

Synchrony Financial Reports First Quarter Net Earnings of \$582 Million or \$0.70 Per Diluted Share

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

STAMFORD, Conn.

STAMFORD, Conn.--(BUSINESS WIRE (6))--Synchrony Financial (NYSE:SYF) today announced first quarter 2016 net earnings of \$582 million, or \$0.70 per diluted share. Highlights for the quarter included:

- Total platform revenue increased 13% from the first quarter of 2015 to \$2.9 billion
- Loan receivables grew \$8 billion, or 13%, from the first quarter of 2015 to \$66 billion
- Purchase volume increased 17% from the first quarter of 2015
- Strong deposit growth continued, up \$10 billion, or 29%, over the first quarter of 2015
- Renewed key programs - Stein Mart and La-Z-Boy
- Signed partnership with Marvel to offer Marvel MasterCard and co-promote Synchrony Bank deposit products
- Launched the Citgo card program
- Introduced a new value proposition at Walmart - 3-2-1 Save cash-back program

"Our strong operational momentum and solid financial results continued in the first quarter. Each of our business platforms delivered strong performance resulting in double-digit growth in overall purchase volume, platform revenue and loan receivables. To support this growth, we have significantly expanded our deposit base, growing deposits \$10 billion over last year. Our innovative payments, analytics, loyalty and financing solutions are delivering value to our partners and cardholders and continue to build the foundation for future growth," said Margaret Keane, President and Chief Executive Officer of Synchrony Financial.

Business and Financial Highlights for the First Quarter of 2016

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

Earnings

- Net interest income increased \$334 million, or 12%, to \$3.2 billion, primarily driven by strong loan receivables growth. Net interest income after retailer share arrangements increased 15%.
- Total platform revenue increased \$339 million, or 13%.
- Provision for loan losses increased \$216 million to \$903 million due to loan receivables growth and lower loan loss reserve build in the first quarter of 2015.
- Other income decreased \$9 million to \$92 million, driven primarily by an increase in loyalty programs, partially offset by higher interchange income.
- Other expense increased \$54 million to \$800 million, primarily driven by growth.
- Net earnings totaled \$582 million for the quarter compared to \$552 million in the first quarter of 2015.

Balance Sheet

- Period-end loan receivables growth remained strong at 13%, primarily driven by purchase volume growth of 17% and average active account growth of 7%, and included the acquisition of the BP portfolio in the second quarter of 2015.
- Deposits grew to \$45 billion, up \$10 billion, or 29%, and comprised 69% of funding compared to 59% 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 \$22 billion, or 27% of total assets.
- The estimated Common Equity Tier 1 ratio under Basel III subject to transition provisions was 18.1% and the estimated fully phased-in Common Equity Tier 1 ratio under Basel III was 17.5%.

Financial Metrics

- Return on assets was 2.8% and return on equity was 18.1%.
- Net interest margin was relatively stable, declining 3 basis points to 15.76%.
- Efficiency ratio was 30.4% for the first quarter of 2016, a 180 basis point improvement from the first quarter of 2015 mainly due to strong revenue growth.

Credit Quality

- Credit quality performance was relatively stable and in-line with expectations.
 - Loans 30+ days past due as a percentage of period-end loan receivables were 3.85% compared to 3.79% last year.
 - Net charge-offs as a percentage of total average loan receivables were 4.70% compared to 4.53% last year.
- The allowance for loan losses as a percentage of total period-end loan receivables was 5.50% compared to 5.59% last year.

Sales Platforms

- Retail Card platform revenue increased 15%, driven primarily by purchase volume growth of 17% and period-end loan receivables growth of 14%, which included the acquisition of the BP portfolio in the second quarter of 2015. Average active account growth was 7%. Loan receivables growth was broad-based across partner programs.
- Payment Solutions platform revenue increased 14%, driven primarily by purchase volume growth of 15% and period-end loan receivables growth of 13%. Average active account growth was 12%. Loan receivables growth was led by the home furnishings and automotive product categories.
- CareCredit platform revenue increased 6%, driven primarily by purchase volume growth of 14% and period-end loan receivables growth of 9%. 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, and in the Company's forthcoming Quarterly Report on Form 10-Q for the quarter ended March 31, 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 (7). 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, April 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 Invest or Relations page on Synchrony Financial's corporate website, www.investors.synchronyfinancial.com (8), 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 12016#, and can be accessed beginning approximately two hours after the event through May 6, 2016.

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 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 (9), [facebook.com/SynchronyFinancial](https://www.facebook.com/SynchronyFinancial) and twitter.com/SYFNews.

*Source: The Nilson Report (April, 2015, Issue # 1062) - based on 2014 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 platform 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 subserve 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; 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 "platform revenue," "platform revenue excluding retailer share arrangements" and "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					1Q'16 vs. 1Q'15	Three Months Ended		YTD'16 vs. YTD'15
	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015		Mar 31, 2016	Mar 31, 2015	
EARNINGS									
Net interest income	\$3,209	\$3,208	\$3,103	\$2,907	\$2,875	\$334 11.6%	\$3,209	\$2,875	\$334 11.6%
Retailer share arrangements	(670)	(734)	(723)	(621)	(660)	(10) 1.5%	(670)	(660)	(10) 1.5%
Net interest income, after retailer share arrangements	2,539	2,474	2,380	2,286	2,215	324 14.6%	2,539	2,215	324 14.6%
Provision for loan losses	903	823	702	740	687	216 31.4%	903	687	216 31.4%
Net interest income, after retailer share arrangements and provision for loan losses	1,636	1,651	1,678	1,546	1,528	108 7.1%	1,636	1,528	108 7.1%
Other income	92	87	84	120	101	(9) (8.9)%	92	101	(9) (8.9)%
Other expense	800	870	843	805	746	54 7.2%	800	746	54 7.2%
Earnings before provision for income taxes	928	868	919	861	883	45 5.1%	928	883	45 5.1%
Provision for income taxes	346	321	345	320	331	15 4.5%	346	331	15 4.5%
Net earnings	\$582	\$547	\$574	\$541	\$552	\$30 5.4%	\$582	\$552	\$30 5.4%
Net earnings attributable to common stockholders	\$582	\$547	\$574	\$541	\$552	\$30 5.4%	\$582	\$552	\$30 5.4%

COMMON SHARE STATISTICS

Basic EPS	\$0.70	\$0.66	\$0.69	\$0.65	\$0.66	\$0.04 6.1%	\$0.70	\$0.66	\$0.04 6.1%
Diluted EPS	\$0.70	\$0.65	\$0.69	\$0.65	\$0.66	\$0.04 6.1%	\$0.70	\$0.66	\$0.04 6.1%
Common stock price	\$28.66	\$30.41	\$31.30	\$32.93	\$30.35	\$(1.69) (5.6)%	\$28.66	\$30.35	\$(1.69) (5.6)%
Book value per share	\$15.84	\$15.12	\$14.58	\$13.89	\$13.24	\$2.60 19.6%	\$15.84	\$13.24	\$2.60 19.6%
Tangible common equity per share(1)	\$13.86	\$13.14	\$12.67	\$12.06	\$11.43	\$2.43 21.3%	\$13.86	\$11.43	\$2.43 21.3%
Beginning common shares outstanding	833.8	833.8	833.8	833.8	833.8	- - %	833.8	833.8	- - %
Issuance of common shares	-	-	-	-	-	- - %	-	-	- - %
Shares repurchased	-	-	-	-	-	- - %	-	-	- - %
Ending common shares outstanding	833.8	833.8	833.8	833.8	833.8	- - %	833.8	833.8	- - %
Weighted average common shares outstanding	833.8	833.8	833.8	833.8	833.8	- - %	833.8	833.8	- - %
Weighted average common shares outstanding (fully diluted)	835.5	835.8	835.8	835.4	835.0	0.5 0.1%	835.5	835.0	0.5 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					1Q'16 vs. 1Q'15	Three Months Ended		YTD'16 vs. YTD'15
	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015		Mar 31, 2016	Mar 31, 2015	
PERFORMANCE METRICS									
Return on assets ⁽²⁾	2.8%	2.7%	2.9%	2.9%	3.0%	(0.2)%	2.8%	3.0%	(0.2)%
Return on equity ⁽³⁾	18.1%	17.5%	19.2%	19.2%	20.8%	(2.7)%	18.1%	20.8%	(2.7)%
Return on tangible common equity ⁽⁴⁾	20.8%	20.1%	22.0%	22.2%	24.1%	(3.3)%	20.8%	24.1%	(3.3)%
Net interest margin ⁽⁵⁾	15.76%	15.73%	15.97%	15.77%	15.79%	(0.03)%	15.76%	15.79%	(0.03)%
Efficiency ratio ⁽⁶⁾	30.4%	34.0%	34.2%	33.5%	32.2%	(1.8)%	30.4%	32.2%	(1.8)%
Other expense as a % of average loan receivables, including held for sale	4.82%	5.28%	5.35%	5.37%	5.06%	(0.24)%	4.82%	5.06%	(0.24)%

	<u>Balance</u>	<u>Expense</u>	<u>Rate</u>	<u>Balance</u>	<u>Expense</u>	<u>Rate</u>									
Assets															
Interest-earning assets:															
Interest-earning cash and equivalents	\$12,185	\$16	0.53%	\$12,070	\$9	0.30%	\$11,059	\$7	0.25%	\$10,728	\$6	0.22%	\$11,331	\$6	0.21
Securities available for sale	2,995	6	0.81%	3,445	6	0.69%	3,534	6	0.67%	3,107	5	0.65%	2,725	4	0.60
Loan receivables:															
Credit cards, including held for sale	64,194	3,436	21.53%	62,834	3,432	21.67%	59,890	3,315	21.96%	57,588	3,106	21.63%	57,390	3,079	21.76
Consumer installment loans	1,159	27	9.37%	1,163	26	8.87%	1,160	27	9.23%	1,101	26	9.47%	1,057	25	9.56
Commercial credit products	1,313	35	10.72%	1,361	36	10.49%	1,400	36	10.20%	1,372	34	9.94%	1,305	36	11.16
Other	39	-	- %	48	-	- %	54	1	NM	33	-	- %	23	-	-
Total loan receivables, including held for sale	66,705	3,498	21.09%	65,406	3,494	21.19%	62,504	3,379	21.45%	60,094	3,166	21.13%	59,775	3,140	21.30
Total interest-earning assets	81,885	3,520	17.29%	80,921	3,509	17.20%	77,097	3,392	17.46%	73,929	3,177	17.24%	73,831	3,150	17.30
Non-interest-earning assets:															
Cash and due from banks	1,277			1,268			1,216			583			497		
Allowance for loan losses	(3,583)			(3,440)			(3,341)			(3,285)			(3,272)		
Other assets	3,256			3,133			2,869			2,758			2,639		
Total non-interest-earning assets	950			961			744			56			(136)		
Total assets	\$82,835			\$81,882			\$77,841			\$73,985			\$73,695		
Liabilities															
Interest-bearing liabilities:															
Interest-bearing deposit accounts	\$44,101	\$172	1.57%	\$42,079	\$165	1.56%	\$39,048	\$159	1.62%	\$35,816	\$146	1.64%	\$34,887	\$137	1.56
Borrowings of consolidated securitization entities	12,950	58	1.80%	13,550	56	1.64%	13,715	54	1.56%	14,011	53	1.52%	14,087	52	1.50
Bank term loan(2)	2,565	24	3.76%	4,507	28	2.46%	4,878	29	2.36%	5,374	32	2.39%	6,498	47	2.90
Senior unsecured notes	6,558	57	3.50%	5,810	52	3.55%	5,312	47	3.51%	4,568	39	3.42%	4,071	35	3.46
Related party debt	-	-	- %	-	-	- %	-	-	- %	-	-	- %	407	4	3.96
Total interest-bearing liabilities	66,174	311	1.89%	65,946	301	1.81%	62,953	289	1.82%	59,769	270	1.81%	59,950	275	1.86
Non-interest-bearing liabilities															
Non-interest-bearing deposit accounts	226			147			149			166			142		
Other liabilities	3,534			3,396			2,859			2,750			2,854		
Total non-interest-bearing liabilities	3,760			3,543			3,008			2,916			2,996		
Total liabilities	69,934			69,489			65,961			62,685			62,946		
Equity															
Total equity	12,901			12,393			11,880			11,300			10,749		

Total liabilities and equity	<u>\$82,835</u>	<u>\$81,882</u>	<u>\$77,841</u>	<u>\$73,985</u>	<u>\$73,695</u>
Net interest income	<u>\$3,209</u>	<u>\$3,208</u>	<u>\$3,103</u>	<u>\$2,907</u>	<u>\$2,875</u>
Interest rate spread⁽³⁾	15.40%	15.39%	15.64%	15.43%	15.44%
Net interest margin⁽⁴⁾	15.76%	15.73%	15.97%	15.77%	15.79%

(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 March 31, 2016, December 31, 2015, September 30, 2015, June 30, 2015, and March 31, 2015 were 2.47%, 2.26%, 2.23%, 2.21%, 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					Mar 31, 2016 vs. Mar 31, 2015	
	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015		
BALANCE SHEET STATISTICS							
Total common equity	\$13,204	\$12,604	\$12,158	\$11,578	\$11,036	\$2,168	19.6%
Total common equity as a % of total assets	16.17%	15.01%	15.33%	15.32%	15.21%		0.96%
Tangible assets	\$80,005	\$82,340	\$77,695	\$74,072	\$71,053	\$8,952	12.6%
Tangible common equity ⁽²⁾	\$11,553	\$10,954	\$10,563	\$10,054	\$9,530	\$2,023	21.2%
Tangible common equity as a % of tangible assets ⁽²⁾	14.44%	13.30%	13.60%	13.57%	13.41%		1.03%
Tangible common equity per share ⁽²⁾	\$13.86	\$13.14	\$12.67	\$12.06	\$11.43	\$2.43	21.3%

REGULATORY CAPITAL RATIOS⁽³⁾

	Basel III Transition				Basel I
	19.4%	18.1%	18.8%	18.6%	18.2%
Total risk-based capital ratio ⁽⁴⁾⁽⁹⁾	19.4%	18.1%	18.8%	18.6%	18.2%
Tier 1 risk-based capital ratio ⁽⁵⁾⁽⁹⁾	18.1%	16.8%	17.5%	17.3%	16.9%
Tier 1 common ratio ⁽⁶⁾⁽⁹⁾	n/a	n/a	n/a	n/a	16.9%
Tier 1 leverage ratio ⁽⁷⁾⁽⁹⁾	14.8%	14.4%	14.6%	14.6%	13.7%
Common equity Tier 1 capital ratio ⁽⁸⁾⁽⁹⁾	18.1%	16.8%	17.5%	17.3%	n/a
	Basel III Fully Phased-in				
Common equity Tier 1 capital ratio ⁽⁸⁾	17.5%	15.9%	16.7%	16.5%	16.4%

(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 March 31, 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 common ratio is the ratio of common equity Tier 1 capital divided by risk-weighted assets.

(7) Tier 1 leverage ratio reported under Basel III transition rules is calculated based on Tier 1 capital divided by total average assets, after certain adjustments. Total assets, after certain adjustments is used as the denominator for prior periods calculated under Basel I rules.

(8) 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.

(9) Beginning June 30, 2015, regulatory capital ratios are calculated under Basel III rules subject to transition provisions. The Company reported under Basel I rules for period ending March 31, 2015.

SYNCHRONY FINANCIAL

PLATFORM RESULTS AND RECONCILIATION OF NON-GAAP MEASURES

(unaudited, \$ in millions)

	Quarter Ended					1Q'16 vs. 1Q'15		Three Months Ended		YTD'16 vs. YTD'15	
	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015			Mar 31, 2016	Mar 31, 2015		
RETAIL CARD											
Purchase volume ⁽¹⁾⁽²⁾	\$21,550	\$26,768	\$23,560	\$23,452	\$18,410	\$3,140	17.1%	\$21,550	\$18,410	\$3,140	17.1%
Period-end loan receivables	\$45,113	\$47,412	\$43,432	\$42,315	\$39,685	\$5,428	13.7%	\$45,113	\$39,685	\$5,428	13.7%
Average loan receivables, including held for sale	\$45,900	\$44,958	\$42,933	\$41,303	\$40,986	\$4,914	12.0%	\$45,900	\$40,986	\$4,914	12.0%
Average active accounts (in thousands) ⁽²⁾⁽³⁾	52,969	52,038	49,953	48,981	49,617	3,352	6.8%	52,969	49,617	3,352	6.8%
Interest and fees on loans ⁽²⁾	\$2,614	\$2,594	\$2,508	\$2,335	\$2,337	\$277	11.9%	\$2,614	\$2,337	\$277	11.9%
Other income ⁽²⁾	79	76	70	107	86	(7)	(8.1)%	79	86	(7)	(8.1)%
Platform revenue, excluding retailer share arrangements⁽²⁾	2,693	2,670	2,578	2,442	2,423	270	11.1%	2,693	2,423	270	11.1%

Retailer share arrangements ⁽²⁾	(661)	(723)	(708)	(606)	(651)	(10)	1.5%	(661)	(651)	(10)	1.5%
Platform revenue⁽²⁾	\$2,032	\$1,947	\$1,870	\$1,836	\$1,772	\$260	14.7%	\$2,032	\$1,772	\$260	14.7%
PAYMENT SOLUTIONS											
Purchase volume ⁽¹⁾	\$3,392	\$3,714	\$3,635	\$3,371	\$2,948	\$444	15.1%	\$3,392	\$2,948	\$444	15.1%
Period-end loan receivables	\$13,420	\$13,543	\$12,933	\$12,194	\$11,833	\$1,587	13.4%	\$13,420	\$11,833	\$1,587	13.4%
Average loan receivables	\$13,482	\$13,192	\$12,523	\$11,971	\$11,970	\$1,512	12.6%	\$13,482	\$11,970	\$1,512	12.6%
Average active accounts (in thousands) ⁽³⁾	8,134	7,896	7,468	7,231	7,271	863	11.9%	8,134	7,271	863	11.9%
Interest and fees on loans	\$457	\$462	\$442	\$412	\$403	\$54	13.4%	\$457	\$403	\$54	13.4%
Other income	4	3	5	4	5	(1)	(20.0)%	4	5	(1)	(20.0)%
Platform revenue, excluding retailer share arrangements	461	465	447	416	408	53	13.0%	461	408	53	13.0%
Retailer share arrangements	(7)	(10)	(13)	(14)	(8)	1	(12.5)%	(7)	(8)	1	(12.5)%
Platform revenue	\$454	\$455	\$434	\$402	\$400	\$54	13.5%	\$454	\$400	\$54	13.5%
CARECREDIT											
Purchase volume ⁽¹⁾	\$2,035	\$1,978	\$2,011	\$1,987	\$1,781	\$254	14.3%	\$2,035	\$1,781	\$254	14.3%
Period-end loan receivables	\$7,316	\$7,335	\$7,155	\$6,922	\$6,730	\$586	8.7%	\$7,316	\$6,730	\$586	8.7%
Average loan receivables	\$7,323	\$7,256	\$7,048	\$6,820	\$6,819	\$504	7.4%	\$7,323	\$6,819	\$504	7.4%
Average active accounts (in thousands) ⁽³⁾	5,031	4,958	4,826	4,711	4,716	315	6.7%	5,031	4,716	315	6.7%
Interest and fees on loans	\$427	\$438	\$429	\$419	\$400	\$27	6.8%	\$427	\$400	\$27	6.8%
Other income	9	8	9	9	10	(1)	(10.0)%	9	10	(1)	(10.0)%
Platform revenue, excluding retailer share arrangements	436	446	438	428	410	26	6.3%	436	410	26	6.3%
Retailer share arrangements	(2)	(1)	(2)	(1)	(1)	(1)	100.0%	(2)	(1)	(1)	100.0%
Platform revenue	\$434	\$445	\$436	\$427	\$409	\$25	6.1%	\$434	\$409	\$25	6.1%
TOTAL SYF											
Purchase volume ⁽¹⁾⁽²⁾	\$26,977	\$32,460	\$29,206	\$28,810	\$23,139	\$3,838	16.6%	\$26,977	\$23,139	\$3,838	16.6%
Period-end loan receivables	\$65,849	\$68,290	\$63,520	\$61,431	\$58,248	\$7,601	13.0%	\$65,849	\$58,248	\$7,601	13.0%
Average loan receivables, including held for sale	\$66,705	\$65,406	\$62,504	\$60,094	\$59,775	\$6,930	11.6%	\$66,705	\$59,775	\$6,930	11.6%
Average active accounts (in thousands) ⁽²⁾⁽³⁾	66,134	64,892	62,247	60,923	61,604	4,530	7.4%	66,134	61,604	4,530	7.4%
Interest and fees on loans ⁽²⁾	\$3,498	\$3,494	\$3,379	\$3,166	\$3,140	\$358	11.4%	\$3,498	\$3,140	\$358	11.4%
Other income ⁽²⁾	92	87	84	120	101	(9)	(8.9)%	92	101	(9)	(8.9)%
Platform revenue, excluding retailer share arrangements⁽²⁾	3,590	3,581	3,463	3,286	3,241	349	10.8%	3,590	3,241	349	10.8%
Retailer share arrangements ⁽²⁾	(670)	(734)	(723)	(621)	(660)	(10)	1.5%	(670)	(660)	(10)	1.5%
Platform revenue⁽²⁾	\$2,920	\$2,847	\$2,740	\$2,665	\$2,581	\$339	13.1%	\$2,920	\$2,581	\$339	13.1%

(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				
	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015	Jun 30, 2015	Mar 31, 2015
COMMON EQUITY MEASURES					
GAAP Total common equity	\$13,204	\$12,604	\$12,158	\$11,578	\$11,036
Less: Goodwill	(949)	(949)	(949)	(949)	(949)
Less: Intangible assets, net	(702)	(701)	(646)	(575)	(557)
Tangible common equity	\$11,553	\$10,954	\$10,563	\$10,054	\$9,530
Adjustments for certain other intangible assets, deferred tax liabilities and certain items in accumulated comprehensive income (loss)					293
Basel I - Common Equity Tier 1					\$9,823
Adjustments for certain other intangible assets and deferred tax liabilities					(12)
Adjustments for certain deferred tax liabilities and certain items in accumulated comprehensive income (loss)	281	280	291	293	
Basel III - Common equity Tier 1 (fully phased-in)	\$11,834	\$11,234	\$10,854	\$10,347	\$9,811
Adjustment related to capital components during transition	265	399	375	331	
Basel III - Common equity Tier I (transition)	\$12,099	\$11,633	\$11,229	\$10,678	
RISK-BASED CAPITAL					
Common equity Tier 1 ⁽³⁾	\$12,099	\$11,633	\$11,229	\$10,678	\$9,823
Add: Allowance for loan losses includible in risk-based capital	869	898	833	804	757
Risk-based capital⁽³⁾	\$12,968	\$12,531	\$12,062	\$11,482	\$10,580
ASSET MEASURES					
Total assets ⁽⁴⁾	\$82,835	\$81,882	\$77,841	\$73,985	\$72,559
Adjustments for:					

Disallowed goodwill and other disallowed intangible assets, net of related deferred tax liabilities	(1,117)	(991)	(931)	(903)	(1,213)
Other	-	-	104	60	136
Total assets for leverage purposes⁽³⁾	\$81,718	\$80,891	\$77,014	\$73,142	\$71,482
Risk-weighted assets - Basel I	n/a	n/a	n/a	n/a	\$58,020
Risk-weighted assets - Basel III (fully phased-in)⁽⁵⁾	\$67,701	\$70,493	\$65,125	\$62,814	\$59,762
Risk-weighted assets - Basel III (transition)⁽⁵⁾	\$66,693	\$69,224	\$64,090	\$61,829	n/a
TANGIBLE COMMON EQUITY PER SHARE					
GAAP book value per share	\$15.84	\$15.12	\$14.58	\$13.89	\$13.24
Less: Goodwill	(1.14)	(1.14)	(1.14)	(1.14)	(1.14)
Less: Intangible assets, net	(0.84)	(0.84)	(0.77)	(0.69)	(0.67)
Tangible common equity per share	\$13.86	\$13.14	\$12.67	\$12.06	\$11.43

(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 March 31, 2016 are presented on an estimated basis.

(3) Beginning June 30, 2015, regulatory capital amounts are calculated under Basel III rules subject to transition provisions. The company reported under Basel I rules for period ending March 31, 2015.

(4) Represents total average assets beginning June 30, 2015 and total assets for period ending March 31, 2015.

(5) 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.

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English

Contact:

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

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