synchrony

4Q'20 FINANCIAL RESULTS

JANUARY 29, 2021

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. All comparisons are for the fourth quarter of 2020 compared to the fourth quarter of 2019, unless otherwise noted.

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 September 30, 2020, as filed on October 22, 2020. You should not consider any list of such factors to be an exhaustive statement of all the risks, uncertainties, or potentially inaccurate assumptions that could cause our current expectations or beliefs to change. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law.

4Q'20 Financial Highlights

SUMMARY

$1.24
DILUTED EPS
Full Year EPS of $2.27

$81.9 billion
LOAN RECEIVABLES
compared to $87.2 billion

66.3 million
AVERAGE ACTIVE ACCOUNTS
compared to 73.7 million

FINANCIAL METRICS

14.64%
NET INTEREST MARGIN
compared to 15.01%

3.16%
NET CHARGE-OFFS
compared to 5.15%

37.1%
EFFICIENCY RATIO
compared to 34.8%

CAPITAL

15.9%
CET1
liquid assets of $18.3 billion, 19.1% of total assets

$62.8 billion
DEPOSITS
compared to $65.1 billion, 80% of current funding

$128 million
CAPITAL RETURNED
$1.5 billion in total capital returned for 2020

4Q'20 Business Highlights

PARTNER EXPANSION

Walgreens

Kawasaki
Let the good times roll®

MATTRESS FIRM

Bobcat.

Allegro Credit

AspenDental

Community Veterinary Partners

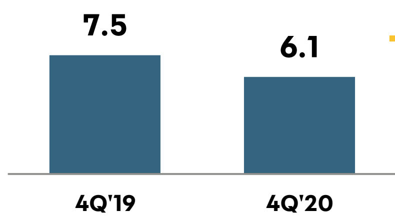
9 RENEWALS

7 NEW DEALS

1 ACQUISITION

CONSUMER PERFORMANCE

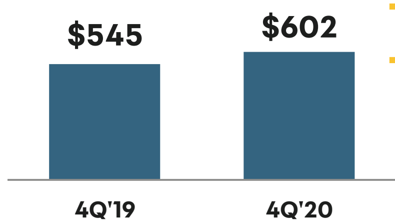
New Accounts[a]



(19)%

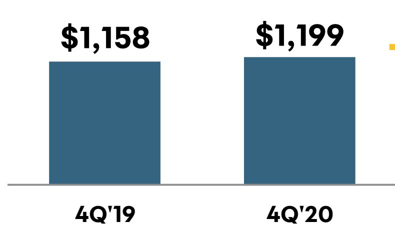
YTD 25.6 20.2 (21)%

Purchase Volume per Account[b]



10%

Average Balance per Account[c]



4%

DIGITAL ACCELERATION

~60%
DIGITAL APPLICATIONS*
**Percentage of Total Applications*

51%
ONLINE SALES*
**Percentage of Retail Card Total*

~65%
DIGITAL PAYMENTS*
**4Q20 % of Total Payments*

18%
Mobile Channel Application Growth

Equal Payment Financing Strategy

PARTNER AND CUSTOMER NEEDS

Partners

- Seamless Integration
- Higher Average Order Value and Sales
- Increased Conversion Rate
- Product flexibility to manage merchant costs

Customers

- Affordability
- Transparency
- Ease and Convenience
- Flexibility
- Control

PRODUCT STRATEGY

Delivering broader choice in financing to meet the evolving needs of our partners and customers

Revolving Products

- Mid & Long-Term Equal Payment Plans
  (12 – 162 mos. / APRs start at 0%)
- Short Term Equal Payment Plans
  (3 – 12 mos. / APRs start at 0%)

Closed End Products

- Collateralized Installments (Secured)
  (12 – 180 mos. / APRs start at 0%)
- setPAY: Short & Long-Term Installments
  (3 – 36 mos. / APRs start at 0%)

$15 billion
TOTAL
equal payment balances
as of December 2020

~74,000
PARTNERS AND/OR LOCATIONS
of payment plan products

66%[(a)]
0% APR FINANCING
2020 YTD

~30%[(b)]
REPEAT PURCHASES
within 24 months
at participating partners

Summary earnings statement

$ in millions, except per share statistics	4Q'20	4Q'19	B/(W) $	B/(W) %
Total interest income	$3,993	$4,585	$(592)	(13)%
Total interest expense	334	556	222	40%
Net interest income (NII)	**3,659**	**4,029**	**(370)**	**(9)%**
Retailer share arrangements (RSA)	(1,047)	(1,029)	(18)	(2)%
Provision for credit losses	750	1,104	354	32%
Other income	82	104	(22)	(21)%
Other expense	1,000	1,079	79	7%
Pre-tax earnings	**944**	**921**	**23**	**2%**
Provision for income taxes	206	190	(16)	(8)%
Net earnings	**738**	**731**	**7**	**1%**
Preferred dividends	10	0	(10)	NM
Net earnings available to common stockholders	**$728**	**$731**	**$(3)**	**(0)%**
Diluted earnings per share	**$1.24**	**$1.15**	**$0.09**	

4Q'20 Highlights

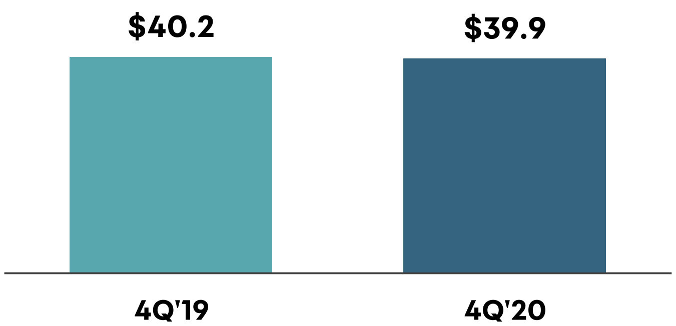
- **$738 million Net earnings, $1.24 diluted EPS**
- **Net interest income down 9%**
  - Interest and fees on loans down 11% driven by the impact of COVID-19
  - Interest expense decrease driven primarily by lower benchmark rates
- **Provision for credit losses down 32%**
  - Decrease is primarily driven by lower net charge-offs
  - Net charge-offs of 3.16% compared to 5.15% in the prior year primarily driven by the impact of improvements in customer payment behavior
- **Other expense down 7%**
  - Decrease primarily due to lower purchase volume and accounts, lower employee costs, and lower operational losses

Growth Metrics

Purchase volume

$ in billions

(1)%

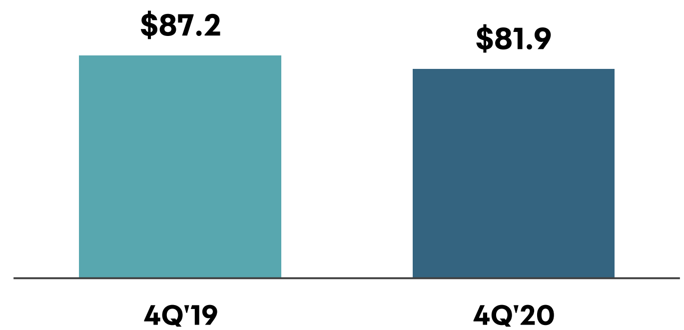


	4Q'19	4Q'20	
Dual Card / Co-Brand	$15.6	$15.1	(4)%

Loan receivables

$ in billions

(6)%

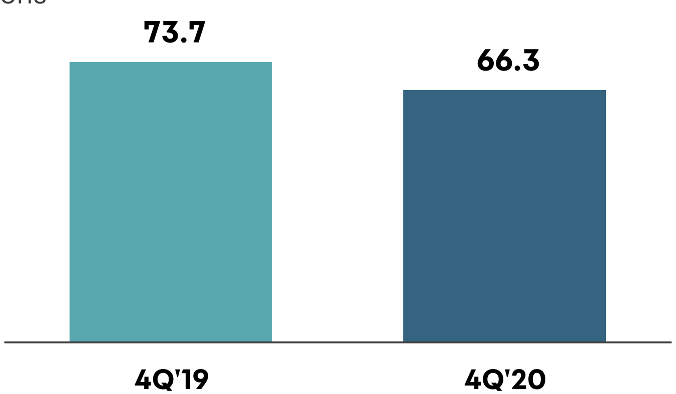


	4Q'19	4Q'20	
Dual Card / Co-Brand	$21.6	$19.5	(10)%

Average active accounts

in millions

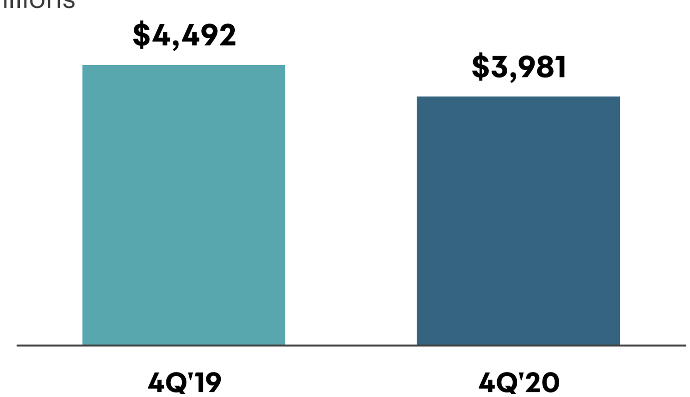
(10)%



Interest and fees on loans

$ in millions

(11)%



Platform Results[a]

Retail Card

Loan receivables, $ in billions

(8)%

	4Q'19	4Q'20	V%
Purchase volume	$31.0	$31.3	1%
Accounts	54.6	49.1	(10)%
Interest and fees on loans	$3,143	$2,719	(13)%

- Receivable reduction primarily due to COVID-19 partially offset by growth in digital partners
- Interest and fees on loans down 13% driven primarily by COVID-19 and the decline in loan receivables

Payment Solutions

Loan receivables, $ in billions

(2)%

	4Q'19	4Q'20	V%
Purchase volume	$6.4	$5.9	(7)%
Accounts	12.7	11.5	(9)%
Interest and fees on loans	$737	$673	(9)%

- Receivable reduction primarily due to COVID-19 partially offset by growth in Power Sports and Home Specialty
- Interest and fees on loans down 9% driven primarily by lower yield on loan receivables

CareCredit

Loan receivables, $ in billions

(7)%

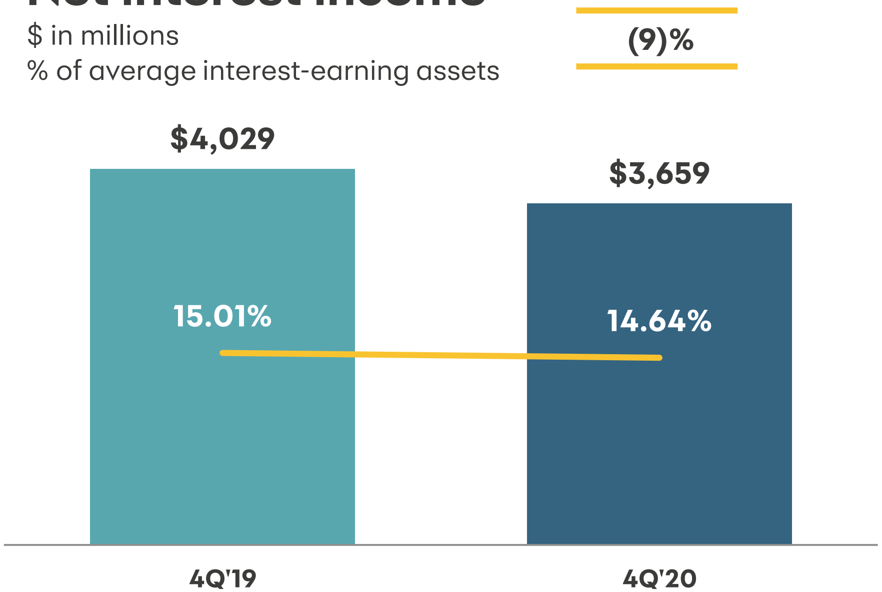
	4Q'19	4Q'20	V%
Purchase volume	$2.8	$2.7	(6)%
Accounts	6.4	5.7	(10)%
Interest and fees on loans	$612	$589	(4)%

- Receivable reduction primarily due to COVID-19
- Interest and fees on loans down 4% driven primarily by lower merchant discount resulting from lower purchase volume

Net Interest Income

Net interest income

$ in millions
% of average interest-earning assets



NIM walk

4Q'19 NIM	**15.01%**
Mix of Interest-earning assets	(0.05)%
Loan receivables yield	(0.75)%
Liquidity portfolio yield	(0.30)%
Interest-bearing liabilities cost	0.73%
4Q'20 NIM	**14.64%**

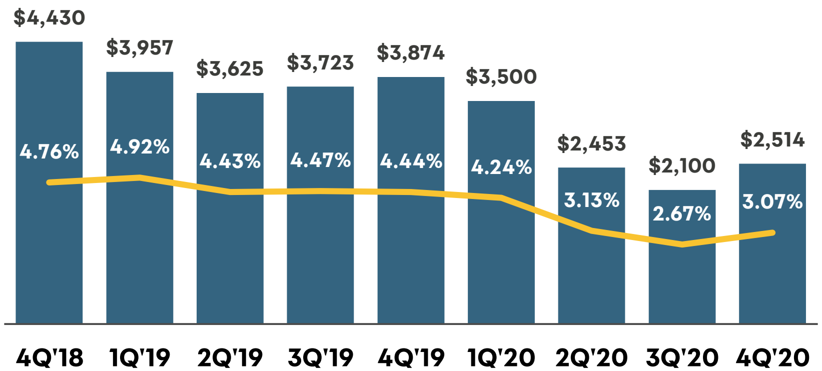
4Q'20 Highlights

- **Net interest income decreased 9%**
  - Interest and fees on loans decreased 11% compared to prior year primarily driven by the impact of COVID-19
- **Net interest margin (NIM) down 37bps.**
  - Mix of Interest-earnings assets: (0.05)%
    - Loan receivables mix as a percent of total Earning Assets decreased from 80.2% to 79.9%
  - Loan receivables yield: (0.75)%
    - Loan receivables yield of 19.93%, down 94bps.
  - Liquidity portfolio yield: (0.30)%
  - Interest-bearing liabilities cost: 0.73%
    - Total cost decreased 89bps. to 1.69% due primarily to lower benchmark rates and higher proportion of deposit funding

Asset Quality Metrics

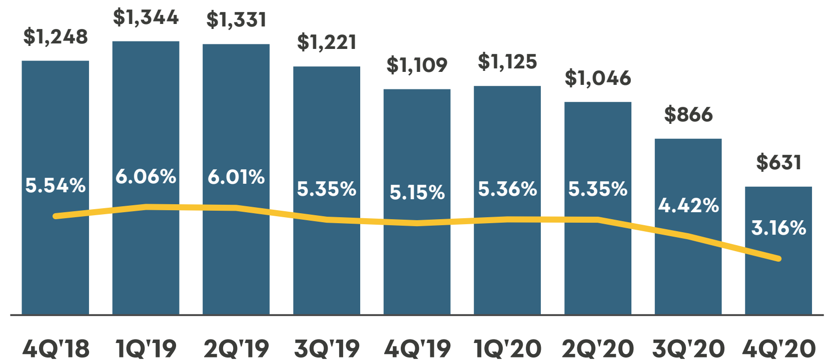
30+ days past due

$ in millions, % of period-end loan receivables



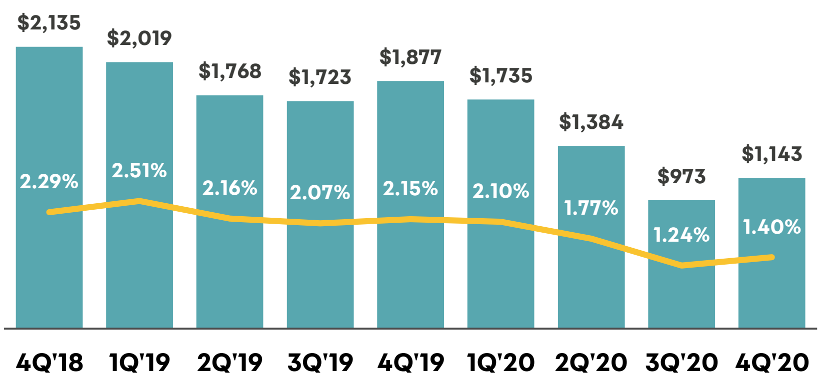
Net charge-offs

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



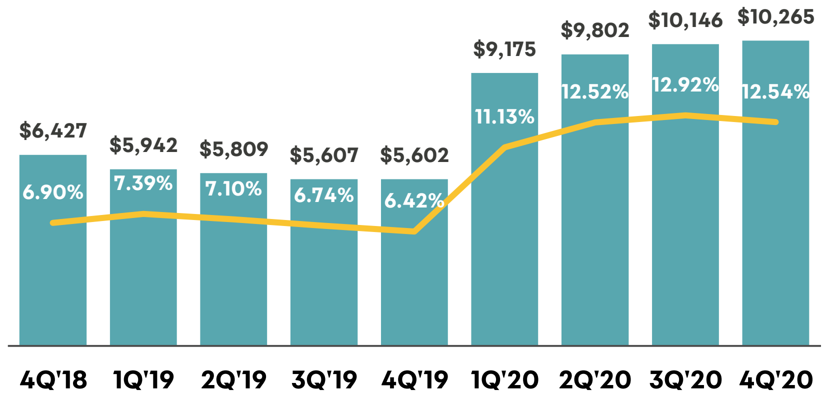
90+ days past due

$ in millions, % of period-end loan receivables



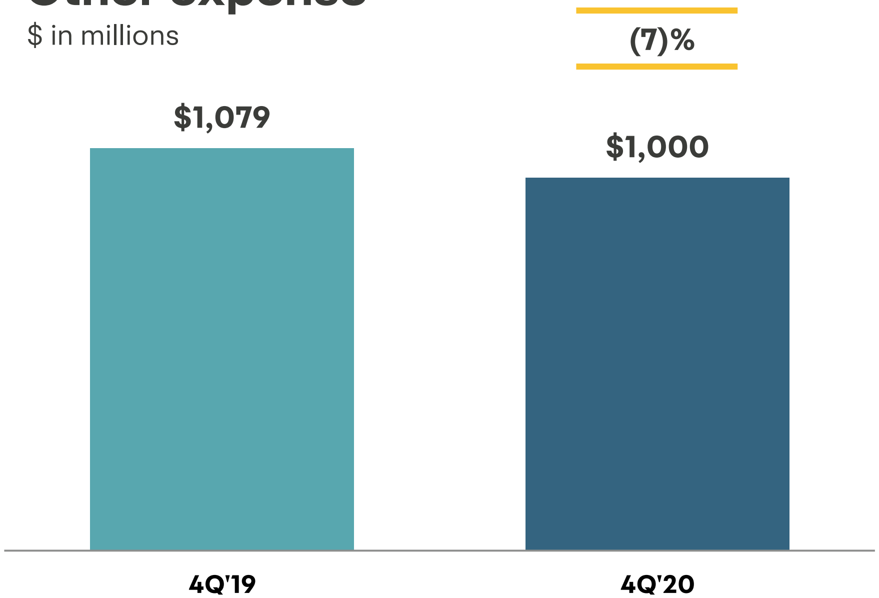
Allowance for credit losses[(a)]

$ in millions, % of period-end loan receivables



Other expense

$ in millions



	4Q'19	4Q'20	V$	V%
Employee costs	$385	$347	$(38)	(10)%
Professional fees	199	186	(13)	(7)%
Marketing/BD	152	139	(13)	(9)%
Information processing	122	128	6	5%
Other	221	200	(21)	(10)%
Other expense	$1,079	$1,000	$(79)	(7)%
Efficiency[a]	**34.8%**	**37.1%**		**2.3 pts.**

4Q'20 Highlights

Other expense down 7%

- Decrease primarily due to lower purchase volume and accounts, lower employee costs, and lower operational losses

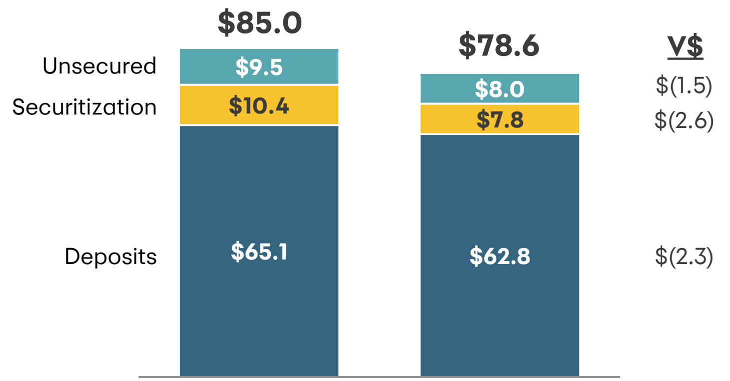
Efficiency ratio 37.1% vs. 34.8% prior year

- Increase in ratio driven by decrease in revenue partially offset by lower employee costs and lower operational losses

Funding, Capital and Liquidity

Funding sources

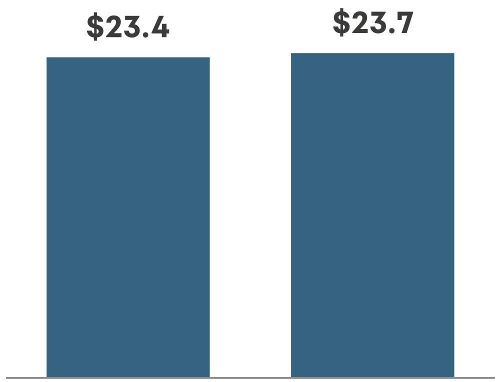
$ in billions



	4Q'19	4Q'20	V%
Deposits	77%	80%	+3 pts.
Securitization	12%	10%	(2) pts.
Unsecured	11%	10%	(1) pt.

Liquidity[(a)]

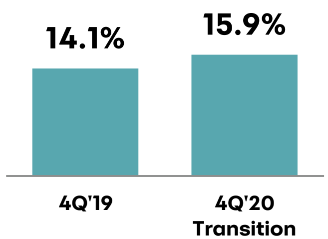
$ in billions



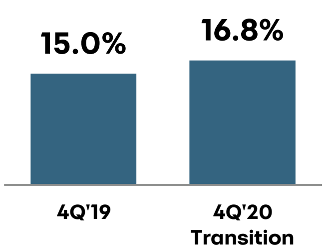
	4Q'19	4Q'20
Liquid assets	$17.3	$18.3
Undrawn credit facilities	6.1	5.4
Total liquidity	**$23.4**	**$23.7**
% of Total assets	**22.3%**	**24.7%**

Capital ratios[(b)]

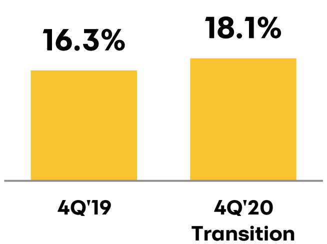
CET1 Capital Ratio



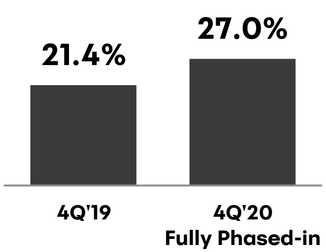
Tier 1 Capital Ratio



Total Capital Ratio



Tier 1 Capital + Credit Loss Reserve Ratio*



synchrony

* - The "Tier 1 Capital + Credit Loss Reserve Ratio" is the sum of our "Tier 1 Capital" and "Allowance for Credit Losses," divided by our "Total Risk-Weighted Assets". For 4Q'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.

2021 Outlook – Framework on Key Drivers

(comments and trends in comparison to 2020, except where noted)

Continued periods of uncertainty and volatility until pandemic is under control; 1H'21 assumption of continuing pressure from the pandemic and slow economic recovery; 2H'21 assumes pandemic largely in control and accelerated economic recovery

Purchase Volume	• *1H'21: 1Q consistent with trends ending '20, 2Q benefit from pandemic impact on 2Q'20* • *2H'21: improving growth trends as pandemic impact moderates and macroeconomic growth accelerates*
Loan Receivable Growth	• *1H'21: continued higher payment rates from stimulus expected to impact loan growth* • *2H'21: slowing payment rates and increasing purchase volume contribute to accelerating asset growth*
Net Interest Margin	• *Overall: continued expected improvement in NIM entering 2021* • *1H'21: higher payment rates will contribute to continued excess liquidity impacting asset mix* • *2H'21: asset growth reduces excess liquidity and slowing payment rates drives normalized interest and fee yields leading to increasing NIM*
Provision for Credit Losses	• *DQs: increase in delinquencies with peak delinquencies in 3Q'21* • *NCOs: sequential increase of NCOs as delinquencies rise throughout the year* • *Reserve: largely driven by asset growth and impacts from change in the macroeconomic scenario; anticipate reserve release during 2021 as macroeconomic environment develops*
RSAs - % of ALR	• *1H'21: RSA to remain elevated, primarily reflecting strong program performance (including revenue and NCOs)* • *2H'21: lower RSA generally reflecting higher NCOs partially offset by higher revenue*
Operating Expenses	• *Benefit of cost actions will result in ~$210 million in expense reduction* • *Partially offsetting cost reductions will be an increase for growth related items (e.g., active accounts, higher marketing expenses, etc.) and an increase in delinquent accounts*

Footnotes

4Q’20 Business Highlights | slide 4:

(a) New Accounts represent accounts that were approved in the respective period, in millions.
(b) Purchase Volume per Account is calculated as the Purchase volume divided by Average active accounts, in $.
(c) Average Balance per Account is calculated as the Average loan receivables divided by Average active accounts, in $.

Equal Payment Financing Strategy | slide 5:

(a) Based on percent of equal payment product sales
(b) Based on percent of equal payment product accounts with repeat purchases

Platform Results | slide 8:

(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.

Asset Quality Metrics | slide 10:

(a) Allowance for credit losses reflects adoption of CECL on January 1, 2020, which included a $3.0 billion increase in reserves upon adoption.

Other Expense | slide 11:

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

Funding, Capital and Liquidity | slide 12:

(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 March 2020.

synchrony

CHANGING WHAT'S POSSIBLE

Non-GAAP Reconciliation*

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

	At December 31,	
	Total	
	2019	2020
Tier 1 capital	$13,064	$13,525
Less: CECL transition adjustment	-	(2,686)
Tier 1 capital (CECL fully phased-in)	**$13,064**	**$10,839**
Add: Allowance for credit losses	5,602	10,265
Tier 1 capital (CECL fully phased-in) plus Reserves for credit losses.	**$18,666**	**$21,104**
Risk-weighted assets	**$87,302**	**$80,561**
Less: CECL transition adjustment	-	(2,477)
Risk-weighted assets (CECL fully phased-in)	**$87,302**	**$78,084**

* - Estimated at December 31, 2020, $ in millions.