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

October 20, 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 October 20, 2020, Synchrony Financial (the “Company”) issued a press release setting forth the Company’s third 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 October 20, 2020, issued by Synchrony Financial
99.2	Financial Data Supplement of the Company for the quarter ended September 30, 2020
99.3	Financial Results Presentation of the Company for the quarter ended September 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: October 20, 2020	By:	/s/ Jonathan Mothner
	Name:	Jonathan Mothner
	Title:	Executive Vice President, General Counsel and Secretary

EXHIBIT INDEX

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

For Immediate Release: October 20, 2020

Synchrony Reports Third Quarter Net Earnings of $313 Million or $0.52 Per Diluted Share

Included Restructuring Charge of $89 million, or $0.11 Per Diluted Share, and Provision for Credit Losses Included CECL Impact of $66 Million, or $0.09 Per Diluted Share

STAMFORD, Conn. – Synchrony Financial (NYSE: SYF) today announced third quarter 2020 earnings results amid the continuing Coronavirus (COVID-19) pandemic. Synchrony reported third quarter 2020 net earnings of $313 million, or $0.52 per diluted share; this included a restructuring charge of $89 million, or $67 million after tax, which equates to an EPS reduction of $0.11, and an increase in the provision for credit losses as a result of CECL implementation earlier this year of $66 million, or $50 million after tax, which equates to an EPS reduction of $0.09.

Results included*:

- Loan receivables decreased 6% to $78.5 billion, or 5% on a Core** basis
- Interest and fees on loans decreased 22% to $3.8 billion, or 12% on a Core basis
- Purchase volume decreased 6% to $36.0 billion, or flat on a Core basis
- Average active accounts decreased 16% to 64.3 million, or 8% on a Core basis
- Deposits decreased $2.5 billion, or 4%, to $63.5 billion
- Renewed and extended a key relationship with Sam's Club
- Successfully launched the new Venmo program
- Added and extended Payment Solutions relationships with 4 Wheel Parts, Kane’s Furniture, Levin Furniture and Mattress, SVP Sewing Brands LLC, and System Pavers
- CareCredit successfully launched healthcare system partnerships with Lehigh Valley Health Network, St. Luke's University Health Network, and Cox Health and added and extended relationships with Blue River Pet Care and NVA
- Returned $129 million in capital through common stock dividends

“During times of crisis and uncertainty, it is imperative to lead with the fundamental values and principles upon which an organization is built. At Synchrony, we continue to put our employees, partners, customers, shareholders and communities at the forefront of our decision making. Moving in an agile fashion, we quickly reallocated our resources to focus on the most critical priorities to sustain and drive business growth,” said Margaret Keane, Chief Executive Officer, Synchrony Financial.

“In the third quarter, we successfully launched an innovative, digital-first program with Venmo, renewed and extended our relationship with Sam's Club, while also extending several programs and adding new partnerships. We've also deployed an array of enhanced digital solutions for our partners and cardholders, further strengthening our market position and meeting the evolving demands of the new environment,” she added.

Business and Financial Results for the Third Quarter of 2020*

Earnings

- Net interest income decreased $932 million, or 21%, to $3.5 billion, mainly due to the impact of COVID-19 and the Walmart consumer portfolio sale.
- Retailer share arrangements decreased $117 million, or 12%, to $899 million, reflecting the impact of COVID-19 on program performance.
- Provision for credit losses increased $191 million, or 19%, to $1.2 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, partially offset by lower net charge-offs.
- Other income increased $46 million, or 54%, to $131 million, largely driven by lower loyalty program costs which included the effects of the sale of the Walmart consumer portfolio.
- Other expense was flat; the restructuring charge and expenses related to the COVID-19 response were offset by cost reductions from Walmart, lower purchase volume and accounts, and reductions in certain discretionary spend.
- Net earnings totaled $313 million compared to $1.1 billion last year.

Balance Sheet

- Period-end loan receivables decreased 6%, or 5% on a Core basis; purchase volume decreased 6%, or flat on a Core basis; and average active accounts decreased 16%, or 8% on a Core basis.
- Deposits decreased $2.5 billion, or 4%, to $63.5 billion and comprised 80% of funding.
- The Company's balance sheet remained strong with total liquidity (liquid assets and undrawn credit facilities) of $26.8 billion, or 28.0% 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 15.8% compared to 14.5%, and the estimated Tier 1 Capital ratio was 16.7% compared to 14.5%, 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 1.3% and return on equity was 10.3%.
- Net interest margin was 13.80%.
- Efficiency ratio was 39.7%.

Credit Quality

- Loans 30+ days past due as a percentage of total period-end loan receivables were 2.67% compared to 4.47% last year; excluding the Walmart consumer portfolio, the rate was down approximately 175 basis points compared to last year.
- Through September 30th, we had granted minimum payment forbearance to a cumulative total of approximately 2 million accounts, or $3.8 billion in account balances at the time of forbearance. As of September 30th, only 119,000 accounts or $227 million in account balances remained in forbearance.
- Net charge-offs as a percentage of total average loan receivables were 4.42% compared to 5.35% last year; excluding the Walmart consumer portfolio, the rate decreased approximately 45 basis points compared to last year.
- The allowance for credit losses as a percentage of total period-end loan receivables was 12.92%.

Sales Platforms

- Retail Card period-end loan receivables decreased 6%, driven primarily by the impact from COVID-19, partially offset by growth in digital partners. Interest and fees on loans decreased 27%, purchase volume decreased 7%, and average active accounts decreased 19%, driven primarily by the sale of the Walmart consumer portfolio and the decline in loan receivables.
- Payment Solutions period-end loan receivables decreased 5%; period-end loan receivables decreased 1% on a Core basis primarily due to the impact from COVID-19, partially offset by growth in Power. Interest and fees on loans decreased 10%, driven primarily by lower late fees. Purchase volume decreased 6% and average active accounts decreased 7%.
- CareCredit period-end loan receivables decreased 7%, driven primarily by the impact from COVID-19. Interest and fees on loans decreased 8%, driven primarily by lower merchant discount as a result of the decline in purchase volume, which decreased 3%. Average active accounts decreased 8%.

** All comparisons are for the third quarter of 2020 compared to the third 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 September 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, October 20, 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 June 30, 2020, as filed on July 23, 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							Nine Months Ended			
	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	3Q'20 vs. 3Q'19		Sep 30, 2020	Sep 30, 2019	YTD'20 vs. YTD'19	
EARNINGS											
Net interest income	$ 3,457	$ 3,396	$ 3,890	$ 4,029	$ 4,389	$ (932)	(21.2)%	$ 10,743	$ 12,770	$ (2,027)	(15.9)%
Retailer share arrangements	(899)	(773)	(926)	(1,029)	(1,016)	117	(11.5)%	(2,598)	(2,829)	231	(8.2)%
Provision for credit losses	1,210	1,673	1,677	1,104	1,019	191	18.7 %	4,560	3,076	1,484	48.2 %
Net interest income, after retailer share arrangements and provision for credit losses	1,348	950	1,287	1,896	2,354	(1,006)	(42.7)%	3,585	6,865	(3,280)	(47.8)%
Other income	131	95	97	104	85	46	54.1 %	323	267	56	21.0 %
Other expense	1,067	986	1,002	1,079	1,064	3	0.3 %	3,055	3,166	(111)	(3.5)%
Earnings before provision for income taxes	412	59	382	921	1,375	(963)	(70.0)%	853	3,966	(3,113)	(78.5)%
Provision for income taxes	99	11	96	190	319	(220)	(69.0)%	206	950	(744)	(78.3)%
Net earnings	$ 313	$ 48	$ 286	$ 731	$ 1,056	$ (743)	(70.4)%	$ 647	$ 3,016	$ (2,369)	(78.5)%
Net earnings available to common stockholders	$ 303	$ 37	$ 275	$ 731	$ 1,056	$ (753)	(71.3)%	$ 615	$ 3,016	$ (2,401)	(79.6)%
COMMON SHARE STATISTICS											
Basic EPS	$ 0.52	$ 0.06	$ 0.45	$ 1.15	$ 1.60	$ (1.08)	(67.5)%	$ 1.04	$ 4.42	$ (3.38)	(76.5)%
Diluted EPS	$ 0.52	$ 0.06	$ 0.45	$ 1.15	$ 1.60	$ (1.08)	(67.5)%	$ 1.04	$ 4.40	$ (3.36)	(76.4)%
Dividend declared per share	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ —	— %	$ 0.66	$ 0.64	$ 0.02	3.1 %
Common stock price	$ 26.17	$ 22.16	$ 16.09	$ 36.01	$ 34.09	$ (7.92)	(23.2)%	$ 26.17	$ 34.09	$ (7.92)	(23.2)%
Book value per share	$ 19.47	$ 19.13	$ 19.27	$ 23.31	$ 23.13	$ (3.66)	(15.8)%	$ 19.47	$ 23.13	$ (3.66)	(15.8)%
Tangible common equity per share(1)	$ 15.75	$ 15.28	$ 15.35	$ 19.50	$ 19.68	$ (3.93)	(20.0)%	$ 15.75	$ 19.68	$ (3.93)	(20.0)%
Beginning common shares outstanding	583.7	583.2	615.9	653.7	668.9	(85.2)	(12.7)%	615.9	718.8	(102.9)	(14.3)%
Issuance of common shares	—	—	—	—	—	—	— %	—	—	—	— %
Stock-based compensation	0.1	0.5	0.9	0.6	0.4	(0.3)	(75.0)%	1.5	2.5	(1.0)	(40.0)%
Shares repurchased	—	—	(33.6)	(38.4)	(15.6)	15.6	(100.0)%	(33.6)	(67.6)	34.0	(50.3)%
Ending common shares outstanding	583.8	583.7	583.2	615.9	653.7	(69.9)	(10.7)%	583.8	653.7	(69.9)	(10.7)%
Weighted average common shares outstanding	583.8	583.7	604.9	633.7	658.3	(74.5)	(11.3)%	590.8	682.5	(91.7)	(13.4)%
Weighted average common shares outstanding (fully diluted)	584.8	584.4	607.4	637.7	661.7	(76.9)	(11.6)%	592.2	685.6	(93.4)	(13.6)%

(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							Nine Months Ended			
	Sep 30, 2020	**Jun 30, 2020**	**Mar 31, 2020**	**Dec 31, 2019**	**Sep 30, 2019**	**3Q'20 vs. 3Q'19**		**Sep 30, 2020**	**Sep 30, 2019**	**YTD'20 vs. YTD'19**	
PERFORMANCE METRICS											
Return on assets(1)	1.3%	0.2%	1.1%	2.7%	3.9%		(2.6)%	0.9%	3.8%		(2.9)%
Return on equity(2)	10.3%	1.6%	9.1%	19.0%	28.3%		(18.0)%	7.0%	27.2%		(20.2)%
Return on tangible common equity(3)	13.1%	1.6%	11.6%	23.0%	33.4%		(20.3)%	8.8%	32.2%		(23.4)%
Net interest margin(4)	13.80%	13.53%	15.15%	15.01%	16.29%		(2.49)%	14.17%	16.04%		(1.87)%
Efficiency ratio(5)	39.7%	36.3%	32.7%	34.8%	30.8%		8.9 %	36.1%	31.0%		5.1 %
Other expense as a % of average loan receivables, including held for sale	5.44%	5.04%	4.77%	5.01%	4.66%		0.78 %	5.08%	4.72%		0.36 %
Effective income tax rate	24.0%	18.6%	25.1%	20.6%	23.2%		0.8 %	24.2%	24.0%		0.2 %
CREDIT QUALITY METRICS											
Net charge-offs as a % of average loan receivables, including held for sale	4.42%	5.35%	5.36%	5.15%	5.35%		(0.93)%	5.05%	5.80%		(0.75)%
30+ days past due as a % of period-end loan receivables(6)	2.67%	3.13%	4.24%	4.44%	4.47%		(1.80)%	2.67%	4.47%		(1.80)%
90+ days past due as a % of period-end loan receivables(6)	1.24%	1.77%	2.10%	2.15%	2.07%		(0.83)%	1.24%	2.07%		(0.83)%
Net charge-offs	$ 866	$ 1,046	$ 1,125	$ 1,109	$ 1,221	$ (355)	(29.1)%	$ 3,037	$ 3,896	$ (859)	(22.0)%
Loan receivables delinquent over 30 days(6)	$ 2,100	$ 2,453	$ 3,500	$ 3,874	$ 3,723	$ (1,623)	(43.6)%	$ 2,100	$ 3,723	$ (1,623)	(43.6)%
Loan receivables delinquent over 90 days(6)	$ 973	$ 1,384	$ 1,735	$ 1,877	$ 1,723	$ (750)	(43.5)%	$ 973	$ 1,723	$ (750)	(43.5)%
Allowance for credit losses (period-end)	$ 10,146	$ 9,802	$ 9,175	$ 5,602	$ 5,607	$ 4,539	81.0 %	$ 10,146	$ 5,607	$ 4,539	81.0 %
Allowance coverage ratio(7)	12.92%	12.52%	11.13%	6.42%	6.74%		6.18 %	12.92%	6.74%		6.18 %
BUSINESS METRICS											
Purchase volume(8)(9)	$ 36,013	$ 31,155	$ 32,042	$ 40,212	$ 38,395	$ (2,382)	(6.2)%	$ 99,210	$ 109,199	$ (9,989)	(9.1)%
Period-end loan receivables	$ 78,521	$ 78,313	$ 82,469	$ 87,215	$ 83,207	$ (4,686)	(5.6)%	$ 78,521	$ 83,207	$ (4,686)	(5.6)%
Credit cards	$ 75,204	$ 75,353	$ 79,832	$ 84,606	$ 79,788	$ (4,584)	(5.7)%	$ 75,204	$ 79,788	$ (4,584)	(5.7)%
Consumer installment loans	$ 1,987	$ 1,779	$ 1,390	$ 1,347	$ 2,050	$ (63)	(3.1)%	$ 1,987	$ 2,050	$ (63)	(3.1)%
Commercial credit products	$ 1,270	$ 1,140	$ 1,203	$ 1,223	$ 1,317	$ (47)	(3.6)%	$ 1,270	$ 1,317	$ (47)	(3.6)%
Other	$ 60	$ 41	$ 44	$ 39	$ 52	$ 8	15.4 %	$ 60	$ 52	$ 8	15.4 %
Average loan receivables, including held for sale	$ 78,005	$ 78,697	$ 84,428	$ 85,376	$ 90,556	$ (12,551)	(13.9)%	$ 80,368	$ 89,752	$ (9,384)	(10.5)%
Period-end active accounts (in thousands)(9)(10)	64,800	63,430	68,849	75,471	77,094	(12,294)	(15.9)%	64,800	77,094	(12,294)	(15.9)%
Average active accounts (in thousands)(9)(10)	64,270	64,836	72,078	73,734	76,695	(12,425)	(16.2)%	67,246	76,653	(9,407)	(12.3)%
LIQUIDITY											
Liquid assets											
Cash and equivalents	$ 13,552	$ 16,344	$ 13,704	$ 12,147	$ 11,461	$ 2,091	18.2 %	$ 13,552	$ 11,461	$ 2,091	18.2 %
Total liquid assets	$ 21,402	$ 22,352	$ 19,225	$ 17,322	$ 15,201	$ 6,201	40.8 %	$ 21,402	$ 15,201	$ 6,201	40.8 %
Undrawn credit facilities											
Undrawn credit facilities	$ 5,400	$ 5,650	$ 5,600	$ 6,050	$ 6,500	$ (1,100)	(16.9)%	$ 5,400	$ 6,500	$ (1,100)	(16.9)%
Total liquid assets and undrawn credit facilities	$ 26,802	$ 28,002	$ 24,825	$ 23,372	$ 21,701	$ 5,101	23.5 %	$ 26,802	$ 21,701	$ 5,101	23.5 %
Liquid assets % of total assets	22.37%	23.15%	19.61%	16.52%	14.35%		8.02 %	22.37%	14.35%		8.02 %
Liquid assets including undrawn credit facilities % of total assets	28.02%	29.00%	25.32%	22.30%	20.48%		7.54 %	28.02%	20.48%		7.54 %

(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							Nine Months Ended			
	Sep 30, 2020	**Jun 30, 2020**	**Mar 31, 2020**	**Dec 31, 2019**	**Sep 30, 2019**	**3Q'20 vs. 3Q'19**		**Sep 30, 2020**	**Sep 30, 2019**	**YTD'20 vs. YTD'19**	
Interest income:											
Interest and fees on loans	$ 3,821	$ 3,808	$ 4,340	$ 4,492	$ 4,890	$ (1,069)	(21.9)%	$ 11,969	$ 14,213	$ (2,244)	(15.8)%
Interest on cash and debt securities	16	22	67	93	91	(75)	(82.4)%	105	292	(187)	(64.0)%
Total interest income	3,837	3,830	4,407	4,585	4,981	(1,144)	(23.0)%	12,074	14,505	(2,431)	(16.8)%
Interest expense:											
Interest on deposits	245	293	356	383	411	(166)	(40.4)%	894	1,183	(289)	(24.4)%
Interest on borrowings of consolidated securitization entities	53	59	73	80	88	(35)	(39.8)%	185	278	(93)	(33.5)%
Interest on senior unsecured notes	82	82	88	93	93	(11)	(11.8)%	252	274	(22)	(8.0)%
Total interest expense	380	434	517	556	592	(212)	(35.8)%	1,331	1,735	(404)	(23.3)%
Net interest income	3,457	3,396	3,890	4,029	4,389	(932)	(21.2)%	10,743	12,770	(2,027)	(15.9)%
Retailer share arrangements	(899)	(773)	(926)	(1,029)	(1,016)	117	(11.5)%	(2,598)	(2,829)	231	(8.2)%
Provision for credit losses	1,210	1,673	1,677	1,104	1,019	191	18.7 %	4,560	3,076	1,484	48.2 %
Net interest income, after retailer share arrangements and provision for credit losses	1,348	950	1,287	1,896	2,354	(1,006)	(42.7)%	3,585	6,865	(3,280)	(47.8)%
Other income:											
Interchange revenue	172	134	161	192	197	(25)	(12.7)%	467	556	(89)	(16.0)%
Debt cancellation fees	68	69	69	64	64	4	6.3 %	206	201	5	2.5 %
Loyalty programs	(155)	(134)	(158)	(181)	(203)	48	(23.6)%	(447)	(562)	115	(20.5)%
Other	46	26	25	29	27	19	70.4 %	97	72	25	34.7 %
Total other income	131	95	97	104	85	46	54.1 %	323	267	56	21.0 %
Other expense:											
Employee costs	382	327	324	385	359	23	6.4 %	1,033	1,070	(37)	(3.5)%
Professional fees	187	189	197	199	205	(18)	(8.8)%	573	668	(95)	(14.2)%
Marketing and business development	107	91	111	152	139	(32)	(23.0)%	309	397	(88)	(22.2)%
Information processing	125	116	123	122	127	(2)	(1.6)%	364	363	1	0.3 %
Other	266	263	247	221	234	32	13.7 %	776	668	108	16.2 %
Total other expense	1,067	986	1,002	1,079	1,064	3	0.3 %	3,055	3,166	(111)	(3.5)%
Earnings before provision for income taxes	412	59	382	921	1,375	(963)	(70.0)%	853	3,966	(3,113)	(78.5)%
Provision for income taxes	99	11	96	190	319	(220)	(69.0)%	206	950	(744)	(78.3)%
Net earnings	$ 313	$ 48	$ 286	$ 731	$ 1,056	$ (743)	(70.4)%	$ 647	$ 3,016	$ (2,369)	(78.5)%
Net earnings available to common stockholders	$ 303	$ 37	$ 275	$ 731	$ 1,056	$ (753)	(71.3)%	$ 615	$ 3,016	$ (2,401)	(79.6)%

SYNCHRONY FINANCIAL

STATEMENTS OF FINANCIAL POSITION

(unaudited, $ in millions)

	Quarter Ended						
	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Sep 30, 2020 vs. Sep 30, 2019	
Assets							
Cash and equivalents	$ 13,552	$ 16,344	$ 13,704	$ 12,147	$ 11,461	$ 2,091	18.2 %
Debt securities	8,432	6,623	6,146	5,911	4,584	3,848	83.9 %
Loan receivables:							
Unsecuritized loans held for investment	52,613	52,629	54,765	58,398	56,220	(3,607)	(6.4)%
Restricted loans of consolidated securitization entities	25,908	25,684	27,704	28,817	26,987	(1,079)	(4.0)%
Total loan receivables	78,521	78,313	82,469	87,215	83,207	(4,686)	(5.6)%
Less: Allowance for credit losses[1]	(10,146)	(9,802)	(9,175)	(5,602)	(5,607)	(4,539)	81.0 %
Loan receivables, net	68,375	68,511	73,294	81,613	77,600	(9,225)	(11.9)%
Loan receivables held for sale	4	4	5	725	8,182	(8,178)	(100.0)%
Goodwill	1,078	1,078	1,078	1,078	1,078	—	— %
Intangible assets, net	1,091	1,166	1,208	1,265	1,177	(86)	(7.3)%
Other assets	3,126	2,818	2,603	2,087	1,861	1,265	68.0 %
Total assets	$ 95,658	$ 96,544	$ 98,038	$ 104,826	$ 105,943	$ (10,285)	(9.7)%
Liabilities and Equity							
Deposits:							
Interest-bearing deposit accounts	$ 63,195	$ 63,857	$ 64,302	$ 64,877	$ 65,677	$ (2,482)	(3.8)%
Non-interest-bearing deposit accounts	298	291	313	277	295	3	1.0 %
Total deposits	63,493	64,148	64,615	65,154	65,972	(2,479)	(3.8)%
Borrowings:							
Borrowings of consolidated securitization entities	7,809	8,109	9,291	10,412	10,912	(3,103)	(28.4)%
Senior unsecured notes	7,962	7,960	7,957	9,454	9,451	(1,489)	(15.8)%
Total borrowings	15,771	16,069	17,248	19,866	20,363	(4,592)	(22.6)%
Accrued expenses and other liabilities	4,295	4,428	4,205	4,718	4,488	(193)	(4.3)%
Total liabilities	83,559	84,645	86,068	89,738	90,823	(7,264)	(8.0)%
Equity:							
Preferred stock	734	734	734	734	—	734	NM
Common stock	1	1	1	1	1	—	— %
Additional paid-in capital	9,552	9,532	9,523	9,537	9,520	32	0.3 %
Retained earnings	10,024	9,852	9,960	12,117	11,533	(1,509)	(13.1)%
Accumulated other comprehensive income (loss)	(31)	(37)	(49)	(58)	(44)	13	(29.5)%
Treasury stock	(8,181)	(8,183)	(8,199)	(7,243)	(5,890)	(2,291)	38.9 %
Total equity	12,099	11,899	11,970	15,088	15,120	(3,021)	(20.0)%
Total liabilities and equity	$ 95,658	$ 96,544	$ 98,038	$ 104,826	$ 105,943	$ (10,285)	(9.7)%

(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														
	Sep 30, 2020			Jun 30, 2020			Mar 31, 2020			Dec 31, 2019			Sep 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	$ 13,664	$ 4	0.12%	$ 15,413	$ 3	0.08%	$ 12,902	$ 42	1.31%	$ 16,269	$ 68	1.66%	$ 10,947	$ 59	2.14%
Securities available for sale	7,984	12	0.60%	6,804	19	1.12%	5,954	25	1.69%	4,828	25	2.05%	5,389	32	2.36%
Loan receivables, including held for sale:															
Credit cards	74,798	3,752	19.96%	75,942	3,740	19.81%	81,716	4,272	21.03%	81,960	4,409	21.34%	87,156	4,807	21.88%
Consumer installment loans	1,892	46	9.67%	1,546	37	9.63%	1,432	35	9.83%	2,058	48	9.25%	2,022	48	9.42%
Commercial credit products	1,238	22	7.07%	1,150	30	10.49%	1,243	33	10.68%	1,311	34	10.29%	1,329	35	10.45%
Other	77	1	NM	59	1	NM	37	—	—%	47	1	NM	49	—	—%
Total loan receivables, including held for sale	78,005	3,821	19.49%	78,697	3,808	19.46%	84,428	4,340	20.67%	85,376	4,492	20.87%	90,556	4,890	21.42%
Total interest-earning assets	99,653	3,837	15.32%	100,914	3,830	15.26%	103,284	4,407	17.16%	106,473	4,585	17.08%	106,892	4,981	18.49%
Non-interest-earning assets:															
Cash and due from banks	1,489			1,486			1,450			1,326			1,374		
Allowance for credit losses	(9,823)			(9,221)			(8,708)			(5,593)			(5,773)		
Other assets	5,021			4,779			4,696			3,872			3,920		
Total non-interest-earning assets	(3,313)			(2,956)			(2,562)			(395)			(479)		
Total assets	$ 96,340			$ 97,958			$ 100,722			$ 106,078			$ 106,413		
Liabilities															
Interest-bearing liabilities:															
Interest-bearing deposit accounts	$ 63,569	$ 245	1.53%	$ 64,298	$ 293	1.83%	$ 64,366	$ 356	2.22%	$ 65,380	$ 383	2.32%	$ 65,615	$ 411	2.49%
Borrowings of consolidated securitization entities	8,057	53	2.62%	8,863	59	2.68%	9,986	73	2.94%	10,831	80	2.93%	11,770	88	2.97%
Senior unsecured notes	7,960	82	4.10%	7,958	82	4.14%	8,807	88	4.02%	9,452	93	3.90%	9,347	93	3.95%
Total interest-bearing liabilities	79,586	380	1.90%	81,119	434	2.15%	83,159	517	2.50%	85,663	556	2.58%	86,732	592	2.71%
Non-interest-bearing liabilities															
Non-interest-bearing deposit accounts	307			309			299			281			283		
Other liabilities	4,308			4,349			4,672			4,906			4,570		
Total non-interest-bearing liabilities	4,615			4,658			4,971			5,187			4,853		
Total liabilities	84,201			85,777			88,130			90,850			91,585		
Equity															
Total equity	12,139			12,181			12,592			15,228			14,828		
Total liabilities and equity	$ 96,340			$ 97,958			$ 100,722			$ 106,078			$ 106,413		
Net interest income		$ 3,457			$ 3,396			$ 3,890			$ 4,029			$ 4,389	
Interest rate spread(1)			13.42%			13.11%			14.66%			14.50%			15.78%
Net interest margin(2)			13.80%			13.53%			15.15%			15.01%			16.29%

(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)

	Nine Months Ended Sep 30, 2020			Nine Months Ended Sep 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	$ 13,992	$ 49	0.47%	$ 10,989	$ 190	2.31%
Securities available for sale	6,918	56	1.08%	5,679	102	2.40%
Loan receivables, including held for sale:						
Credit cards, including held for sale	77,476	11,764	20.28%	86,471	13,975	21.61%
Consumer installment loans	1,624	118	9.71%	1,931	134	9.28%
Commercial credit products	1,210	85	9.38%	1,304	103	10.56%
Other	58	2	4.61%	46	1	2.91%
Total loan receivables, including held for sale	80,368	11,969	19.89%	89,752	14,213	21.17%
Total interest-earning assets	101,278	12,074	15.92%	106,420	14,505	18.22%
Non-interest-earning assets:						
Cash and due from banks	1,475			1,327		
Allowance for loan losses	(9,253)			(6,006)		
Other assets	4,833			3,801		
Total non-interest-earning assets	(2,945)			(878)		
Total assets	$ 98,333			$ 105,542		
Liabilities						
Interest-bearing liabilities:						
Interest-bearing deposit accounts	$ 64,075	$ 894	1.86%	$ 64,546	$ 1,183	2.45%
Borrowings of consolidated securitization entities	8,966	185	2.76%	12,315	278	3.02%
Senior unsecured notes	8,241	252	4.08%	9,262	274	3.96%
Total interest-bearing liabilities	81,282	1,331	2.19%	86,123	1,735	2.69%
Non-interest-bearing liabilities						
Non-interest-bearing deposit accounts	305			280		
Other liabilities	4,443			4,327		
Total non-interest-bearing liabilities	4,748			4,607		
Total liabilities	86,030			90,730		
Equity						
Total equity	12,303			14,812		
Total liabilities and equity	$ 98,333			$ 105,542		
Net interest income		$ 10,743			$ 12,770	
Interest rate spread(1)			13.73%			15.53%
Net interest margin(2)			14.17%			16.04%

(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						
	Sep 30, 2020	Jun 30, 2020	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Sep 30, 2020 vs. Sep 30, 2019	
BALANCE SHEET STATISTICS							
Total common equity	$ 11,365	$ 11,165	$ 11,236	$ 14,354	$ 15,120	$ (3,755)	(24.8)%
Total common equity as a % of total assets	11.88%	11.56%	11.46%	13.69%	14.27%		(2.39)%
Tangible assets	$ 93,489	$ 94,300	$ 95,752	$ 102,483	$ 103,688	$ (10,199)	(9.8)%
Tangible common equity[1]	$ 9,196	$ 8,921	$ 8,950	$ 12,011	$ 12,865	$ (3,669)	(28.5)%
Tangible common equity as a % of tangible assets[1]	9.84%	9.46%	9.35%	11.72%	12.41%		(2.57)%
Tangible common equity per share[1]	$ 15.75	$ 15.28	$ 15.35	$ 19.50	$ 19.68	$ (3.93)	(20.0)%

REGULATORY CAPITAL RATIOS[2][3]

	Basel III - CECL Transition			Basel III	
Total risk-based capital ratio[4]	18.1%	17.6%	16.5%	16.3%	15.8%
Tier 1 risk-based capital ratio[5]	16.7%	16.3%	15.2%	15.0%	14.5%
Tier 1 leverage ratio[6]	13.3%	12.7%	12.3%	12.6%	12.6%
Common equity Tier 1 capital ratio	15.8%	15.3%	14.3%	14.1%	14.5%

(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 September 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					3Q'20 vs. 3Q'19		Nine Months Ended		YTD'20 vs. YTD'19	
	Sep 30, 2020	**Jun 30, 2020**	**Mar 31, 2020**	**Dec 31, 2019**	**Sep 30, 2019**			**Sep 30, 2020**	**Sep 30, 2019**		
RETAIL CARD											
Purchase volume[1][2]	$ 27,374	$ 24,380	$ 24,008	$ 30,968	$ 29,282	$ (1,908)	(6.5)%	$ 75,762	$ 83,472	$ (7,710)	(9.2)%
Period-end loan receivables	$ 49,595	$ 49,967	$ 52,390	$ 56,387	$ 52,697	$ (3,102)	(5.9)%	$ 49,595	$ 52,697	$ (3,102)	(5.9)%
Average loan receivables, including held for sale	$ 49,503	$ 50,238	$ 53,820	$ 54,505	$ 60,660	$ (11,157)	(18.4)%	$ 51,181	$ 60,494	$ (9,313)	(15.4)%
Average active accounts (in thousands)[2][3]	47,065	46,970	53,018	54,662	58,082	(11,017)	(19.0)%	49,197	58,156	(8,959)	(15.4)%
Interest and fees on loans	$ 2,619	$ 2,640	$ 3,037	$ 3,143	$ 3,570	$ (951)	(26.6)%	$ 8,296	$ 10,414	$ (2,118)	(20.3)%
Other income	$ 84	$ 56	$ 59	$ 77	$ 65	$ 19	29.2 %	$ 199	$ 200	$ (1)	(0.5)%
Retailer share arrangements	$ (877)	$ (752)	$ (904)	$ (988)	$ (998)	$ 121	(12.1)%	$ (2,533)	$ (2,774)	$ 241	(8.7)%
PAYMENT SOLUTIONS											
Purchase volume[1][2]	$ 5,901	$ 4,823	$ 5,375	$ 6,402	$ 6,281	$ (380)	(6.0)%	$ 16,099	$ 17,478	$ (1,379)	(7.9)%
Period-end loan receivables	$ 19,550	$ 19,119	$ 19,973	$ 20,528	$ 20,478	$ (928)	(4.5)%	$ 19,550	$ 20,478	$ (928)	(4.5)%
Average loan receivables, including held for sale	$ 19,247	$ 19,065	$ 20,344	$ 20,701	$ 20,051	$ (804)	(4.0)%	$ 19,551	$ 19,654	$ (103)	(0.5)%
Average active accounts (in thousands)[2][3]	11,497	11,900	12,681	12,713	12,384	(887)	(7.2)%	12,031	12,354	(323)	(2.6)%
Interest and fees on loans	$ 650	$ 632	$ 706	$ 737	$ 721	$ (71)	(9.8)%	$ 1,988	$ 2,092	$ (104)	(5.0)%
Other income	$ 13	$ 14	$ 13	$ 4	$ (1)	$ 14	NM	$ 40	$ 11	$ 29	NM
Retailer share arrangements	$ (20)	$ (18)	$ (18)	$ (37)	$ (15)	$ (5)	33.3 %	$ (56)	$ (48)	$ (8)	16.7 %
CARECREDIT											
Purchase volume[1]	$ 2,738	$ 1,952	$ 2,659	$ 2,842	$ 2,832	$ (94)	(3.3)%	$ 7,349	$ 8,249	$ (900)	(10.9)%
Period-end loan receivables	$ 9,376	$ 9,227	$ 10,106	$ 10,300	$ 10,032	$ (656)	(6.5)%	$ 9,376	$ 10,032	$ (656)	(6.5)%
Average loan receivables, including held for sale	$ 9,255	$ 9,394	$ 10,264	$ 10,170	$ 9,845	$ (590)	(6.0)%	$ 9,636	$ 9,604	$ 32	0.3 %
Average active accounts (in thousands)[3]	5,708	5,966	6,379	6,359	6,229	(521)	(8.4)%	6,018	6,143	(125)	(2.0)%
Interest and fees on loans	$ 552	$ 536	$ 597	$ 612	$ 599	$ (47)	(7.8)%	$ 1,685	$ 1,707	$ (22)	(1.3)%
Other income	$ 34	$ 25	$ 25	$ 23	$ 21	$ 13	61.9 %	$ 84	$ 56	$ 28	50.0 %
Retailer share arrangements	$ (2)	$ (3)	$ (4)	$ (4)	$ (3)	$ 1	(33.3)%	$ (9)	$ (7)	$ (2)	28.6 %
TOTAL SYF											
Purchase volume[1][2]	$ 36,013	$ 31,155	$ 32,042	$ 40,212	$ 38,395	$ (2,382)	(6.2)%	$ 99,210	$ 109,199	$ (9,989)	(9.1)%
Period-end loan receivables	$ 78,521	$ 78,313	$ 82,469	$ 87,215	$ 83,207	$ (4,686)	(5.6)%	$ 78,521	$ 83,207	$ (4,686)	(5.6)%
Average loan receivables, including held for sale	$ 78,005	$ 78,697	$ 84,428	$ 85,376	$ 90,556	$ (12,551)	(13.9)%	$ 80,368	$ 89,752	$ (9,384)	(10.5)%
Average active accounts (in thousands)[2][3]	64,270	64,836	72,078	73,734	76,695	(12,425)	(16.2)%	67,246	76,653	(9,407)	(12.3)%
Interest and fees on loans	$ 3,821	$ 3,808	$ 4,340	$ 4,492	$ 4,890	$ (1,069)	(21.9)%	$ 11,969	$ 14,213	$ (2,244)	(15.8)%
Other income	$ 131	$ 95	$ 97	$ 104	$ 85	$ 46	54.1 %	$ 323	$ 267	$ 56	21.0 %
Retailer share arrangements	$ (899)	$ (773)	$ (926)	$ (1,029)	$ (1,016)	$ 117	(11.5)%	$ (2,598)	$ (2,829)	$ 231	(8.2)%

(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				
	Sep 30, 2020	**Jun 30, 2020**	**Mar 31, 2020**	**Dec 31, 2019**	**Sep 30, 2019**
COMMON EQUITY AND REGULATORY CAPITAL MEASURES[2]					
GAAP Total equity	$ 12,099	$ 11,899	$ 11,970	$ 15,088	$ 15,120
Less: Preferred stock	(734)	(734)	(734)	(734)	—
Less: Goodwill	(1,078)	(1,078)	(1,078)	(1,078)	(1,078)
Less: Intangible assets, net	(1,091)	(1,166)	(1,208)	(1,265)	(1,177)
Tangible common equity	$ 9,196	$ 8,921	$ 8,950	$ 12,011	$ 12,865
Add: CECL transition amount	2,656	2,570	2,417	—	—
Adjustments for certain deferred tax liabilities and certain items in accumulated comprehensive income (loss)	305	302	304	319	290
Common equity Tier 1	$ 12,157	$ 11,793	$ 11,671	$ 12,330	$ 13,155
Preferred stock	734	734	734	734	—
Tier 1 capital	$ 12,891	$ 12,527	$ 12,405	$ 13,064	$ 13,155
Add: Allowance for credit losses includible in risk-based capital	1,034	1,031	1,082	1,147	1,190
Total Risk-based capital	$ 13,925	$ 13,558	$ 13,487	$ 14,211	$ 14,345
ASSET MEASURES[2]					
Total average assets	$ 96,340	$ 97,958	$ 100,722	$ 106,078	$ 106,413
Adjustments for:					
Add: CECL transition amount	2,656	2,570	2,417	—	—
Disallowed goodwill and other disallowed intangible assets (net of related deferred tax liabilities) and other	(1,906)	(1,980)	(2,010)	(2,059)	(1,975)
Total assets for leverage purposes	$ 97,090	$ 98,548	$ 101,129	$ 104,019	$ 104,438
Risk-weighted assets	$ 76,990	$ 77,048	$ 81,639	$ 87,302	$ 90,772
CECL FULLY PHASED-IN CAPITAL MEASURES					
Tier 1 capital	$ 12,891	$ 12,527	$ 12,405	$ 13,064	$ 13,155
Less: CECL transition adjustment	(2,656)	(2,570)	(2,417)	—	—
Tier 1 capital (CECL fully phased-in)	$ 10,235	$ 9,957	$ 9,988	$ 13,064	$ 13,155
Add: Allowance for credit losses	10,146	9,802	9,175	5,602	5,607
Tier 1 capital (CECL fully phased-in) + Reserves for credit losses	$ 20,381	$ 19,759	$ 19,163	$ 18,666	$ 18,762
Risk-weighted assets	$ 76,990	$ 77,048	$ 81,639	$ 87,302	$ 90,772
Less: CECL transition adjustment	(2,447)	(2,361)	(2,204)	—	—
Risk-weighted assets (CECL fully phased-in)	$ 74,543	$ 74,687	$ 79,435	$ 87,302	$ 90,772
TANGIBLE COMMON EQUITY PER SHARE					
GAAP book value per share	$ 19.47	$ 19.13	$ 19.27	$ 23.31	$ 23.13
Less: Goodwill	(1.85)	(1.85)	(1.85)	(1.75)	(1.65)
Less: Intangible assets, net	(1.87)	(2.00)	(2.07)	(2.06)	(1.80)
Tangible common equity per share	$ 15.75	$ 15.28	$ 15.35	$ 19.50	$ 19.68

(1) Regulatory measures at September 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				
	Sep 30, 2020	**Jun 30, 2020**	**Mar 31, 2020**	**Dec 31, 2019**	**Sep 30, 2019**
ALLOWANCE FOR LOAN LOSSES [1]					
Allowance for credit losses	$ 10,146	$ 9,802	$ 9,175	N/A	N/A
Less: Impact from CECL[2]	(3,671)	(3,605)	(3,122)	—	—
Allowance for loan losses[1]	$ 6,475	$ 6,197	$ 6,053	$ 5,602	$ 5,607
ALLOWANCE FOR LOAN LOSSES AS A % OF PERIOD-END LOAN RECEIVABLES					
Allowance for credit losses as a % of period-end loan receivables	12.92 %	12.52 %	11.13 %	N/A	N/A
Less: Impact from CECL[2]	(4.67)%	(4.61)%	(3.79)%	—%	—%
Allowance for loan losses as a % of period-end loan receivables	8.25 %	7.91 %	7.34 %	6.42%	6.74%
CORE PURCHASE VOLUME					
Purchase Volume	$ 36,013	$ 31,155	$ 32,042	$ 40,212	$ 38,395
Less: Walmart and Yamaha Purchase volume	—	—	—	(267)	(2,381)
Core Purchase volume	$ 36,013	$ 31,155	$ 32,042	$ 39,945	$ 36,014
CORE LOAN RECEIVABLES					
Loan receivables	$ 78,521	$ 78,313	$ 82,469	$ 87,215	$ 83,207
Less: Walmart and Yamaha Loan receivables	—	—	—	(3)	(872)
Core Loan receivables	$ 78,521	$ 78,313	$ 82,469	$ 87,212	$ 82,335
Retail Card Loan receivables	$ 49,595	$ 49,967	$ 52,390	$ 56,387	$ 52,697
Less: Walmart Loan receivables	—	—	—	—	(112)
Core Loan receivables	$ 49,595	$ 49,967	$ 52,390	$ 56,387	$ 52,585
Payment Solutions Loan receivables	$ 19,550	$ 19,119	$ 19,973	$ 20,528	$ 20,478
Less: Yamaha Loan receivables	—	—	—	(3)	(760)
Core Loan receivables	$ 19,550	$ 19,119	$ 19,973	$ 20,525	$ 19,718
CORE AVERAGE ACTIVE ACCOUNTS (in thousands)					
Average active accounts (in thousands)	64,270	64,836	72,078	73,734	76,695
Less: Walmart and Yamaha average Active accounts (in thousands)	—	—	—	(1,777)	(7,001)
Core Average active accounts (in thousands)	64,270	64,836	72,078	71,957	69,694
CORE INTEREST AND FEES ON LOANS					
Interest and fees on loans	$ 3,821	$ 3,808	$ 4,340	$ 4,492	$ 4,890
Less: Walmart and Yamaha Interest and fees on loans	—	—	—	(69)	(531)
Core Interest and fees on loans	$ 3,821	$ 3,808	$ 4,340	$ 4,423	$ 4,359

(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

3Q'20 Financial Results
October 20, 2020

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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 June 30, 2020, as filed on July 23, 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.

3Q'20 Highlights

Financial Highlights

- $313 million Net earnings, $0.52 diluted EPS
  - Other expense for the quarter included the impact from a restructuring charge of $89 million, or $67 million after-tax, which equates to an EPS reduction of $0.11
  - Increase in provision for credit losses for the quarter included impact from CECL implementation of $66 million, or $50 million after-tax, which equates to an EPS reduction of $0.09
- Core Growth metrics[(a)] down in 3Q'20 primarily due to COVID-19:
  - Loan receivables down 6%; down 5% on a Core basis
  - Interest and fees on loans down 22%; down 12% on a Core basis
  - Purchase volume down 6%; flat on a Core basis
  - Average active accounts down 16%; down 8% on a Core basis
- Net charge-offs 4.42% compared to 5.35% in the prior year
- Provision for credit losses up 19% primarily driven by reserve increase for projected impact of COVID-19 related losses and prior year reserve reduction related to Walmart, partially offset by lower net charge offs
- Efficiency ratio 39.7% compared to 30.8% in the prior year
- Deposits down $2.5 billion compared to prior year
- Strong capital and liquidity
  - 15.8% CET1 & $21.4 billion liquid assets
  - Maintained $0.22 dividend, which equates to $129 million of capital returned to shareholders

Business Highlights

- Renewed and extended a key relationship

sam's club

- Launched a new program

venmo

- Added and extended partnerships

4WP 4WHEELPARTS · kane's FURNITURE · LEVIN FURNITURE & MATTRESS · SVP SEWING BRANDS LLC SINGER VIKING PFAFF · SYSTEM PAVERS

- Launched new partnerships with health systems

Lehigh Valley Health Network · St Luke's University Health Network · CoxHealth

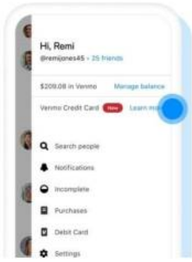
- Renewed and extended CareCredit relationships

Blue River PetCare · NVA

(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.

Venmo Credit Card

Apply in the Venmo App

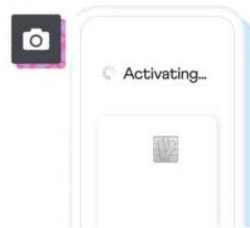


Native, easy experience

Unique Plastic Design

Five designs, personalized with customer's QR code

Use Mobile Phone to Scan Plastic



Activate card

Send payments or split purchases

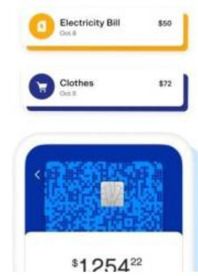
Smart, Dynamic Rewards

Automatically added to Venmo account

Easy Spend Tracking

+ Virtual card for online transactions

Real-time Alerts



Notification channel/ type controlled by cardholder

Accelerating Digital and Product Innovation

Expanded Digital Products & Capabilities

- **Next Gen Native SDK for Partner Integration**
- **Customer Alerting & Controls Platform**
- **Expansive API Platform**
- **SetPay Installment Product**
- **Adaptive Digital Rewards**

Contactless Digital Technology

- **QR & Barcodes**
- **Digital Cards**
- **Direct To Device**

Path To Purchase Credit Integration

Home Page

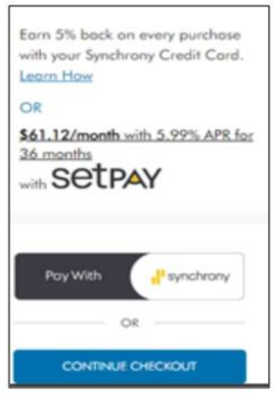
Product Page

Shopping Cart

Check Out

Check Out

Financing offer integrated throughout customer experience



29%
Mobile Channel Application Growth*
* 3Q20 vs 3Q19 excluding Walmart

~60%
Digital Applications*
* Percentage of Total Applications

47%
Online Sales*
* Percentage of Retail Card total

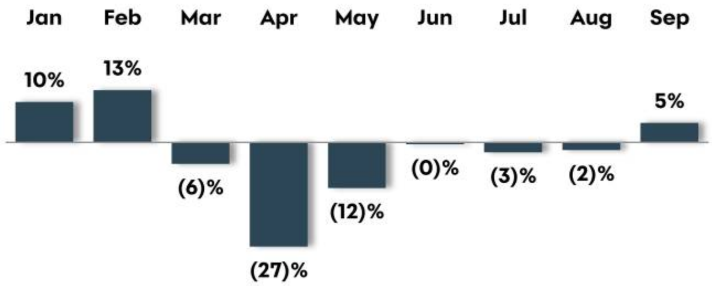
>65%
Digital Payments*
* 3Q20 % of Total Payments

~$8B
Payments Made Through SyPI®*
* Through 3Q20

COVID-19 Impact on Core Metrics[a]

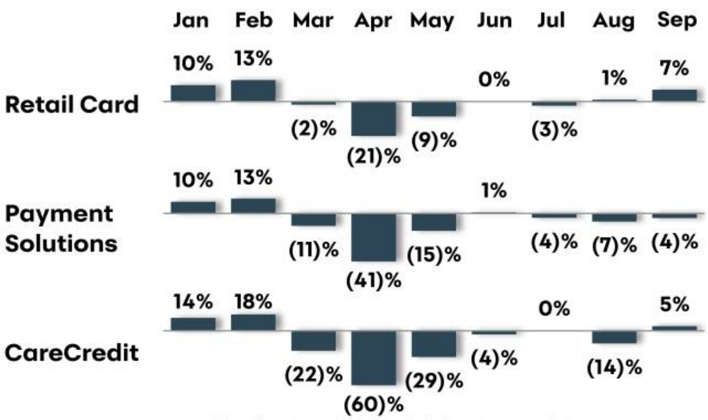
Purchase Volume Growth

% in YoY Growth Rates

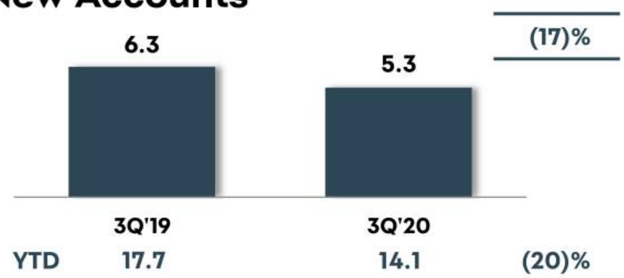


Platform Purchase Volume Growth

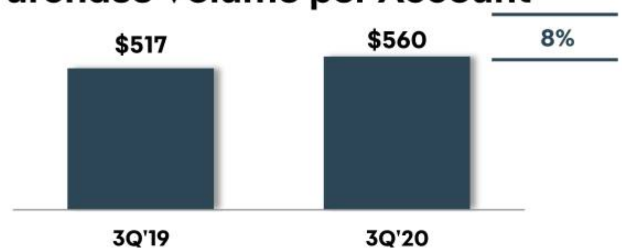
% in YoY Growth Rates



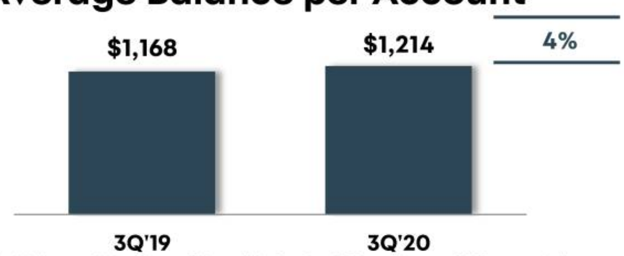
New Accounts[b]



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 $.

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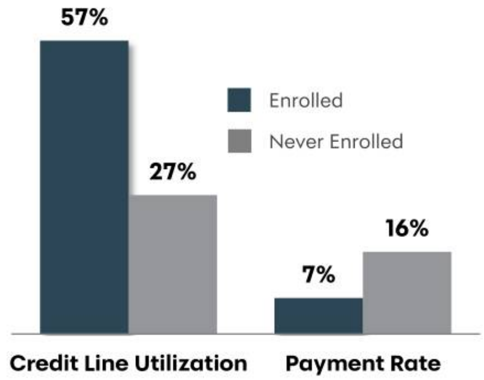
COVID Forbearance Impact – Program-to-Date through Sept 30th

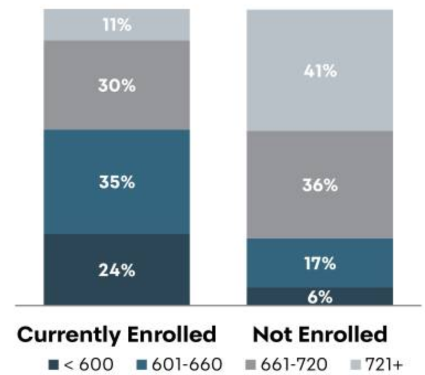
Min Pay Due (MPD) Enrollments

$ in millions, accounts in thousands

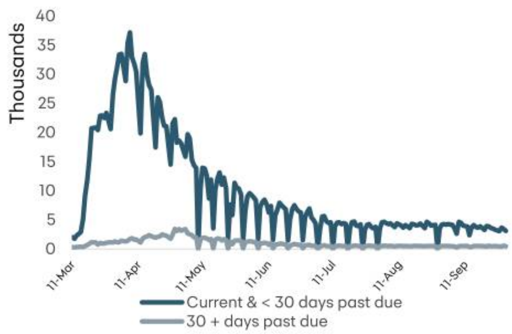
Performance Statistics



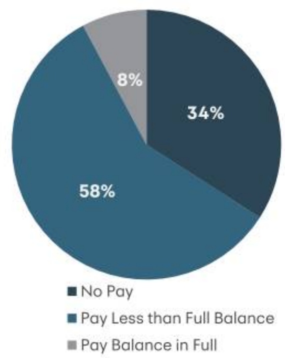
Credit Score (a)



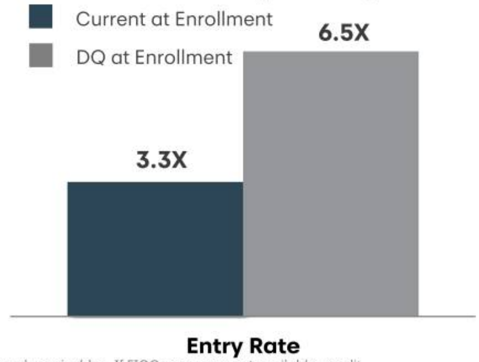
MPD Enrollment by Date and Delinquency



Payment Behavior of Enrolled Accounts (b)



Post-Program Delinquency (c)



(a) 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.
(b) Reflects September performance for percent of accounts by payment status ever enrolled in the program.
(c) Entry rate performance based on August delinquency for accounts graduating from forbearance program in July 2020 as compared to accounts never enrolled.

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Financial Results

Summary earnings statement

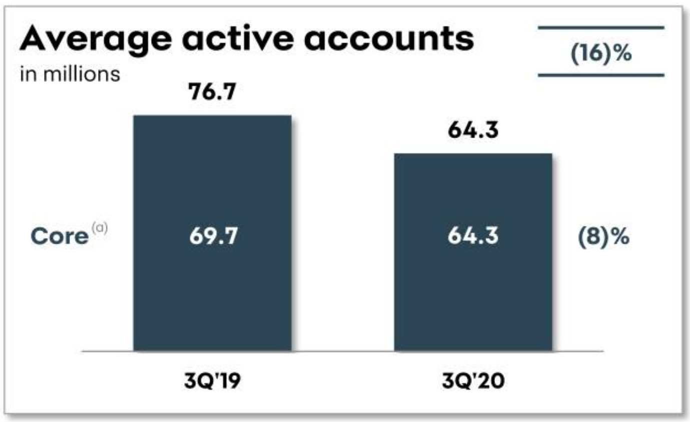
$ in millions, except per share statistics

	3Q'20	3Q'19	B/(W) $	B/(W) %
Total interest income	$3,837	$4,981	$(1,144)	(23)%
Total interest expense	380	592	212	36%
Net interest income (NII)	**3,457**	**4,389**	**(932)**	**(21)%**
Retailer share arrangements (RSA)	(899)	(1,016)	117	12%
Provision for credit losses	1,210	1,019	(191)	(19)%
Other income	131	85	46	54%
Other expense	1,067	1,064	(3)	(0)%
Pre-Tax earnings	**412**	**1,375**	**(963)**	**(70)%**
Provision for income taxes	99	319	220	69%
Net earnings	**313**	**1,056**	**(743)**	**(70)%**
Preferred dividends	10	0	(10)	NM
Net earnings available to common stockholders	**$303**	**$1,056**	**$(753)**	**(71)%**
Diluted earnings per share	**$0.52**	**$1.60**	**$(1.08)**	

3Q'20 Highlights

- **$313 million Net earnings, $0.52 diluted EPS**
- **Net interest income down 21% driven by the impact of COVID-19 and the Walmart sale**
  - Interest and fees on loans down 22% driven by the impact of COVID-19 and the Walmart sale
  - Interest expense decrease driven primarily by lower benchmark rates
- **Retailer share arrangements down 12%**
- **Provision for credit losses up 19%**
  - 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 4.42% compared to 5.35% in the prior year primarily driven by the Walmart sale
- **Other expense flat**

Growth Metrics



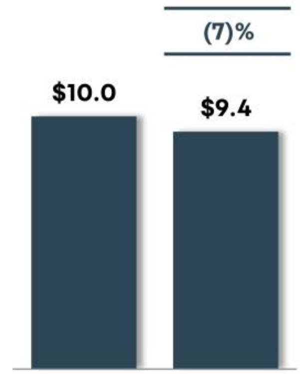
a) Financial measures shown above on a Core basis are non-GAAP measures. See non-GAAP reconciliation in the appendix.
b) Dual Card / Co-Brand Purchase volume and Loan receivables shown above are consumer only and excludes from the prior year amounts related to the Walmart portfolio.

Platform Results[a]

Retail Card
Loan receivables, $ in billions

Payment Solutions
Loan receivables, $ in billions

CareCredit
Loan receivables, $ in billions



	Retail Card 3Q'19	Retail Card 3Q'20	Retail Card V%	Payment Solutions 3Q'19	Payment Solutions 3Q'20	Payment Solutions V%	CareCredit 3Q'19	CareCredit 3Q'20	CareCredit V%
Purchase volume	$29.3	$27.4	(7)%	$6.3	$5.9	(6)%	$2.8	$2.7	(3)%
Accounts	58.1	47.1	(19)%	12.4	11.5	(7)%	6.2	5.7	(8)%
Interest and fees on loans	$3,570	$2,619	(27)%	$721	$650	(10)%	$599	$552	(8)%

Retail Card
- Receivable reduction primarily due to COVID-19 partially offset by growth in digital partners
- Interest and fees on loans down 27% driven primarily by the Walmart sale and the decline in loan receivables

Payment Solutions
- Core receivable reduction primarily due to COVID-19 partially offset by growth in Power
- Interest and fees on loans down 10% driven primarily by lower late fees

CareCredit
- Receivable reduction primarily due to COVID-19
- Interest and fees on loans down 8% driven primarily by lower merchant discount as a result of the decline in purchase volume

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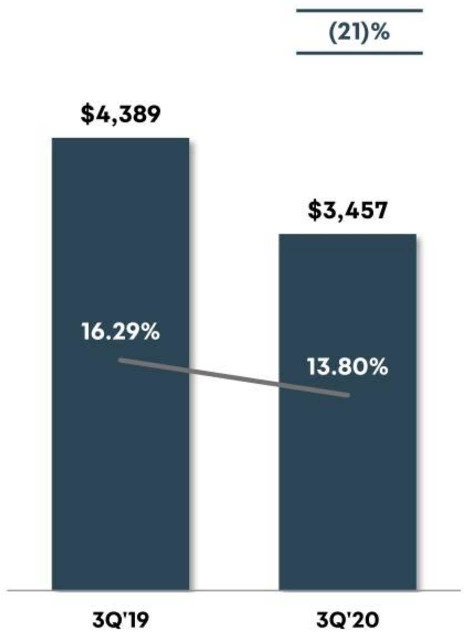
(a) Accounts represent average active accounts in millions, which are credit card or installment loan accounts on which there has been a purchase, payment or outstanding balance in the current month. Purchase volume $ in billions and Interest and fees on loans $ in millions.
(b) Loan receivables shown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



3Q'20 Highlights

- **Net interest income decreased 21% compared to prior year driven by the impact of COVID-19 and the Walmart sale**
  - Interest and fees on loans decreased 22% compared to prior year primarily driven by the impact of COVID-19 and the Walmart sale
- **Net interest margin (NIM) down 249bps.**
  - Mix of Interest-earnings assets: (1.24)%
    - Loan receivables mix as a percent of total Earning Assets decreased from 84.7% to 78.3%
  - Loan receivables yield: (1.64)%
    - Loan receivables yield of 19.49%, down 193bps. versus prior year including approximately 75bps. of impact from Prime rate movement
  - Liquidity portfolio yield: (0.29)%
  - Interest-bearing liabilities cost: 0.68%
    - Total cost decreased 81bps. to 1.90% due primarily to lower benchmark rates and lower deposit pricing

NIM Walk

3Q'19 NIM	**16.29%**
Mix of Interest-earning assets	(1.24)%
Loan receivables yield	(1.64)%
Liquidity portfolio yield	(0.29)%
Interest-bearing liabilities cost	0.68%
3Q'20 NIM	**13.80%**

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, 3Q'20 30+ rate was down ~175bps versus 3Q'19; 3Q'20 net charge-off rate was down ~45bps versus 3Q'19; 3Q'20 90+ rate was down ~80bps versus 3Q'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.

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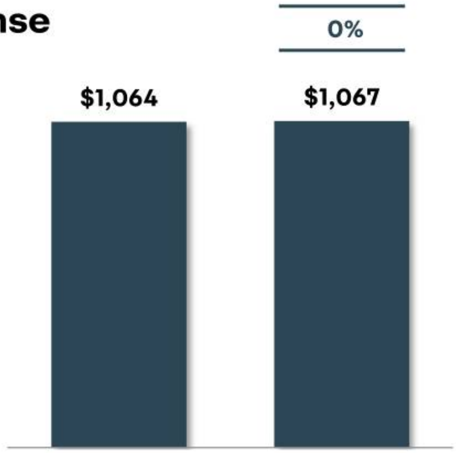
Other Expense

Other expense
$ in millions



	3Q'19	3Q'20	V$	V%
Employee costs	$359	$382	$23	6%
Professional fees	205	187	(18)	(9)%
Marketing/BD	139	107	(32)	(23)%
Information processing	127	125	(2)	(2)%
Other	234	266	32	14%
Other expense	$1,064	$1,067	$3	0%
Efficiency[(a)]	**30.8%**	**39.7%**	**8.9 pts.**	

3Q'20 Highlights

- **Other expense flat**
  - The restructuring charge and expenses related to the COVID-19 response were offset by cost reductions from Walmart, lower purchase volume and accounts, and reductions in certain discretionary spend
- **Efficiency ratio 39.7% vs. 30.8% prior year**
  - Other expense was negatively impacted by the restructuring charge and expenditures related to our response to COVID-19
  - Excluding these impacts, efficiency ratio would have been 3.7pts lower in 3Q'20, or 36.0% for the quarter
  - Increase in ratio driven by decrease in revenue, which is a result of both lower receivables and lower interest and fee yield

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

Funding, Capital and Liquidity

Funding sources

$ in billions

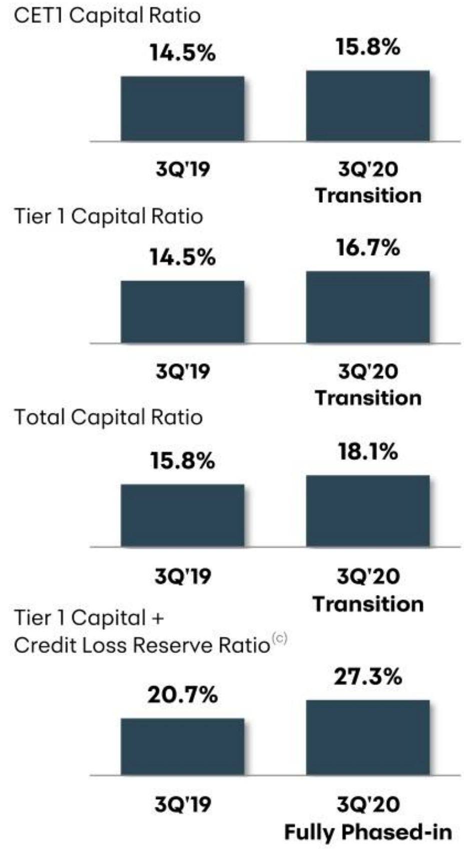
	3Q'19	3Q'20	Variance
Deposits	76%	80%	+4 pts.
Securitization	13%	10%	(3) pts.
Unsecured	11%	10%	(1) pt.

Liquidity[a]

$ in billions

	3Q'19	3Q'20
Liquid assets	$15.2	$21.4
Undrawn credit facilities	6.5	5.4
Total liquidity	**$21.7**	**$26.8**
% of Total assets	**20.5%**	**28.0%**

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 3Q'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.

3Q'20 Wrap Up

- Net earnings of $313 million … $0.52 diluted earnings per share
  - Other expense for the quarter included the impact from a restructuring charge of $89 million, or $67 million after-tax, which equates to an EPS reduction of $0.11
  - Increase in provision for credit losses for the quarter included impact from CECL implementation of $66 million, or $50 million after-tax, which equates to an EPS reduction of $0.09
- Core Growth metrics[a] down due to impact of COVID-19 … Purchase volume flat, Loan receivables (5)%, Average Active Accounts (8)%, Interest and fees on loans (12)%
- Renewed and extended a key relationship with Sam's Club
- Launched a new program with Venmo
- Added and extended partnerships with Four Wheel Parts, Kane's Furniture, Levin Furniture, SVP Sewing Brands and System Pavers
- Launched new partnerships with health systems: Lehigh, St Luke's and Cox Health
- Renewed and extended CareCredit relationships with Blue River Petcare and NVA
- Strong deposit platform … deposits at $63.5 billion now contributing 80% of funding
- Maintained $0.22 dividend, which equates to $129 million of capital returned to shareholders
- Strong balance sheet, 15.8% CET1 and $21.4 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.

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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 Sept 30,					
	Total		Retail Card		Payment Solutions	
	2019	2020	2019	2020	2019	2020
Loan receivables	$83.2	$78.5	$52.7	$49.6	$20.5	$19.6
Less: Walmart and Yamaha Loan receivables	(0.9)	-	(0.1)	-	(0.8)	-
Core Loan receivables	**$82.3**	**$78.5**	**$52.6**	**$49.6**	**$19.7**	**$19.6**
Allowance for credit losses	N/A	$10,146				
Less: 3Q'20 impact from CECL	-	(3,671)				
Allowance for loan losses	**$5,607**	**$6,475**				
Allowance for credit losses as a % of period-end loan receivables	N/A	12.92%				
Less: 3Q'20 impact from CECL	-	(4.67)%				
Allowance for loan losses as a % of period-end loan receivables	**6.74%**	**8.25%**				

	For the quarter ended Sept 30,	
	Total	
	2019	2020
Purchase volume	$38.4	$36.0
Less: Walmart and Yamaha Purchase volume	(2.4)	-
Core Purchase volume	**$36.0**	**$36.0**
Average active accounts	76.7	64.3
Less: Walmart and Yamaha Average active accounts	(7.0)	-
Core Average active accounts	**69.7**	**64.3**
Interest and fees on loans	$4,890	$3,821
Less: Walmart and Yamaha Interest and fees on loans	(531)	-
Core Interest and fees on loans	**$4,359**	**$3,821**

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(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 Sept 30,	
	Total	
	2019	2020
Tier 1 capital	$13,155	$12,891
Less: CECL transition adjustment	-	(2,656)
Tier 1 capital (CECL fully phased-in)	**$13,155**	**$10,235**
Add: Allowance for credit losses	5,607	10,146
Tier 1 capital (CECL fully phased-in) plus Reserves for credit losses.	**$18,762**	**$20,381**
Risk-weighted assets	**$90,772**	**$76,990**
Less: CECL transition adjustment	-	(2,447)
Risk-weighted assets (CECL fully phased-in)	**$90,772**	**$74,543**

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(a) Estimated at September 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.