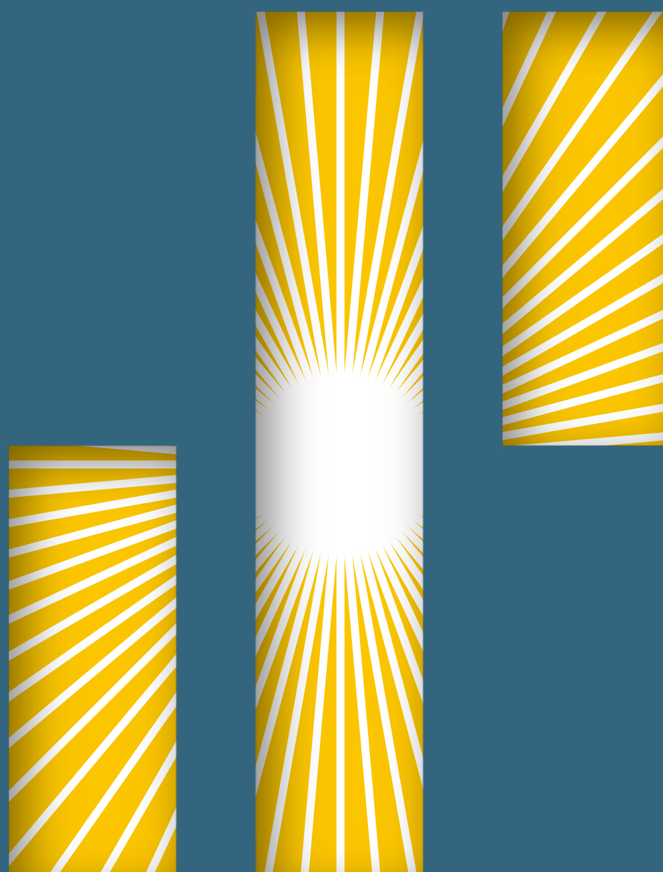
synchrony



2022 Annual Report

Letter From Brian Doubles

Dear Synchrony Stakeholders,

In 2022, Synchrony delivered record purchase volume and our second-highest earnings per share in company history. We achieved these results by remaining true to our long-term strategy to:

- Win and grow large partner programs
- Diversify and expand with new products and markets
- Deliver best-in-class customer experiences
- Operate with a strong financial profile to deliver attractive total shareholder returns

Surrounding this strategy is our commitment to innovation, investing for growth and resilience — and serving all stakeholders.

In 2022, we demonstrated the strength of our partner-led model while continuing to leverage the scale of the millions of consumers who have a direct relationship with Synchrony through more than 70 million active accounts.

We continued to build out the broadest portfolio of consumer financial products, offering flexibility and choice in how people purchase and pay for the things that matter to them at a value that is meaningful for their needs, whether to furnish their home, keep their car on the road, enjoy the outdoors, take care of themselves or their pets, and so much more.

And we continued to build the kind of workplace where great people can do great work in a way that is flexible to their needs. We are a company that attracts and retains the industry's best talent thanks to the flexible and innovative work environment that our employees create. I am extremely proud of the work they do every day.

Read on for more on our record 2022 financial performance and the great work our team delivered.

Our 2022 Financial Performance

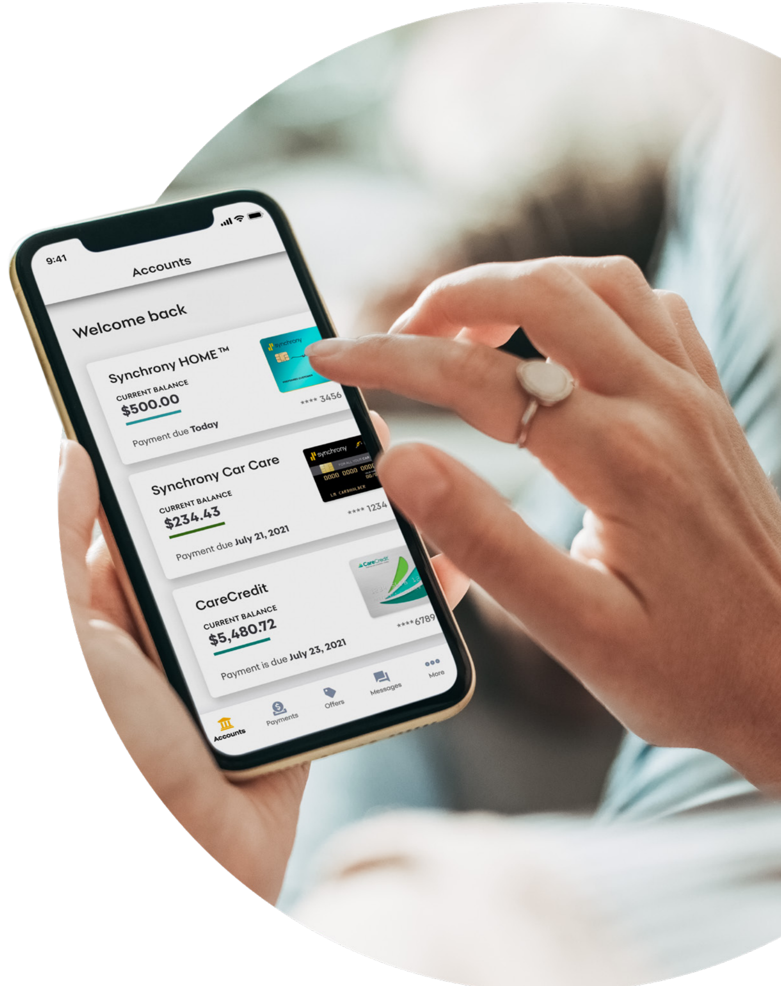
In 2022, we achieved record purchase volume of $180 billion, driven by double-digit purchase volume growth in our Digital, Health & Wellness, Home & Auto, and Diversified & Value sales platforms, and single-digit purchase volume growth in our Lifestyle sales platform.

Across these platforms, we originated nearly 24 million new consumer accounts. Spend per active account was 7% higher in 2022, reflecting robust consumer demand across the broad range of products and services for which Synchrony offers flexible financing options. Our net interest income rose 9.7%, to $15.6 billion for the full year, and our retail share agreement (RSA) declined 4.4% compared with the prior year, partly offsetting the impact of higher credit losses and enabling Synchrony to deliver consistent and attractive risk-adjusted returns, as we have for many years. Synchrony also continued its progress toward our long-term operating efficiency target, reflecting the operating leverage inherent in our highly scalable model, our cost discipline and strong revenue growth. Synchrony's ability to deliver consistent growth and strong returns is a testament to our well-diversified portfolio, our balanced approach to product and credit strategies, our compelling value propositions and the strength of our business model, delivering $3.0 billion in earnings, a 22.6% return on equity.

We also continued to operate with a very strong balance sheet; our CET1 capital ratio was 12.8% at the end of 2022. Our reserve coverage was 10.3% and our total loss absorption capacity was 22.4%, well above industry averages. Our liquid assets as a percentage of total assets were 13.6%, and deposits in our Synchrony Bank increased $9.4 billion, or 15%, to $71.7 billion, comprising 84% of Synchrony's funding.

As a result of our strong financial performance and balance sheet, Synchrony was able to return $3.8 billion of capital to shareholders during 2022. This included a 5% increase in the common stock dividend and $3.3 billion of share repurchases, which reduced common shares outstanding by 17%.

Our 2022 financial results reflect a healthy, well-managed, diversified business uniquely positioned to deliver sustainable growth and resilient risk-adjusted returns, even as market conditions change and the needs of our customers and partners evolve.



Growth Across the Business

Our full-year performance illustrated our continued strength across fundamental business drivers and a high level of execution across key strategic priorities. We scaled our products and digital capabilities while deploying Synchrony's deep industry and domain expertise and consumer financing know-how, which helped us sign more than 30 new partner deals and renew or expand more than 50 existing partnerships, including AdventHealth, Bassett Furniture, Guitar Center, Lowe's, Rooms To Go, ShopHQ, Sleep Number, Sweetwater and more.

We also continue to grow recent acquisitions. For example, in the two years since acquiring Allegro Credit, we have expanded our offerings beyond music and audiology to multiple specialties across our Health & Wellness business, including dental and cosmetics, growing the number of Allegro installment loans by more than 50%. And in the four years since we acquired Pets Best, we have significantly grown the business: We now cover more than 700,000 pets through our insurance offerings, more than five times the number of pets we covered at acquisition in 2019. Pets Best has also been recognized as a top pet insurer by many organizations, including NerdWallet, *USA Today* and *The Wall Street Journal*.

Our Growth in Numbers

$180 billion
in purchase volume

$3.0 billion
in net earnings

$3.8 billion
in capital returned to shareholders

$71.7 billion
deposits in Synchrony Bank (84% of funding)

Products, Capabilities and Channel Expansion Supports Growth and Innovation

By creating digital innovations and delivering new products and capabilities to market faster, we are driving growth for our partners and our company, while providing consumers with an experience that meets their financial needs. Whether it's delivering flexible financing offers in a dental practice, helping pet parents care for their loved ones, connecting a customer with a large partner through a seamless mobile transaction, or driving incremental sales at small and midsize businesses, Synchrony meets our customers, partners and providers wherever they are in their buying journey to provide the right product at the right time.

Our work with our partners and consumers is made possible by our dynamic technology platform that is designed to meet the financing needs of the massive constituencies we serve, for example:

- Our Synchrony APIs continue to support partners in their ability to quickly integrate Synchrony's innovations into their business, driving more than 70% growth in the number of applications using our APIs and more than 80% growth in API transactions over the prior year.
- We continue to scale our diverse product suite with the launch of Synchrony's Pay Later products at several retailers and providers. These "buy now, pay later" offerings represent another way to provide financing options and choice to customers while also driving incremental sales to our partners and providers.

- In 2022, we drove greater mobile customer engagement through our digital wallet provisioning and Synchrony app. Accounts provisioned for digital wallet use grew 75% compared with 2021, contributing to more than 73% growth in in-store sales and 89% higher out-of-partner spend through our customers' digital wallets.

- We are leveraging our ecosystem of partners and consumers by connecting customers with information and relevant offers from brands they trust through the MySynchrony.com marketplace, which achieved a 25% increase in both new accounts and sales, as well as an 11% growth in referrals to our partners during 2022.

- Underpinning all our financial products is PRISM, Synchrony's proprietary enterprise-wide credit platform. PRISM differentiates Synchrony by giving us a more holistic view of customers and helping with approval rates and fraud reduction while improving the customer experience. For each person seeking credit, PRISM evaluates 9,000 attributes, using analytics, machine learning and AI to make a credit decision in a split second. It has comprehensively transformed how we provide credit and manage risk.

We continued to innovate with our partners to offer their customers new products, value propositions and capabilities that meet their needs. For example, we launched PayPal Savings last year, which enabled instantaneous movement of funds between PayPal balances, no withdrawal limits and a savings goal feature to empower customers to set and reach their financial goals. We also launched our refreshed co-branded PayPal cash-back credit card and a fully integrated experience within the PayPal app, powered by native APIs. And lastly, we enhanced our everyday value proposition on the Venmo co-branded card by introducing free person-to-person payments, with the 3% fee waived for the consumer when they use their Venmo Visa. The PayPal and Synchrony partnership is just one great example of how we can execute as we grow and evolve in new and unique ways while powering top-of-wallet products and best-in-class experiences for our customers.

We also launched several strategic partnerships over the last year to scale our products more quickly by expanding our distribution channels and broadening customer access to our comprehensive product suite. We integrated with point-of-sale and business management platforms like Clover and health and wellness practice management solutions like Sycle (adding to our existing integration with Epic Health). Through these channels, Synchrony has added hundreds of thousands of small business locations and several thousand provider locations through whom we can seamlessly and responsibly offer access to our flexible financing.

Our Progress on How We Work, Culture and Employee Engagement

Synchrony is able to innovate, collaborate with partners and delight customers — because we have the best team in the business. To do their best work, employees must be empowered to work in the ways that work for them. They want the same flexibility and choice in how they work that we provide customers and partners through our offerings, and they want the training, mentoring and benefits that suit their career aspirations.

For these reasons, Synchrony has reimagined its benefits programs around flexibility and choice over the past three years. We have pioneered flexible work options and new wellness offerings, as well as new learning, compensation, rewards and other programs.

> For example, we made permanent our expanded childcare benefits that were created during the pandemic, and we expanded and simplified our parental and maternity leave, which now includes up to 22 weeks, 100% paid, which is among the top in the industry.

We have helped our employees balance their work and home lives through our hybrid work model that is built on choice. This has paid off in a more efficient and engaged workforce that is delivering record financial results.

We also believe that a robust diversity, equity and inclusion (DEI) focus is key to employee engagement. We sponsor many DEI programs — including our eight Diversity Networks with more than half the workforce (9,500 employees) as members — because we believe that diverse and inclusive teams are the best, most innovative teams. These programs have the support of my entire executive team, the Board of Directors, and our managers and employees.

Core to our approach is a focus on equity backed by data. For example, Synchrony created leadership development programs offering career coaches, mentors, experiences and senior executive sponsors to high-performing, diverse talent. We measure the results to hold ourselves accountable for progress. Since the program began in 2020, nearly 40% of VP or higher promotions have been ethnically diverse, and 50% have been women. We are proud of the results and are working to make further progress. We also have made pay equity a focus through more than $5 million in investments since 2018 to meet our goal of 100% pay equity across genders and racial/ethnic groups. I am proud of the work our team has done to promote equal pay and to have effectively eliminated any pay gaps for our U.S. workforce and globally, as certified by third-party analysis.

We continue to work with outside organizations to promote equity and societal progress. For example, in 2022, Synchrony partnered with Moms First, a national nonprofit organization working to transform our workplaces, our government and our culture to value women's labor and enable moms to thrive, which is something we work on every day at Synchrony. And in February 2023, we announced a $100 million commitment in Ariel Alternatives' Project Black, which aims to scale sustainable minority-owned businesses and position them as leading suppliers to Fortune 500 companies.

Through these investments — in both our employees and our external partnerships — we are seeing a more engaged workforce, a better pipeline of candidates who want to come work for us and great business results. I am proud that we are consistently recognized as a Great Place to Work® on *Fortune*'s "100 Best Companies to Work For®" list, moving from the 25th spot in 2022 into the Top 20 in 2023. This is an honor bestowed on companies — based on feedback from their employees — for creating an outstanding employee experience. Synchrony has moved up the list every year since 2019 as we continue to listen to our employees and act on their feedback and ideas. I appreciate the award and especially the fact that 94% of Synchrony employees surveyed by the organization said our company is a great place to work, compared with 57% at a typical U.S.-based company.

All that we do is driven by our belief that being a great company is all about listening to our employees and acting on their needs and ideas. That creates an engaged workforce, which in turn drives a great customer and partner experience — and, ultimately, great business results. We had all those ingredients at play in 2022, as evidenced by the results I outlined in this letter.

Thank You for Your Ongoing Trust in Synchrony

I want to close by thanking all Synchrony's stakeholders:

- Our *employees* for choosing to work here and the amazing work they do every day
- Our *customers* for choosing to do business with us
- Our *partners* for their engagement and commitment to driving growth together
- Our *investors* for trusting in us

On behalf of all Synchrony stakeholders, I also want to thank Margaret Keane, who retired from the Synchrony Board of Directors this year. Margaret has been an invaluable partner and friend to me personally. We wish her all the best in her well-deserved retirement.

And congratulations to Jeffrey Naylor, who is succeeding Margaret as independent chair of the Board. Jeff has served on Synchrony's Board since 2014, most recently as lead independent director. He has brought his extensive management and business expertise to our company. I look forward to working with Jeff in his new role.

Given all that we've accomplished, I'm confident about Synchrony's prospects to drive long-term value. We have a lot on our side: industry know-how, innovation, an unmatched product lineup and an amazing team. Serving more than 70 million active accounts and 460,000 merchant and provider locations, we bring buyer and seller together at the point of purchase. All of these advantages fuel our competitive differentiation and allow us to win in the marketplace.

These strengths make Synchrony resilient, built for good times as well as challenging ones, adaptable to changing conditions and able to capitalize on emerging opportunities.

These are the elements of long-term success.

Brian Doubles
President and CEO

Letter From the Board of Directors

Dear Stakeholders:

The Board of Directors supports Synchrony management in accelerating growth and building a leading financial ecosystem that creates long-term value for shareholders — and all stakeholders. We do this by providing active oversight of the company's strategic direction, business and management performance, and employee programs.

In 2022, Synchrony comprehensively delivered on its strategy. The company added, renewed or expanded more than 80 partner programs. Synchrony also launched and scaled key capabilities while continuing to execute its digital-first commitment by launching new consumer capabilities. The company also continued to invest in its people through compensation, benefits, wellness and other innovative programs. Synchrony also made important investments in diversity, equity and inclusion in how the company hires, trains and advances the careers of its employees, through our supplier process, and through investments in diverse companies as part of Synchrony Ventures.

The Oversight Process

As part of our annual strategic planning process, the Board conducted an intensive, multiday review of Synchrony's short-, medium- and long-term strategic plans, considering economic, consumer, technology, healthcare, sustainability and other significant trends, as well as developments in the industry and regulatory initiatives.

The Board's input was then incorporated into the strategic plan and approved. The output of these meetings provided the strategic context for the Board's discussions at its meetings throughout the year, including regular updates and feedback on the company's progress on the strategic plan. In addition, the Board regularly discussed and reviewed feedback on strategy from internal and external experts and advisors to ensure the strategy reflects the latest competitive landscape.

Strong risk management is at the core of our business strategy, so risk oversight is one of the Board's highest priorities. The Board and the Risk Committee oversee the company's enterprise-wide risk management program to ensure that all relevant risks, including credit risk, market risk, liquidity risk, operational risk (including cybersecurity and compliance), strategic risk and reputational risk are appropriately identified and controlled.

ESG: A Board-level Commitment

The Board also continued its oversight of human capital and other ESG priorities. Since Synchrony's IPO in 2014, the company has believed that caring for the business, customers, partners, employees, communities and the environment creates sustainable, long-term shareholder value and reduces risk.

For this reason, all Board committees oversee matters that impact our ESG strategy and performance. ESG is a quarterly agenda item for the Nominating and Corporate Governance Committee (NCGC), including a joint meeting with the Management Development and Compensation Committee (MDCC), to focus on ESG; diversity, equity and inclusion (DEI); and community. The Audit and Risk Committees oversee compliance matters, and the Risk Committee oversees cybersecurity risks associated with information security and data privacy.

Culture Is Core to Business

Synchrony's business performance, commitment to important social issues and identity as an enterprise derive from a single place: the company's strong culture.

Differentiating Synchrony from other businesses, our culture enables the company to be flexible, agile and innovative. To exceed partner and customer expectations — while attracting and retaining the best employee talent. Synchrony's employees are honest, passionate, caring, responsible, bold and driven — and we see them live those values every day in the business and human-capital decisions they make.

In 2022, the Board and management partnered to support culture with several initiatives, from ensuring pay equity and increasing diversity in our company to expanding financial education and investing in skills in the wider community. We also included culture, such as DEI goals, as a component in calculating the annual incentive plan offered to approximately 70% of salaried employees.

Our directors personally engaged with employees and external constituencies regarding our DEI strategic imperative throughout the year. For example, all directors are proud to have participated in various activities associated with the company's annual Synchrony Diversity Experience, where employees engage in dynamic conversations on DEI issues and activities with Synchrony leadership, external speakers and colleagues from around the globe. We have also participated in multiple employee panel discussions throughout the year hosted by our Synchrony Diversity Networks.

In addition, we have represented Synchrony with a range of important external organizations, including OneTen, a coalition of leading companies that is committed to creating a more inclusive corporate America by hiring and promoting 1 million Black individuals into family-sustaining jobs over the next decade; the Latinx Executive Alliance, a coalition of business leaders dedicated to collectively helping Latinx employees advance in corporate America; the Synchrony Skills Academy, which hosts training programs in software engineering; the Black Corporate Directors Conference; and Women Corporate Directors events.

Managing Through a Successful Planned Transition

On April 1 of this year, the Board and its NCGC completed the successful transition of leadership from Margaret Keane, Executive Chair of the Board of Directors, to Jeffrey Naylor, who has served on Synchrony's Board since 2014 and has been Synchrony's Lead Independent Director since April 2021.

With this change, we return to having an independent director as the non-executive Chair of the Board, with a focus on the organization and effectiveness of the Board, while the CEO focuses on executing strategy and managing operations, performance and risks.

In addition, we managed the leadership transition of the NCGC from longtime Chair Olympia J. Snowe to new Chair Fernando Aguirre. Ms. Snowe retired from the Board in 2022.

A final note: During her career, Margaret Keane has embodied all the traits that make Synchrony a special company. The Board wishes her the best in her well-deserved retirement and thanks her for all she has done for Synchrony and its people, partners, shareholders and customers.

We are pleased with Synchrony's strong financial performance in 2022 and the company's approach to innovation and serving all stakeholders. We are confident in Synchrony's long-term strategy and resilient, disciplined business model.

Jeffrey Naylor

Fernando Aguirre

Paget Alves

Kamila Chytil

Arthur Coiello Jr.

Brian Doubles

Roy Guthrie

Bill Parker

Laurel Richie

Ellen Zane

Executive Leadership Team

Brian Doubles
President & CEO

Max Axler
EVP, Chief Credit Officer

Michael Bopp
EVP, Chief Growth Officer

Alberto “Beto” Casellas
EVP & CEO, Health & Wellness

DJ Casto
EVP, Chief Human Resources Officer

Curtis Howse
EVP & CEO, Home & Auto

Carol Juel
EVP, Chief Technology & Operating Officer

Trish Mosconi
EVP, Chief Strategy Officer & Corporate Development Leader

Jonathan Mothner
EVP, General Counsel & Secretary

Maran Nalluswami
EVP & CEO, Diversified & Value and Lifestyle Platforms

Dana Randell
EVP, Chief Audit Executive

Bart Schaller
EVP & CEO, Digital

Brian J. Wenzel Sr.
EVP, Chief Financial Officer

Paul Whynott
EVP, Chief Risk Officer

Board of Directors

Jeffrey Naylor
Chair of the Board of Synchrony; Former Senior EVP, CFO and CAO of the TJX Companies, Inc.

Fernando Aguirre
Former Chairman, President & CEO of Chiquita Brands International, Inc.

Paget Alves
Former Chief Sales Officer of Sprint Corporation

Kamila Chytil
Chief Operating Officer of DentaQuest, LLC

Arthur Coviello Jr.
Former EVP of EMC Corporation; Former Executive Chairman of RSA Security, Inc.

Brian Doubles
President & CEO of Synchrony

Roy Guthrie
Former CEO of Renovate America, Inc.; Former EVP & CFO of Discover Financial Services, Inc.

Bill Parker
Former Vice Chairman and Chief Risk Officer of U.S. Bancorp

Laurel Richie
Former President of the Women's National Basketball Association, LLC

Ellen Zane
Former President and CEO of Tufts Medical Center and Tufts Children's Hospital

Financial Highlights

For the years ended, and at, December 31
(in millions unless otherwise stated except for per share data and ratios)

Financial Highlights		2022		2021		2020
Net interest income	$	15,625	$	14,239	$	14,402
Interest and fees on loans	$	16,881	$	15,228	$	15,950
Net earnings	$	3,016	$	4,221	$	1,385
Diluted earnings per share	$	6.15	$	7.34	$	2.27
Shares outstanding[1]		483.4		569.3		590.8
Period End						
Total assets	$	104,564	$	95,748	$	95,948
Loan receivables	$	92,470	$	80,740	$	81,867
Deposits	$	71,735	$	62,270	$	62,782
Common equity Tier 1 capital ratio		12.8%		15.6%		15.9%
Performance Metrics						
Purchase volume (in billions)[2]	$	180.2	$	165.9	$	139.1
Period-end active accounts (in thousands)[3]		70,763		72,420		68,540
Average active accounts (in thousands)[3]		68,627		67,334		67,131
Net interest margin[4]		15.63%		14.74%		14.29%
Net charge-off rate[5]		3.00%		2.92%		4.58%
30+ delinquency rate[6]		3.65%		2.62%		3.07%
Efficiency ratio[7]		37.2%		38.9%		36.3%
Return on assets[8]		3.1%		4.5%		1.4%

[1] Diluted weighted average common shares outstanding.

[2] Purchase volume, or net credit sales, represents the aggregate amount of charges incurred on credit cards or other credit product accounts less returns during the period. Purchase volume includes activity related to our portfolios classified as held for sale.

[3] Active accounts represent credit card or installment loan accounts on which there has been a purchase, payment or outstanding balance in the current month. Includes activity and accounts associated with loan receivables held for sale.

[4] Net interest margin represents net interest income divided by average interest-earning assets.

[5] Net charge-off rate represents net charge-offs as a percentage of average loan receivables, including those held for sale.

[6] Based on customer statement-end balances extrapolated to the respective period-end date.

[7] Efficiency ratio represents (i) other expense, divided by (ii) net interest income, plus other income, less retailer share agreements.

[8] Return on assets represents net earnings as a percentage of average total assets.