



Synchrony Financial Reports Second Quarter Net Earnings of \$496 Million or \$0.61 Per Diluted Share

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STAMFORD, Conn.--(BUSINESS WIRE)--Synchrony Financial (NYSE: SYF) today announced second quarter 2017 net earnings of \$496 million, or \$0.61 per diluted share. Highlights for the quarter included:

- Net interest income increased 13% from the second quarter of 2016 to \$3.6 billion
- Loan receivables grew \$7 billion, or 11%, from the second quarter of 2016 to \$75 billion
- Purchase volume increased 6% from the second quarter of 2016
- Strong deposit growth continued, up \$6 billion, or 14%, over the second quarter of 2016
- Signed a new partnership with zulily
- Launched new programs with Nissan and Infiniti
- Renewed relationships: MEGA Group USA, City Furniture, and National Veterinary Associates
- Announced new capital plan increasing quarterly common stock dividend to \$0.15 per share and share repurchases of up to \$1.64 billion of Synchrony Financial common stock

“Strong execution of our strategies yielded solid performance across our three sales platforms. Organic growth remains an important business driver and contributed meaningfully to this quarter’s results. Our focus on the application and development of digital innovations is yielding results as we continue to drive strong online sales volume growth and penetration. A primary funding objective for us is growing deposits, and we continued to execute on this, achieving double-digit growth again this quarter,” said Margaret Keane, President and Chief

Executive Officer of Synchrony Financial. “We were pleased to announce a meaningful increase in our capital return to shareholders through dividends and share repurchases--this is a key priority, along with continued growth of the business while maintaining solid returns and a strong balance sheet.”

Business and Financial Highlights for the Second Quarter of 2017

All comparisons below are for the second quarter of 2017 compared to the second quarter of 2016, unless otherwise noted.

Earnings

- Net interest income increased \$425 million, or 13%, to \$3.6 billion, primarily driven by strong loan receivables growth. Net interest income after retailer share arrangements increased 16%.
- Provision for loan losses increased \$305 million to \$1,326 million driven by credit normalization and loan receivables growth.
- Other income was down \$26 million to \$57 million, largely driven by an increase in loyalty programs expense.
- Other expense increased \$72 million to \$911 million, primarily driven by business growth.
- Net earnings totaled \$496 million compared to \$489 million in the second quarter of 2016.

Balance Sheet

- Period-end loan receivables growth remained strong at 11%, primarily driven by purchase volume growth of 6% and average active account growth of 5%.
- Deposits grew to \$53 billion, up \$6 billion, or 14%, and comprised 72% of funding compared to 71% last year.
- The Company’s balance sheet remained strong with total liquidity (liquid assets and undrawn credit facilities) of \$22 billion, or 24% of total assets.
- The estimated Common Equity Tier 1 ratio under Basel III subject to transition provisions was 17.4% and the estimated fully phased-in Common Equity Tier 1 ratio under Basel III was 17.2%.

Key Financial Metrics

- Return on assets was 2.2% and return on equity was 13.8%.
- Net interest margin increased 26 basis points to 16.20%.
- Efficiency ratio was 30.1%, compared to 31.9% in the second quarter of 2016, driven by strong positive operating leverage.

Credit Quality

- Loans 30+ days past due as a percentage of total period-end loan receivables were 4.25% compared to 3.79% last year.
- Net charge-offs as a percentage of total average loan receivables were 5.42% compared to 4.51% last year.
- The allowance for loan losses as a percentage of total period-end loan receivables was 6.63% compared to 5.70% last year.

Sales Platforms

- Retail Card interest and fees on loans increased 12%, driven primarily by period-end loan receivables growth of 10%. Purchase volume growth was 7% and average active account growth was 3%. Loan receivables growth was broad-based across partner programs.
- Payment Solutions interest and fees on loans increased 14%, driven primarily by period-end loan receivables growth of 11%. Purchase volume growth was 6%, adjusted to exclude the impact from the hhgregg bankruptcy, and average active account growth was 11%. Loan receivables growth was led by home furnishings and automotive.
- CareCredit interest and fees on loans increased 12%, driven primarily by period-end loan receivables growth of 11%. Purchase volume growth was 11% and average active account growth was 10%. Loan receivables growth was led by dental and veterinary.

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 in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed February 23, 2017, and the Company's forthcoming Quarterly Report on Form 10-Q for the quarter ended June 30, 2017. 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 Friday, July 21, 2017, at 8:30 a.m. Eastern Time, Margaret Keane, President and Chief Executive Officer, and Brian Doubles, 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 22017#, and can be accessed beginning approximately two hours after the event through August 4, 2017.

About Synchrony Financial

Synchrony Financial (NYSE: SYF) is one of the nation's premier consumer financial services companies. Our roots in consumer finance trace back to 1932, and today we are the largest provider of private label credit cards in the United States based on purchase volume and receivables.* We provide a range of credit products through programs we have established with a diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers to help generate growth for our partners and offer financial flexibility to our customers. Through our partners' over 365,000 locations across the United States and Canada, and their websites and mobile applications, we offer our customers a variety of credit products to finance the purchase of goods and services. Synchrony Financial offers private label and co-branded Dual Card™ credit cards, promotional financing and installment lending, loyalty programs and FDIC-insured savings products through Synchrony Bank. More information can be found at www.synchronyfinancial.com, facebook.com/SynchronyFinancial, www.linkedin.com/company/synchrony-financial and twitter.com/SYFNews.

*Source: The Nilson Report (June 2017, Issue # 1112) - based on 2016 data.

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; retaining existing partners and attracting new partners, concentration of our revenue in a small number of Retail Card partners, promotion and support of our products by our partners, and financial performance of our partners; cyber-attacks or other security breaches; higher borrowing costs and adverse financial market conditions impacting our funding and liquidity, and any reduction in our credit ratings; our ability to securitize our loans, occurrence of an early amortization of our securitization facilities, loss of the right to service or subservice our securitized loans, and lower payment rates on our securitized loans; our ability to grow our deposits in the future; 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, the sufficiency of our allowance for loan losses and the accuracy of the assumptions or estimates used in preparing our financial statements; 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 strategic investments; reductions in interchange fees; fraudulent activity; failure of third parties to provide various services that are important to our operations; disruptions in the operations of our computer systems and data centers; 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; damage to our reputation; our ability to attract, retain and motivate key officers and employees; tax legislation initiatives or challenges to our tax positions 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 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 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, 2016, as filed on February 23, 2017. You should not consider any list of such factors to be an exhaustive statement of all of 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 capital ratios, 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)

	Jun 30, 2017
<u>EARNINGS</u>	
Net interest income	\$3,637
Retailer share arrangements	(669)
Net interest income, after retailer share arrangements	2,968
Provision for loan losses	1,326
Net interest income, after retailer share arrangements and provision for loan losses	1,642
Other income	57
Other expense	911
Earnings before provision for income taxes	788
Provision for income taxes	292
Net earnings	\$496
Net earnings attributable to common stockholders	\$496

COMMON SHARE STATISTICS

Basic EPS	\$0.62
Diluted EPS	\$0.61
Dividend declared per share	\$0.13
Common stock price	\$29.82
Book value per share	\$18.02
Tangible common equity per share ⁽¹⁾	\$15.79
Beginning common shares outstanding	810.8
Issuance of common shares	-
Stock-based compensation	0.2
Shares repurchased	(15.7)
Ending common shares outstanding	795.3
Weighted average common shares outstanding	804.0
Weighted average common shares outstanding (fully diluted)	807.4

(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, except account data)

	Q	
	<u>Jun 30,</u> <u>2017</u>	<u>Mar 31,</u> <u>2017</u>
<u>PERFORMANCE METRICS</u>		
Return on assets ⁽¹⁾	2.2%	2.3%
Return on equity ⁽²⁾	13.8%	14.1%
Return on tangible common equity ⁽³⁾	15.7%	16.1%
Net interest margin ⁽⁴⁾	16.20%	16.18%
Efficiency ratio ⁽⁵⁾	30.1%	30.3%

Other expense as a % of average loan receivables, including held for sale	4.93%	4.97%
Effective income tax rate	37.1%	36.2%

CREDIT QUALITY METRICS

Net charge-offs as a % of average loan receivables, including held for sale	5.42%	5.33%
30+ days past due as a % of period-end loan receivables ⁽⁶⁾	4.25%	4.25%
90+ days past due as a % of period-end loan receivables ⁽⁶⁾	1.90%	2.06%
Net charge-offs	\$1,001	\$974
Loan receivables delinquent over 30 days ⁽⁶⁾	\$3,208	\$3,120
Loan receivables delinquent over 90 days ⁽⁶⁾	\$1,435	\$1,508
Allowance for loan losses (period-end)	\$5,001	\$4,676
Allowance coverage ratio ⁽⁷⁾	6.63%	6.37%

BUSINESS METRICS

Purchase volume ⁽⁸⁾	\$33,476	\$28,880
Period-end loan receivables	\$75,458	\$73,350
Credit cards	\$72,492	\$70,587
Consumer installment loans	\$1,514	\$1,411
Commercial credit products	\$1,386	\$1,311
Other	\$66	\$41
Average loan receivables, including held for sale	\$74,090	\$74,132
Period-end active accounts (in thousands) ⁽⁹⁾	69,277	67,905
Average active accounts (in thousands) ⁽⁹⁾	68,635	69,629

LIQUIDITY

Liquid assets

Cash and equivalents	\$12,020	\$11,392
Total liquid assets	\$15,274	\$16,158

Undrawn credit facilities

Undrawn credit facilities	\$6,650	\$5,600
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Total liquid assets and undrawn credit facilities	\$21,924	\$21,758
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Liquid assets % of total assets	16.76%	18.14%
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Liquid assets including undrawn credit facilities % of total assets	24.06%	24.43%
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- (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 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, after retailer share arrangements, plus other income.
- (6) Based on customer statement-end balances extrapolated to the respective period-end date.
- (7) Allowance coverage ratio represents allowance for loan 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) 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)

	<u>Jun 30,</u>	<u>2017</u>	-
Interest income:			
Interest and fees on loans	\$3,927	\$	
Interest on investment securities	43		
Total interest income	<u>3,970</u>		-
Interest expense:			
Interest on deposits	202		
Interest on borrowings of consolidated securitization entities	63		
Interest on third-party debt	68		
Total interest expense	<u>333</u>		-

Net interest income	3,637	-
Retailer share arrangements	(669)	-
Net interest income, after retailer share arrangements	2,968	-
Provision for loan losses	1,326	-
Net interest income, after retailer share arrangements and provision for loan losses	1,642	-
Other income:		
Interchange revenue	165	-
Debt cancellation fees	68	-
Loyalty programs	(206)	-
Other	30	-
Total other income	57	-
Other expense:		
Employee costs	321	-
Professional fees	158	-
Marketing and business development	124	-
Information processing	88	-
Other	220	-
Total other expense	911	-
Earnings before provision for income taxes	788	-
Provision for income taxes	292	-
Net earnings attributable to common stockholders	<u>\$496</u>	=

SYNCHRONY FINANCIAL

STATEMENTS OF FINANCIAL POSITION

(unaudited, \$ in millions)

Quarter Ended			
Jun 30,	Mar 31,	Dec 31,	Sep 30,
2017	2017	2016	2016
_____	_____	_____	_____

Assets

Cash and equivalents	\$12,020	\$11,392	\$9,321	\$13,58
Investment securities	3,997	5,328	5,110	3,35
Loan receivables:				
Unsecuritized loans held for investment	52,550	50,398	52,332	47,51
Restricted loans of consolidated securitization entities	22,908	22,952	24,005	23,12
Total loan receivables	<u>75,458</u>	<u>73,350</u>	<u>76,337</u>	<u>70,64</u>
Less: Allowance for loan losses	<u>(5,001)</u>	<u>(4,676)</u>	<u>(4,344)</u>	<u>(4,11)</u>
Loan receivables, net	70,457	68,674	71,993	66,52
Goodwill	991	992	949	94
Intangible assets, net	787	826	712	73
Other assets	2,888	1,838	2,122	2,00
Total assets	<u>\$91,140</u>	<u>\$89,050</u>	<u>\$90,207</u>	<u>\$87,15</u>

Liabilities and Equity

Deposits:

Interest-bearing deposit accounts	\$52,659	\$51,359	\$51,896	\$49,61
Non-interest-bearing deposit accounts	<u>226</u>	<u>246</u>	<u>159</u>	<u>20</u>
Total deposits	52,885	51,605	52,055	49,81

Borrowings:

Borrowings of consolidated securitization entities	12,204	12,433	12,388	12,41
Bank term loan	-	-	-	-
Senior unsecured notes	<u>8,505</u>	<u>7,761</u>	<u>7,759</u>	<u>7,75</u>
Total borrowings	20,709	20,194	20,147	20,16

Accrued expenses and other liabilities

Total liabilities	<u>3,214</u>	<u>2,888</u>	<u>3,809</u>	<u>3,19</u>
	76,808	74,687	76,011	73,17

Equity:

Common stock	1	1	1	
Additional paid-in capital	9,415	9,405	9,393	9,38
Retained earnings	6,109	5,724	5,330	4,86
Accumulated other comprehensive income:	(49)	(55)	(53)	(2
Treasury Stock	<u>(1,144)</u>	<u>(712)</u>	<u>(475)</u>	<u>(23</u>
Total equity	14,332	14,363	14,196	13,98
Total liabilities and equity	<u>\$91,140</u>	<u>\$89,050</u>	<u>\$90,207</u>	<u>\$87,15</u>

SYNCHRONY FINANCIAL

AVERAGE BALANCES, NET INTEREST INCOME AND NET INTEREST MARGIN

(unaudited, \$ in millions)

	Jun 30, 2017			Mar
	Average Balance	Interest Income/Expense	Average Yield/Rate	Average Balance
Assets				
Interest-earning assets:				
Interest-earning cash and equivalents	\$10,758	\$28	1.04%	\$10,552
Securities available for sale	5,195	15	1.16%	5,213
Loan receivables:				
Credit cards, including held for sale	71,206	3,858	21.73%	71,365
Consumer installment loans	1,461	34	9.33%	1,389
Commercial credit products	1,378	34	9.90%	1,317
Other	45	1	NM	61
Total loan receivables, including held for sale	74,090	3,927	21.26%	74,132
Total interest-earning assets	90,043	3,970	17.68%	89,897
Non-interest-earning assets:				
Cash and due from banks	829			802
Allowance for loan losses	(4,781)			(4,408)
Other assets	3,303			3,177
Total non-interest-earning assets	(649)			(429)
Total assets	\$89,394			\$89,468
Liabilities				
Interest-bearing liabilities:				
Interest-bearing deposit accounts	\$51,836	\$202	1.56%	\$51,829
Borrowings of consolidated securitization entities	12,213	63	2.07%	12,321
Bank term loan	-	-	-%	-
Senior unsecured notes	7,933	68	3.44%	7,760

Total interest-bearing liabilities	<u>71,982</u>	<u>333</u>	<u>1.86%</u>	<u>71,910</u>	<u>—</u>
Non-interest-bearing liabilities					
Non-interest-bearing deposit accounts	218			240	
Other liabilities	<u>2,752</u>			<u>2,995</u>	
Total non-interest-bearing liabilities	<u>2,970</u>			<u>3,235</u>	
Total liabilities	<u>74,952</u>			<u>75,145</u>	
Equity					
Total equity	14,442			14,323	
Total liabilities and equity	<u>\$89,394</u>			<u>\$89,468</u>	
Net interest income		<u>\$3,637</u>			<u>=</u>
Interest rate spread⁽¹⁾			15.82%		
Net interest margin⁽²⁾			16.20%		

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

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

SYNCHRONY FINANCIAL

AVERAGE BALANCES, NET INTEREST INCOME AND NET INTEREST MARGIN

(unaudited, \$ in millions)

	Six Months Ended			Six Mo	
	Jun 30, 2017			Jun	
	Interest	Average		Ir	
Average	Income/	Yield/	Average	Ir	
Balance	Expense	Rate	Balance	E	
Assets					
Interest-earning assets:					
Interest-earning cash and equivalents	\$10,656	\$49	0.93%	\$11,957	

Securities available for sale	5,204	30	1.16%	2,918	
Loan receivables:					
Credit cards, including held for sale	71,285	7,669	21.69%	63,781	
Consumer installment loans	1,425	66	9.34%	1,194	
Commercial credit products	1,348	68	10.17%	1,350	
Other	53	1	3.80%	52	
Total loan receivables, including held for sale	<u>74,111</u>	<u>7,804</u>	<u>21.23%</u>	<u>66,377</u>	—
Total interest-earning assets	<u>89,971</u>	<u>7,883</u>	<u>17.67%</u>	<u>81,252</u>	—
Non-interest-earning assets:					
Cash and due from banks	816			1,131	
Allowance for loan losses	(4,595)			(3,661)	
Other assets	3,239			3,240	
Total non-interest-earning assets	<u>(540)</u>			<u>710</u>	
Total assets	<u>\$89,431</u>			<u>\$81,962</u>	
Liabilities					
Interest-bearing liabilities:					
Interest-bearing deposit accounts	\$51,833	\$396	1.54%	\$44,914	
Borrowings of consolidated securitization entities	12,267	128	2.10%	12,535	
Bank term loan ⁽¹⁾	-	-	-%	1,118	
Senior unsecured notes	7,847	135	3.47%	6,709	
Total interest-bearing liabilities	<u>71,947</u>	<u>659</u>	<u>1.85%</u>	<u>65,276</u>	—
Non-interest-bearing liabilities					
Non-interest-bearing deposit accounts	229			221	
Other liabilities	2,872			3,229	
Total non-interest-bearing liabilities	<u>3,101</u>			<u>3,450</u>	
Total liabilities	<u>75,048</u>			<u>68,726</u>	
Equity					
Total equity	14,383			13,236	
Total liabilities and equity	<u>\$89,431</u>			<u>\$81,962</u>	

Net interest income	<u>\$7,224</u>	<u>=</u>
Interest rate spread⁽²⁾	15.82%	
Net interest margin⁽³⁾	16.19%	

(1) The effective interest rate for the Bank term loan for the 6 months ended June 30, 2016 was 2.48%. The Bank term loan effective rate excludes the impact of charges incurred in connection with prepayments of the loan.

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

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

SYNCHRONY FINANCIAL**BALANCE SHEET STATISTICS**

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

	Quarter Ended			
	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016
<u>BALANCE SHEET STATISTICS</u>				
Total common equity	\$14,332	\$14,363	\$14,196	\$13,987
Total common equity as a % of total assets	15.73%	16.13%	15.74%	16.0%
Tangible assets	\$89,362	\$87,232	\$88,546	\$85,477
Tangible common equity ⁽¹⁾	\$12,554	\$12,545	\$12,535	\$12,299
Tangible common equity as a % of tangible assets ⁽¹⁾	14.05%	14.38%	14.16%	14.3%
Tangible common equity per share ⁽¹⁾	\$15.79	\$15.47	\$15.34	\$14.90

REGULATORY CAPITAL RATIOS⁽²⁾

	Basel III Transition			
	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016
Total risk-based capital ratio ⁽³⁾	18.7%	19.3%	18.5%	19.1%
Tier 1 risk-based capital ratio ⁽⁴⁾	17.4%	18.0%	17.2%	18.1%
Tier 1 leverage ratio ⁽⁵⁾	14.8%	14.8%	15.0%	15.4%
Common equity Tier 1 capital ratio ⁽⁶⁾	17.4%	18.0%	17.2%	18.1%
	Basel III Fully Phased-in			
Common equity Tier 1 capital ratio ⁽⁶⁾	17.2%	17.7%	17.0%	17.9%

(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 metrics at June 30, 2017 are preliminary and therefore subject to change.

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

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

(5) 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.

(6) Common equity Tier 1 capital ratio is the ratio of common equity Tier 1 capital to total risk-weighted assets, each as calculated under Basel III rules. Common equity Tier 1 capital ratio (fully phased-in) is a preliminary estimate reflecting management's interpretation of the final Basel III rules adopted in July 2013 by the Federal Reserve Board, which have not been fully implemented, and our estimate and interpretations are subject to, among other things, ongoing regulatory review and implementation guidance.

SYNCHRONY FINANCIAL

PLATFORM RESULTS

(unaudited, \$ in millions)

	Quarter Ended				
	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Jun 20
RETAIL CARD					
Purchase volume ⁽¹⁾⁽²⁾	\$27,101	\$22,952	\$28,996	\$25,285	\$25,4
Period-end loan receivables	\$51,437	\$49,905	\$52,701	\$48,010	\$46,7
Average loan receivables, including held for sale	\$50,533	\$50,644	\$49,476	\$47,274	\$45,4
Average active accounts (in thousands) ⁽²⁾⁽³⁾	54,058	55,049	54,489	52,959	52,4
Interest and fees on loans ⁽²⁾	\$2,900	\$2,888	\$2,909	\$2,790	\$2,4
Other income ⁽²⁾	\$25	\$77	\$70	\$70	\$
Retailer share arrangements ⁽²⁾	\$(657)	\$(681)	\$(801)	\$(752)	\$(6
PAYMENT SOLUTIONS					
Purchase volume ⁽¹⁾	\$3,930	\$3,686	\$4,194	\$4,152	\$3,9
Period-end loan receivables	\$15,595	\$15,320	\$15,567	\$14,798	\$13,9

Average loan receivables	\$15,338	\$15,424	\$15,076	\$14,367	\$13,4
Average active accounts (in thousands) ⁽³⁾	9,031	9,090	8,844	8,461	8,
Interest and fees on loans	\$533	\$515	\$523	\$505	\$,
Other income	\$6	\$4	\$3	\$3	
Retailer share arrangements	\$(9)	\$(1)	\$(9)	\$(3)	

CARECREDIT

Purchase volume ⁽¹⁾	\$2,445	\$2,242	\$2,179	\$2,178	\$2,
Period-end loan receivables	\$8,426	\$8,125	\$8,069	\$7,836	\$7,4
Average loan receivables	\$8,219	\$8,064	\$7,924	\$7,675	\$7,4
Average active accounts (in thousands) ⁽³⁾	5,546	5,490	5,368	5,219	5,0
Interest and fees on loans	\$494	\$474	\$487	\$476	\$,
Other income	\$26	\$12	\$12	\$11	
Retailer share arrangements	\$(3)	\$(2)	\$(1)	\$(2)	

TOTAL SYF

Purchase volume ⁽¹⁾⁽²⁾	\$33,476	\$28,880	\$35,369	\$31,615	\$31,4
Period-end loan receivables	\$75,458	\$73,350	\$76,337	\$70,644	\$68,4
Average loan receivables, including held for sale	\$74,090	\$74,132	\$72,476	\$69,316	\$66,4
Average active accounts (in thousands) ⁽²⁾⁽³⁾	68,635	69,629	68,701	66,639	65,4
Interest and fees on loans ⁽²⁾	\$3,927	\$3,877	\$3,919	\$3,771	\$3,4
Other income ⁽²⁾	\$57	\$93	\$85	\$84	
Retailer share arrangements ⁽²⁾	\$(669)	\$(684)	\$(811)	\$(757)	\$(6

(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 MEASUR

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

	Quarter End		
	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016
<u>COMMON EQUITY MEASURES</u>			
GAAP Total common equity	\$14,332	\$14,363	\$14,196
Less: Goodwill	(991)	(992)	(949)
Less: Intangible assets, net	(787)	(826)	(712)
Tangible common equity	\$12,554	\$12,545	\$12,535
Adjustments for certain deferred tax liabilities and certain items in accumulated comprehensive income (loss)	337	340	337
Basel III - Common equity Tier 1 (fully phased-in)	\$12,891	\$12,885	\$12,872
Adjustment related to capital components during transition	146	154	260
Basel III - Common equity Tier 1 (transition)	\$13,037	\$13,039	\$13,132
<u>RISK-BASED CAPITAL</u>			
Common equity Tier 1	\$13,037	\$13,039	\$13,132
Add: Allowance for loan losses includible in risk-based capital	985	954	992
Risk-based capital	\$14,022	\$13,993	\$14,124
<u>ASSET MEASURES</u>			
Total average assets ⁽²⁾	\$89,394	\$89,468	\$88,752
Adjustments for:			
Disallowed goodwill, other disallowed intangible assets (net of related deferred tax liabilities) and other	(1,325)	(1,358)	(1,059)
Total assets for leverage purposes	\$88,069	\$88,110	\$87,693
Risk-weighted assets - Basel III (fully phased-in)⁽³⁾	\$74,748	\$72,596	\$75,942
Risk-weighted assets - Basel III (transition)⁽³⁾	\$74,792	\$72,627	\$76,179
<u>TANGIBLE COMMON EQUITY PER SHARE</u>			
GAAP book value per share	\$18.02	\$17.71	\$17.31
Less: Goodwill	(1.25)	(1.22)	(1.16)
Less: Intangible assets, net	(0.98)	(1.02)	(0.85)
Tangible common equity per share	\$15.79	\$15.47	\$15.30

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- (1) Regulatory measures at June 30, 2017 are presented on an estimated basis.
 - (2) Total average assets are presented based upon the use of daily averages.
 - (3) Key differences between Basel III transitional rules and fully phased-in Basel III rules in the calculation of risk-weighted assets include, but not limited to, risk weighting of deferred tax assets and adjustments for certain intangible assets.

Contacts

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