

3Q'15 Financial Results

October 16, 2015



Disclaimers

Cautionary Statement Regarding Forward-Looking Statements

The following slides are part of a presentation by Synchrony Financial in connection with reporting quarterly financial results. No representation is made that the information in these slides is complete. For additional information, see the earnings release and financial supplement included as exhibits to our Current Report on Form 8-K filed today and available on our website (www.synchronyfinancial.com) and the SEC's website (www.sec.gov). All references to net earnings and net income are intended to have the same meaning.

This presentation contains certain forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. Forward-looking statements may be identified by words such as "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; our need for additional financing, 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 reliance on dividends, distributions and other payments from Synchrony Bank; 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; 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; significant and extensive regulation, supervision, examination and enforcement of our business by governmental authorities, the impact of the Dodd-Frank Act and the impact of the CFPB's regulation of our business; changes to our methods of offering our CareCredit products; impact of capital adequacy rules; restrictions that limit Synchrony Bank's ability to pay dividends; regulations relating to privacy, information security and data protection; use of third-party vendors and ongoing third-party business relationships; failure to comply with anti-money laundering and anti-terrorism financing laws; effect of General Electric Capital Corporation being subject to regulation by the Federal Reserve Board both as a savings and loan holding company and as a systemically important financial institution; General Electric Company (GE) not completing the separation from us as planned or at all, GE's inability to obtain savings and loan holding company deregistration (GE SLHC Deregistration) and GE continuing to have significant control over us; any conditions of the Federal Reserve Board approval required for us to continue to be a savings and loan holding company; our need to establish and significantly expand many aspects of our operations and infrastructure; loss of association with GE's strong brand and reputation; limited right to use the GE brand name and logo and need to establish a new brand; GE has significant control over us; terms of our arrangements with GE may be more favorable than what we will be able to obtain from unaffiliated third parties; obligations associated with being a public company; our incremental cost of operating as a standalone public company could be substantially more than anticipated; GE could engage in businesses that compete with us, and conflicts of interest may arise between us and GE; and failure caused by us of GE's distribution of our common stock to its stockholders in exchange for its common stock to qualify for tax-free treatment, which may result in significant tax liabilities to GE for which we may be required to indemnify GE.

For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this presentation and in our public filings, including under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, as filed on February 23, 2015. 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. Differences between this presentation and the supplemental financials may occur due to rounding.

Non-GAAP Measures

The information provided herein includes measures we refer to as "platform revenue" and "platform revenue excluding retailer share arrangements" and certain capital ratios, which are not prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The reconciliations of such measures to the most directly comparable GAAP measures are included in the appendix of this presentation.

3Q'15 Highlights

Financial highlights

- \$574 million Net earnings, \$0.69 EPS
- Strong growth across the business
 - ✓ Purchase volume +12%, Loan receivables +12%, Platform revenue +9%
- Asset quality continues to improve
 - ✓ Net charge-offs improved from 4.05% to 4.02% compared to prior year
 - ✓ 30+ delinquency improved from 4.26% to 4.02% compared to prior year
- Expenses in-line with expectations ... increase driven by growth, infrastructure build and EMV rollout
- Delivering on our funding plan, deposits +\$7.8 billion compared to prior year
- Strong capital and liquidity
 - ✓ 17.5% CET1 (BIIT)^(a)
 - ✓ \$15.3 billion total liquid assets

(a) CET1 % calculated under the Basel III transition guidelines

Business highlights

- ✓ Received approval from Federal Reserve to become a standalone SLHC
- ✓ Renewed two partnerships, including a top 10 partner in PayPal



- ✓ Signed two new partners



- ✓ Expanded our CareCredit network



- ✓ Launched new programs

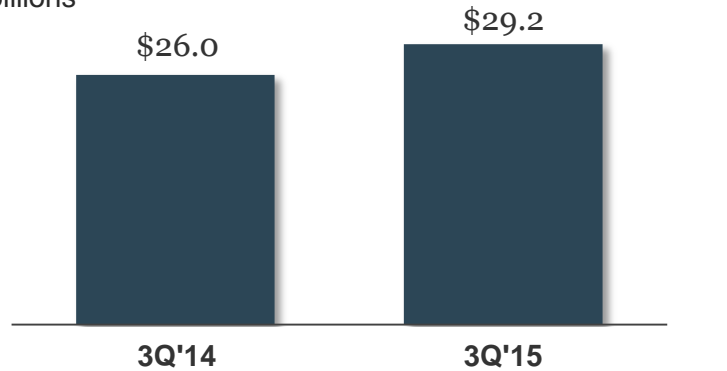


- ✓ Launched Samsung Pay for use with up to 12+ million active accounts

Growth Metrics

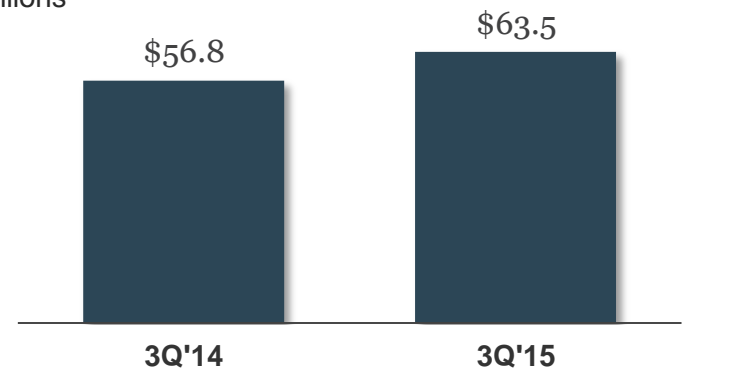
Purchase volume

\$ in billions



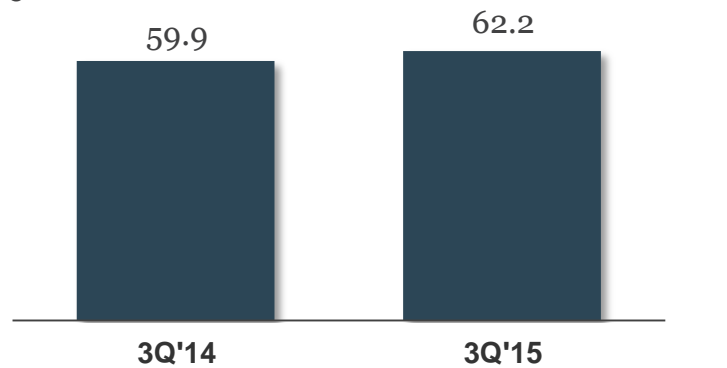
Loan receivables

\$ in billions



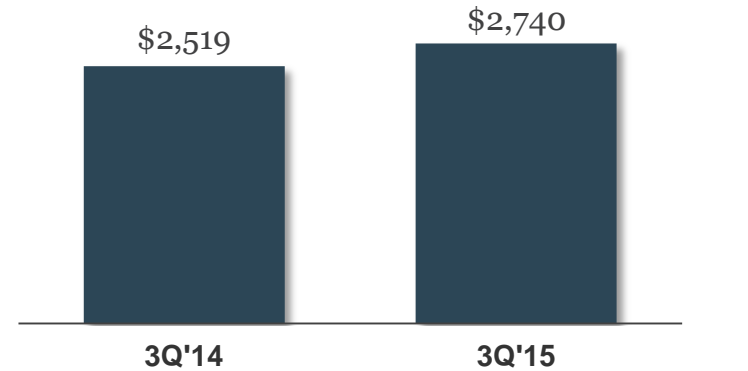
Active accounts

Average active accounts in millions



Platform revenue

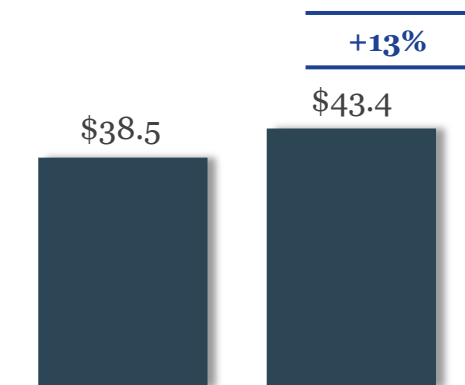
\$ in millions



Platform Results ^(a)

Retail Card

Loan receivables, \$ in billions

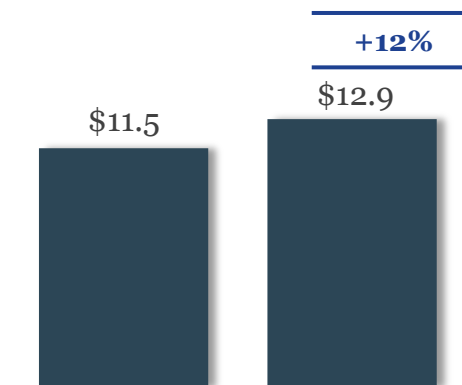


	3Q'14	3Q'15	V%
Purchase volume	\$21.0	\$23.6	+12%
Accounts	48.4	49.9	+3%
Platform revenue	\$1,694	\$1,870	+10%

- ✓ Strong receivable growth across partner programs
- ✓ Platform revenue up 10% driven by receivable growth

Payment Solutions

Loan receivables, \$ in billions

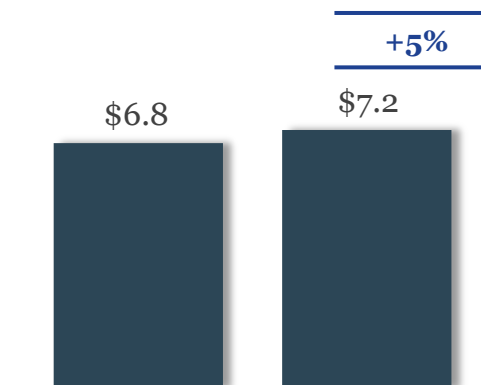


	3Q'14	3Q'15	V%
Purchase volume	\$3.2	\$3.6	+13%
Accounts	6.9	7.5	+8%
Platform revenue	\$403	\$434	+8%

- ✓ Broad receivable growth led by home furnishings and auto
- ✓ Platform revenue up 8% driven by receivable growth

CareCredit

Loan receivables, \$ in billions



	3Q'14	3Q'15	V%
Purchase volume	\$1.8	\$2.0	+13%
Accounts	4.6	4.8	+5%
Platform revenue	\$422	\$436	+3%

- ✓ Receivable growth led by dental and veterinary
- ✓ Platform revenue up 3% driven by receivable growth

a) Accounts represent average active accounts in millions, which are credit card or installment loan accounts on which there has been a purchase, payment or outstanding balance in the current month. Purchase volume \$ in billions and Platform revenue \$ in millions

Financial Results

Summary earnings statement

\$ in millions, except ratios	3Q'15	3Q'14	B/(W)	
			\$	%
Total interest income	\$3,392	\$3,123	\$269	9%
Total interest expense	289	244	(45)	(18)%
Net interest income (NII)	3,103	2,879	224	8%
Retailer share arrangements (RSA)	(723)	(693)	(30)	(4)%
NII, after RSA	2,380	2,186	194	9%
Provision for loan losses	702	675	(27)	(4)%
Other income	84	96	(12)	(13)%
Other expense	843	728	(115)	(16)%
Pre-Tax earnings	919	879	40	5%
Provision for income taxes	345	331	(14)	(4)%
Net earnings	\$574	\$548	\$26	5%
Return on assets	2.9%	3.2%		(0.3)pts.

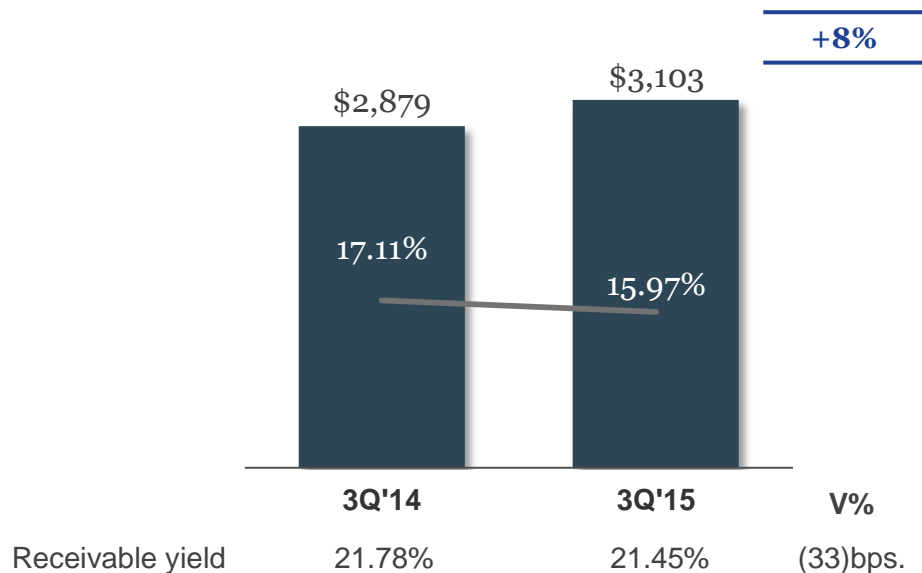
Third quarter 2015 highlights

- **\$574 million Net earnings, 2.9% ROA**
- **Net interest income up 8% driven by growth in loan receivables**
 - ✓ Interest and fees on loan receivables up 8% in-line with average receivable growth
 - ✓ Interest expense increase driven by growth, liquidity and funding mix
- **Provision for loan losses driven by receivable growth, partially offset with improved asset quality**
 - ✓ Asset quality improved ... 30+ delinquencies down 24bps. and NCO rate down 3bps. vs. prior year
- **Other income down 13%**
 - ✓ Increased loyalty costs partially offset by increased interchange due to program growth
- **Other expense in-line with expectations**
 - ✓ Other expense increase primarily driven by growth, infrastructure build and EMV rollout

Net Interest Income

Net interest income

\$ in millions, % of average interest-earning assets



Net interest margin walk

% of average interest-earning assets

3Q'14 Net interest margin	17.11%
Liquidity	(0.77)
Receivable yield	(0.33)
Interest expense	<u>(0.04)</u>
3Q'15 Net interest margin	15.97%

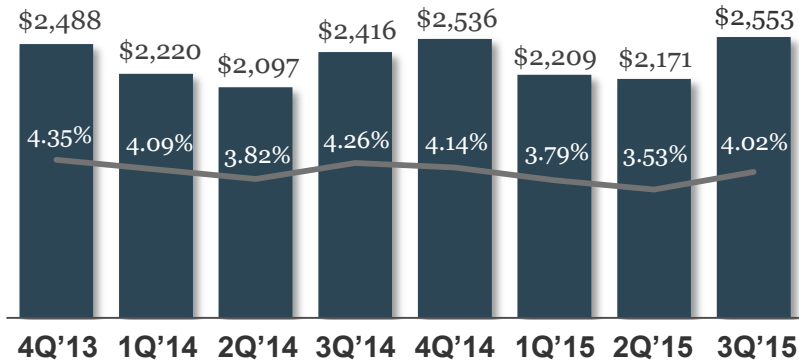
Third quarter 2015 highlights

- **Net interest income up 8% driven by growth in receivables, partially offset by higher funding costs**
 - ✓ Interest and fees on loans up 8% driven by loan receivable growth
- **Net interest margin decline driven primarily by increase in liquidity**
 - ✓ Liquid assets increased to \$15.3 billion, conservatively invested in cash and short-term U.S. Treasuries
 - ✓ Receivable yield 21.45%, down 33bps. reflecting higher payment rate and growth in promotional balances
 - ✓ Interest expense increased slightly to 1.82%, impacting Net interest margin by 4bps.

Asset Quality Metrics

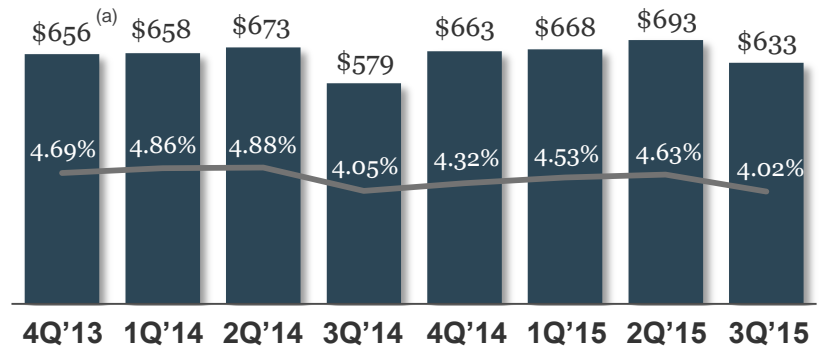
30+ days past due

\$ in millions, % of period-end loan receivables



Net charge-offs

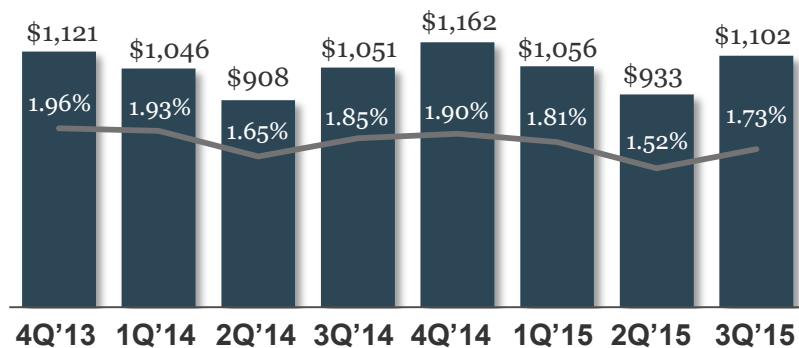
\$ in millions, % of average loan receivables including held for sale



(a) Excludes \$62 million net charge-off related to disposition of non-core receivables

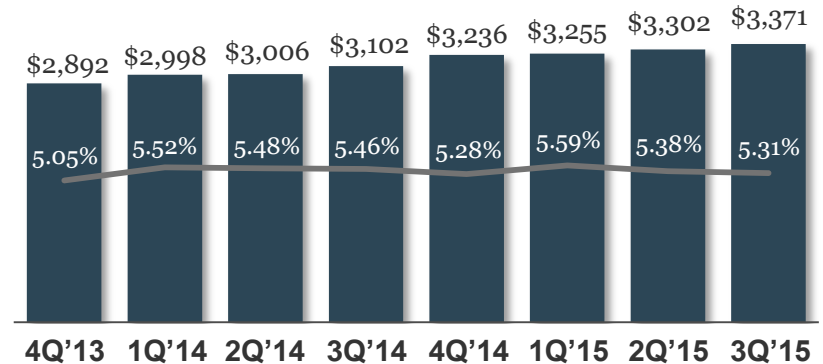
90+ days past due

\$ in millions, % of period-end loan receivables



Allowance for loan losses

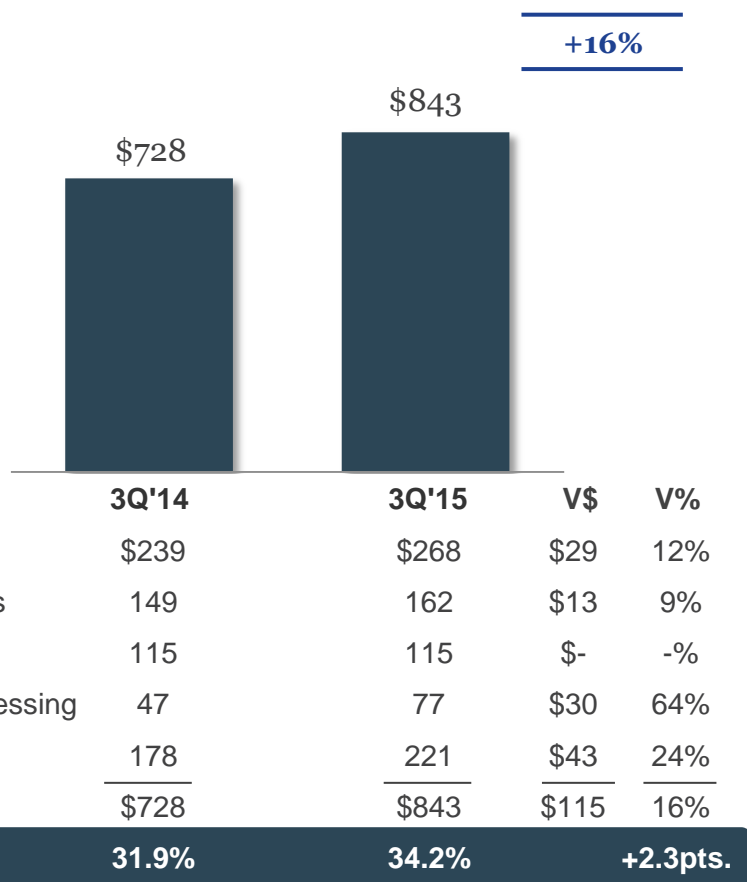
\$ in millions, % of period-end loan receivables



Other Expense

Other expense

\$ in millions



(a) "Other Expense" divided by sum of "NII, after RSA" plus "Other income"

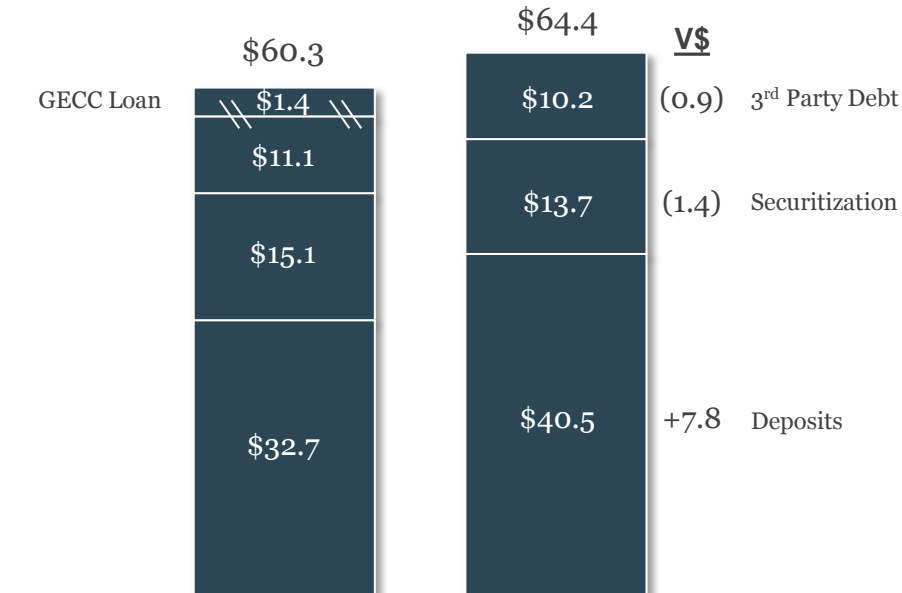
Third quarter 2015 highlights

- **Expense increase primarily driven by investments in growth, infrastructure build and EMV costs**
- **Employee costs up \$29 million**
 - ✓ Driven by employees added for separation and growth
- **Professional fees up \$13 million**
 - ✓ Driven primarily by growth
- **Marketing/BD costs flat**
 - ✓ Driven by an increase in portfolio marketing investments offset with lower brand advertising
- **Information processing up \$30 million**
 - ✓ Driven by IT investments and purchase volume growth
- **Other increased \$43 million**
 - ✓ Driven primarily by infrastructure build and growth
- **33.3% Efficiency ratio year-to-date**

Funding, Capital and Liquidity

Funding sources

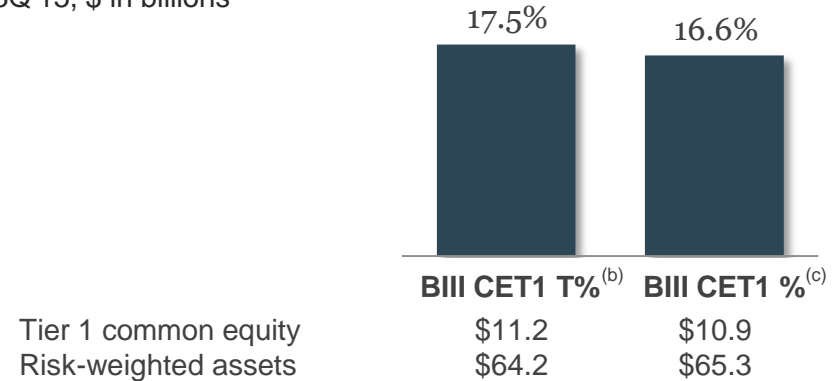
\$ in billions



	3Q'14	3Q'15	Variance
Deposits	54%	63%	+9pts.
Securitization	25%	21%	(4)pts.
GE Capital loan	2%	-	(2)pts.
3rd Party Debt	19%	16%	(3)pts.

Capital ratios^(a)

3Q'15, \$ in billions



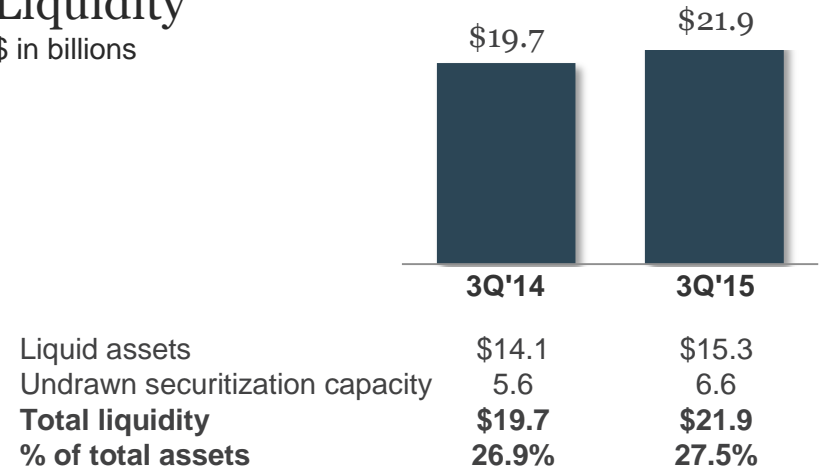
(a) Estimated percentages and amounts

(b) Calculated under the Basel III transition guidelines

(c) Calculated under the fully phased-in Basel III guidelines

Liquidity^(d)

\$ in billions



(d) Does not include unencumbered assets in the Bank that could be pledged

3Q'15 Wrap Up

- Net earnings of \$574 million ... \$0.69 earnings per share
- Broad based growth ... Purchase volume +12%, Loan receivables +12%, Platform revenue +9%
- Renewed a top 10 partnership in PayPal, as well as Sleepy's
- Signed two new partnerships with Citgo and The Container Store
- Expanded CareCredit's network with our new Rite Aid partnership
- Launched new programs ... Guitar Center and Athleta
- Launched Samsung Pay for use with up to 12 million active accounts
- Fast-growing deposit platform ... deposits at \$40.5 billion, now 63% of funding
- Strong balance sheet, \$15.3 billion of liquid assets and 17.5% CET1 (BIIT)^(a)
- Received approval from Federal Reserve to become a standalone SLHC

(a) CET1 % calculated under the Basel III transition guidelines



Engage with us.



Appendix

Non-GAAP Reconciliations

In order to assess and internally report the revenue performance of our three sales platforms, we use measures we refer to as “platform revenue” and “platform revenue excluding retailer share arrangements.” Platform revenue is the sum of three line items in our Condensed Consolidated and Combined Statements of Earnings prepared in accordance with GAAP: “interest and fees on loans,” plus “other income,” less “retailer share arrangements.” Platform revenue and platform revenue excluding retailer share arrangements are not measures presented in accordance with GAAP. To calculate platform revenue we deduct retailer share arrangements but do not deduct other line item expenses, such as interest expense, provision for loan losses and other expense, because those items are managed for the business as a whole. We believe that platform revenue is a useful measure to investors because it represents management’s view of the net revenue contribution of each of our platforms. Platform revenue excluding retailer share arrangements represents management’s view of the gross revenue contribution of each of our platforms. These measures should not be considered a substitute for interest and fees on loans or other measures of performance we have reported in accordance with GAAP.

We present certain capital ratios. As a new savings and loan holding company, we historically have not been required by regulators to disclose capital ratios, and therefore these capital ratios are non-GAAP measures. We believe these capital ratios are useful measures to investors because they are widely used by analysts and regulators to assess the capital position of financial services companies, although our Basel I Tier 1 common ratio is not a Basel I defined regulatory capital ratio, and our Basel I and Basel III Tier 1 common ratios may not be comparable to similarly titled measures reported by other companies. Our Basel I Tier 1 common ratio is the ratio of Tier 1 common equity to total risk-weighted assets as calculated in accordance with the U.S. Basel I capital rules. Our Basel III Tier 1 common ratio is the ratio of common equity Tier 1 capital to total risk-weighted assets, each as calculated in accordance with the U.S. Basel III capital rules (on a fully phased-in basis). Our Basel III Tier 1 common ratio is a preliminary estimate reflecting management’s interpretation of the final Basel III capital 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.

Non-GAAP Reconciliation

The following table sets forth each component of our platform revenue for periods indicated below.

(\$ in millions)	For the Three Months Ended Sep 30,	
	<u>2015</u>	<u>2014</u>
Platform Revenue		
Total:		
Interest and fees on loans	\$3,379	\$3,116
Other income	\$84	\$96
Retailer share arrangements	<u>\$(723)</u>	<u>\$(693)</u>
Platform revenue	\$2,740	\$2,519
 Retail Card:		
Interest and fees on loans	\$2,508	\$2,299
Other income	\$70	\$78
Retailer share arrangements	<u>\$(708)</u>	<u>\$(683)</u>
Platform revenue	\$1,870	\$1,694
 Payment Solutions:		
Interest and fees on loans	\$442	\$405
Other income	\$5	\$7
Retailer share arrangements	<u>\$(13)</u>	<u>\$(9)</u>
Platform revenue	\$434	\$403
 CareCredit:		
Interest and fees on loans	\$429	\$412
Other income	\$9	\$11
Retailer share arrangements	<u>\$(2)</u>	<u>\$(1)</u>
Platform revenue	\$436	\$422

Non-GAAP Reconciliation

The following table sets forth a reconciliation of each component of our capital ratios to the comparable GAAP component at September 30, 2015.

	\$ in millions at September 30, 2015
<u>COMMON EQUITY MEASURES</u>	
GAAP Total common equity	\$12,158
Less: Goodwill	(949)
Less: Intangible assets, net	(646)
Tangible common equity	\$10,563
Adjustments for certain deferred tax liabilities and certain items in accumulated comprehensive income (loss)	291
Basel III – Common equity Tier 1 (fully phased-in)	\$10,854
Adjustments related to capital components during transition	375
Basel III – Common equity Tier 1 (transition)	\$11,229
Risk-weighted assets – Basel III (fully phased-in)	\$65,278
Risk-weighted assets – Basel III (transition)	\$64,244