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

FORM 8-K

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

July 21, 2020
Date of Report
(Date of earliest event reported)

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

Delaware	001-36560	51-0483352
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

777 Long Ridge Road Stamford, Connecticut	06902
(Address of principal executive offices)	(Zip Code)

(203) 585-2400
(Registrant's telephone number, including area code)
N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

---

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

Item 2.02 Results of Operations and Financial Condition.

On July 21, 2020, Synchrony Financial (the “Company”) issued a press release setting forth the Company’s second quarter 2020 earnings. A copy of the Company’s press release is being furnished as Exhibit 99.1 and hereby incorporated by reference. The information furnished pursuant to this Item 2.02, including Exhibits, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Exchange Act.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibits are being furnished as part of this report:

Number	Description
99.1	Press release, dated July 21, 2020, issued by Synchrony Financial
99.2	Financial Data Supplement of the Company for the quarter ended June 30, 2020
99.3	Financial Results Presentation of the Company for the quarter ended June 30, 2020
99.4	Explanation of Non-GAAP Measures
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL

SIGNATURES

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

SYNCHRONY FINANCIAL

Date: July 21, 2020	By:	/s/ Jonathan Mothner
	Name:	Jonathan Mothner
	Title:	Executive Vice President, General Counsel and Secretary

EXHIBIT INDEX

Number	Description
99.1	Press release, dated July 21, 2020, issued by Synchrony Financial
99.2	Financial Data Supplement of the Company for the quarter ended June 30, 2020
99.3	Financial Results Presentation of the Company for the quarter ended June 30, 2020
99.4	Explanation of Non-GAAP Measures
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL

Investor Relations Media Relations
Greg Ketron Sue Bishop
(203) 585-6291 (203) 585-2802

For Immediate Release: July 21, 2020

Synchrony Reports Second Quarter Net Earnings of $48 Million or $0.06 Per Diluted Share

Increase in Provision for Credit Losses Includes CECL Impact of $483 Million or $0.63 Per Diluted Share

STAMFORD, Conn. – Synchrony Financial (NYSE: SYF) today announced second quarter 2020 earnings results amid the continuing Coronavirus (COVID-19) pandemic. Synchrony reported second quarter 2020 net earnings of $48 million, or $0.06 per diluted share; this includes an increase in the provision for credit losses as a result of CECL implementation earlier this year of $483 million, or $365 million after tax, which equates to an EPS reduction of $0.63. Highlights included*:

- Loan receivables decreased 4% to $78.3 billion, or 3% on a Core** basis
- Interest and fees on loans decreased 18% to $3.8 billion, or 7% on a Core basis
- Purchase volume decreased 19% to $31.2 billion, or 13% on a Core basis
- Average active accounts decreased 14% to 65 million, or 5% on a Core basis
- Deposits decreased $1.5 billion, or 2%, to $64.1 billion
- Successfully launched the new Verizon program
- Established new relationships with Adorama, AdventHealth, Club Champion, Hisun, and Modani
- Renewed and extended key relationships with CarX, Englert, Bernina, Hanks, Puronics, Vanderhall, and West Coast Dental
- Returned $128 million in capital through common stock dividends

“We continue to support our employees, partners, customers and communities during the uncertainty of today’s health and economic crisis. In addition, our country is awakening to the need to meaningfully address racial injustice and equality. We continue to be guided by the principle of putting clients, partners, shareholders and communities at the forefront of all we do, and believe that the values which underpin our organization will empower us to become an even stronger, better company,” said Margaret Keane, Chief Executive Officer of Synchrony Financial. “As we navigate this new environment, we remain acutely focused on the future of our business. During the quarter, we successfully launched an exciting new program with Verizon and extended several programs, while also adding new partnerships. We believe we have an advantageous position as the shift to digital has accelerated—we will continue to prioritize investments to augment our digital assets and capabilities to meet the rapidly evolving needs of our cardholders and partners.”

Business and Financial Highlights for the Second Quarter of 2020*

Earnings

- Net interest income decreased $759 million, or 18%, to $3.4 billion, mainly due to the Walmart consumer portfolio sale and impact of COVID-19.
- Retailer share arrangements decreased $86 million, or 10%, to $773 million, reflecting the initial impact of COVID-19 on program performance.
- Provision for credit losses increased $475 million, or 40%, to $1.7 billion, mainly driven by the reserve increase for the projected impact of COVID-19 related losses and the prior year reserve reduction related to Walmart.
- Other income increased $5 million, or 6%, to $95 million.
- Other expense decreased $73 million, or 7%, mainly due to the cost reductions from Walmart, lower purchase volume and accounts as well as reductions in certain discretionary spend, partially offset by higher operational losses, expenses related to the COVID-19 response and charitable contributions.
- Net earnings totaled $48 million compared to $853 million last year.

Balance Sheet

- Period-end loan receivables decreased 4%, or 3% on a Core basis; purchase volume decreased 19%, or 13% on a Core basis; and average active accounts decreased 14%, or 5% on a Core basis.
- Deposits decreased $1.5 billion, or 2%, to $64.1 billion and comprised 80% of funding.
- The Company's balance sheet remained strong with total liquidity (liquid assets and undrawn credit facilities) of $28.0 billion, or 29.0% of total assets.
- The Company has elected to defer the regulatory capital effects of CECL for two years; the estimated Common Equity Tier 1 ratio was 15.3% compared to 14.3%, and the estimated Tier 1 Capital ratio was 16.3% compared to 14.3%, reflecting the Company's strong capital generation capabilities. The estimated Tier 1 Capital ratio also reflects the $750 million preferred stock issuance in November 2019.

Key Financial Metrics

- Return on assets was 0.2% and return on equity was 1.6%.
- Net interest margin was 13.53%.
- Efficiency ratio was 36.3%.

Credit Quality

- Loans 30+ days past due as a percentage of total period-end loan receivables were 3.13% compared to 4.43% last year; excluding the Walmart consumer portfolio, the rate was down approximately 90 basis points compared to last year.
- Net charge-offs as a percentage of total average loan receivables were 5.35% compared to 6.01% last year; excluding the Walmart consumer portfolio, the rate decreased approximately 20 basis points compared to last year.
- The allowance for credit losses as a percentage of total period-end loan receivables was 12.52%.

Sales Platforms

- Retail Card period-end loan receivables decreased 4%, driven primarily by the impact from COVID-19, partially offset by growth in digital partners. Interest and fees on loans decreased 22%, purchase volume decreased 17%, and average active accounts decreased 18%, driven primarily by the sale of the Walmart consumer portfolio and the decline in loan receivables.

- Payment Solutions period-end loan receivables decreased 3%; period-end loan receivables increased 1% on a Core basis led by growth in Power, substantially offset by the impact from COVID-19. Interest and fees on loans decreased 8%, driven primarily by lower late fees. Purchase volume decreased 19% and average active accounts decreased 3%.
- CareCredit period-end loan receivables decreased 5%, driven primarily by the impact from COVID-19, partially offset by growth in Veterinary. Interest and fees on loans decreased 4%, driven primarily by lower merchant discount as a result of the decline in purchase volume, which decreased 31%. Average active accounts decreased 2%.

** All comparisons are for the second quarter of 2020 compared to the second quarter of 2019, unless otherwise noted.*
*** Financial measures shown above on a Core basis are non-GAAP measures and exclude from both the prior year and the current year amounts related to the Walmart and Yamaha portfolios, sold in October 2019 and January 2020, respectively. See non-GAAP reconciliation in the financial tables.*

Corresponding Financial Tables and Information

No representation is made that the information in this news release is complete. Investors are encouraged to review the foregoing summary and discussion of Synchrony Financial's earnings and financial condition in conjunction with the detailed financial tables and information that follow and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, as filed February 13, 2020, and the Company's forthcoming Quarterly Report on Form 10-Q for the quarter ended June 30, 2020. The detailed financial tables and other information are also available on the Investor Relations page of the Company's website at www.investors.synchronyfinancial.com. This information is also furnished in a Current Report on Form 8-K filed with the SEC today.

Conference Call and Webcast Information

On Tuesday, July 21, 2020, at 8:30 a.m. Eastern Time, Margaret Keane, Chief Executive Officer, Brian Doubles, President, and Brian Wenzel Sr., Executive Vice President and Chief Financial Officer, will host a conference call to review the financial results and outlook for certain business drivers. The conference call can be accessed via an audio webcast through the Investor Relations page on the Synchrony Financial corporate website, www.investors.synchronyfinancial.com, under Events and Presentations. A replay will also be available on the website.

About Synchrony Financial

Synchrony (NYSE: SYF) is a premier consumer financial services company. We deliver a wide range of specialized financing programs, as well as innovative consumer banking products, across key industries including digital, retail, home, auto, travel, health and pet. Synchrony enables our partners to grow sales and loyalty with consumers. We are one of the largest issuers of private label credit cards in the United States; we also offer co-branded products, installment loans and consumer financing products for small- and medium-sized businesses, as well as healthcare providers.

Synchrony is changing what's possible through our digital capabilities, deep industry expertise, actionable data insights, frictionless customer experience and customized financing solutions.

For more information, visit www.synchrony.com and Twitter: @Synchrony.

Cautionary Statement Regarding Forward-Looking Statements

This news release contains certain forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. Forward-looking statements may be identified by words such as "expects," "intends," "anticipates," "plans," "believes," "seeks," "targets," "outlook," "estimates," "will," "should," "may" or words of similar meaning, but these words are not the exclusive means of identifying forward-looking statements. Forward-looking statements are based on management's current expectations and assumptions, and are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, actual results could differ materially from those indicated in these forward-looking statements. Factors that could cause actual results to differ materially include global political, economic, business, competitive, market, regulatory and other factors and risks, such as: the impact of macroeconomic conditions and whether industry trends we have identified develop as anticipated, including the future impacts of the novel coronavirus disease ("COVID-19") outbreak and measures taken in response thereto for which future developments are highly uncertain and difficult to predict; retaining existing partners and attracting new partners, concentration of our revenue in a small number of Retail Card partners, and promotion and support of our products by our partners; cyber-attacks or other security breaches; disruptions in the operations of our computer systems and data centers; the financial performance of our partners; the sufficiency of our allowance for credit losses and the accuracy of the assumptions or estimates used in preparing our financial statements, including those related to the new CECL accounting guidance; higher borrowing costs and adverse financial market conditions impacting our funding and liquidity, and any reduction in our credit ratings; our ability to grow our deposits in the future; damage to our reputation; our ability to securitize our loan receivables, occurrence of an early amortization of our securitization facilities, loss of the right to service or subservice our securitized loan receivables, and lower payment rates on our securitized loan receivables; changes in market interest rates and the impact of any margin compression; effectiveness of our risk management processes and procedures, reliance on models which may be inaccurate or misinterpreted, our ability to manage our credit risk; our ability to offset increases in our costs in retailer share arrangements; competition in the consumer finance industry; our concentration in the U.S. consumer credit market; our ability to successfully develop and commercialize new or enhanced products and services; our ability to realize the value of acquisitions and strategic investments; reductions in interchange fees; fraudulent activity; failure of third parties to provide various services that are important to our operations; international risks and compliance and regulatory risks and costs associated with international operations; alleged infringement of intellectual property rights of others and our ability to protect our intellectual property; litigation and regulatory actions; our ability to attract, retain and motivate key officers and employees; tax legislation initiatives or challenges to our tax positions and/or interpretations, and state sales tax rules and regulations; a material indemnification obligation to GE under the Tax Sharing and Separation Agreement with GE if we cause the split-off from GE or certain preliminary transactions to fail to qualify for tax-free treatment or in the case of certain significant transfers of our stock following the split-off; regulation, supervision, examination and enforcement of our business by governmental authorities, the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act and other legislative and regulatory developments and the impact of the Consumer Financial Protection Bureau's regulation of our business; impact of capital adequacy rules and liquidity requirements; restrictions that limit our ability to pay dividends and repurchase our common stock, and restrictions that limit the Synchrony Bank's ability to pay dividends to us; regulations relating to privacy, information security and data protection; use of third-party vendors and ongoing third-party business relationships; and failure to comply with anti-money laundering and anti-terrorism financing laws.

For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this news release and in our public filings, including under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, as filed on February 13, 2020, and the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, as filed on April 22, 2020. You should not consider any list of such factors to be an exhaustive statement of all the risks, uncertainties, or potentially inaccurate assumptions that could cause our current expectations or beliefs to change. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law.

Non-GAAP Measures

The information provided herein includes measures we refer to as "tangible common equity" and certain “Core” financial measures that have been adjusted to exclude amounts related to the Walmart and Yamaha portfolios, sold in October 2019 and January 2020, respectively, which are not prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). For a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures, please see the detailed financial tables and information that follow. For a statement regarding the usefulness of these measures to investors, please see the Company's Current Report on Form 8-K filed with the SEC today.

SYNCHRONY FINANCIAL

FINANCIAL SUMMARY

(unaudited, in millions, except per share statistics)

	Quarter Ended							Six Months Ended			
	Jun 30, 2020	**Mar 31, 2020**	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**	**2Q'20 vs. 2Q'19**		**Jun 30, 2020**	**Jun 30, 2019**	**YTD'20 vs. YTD'19**	
EARNINGS											
Net interest income	$ 3,396	$ 3,890	$ 4,029	$ 4,389	$ 4,155	$ (759)	(18.3)%	$ 7,286	$ 8,381	$ (1,095)	(13.1)%
Retailer share arrangements	(773)	(926)	(1,029)	(1,016)	(859)	86	(10.0)%	(1,699)	(1,813)	114	(6.3)%
Provision for credit losses	1,673	1,677	1,104	1,019	1,198	475	39.6 %	3,350	2,057	1,293	62.9 %
Net interest income, after retailer share arrangements and provision for credit losses	950	1,287	1,896	2,354	2,098	(1,148)	(54.7)%	2,237	4,511	(2,274)	(50.4)%
Other income	95	97	104	85	90	5	5.6 %	192	182	10	5.5 %
Other expense	986	1,002	1,079	1,064	1,059	(73)	(6.9)%	1,988	2,102	(114)	(5.4)%
Earnings before provision for income taxes	59	382	921	1,375	1,129	(1,070)	(94.8)%	441	2,591	(2,150)	(83.0)%
Provision for income taxes	11	96	190	319	276	(265)	(96.0)%	107	631	(524)	(83.0)%
Net earnings	$ 48	$ 286	$ 731	$ 1,056	$ 853	$ (805)	(94.4)%	$ 334	$ 1,960	$ (1,626)	(83.0)%
Net earnings available to common stockholders	$ 37	$ 275	$ 731	$ 1,056	$ 853	$ (816)	(95.7)%	$ 312	$ 1,960	$ (1,648)	(84.1)%
COMMON SHARE STATISTICS											
Basic EPS	$ 0.06	$ 0.45	$ 1.15	$ 1.60	$ 1.25	$ (1.19)	(95.2)%	$ 0.52	$ 2.82	$ (2.30)	(81.6)%
Diluted EPS	$ 0.06	$ 0.45	$ 1.15	$ 1.60	$ 1.24	$ (1.18)	(95.2)%	$ 0.52	$ 2.81	$ (2.29)	(81.5)%
Dividend declared per share	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.21	$ 0.01	4.8 %	$ 0.44	$ 0.42	$ 0.02	4.8 %
Common stock price	$ 22.16	$ 16.09	$ 36.01	$ 34.09	$ 34.67	$ (12.51)	(36.1)%	$ 22.16	$ 34.67	$ (12.51)	(36.1)%
Book value per share	$ 19.13	$ 19.27	$ 23.31	$ 23.13	$ 22.03	$ (2.90)	(13.2)%	$ 19.13	$ 22.03	$ (2.90)	(13.2)%
Tangible common equity per share[(1)]	$ 15.28	$ 15.35	$ 19.50	$ 19.68	$ 18.60	$ (3.32)	(17.8)%	$ 15.28	$ 18.60	$ (3.32)	(17.8)%
Beginning common shares outstanding	583.2	615.9	653.7	668.9	688.8	(105.6)	(15.3)%	615.9	718.8	(102.9)	(14.3)%
Issuance of common shares	—	—	—	—	—	—	— %	—	—	—	— %
Stock-based compensation	0.5	0.9	0.6	0.4	1.2	(0.7)	(58.3)%	1.4	2.1	(0.7)	(33.3)%
Shares repurchased	—	(33.6)	(38.4)	(15.6)	(21.1)	21.1	(100.0)%	(33.6)	(52.0)	18.4	(35.4)%
Ending common shares outstanding	583.7	583.2	615.9	653.7	668.9	(85.2)	(12.7)%	583.7	668.9	(85.2)	(12.7)%
Weighted average common shares outstanding	583.7	604.9	633.7	658.3	683.6	(99.9)	(14.6)%	594.3	694.8	(100.5)	(14.5)%
Weighted average common shares outstanding (fully diluted)	584.4	607.4	637.7	661.7	686.5	(102.1)	(14.9)%	595.9	697.7	(101.8)	(14.6)%

(1) Tangible Common Equity ("TCE") is a non-GAAP measure. For corresponding reconciliation of TCE to a GAAP financial measure, see Reconciliation of Non-GAAP Measures and Calculations of Regulatory Measures.

SYNCHRONY FINANCIAL

SELECTED METRICS

(unaudited, $ in millions)

	Quarter Ended							Six Months Ended			
	Jun 30, 2020	**Mar 31, 2020**	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**	**2Q'20 vs. 2Q'19**		**Jun 30, 2020**	**Jun 30, 2019**	**YTD'20 vs. YTD'19**	
PERFORMANCE METRICS											
Return on assets(1)	0.2%	1.1%	2.7%	3.9%	3.3%		(3.1)%	0.7%	3.8%		(3.1)%
Return on equity(2)	1.6%	9.1%	19.0%	28.3%	23.1%		(21.5)%	5.4%	26.7%		(21.3)%
Return on tangible common equity(3)	1.6%	11.6%	23.0%	33.4%	27.4%		(25.8)%	6.7%	31.6%		(24.9)%
Net interest margin(4)	13.53%	15.15%	15.01%	16.29%	15.75%		(2.22)%	14.35%	15.92%		(1.57)%
Efficiency ratio(5)	36.3%	32.7%	34.8%	30.8%	31.3%		5.0 %	34.4%	31.1%		3.3 %
Other expense as a % of average loan receivables, including held for sale	5.04%	4.77%	5.01%	4.66%	4.78%		0.26 %	4.90%	4.74%		0.16 %
Effective income tax rate	18.6%	25.1%	20.6%	23.2%	24.4%		(5.8)%	24.3%	24.4%		(0.1)%
CREDIT QUALITY METRICS											
Net charge-offs as a % of average loan receivables, including held for sale	5.35%	5.36%	5.15%	5.35%	6.01%		(0.66)%	5.35%	6.04%		(0.69)%
30+ days past due as a % of period-end loan receivables(6)	3.13%	4.24%	4.44%	4.47%	4.43%		(1.30)%	3.13%	4.43%		(1.30)%
90+ days past due as a % of period-end loan receivables(6)	1.77%	2.10%	2.15%	2.07%	2.16%		(0.39)%	1.77%	2.16%		(0.39)%
Net charge-offs	$ 1,046	$ 1,125	$ 1,109	$ 1,221	$ 1,331	$ (285)	(21.4)%	$ 2,171	$ 2,675	$ (504)	(18.8)%
Loan receivables delinquent over 30 days(6)	$ 2,453	$ 3,500	$ 3,874	$ 3,723	$ 3,625	$ (1,172)	(32.3)%	$ 2,453	$ 3,625	$ (1,172)	(32.3)%
Loan receivables delinquent over 90 days(6)	$ 1,384	$ 1,735	$ 1,877	$ 1,723	$ 1,768	$ (384)	(21.7)%	$ 1,384	$ 1,768	$ (384)	(21.7)%
Allowance for credit losses (period-end)	$ 9,802	$ 9,175	$ 5,602	$ 5,607	$ 5,809	$ 3,993	68.7 %	$ 9,802	$ 5,809	$ 3,993	68.7 %
Allowance coverage ratio(7)	12.52%	11.13%	6.42%	6.74%	7.10%		5.42 %	12.52%	7.10%		5.42 %
BUSINESS METRICS											
Purchase volume(8)(9)	$ 31,155	$ 32,042	$ 40,212	$ 38,395	$ 38,291	$ (7,136)	(18.6)%	$ 63,197	$ 70,804	$ (7,607)	(10.7)%
Period-end loan receivables	$ 78,313	$ 82,469	$ 87,215	$ 83,207	$ 81,796	$ (3,483)	(4.3)%	$ 78,313	$ 81,796	$ (3,483)	(4.3)%
Credit cards	$ 75,353	$ 79,832	$ 84,606	$ 79,788	$ 78,446	$ (3,093)	(3.9)%	$ 75,353	$ 78,446	$ (3,093)	(3.9)%
Consumer installment loans	$ 1,779	$ 1,390	$ 1,347	$ 2,050	$ 1,983	$ (204)	(10.3)%	$ 1,779	$ 1,983	$ (204)	(10.3)%
Commercial credit products	$ 1,140	$ 1,203	$ 1,223	$ 1,317	$ 1,328	$ (188)	(14.2)%	$ 1,140	$ 1,328	$ (188)	(14.2)%
Other	$ 41	$ 44	$ 39	$ 52	$ 39	$ 2	5.1 %	$ 41	$ 39	$ 2	5.1 %
Average loan receivables, including held for sale	$ 78,697	$ 84,428	$ 85,376	$ 90,556	$ 88,792	$ (10,095)	(11.4)%	$ 81,563	$ 89,344	$ (7,781)	(8.7)%
Period-end active accounts (in thousands)(9)(10)	63,430	68,849	75,471	77,094	76,065	(12,635)	(16.6)%	63,430	76,065	(12,635)	(16.6)%
Average active accounts (in thousands)(9)(10)	64,836	72,078	73,734	76,695	75,525	(10,689)	(14.2)%	68,401	76,545	(8,144)	(10.6)%
LIQUIDITY											
Liquid assets											
Cash and equivalents	$ 16,344	$ 13,704	$ 12,147	$ 11,461	$ 11,755	$ 4,589	39.0 %	$ 16,344	$ 11,755	$ 4,589	39.0 %
Total liquid assets	$ 22,352	$ 19,225	$ 17,322	$ 15,201	$ 16,665	$ 5,687	34.1 %	$ 22,352	$ 16,665	$ 5,687	34.1 %
Undrawn credit facilities											
Undrawn credit facilities	$ 5,650	$ 5,600	$ 6,050	$ 6,500	$ 7,050	$ (1,400)	(19.9)%	$ 5,650	$ 7,050	$ (1,400)	(19.9)%
Total liquid assets and undrawn credit facilities	$ 28,002	$ 24,825	$ 23,372	$ 21,701	$ 23,715	$ 4,287	18.1 %	$ 28,002	$ 23,715	$ 4,287	18.1 %
Liquid assets % of total assets	23.15%	19.61%	16.52%	14.35%	15.66%		7.49 %	23.15%	15.66%		7.49 %
Liquid assets including undrawn credit facilities % of total assets	29.00%	25.32%	22.30%	20.48%	22.29%		6.71 %	29.00%	22.29%		6.71 %

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

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

(3) Return on tangible common equity represents net earnings available to common stockholders as a percentage of average tangible common equity. Tangible common equity ("TCE") is a non-GAAP measure. For corresponding reconciliation of TCE to a GAAP financial measure, see Reconciliation of Non-GAAP Measures and Calculations of Regulatory Measures.

(4) Net interest margin represents net interest income divided by average interest-earning assets.

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

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

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

(8) 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.

(9) Includes activity and accounts associated with loan receivables held for sale.

(10) Active accounts represent credit card or installment loan accounts on which there has been a purchase, payment or outstanding balance in the current month.

SYNCHRONY FINANCIAL

STATEMENTS OF EARNINGS

(unaudited, $ in millions)

	Quarter Ended							Six Months Ended			
	Jun 30, 2020	**Mar 31, 2020**	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**	**2Q'20 vs. 2Q'19**		**Jun 30, 2020**	**Jun 30, 2019**	**YTD'20 vs. YTD'19**	
Interest income:											
Interest and fees on loans	$ 3,808	$ 4,340	$ 4,492	$ 4,890	$ 4,636	$ (828)	(17.9)%	$ 8,148	$ 9,323	$ (1,175)	(12.6)%
Interest on cash and debt securities	22	67	93	91	102	(80)	(78.4)%	89	201	(112)	(55.7)%
Total interest income	3,830	4,407	4,585	4,981	4,738	(908)	(19.2)%	8,237	9,524	(1,287)	(13.5)%
Interest expense:											
Interest on deposits	293	356	383	411	397	(104)	(26.2)%	649	772	(123)	(15.9)%
Interest on borrowings of consolidated securitization entities	59	73	80	88	90	(31)	(34.4)%	132	190	(58)	(30.5)%
Interest on senior unsecured notes	82	88	93	93	96	(14)	(14.6)%	170	181	(11)	(6.1)%
Total interest expense	434	517	556	592	583	(149)	(25.6)%	951	1,143	(192)	(16.8)%
Net interest income	3,396	3,890	4,029	4,389	4,155	(759)	(18.3)%	7,286	8,381	(1,095)	(13.1)%
Retailer share arrangements	(773)	(926)	(1,029)	(1,016)	(859)	86	(10.0)%	(1,699)	(1,813)	114	(6.3)%
Provision for credit losses	1,673	1,677	1,104	1,019	1,198	475	39.6 %	3,350	2,057	1,293	62.9 %
Net interest income, after retailer share arrangements and provision for credit losses	950	1,287	1,896	2,354	2,098	(1,148)	(54.7)%	2,237	4,511	(2,274)	(50.4)%
Other income:											
Interchange revenue	134	161	192	197	194	(60)	(30.9)%	295	359	(64)	(17.8)%
Debt cancellation fees	69	69	64	64	69	—	— %	138	137	1	0.7 %
Loyalty programs	(134)	(158)	(181)	(203)	(192)	58	(30.2)%	(292)	(359)	67	(18.7)%
Other	26	25	29	27	19	7	36.8 %	51	45	6	13.3 %
Total other income	95	97	104	85	90	5	5.6 %	192	182	10	5.5 %
Other expense:											
Employee costs	327	324	385	359	358	(31)	(8.7)%	651	711	(60)	(8.4)%
Professional fees	189	197	199	205	231	(42)	(18.2)%	386	463	(77)	(16.6)%
Marketing and business development	91	111	152	139	135	(44)	(32.6)%	202	258	(56)	(21.7)%
Information processing	116	123	122	127	123	(7)	(5.7)%	239	236	3	1.3 %
Other	263	247	221	234	212	51	24.1 %	510	434	76	17.5 %
Total other expense	986	1,002	1,079	1,064	1,059	(73)	(6.9)%	1,988	2,102	(114)	(5.4)%
Earnings before provision for income taxes	59	382	921	1,375	1,129	(1,070)	(94.8)%	441	2,591	(2,150)	(83.0)%
Provision for income taxes	11	96	190	319	276	(265)	(96.0)%	107	631	(524)	(83.0)%
Net earnings	$ 48	$ 286	$ 731	$ 1,056	$ 853	$ (805)	(94.4)%	$ 334	$ 1,960	$ (1,626)	(83.0)%
Net earnings available to common stockholders	$ 37	$ 275	$ 731	$ 1,056	$ 853	$ (816)	(95.7)%	$ 312	$ 1,960	$ (1,648)	(84.1)%

SYNCHRONY FINANCIAL

STATEMENTS OF FINANCIAL POSITION

(unaudited, $ in millions)

	Quarter Ended						
	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Jun 30, 2020 vs. Jun 30, 2019	
Assets							
Cash and equivalents	$ 16,344	$ 13,704	$ 12,147	$ 11,461	$ 11,755	$ 4,589	39.0 %
Debt securities	6,623	6,146	5,911	4,584	6,147	476	7.7 %
Loan receivables:							
Unsecuritized loans held for investment	52,629	54,765	58,398	56,220	55,178	(2,549)	(4.6)%
Restricted loans of consolidated securitization entities	25,684	27,704	28,817	26,987	26,618	(934)	(3.5)%
Total loan receivables	78,313	82,469	87,215	83,207	81,796	(3,483)	(4.3)%
Less: Allowance for credit losses(1)	(9,802)	(9,175)	(5,602)	(5,607)	(5,809)	(3,993)	68.7 %
Loan receivables, net	68,511	73,294	81,613	77,600	75,987	(7,476)	(9.8)%
Loan receivables held for sale	4	5	725	8,182	8,096	(8,092)	(100.0)%
Goodwill	1,078	1,078	1,078	1,078	1,078	—	— %
Intangible assets, net	1,166	1,208	1,265	1,177	1,215	(49)	(4.0)%
Other assets	2,818	2,603	2,087	1,861	2,110	708	33.6 %
Total assets	$ 96,544	$ 98,038	$ 104,826	$ 105,943	$ 106,388	$ (9,844)	(9.3)%
Liabilities and Equity							
Deposits:							
Interest-bearing deposit accounts	$ 63,857	$ 64,302	$ 64,877	$ 65,677	$ 65,382	$ (1,525)	(2.3)%
Non-interest-bearing deposit accounts	291	313	277	295	263	28	10.6 %
Total deposits	64,148	64,615	65,154	65,972	65,645	(1,497)	(2.3)%
Borrowings:							
Borrowings of consolidated securitization entities	8,109	9,291	10,412	10,912	11,941	(3,832)	(32.1)%
Senior unsecured notes	7,960	7,957	9,454	9,451	9,303	(1,343)	(14.4)%
Total borrowings	16,069	17,248	19,866	20,363	21,244	(5,175)	(24.4)%
Accrued expenses and other liabilities	4,428	4,205	4,718	4,488	4,765	(337)	(7.1)%
Total liabilities	84,645	86,068	89,738	90,823	91,654	(7,009)	(7.6)%
Equity:							
Preferred stock	734	734	734	—	—	734	NM
Common stock	1	1	1	1	1	—	— %
Additional paid-in capital	9,532	9,523	9,537	9,520	9,500	32	0.3 %
Retained earnings	9,852	9,960	12,117	11,533	10,627	(775)	(7.3)%
Accumulated other comprehensive income:	(37)	(49)	(58)	(44)	(43)	6	(14.0)%
Treasury stock	(8,183)	(8,199)	(7,243)	(5,890)	(5,351)	(2,832)	52.9 %
Total equity	11,899	11,970	15,088	15,120	14,734	(2,835)	(19.2)%
Total liabilities and equity	$ 96,544	$ 98,038	$ 104,826	$ 105,943	$ 106,388	$ (9,844)	(9.3)%

(1) Effective January 1, 2020, the Company adopted ASU 2016-13, Financial Instruments-Credit Losses ("CECL") that measures the allowance for credit losses based on management's best estimate of expected credit losses for the life of our loan receivables. Prior periods presented reflect measurement of the allowance based on management's estimate of probable incurred credit losses in accordance with the previous accounting guidance effective for those periods.

SYNCHRONY FINANCIAL

AVERAGE BALANCES, NET INTEREST INCOME AND NET INTEREST MARGIN

(unaudited, $ in millions)

	Quarter Ended														
	Jun 30, 2020			Mar 31, 2020			Dec 31, 2019			Sep 30, 2019			Jun 30, 2019		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
Assets															
Interest-earning assets:															
Interest-earning cash and equivalents	$ 15,413	$ 3	0.08%	$ 12,902	$ 42	1.31%	$ 16,269	$ 68	1.66%	$ 10,947	$ 59	2.14%	$ 10,989	$ 66	2.41%
Securities available for sale	6,804	19	1.12%	5,954	25	1.69%	4,828	25	2.05%	5,389	32	2.36%	6,010	36	2.40%
Loan receivables, including held for sale:															
Credit cards	75,942	3,740	19.81%	81,716	4,272	21.03%	81,960	4,409	21.34%	87,156	4,807	21.88%	85,488	4,557	21.38%
Consumer installment loans	1,546	37	9.63%	1,432	35	9.83%	2,058	48	9.25%	2,022	48	9.42%	1,924	44	9.17%
Commercial credit products	1,150	30	10.49%	1,243	33	10.68%	1,311	34	10.29%	1,329	35	10.45%	1,330	34	10.25%
Other	59	1	NM	37	—	—%	47	1	NM	49	—	—%	50	1	NM
Total loan receivables, including held for sale	78,697	3,808	19.46%	84,428	4,340	20.67%	85,376	4,492	20.87%	90,556	4,890	21.42%	88,792	4,636	20.94%
Total interest-earning assets	100,914	3,830	15.26%	103,284	4,407	17.16%	106,473	4,585	17.08%	106,892	4,981	18.49%	105,791	4,738	17.96%
Non-interest-earning assets:															
Cash and due from banks	1,486			1,450			1,326			1,374			1,271		
Allowance for credit losses	(9,221)			(8,708)			(5,593)			(5,773)			(5,911)		
Other assets	4,779			4,696			3,872			3,920			3,752		
Total non-interest-earning assets	(2,956)			(2,562)			(395)			(479)			(888)		
Total assets	$ 97,958			$ 100,722			$ 106,078			$ 106,413			$ 104,903		
Liabilities															
Interest-bearing liabilities:															
Interest-bearing deposit accounts	$ 64,298	$ 293	1.83%	$ 64,366	$ 356	2.22%	$ 65,380	$ 383	2.32%	$ 65,615	$ 411	2.49%	$ 64,226	$ 397	2.48%
Borrowings of consolidated securitization entities	8,863	59	2.68%	9,986	73	2.94%	10,831	80	2.93%	11,770	88	2.97%	11,785	90	3.06%
Senior unsecured notes	7,958	82	4.14%	8,807	88	4.02%	9,452	93	3.90%	9,347	93	3.95%	9,543	96	4.03%
Total interest-bearing liabilities	81,119	434	2.15%	83,159	517	2.50%	85,663	556	2.58%	86,732	592	2.71%	85,554	583	2.73%
Non-interest-bearing liabilities															
Non-interest-bearing deposit accounts	309			299			281			283			271		
Other liabilities	4,349			4,672			4,906			4,570			4,260		
Total non-interest-bearing liabilities	4,658			4,971			5,187			4,853			4,531		
Total liabilities	85,777			88,130			90,850			91,585			90,085		
Equity															
Total equity	12,181			12,592			15,228			14,828			14,818		
Total liabilities and equity	$ 97,958			$ 100,722			$ 106,078			$ 106,413			$ 104,903		
Net interest income		$ 3,396			$ 3,890			$ 4,029			$ 4,389			$ 4,155	
Interest rate spread(1)			13.11%			14.66%			14.50%			15.78%			15.23%
Net interest margin(2)			13.53%			15.15%			15.01%			16.29%			15.75%

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

(2) Net interest margin represents net interest income divided by average interest-earning assets.

SYNCHRONY FINANCIAL

AVERAGE BALANCES, NET INTEREST INCOME AND NET INTEREST MARGIN

(unaudited, $ in millions)

	Six Months Ended Jun 30, 2020			Six Months Ended Jun 30, 2019		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
Assets						
Interest-earning assets:						
Interest-earning cash and equivalents	$ 14,158	$ 45	0.64%	$ 11,011	$ 131	2.40%
Securities available for sale	6,379	44	1.39%	5,826	70	2.42%
Loan receivables:						
Credit cards, including held for sale	78,830	8,012	20.44%	86,125	9,168	21.47%
Consumer installment loans	1,489	72	9.72%	1,884	86	9.21%
Commercial credit products	1,196	63	10.59%	1,291	68	10.62%
Other	48	1	4.19%	44	1	4.58%
Total loan receivables, including held for sale	81,563	8,148	20.09%	89,344	9,323	21.04%
Total interest-earning assets	102,100	8,237	16.22%	106,181	9,524	18.09%
Non-interest-earning assets:						
Cash and due from banks	1,468			1,303		
Allowance for loan losses	(8,965)			(6,125)		
Other assets	4,737			3,741		
Total non-interest-earning assets	(2,760)			(1,081)		
Total assets	$ 99,340			$ 105,100		
Liabilities						
Interest-bearing liabilities:						
Interest-bearing deposit accounts	$ 64,332	$ 649	2.03%	$ 64,002	$ 772	2.43%
Borrowings of consolidated securitization entities	9,425	132	2.82%	12,592	190	3.04%
Senior unsecured notes	8,382	170	4.08%	9,219	181	3.96%
Total interest-bearing liabilities	82,139	951	2.33%	85,813	1,143	2.69%
Non-interest-bearing liabilities						
Non-interest-bearing deposit accounts	304			278		
Other liabilities	4,511			4,205		
Total non-interest-bearing liabilities	4,815			4,483		
Total liabilities	86,954			90,296		
Equity						
Total equity	12,386			14,804		
Total liabilities and equity	$ 99,340			$ 105,100		
Net interest income		$ 7,286			$ 8,381	
Interest rate spread(1)			13.89%			15.40%
Net interest margin(2)			14.35%			15.92%

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

(2) Net interest margin represents net interest income divided by average interest-earning assets.

SYNCHRONY FINANCIAL

BALANCE SHEET STATISTICS

(unaudited, $ in millions, except per share statistics)

	Quarter Ended						
	Jun 30, 2020	**Mar 31, 2020**	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**	**Jun 30, 2020 vs. Jun 30, 2019**	
BALANCE SHEET STATISTICS							
Total common equity	$ 11,165	$ 11,236	$ 14,354	$ 15,120	$ 14,734	$ (3,569)	(24.2)%
Total common equity as a % of total assets	11.56%	11.46%	13.69%	14.27%	13.85%		(2.29)%
Tangible assets	$ 94,300	$ 95,752	$ 102,483	$ 103,688	$ 104,095	$ (9,795)	(9.4)%
Tangible common equity(1)	$ 8,921	$ 8,950	$ 12,011	$ 12,865	$ 12,441	$ (3,520)	(28.3)%
Tangible common equity as a % of tangible assets(1)	9.46%	9.35%	11.72%	12.41%	11.95%		(2.49)%
Tangible common equity per share(1)	$ 15.28	$ 15.35	$ 19.50	$ 19.68	$ 18.60	$ (3.32)	(17.8)%

REGULATORY CAPITAL RATIOS(2)(3)

	Basel III - CECL Transition		Basel III		
Total risk-based capital ratio(4)	17.6%	16.5%	16.3%	15.8%	15.6%
Tier 1 risk-based capital ratio(5)	16.3%	15.2%	15.0%	14.5%	14.3%
Tier 1 leverage ratio(6)	12.7%	12.3%	12.6%	12.6%	12.4%
Common equity Tier 1 capital ratio	15.3%	14.3%	14.1%	14.5%	14.3%

(1) Tangible common equity ("TCE") is a non-GAAP measure. We believe TCE is a more meaningful measure of the net asset value of the Company to investors. For corresponding reconciliation of TCE to a GAAP financial measure, see Reconciliation of Non-GAAP Measures and Calculations of Regulatory Measures.

(2) Regulatory capital ratios at June 30, 2020 are preliminary and therefore subject to change.

(3) Capital ratios starting March 31, 2020 reflect election to delay for two years an estimate of CECL's effect on regulatory capital in accordance with the interim final rule issued by U.S. banking agencies in March 2020.

(4) Total risk-based capital ratio is the ratio of total risk-based capital divided by risk-weighted assets.

(5) Tier 1 risk-based capital ratio is the ratio of Tier 1 capital divided by risk-weighted assets.

(6) Tier 1 leverage ratio is the ratio of Tier 1 capital divided by total average assets, after certain adjustments. Tier 1 leverage ratios are based upon the use of daily averages for all periods presented.

SYNCHRONY FINANCIAL

PLATFORM RESULTS

(unaudited, $ in millions)

	Quarter Ended							Six Months Ended			
	Jun 30, 2020	**Mar 31, 2020**	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**	**2Q'20 vs. 2Q'19**		**Jun 30, 2020**	**Jun 30, 2019**	**YTD'20 vs. YTD'19**	
RETAIL CARD											
Purchase volume[(1)(2)]	$ 24,380	$ 24,008	$ 30,968	$ 29,282	$ 29,530	$ (5,150)	(17.4)%	$ 48,388	$ 54,190	$ (5,802)	(10.7)%
Period-end loan receivables	$ 49,967	$ 52,390	$ 56,387	$ 52,697	$ 52,307	$ (2,340)	(4.5)%	$ 49,967	$ 52,307	$ (2,340)	(4.5)%
Average loan receivables, including held for sale	$ 50,238	$ 53,820	$ 54,505	$ 60,660	$ 59,861	$ (9,623)	(16.1)%	$ 52,029	$ 60,409	$ (8,380)	(13.9)%
Average active accounts (in thousands)[(2)(3)]	46,970	53,018	54,662	58,082	57,212	(10,242)	(17.9)%	49,982	58,132	(8,150)	(14.0)%
Interest and fees on loans	$ 2,640	$ 3,037	$ 3,143	$ 3,570	$ 3,390	$ (750)	(22.1)%	$ 5,677	$ 6,844	$ (1,167)	(17.1)%
Other income	$ 56	$ 59	$ 77	$ 65	$ 59	$ (3)	(5.1)%	$ 115	$ 135	$ (20)	(14.8)%
Retailer share arrangements	$ (752)	$ (904)	$ (988)	$ (998)	$ (836)	$ 84	(10.0)%	$ (1,656)	$ (1,776)	$ 120	(6.8)%
PAYMENT SOLUTIONS											
Purchase volume[(1)(2)]	$ 4,823	$ 5,375	$ 6,402	$ 6,281	$ 5,948	$ (1,125)	(18.9)%	$ 10,198	$ 11,197	$ (999)	(8.9)%
Period-end loan receivables	$ 19,119	$ 19,973	$ 20,528	$ 20,478	$ 19,766	$ (647)	(3.3)%	$ 19,119	$ 19,766	$ (647)	(3.3)%
Average loan receivables, including held for sale	$ 19,065	$ 20,344	$ 20,701	$ 20,051	$ 19,409	$ (344)	(1.8)%	$ 19,705	$ 19,453	$ 252	1.3 %
Average active accounts (in thousands)[(2)(3)]	11,900	12,681	12,713	12,384	12,227	(327)	(2.7)%	12,266	12,321	(55)	(0.4)%
Interest and fees on loans	$ 632	$ 706	$ 737	$ 721	$ 685	$ (53)	(7.7)%	$ 1,338	$ 1,371	$ (33)	(2.4)%
Other income	$ 14	$ 13	$ 4	$ (1)	$ 11	$ 3	27.3 %	$ 27	$ 12	$ 15	125.0 %
Retailer share arrangements	$ (18)	$ (18)	$ (37)	$ (15)	$ (21)	$ 3	(14.3)%	$ (36)	$ (33)	$ (3)	9.1 %
CARECREDIT											
Purchase volume[(1)]	$ 1,952	$ 2,659	$ 2,842	$ 2,832	$ 2,813	$ (861)	(30.6)%	$ 4,611	$ 5,417	$ (806)	(14.9)%
Period-end loan receivables	$ 9,227	$ 10,106	$ 10,300	$ 10,032	$ 9,723	$ (496)	(5.1)%	$ 9,227	$ 9,723	$ (496)	(5.1)%
Average loan receivables, including held for sale	$ 9,394	$ 10,264	$ 10,170	$ 9,845	$ 9,522	$ (128)	(1.3)%	$ 9,829	$ 9,482	$ 347	3.7 %
Average active accounts (in thousands)[(3)]	5,966	6,379	6,359	6,229	6,086	(120)	(2.0)%	6,153	6,092	61	1.0 %
Interest and fees on loans	$ 536	$ 597	$ 612	$ 599	$ 561	$ (25)	(4.5)%	$ 1,133	$ 1,108	$ 25	2.3 %
Other income	$ 25	$ 25	$ 23	$ 21	$ 20	$ 5	25.0 %	$ 50	$ 35	$ 15	42.9 %
Retailer share arrangements	$ (3)	$ (4)	$ (4)	$ (3)	$ (2)	$ (1)	50.0 %	$ (7)	$ (4)	$ (3)	75.0 %
TOTAL SYF											
Purchase volume[(1)(2)]	$ 31,155	$ 32,042	$ 40,212	$ 38,395	$ 38,291	$ (7,136)	(18.6)%	$ 63,197	$ 70,804	$ (7,607)	(10.7)%
Period-end loan receivables	$ 78,313	$ 82,469	$ 87,215	$ 83,207	$ 81,796	$ (3,483)	(4.3)%	$ 78,313	$ 81,796	$ (3,483)	(4.3)%
Average loan receivables, including held for sale	$ 78,697	$ 84,428	$ 85,376	$ 90,556	$ 88,792	$ (10,095)	(11.4)%	$ 81,563	$ 89,344	$ (7,781)	(8.7)%
Average active accounts (in thousands)[(2)(3)]	64,836	72,078	73,734	76,695	75,525	(10,689)	(14.2)%	68,401	76,545	(8,144)	(10.6)%
Interest and fees on loans	$ 3,808	$ 4,340	$ 4,492	$ 4,890	$ 4,636	$ (828)	(17.9)%	$ 8,148	$ 9,323	$ (1,175)	(12.6)%
Other income	$ 95	$ 97	$ 104	$ 85	$ 90	$ 5	5.6 %	$ 192	$ 182	$ 10	5.5 %
Retailer share arrangements	$ (773)	$ (926)	$ (1,029)	$ (1,016)	$ (859)	$ 86	(10.0)%	$ (1,699)	$ (1,813)	$ 114	(6.3)%

(1) Purchase volume, or net credit sales, represents the aggregate amount of charges incurred on credit cards or other credit product accounts less returns during the period.

(2) Includes activity and balances associated with loan receivables held for sale.

(3) Active accounts represent credit card or installment loan accounts on which there has been a purchase, payment or outstanding balance in the current month.

SYNCHRONY FINANCIAL

RECONCILIATION OF NON-GAAP MEASURES AND CALCULATIONS OF REGULATORY MEASURES(1)

(unaudited, $ in millions, except per share statistics)

	Quarter Ended				
	Jun 30, 2020	**Mar 31, 2020**	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**
COMMON EQUITY AND REGULATORY CAPITAL MEASURES(2)					
GAAP Total equity	$ 11,899	$ 11,970	$ 15,088	$ 15,120	$ 14,734
Less: Preferred stock	(734)	(734)	(734)	—	—
Less: Goodwill	(1,078)	(1,078)	(1,078)	(1,078)	(1,078)
Less: Intangible assets, net	(1,166)	(1,208)	(1,265)	(1,177)	(1,215)
Tangible common equity	$ 8,921	$ 8,950	$ 12,011	$ 12,865	$ 12,441
Add: CECL transition amount	2,570	2,417	—	—	—
Adjustments for certain deferred tax liabilities and certain items in accumulated comprehensive income (loss)	302	304	319	290	283
Common equity Tier 1	$ 11,793	$ 11,671	$ 12,330	$ 13,155	$ 12,724
Preferred stock	734	734	734	—	—
Tier 1 capital	$ 12,527	$ 12,405	$ 13,064	$ 13,155	$ 12,724
Add: Allowance for credit losses includible in risk-based capital	1,031	1,082	1,147	1,190	1,169
Total Risk-based capital	$ 13,558	$ 13,487	$ 14,211	$ 14,345	$ 13,893
ASSET MEASURES(2)					
Total average assets	$ 97,958	$ 100,722	$ 106,078	$ 106,413	$ 104,903
Adjustments for:					
Add: CECL transition amount	2,570	2,417	—	—	—
Disallowed goodwill and other disallowed intangible assets (net of related deferred tax liabilities) and other	(1,980)	(2,010)	(2,059)	(1,975)	(2,003)
Total assets for leverage purposes	$ 98,548	$ 101,129	$ 104,019	$ 104,438	$ 102,900
Risk-weighted assets	$ 77,048	$ 81,639	$ 87,302	$ 90,772	$ 88,890
CECL FULLY PHASED-IN CAPITAL MEASURES					
Tier 1 capital	$ 12,527	$ 12,405	$ 13,064	$ 13,155	$ 12,724
Less: CECL transition adjustment	(2,570)	(2,417)	—	—	—
Tier 1 capital (CECL fully phased-in)	$ 9,957	$ 9,988	$ 13,064	$ 13,155	$ 12,724
Add: Allowance for credit losses	9,802	9,175	5,602	5,607	5,809
Tier 1 capital (CECL fully phased-in) + Reserves for credit losses	$ 19,759	$ 19,163	$ 18,666	$ 18,762	$ 18,533
Risk-weighted assets	$ 77,048	$ 81,639	$ 87,302	$ 90,772	$ 88,890
Less: CECL transition adjustment	(2,361)	(2,204)	—	—	—
Risk-weighted assets (CECL fully phased-in)	$ 74,687	$ 79,435	$ 87,302	$ 90,772	$ 88,890
TANGIBLE COMMON EQUITY PER SHARE					
GAAP book value per share	$ 19.13	$ 19.27	$ 23.31	$ 23.13	$ 22.03
Less: Goodwill	(1.85)	(1.85)	(1.75)	(1.65)	(1.61)
Less: Intangible assets, net	(2.00)	(2.07)	(2.06)	(1.80)	(1.82)
Tangible common equity per share	$ 15.28	$ 15.35	$ 19.50	$ 19.68	$ 18.60

(1) Regulatory measures at June 30, 2020 are presented on an estimated basis.

(2) Capital ratios starting March 31, 2020 reflect election to delay for two years an estimate of CECL's effect on regulatory capital in accordance with the interim final rule issued by U.S. banking agencies in March 2020.

SYNCHRONY FINANCIAL

RECONCILIATION OF NON-GAAP MEASURES (Continued)

(unaudited, $ in millions, except per share statistics)

	Quarter Ended				
	Jun 30, 2020	**Mar 31, 2020**	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**
ALLOWANCE FOR LOAN LOSSES (1)					
Allowance for credit losses	$ 9,802	$ 9,175	N/A	N/A	N/A
Less: Impact from CECL(2)	(3,605)	(3,122)	—	—	—
Allowance for loan losses(1)	$ 6,197	$ 6,053	$ 5,602	$ 5,607	$ 5,809
ALLOWANCE FOR LOAN LOSSES AS A % OF PERIOD-END LOAN RECEIVABLES					
Allowance for credit losses as a % of period-end loan receivables	12.52 %	11.13 %	N/A	N/A	N/A
Less: Impact from CECL(2)	(4.61)%	(3.79)%	—%	—%	—%
Allowance for loan losses as a % of period-end loan receivables	7.91 %	7.34 %	6.42%	6.74%	7.10%
CORE PURCHASE VOLUME					
Purchase Volume	$ 31,155	$ 32,042	$ 40,212	$ 38,395	$ 38,291
Less: Walmart and Yamaha Purchase volume	—	—	(267)	(2,381)	(2,512)
Core Purchase volume	$ 31,155	$ 32,042	$ 39,945	$ 36,014	$ 35,779
CORE LOAN RECEIVABLES					
Loan receivables	$ 78,313	$ 82,469	$ 87,215	$ 83,207	$ 81,796
Less: Walmart and Yamaha Loan receivables	—	—	(3)	(872)	(1,188)
Core Loan receivables	$ 78,313	$ 82,469	$ 87,212	$ 82,335	$ 80,608
Retail Card Loan receivables	$ 49,967	$ 52,390	$ 56,387	$ 52,697	$ 52,307
Less: Walmart Loan receivables	—	—	—	(112)	(431)
Core Loan receivables	$ 49,967	$ 52,390	$ 56,387	$ 52,585	$ 51,876
Payment Solutions Loan receivables	$ 19,119	$ 19,973	$ 20,528	$ 20,478	$ 19,766
Less: Yamaha Loan receivables	—	—	(3)	(760)	(757)
Core Loan receivables	$ 19,119	$ 19,973	$ 20,525	$ 19,718	$ 19,009
CORE AVERAGE ACTIVE ACCOUNTS (in thousands)					
Average active accounts (in thousands)	64,836	72,078	73,734	76,695	75,525
Less: Walmart and Yamaha average Active accounts (in thousands)	—	—	(1,777)	(7,001)	(7,215)
Core Average active accounts (in thousands)	64,836	72,078	71,957	69,694	68,310
CORE INTEREST AND FEES ON LOANS					
Interest and fees on loans	$ 3,808	$ 4,340	$ 4,492	$ 4,890	$ 4,636
Less: Walmart and Yamaha Interest and fees on loans	—	—	(69)	(531)	(520)
Core Interest and fees on loans	$ 3,808	$ 4,340	$ 4,423	$ 4,359	$ 4,116

(1) Beginning in 1Q'20, allowance for loan losses is calculated based upon accounting standards no longer effective, and as such is a Non-GAAP measure.

(2) Impact from CECL reflects the additional allowance for credit losses recorded in accordance with ASC 2016-13, as compared to the allowance for credit losses required had the prior accounting guidance been applied.

Exhibit 99.3

2Q'20 Financial Results
July 21, 2020

synchrony
FINANCIAL

Disclaimers

Cautionary Statement Regarding Forward-Looking Statements

The following slides are part of a presentation by Synchrony Financial in connection with reporting quarterly financial results. No representation is made that the information in these slides is complete. For additional information, see the earnings release and financial supplement included as exhibits to our Current Report on Form 8-K filed today and available on our website (www.synchronyfinancial.com) and the SEC's website (www.sec.gov). All references to net earnings and net income are intended to have the same meaning.

This presentation contains certain forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. Forward-looking statements may be identified by words such as "expects," "intends," "anticipates," "plans," "believes," "seeks," "targets," "outlook," "estimates," "will," "should," "may" or words of similar meaning, but these words are not the exclusive means of identifying forward-looking statements. Forward-looking statements are based on management's current expectations and assumptions, and are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, actual results could differ materially from those indicated in these forward-looking statements. Factors that could cause actual results to differ materially include global political, economic, business, competitive, market, regulatory and other factors and risks, such as: the impact of macroeconomic conditions and whether industry trends we have identified develop as anticipated, including the future impacts of the novel coronavirus disease ("COVID-19") outbreak and measures taken in response thereto for which future developments are highly uncertain and difficult to predict; retaining existing partners and attracting new partners, concentration of our revenue in a small number of Retail Card partners, and promotion and support of our products by our partners; cyber-attacks or other security breaches; disruptions in the operations of our computer systems and data centers; the financial performance of our partners; the sufficiency of our allowance for credit losses and the accuracy of the assumptions or estimates used in preparing our financial statements, including those related to the new CECL accounting guidance; higher borrowing costs and adverse financial market conditions impacting our funding and liquidity, and any reduction in our credit ratings; our ability to grow our deposits in the future; damage to our reputation; our ability to securitize our loan receivables, occurrence of an early amortization of our securitization facilities, loss of the right to service or subservice our securitized loan receivables, and lower payment rates on our securitized loan receivables; changes in market interest rates and the impact of any margin compression; effectiveness of our risk management processes and procedures, reliance on models which may be inaccurate or misinterpreted, our ability to manage our credit risk; our ability to offset increases in our costs in retailer share arrangements; competition in the consumer finance industry; our concentration in the U.S. consumer credit market; our ability to successfully develop and commercialize new or enhanced products and services; our ability to realize the value of acquisitions and strategic investments; reductions in interchange fees; fraudulent activity; failure of third parties to provide various services that are important to our operations; international risks and compliance and regulatory risks and costs associated with international operations; alleged infringement of intellectual property rights of others and our ability to protect our intellectual property; litigation and regulatory actions; our ability to attract, retain and motivate key officers and employees; tax legislation initiatives or challenges to our tax positions and/or interpretations, and state sales tax rules and regulations; a material indemnification obligation to GE under the Tax Sharing and Separation Agreement with GE if we cause the split-off from GE or certain preliminary transactions to fail to qualify for tax-free treatment or in the case of certain significant transfers of our stock following the split-off; regulation, supervision, examination and enforcement of our business by governmental authorities, the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act and other legislative and regulatory developments and the impact of the Consumer Financial Protection Bureau's regulation of our business; impact of capital adequacy rules and liquidity requirements; restrictions that limit our ability to pay dividends and repurchase our common stock, and restrictions that limit the Synchrony Bank's ability to pay dividends to us; regulations relating to privacy, information security and data protection; use of third-party vendors and ongoing third-party business relationships; and failure to comply with anti-money laundering and anti-terrorism financing laws.

For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this presentation and in our public filings, including under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, as filed on February 13, 2020, and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, as filed on April 22, 2020. You should not consider any list of such factors to be an exhaustive statement of all the risks, uncertainties, or potentially inaccurate assumptions that could cause our current expectations or beliefs to change. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law.

2Q'20 Highlights

Financial Highlights

- $48 million Net earnings, $0.06 diluted EPS
  - Increase in provision for credit losses for the quarter included impact from CECL implementation of $483 million, or $365 million after-tax, which equates to an EPS reduction of $0.63
- Core Growth metrics[a] down in 2Q'20 primarily due to COVID-19:
  - Loan receivables down 4%; down 3% on a Core basis
  - Interest and fees on loans down 18%; down 7% on a Core basis
  - Purchase volume down 19%; down 13% on a Core basis
  - Average active accounts down 14%; down 5% on a Core basis
- Net charge-offs 5.35% compared to 6.01% in the prior year
- Provision for credit losses up 40% primarily driven by reserve increase for projected impact of COVID-19 related losses and prior year reserve reduction related to Walmart
- Efficiency ratio 36.3% compared to 31.3% in the prior year
- Deposits down $1.5 billion compared to prior year
- Strong capital and liquidity
  - 15.3% CET1 & $22.4 billion liquid assets
  - Returned $128 million in capital through common stock dividends

Business Highlights

- Launched a new partnership

verizon✓

- Added new partnerships

ADORAMA MORE THAN A CAMERA STORE | CLUB CHAMPION

HSUN | modani FURNITURE

- Renewed and extended key relationships

CarX TIRE & AUTO | ENGLERT

BERNINA | HANK'S Fine Furniture and Mattresses

PURONICS Pure Water Solutions | VANDERHALL

- Renewed, extended and established new CareCredit key relationships

AdventHealth | West Coast Dental and Orthodontics

(a) Growth Metrics shown above on a Core basis are non-GAAP measures and excludes from both the prior year and the current year amounts related to the Walmart and Yamaha portfolios, sold in October 2019 and January 2020, respectively. See non-GAAP reconciliation in the appendix.

Accelerating Digital Innovation

Digital Investments Helping Partners Fast-Track Online Transition

Customers are Seeking and Rapidly Adopting Contactless Commerce [(a)]

72%
prefer to skip signature at the point of sale

80%
are concerned about signing

49%
agree that COVID-19 has inspired them to use contactless

Digital Apply

Digital Wallet

Digital Servicing

Synchrony Plug-In (SyPI®)

43%
Mobile Channel Application Growth*
* 2Q'20 vs 2Q'19 excluding Walmart

~70%
Digital Applications*
* Percentage of Total Applications

48%
Online Sales*
* Percentage of Retail Card total

>60%
Digital Payments*
* 2Q'20 % of Total Payments

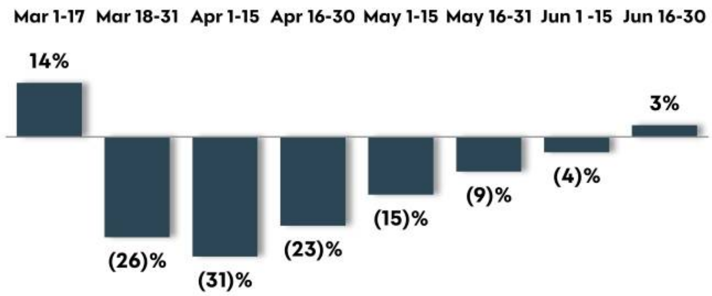
>$6B
Payments Made Through SyPI®*
* Through 2Q'20

(a) MASTERCARD PROPRIETARY RESEARCH, APRIL 10-12, 2020

COVID-19 Impact on Core Metrics[a]

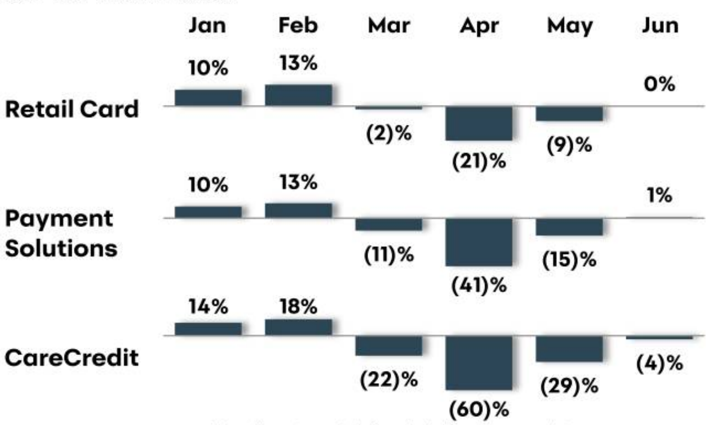
Purchase Volume Growth

% in YoY Growth Rates

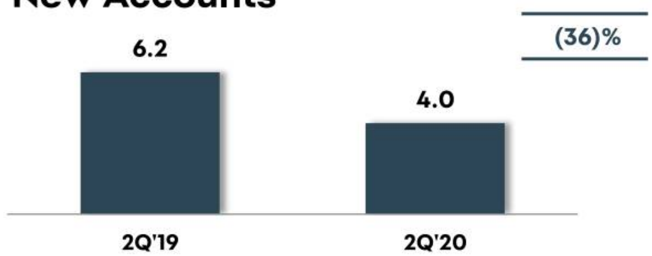


Platform Purchase Volume Growth

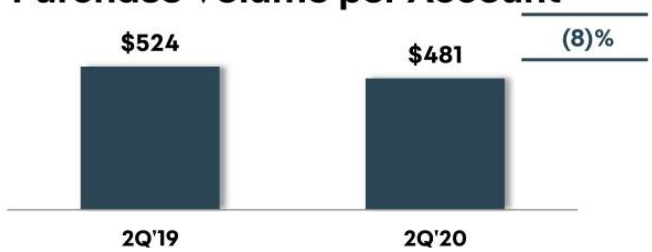
% in YoY Growth Rates



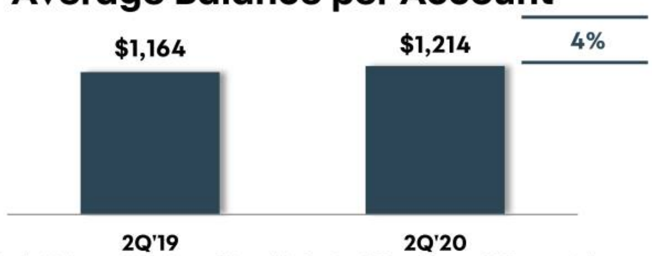
New Accounts[b]



Purchase Volume per Account[c]



Average Balance per Account[d]



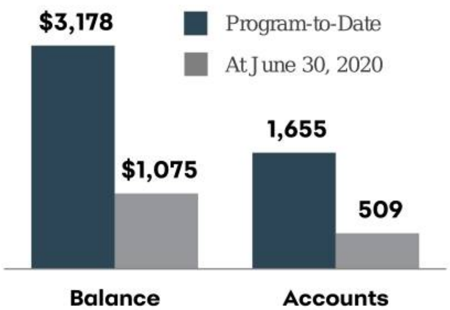
(a) All metrics exclude from both the prior year and the current year amounts related to the Walmart and Yamaha portfolios, sold in October 2019 and January 2020, respectively.
(b) New Accounts represent accounts that were approved in the respective period in millions.
(c) Purchase Volume per Account is calculated as the Purchase volume divided by Average active accounts, in $.
(d) Average Balance per Account is calculated as the Average loan receivables divided by Average active accounts, in $.

synchrony FINANCIAL

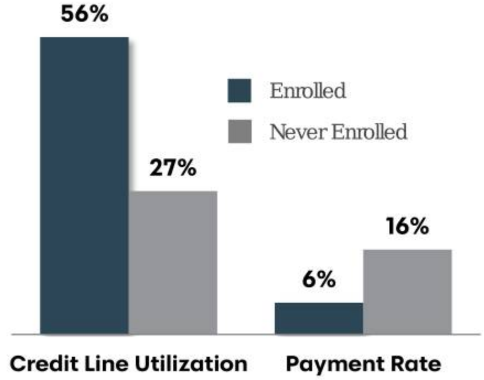
COVID Forbearance Impact – Program-to-Date through June 30th

Min Pay Due (MPD) Enrollments

$ in millions, accounts in thousands

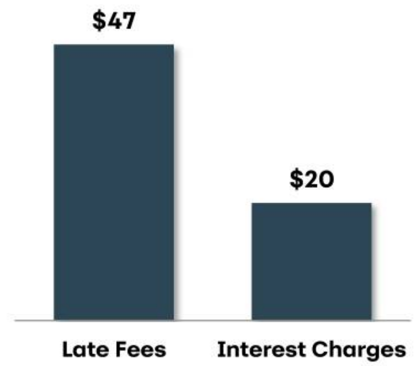


Performance Statistics

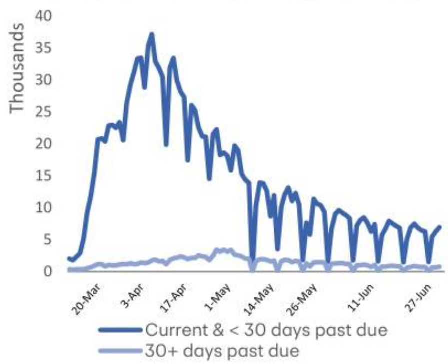


Fee Waivers

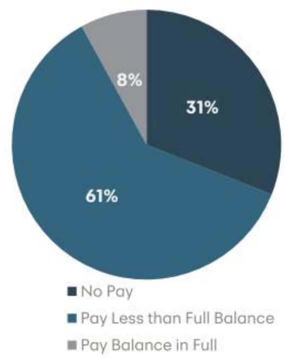
$ in millions



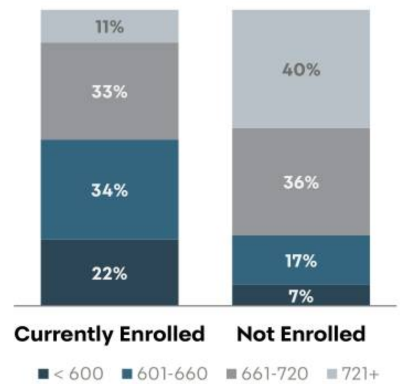
MPD Enrollment by Date and Delinquency



Payment Behavior of Enrolled Accounts [a]



Credit Score [b]



(a) Reflects June performance for percent of accounts by payment status ever enrolled in the program.
(b) Based on most recent FICO scores available for our customers in each period, weighted by balance, as a % of period-end receivables. If FICO score was not available, credit bureau-based scores were mapped to a FICO equivalent. If neither score was available, the account was excluded.

Financial Results

Summary earnings statement

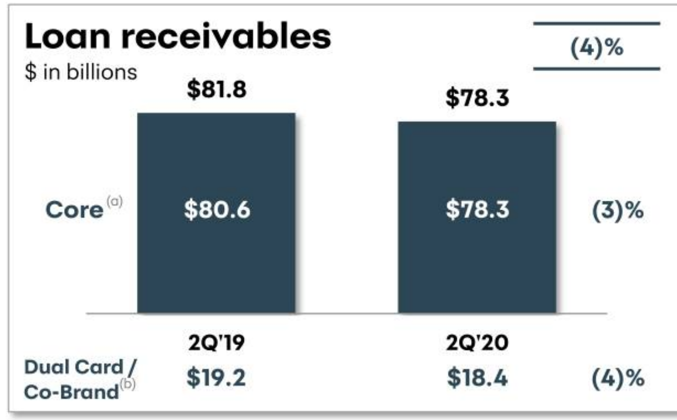
$ in millions, except per share statistics

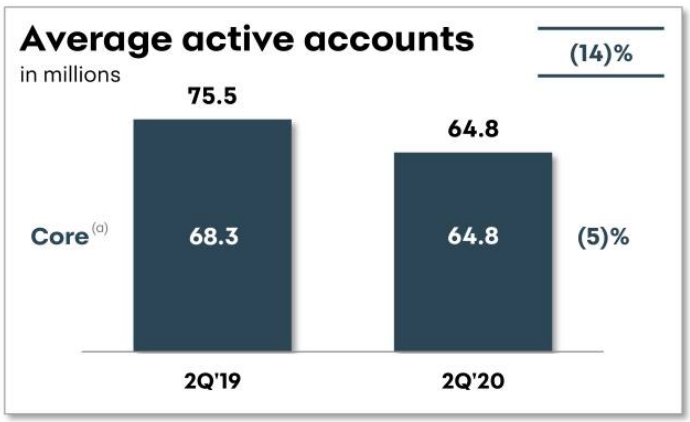
	2Q'20	2Q'19	B/(W) $	B/(W) %
Total interest income	$3,830	$4,738	$(908)	(19)%
Total interest expense	434	583	149	26%
Net interest income (NII)	**3,396**	**4,155**	**(759)**	**(18)%**
Retailer share arrangements (RSA)	(773)	(859)	86	10%
Provision for credit losses	1,673	1,198	(475)	(40)%
Other income	95	90	5	6%
Other expense	986	1,059	73	7%
Pre-Tax earnings	**59**	**1,129**	**(1,070)**	**(95)%**
Provision for income taxes	11	276	265	96%
Net earnings	**48**	**853**	**(805)**	**(94)%**
Preferred dividends	11	0	(11)	NM
Net earnings available to common stockholders	**$37**	**$853**	**$(816)**	**(96)%**
Diluted earnings per share	**$0.06**	**$1.24**	**$(1.18)**	

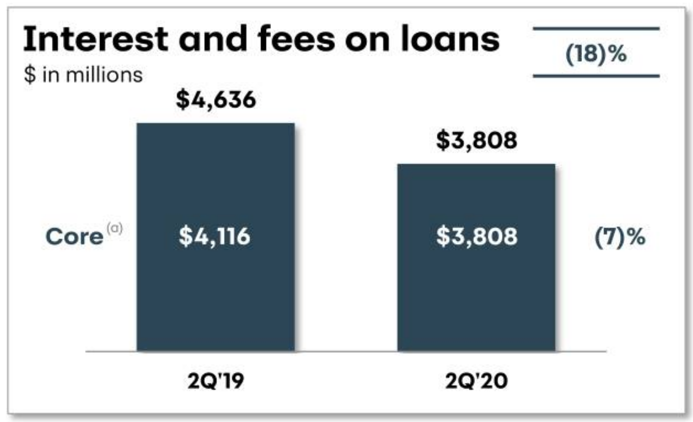
2Q'20 Highlights

- **$48 million Net earnings, $0.06 diluted EPS**
- **Net interest income down 18% driven by the Walmart sale and impact of COVID-19**
  - Interest and fees on loans down 18% driven by the Walmart sale and impact of COVID-19
  - Interest expense decrease driven primarily by lower benchmark rates
- **Retailer share arrangements down 10%**
- **Provision for credit losses up 40%**
  - Increase is primarily driven by reserve increase for projected impact of COVID-19 related losses and prior year reserve reduction related to Walmart
  - Net charge-offs of 5.35% compared to 6.01% in the prior year primarily driven by the Walmart sale
- **Other expense down 7%**

Growth Metrics







a) Financial measures shown above on a Core basis are non-GAAP measures. See non-GAAP reconciliation in the appendix.
b) Dual Card / Co-Brand Purchase volume and Loan receivables shown above are consumer only and excludes from the prior year amounts related to the Walmart portfolio.

Platform Results[a]

Retail Card
Loan receivables, $ in billions

Payment Solutions
Loan receivables, $ in billions

CareCredit
Loan receivables, $ in billions

	Retail Card 2Q'19	Retail Card 2Q'20	Retail Card V%	Payment Solutions 2Q'19	Payment Solutions 2Q'20	Payment Solutions V%	CareCredit 2Q'19	CareCredit 2Q'20	CareCredit V%
Purchase volume	$29.6	$24.4	(17)%	$5.9	$4.8	(19)%	$2.8	$2.0	(31)%
Accounts	57.2	46.9	(18)%	12.2	11.9	(3)%	6.1	6.0	(2)%
Interest and fees on loans	$3,390	$2,640	(22)%	$685	$632	(8)%	$561	$536	(4)%

Retail Card
- Receivable reduction primarily due to COVID-19 and partially offset by growth in digital partners
- Interest and fees on loans down 22% driven primarily by the Walmart sale and the decline in loan receivables

Payment Solutions
- Core receivable growth driven by Power and substantially offset by COVID-19
- Interest and fees on loans down 8% driven primarily by lower late fees

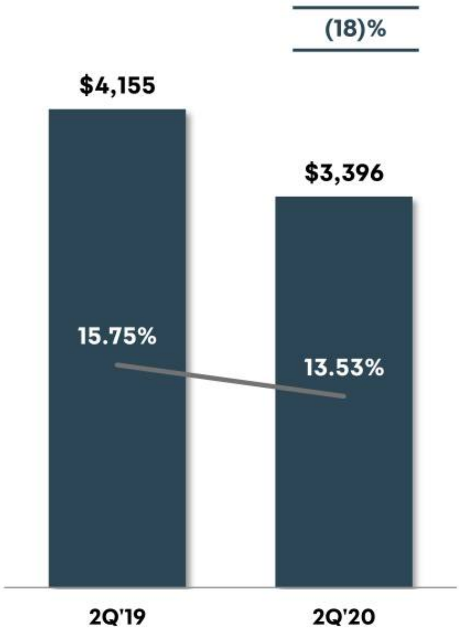
CareCredit
- Receivable reduction primarily due to COVID-19 and partially offset by growth in Veterinary
- Interest and fees on loans down 4% driven primarily by lower merchant discount as a result of the decline in purchase volume

(a) Accounts represent average active accounts in millions, which are credit card or installment loan accounts on which there has been a purchase, payment or outstanding balance in the current month. Purchase volume $ in billions and Interest and fees on loans $ in millions.
(b) Loan receivables shown above on a Core basis is a non-GAAP measure. See non-GAAP reconciliation in the appendix.

Net Interest Income

Net interest income

$ in millions, % of average interest-earning assets



2Q'20 Highlights

- **Net interest income decreased 18% compared to prior year driven by the Walmart sale and impact of COVID-19**
  - Interest and fees on loans decreased 18% compared to prior year driven by the Walmart sale and impact of COVID-19
- **Net interest margin (NIM) down 222bps.**
  - Loan receivables mix as a percent of total Earning Assets decreased from 83.9% to 78.0% driven by the impact of COVID-19
  - Loan receivables yield 19.46%, down 148bps. versus prior year primarily driven by lower benchmark rates
  - Total interest-bearing liabilities cost decreased 58bps. to 2.15%, due primarily to lower benchmark rates

NIM Walk

2Q'19 NIM	**15.75%**
Mix of Interest-earning assets	(1.13)%
Forbearance impact	(0.24)%
Loan receivables yield	(1.01)%
Liquidity portfolio yield	(0.32)%
Interest-bearing liabilities cost	0.48%
2Q'20 NIM	**13.53%**

Asset Quality Metrics

30+ days past due

$ in millions, % of period-end loan receivables

Net charge-offs

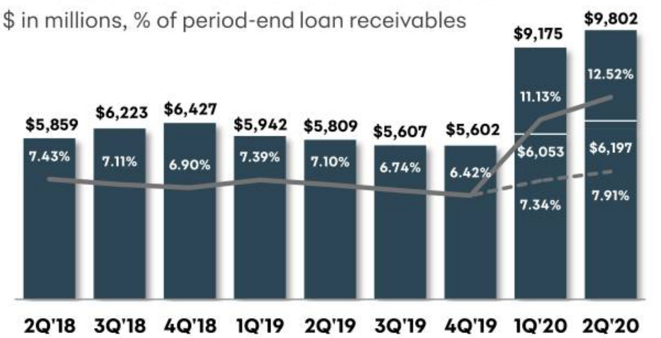
$ in millions, % of average loan receivables including held for sale

90+ days past due

$ in millions, % of period-end loan receivables

Allowance for credit losses[b]

$ in millions, % of period-end loan receivables



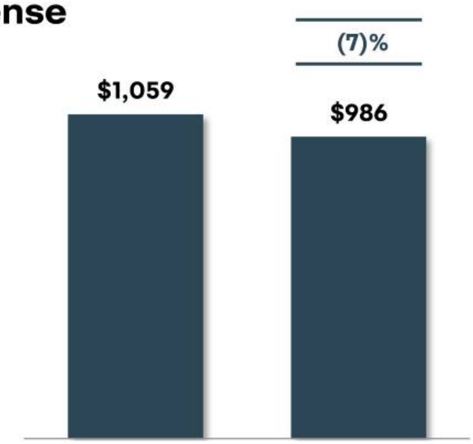
(a) Excluding the Walmart Portfolio, 2Q'20 30+ rate was down ~90bps versus 2Q'19; 2Q'20 net charge-off rate was down ~20bps versus 2Q'19; 2Q'20 90+ rate was down ~10bps versus 2Q'19.

(b) Allowance for credit losses reflects adoption of CECL on January 1, 2020, which included a $3.0 billion increase in reserves upon adoption. For comparability purposes, allowance for loan losses in FY20 is also presented. This measure reflects the prior accounting guidance and is a non-GAAP measure for FY20. See non-GAAP reconciliation in appendix.

Other Expense

Other expense

$ in millions



	2Q'19	2Q'20	V$	V%
Employee costs	$358	$327	$(31)	(9)%
Professional fees	231	189	(42)	(18)%
Marketing/BD	135	91	(44)	(33)%
Information processing	123	116	(7)	(6)%
Other	212	263	51	24%
Other expense	$1,059	$986	$(73)	(7)%
Efficiency [(a)]	**31.3%**	**36.3%**		**5.0 pts.**

2Q'20 Highlights

- **Other expense down 7%**
  - Decrease primarily due to the cost reductions from Walmart, lower purchase volume and accounts as well as reductions in certain discretionary spend
- **Efficiency ratio 36.3% vs. 31.3% prior year**
  - Other expense was negatively impacted by operational losses, expenditures related to our response to COVID-19 and charitable contributions
  - Excluding these impacts, efficiency ratio would have been 260 bps lower in 2Q'20

(a) "Other expense" divided by sum of "NII" plus "Other income" less "Retailer share arrangements (RSA)".

Funding, Capital and Liquidity

Funding sources

$ in billions

	2Q'19	2Q'20	Variance
Deposits	75%	80%	+5 pts.
Securitization	14%	10%	(4) pts.
Unsecured	11%	10%	(1) pt.

Liquidity[(a)]

$ in billions

	2Q'19	2Q'20
Liquid assets	$16.7	$22.4
Undrawn credit facilities	7.0	5.6
Total liquidity	**$23.7**	**$28.0**
% of Total assets	**22.3%**	**29.0%**

Capital ratios[(b)]

(a) Does not include unencumbered assets in the Bank that could be pledged.
(b) Capital ratios reflect election to delay for two years an estimate of CECL's effect on regulatory capital in accordance with the interim final rule issued by U.S. banking agencies in 1Q'20.
(c) The "Tier 1 Capital + Reserves Ratio" is the sum of our "Tier 1 Capital" and "Allowance for Credit Losses," divided by our "Total Risk-Weighted Assets". For 2Q'20, both Tier 1 Capital and Risk-Weighted Assets are adjusted to reflect the fully phased-in impact of CECL. These adjusted metrics are non-GAAP measures, see non-GAAP reconciliation in appendix.

2Q'20 Wrap Up

- Net earnings of $48 million … $0.06 diluted earnings per share
  - Increase in provision for credit losses for the quarter included impact from CECL implementation of $483 million, or $365 million after-tax, which equates to an EPS reduction of $0.63
- Core Growth metrics[(a)] down due to impact of COVID-19 … Purchase volume (13)%, Loan receivables (3)%, Average Active Accounts (5)%, Interest and fees on loans (7)%
- Successfully launched a new partnership with Verizon
- Established new relationships with Adorama, Advent Health, Club Champion, Hisun and Modani
- Renewed and extended key relationships with CarX, Englert, Bernina, Hanks, Puronics, Vanderhall and West Coast Dental
- Strong deposit platform … deposits at $64.1 billion comprising 80% of funding
- Returned $128 million in capital through common stock dividends
- Strong balance sheet, 15.3% CET1 and $22.4 billion of liquid assets

(a) Growth Metrics shown above on a Core basis are non-GAAP measures and excludes from both the prior year and the current year amounts related to the Walmart and Yamaha portfolios, sold in October 2019 and January 2020, respectively. See non-GAAP reconciliation in the appendix.

synchrony FINANCIAL

Engage with us.

Appendix

Non-GAAP Reconciliation[(a)]

The following table sets forth the components of our Growth Metrics and impact from CECL for the periods indicated below.

	At June 30,					
	Total		Retail Card		Payment Solutions	
	2019	2020	2019	2020	2019	2020
Loan receivables	$81.8	$78.3	$52.3	$50.0	$19.8	$19.1
Less: Walmart and Yamaha Loan receivables	(1.2)	-	(0.4)	-	(0.8)	-
Core Loan receivables	**$80.6**	**$78.3**	**$51.9**	**$50.0**	**$19.0**	**$19.1**
Allowance for credit losses	$5,809	$9,802				
Less: 2Q'20 impact from CECL	-	(3,605)				
Allowance for loan losses	**$5,809**	**$6,197**				
Allowance for credit losses as a % of period-end loan receivables	N/A	12.52%				
Less: 2Q'20 impact from CECL	-	(4.61)%				
Allowance for loan losses as a % of period-end loan receivables	**7.10%**	**7.91%**				

	For the quarter ended June 30,	
	Total	
	2019	2020
Purchase volume	$38.3	$31.2
Less: Walmart and Yamaha Purchase volume	(2.5)	-
Core Purchase volume	**$35.8**	**$31.2**
Average active accounts	75.5	64.8
Less: Walmart and Yamaha Average active accounts	(7.2)	-
Core Average active accounts	**68.3**	**64.8**
Interest and fees on loans	$4,636	$3,808
Less: Walmart and Yamaha Interest and fees on loans	(520)	-
Core Interest and fees on loans	**$4,116**	**$3,808**

synchrony FINANCIAL

(a) Accounts represent average active accounts in millions, which are credit card or installment loan accounts on which there has been a purchase, payment or outstanding balance in the current month. Loan receivables and Purchase volume $ in billions. Interest and fees on loans, Allowance for credit losses, and Allowance for loan losses $ in millions.

Non-GAAP Reconciliation (continued)[a]

The following table sets forth the components of our Tier 1 Capital + Reserves ratio for the periods indicated below.

	At June 30,	
	Total	
	2019	2020
Tier 1 capital	$12,724	$12,527
Less: CECL transition adjustment	-	(2,570)
Tier 1 capital (CECL fully phased-in)	**$12,724**	**$9,957**
Add: Allowance for credit losses	5,809	9,802
Tier 1 capital (CECL fully phased-in) plus Reserves for credit losses.	**$18,533**	**$19,759**
Risk-weighted assets	**$88,890**	**$77,048**
Less: CECL transition adjustment	-	(2,361)
Risk-weighted assets (CECL fully phased-in)	**$88,890**	**$74,687**

(a) Estimated at June 30, 2020, $ in millions.

Explanation of Non-GAAP Measures

The information provided in this Form 8-K and exhibits includes measures which are not prepared in accordance with U.S. generally accepted accounting principles ("GAAP").

We present certain financial measures that have been adjusted to exclude amounts related to the Walmart and Yamaha portfolios from the prior year periods presented, which we refer to as "Core" financial measures, in this Form 8-K and exhibits. These Core financial measures are not measures presented in accordance with GAAP. Given the sale of the Walmart and Yamaha portfolios which were completed in October 2019 and January 2020, respectively, we believe the presentation of certain Core financial measures is a more meaningful measure to investors of the Company's ongoing credit programs.

On January 1, 2020, the Company adopted ASU 2016-13, Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments (“CECL”). For the initial year of adoption of the new accounting standard, we present what both our allowance for credit losses and allowance for credit losses as a percentage of our period-end loan receivables (“allowance coverage ratio”) would have been if the prior accounting guidance was still in effect. These measures are non-GAAP measures. We believe the presentation of these measures is meaningful to investors in providing comparability with the corresponding GAAP measures we report in prior year periods when the prior accounting guidance was effective.

In addition, we also present certain capital measures in this Form 8-K and exhibits. Our “fully-phased Tier 1 Capital and Credit Loss Reserve Ratio” is not required by regulators to be disclosed, and therefore is considered a non-GAAP measure. We believe this ratio is a useful measure to investors as it provides a meaningful measure of what the Company’s total loss absorption capacity would be if the transitional rules currently in effect, which permit the temporary deferral of the regulatory capital effects of CECL, were no longer available for us to apply.

We also present a measure we refer to as “tangible common equity” in this Form 8-K and exhibits. Tangible common equity itself is not a measure presented in accordance with GAAP. We believe tangible common equity is a more meaningful measure to investors of the net asset value of the Company.

The reconciliations of the above non-GAAP measures to the applicable comparable GAAP financial measure are included in the detailed financial tables included in Exhibit 99.2.