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Synchrony Financial Reports First Quarter Net Earnings of $286 Million or $0.45 Per Diluted Share

Increase in Provision for Credit Losses Includes CECL Impact of $101 Million or $0.13 Per Diluted Share

STAMFORD, Conn. – Synchrony Financial (NYSE: SYF) today announced first quarter 2020 earnings results amid the global Coronavirus (COVID-19) pandemic. As a company founded in 1932 to help people during the great depression, the company is committed to supporting its employees, partners, customers and communities during the uncertainty of today's health and economic crisis.

"I am encouraged and inspired by the resolve of our society to come together in moments of crisis. To all those working around the clock - especially our healthcare professionals and first responders on the front lines, and those behind the scenes, including our dedicated employees who are working to serve our customers and partners, thank you. Supporting our communities is paramount and Synchrony will continue to do all we can to support those who support us," said Margaret Keane, Chief Executive Officer of Synchrony Financial.

Synchrony reported first quarter 2020 net earnings of $286 million, or $0.45 per diluted share; this includes an increase in the provision for credit losses as a result of CECL implementation in January 2020 of $101 million, or $76 million after-tax, which equates to an EPS reduction of $0.13. Highlights included*:

- Loan receivables increased 3% to $82.5 billion; loan receivables grew 4% on a Core** basis
- Interest and fees on loans decreased 7% to $4.3 billion; interest and fees on loans increased 5% on a Core basis
- Purchase volume decreased 1% to $32.0 billion; purchase volume was up 6% on a Core basis
- Average active accounts decreased 7% to 72 million; average active accounts grew 4% on a Core basis
- Deposits grew $0.5 billion, or 1%, to $64.6 billion
- Significant actions taken in response to COVID-19: taking action to ensure the health and safety of employees and stabilize operations while mitigating the uncertainty and financial pressures faced by consumers and partners
- Extended and renewed several key relationships and continue to work with both Verizon and Venmo to prepare for launches later this year
- Paid quarterly common stock dividend of $0.22 per share and repurchased $1.0 billion of Synchrony Financial common stock; suspended remaining authorized share repurchase capacity of $366 million in response to COVID-19

"The underlying strength of our business and balance sheet, combined with our experience, heritage, culture and talented employees will enable us to navigate these uncertain times. Our focus is clear and we have prioritized to deliver on the most critical initiatives to ensure success: we will protect our employees while continuing to deliver for our cardholders, retailers, merchants and providers," said Margaret Keane, Chief Executive Officer of Synchrony Financial.

Business and Financial Highlights for the First Quarter of 2020*

Earnings

- Net interest income decreased $336 million, or 8%, to $3.9 billion, mainly due to the Walmart consumer portfolio sale.
- Retailer share arrangements decreased $28 million, or 3%, to $926 million, mainly driven by a higher credit loss reserve build related to COVID-19.
- Provision for credit losses increased $818 million, or 95%, to $1.7 billion, mainly driven by the Walmart credit loss reserve reduction last year that totaled $522 million and a higher reserve build related to COVID-19 and CECL in the first quarter, partially offset by lower net charge-offs.
- Other income increased $5 million, or 5%, to $97 million.
- Other expense decreased $41 million, or 4%, mainly due to the cost reductions from Walmart.
- Net earnings totaled $286 million compared to $1.1 billion last year.

Balance Sheet

- Period-end loan receivables increased 3%; on a Core basis, loan receivables increased 4%; purchase volume growth was 6% and average active accounts increased 4%.
- Deposits grew to $64.6 billion, up $0.5 billion, or 1%, and comprised 79% of funding.
- The Company's balance sheet remained strong with total liquidity (liquid assets and undrawn credit facilities) of $24.8 billion, or 25.3% 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 14.3%, compared to 14.5%, and the estimated Tier 1 Capital ratio was 15.2% compared to 14.5%, reflecting the Company's strong capital generation capabilities while deploying capital through organic growth, program acquisitions, and continued execution of our capital plans. The estimated Tier 1 Capital ratio also reflects the $750 million preferred stock issuance in November 2019.

Key Financial Metrics

- Return on assets was 1.1% and return on equity was 9.1%.
- Net interest margin was 15.15%.
- Efficiency ratio was 32.7%.

Credit Quality

- Loans 30+ days past due as a percentage of total period-end loan receivables were 4.24% compared to 4.92% last year; excluding the Walmart consumer portfolio, the rate was down approximately 15 basis points compared to last year.
- Net charge-offs as a percentage of total average loan receivables were 5.36% compared to 6.06% last year; excluding the Walmart consumer portfolio, the rate decreased approximately 15 basis points compared to last year.
- The allowance for credit losses as a percentage of total period-end loan receivables was 11.13%, which included a $3.0 billion increase in the allowance upon the adoption of CECL on January 1, 2020.

Sales Platforms

- Retail Card period-end loan receivables grew 2%; period-end loan receivables increased 3% on a Core basis primarily driven by digital partners. Interest and fees on loans decreased 12%, purchase volume decreased 3%, and average active accounts decreased 10%, primarily driven by the sale of the Walmart consumer portfolio.

- Payment Solutions period-end loan receivables grew 3%; period-end loan receivables increased 7% on a Core basis led by home furnishings and home specialty. Interest and fees on loans increased 3%, primarily driven by the loan receivables growth. Purchase volume growth was 2% and average active accounts increased 2%.
- CareCredit period-end loan receivables grew 7%, led by dental and veterinary. Interest and fees on loans increased 9%, primarily driven by the loan receivables growth. Purchase volume growth was 2% and average active accounts increased 5%.

** All comparisons are for the first quarter of 2020 compared to the first 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 March 31, 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, April 21, 2020, at 8:30 a.m. Eastern Time, Margaret Keane, Chief Executive Officer, Brian Doubles, President, and Brian Wenzel, 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 be available on the website or by dialing (888) 843-7419 (U.S. domestic) or (630) 652-3042 (international), passcode 12020#, and can be accessed beginning approximately two hours after the event through May 5, 2020.

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 21, 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						
	Mar 31, 2020	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**	**Mar 31, 2019**	**1Q'20 vs. 1Q'19**	
EARNINGS							
Net interest income	$ 3,890	$ 4,029	$ 4,389	$ 4,155	$ 4,226	$ (336)	(8.0)%
Retailer share arrangements	(926)	(1,029)	(1,016)	(859)	(954)	28	(2.9)%
Provision for credit losses	1,677	1,104	1,019	1,198	859	818	95.2 %
Net interest income, after retailer share arrangements and provision for credit losses	1,287	1,896	2,354	2,098	2,413	(1,126)	(46.7)%
Other income	97	104	85	90	92	5	5.4 %
Other expense	1,002	1,079	1,064	1,059	1,043	(41)	(3.9)%
Earnings before provision for income taxes	382	921	1,375	1,129	1,462	(1,080)	(73.9)%
Provision for income taxes	96	190	319	276	355	(259)	(73.0)%
Net earnings	$ 286	$ 731	$ 1,056	$ 853	$ 1,107	$ (821)	(74.2)%
Net earnings available to common stockholders	$ 275	$ 731	$ 1,056	$ 853	$ 1,107	$ (832)	(75.2)%
COMMON SHARE STATISTICS							
Basic EPS	$ 0.45	$ 1.15	$ 1.60	$ 1.25	$ 1.57	$ (1.12)	(71.3)%
Diluted EPS	$ 0.45	$ 1.15	$ 1.60	$ 1.24	$ 1.56	$ (1.11)	(71.2)%
Dividend declared per share	$ 0.22	$ 0.22	$ 0.22	$ 0.21	$ 0.21	$ 0.01	4.8 %
Common stock price	$ 16.09	$ 36.01	$ 34.09	$ 34.67	$ 31.90	$ (15.81)	(49.6)%
Book value per share	$ 19.27	$ 23.31	$ 23.13	$ 22.03	$ 21.35	$ (2.08)	(9.7)%
Tangible common equity per share[(1)]	$ 15.35	$ 19.50	$ 19.68	$ 18.60	$ 17.96	$ (2.61)	(14.5)%
Beginning common shares outstanding	615.9	653.7	668.9	688.8	718.8	(102.9)	(14.3)%
Issuance of common shares	—	—	—	—	—	—	— %
Stock-based compensation	0.9	0.6	0.4	1.2	0.9	—	— %
Shares repurchased	(33.6)	(38.4)	(15.6)	(21.1)	(30.9)	(2.7)	8.7 %
Ending common shares outstanding	583.2	615.9	653.7	668.9	688.8	(105.6)	(15.3)%
Weighted average common shares outstanding	604.9	633.7	658.3	683.6	706.3	(101.4)	(14.4)%
Weighted average common shares outstanding (fully diluted)	607.4	637.7	661.7	686.5	708.9	(101.5)	(14.3)%

(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						
	Mar 31, 2020	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**	**Mar 31, 2019**	**1Q'20 vs. 1Q'19**	
PERFORMANCE METRICS							
Return on assets[1]	1.1%	2.7%	3.9%	3.3%	4.3%		(3.2)%
Return on equity[2]	9.1%	19.0%	28.3%	23.1%	30.4%		(21.3)%
Return on tangible common equity[3]	11.6%	23.0%	33.4%	27.4%	35.8%		(24.2)%
Net interest margin[4]	15.15%	15.01%	16.29%	15.75%	16.08%		(0.93)%
Efficiency ratio[5]	32.7%	34.8%	30.8%	31.3%	31.0%		1.7 %
Other expense as a % of average loan receivables, including held for sale	4.77%	5.01%	4.66%	4.78%	4.71%		0.06 %
Effective income tax rate	25.1%	20.6%	23.2%	24.4%	24.3%		0.8 %
CREDIT QUALITY METRICS							
Net charge-offs as a % of average loan receivables, including held for sale	5.36%	5.15%	5.35%	6.01%	6.06%		(0.70)%
30+ days past due as a % of period-end loan receivables[6]	4.24%	4.44%	4.47%	4.43%	4.92%		(0.68)%
90+ days past due as a % of period-end loan receivables[6]	2.10%	2.15%	2.07%	2.16%	2.51%		(0.41)%
Net charge-offs	$ 1,125	$ 1,109	$ 1,221	$ 1,331	$ 1,344	$ (219)	(16.3)%
Loan receivables delinquent over 30 days[6]	$ 3,500	$ 3,874	$ 3,723	$ 3,625	$ 3,957	$ (457)	(11.5)%
Loan receivables delinquent over 90 days[6]	$ 1,735	$ 1,877	$ 1,723	$ 1,768	$ 2,019	$ (284)	(14.1)%
Allowance for credit losses (period-end)	$ 9,175	$ 5,602	$ 5,607	$ 5,809	$ 5,942	$ 3,233	54.4 %
Allowance coverage ratio[7]	11.13%	6.42%	6.74%	7.10%	7.39%		3.74 %
BUSINESS METRICS							
Purchase volume[8][9]	$ 32,042	$ 40,212	$ 38,395	$ 38,291	$ 32,513	$ (471)	(1.4)%
Period-end loan receivables	$ 82,469	$ 87,215	$ 83,207	$ 81,796	$ 80,405	$ 2,064	2.6 %
Credit cards	$ 79,832	$ 84,606	$ 79,788	$ 78,446	$ 77,251	$ 2,581	3.3 %
Consumer installment loans	$ 1,390	$ 1,347	$ 2,050	$ 1,983	$ 1,860	$ (470)	(25.3)%
Commercial credit products	$ 1,203	$ 1,223	$ 1,317	$ 1,328	$ 1,256	$ (53)	(4.2)%
Other	$ 44	$ 39	$ 52	$ 39	$ 38	$ 6	15.8 %
Average loan receivables, including held for sale	$ 84,428	$ 85,376	$ 90,556	$ 88,792	$ 89,903	$ (5,475)	(6.1)%
Period-end active accounts (in thousands)[9][10]	68,849	75,471	77,094	76,065	74,812	(5,963)	(8.0)%
Average active accounts (in thousands)[9][10]	72,078	73,734	76,695	75,525	77,132	(5,054)	(6.6)%
LIQUIDITY							
Liquid assets							
Cash and equivalents	$ 13,704	$ 12,147	$ 11,461	$ 11,755	$ 12,963	$ 741	5.7 %
Total liquid assets	$ 19,225	$ 17,322	$ 15,201	$ 16,665	$ 17,360	$ 1,865	10.7 %
Undrawn credit facilities							
Undrawn credit facilities	$ 5,600	$ 6,050	$ 6,500	$ 7,050	$ 6,050	$ (450)	(7.4)%
Total liquid assets and undrawn credit facilities	$ 24,825	$ 23,372	$ 21,701	$ 23,715	$ 23,410	$ 1,415	6.0 %
Liquid assets % of total assets	19.61%	16.52%	14.35%	15.66%	16.47%		3.14 %
Liquid assets including undrawn credit facilities % of total assets	25.32%	22.30%	20.48%	22.29%	22.21%		3.11 %

(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						
	Mar 31, 2020	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**	**Mar 31, 2019**	**1Q'20 vs. 1Q'19**	
Interest income:							
Interest and fees on loans	$ 4,340	$ 4,492	$ 4,890	$ 4,636	$ 4,687	$ (347)	(7.4)%
Interest on cash and debt securities	67	93	91	102	99	(32)	(32.3)%
Total interest income	4,407	4,585	4,981	4,738	4,786	(379)	(7.9)%
Interest expense:							
Interest on deposits	356	383	411	397	375	(19)	(5.1)%
Interest on borrowings of consolidated securitization entities	73	80	88	90	100	(27)	(27.0)%
Interest on senior unsecured notes	88	93	93	96	85	3	3.5 %
Total interest expense	517	556	592	583	560	(43)	(7.7)%
Net interest income	3,890	4,029	4,389	4,155	4,226	(336)	(8.0)%
Retailer share arrangements	(926)	(1,029)	(1,016)	(859)	(954)	28	(2.9)%
Provision for credit losses	1,677	1,104	1,019	1,198	859	818	95.2 %
Net interest income, after retailer share arrangements and provision for credit losses	1,287	1,896	2,354	2,098	2,413	(1,126)	(46.7)%
Other income:							
Interchange revenue	161	192	197	194	165	(4)	(2.4)%
Debt cancellation fees	69	64	64	69	68	1	1.5 %
Loyalty programs	(158)	(181)	(203)	(192)	(167)	9	(5.4)%
Other	25	29	27	19	26	(1)	(3.8)%
Total other income	97	104	85	90	92	5	5.4 %
Other expense:							
Employee costs	324	385	359	358	353	(29)	(8.2)%
Professional fees	197	199	205	231	232	(35)	(15.1)%
Marketing and business development	111	152	139	135	123	(12)	(9.8)%
Information processing	123	122	127	123	113	10	8.8 %
Other	247	221	234	212	222	25	11.3 %
Total other expense	1,002	1,079	1,064	1,059	1,043	(41)	(3.9)%
Earnings before provision for income taxes	382	921	1,375	1,129	1,462	(1,080)	(73.9)%
Provision for income taxes	96	190	319	276	355	(259)	(73.0)%
Net earnings	$ 286	$ 731	$ 1,056	$ 853	$ 1,107	$ (821)	(74.2)%
Net earnings available to common stockholders	$ 275	$ 731	$ 1,056	$ 853	$ 1,107	$ (832)	(75.2)%

SYNCHRONY FINANCIAL
STATEMENTS OF FINANCIAL POSITION
(unaudited, $ in millions)

	Quarter Ended						
	Mar 31, 2020	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**	**Mar 31, 2019**	**Mar 31, 2020 vs. Mar 31, 2019**	
Assets							
Cash and equivalents	$ 13,704	$ 12,147	$ 11,461	$ 11,755	$ 12,963	$ 741	5.7 %
Debt securities	6,146	5,911	4,584	6,147	5,506	640	11.6 %
Loan receivables:							
Unsecuritized loans held for investment	54,765	58,398	56,220	55,178	54,907	(142)	(0.3)%
Restricted loans of consolidated securitization entities	27,704	28,817	26,987	26,618	25,498	2,206	8.7 %
Total loan receivables	82,469	87,215	83,207	81,796	80,405	2,064	2.6 %
Less: Allowance for credit losses[(1)]	(9,175)	(5,602)	(5,607)	(5,809)	(5,942)	(3,233)	54.4 %
Loan receivables, net	73,294	81,613	77,600	75,987	74,463	(1,169)	(1.6)%
Loan receivables held for sale	5	725	8,182	8,096	8,052	(8,047)	(99.9)%
Goodwill	1,078	1,078	1,078	1,078	1,076	2	0.2 %
Intangible assets, net	1,208	1,265	1,177	1,215	1,259	(51)	(4.1)%
Other assets	2,603	2,087	1,861	2,110	2,065	538	26.1 %
Total assets	$ 98,038	$ 104,826	$ 105,943	$ 106,388	$ 105,384	$ (7,346)	(7.0)%
Liabilities and Equity							
Deposits:							
Interest-bearing deposit accounts	$ 64,302	$ 64,877	$ 65,677	$ 65,382	$ 63,787	$ 515	0.8 %
Non-interest-bearing deposit accounts	313	277	295	263	273	40	14.7 %
Total deposits	64,615	65,154	65,972	65,645	64,060	555	0.9 %
Borrowings:							
Borrowings of consolidated securitization entities	9,291	10,412	10,912	11,941	12,091	(2,800)	(23.2)%
Senior unsecured notes	7,957	9,454	9,451	9,303	9,800	(1,843)	(18.8)%
Total borrowings	17,248	19,866	20,363	21,244	21,891	(4,643)	(21.2)%
Accrued expenses and other liabilities	4,205	4,718	4,488	4,765	4,724	(519)	(11.0)%
Total liabilities	86,068	89,738	90,823	91,654	90,675	(4,607)	(5.1)%
Equity:							
Preferred stock	734	734	—	—	—	734	NM
Common stock	1	1	1	1	1	—	— %
Additional paid-in capital	9,523	9,537	9,520	9,500	9,489	34	0.4 %
Retained earnings	9,960	12,117	11,533	10,627	9,939	21	0.2 %
Accumulated other comprehensive income:	(49)	(58)	(44)	(43)	(56)	7	(12.5)%
Treasury stock	(8,199)	(7,243)	(5,890)	(5,351)	(4,664)	(3,535)	75.8 %
Total equity	11,970	15,088	15,120	14,734	14,709	(2,739)	(18.6)%
Total liabilities and equity	$ 98,038	$ 104,826	$ 105,943	$ 106,388	$ 105,384	$ (7,346)	(7.0)%

(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														
	Mar 31, 2020			**Dec 31, 2019**			**Sep 30, 2019**			**Jun 30, 2019**			**Mar 31, 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	$ 12,902	$ 42	1.31 %	$ 16,269	$ 68	1.66 %	$ 10,947	$ 59	2.14 %	$ 10,989	$ 66	2.41 %	$ 11,033	$ 65	2.39 %
Securities available for sale	5,954	25	1.69 %	4,828	25	2.05 %	5,389	32	2.36 %	6,010	36	2.40 %	5,640	34	2.44 %
Loan receivables, including held for sale:															
Credit cards	81,716	4,272	21.03 %	81,960	4,409	21.34 %	87,156	4,807	21.88 %	85,488	4,557	21.38 %	86,768	4,611	21.55 %
Consumer installment loans	1,432	35	9.83 %	2,058	48	9.25 %	2,022	48	9.42 %	1,924	44	9.17 %	1,844	42	9.24 %
Commercial credit products	1,243	33	10.68 %	1,311	34	10.29 %	1,329	35	10.45 %	1,330	34	10.25 %	1,252	34	11.01 %
Other	37	—	— %	47	1	NM	49	—	— %	50	1	NM	39	—	— %
Total loan receivables, including held for sale	84,428	4,340	20.67 %	85,376	4,492	20.87 %	90,556	4,890	21.42 %	88,792	4,636	20.94 %	89,903	4,687	21.14 %
Total interest-earning assets	103,284	4,407	17.16 %	106,473	4,585	17.08 %	106,892	4,981	18.49 %	105,791	4,738	17.96 %	106,576	4,786	18.21 %
Non-interest-earning assets:															
Cash and due from banks	1,450			1,326			1,374			1,271			1,335		
Allowance for credit losses	(8,708)			(5,593)			(5,773)			(5,911)			(6,341)		
Other assets	4,696			3,872			3,920			3,752			3,729		
Total non-interest-earning assets	(2,562)			(395)			(479)			(888)			(1,277)		
Total assets	$ 100,722			$ 106,078			$ 106,413			$ 104,903			$ 105,299		
Liabilities															
Interest-bearing liabilities:															
Interest-bearing deposit accounts	$ 64,366	$ 356	2.22 %	$ 65,380	$ 383	2.32 %	$ 65,615	$ 411	2.49 %	$ 64,226	$ 397	2.48 %	$ 63,776	$ 375	2.38 %
Borrowings of consolidated securitization entities	9,986	73	2.94 %	10,831	80	2.93 %	11,770	88	2.97 %	11,785	90	3.06 %	13,407	100	3.02 %
Senior unsecured notes	8,807	88	4.02 %	9,452	93	3.90 %	9,347	93	3.95 %	9,543	96	4.03 %	8,892	85	3.88 %
Total interest-bearing liabilities	83,159	517	2.50 %	85,663	556	2.58 %	86,732	592	2.71 %	85,554	583	2.73 %	86,075	560	2.64 %
Non-interest-bearing liabilities															
Non-interest-bearing deposit accounts	299			281			283			271			286		
Other liabilities	4,672			4,906			4,570			4,260			4,148		
Total non-interest-bearing liabilities	4,971			5,187			4,853			4,531			4,434		
Total liabilities	88,130			90,850			91,585			90,085			90,509		
Equity															
Total equity	12,592			15,228			14,828			14,818			14,790		
Total liabilities and equity	$ 100,722			$ 106,078			$ 106,413			$ 104,903			$ 105,299		
Net interest income		$ 3,890			$ 4,029			$ 4,389			$ 4,155			$ 4,226	
Interest rate spread[(1)]			14.66 %			14.50 %			15.78 %			15.23 %			15.57 %
Net interest margin[(2)]			15.15 %			15.01 %			16.29 %			15.75 %			16.08 %

(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						
	Mar 31, 2020	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**	**Mar 31, 2019**	**Mar 31, 2020 vs. Mar 31, 2019**	
BALANCE SHEET STATISTICS							
Total common equity	$ 11,236	$ 14,354	$ 15,120	$ 14,734	$ 14,709	$ (3,473)	(23.6)%
Total common equity as a % of total assets	11.46%	13.69%	14.27%	13.85%	13.96%		(2.50)%
Tangible assets	$ 95,752	$ 102,483	$ 103,688	$ 104,095	$ 103,049	$ (7,297)	(7.1)%
Tangible common equity[1]	$ 8,950	$ 12,011	$ 12,865	$ 12,441	$ 12,374	$ (3,424)	(27.7)%
Tangible common equity as a % of tangible assets[1]	9.35%	11.72%	12.41%	11.95%	12.01%		(2.66)%
Tangible common equity per share[1]	$ 15.35	$ 19.50	$ 19.68	$ 18.60	$ 17.96	$ (2.61)	(14.5)%

REGULATORY CAPITAL RATIOS[2][3]

	Basel III - CECL Transition	**Basel III**			
Total risk-based capital ratio[4]	16.5%	16.3%	15.8%	15.6%	15.8%
Tier 1 risk-based capital ratio[5]	15.2%	15.0%	14.5%	14.3%	14.5%
Tier 1 leverage ratio[6]	12.3%	12.6%	12.6%	12.4%	12.3%
Common equity Tier 1 capital ratio	14.3%	14.1%	14.5%	14.3%	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 March 31, 2020 are preliminary and therefore subject to change.

(3) Capital ratios at 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						
	Mar 31, 2020	Dec 31, 2019	Sep 30, 2019	Jun 30, 2019	Mar 31, 2019	1Q'20 vs. 1Q'19	
RETAIL CARD							
Purchase volume[1][2]	$ 24,008	$ 30,968	$ 29,282	$ 29,530	$ 24,660	$ (652)	(2.6)%
Period-end loan receivables	$ 52,390	$ 56,387	$ 52,697	$ 52,307	$ 51,572	$ 818	1.6 %
Average loan receivables, including held for sale	$ 53,820	$ 54,505	$ 60,660	$ 59,861	$ 60,964	$ (7,144)	(11.7)%
Average active accounts (in thousands)[2][3]	53,018	54,662	58,082	57,212	58,632	(5,614)	(9.6)%
Interest and fees on loans	$ 3,037	$ 3,143	$ 3,570	$ 3,390	$ 3,454	$ (417)	(12.1)%
Other income	$ 59	$ 77	$ 65	$ 59	$ 76	$ (17)	(22.4)%
Retailer share arrangements	$ (904)	$ (988)	$ (998)	$ (836)	$ (940)	$ 36	(3.8)%
PAYMENT SOLUTIONS							
Purchase volume[1][2]	$ 5,375	$ 6,402	$ 6,281	$ 5,948	$ 5,249	$ 126	2.4 %
Period-end loan receivables	$ 19,973	$ 20,528	$ 20,478	$ 19,766	$ 19,379	$ 594	3.1 %
Average loan receivables, including held for sale	$ 20,344	$ 20,701	$ 20,051	$ 19,409	$ 19,497	$ 847	4.3 %
Average active accounts (in thousands)[2][3]	12,681	12,713	12,384	12,227	12,406	275	2.2 %
Interest and fees on loans	$ 706	$ 737	$ 721	$ 685	$ 686	$ 20	2.9 %
Other income	$ 13	$ 4	$ (1)	$ 11	$ 1	$ 12	NM
Retailer share arrangements	$ (18)	$ (37)	$ (15)	$ (21)	$ (12)	$ (6)	50.0 %
CARECREDIT							
Purchase volume[1]	$ 2,659	$ 2,842	$ 2,832	$ 2,813	$ 2,604	$ 55	2.1 %
Period-end loan receivables	$ 10,106	$ 10,300	$ 10,032	$ 9,723	$ 9,454	$ 652	6.9 %
Average loan receivables, including held for sale	$ 10,264	$ 10,170	$ 9,845	$ 9,522	$ 9,442	$ 822	8.7 %
Average active accounts (in thousands)[3]	6,379	6,359	6,229	6,086	6,094	285	4.7 %
Interest and fees on loans	$ 597	$ 612	$ 599	$ 561	$ 547	$ 50	9.1 %
Other income	$ 25	$ 23	$ 21	$ 20	$ 15	$ 10	66.7 %
Retailer share arrangements	$ (4)	$ (4)	$ (3)	$ (2)	$ (2)	$ (2)	100.0 %
TOTAL SYF							
Purchase volume[1][2]	$ 32,042	$ 40,212	$ 38,395	$ 38,291	$ 32,513	$ (471)	(1.4)%
Period-end loan receivables	$ 82,469	$ 87,215	$ 83,207	$ 81,796	$ 80,405	$ 2,064	2.6 %
Average loan receivables, including held for sale	$ 84,428	$ 85,376	$ 90,556	$ 88,792	$ 89,903	$ (5,475)	(6.1)%
Average active accounts (in thousands)[2][3]	72,078	73,734	76,695	75,525	77,132	(5,054)	(6.6)%
Interest and fees on loans	$ 4,340	$ 4,492	$ 4,890	$ 4,636	$ 4,687	$ (347)	(7.4)%
Other income	$ 97	$ 104	$ 85	$ 90	$ 92	$ 5	5.4 %
Retailer share arrangements	$ (926)	$ (1,029)	$ (1,016)	$ (859)	$ (954)	$ 28	(2.9)%

(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				
	Mar 31, 2020	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**	**Mar 31, 2019**
COMMON EQUITY AND REGULATORY CAPITAL MEASURES[(2)]					
GAAP Total equity	$ 11,970	$ 15,088	$ 15,120	$ 14,734	$ 14,709
Less: Preferred stock	(734)	(734)	—	—	—
Less: Goodwill	(1,078)	(1,078)	(1,078)	(1,078)	(1,076)
Less: Intangible assets, net	(1,208)	(1,265)	(1,177)	(1,215)	(1,259)
Tangible common equity	$ 8,950	$ 12,011	$ 12,865	$ 12,441	$ 12,374
Add: CECL transition amount	2,417	—	—	—	—
Adjustments for certain deferred tax liabilities and certain items in accumulated comprehensive income (loss)	304	319	290	283	287
Common equity Tier 1	$ 11,671	$ 12,330	$ 13,155	$ 12,724	$ 12,661
Preferred stock	734	734	—	—	—
Tier 1 capital	$ 12,405	$ 13,064	$ 13,155	$ 12,724	$ 12,661
Add: Allowance for credit losses includible in risk-based capital	1,082	1,147	1,190	1,169	1,152
Total Risk-based capital	$ 13,487	$ 14,211	$ 14,345	$ 13,893	$ 13,813
ASSET MEASURES[(2)]					
Total average assets	$ 100,722	$ 106,078	$ 106,413	$ 104,903	$ 105,299
Adjustments for:					
Add: CECL transition amount	2,417	—	—	—	—
Disallowed goodwill and other disallowed intangible assets (net of related deferred tax liabilities) and other	(2,010)	(2,059)	(1,975)	(2,003)	(2,039)
Total assets for leverage purposes	$ 101,129	$ 104,019	$ 104,438	$ 102,900	$ 103,260
Risk-weighted assets	$ 81,639	$ 87,302	$ 90,772	$ 88,890	$ 87,331
CECL FULLY PHASED-IN CAPITAL MEASURES					
Tier 1 capital	$ 12,405	$ 13,064	$ 13,155	$ 12,724	$ 12,661
Less: CECL transition adjustment	(2,417)	—	—	—	—
Tier 1 capital (CECL fully phased-in)	$ 9,988	$ 13,064	$ 13,155	$ 12,724	$ 12,661
Add: Allowance for credit losses	9,175	5,602	5,607	5,809	5,942
Tier 1 capital (CECL fully phased-in) + Reserves for credit losses	$ 19,163	$ 18,666	$ 18,762	$ 18,533	$ 18,603
Risk-weighted assets	$ 81,639	$ 87,302	$ 90,772	$ 88,890	$ 87,331
Less: CECL transition adjustment	(2,204)	—	—	—	—
Risk-weighted assets (CECL fully phased-in)	$ 79,435	$ 87,302	$ 90,772	$ 88,890	$ 87,331
TANGIBLE COMMON EQUITY PER SHARE					
GAAP book value per share	$ 19.27	$ 23.31	$ 23.13	$ 22.03	$ 21.35
Less: Goodwill	(1.85)	(1.75)	(1.65)	(1.61)	(1.56)
Less: Intangible assets, net	(2.07)	(2.06)	(1.80)	(1.82)	(1.83)
Tangible common equity per share	$ 15.35	$ 19.50	$ 19.68	$ 18.60	$ 17.96

(1) Regulatory measures at March 31, 2020 are presented on an estimated basis.

(2) Capital ratios at 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				
	Mar 31, 2020	**Dec 31, 2019**	**Sep 30, 2019**	**Jun 30, 2019**	**Mar 31, 2019**
ALLOWANCE FOR LOAN LOSSES [1]					
Allowance for credit losses	$ 9,175	N/A	N/A	N/A	N/A
Less: Impact from CECL[2]	(3,122)	—	—	—	—
Allowance for loan losses[1]	$ 6,053	$ 5,602	$ 5,607	$ 5,809	$ 5,942
ALLOWANCE FOR LOAN LOSSES AS A % OF PERIOD-END LOAN RECEIVABLES					
Allowance for credit losses as a % of period-end loan receivables	11.13 %	N/A	N/A	N/A	N/A
Less: Impact from CECL[2]	(3.79)%	—%	—%	—%	—%
Allowance for loan losses as a % of period-end loan receivables	7.34 %	6.42%	6.74%	7.10%	7.39%
CORE PURCHASE VOLUME					
Purchase Volume	$ 32,042	$ 40,212	$ 38,395	$ 38,291	$ 32,513
Less: Walmart and Yamaha Purchase volume	—	(267)	(2,381)	(2,512)	(2,151)
Core Purchase volume	$ 32,042	$ 39,945	$ 36,014	$ 35,779	$ 30,362
CORE LOAN RECEIVABLES					
Loan receivables	$ 82,469	$ 87,215	$ 83,207	$ 81,796	$ 80,405
Less: Walmart and Yamaha Loan receivables	—	(3)	(872)	(1,188)	(1,420)
Core Loan receivables	$ 82,469	$ 87,212	$ 82,335	$ 80,608	$ 78,985
Retail Card Loan receivables	$ 52,390	$ 56,387	$ 52,697	$ 52,307	$ 51,572
Less: Walmart Loan receivables	—	—	(112)	(431)	(692)
Core Loan receivables	$ 52,390	$ 56,387	$ 52,585	$ 51,876	$ 50,880
Payment Solutions Loan receivables	$ 19,973	$ 20,528	$ 20,478	$ 19,766	$ 19,379
Less: Yamaha Loan receivables	—	(3)	(760)	(757)	(728)
Core Loan receivables	$ 19,973	$ 20,525	$ 19,718	$ 19,009	$ 18,651
CORE AVERAGE ACTIVE ACCOUNTS (in thousands)					
Average active accounts (in thousands)	72,078	73,734	76,695	75,525	77,132
Less: Walmart and Yamaha average Active accounts (in thousands)	—	(1,777)	(7,001)	(7,215)	(7,618)
Core Average active accounts (in thousands)	72,078	71,957	69,694	68,310	69,514
CORE INTEREST AND FEES ON LOANS					
Interest and fees on loans	$ 4,340	$ 4,492	$ 4,890	$ 4,636	$ 4,687
Less: Walmart and Yamaha Interest and fees on loans	—	(69)	(531)	(520)	(549)
Core Interest and fees on loans	$ 4,340	$ 4,423	$ 4,359	$ 4,116	$ 4,138

(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.