

Synchrony Financial Reports Second Quarter Net Earnings of \$489 Million or \$0.58 Per Diluted Share

Release Date:

Friday, July 22, 2016 6:30 am EDT

Terms:[Business Updates](#) (1) [Corporate & Financial](#) (2) [2Q 2016 Earnings](#) (3) [Consumer financing](#) (4) [Private label credit cards](#) (5) [Synchrony Financial](#) (6)**Dateline City:**

STAMFORD, Conn.

STAMFORD, Conn.--(BUSINESS WIRE)--Synchrony Financial (NYSE:SYF) today announced second quarter 2016 net earnings of \$489 million, or \$0.58 per diluted share. Highlights for the quarter included:

- Net interest income increased 10% from the second quarter of 2015 to \$3.2 billion
- Loan receivables grew \$7 billion, or 11%, from the second quarter of 2015 to \$68 billion
- Purchase volume increased 9% from the second quarter of 2015
- Strong deposit growth continued, up \$9 billion, or 23%, over the second quarter of 2015
- Renewed key relationships – Ashley Homestore, Suzuki, VCA Animal Hospitals, and American Society of Plastic Surgeons
- Signed new partnerships with Cathay Pacific and Fareportal
- Launched Mattress Firm and Marvel card programs
- Announced quarterly common stock dividend of \$0.13 per share and share repurchase program of up to \$952 million for the four quarters ending June 30, 2017

"We delivered another quarter of strong operational and financial performance with solid growth generated in each of our sales platforms. We signed several new partners and renewed key programs and increased deposits by \$9 billion over last year to support our growing business," said Margaret Keane, President and Chief Executive Officer of Synchrony Financial. "Furthermore, we are pleased to commence payment of dividends to our shareholders and opportunistically repurchase our stock. These actions not only reflect the strength of our capital position and financial performance, but also the power of our business model and our confidence in future opportunities."

Business and Financial Highlights for the Second Quarter of 2016

All comparisons below are for the second quarter of 2016 compared to the second quarter of 2015, unless otherwise noted.

Earnings

- Net interest income increased \$305 million, or 10%, to \$3.2 billion, primarily driven by strong loan receivables growth. Net interest income after retailer share arrangements increased 11%.
- Provision for loan losses increased \$281 million to \$1,021 million due to higher loan loss reserve build and loan receivables growth in the second quarter of 2016.
- Other income decreased \$37 million to \$83 million, driven by a \$20 million gain on portfolio sales in the second quarter of 2015, and an increase in loyalty programs, partially offset by higher interchange income.
- Other expense increased \$34 million to \$839 million, primarily driven by business growth.
- Net earnings totaled \$489 million compared to \$541 million in the second quarter of 2015.

Balance Sheet

- Period-end loan receivables growth remained strong at 11%, primarily driven by purchase volume growth of 9% and average active account growth of 8%.
- Deposits grew to \$46 billion, up \$9 billion, or 23%, and comprised 71% of funding compared to 61% last year.
- Fully paid off Bank Term Loan on April 5, 2016.
- The Company's balance sheet remained strong with total liquidity (liquid assets and undrawn securitization capacity) of \$21 billion, or 25% of total assets.
- The estimated Common Equity Tier 1 ratio under Basel III subject to transition provisions was 18.5% and the estimated fully phased-in Common Equity Tier 1 ratio under Basel III was 18.0%.

Key Financial Metrics

- Return on assets was 2.4% and return on equity was 14.6%.
- Net interest margin increased 9 basis points to 15.86%.
- Efficiency ratio was 31.9%, a 157 basis point improvement from the second quarter of 2015, driven by positive operating leverage arising from strong revenue growth that exceeded expense growth.

Credit Quality

- Loans 30+ days past due as a percentage of total period-end loan receivables were 3.79% compared to 3.53% last year.
- Net charge-offs as a percentage of total average loan receivables were 4.49% compared to 4.63% last year.
- The allowance for loan losses as a percentage of total period-end loan receivables was 5.70% compared to 5.38% last year.

Sales Platforms

- Retail Card interest and fees on loans increased 11%, driven primarily by purchase volume growth of 8% and period-end loan receivables growth of 10%. Average active account growth was 7%. Loan receivables growth was broad-based across partner programs.
- Payment Solutions interest and fees on loans increased 13%, driven primarily by purchase volume growth of 16% and period-end loan receivables growth of 15%. Average active account growth was 13%. Loan receivables growth was led by the home furnishings and automotive product categories.
- CareCredit interest and fees on loans increased 5%, driven primarily by purchase volume growth of 10% and period-end loan receivables growth of 10%. Average active account growth was 7%. Loan receivables growth was led by the dental and veterinary specialties.

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, 2015, as filed February 25, 2016, the Company's forthcoming Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 and the Form 8-K furnished by the Company on June 14, 2016. 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 (18). 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 22, 2016, 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 Synchrony Financial's corporate website, www.investors.synchronyfinancial.com (9), 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 22016#, and can be accessed beginning approximately two hours after the event through August 5, 2016.

About Synchrony Financial

Synchrony Financial (NYSE: SYF (10)) 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 350,000 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 (formerly GE Capital Retail Finance) 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 (11), [facebook.com/SynchronyFinancial](https://www.facebook.com/SynchronyFinancial) (12), www.linkedin.com/company/synchrony-financial (13) and twitter.com/SYFNews (14).

*Source: The Nilson Report (May 2016, Issue # 1087) - based on 2015 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 "outlook," "expects," "intends," "anticipates," "plans,"

“believes,” “seeks,” “targets,” “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; 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; cyber-attacks or other security breaches; failure of third parties to provide various services that are important to our operations; our transition to a replacement third-party vendor to manage the technology platform for our online retail deposits; 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; obligations associated with being an independent public company; 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; changes to our methods of offering our CareCredit products; 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, 2015, as filed on February 25, 2016. 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)

	Quarter Ended					Six Months Ended		YTD'16 vs. YTD'15			
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	2Q'16 vs. 2Q'15	Jun 30, 2016		Jun 30, 2015		
EARNINGS											
Net interest income	\$3,212	\$3,209	\$3,208	\$3,103	\$2,907	\$305	10.5%	\$6,421	\$5,782	\$639	11.1%
Retailer share arrangements	(664)	(670)	(734)	(723)	(621)	(43)	6.9%	(1,334)	(1,281)	(53)	4.1%
Net interest income, after retailer share arrangements	2,548	2,539	2,474	2,380	2,286	262	11.5%	5,087	4,501	586	13.0%
Provision for loan losses	1,021	903	823	702	740	281	38.0%	1,924	1,427	497	34.8%
Net interest income, after retailer share arrangements and provision for loan losses	1,527	1,636	1,651	1,678	1,546	(19)	(1.2)%	3,163	3,074	89	2.9%
Other income	83	92	87	84	120	(37)	(30.8)%	175	221	(46)	(20.8)%
Other expense	839	800	870	843	805	34	4.2%	1,639	1,551	88	5.7%
Earnings before provision for income taxes	771	928	868	919	861	(90)	(10.5)%	1,699	1,744	(45)	(2.6)%
Provision for income taxes	282	346	321	345	320	(38)	(11.9)%	628	651	(23)	(3.5)%
Net earnings	\$489	\$582	\$547	\$574	\$541	\$(52)	(9.6)%	\$1,071	\$1,093	\$(22)	(2.0)%
Net earnings attributable to common stockholders	\$489	\$582	\$547	\$574	\$541	\$(52)	(9.6)%	\$1,071	\$1,093	\$(22)	(2.0)%
COMMON SHARE STATISTICS											
Basic EPS	\$0.59	\$0.70	\$0.66	\$0.69	\$0.65	\$(0.06)	(9.2)%	\$1.28	\$1.31	\$(0.03)	(2.3)%
Diluted EPS	\$0.58	\$0.70	\$0.65	\$0.69	\$0.65	\$(0.07)	(10.8)%	\$1.28	\$1.31	\$(0.03)	(2.3)%
Common stock price	\$25.28	\$28.66	\$30.41	\$31.30	\$32.93	\$(7.65)	(23.2)%	\$25.28	\$32.93	\$(7.65)	(23.2)%
Book value per share	\$16.45	\$15.84	\$15.12	\$14.58	\$13.89	\$2.56	18.4%	\$16.45	\$13.89	\$2.56	18.4%
Tangible common equity per share(1)	\$14.46	\$13.86	\$13.14	\$12.67	\$12.06	\$2.40	19.9%	\$14.46	\$12.06	\$2.40	19.9%
Beginning common shares outstanding	833.8	833.8	833.8	833.8	833.8	-	- %	833.8	833.8	-	- %
Issuance of common shares	-	-	-	-	-	-	- %	-	-	-	- %
Stock-based compensation	0.1	-	-	-	-	0.1	NM	0.1	-	0.1	NM
Shares repurchased	-	-	-	-	-	-	- %	-	-	-	- %
Ending common shares outstanding	833.9	833.8	833.8	833.8	833.8	0.1	- %	833.9	833.8	0.1	- %
Weighted average common shares outstanding	833.9	833.8	833.8	833.8	833.8	0.1	- %	833.9	833.8	0.1	- %
Weighted average common shares outstanding (fully diluted)	836.2	835.5	835.8	835.8	835.4	0.8	0.1%	835.8	835.2	0.6	0.1%

(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 (1)

(unaudited, \$ in millions, except account data)

	Quarter Ended					Six Months Ended		YTD'16 vs. YTD'15	
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	2Q'16 vs. 2Q'15	Jun 30, 2016		Jun 30, 2015
PERFORMANCE METRICS									
Return on assets(2)	2.4%	2.8%	2.7%	2.9%	2.9%	(0.5)%	2.6%	3.0%	(0.4)%
Return on equity(3)	14.6%	18.1%	17.5%	19.2%	19.2%	(4.6)%	16.3%	20.0%	(3.7)%
Return on tangible common equity(4)	16.6%	20.8%	20.1%	22.0%	22.2%	(5.6)%	18.7%	23.1%	(4.4)%
Net interest margin(5)	15.86%	15.76%	15.73%	15.97%	15.77%	0.09%	15.80%	15.75%	0.05%
Efficiency ratio(6)	31.9%	30.4%	34.0%	34.2%	33.5%	(1.6)%	31.1%	32.8%	(1.7)%

Other expense as a % of average loan receivables, including held for sale	5.04%	4.82%	5.28%	5.35%	5.37%	(0.33)%	4.92%	5.20%		(0.28)%
Effective income tax rate	36.6%	37.3%	37.0%	37.5%	37.2%	(0.6)%	37.0%	37.3%		(0.3)%

CREDIT QUALITY METRICS

Net charge-offs as a % of average loan receivables, including held for sale	4.49%	4.70%	4.23%	4.02%	4.63%	(0.14)%	4.59%	4.56%		0.03%	
30+ days past due as a % of period-end loan receivables(7)	3.79%	3.85%	4.06%	4.02%	3.53%	0.26%	3.79%	3.53%		0.26%	
90+ days past due as a % of period-end loan receivables(7)	1.67%	1.84%	1.86%	1.73%	1.52%	0.15%	1.67%	1.52%		0.15%	
Net charge-offs	\$747	\$780	\$697	\$633	\$693	\$54	7.8%	\$1,527	\$1,361	\$166	12.2%
Loan receivables delinquent over 30 days(7)	\$2,585	\$2,538	\$2,772	\$2,553	\$2,171	\$414	19.1%	\$2,585	\$2,171	\$414	19.1%
Loan receivables delinquent over 90 days(7)	\$1,143	\$1,212	\$1,273	\$1,102	\$933	\$210	22.5%	\$1,143	\$933	\$210	22.5%
Allowance for loan losses (period-end)	\$3,894	\$3,620	\$3,497	\$3,371	\$3,302	\$592	17.9%	\$3,894	\$3,302	\$592	17.9%
Allowance coverage ratio(8)	5.70%	5.50%	5.12%	5.31%	5.38%	0.32%	5.70%	5.38%		0.32%	

BUSINESS METRICS

Purchase volume(9)	\$31,507	\$26,977	\$32,460	\$29,206	\$28,810	\$2,697	9.4%	\$58,484	\$51,949	\$6,535	12.6%
Period-end loan receivables	\$68,282	\$65,849	\$68,290	\$63,520	\$61,431	\$6,851	11.2%	\$68,282	\$61,431	\$6,851	11.2%
Credit cards	\$65,511	\$63,309	\$65,773	\$60,920	\$58,827	\$6,684	11.4%	\$65,511	\$58,827	\$6,684	11.4%
Consumer installment loans	\$1,293	\$1,184	\$1,154	\$1,171	\$1,138	\$155	13.6%	\$1,293	\$1,138	\$155	13.6%
Commercial credit products	\$1,389	\$1,318	\$1,323	\$1,380	\$1,410	\$(21)	(1.5)%	\$1,389	\$1,410	\$(21)	(1.5)%
Other	\$89	\$38	\$40	\$49	\$56	\$33	58.9%	\$89	\$56	\$33	58.9%
Average loan receivables, including held for sale	\$66,943	\$66,705	\$65,406	\$62,504	\$60,094	\$6,849	11.4%	\$66,963	\$60,124	\$6,839	11.4%
Period-end active accounts (in thousands)(10)	66,491	64,689	68,314	62,831	61,718	4,773	7.7%	66,491	61,718	4,773	7.7%
Average active accounts (in thousands)(10)	65,531	66,134	64,892	62,247	60,923	4,608	7.6%	65,996	61,478	4,518	7.3%

LIQUIDITY

Liquid assets

Cash and equivalents	\$11,787	\$12,500	\$12,325	\$12,271	\$10,621	\$1,166	11.0%	\$11,787	\$10,621	\$1,166	11.0%
Total liquid assets	\$13,956	\$14,915	\$14,836	\$15,305	\$13,660	\$296	2.2%	\$13,956	\$13,660	\$296	2.2%

Undrawn credit facilities

Undrawn committed securitization financings	\$7,025	\$7,325	\$6,075	\$6,550	\$6,125	\$900	14.7%	\$7,025	\$6,125	\$900	14.7%
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Total liquid assets and undrawn credit facilities

	\$20,981	\$22,240	\$20,911	\$21,855	\$19,785	\$1,196	6.0%	\$20,981	\$19,785	\$1,196	6.0%
Liquid assets % of total assets	16.94%	18.27%	17.66%	19.30%	18.07%	(1.13)%	16.94%	18.07%		(1.13)%	
Liquid assets including undrawn committed securitization financings % of total assets	25.47%	27.24%	24.90%	27.56%	26.17%	(0.70)%	25.47%	26.17%		(0.70)%	

(1) Certain balance sheet amounts and related metrics have been updated to reflect the adoption of ASU 2015-03. More detail on this update is in footnote (1) on the Statements of Financial Position.

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

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

(4) 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.

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

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

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

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

(9) 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.

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

SYNCHRONY FINANCIAL

STATEMENTS OF EARNINGS

(unaudited, \$ in millions)

	Quarter Ended					Six Months Ended		YTD'16 vs. YTD'15			
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	2Q'16 vs. 2Q'15	Jun 30, 2016		Jun 30, 2015		
Interest income:											
Interest and fees on loans	\$3,494	\$3,498	\$3,494	\$3,379	\$3,166	\$328	10.4%	\$6,992	\$6,306	\$686	10.9%
Interest on investment securities	21	22	15	13	11	10	90.9%	43	21	22	104.8%
Total interest income	3,515	3,520	3,509	3,392	3,177	338	10.6%	7,035	6,327	708	11.2%
Interest expense:											
Interest on deposits	179	172	165	159	146	33	22.6%	351	283	68	24.0%
Interest on borrowings of consolidated securitization entities	59	58	56	54	53	6	11.3%	117	105	12	11.4%
Interest on third-party debt	65	81	80	76	71	(6)	(8.5)%	146	153	(7)	(4.6)%
Interest on related party debt	-	-	-	-	-	-	- %	-	4	(4)	(100.0)%
Total interest expense	303	311	301	289	270	33	12.2%	614	545	69	12.7%
Net interest income	3,212	3,209	3,208	3,103	2,907	305	10.5%	6,421	5,782	639	11.1%
Retailer share arrangements	(664)	(670)	(734)	(723)	(621)	(43)	6.9%	(1,334)	(1,281)	(53)	4.1%
Net interest income, after retailer share arrangements	2,548	2,539	2,474	2,380	2,286	262	11.5%	5,087	4,501	586	13.0%
Provision for loan losses	1,021	903	823	702	740	281	38.0%	1,924	1,427	497	34.8%
Net interest income, after retailer share arrangements and provision for loan losses	1,527	1,636	1,651	1,678	1,546	(19)	(1.2)%	3,163	3,074	89	2.9%

Other income:

Interchange revenue	151	130	147	135	123	28	22.8%	281	223	58	26.0%
Debt cancellation fees	63	64	62	61	61	2	3.3%	127	126	1	0.8%
Loyalty programs	(135)	(110)	(125)	(122)	(94)	(41)	43.6%	(245)	(172)	(73)	42.4%
Other	4	8	3	10	30	(26)	(86.7)%	12	44	(32)	(72.7)%
Total other income	83	92	87	84	120	(37)	(30.8)%	175	221	(46)	(20.8)%

Other expense:

Employee costs	301	280	285	268	250	51	20.4%	581	489	92	18.8%
Professional fees	154	146	165	162	156	(2)	(1.3)%	300	318	(18)	(5.7)%
Marketing and business development	107	94	128	115	108	(1)	(0.9)%	201	190	11	5.8%
Information processing	81	82	83	77	74	7	9.5%	163	137	26	19.0%
Other	196	198	209	221	217	(21)	(9.7)%	394	417	(23)	(5.5)%
Total other expense	839	800	870	843	805	34	4.2%	1,639	1,551	88	5.7%

Earnings before provision for income taxes

	771	928	868	919	861	(90)	(10.5)%	1,699	1,744	(45)	(2.6)%
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Provision for income taxes

	282	346	321	345	320	(38)	(11.9)%	628	651	(23)	(3.5)%
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Net earnings attributable to common shareholders

	\$489	\$582	\$547	\$574	\$541	\$(52)	(9.6)%	\$1,071	\$1,093	\$(22)	(2.0)%
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SYNCHRONY FINANCIAL**STATEMENTS OF FINANCIAL POSITION ⁽¹⁾****(unaudited, \$ in millions)**

	Quarter Ended					Jun 30, 2016 vs.	
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Jun 30, 2016 vs. Jun 30, 2015	
Assets							
Cash and equivalents	\$11,787	\$12,500	\$12,325	\$12,271	\$10,621	\$1,166	11.0%
Investment securities	2,723	2,949	3,142	3,596	3,682	(959)	(26.0)%
Loan receivables:							
Unsecured loans held for investment	44,854	41,730	42,826	38,325	36,019	8,835	24.5%
Restricted loans of consolidated securitization entities	23,428	24,119	25,464	25,195	25,412	(1,984)	(7.8)%
Total loan receivables	68,282	65,849	68,290	63,520	61,431	6,851	11.2%
Less: Allowance for loan losses	(3,894)	(3,620)	(3,497)	(3,371)	(3,302)	(592)	17.9%
Loan receivables, net	64,388	62,229	64,793	60,149	58,129	6,259	10.8%
Loan receivables held for sale	-	-	-	-	-	-	- %
Goodwill	949	949	949	949	949	-	- %
Intangible assets, net	704	702	701	646	575	129	22.4%
Other assets	1,833	2,327	2,080	1,679	1,640	193	11.8%
Total assets	\$82,384	\$81,656	\$83,990	\$79,290	\$75,596	\$6,788	9.0%
Liabilities and Equity							
Deposits:							
Interest-bearing deposit accounts	\$46,220	\$44,721	\$43,215	\$40,323	\$37,539	\$8,681	23.1%
Non-interest-bearing deposit accounts	207	256	152	140	143	64	44.8%
Total deposits	46,427	44,977	43,367	40,463	37,682	8,745	23.2%
Borrowings:							
Borrowings of consolidated securitization entities	12,236	12,423	13,589	13,624	13,933	(1,697)	(12.2)%
Bank term loan	-	1,494	4,133	4,630	5,126	(5,126)	(100.0)%
Senior unsecured notes	7,059	6,559	6,557	5,560	4,569	2,490	54.5%
Related party debt	-	-	-	-	-	-	- %
Total borrowings	19,295	20,476	24,279	23,814	23,628	(4,333)	(18.3)%
Accrued expenses and other liabilities	2,947	2,999	3,740	2,855	2,708	239	8.8%
Total liabilities	68,669	68,452	71,386	67,132	64,018	4,651	7.3%
Equity:							
Common stock	1	1	1	1	1	-	- %
Additional paid-in capital	9,370	9,359	9,351	9,431	9,422	(52)	(0.6)%
Retained earnings	4,364	3,875	3,293	2,746	2,172	2,192	100.9%
Accumulated other comprehensive income:	(20)	(31)	(41)	(20)	(17)	(3)	17.6%
Total equity	13,715	13,204	12,604	12,158	11,578	2,137	18.5%
Total liabilities and equity	\$82,384	\$81,656	\$83,990	\$79,290	\$75,596	\$6,788	9.0%

(1) In January 2016, we adopted ASU 2015-03, Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs, which requires the presentation of deferred issuance costs related to a recognized debt liability as a direct deduction from the carrying amount of the debt liability. Accordingly, we have reclassified issuance costs associated with our borrowings and certain brokered deposits, from other assets, and reflected as a reduction of borrowings and interest-bearing deposit accounts, as applicable, for each period presented to conform to the current period presentation. Related selected financial metrics included within this Financial Data Supplement have also been updated where applicable to reflect this reclassification.

SYNCHRONY FINANCIAL**AVERAGE BALANCES, NET INTEREST INCOME AND NET INTEREST MARGIN ⁽¹⁾****(unaudited, \$ in millions)**

Quarter Ended

	Jun 30, 2016			Mar 31, 2016			Dec 31, 2015			Sep 30, 2015			Jun 30, 2015		
	Interest	Average		Interest	Average		Interest	Average		Interest	Average		Interest	Average	
	Average	Income/	Yield/												
Balance	Expense	Rate	Balance	Expense	Rate	Balance	Expense	Rate	Balance	Expense	Rate	Balance	Expense	Rate	
Assets															
Interest-earning assets:															
Interest-earning cash and equivalents	\$11,692	\$14	0.48%	\$12,185	\$16	0.53%	\$12,070	\$9	0.30%	\$11,059	\$7	0.25%	\$10,728	\$6	0.22%
Securities available for sale	2,805	7	1.00%	2,995	6	0.81%	3,445	6	0.69%	3,534	6	0.67%	3,107	5	0.65%
Loan receivables:															
Credit cards, including held for sale	64,269	3,432	21.48%	64,194	3,436	21.53%	62,834	3,432	21.67%	59,890	3,315	21.96%	57,588	3,106	21.63%
Consumer installment loans	1,235	28	9.12%	1,159	27	9.37%	1,163	26	8.87%	1,160	27	9.23%	1,101	26	9.47%
Commercial credit products	1,373	33	9.67%	1,313	35	10.72%	1,361	36	10.49%	1,400	36	10.20%	1,372	34	9.94%
Other	66	1	NM	39	-	- %	48	-	- %	54	1	NM	33	-	- %
Total loan receivables, including held for sale	66,943	3,494	20.99%	66,705	3,498	21.09%	65,406	3,494	21.19%	62,504	3,379	21.45%	60,094	3,166	21.13%
Total interest-earning assets	81,440	3,515	17.36%	81,885	3,520	17.29%	80,921	3,509	17.20%	77,097	3,392	17.46%	73,929	3,177	17.24%
Non-interest-earning assets:															
Cash and due from banks	774			1,277			1,268			1,216			583		
Allowance for loan losses	(3,729)			(3,583)			(3,440)			(3,341)			(3,285)		
Other assets	3,209			3,256			3,133			2,869			2,758		
Total non-interest-earning assets	254			950			961			744			56		
Total assets	\$81,694			\$82,835			\$81,882			\$77,841			\$73,985		
Liabilities															
Interest-bearing liabilities:															
Interest-bearing deposit accounts	\$45,490	\$179	1.58%	\$44,101	\$172	1.57%	\$42,079	\$165	1.56%	\$39,048	\$159	1.62%	\$35,816	\$146	1.64%
Borrowings of consolidated securitization entities	12,291	59	1.93%	12,950	58	1.80%	13,550	56	1.64%	13,715	54	1.56%	14,011	53	1.52%
Bank term loan(2)	374	7	7.53%	2,565	24	3.76%	4,507	28	2.46%	4,878	29	2.36%	5,374	32	2.39%
Senior unsecured notes	6,809	58	3.43%	6,558	57	3.50%	5,810	52	3.55%	5,312	47	3.51%	4,568	39	3.42%
Related party debt	-	-	- %	-	-	- %	-	-	- %	-	-	- %	-	-	- %
Total interest-bearing liabilities	64,964	303	1.88%	66,174	311	1.89%	65,946	301	1.81%	62,953	289	1.82%	59,769	270	1.81%
Non-interest-bearing liabilities															
Non-interest-bearing deposit accounts	217			226			147			149			166		
Other liabilities	3,046			3,534			3,396			2,859			2,750		
Total non-interest-bearing liabilities	3,263			3,760			3,543			3,008			2,916		
Total liabilities	68,227			69,934			69,489			65,961			62,685		

Equity					
Total equity	13,467	12,901	12,393	11,880	11,300
Total liabilities and equity	<u>\$81,694</u>	<u>\$82,835</u>	<u>\$81,882</u>	<u>\$77,841</u>	<u>\$73,985</u>
Net interest income					
	<u>\$3,212</u>	<u>\$3,209</u>	<u>\$3,208</u>	<u>\$3,103</u>	<u>\$2,907</u>
Interest rate spread (3)	15.48%	15.40%	15.39%	15.64%	15.43%
Net interest margin (4)	15.86%	15.76%	15.73%	15.97%	15.77%

(1) Certain balance sheet amounts and related metrics have been updated to reflect the adoption of ASU 2015-03. More detail on this update is in footnote (1) on the Statements of Financial Position.

(2) Average interest rate on liabilities calculated above utilizes monthly average balances. The effective interest rates for the Bank term loan for the quarters ended June 30, 2016, March 31, 2016, December 31, 2015, September 30, 2015, and June 30, 2015 were 2.51%, 2.47%, 2.26%, 2.23%, and 2.21%, respectively. The Bank term loan effective rate excludes the impact of charges incurred in connection with prepayments of the loan.

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

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

SYNCHRONY FINANCIAL

AVERAGE BALANCES, NET INTEREST INCOME AND NET INTEREST MARGIN ⁽¹⁾

(unaudited, \$ in millions)

	Six Months Ended Jun 30, 2016			Six Months Ended Jun 30, 2015		
	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	\$11,874	\$30	0.51%	\$11,006	\$12	0.22%
Securities available for sale	2,893	13	0.90%	2,887	9	0.63%
Loan receivables:						
Credit cards, including held for sale	64,363	6,868	21.46%	57,670	6,185	21.63%
Consumer installment loans	1,199	55	9.22%	1,081	51	9.51%
Commercial credit products	1,346	68	10.16%	1,345	70	10.50%
Other	55	1	NM	28	-	- %
Total loan receivables, including held for sale	<u>66,963</u>	<u>6,992</u>	<u>21.00%</u>	<u>60,124</u>	<u>6,306</u>	<u>21.15%</u>
Total interest-earning assets	<u>81,730</u>	<u>7,035</u>	<u>17.31%</u>	<u>74,017</u>	<u>6,327</u>	<u>17.24%</u>
Non-interest-earning assets:						
Cash and due from banks	1,036			578		
Allowance for loan losses	(3,661)			(3,282)		
Other assets	3,246			2,710		
Total non-interest-earning assets	<u>621</u>			<u>6</u>		
Total assets	<u>\$82,351</u>			<u>\$74,023</u>		
Liabilities						
Interest-bearing liabilities:						
Interest-bearing deposit accounts	\$44,807	\$351	1.58%	\$35,445	\$283	1.61%
Borrowings of consolidated securitization entities	12,648	117	1.86%	14,085	105	1.50%
Bank term loan(2)	1,466	31	4.25%	5,981	79	2.66%
Senior unsecured notes	6,701	115	3.45%	4,284	74	3.48%
Related party debt	-	-	- %	232	4	3.48%
Total interest-bearing liabilities	<u>65,622</u>	<u>614</u>	<u>1.88%</u>	<u>60,027</u>	<u>545</u>	<u>1.83%</u>
Non-interest-bearing liabilities						
Non-interest-bearing deposit accounts	217			153		
Other liabilities	3,331			2,820		
Total non-interest-bearing liabilities	<u>3,548</u>			<u>2,973</u>		
Total liabilities	<u>69,170</u>			<u>63,000</u>		
Equity						
Total equity	13,181			11,023		
Total liabilities and equity	<u>\$82,351</u>			<u>\$74,023</u>		
Net interest income		<u>\$6,421</u>		<u>\$5,782</u>		

Interest rate spread ⁽³⁾	15.43%	15.41%
Net interest margin ⁽⁴⁾	15.80%	15.75%

(1) Certain balance sheet amounts and related metrics have been updated to reflect the adoption of ASU 2015-03. More detail on this update is in footnote (1) on the Statements of Financial Position.

(2) Average interest rate on liabilities calculated above utilizes monthly average balances. The effective interest rates for the Bank term loan for the 6 months ended June 30, 2016 and June 30, 2015 were 2.48% and 2.21%, respectively. The Bank term loan effective rate excludes the impact of charges incurred in connection with prepayments of the loan.

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

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

SYNCHRONY FINANCIAL

BALANCE SHEET STATISTICS ⁽¹⁾

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

	Quarter Ended					Jun 30, 2016 vs. Jun 30, 2015	
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015		
BALANCE SHEET STATISTICS							
Total common equity	\$13,715	\$13,204	\$12,604	\$12,158	\$11,578	\$2,137	18.5%
Total common equity as a % of total assets	16.65%	16.17%	15.01%	15.33%	15.32%		1.33%
Tangible assets	\$80,731	\$80,005	\$82,340	\$77,695	\$74,072	\$6,659	9.0%
Tangible common equity ⁽²⁾	\$12,062	\$11,553	\$10,954	\$10,563	\$10,054	\$2,008	20.0%
Tangible common equity as a % of tangible assets ⁽²⁾	14.94%	14.44%	13.30%	13.60%	13.57%		1.37%
Tangible common equity per share ⁽²⁾	\$14.46	\$13.86	\$13.14	\$12.67	\$12.06	\$2.40	19.9%

REGULATORY CAPITAL RATIOS ⁽³⁾

	Basel III Transition				
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
Total risk-based capital ratio ⁽⁴⁾	19.8%	19.4%	18.1%	18.8%	18.6%
Tier 1 risk-based capital ratio ⁽⁵⁾	18.5%	18.1%	16.8%	17.5%	17.3%
Tier 1 leverage ratio ⁽⁶⁾	15.6%	14.8%	14.4%	14.6%	14.6%
Common equity Tier 1 capital ratio ⁽⁷⁾	18.5%	18.1%	16.8%	17.5%	17.3%
	Basel III Fully Phased-in				
Common equity Tier 1 capital ratio ⁽⁷⁾	18.0%	17.5%	15.9%	16.7%	16.5%

(1) Certain balance sheet amounts and related metrics have been updated to reflect the adoption of ASU 2015-03. More detail on this update is in footnote (1) on the Statements of Financial Position.

(2) 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.

(3) Regulatory capital metrics at June 30, 2016 are preliminary and therefore subject to change. As a new savings and loan holding company, the Company historically has not been required by regulators to disclose capital ratios prior to December 31, 2015, and therefore these ratios are non-GAAP measures. See Reconciliation of Non-GAAP Measures and Calculation of Regulatory Measures for components of capital ratio calculations.

(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.

(7) 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					2Q'16 vs. 2Q'15		Six Months Ended		YTD'16 vs. YTD'15	
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015			Jun 30, 2016	Jun 30, 2015		
RETAIL CARD											
Purchase volume ⁽¹⁾⁽²⁾	\$25,411	\$21,550	\$26,768	\$23,560	\$23,452	\$1,959	8.4%	\$46,961	\$41,862	\$5,099	12.2%
Period-end loan receivables	\$46,705	\$45,113	\$47,412	\$43,432	\$42,315	\$4,390	10.4%	\$46,705	\$42,315	\$4,390	10.4%
Average loan receivables, including held for sale	\$45,861	\$45,900	\$44,958	\$42,933	\$41,303	\$4,558	11.0%	\$45,990	\$41,302	\$4,688	11.4%
Average active accounts (in thousands) ⁽²⁾⁽³⁾	52,314	52,969	52,038	49,953	48,981	3,333	6.8%	52,798	49,513	3,285	6.6%
Interest and fees on loans ⁽²⁾	\$2,585	\$2,614	\$2,594	\$2,508	\$2,335	\$250	10.7%	\$5,199	\$4,672	\$527	11.3%
Other income ⁽²⁾	\$69	\$79	\$76	\$70	\$107	\$(38)	(35.5)%	\$148	\$193	\$(45)	(23.3)%
Retailer share arrangements ⁽²⁾	\$(656)	\$(661)	\$(723)	\$(708)	\$(606)	\$(50)	8.3%	\$(1,317)	\$(1,257)	\$(60)	4.8%
PAYMENT SOLUTIONS											
Purchase volume ⁽¹⁾	\$3,903	\$3,392	\$3,714	\$3,635	\$3,371	\$532	15.8%	\$7,295	\$6,319	\$976	15.4%
Period-end loan receivables	\$13,997	\$13,420	\$13,543	\$12,933	\$12,194	\$1,803	14.8%	\$13,997	\$12,194	\$1,803	14.8%
Average loan receivables	\$13,644	\$13,482	\$13,192	\$12,523	\$11,971	\$1,673	14.0%	\$13,584	\$11,990	\$1,594	13.3%
Average active accounts (in thousands) ⁽³⁾	8,153	8,134	7,896	7,468	7,231	922	12.8%	8,148	7,251	897	12.4%
Interest and fees on loans	\$467	\$457	\$462	\$442	\$412	\$55	13.3%	\$924	\$815	\$109	13.4%
Other income	\$3	\$4	\$3	\$5	\$4	\$(1)	(25.0)%	\$7	\$9	\$(2)	(22.2)%

Retailer share arrangements	\$(7)	\$(7)	\$(10)	\$(13)	\$(14)	\$7	(50.0)%	\$(14)	\$(22)	\$8	(36.4)%
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CARECREDIT

Purchase volume(1)	\$2,193	\$2,035	\$1,978	\$2,011	\$1,987	\$206	10.4%	\$4,228	\$3,768	\$460	12.2%
Period-end loan receivables	\$7,580	\$7,316	\$7,335	\$7,155	\$6,922	\$658	9.5%	\$7,580	\$6,922	\$658	9.5%
Average loan receivables	\$7,438	\$7,323	\$7,256	\$7,048	\$6,820	\$618	9.1%	\$7,389	\$6,832	\$557	8.2%
Average active accounts (in thousands)(3)	5,064	5,031	4,958	4,826	4,711	353	7.5%	5,050	4,714	336	7.1%
Interest and fees on loans	\$442	\$427	\$438	\$429	\$419	\$23	5.5%	\$869	\$819	\$50	6.1%
Other income	\$11	\$9	\$8	\$9	\$9	\$2	22.2%	\$20	\$19	\$1	5.3%
Retailer share arrangements	\$(1)	\$(2)	\$(1)	\$(2)	\$(1)	\$-	- %	\$(3)	\$(2)	\$(1)	50.0%

TOTAL SYF

Purchase volume(1)(2)	\$31,507	\$26,977	\$32,460	\$29,206	\$28,810	\$2,697	9.4%	\$58,484	\$51,949	\$6,535	12.6%
Period-end loan receivables	\$68,282	\$65,849	\$68,290	\$63,520	\$61,431	\$6,851	11.2%	\$68,282	\$61,431	\$6,851	11.2%
Average loan receivables, including held for sale	\$66,943	\$66,705	\$65,406	\$62,504	\$60,094	\$6,849	11.4%	\$66,963	\$60,124	\$6,839	11.4%
Average active accounts (in thousands)(2)(3)	65,531	66,134	64,892	62,247	60,923	4,608	7.6%	65,996	61,478	4,518	7.3%
Interest and fees on loans(2)	\$3,494	\$3,498	\$3,494	\$3,379	\$3,166	\$328	10.4%	\$6,992	\$6,306	\$686	10.9%
Other income(2)	\$83	\$92	\$87	\$84	\$120	\$(37)	(30.8)%	\$175	\$221	\$(46)	(20.8)%
Retailer share arrangements(2)	\$(664)	\$(670)	\$(734)	\$(723)	\$(621)	\$(43)	6.9%	\$(1,334)	\$(1,281)	\$(53)	4.1%

(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)(2)

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

	Quarter Ended				
	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015
COMMON EQUITY MEASURES					
GAAP Total common equity	\$13,715	\$13,204	\$12,604	\$12,158	\$11,578
Less: Goodwill	(949)	(949)	(949)	(949)	(949)
Less: Intangible assets, net	(704)	(702)	(701)	(646)	(575)
Tangible common equity	\$12,062	\$11,553	\$10,954	\$10,563	\$10,054
Adjustments for certain deferred tax liabilities and certain items in accumulated comprehensive income (loss)	282	281	280	291	293
Basel III - Common equity Tier 1 (fully phased-in)	\$12,344	\$11,834	\$11,234	\$10,854	\$10,347
Adjustment related to capital components during transition	266	265	399	375	331
Basel III - Common equity Tier 1 (transition)	\$12,610	\$12,099	\$11,633	\$11,229	\$10,678
RISK-BASED CAPITAL					
Common equity Tier 1	\$12,610	\$12,099	\$11,633	\$11,229	\$10,678
Add: Allowance for loan losses includible in risk-based capital	890	869	898	833	804
Risk-based capital	\$13,500	\$12,968	\$12,531	\$12,062	\$11,482
ASSET MEASURES					
Total average assets	\$81,694	\$82,835	\$81,882	\$77,841	\$73,985
Adjustments for:					
Disallowed goodwill and other disallowed intangible assets, net of related deferred tax liabilities	(1,113)	(1,117)	(991)	(931)	(903)
Other	-	-	-	104	60
Total assets for leverage purposes	\$80,581	\$81,718	\$80,891	\$77,014	\$73,142
Risk-weighted assets - Basel III (fully phased-in) (3)	\$68,462	\$67,697	\$70,493	\$65,125	\$62,814
Risk-weighted assets - Basel III (transition) (3)	\$68,188	\$66,689	\$69,224	\$64,090	\$61,829
TANGIBLE COMMON EQUITY PER SHARE					
GAAP book value per share	\$16.45	\$15.84	\$15.12	\$14.58	\$13.89
Less: Goodwill	(1.14)	(1.14)	(1.14)	(1.14)	(1.14)
Less: Intangible assets, net	(0.85)	(0.84)	(0.84)	(0.77)	(0.69)
Tangible common equity per share	\$14.46	\$13.86	\$13.14	\$12.67	\$12.06

(1) Certain balance sheet amounts and related metrics have been updated to reflect the adoption of ASU 2015-03. More detail on this update is in footnote (1) on the Statements of Financial Position.

(2) Regulatory measures at June 30, 2016 are presented on an estimated basis.

(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.

Language:
English

Contact:

Synchrony Financial
Investor Relations:
Greg Ketron, 203-585-6291
or
Media Relations:
Samuel Wang, 203-585-2933

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