under prompt corrective action provisions/Amount/Ratio (a) Amount/Ratio (b) Amount/Ratio Total risk- based capital \$ 14, 943-15, 916-15. 3-8 % \$ 7-8, 822-037 8. 0 % \$ 9-10, 778-046 10. 0 % Tier 1 risk- based capital \$ 12, 880-13, 805-13. 2-7 % \$ 5-6, 867-027 6. 0 % \$ 7-8, 822-037 8. 0 % Tier 1 leverage \$ 13, 805-12. 4 % \$ 4, 880-12-466-4. 0 % \$ 4, 302-4. 0 % \$ 5, 377-582 5. 0 % Common equity Tier 1 capital \$ 12, 880-13, 805-13.

2.7% \$ 4,400-521 4.5% \$ 6,356-530 6.5% At December 31, 2022-2023 (\$ in millions) **Actual** **Minimum** **Actual** (e) **Minimum** for capital adequacy purposes **Minimum** to be well-capitalized under prompt corrective action provisions **Amount** **Ratio** (a) **Amount** **Ratio** (b) **Amount** **Ratio** **Total risk-based capital** \$ 13-14, 860-16-943-15, 1.3% \$ 6-7, 881-822 8.0% \$ 8-9, 601-778 10.0% **Tier 1 risk-based capital** \$ 12, 714-14-880-13, 8.2% \$ 5, 161-867 6.0% \$ 6-7, 881-822 8.0% **Tier 1 leverage** \$ 12, 880-714-13, 3.3% \$ 3, 812-124, 0% \$ 4, 765-302-4, 0% \$ 5, 377 5.0% **Common equity Tier 1 capital** \$ 12, 714-14-880-13, 8.2% \$ 3-4, 870-400 4.5% \$ 5-6, 591-356 6.5% (a) Capital ratios are calculated based on the Basel III Standardized Approach rules. Capital amounts and ratios at December 31, 2023-2024 in the above tables reflect the applicable CECL regulatory capital transition adjustment. (b) At December 31, 2024 and 2023 and 2022, Synchrony Financial and the Bank also must maintain a capital conservation buffer of common equity Tier 1 capital in excess of minimum risk-based capital ratios by at least 2.5 percentage points to avoid limits on capital distributions and certain discretionary bonus payments to executive officers and similar employees. (c) ~~Prior period amounts have been recast to reflect the change in presentation of contract costs related to our retailer partner agreements on our Consolidated Statements of Financial Condition. See Note 2.~~ **Basis of Presentation and Summary of Significant Accounting Policies to our consolidated financial statements for additional information.** 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. EMPLOYEE BENEFIT PLANS** The following summarizes information related to the Synchrony benefit plans and our remaining obligations to General Electric Company and its subsidiaries ("GE") related to certain of their plans. **Savings Plan** Our U.S. employees are eligible to participate in a qualified defined contribution savings plan that allows them to contribute a portion of their pay to the plan on a pre-tax basis. We make employer contributions to the plan equal to 3% of eligible compensation and make matching contributions of up to 4% of eligible compensation. We also provide certain additional contributions to the plan for employees who were participants in GE's pension plan at the time of Synchrony's separation from GE in November 2015 (the "Separation"). The expenses incurred associated with this plan were \$ 93 million, \$ 88 million, and \$ 80 million and \$ 69 million for the years ended December 31, 2024, 2023, and 2022 and 2021, respectively. **Health and Welfare Benefits** We provide health and welfare benefits to our employees, including health, dental, prescription drug and vision for which we are self-insured. The expenses incurred associated with these benefits were \$ 139 million, \$ 134 million, and \$ 114 million and \$ 111 million for the years ended December 31, 2024, 2023, and 2022 and 2021, respectively. **GE Benefit Plans and Reimbursement Obligations** Prior to the Separation, our employees participated in various GE retirement and retiree health and life insurance benefit plans. Certain of these retirement benefits vested as a result of the Separation. Under the terms of the Employee Matters Agreement between us and GE, GE will continue to pay for these benefits and we are obligated to reimburse them. The principal retirement benefits subject to this arrangement are fixed, life-time annuity payments. The estimated liability for our reimbursement obligations to GE for retiree benefits was \$ 165 million and \$ 171 million and \$ 163 million at December 31, 2024 and 2023 and 2022, respectively, and is included in Accrued expenses and other liabilities in our Consolidated Statements of Financial Position. **NOTE 13. 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: Years ended December 31, (\$ in millions, except per share data) 2023 2022 2021 **Net earnings** \$ 3,499 \$ 2,238 \$ 3,016 ~~\$ 4,221~~ **Preferred stock dividends (42-72)** (42) (42) **Net earnings available to common stockholders** \$ 3,427 \$ 2,196 \$ 2,974 ~~\$ 4,179~~ **Weighted average common shares outstanding, basic** 421 **basic** 396.5 **421** 2,480.4 ~~564.6~~ **Effect of dilutive securities** 2 **securities** 4 **1** 2 3 **3** 0 **4** **7** **Weighted average common shares outstanding, dilutive** 423 **dilutive** 400.6 **423** 5,483.4 ~~569.3~~ **Earnings per basic common share** \$ 8.64 \$ 5.21 \$ 6.19 ~~\$ 7.40~~ **Earnings per diluted common share** \$ 8.55 \$ 5.19 \$ 6.15 ~~\$ 7.34~~ We have issued certain stock-based awards under the Synchrony Financial 2014 and 2024 Long-Term Incentive Plan Plans. A total of less than 1 million, 4 million, and 3 million and 1 million shares for the years ended December 31, 2024, 2023, and 2022 and 2021, respectively, related to these awards, were considered anti-dilutive and therefore were excluded from the computation of diluted earnings per common share. **NOTE 14. EQUITY AND OTHER STOCK RELATED INFORMATION** The following table summarizes the Company's preferred stock issued and outstanding at December 31, 2024 and 2023 and 2022. Series Issuance Date Redeemable by Issuer Beginning Per Annum Dividend Rate Liquidation Preference per Share Total Shares Outstanding December 31, 2023 December 2024 December 31, 2022 2023 (\$ in millions, except per share data) Series A (a) November 14, 2019 November 15, 2024 5.625% \$ 1,000 750,000 \$ 734 \$ 734 **Series B (a) February 23, 2024 May 15, 2029 8.25% (b)** \$ 734-1,000 500,000 \$ 488 \$ — \$ 1,222 122 200 000 \$ 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 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%.** **Dividends and Share Repurchases** During the years ended December 31, 2024, 2023, and 2022 and 2021, we declared and paid common stock dividends of \$ 1.00, \$ 0.96, and \$ 0.90 and \$ 0.88 per share of common stock, or \$ 398 million, \$ 406 million, and \$ 434 million and \$ 500 million, respectively. We also declared and paid **dividends on our Series A 5.625% fixed rate non-cumulative perpetual preferred stock and dividends of \$ 56.24 per share, or our Series B 8.250% fixed rate reset non-cumulative perpetual preferred stock totaling \$ 72 million, \$ 42 million and \$ 42 million, for each of the years ended December 31, 2024, 2023, and 2022 and 2021, respectively.** During the year ended December 31, 2023-2024, the Company repurchased an aggregate of 33-22, 6-5 million shares of our common stock for \$ 1.4-0 billion, which does not reflect costs and taxes associated with the purchase of shares. The cost of share repurchases, including direct and incremental costs associated with repurchasing, is recorded as a reduction of shareholder's equity. In April 2023-2024, we announced that the Board of Directors approved an incremental

share repurchase program of up to \$ 1.0 billion through June 30, 2025 (the "2024 plan" (the "April 2023 Share Repurchase Program") and at December 31, 2023-2024 we had \$ 600 million remaining in share repurchase program under the 2024 plan. In all instances, our share repurchase programs are subject to market conditions and other factors, including legal and regulatory restrictions and required approvals, if any. Synchrony Financial Incentive Programs We have established the Synchrony Financial 2014-2024 Long-Term Incentive Plan (, which we refer to as the "2024 Incentive Plan ." The ()), along with prior incentive incentive Plan plans which permits- permit us to issue stock-based, stock-denominated and other awards to officers, employees, consultants and non-employee directors providing services to the Company and our participating affiliates. Available awards under the 2024 Incentive Plan include stock options and stock appreciation rights, restricted stock and restricted stock units (" RSUs "), performance share units (" PSUs ") and other awards valued in whole or in part by reference to, or otherwise based on, our common stock (other stock-based awards), and dividend equivalents. Each RSU is convertible into one share of Synchrony Financial common stock. A total of 35-26. 6-9 million shares of our common stock (including authorized and unissued shares) are available for granting awards under the 2024 Incentive Plan. Our grants generally vest over a three-year term on either an annual pro rata proportional basis, starting with the first anniversary of the award date, or at the end of the term of the award on a cliff basis, provided that the employee has remained continuously employed by the Company through such vesting date. For PSUs, the number of shares of common stock that will ultimately be awarded is contingent upon meeting certain pre-defined financial goals over a designated three-year performance period, and can range from 0 % to 150 % of the number of PSUs awarded. In addition, the final number of shares of common stock to be awarded is also subject to a Total Shareholder Return (" TSR ") modifier of +/- 20 % based on our TSR performance relative to peers over the designated three-year performance period. Compensation expense related to our equity awards is recorded as a component of Employee costs in our Consolidated Statements of Earnings, with a corresponding adjustment to equity, net of tax, included within our Consolidated Statements of Equity. At December 31, 2023-2024, there were 4-1. 4-9 million stock options issued and outstanding and 5-7. 9-0 million unvested other stock-based awards, comprising 3-4. 5-4 million RSUs and 2. 4-6 million PSUs. The total unrecognized compensation cost related to these awards at December 31, 2023-2024 was \$ 101-144 million, which is expected to be amortized over a weighted average period of 1. 9 years. NOTE 15. INCOME TAXES Earnings before Provision for Income Taxes For the years ended December 31 (\$ in millions) 202320222021U-202420232022U. U. S. \$ 4, 519 \$ 2, 873 \$ 3, 947 \$ 5, 483 Non-U. S. \$ 34 \$ 31 \$ 15 \$ 20 Earnings before provision for income taxes \$ 4, 553 \$ 2, 904 \$ 3, 962 \$ 5, 503 For the years ended December 31 (\$ in millions) 202320222021Current---- 202420232022Current provision for income taxesU. S. Federal \$ 990 \$ 943 \$ 1, 145 \$ 895 U. S. state and local \$ 171 \$ 155 \$ 171 \$ 217 \$ 163 Non-U. S. \$ 7 \$ 10 \$ 5 \$ 5 Total current provision for income taxes \$ 1, 521 \$ 1, 224 \$ 1, 367 \$ 1, 063 Deferred provision (benefit) for income taxesU. S. Federal (80) (384) (352) (180) U. S. state and local (17) (73) (71) (40) Non-U. S. (1) (1) (1) (1) Deferred provision (benefit) for income taxes (98) (458) (421) (219) Total provision for income taxes \$ 1, 054 \$ 666 \$ 946 \$ 1, 282 Reconciliation of Our Effective Tax Rate to the U. S. Federal Statutory Income Tax Rate For the years ended December 31 202320222021U-31202420232022U. U. S. federal statutory income tax rate 21. 0 % 21. 0 % 21. 0 % U. S. state and local income taxes, net of federal benefit 3-benefit 2. 4 3. 5 3. 6 3. 4 All other, net (0. 3) (1. 6) (0. 7) (1. 1) Effective tax rate 22-rate 23. 1 % 22. 9 % 23. 9 % 23. 3 % Significant Components of Our Net Deferred Income Taxes At December 31 (\$ in millions) 20232022Assets Allowance---- 20242023Assets Allowance for credit losses \$ 2, 718 \$ 2, 626 \$ 2, 366 Compensation and employee benefits \$ 149 \$ 133 \$ 128 \$ 149 Other assets \$ 166- assets \$ 216 \$ 193 \$ 166 Total deferred income tax assets before valuation allowance 2- allowance 3, 067 2, 941 2, 687 Valuation allowance (20) (18) (13) Total deferred income tax assets \$ 3, 047 \$ 2, 923 \$ 2, 674 Liabilities Original issue discount \$ (262) \$ (365) \$ (504) Goodwill and identifiable intangibles (a) (197) (198) Investment securities (a) (193) (57) Other liabilities (a) (165) (105) (149) (108) Total deferred income tax liabilities (757) (728) (846) Net deferred income tax assets \$ 2, 290 \$ 2, 195 \$ 1, 828 (a) Prior period amounts have been recast to reflect the change in the table above are presented to conform with current year presentation of contract costs related to our retailer partner agreements on our Consolidated Statements of Financial Condition. See Note 2. Basis of Presentation and Summary of Significant Accounting Policies to our consolidated financial statements for additional information. Unrecognized Tax Benefits Reconciliation of Unrecognized Tax Benefits (\$ in millions) 20232022Balance 20242023Balance at January 1 \$ 230 \$ 267 \$ 274 Additions: Tax positions of the current year 40-97-year 39 40 Tax positions of prior years 2- years 1- 2 Reductions: Prior year tax positions (20) (47) (73) Settlements with tax authorities (7) (1) Expiration of the statute of limitation (35) (31) (32) Balance at December 31 \$ 207 \$ 230 \$ 267 Portion of balance that, if recognized, would impact the effective income tax rate \$ 163 \$ 182 \$ 177 The amount of unrecognized tax benefits that is reasonably possible to be resolved in the next twelve months is expected to be \$ 39-36 million, of which, \$ 31-28 million, if recognized, would reduce the company-Company's tax expense and effective tax rate. Additionally, there are unrecognized tax benefits of \$ 9 million and \$ 16 million for the years ended December 31, 2023 and 2022, respectively, that are included in the tabular reconciliation above but recorded in the Consolidated Statements of Financial Position as a reduction of the related deferred tax asset. The Company continued to participate voluntarily in the IRS Compliance Assurance Process (" CAP ") program for the 2023-2024 tax year, and thus the tax year is under IRS review. We expect that the IRS review of our 2023-2024 return will be substantially completed prior to its filing in 2024-2025. During the current year, the IRS completed its examination of our 2022-2023 tax year, which was our only other year subject to current IRS audit. 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. Interest expense and penalties related to income tax liabilities recognized in our Consolidated Statements of Earnings were not material for all periods presented. NOTE 16. PARENT COMPANY FINANCIAL INFORMATION The following tables present parent company financial statements for Synchrony Financial. At December 31, 2023-2024, restricted net assets of our subsidiaries were \$ 12-14. 4-2 billion. Condensed Statements of Earnings For the years ended December 31 (\$ in millions) 202320222021Interest----

2024 **2023** **2022** **Interest** income: Interest income from subsidiaries \$ **365** \$ 355 \$ 134 \$ 67-Interest on cash and debt securities **34**
- **Securities** **41** **34** **8** **1**-Total interest income **389** **income** **406** **389** **142** **68**-Interest expense: Interest on senior **and subordinated**
unsecured notes **335** **notes** **319** **335** **279** **264**-Total interest expense **335** **expense** **319** **335** **279** **264**-Net interest income (expense) **87**
54 (137) (196) Dividends from bank subsidiaries **1** **subsidiaries** **600** **1**, 450 **3**, 150 **2**, 600-Dividends from nonbank
subsidiaries **102** **subsidiaries** **147** **102** **290** **147**-Other income **135** **income** **1**, **214** **135** **122** **327**-Other expense **202** **expense** **236**
202 **177** **292**-Earnings before expense / (benefit) from income taxes **1**, **812** **1**, 539 **3**, 248 **2**, 586-Expense / (Benefit-benefit)
from income taxes **taxes** **259** (16) (46) (26) Equity in undistributed net earnings (loss) of subsidiaries **683** **subsidiaries** **1**, **946**
683 (278) **1**, **609**-Net earnings \$ **3**, **499** \$ 2, 238 \$ 3, 016 \$ 4, 221-Comprehensive income \$ **3**, **508** \$ 2, 295 \$ 2, 960 \$ 4, 203
Condensed Statements of Financial Position At December 31 (\$ in millions) **2023** **2022** **Assets** **Cash** **2024** **2023** **Assets** **Cash** and
equivalents \$ **2**, **680** \$ 3, 214 \$ 3, 287-Debt securities **49** **securities** **37** **60** **49** Investments in and amounts due from subsidiaries
(a) **19**, **938** **18**, 285 **16**, 338 Goodwill **25** **Goodwill** **30** **59** **25** Other assets **337** **326** **assets** **945** **337** Total assets \$ **23**, **630** \$ 21, 910 \$
20, **070**-Liabilities and Equity Amounts due to subsidiaries \$ **351** \$ 316 \$ 287-Senior **and subordinated** unsecured notes **7**
notes **6**, **123** **7**, 221 **6**, 473-Accrued expenses and other liabilities **576** **470** **437**-Total liabilities **8** **liabilities** **7**, **050** **8**, 007 **7**, 197
Equity: Total equity **13** **equity** **16**, **580** **13**, 903 **12**, 873-Total liabilities and equity \$ **23**, **630** \$ 21, 910 \$ 20, 070 (a) Includes
investments in and amounts due from bank subsidiaries of \$ **15.7 billion** and \$ 14. 0 billion and \$ 12. 4 billion at December 31,
2024 and **2023** and **2022**, respectively. Condensed Statements of Cash Flows For the years ended December 31 (\$ in millions)
2023 **2022** **2021** **Cash** **2024** **2023** **2022** **Cash** flows- operating activities Net earnings \$ **3**, **499** \$ 2, 238 \$ 3, 016 \$ 4, 221
Adjustments to reconcile net earnings to cash provided from operating activities Deferred income taxes **9** **taxes** **122** **9** (1) **34**
(Increase) decrease in other assets **19** (28) (117) Increase (decrease) in accrued expenses and other liabilities **21** (4) **26** Equity in
undistributed net (earnings) loss of subsidiaries (**1**, **946**) (683) **278** **Gain on sale of business** (**1**, **609**) **069** **—** **—** All other
operating activities **101** **activities** **169** **101** **28** Changes in operating assets and liabilities, net of effects of acquisitions and
dispositions (Increase) decrease in other assets (**106**) **19** (28) Increase (decrease) in accrued expenses and other
liabilities (**15**) **21** (4) Cash provided from (used for) operating activities **1** **activities** **744** **1**, 705 **3**, 289 **2**, 661-Cash flows-
investing activities Net (increase) decrease in investments in and amounts due from subsidiaries **subsidiaries** **95** (898) **265** **645**
Maturity and sales of debt securities **14** **securities** **12** **14** **21** **44** Purchases **Proceeds from sale** of business **594** debt securities **—**
— (5) All other investing activities (**5**) (45) (6) (132) Cash provided from (used for) investing activities **activities** **696** (929)
280 **552**-Cash flows- financing activities Senior **and subordinated** unsecured notes Proceeds from issuance of senior **and**
subordinated unsecured notes **740** **notes** **745** **740** **745** **744** Maturities and repayment of senior unsecured notes (**1**, **850**) **—** (750)
(750) **Proceeds from issuance of preferred stock** **488** **—** **—** Dividends paid on preferred stock (**42**) **72** (42) (42) Purchases of
treasury stock (**1**, **008**) (**1**, 112) (**3**, 320) (**2**, 876) Dividends paid on common stock (**398**) (**406**) (**434**) (**500**) Increase
(decrease) in amounts due to subsidiaries **subsidiaries** **82** (7) **14** **4** All other financing activities **activities** **39** (22) (41) **32**-Cash
provided from (used for) financing activities (**1**, **974**) (**849**) (**3**, 828) (**3**, 388) Increase (decrease) in cash and equivalents (**534**) (**534**) (**73**) (**259**) (**175**)
Cash and equivalents at beginning of year **3**, **214** **3**, 287 **3**, 546 **3**, 721-Cash and equivalents at end of year \$ **2**,
680 \$ 3, 214 \$ 3, 287 \$ 3, 546 **NOTE 17 . SEGMENT REPORTING We conduct our operations through a single business**
segment, which derives interest and fee income earned on our credit products we offer to our customers. Our credit
products include private label, dual, co- brand and general purpose credit cards, as well as short- and long- term
installment loans. Revenue generating activities are aligned 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 to reach our customers. Substantially all of our interest and fees on loans and long- lived assets relate to our
operations within the United States. Pursuant to FASB Accounting Standards Codification (“ ASC ”) 280, Segment
Reporting, operating segments represent components of an enterprise for which separate financial information is
available that is regularly evaluated by the chief operating decision maker in determining how to allocate resources and
in assessing performance. The chief operating decision maker, our President and Chief Executive Officer, uses
consolidated net earnings to assess the performance and profitability of our single business segment. While revenue
generating activities are aligned through our five sales platforms, expense activities, including funding costs, credit losses
and operating expenses, are managed for the Company as a whole. As a result, detailed profitability information for
each sales platform is not used by our chief operating decision maker. The chief operating decision maker uses
consolidated net earnings to assess performance by comparing to and monitoring against budget and prior year results.
This information is used to manage resources to drive business and net earnings growth, including investment in key
strategic priorities, as well as determine the Company's ability to return capital to shareholders. The following table
presents segment information for the periods presented herein: For the years ended December 31 (\$ in millions)
2024 **2023** **2022** **Interest and fees on loans** \$ 21, 596 \$ 19, 902 \$ 16, 881 Interest on cash and debt securities **1**, 049 **808** **265**
Total interest income 22, 645 **20**, 710 **17**, 146 **Total interest expense** 4, 634 **3**, 711 **1**, 521 **Net interest income** 18, 011 **16**, 999
15, 625 **Retailer share arrangements** (3, 407) (3, 661) (4, 331) **Reserve build (release)** 313 **1**, 345 **839** **Net charge- offs** 6, 420
4, 620 **2**, 536 **Provision for credit losses** 6, 733 **5**, 965 **3**, 375 **Other income: Other income** 452 **289** **260** **Gain on sale of**
business (Note 3) 1, 069 **—** **—** **Gain on sale of loan portfolio** **—** **—** **120** **Total other income** 1, 521 **289** **380** **Other expense:**
Employee costs 1, 872 **1**, 884 **1**, 681 **Professional fees** 936 **842** **832** **Marketing and business development** 524 **527** **487**
Information processing 803 **712** **623** **Fraud- related operational losses** 192 **288** **173** **Other segment items (a)** 512 **505** **541**
Total other expense 4, 839 **4**, 758 **4**, 337 **Provision for income taxes** 1, 054 **666** **946** **Net earnings** \$ 3, 499 \$ 2, 238 \$ 3, 016
(a) Represents the total amount of other expenses included in net earnings, including postage and various other
corporate overhead items such as facilities costs and telephone charges. Our segment assets represent our total assets as
presented on the Consolidated Statements of Financial Position. NOTE 18 . 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 consolidated financial condition or liquidity. However, in light of the uncertainties involved in such matters, the ultimate outcome of a particular matter could be material to our operating results for a particular period depending on, among other factors, the size of the loss or liability imposed and the level of our earnings for that period, and could adversely affect our business and reputation. ~~Below is a description of certain of our regulatory matters and legal proceedings. On January 28, 2019, a purported shareholder derivative action, Gilbert v. Keane, et al., was filed in the U. S. District Court for the District of Connecticut against the Company as a nominal defendant, and certain of the Company’ s officers and directors. The lawsuit alleges breach of fiduciary duty claims based on the allegations raised by the plaintiff in the Stichting Depository APG class action, unjust enrichment, waste of corporate assets, and that the defendants made materially misleading statements and / or omitted material information in violation of the Exchange Act. The complaint seeks a declaration that the defendants breached and / or aided and abetted the breach of their fiduciary duties to the Company, unspecified monetary damages with interest, restitution, a direction that the defendants take all necessary actions to reform and improve corporate governance and internal procedures, and attorneys’ and experts’ fees. On March 11, 2019, a second purported shareholder derivative action, Aldridge v. Keane, et al., was filed in the U. S. District Court for the District of Connecticut. The allegations in the Aldridge complaint are substantially similar to those in the Gilbert complaint. On March 26, 2020, the District Court recaptioned the Gilbert and Aldridge cases as In re Synchrony Financial Derivative Litigation. On August 11, 2023, the parties submitted a joint status report to the District Court indicating that the parties had reached a memorandum of understanding to settle the litigation, which is not expected to have a material financial impact on the Company. On December 21, 2023, the District Court entered an order preliminarily approving the settlement. Copies of the Stipulation and Agreement of Settlement and Notice of Pendency and Proposed Settlement are available on the Company’ s investor relations website at <https://investors.synchrony.com>. The information contained on the Company’ s websites, including the aforementioned documents, is not deemed to be part of this Annual Report on Form 10-K or incorporated by reference into any of our other filings with the SEC.~~ Controls and Procedures Evaluation of Disclosure 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 December 31, **2023-2024**. Changes in Internal Control Over Financial Reporting There was no change in internal control over financial reporting that occurred during the fiscal quarter ended December 31, **2023-2024** that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Report on Management’ s Assessment of Internal Control Over Financial Reporting The management of Synchrony Financial (“ the Company ”) is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined by Exchange Act Rules 13a- 15 and 15d- 15. The Company’ s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U. S. generally accepted accounting principles. The Company’ s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the Company’ s assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that the Company’ s receipts and expenditures are made only in accordance with authorizations of the Company’ s management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’ s assets that could have a material effect on its financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Although any system of internal control can be compromised by human error or intentional circumvention of required procedures, we

believe our system provides reasonable assurance that financial transactions are recorded and reported properly, providing an adequate basis for reliable financial statements. The Company's management has used the criteria established in Internal Control- Integrated Framework (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission (" COSO ") to evaluate the effectiveness of the Company's internal control over financial reporting. The Company's management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, ~~2023~~ 2024 and has concluded that such internal control over financial reporting is effective. There are no material weaknesses in the Company's internal control over financial reporting that have been identified by the Company's management. KPMG LLP, an independent registered public accounting firm, has audited the consolidated financial statements of the Company for the year ended December 31, ~~2023~~ 2024 and has also issued an audit report, which is included in " Consolidated Financial Statements and Supplementary Data " of this Form 10- K Report, on internal control over financial reporting as of December 31, ~~2023~~ 2024 under Auditing Standard No. 2201 of the Public Company Accounting Oversight Board (" PCAOB "). OTHER KEY INFORMATION