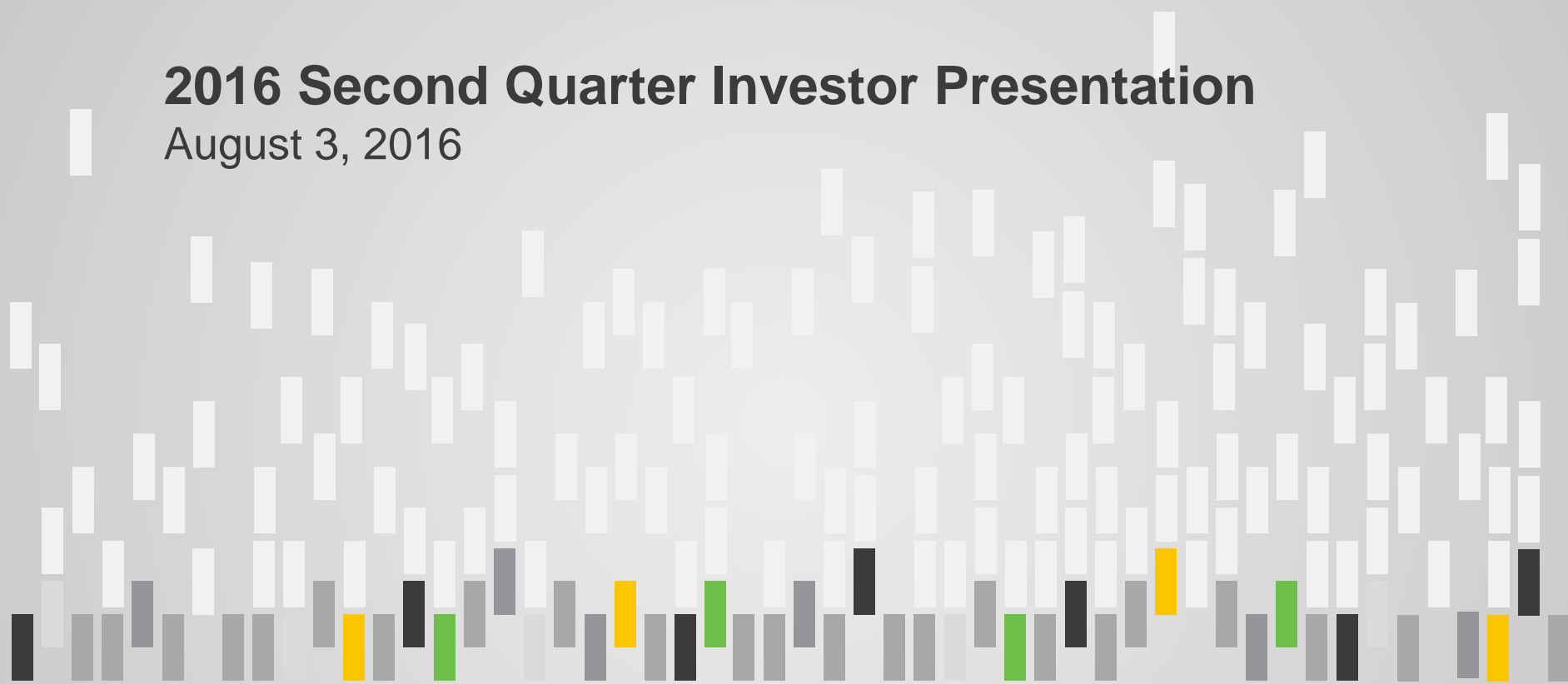


# 2016 Second Quarter Investor Presentation

August 3, 2016



# Disclaimers

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 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 presentation and in our public filings, including in Synchrony Financial’s (the “Company”) Quarterly Report on Form 10-Q for our most recently completed fiscal quarter and 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

We present certain capital ratios. Our Basel III Tier 1 common ratio, calculated on a fully phased-in basis, 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. This ratio is not currently required by regulators to be disclosed, and therefore is considered a non-GAAP measure. We believe this capital ratio is a useful measure to investors because it is widely used by analysts and regulators to assess the capital position of financial services companies, although this ratio may not be comparable to similarly titled measures reported by other companies. The reconciliation of our Basel III Tier 1 common ratio, calculated on a fully phased-in basis, to the comparable GAAP component at June 30, 2016 is included at the end of this presentation in “Appendix-Non-GAAP Reconciliations.”

We also present a measure we refer to as “tangible common equity” in this presentation. Tangible common equity itself is not a measure presented in accordance with GAAP. We believe tangible common equity is a more meaningful measure to investors of the net asset value of the Company. The reconciliation of tangible common equity, to total equity reported in accordance with GAAP is included at the end of this presentation in “Appendix-Non-GAAP Reconciliations.”

We refer to “managed-basis” as presenting certain loan performance measures as if loans sold by us to our securitization trusts were never sold and derecognized in our GAAP financial statements. We believe it is useful to consider these performance measures on a managed-basis for 2009 when comparing to similar GAAP measures in later years since we serviced the securitized and owned loans, and related accounts, in the same manner without regard to ownership of the loans. The reconciliation of the managed-basis loan performance measures in this presentation to the comparable GAAP measures for the twelve months ended December 31, 2009 is included at the end of this presentation in “Appendix-Non-GAAP Reconciliations.”

# Synchrony Financial Overview

## Leading Consumer Finance Business

- Largest Private Label Credit Card (PLCC) provider in US<sup>(a)</sup>
- A leader in financing for major consumer purchases and healthcare services
- Long-standing and diverse partner base

## Strong Value Proposition for Partners and Consumers

- Advanced data analytics and targeted marketing capabilities
- Dedicated team members support partners to help maximize program effectiveness
- Enhanced sales growth and additional economic benefits for partners
- Access to instant credit, promotional financing, and rewards for customers

## Robust Data and Technology Capabilities

- Deep partner integration enables customized loyalty products across channels
- Partner and cardholder focused mobile payments and e-commerce solutions
- Leveraging digital, loyalty, and analytics capabilities to augment growth

## Attractive Growth and Ample Opportunities

- Strong receivables growth
- Significant opportunity to leverage long-standing partnerships to increase penetration
- Opportunity to attract new partners
- Developing broad product suite to build a leading, full-scale online bank

## Strong Financial Profile and Operating Performance

- Solid fundamentals with attractive returns
- Strong capital and liquidity with diverse funding profile
- 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





(a) Source: The Nilson Report (May 2016, Issue #1087) as measured by PLCC purchase volume and receivables, based on 2015 data.

# Business Overview



# Partner-Centric Business with Leading Sales Platforms

	Retail Card	Payment Solutions	CareCredit
	 <p>Private label credit cards, Dual Cards™ &amp; small business credit products for large retailers</p>	 <p>Promotional financing for major consumer purchases, offering private label credit cards &amp; installment loans</p>	 <p>Promotional financing to consumers for elective healthcare procedures &amp; services</p>
Interest and Fees on Loans <sup>(a)</sup>	\$10,301	\$1,828	\$1,736
Loan Receivables <sup>(b)</sup>	\$46.7	\$14.0	\$7.6

(a) For period 3Q15 through 2Q16, \$ in millions.  
 (b) \$ in billions, as of June 30, 2016.

# Customized Products

## Credit Products

## Deposit Products

### Retail Card

### Payment Solutions

### CareCredit

### Synchrony Bank

#### Private Label

#### Dual Card™

#### Private Label

#### Private Label

#### Deposits



Retailer only acceptance

Accepted at network locations

Retailer and private network acceptance

Accepted at provider network locations

Fast-growing online bank

Affinity to retailer, provides customized benefits & features

Big-ticket focus, offering promotional financing options

FDIC-insured products  
Robust product suite

- Cash back, discounts
- Credit events & promotions
- Reward/best customer programs

Amazon Prime Store Cardholders can earn

**5% Back\* Every Day**  
as a statement credit on Amazon.com purchases!

\*Visit [www.amazon.com/storecard](http://www.amazon.com/storecard) to learn how to upgrade today.



- Home
- Furniture
- Electronics
- Luxury
- Power sports



- Dental
- Vision
- Cosmetic
- Veterinary



- Certificates of Deposit
- Money Market Accounts
- Savings Accounts
- IRA Money Market Accounts
- IRA Certificates of Deposit

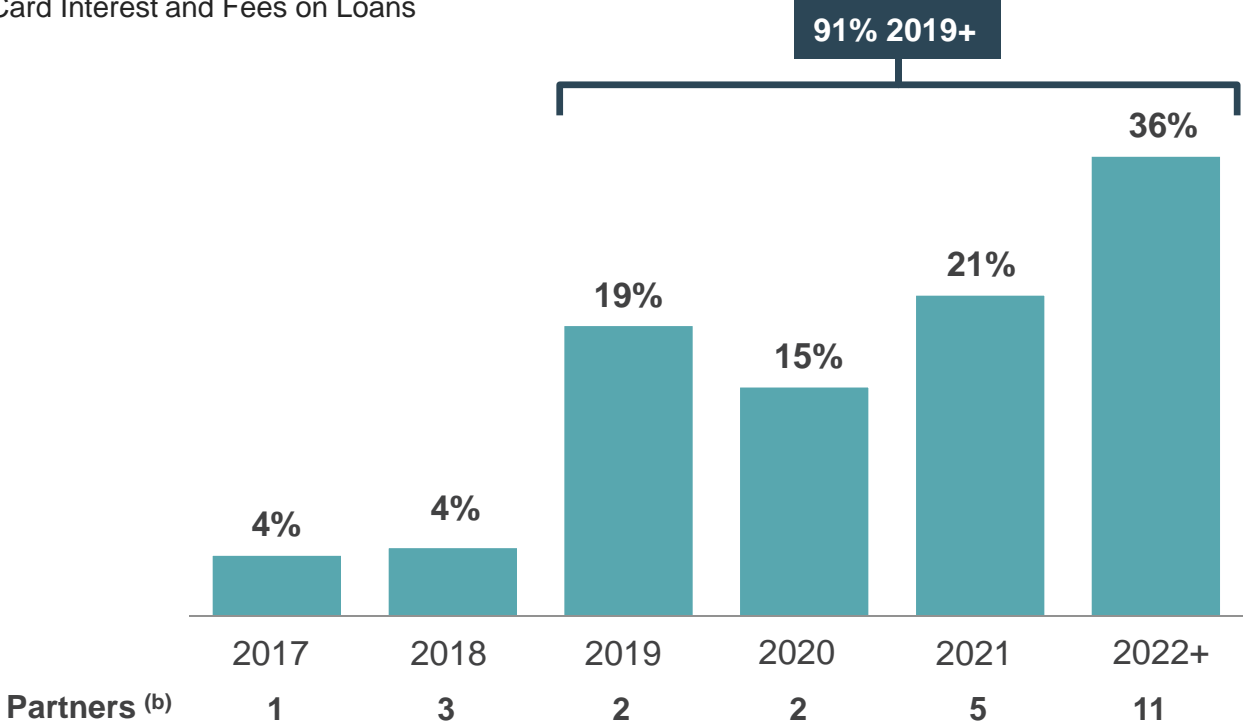


# Long-Standing Partnerships

								
<b>Length of Major Partner Relationships (Years) <sup>(a)</sup></b>	37	22	20	18	16	16	12	9
<b>Last Renewal</b>	2014	2014	2014	2014	2013	2013	2015	2015

## Contractual Expiration <sup>(a)</sup>

% of 2015 Retail Card Interest and Fees on Loans



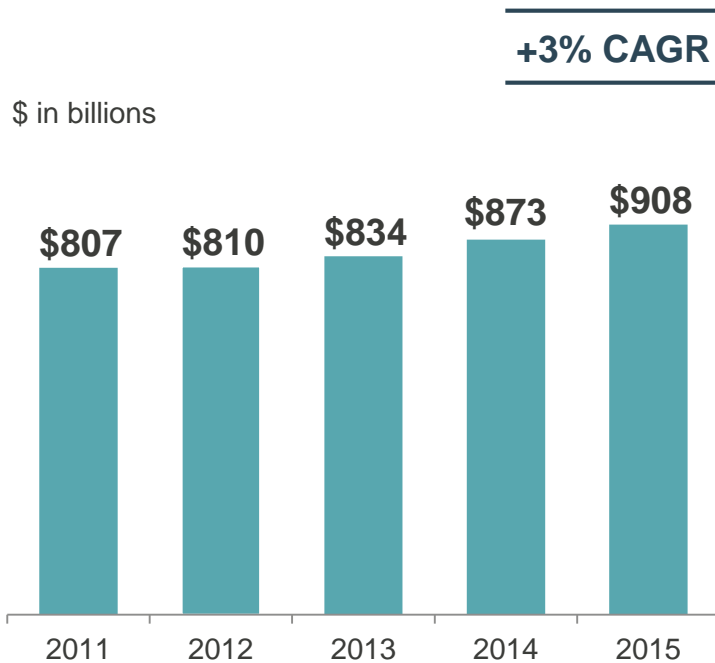
(a) As of June 30, 2016.

(b) Excludes certain credit card portfolios that were sold, have not been renewed, or expire in 2016 which represent 1% of our total Retail Card interest and fees on loans for the year ended December 31, 2015.

# Significantly Outpacing Industry Growth

## Expansive Opportunity<sup>(a)</sup>

### U.S. Credit Card Receivables

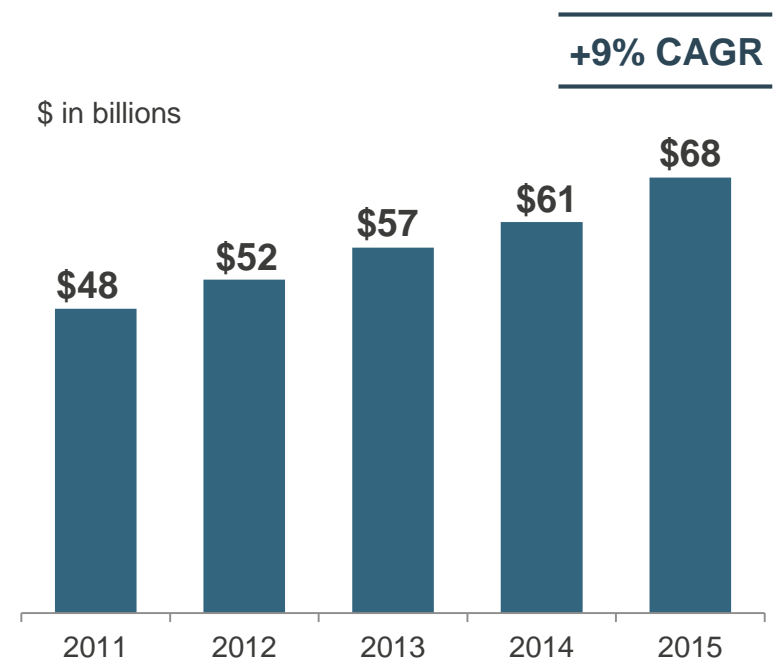


- Synchrony Financial comprises ~7% of credit card receivables

(a) Source: Nilson.

## Strong Receivables Growth

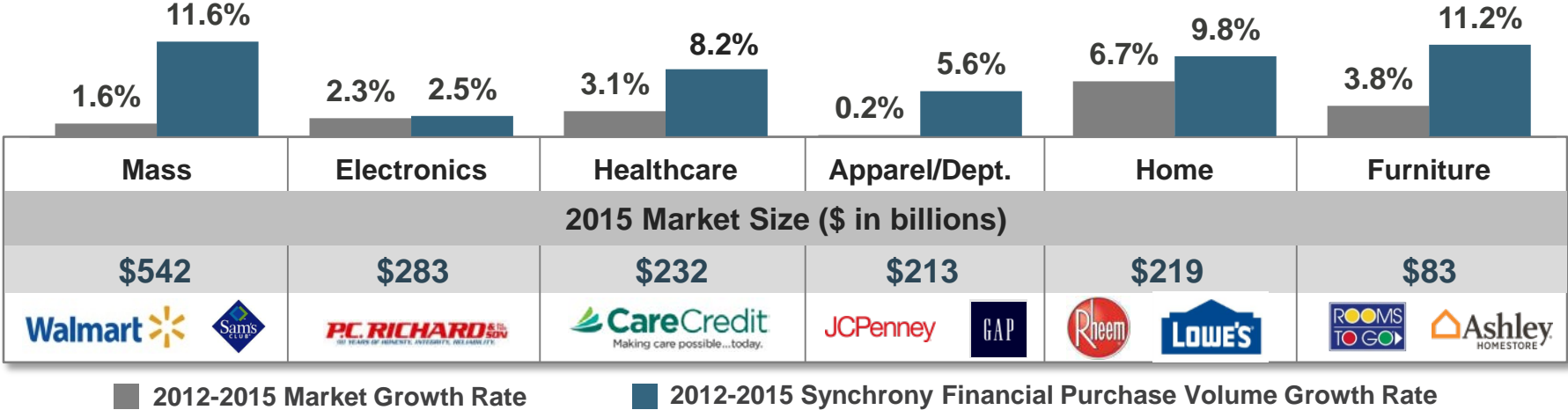
### Synchrony Financial Total Loan Receivables



- Majority of growth is organic
- Targeted marketing programs, digital capabilities, and value propositions helped drive organic growth



# Deep Integration Drives 2-3x Market Growth Rate



- Over 80 years of retail heritage
- Significant scale across platforms
- Robust data capture enables more customized offers
- Analytics and data insights help drive growth
- Joint executive management of programs—1,000+ SYF FTEs dedicated to drive partner sales
- Collaboration with partners ensures sales teams are aligned with program goals
- Economic benefits and incentives align goals and drive profitable program growth

Sources for market data: Kantar Retail (2015 Mass & Apparel/Dept. market projections); IBIS World Research Group; CareCredit industry research; Joint Centers for Housing Studies, Harvard University; Consumer Electronics Association.

# Attracting New Partners

## Retail Card



## Payment Solutions



## CareCredit



### We attract partners who value our:

- Experience & partnership—long history of improving sales, customer loyalty, and retention
- Differentiated capabilities:
  - Marketing and analytics
  - Innovation
  - Mobile and online
  - Underwriting and lifecycle management
  - On-site dedicated teams

### We seek deals that:

- Have an appropriate risk-reward profile
- Enable us to own key program aspects:
  - Underwriting
  - Collections

# Fast-Growing Online Bank

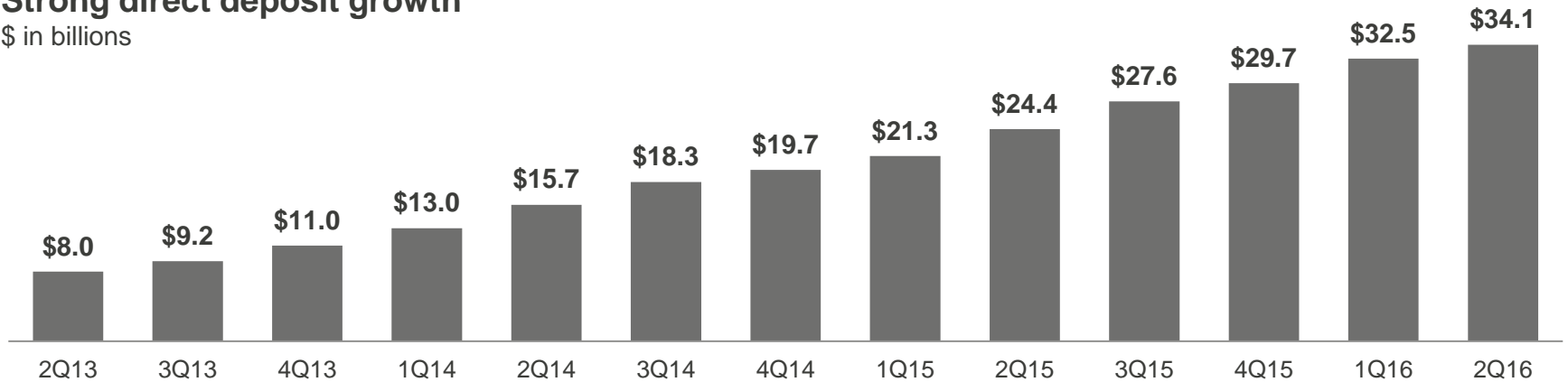
## Growth Strategy

- ✓ Competitive rates and superior service afforded by low cost structure of online bank
- ✓ Opportunity to further leverage cross-sell opportunities with cardholder base
- ✓ Expand product suite – checking, debit, bill payment, small business deposit accounts
- ✓ Enhance Synchrony Bank Perks program



## Strong direct deposit growth

\$ in billions



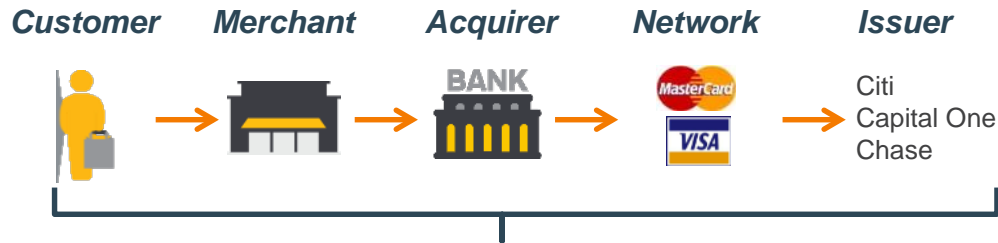
# Robust Data, Analytics and Digital Capabilities



# Proprietary Closed-Loop Network Advantages

## Enables Valuable Data Capture and Eliminates Interchange Fees

### General Purpose Card and Co-Branded Cards



Date	Merch.	Channel	Brand	Cat./SKU	\$
7/2/16	Department Store Partner				\$83.44
7/9/16	Department Store Partner				\$212.17

### Synchrony Financial Closed Loop Network for PLCC and Dual Card™



Date	Merch.	Channel	Brand	Cat./SKU	\$
7/2/16	Department Store Partner	<b>In-Store</b>	<b>DKNY</b>	<b>Women's Shoes 468XUTY</b>	\$83.44
7/9/16	Department Store Partner	<b>Mobile</b>	<b>Coach</b>	<b>Women's Handbags 229HHREO</b>	\$212.17

*\*illustrative data*

- Limited data can be collected by the card issuer when a General Purpose Credit Card or traditional co-branded card is used
- When Synchrony Financial Private Label Credit Cards or Dual Cards™ are used in-store, the transaction runs on our network
- Valuable incremental data capture occurs on transactions that run over the Synchrony Financial closed loop network
  - Brand or category
  - SKU-level data
  - Channel: in-store, online, or mobile
  - Receive SKU or category-level data on 70-75% of network transactions
- No interchange fees when Synchrony Financial Private Label Credit Cards or Dual Cards™ are used over our network



# Leverage Data/Analytics to Drive Partner Performance

## SKU/Category Data

### Identify

- In-store cross shop categories



### Predict

- Category purchase likelihood

	low	medium	medium
	low	high	high
	medium	high	highest
	medium	high	highest

### Recommend

- Products



Recommend products based on in-store purchase insights

## Leverage Card Spend Outside of Retailer to Customize In-Store Offers



Analyzing spend outside the retailer delivers insights to drive customers back in-store

## Helping Partners Beyond Credit

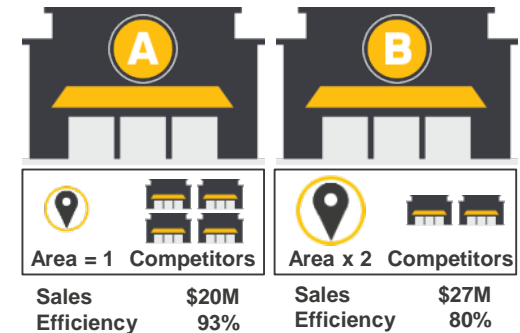
Combine shopper insights with external data to identify best new store location



### Competitive index

- High
- Medium
- Low
- None

Use store-level data to optimize store efficiency



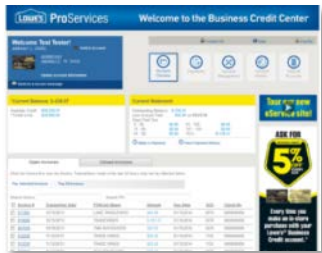
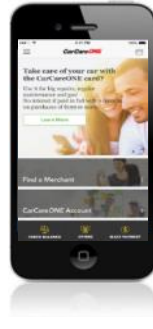
Through the data we collect over our network, we bring more insight to our partners

# Innovative Digital Capabilities

## eCommerce & Mobile

### Consumer

- Investing in enhanced user experience:
  - Customized offers
  - Quickscreen
  - Auto pre-fill
- Mobile applications deliver customized features including rewards, retail offers and alerts

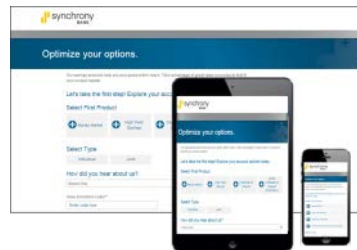


### Small Business

- Enhance user experience and features:
  - Project-level invoicing and billing
  - Invoice search
  - Simplified payments

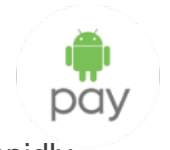
### Synchrony Bank

- Upgraded digital banking platform; including Remote Deposit Capture
- Responsive design allows customers to access account via any device



## Mobile Payments

### Wallet-Agnostic Strategy—Offering Choice to Retail Partners and Consumers



- Developed mobile platform that can be rapidly integrated across retailers and wallets
- Launched Samsung Pay for Payment Solutions and CareCredit
- Piloting JCPenney PLCC in Apple Pay

### Benefits to Synchrony Financial and Our Customers

- Preserving unique benefits and value propositions
- Synchrony Financial continuing to capture valuable customer data on our network
- Developing proprietary solutions like Digital Card
  - Digital version of card
  - Enables in-store self-service account lookup
  - Includes loyalty program number
  - Easy and secure access to card



Our innovative digital capabilities drove a 27% increase in online and mobile purchase volume since 2Q15



# Financial Performance & Business Highlights





# 2Q16 Highlights

## Financial Highlights

- \$489 million Net earnings, \$0.58 diluted EPS
- Strong growth across the business:
  - Purchase volume +9%
  - Loan receivables +11%
  - Net Interest Income +10%
- Asset quality metrics:
  - Net charge-offs were 4.49% compared to 4.63% in the prior year
  - 30+ delinquency at 3.79% compared to 3.53% in the prior year
- Expenses +4% driven by growth
  - Efficiency ratio improved to 31.9% from 33.5% in prior year
- Deposits +\$8.7 billion compared to prior year
  - Deposits now 71% of funding
- Strong capital and liquidity
  - 18.5% CET1<sup>(a)</sup> & \$14.0 billion liquid assets

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

## Business Highlights

- Renewed key relationships



- Signed new partnerships



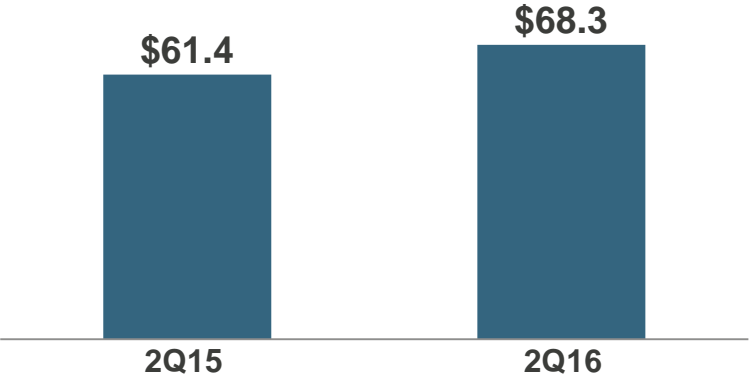
- Launched new programs



# Strong Operating Performance

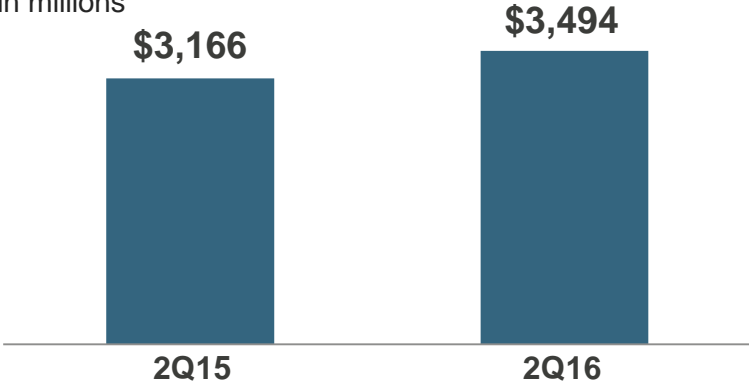
## Loan Receivables

\$ in billions, period-end balances



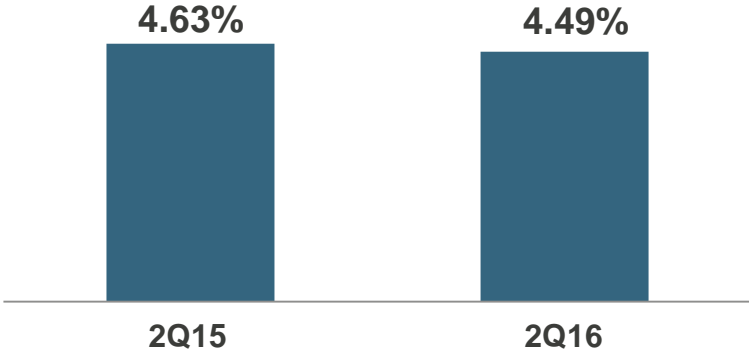
## Interest and Fees on Loans

\$ in millions



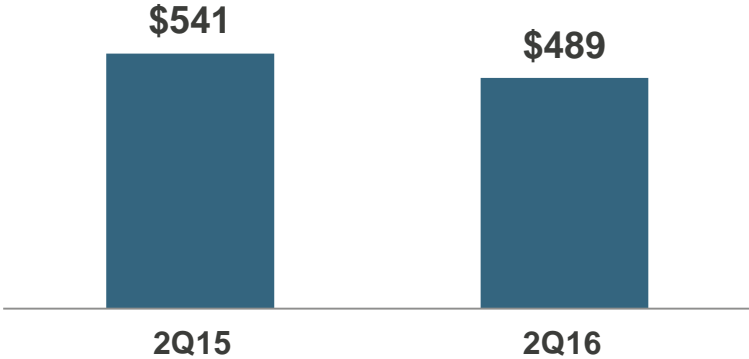
## Net Charge-Offs<sup>(a)</sup>

% of average loan receivables



## Net Earnings

\$ in millions

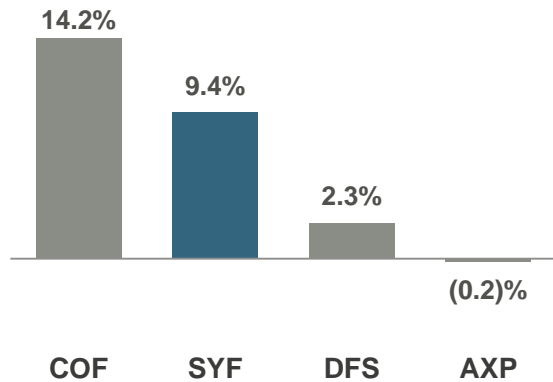


(a) Includes loan receivables held for sale.

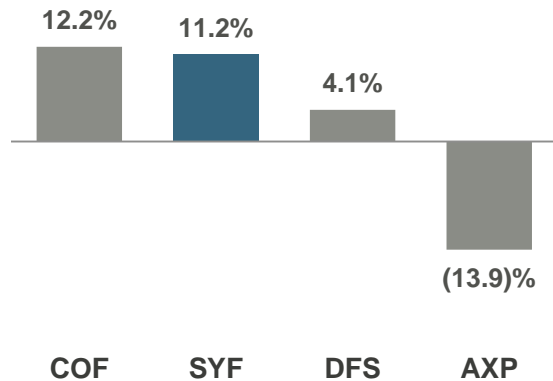
# Peer Comparison: 2Q16

## Significant Growth

### Purchase Volume Growth<sup>(a)</sup>

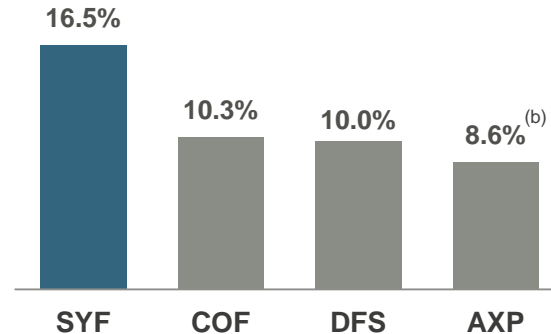


### Loan Receivables Growth<sup>(d)</sup>

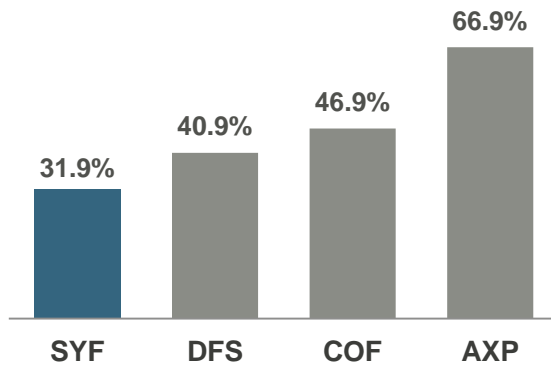


## Strong Margins

### Risk-Adjusted Yield<sup>(b)</sup>

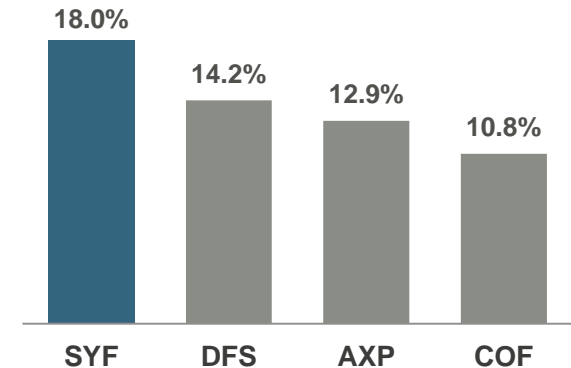


### Efficiency Ratio<sup>(a)</sup>

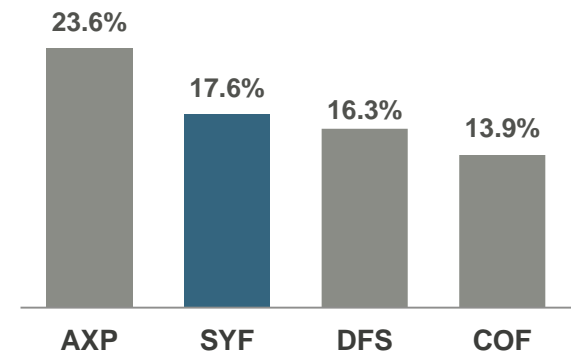


## Strong Balance Sheet

### CET1 Ratio<sup>(c)</sup>



### Liquidity % of Assets<sup>(e)</sup>



- (a) Segment data for AXP-U.S Consumer Services and COF-Domestic Card. Other data-total company level. AXP efficiency ratio calculated on an operating basis.  
 (b) SYF yield calculated as loan receivable yield less net charge-off rate. AXP yield calculated as total card member loan yield less net charge-off rate on card member loans (ex-HFS). Other peer information calculated as credit card yield less net charge-off rate on credit cards.  
 (c) CET1 ratios are on an estimated, fully phased-in basis. See non-GAAP reconciliation in appendix.

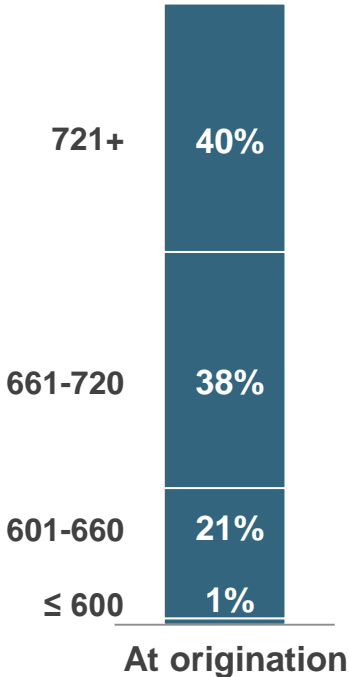
- (d) Segment data for AXP-U.S Consumer Services (ex-HFS), COF-Domestic Card, and DFS-Credit Card. SYF-total company level.  
 (e) For AXP, DFS, and SYF calculated as: (cash and cash equivalents + investment securities) / total assets. COF calculated as: (cash and cash equivalents + AFS securities) / total assets.

Sources: Company filings and SNL.  
 Purchase volume and loan receivables growth are 2Q16 vs. 2Q15.

# Focus on Higher Quality Asset Base

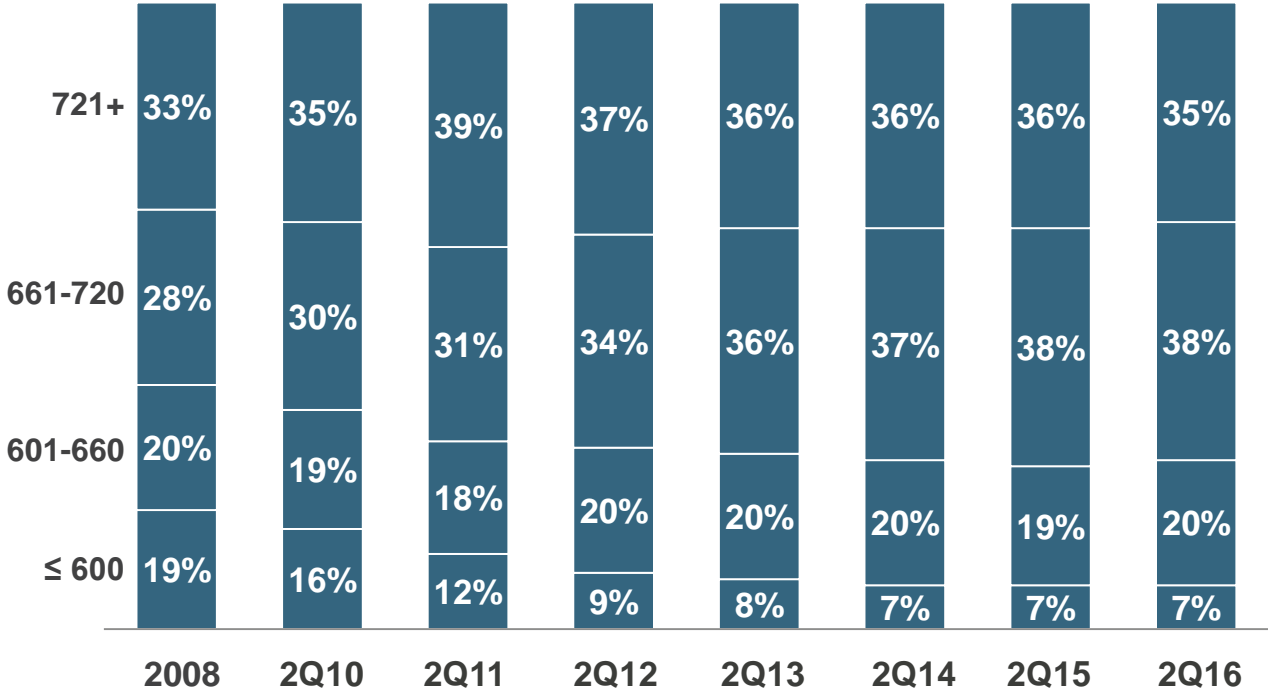
## Disciplined Underwriting

FICO, consumer accounts opened since beginning of 2010



## Stronger Portfolio

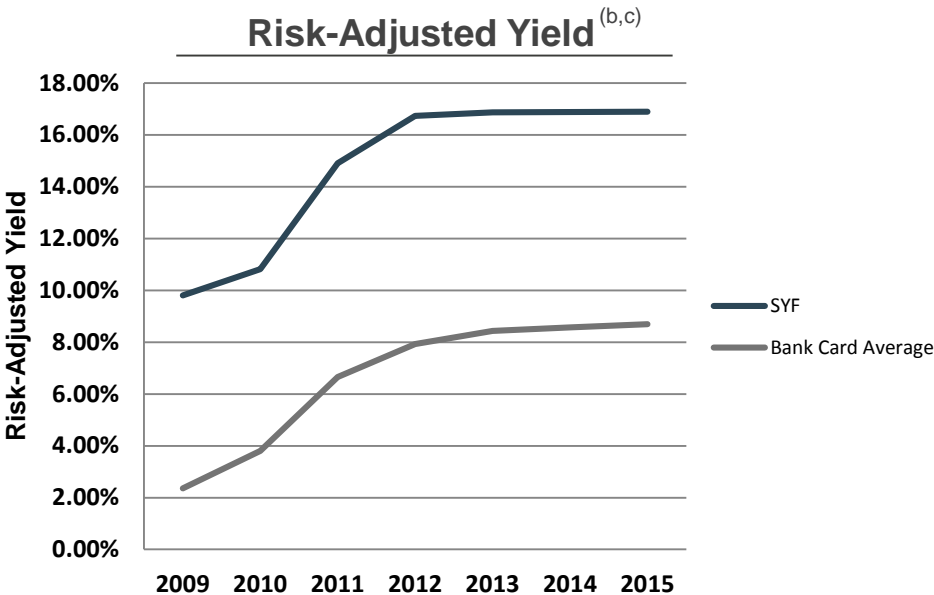
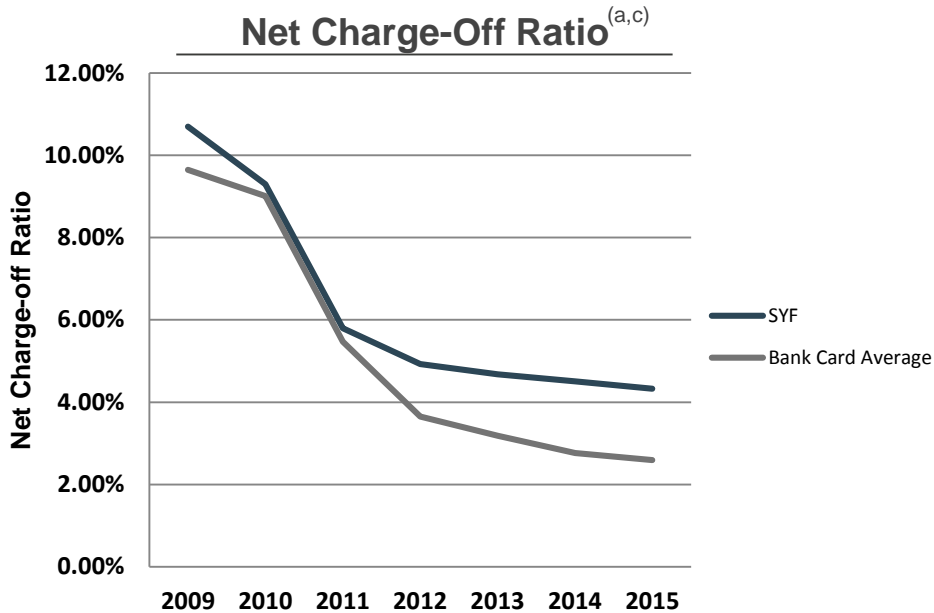
Consumer FICO<sup>(a)</sup>



- Synchrony Financial controls underwriting and credit line decisions
- Focus on stronger underwriting has led to higher quality portfolio
  - 73% of loan receivables have FICO > 660

(a) Based on most recent FICO scores available for our customers in each period, weighted by balance, as a % of period -end receivables. If FICO score was not available credit bureau based scores were mapped to a FICO equivalent. If neither score was available, the account was excluded.

# Historical Net Charge-Offs & Risk-Adjusted Yield



## Delivered Strong Risk-Adjusted Returns

- Net charge-off performance was generally consistent with general purpose card issuers during the financial crisis
- Risk-adjusted yield outperformed general purpose card issuers by >700 bps through the financial crisis
- Risk-adjusted yield outperformance has improved post-crisis to over 800 bps

(a) Peers include: AXP US Card Services, BAC US Credit Card, C Citi-Branded Cards North America, COF Domestic Card, DFS Credit Card, JPM Credit Card, and WFC Consumer Credit Card. SYF – total company level.

(b) Peers include: AXP US Card Services, BAC US Credit Card, C Citi-Branded Cards North America, COF Domestic Card, DFS Credit Card, and WFC Consumer Credit Card. SYF – total company level. SYF yield calculated as loan receivable yield less net charge-off rate. Peer information calculated as credit card yield less net charge-off rate on credit cards. Citi-Branded Card yield calculated as average quarterly yield less net charge-off rate on credit cards (average quarterly net charge-off rate for 2015).

(c) Data on a managed-basis for 2009. See non-GAAP reconciliation in appendix.

Sources: Company filings. Risk-adjusted yield involved calculations by SYF based upon company filings.

# Retailer Share Arrangements (RSA)

Provides a countercyclical buffer in stressed environments:

2015 RSAs were **4.4%** of average loan receivables  
 2009 RSAs were **1.6%** of average loan receivables<sup>(a)</sup>

## Shared Components

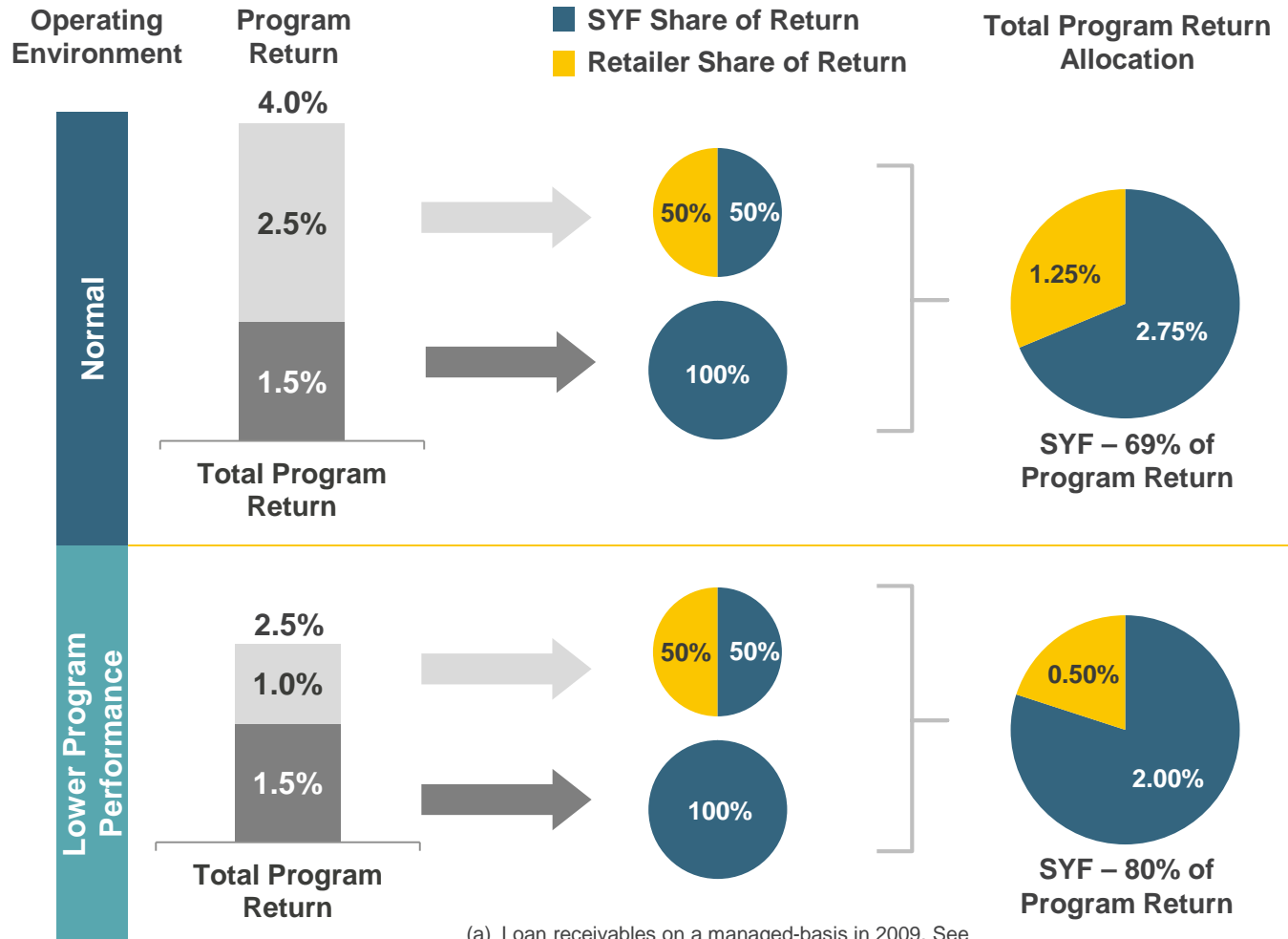
### Program Revenue

- Interest Income
- Fee Income
- Interchange Fees

### Program Expenses

- Interest Expense
- Provision for Loan Losses
- Loyalty Expense
- Operating Expenses

## Illustrative Examples

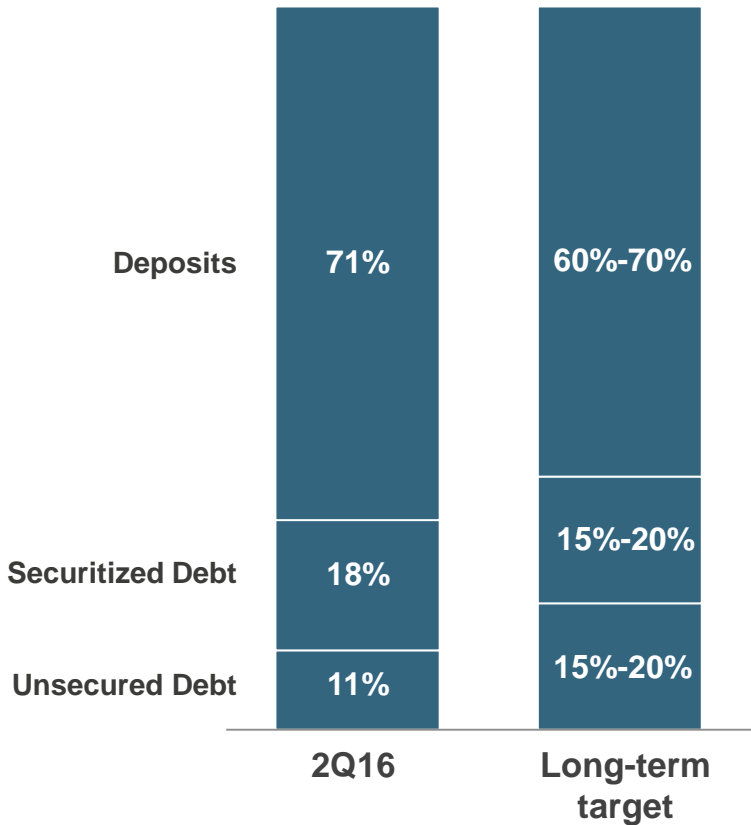


(a) Loan receivables on a managed-basis in 2009. See non-GAAP reconciliation in appendix.

# Diverse Funding Sources and Strong Liquidity

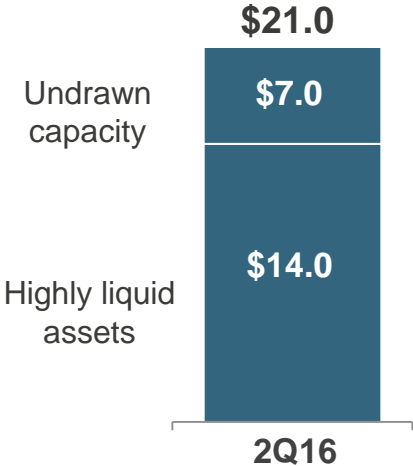
## Diverse Funding Sources

% of liabilities excluding non-debt liabilities



## Strong Liquidity Profile

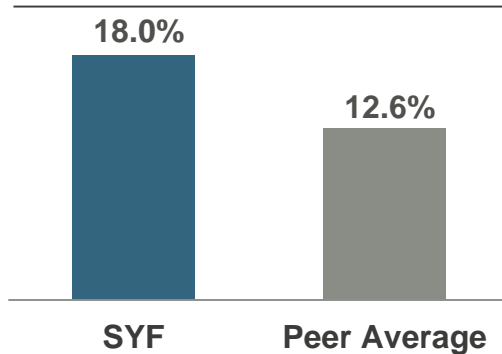
\$ in billions



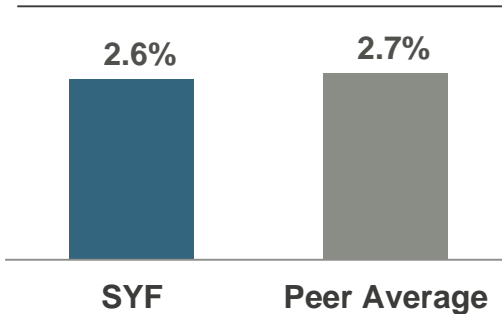
- ✓ Substantial liquidity: \$21.0 billion as of 2Q16, including undrawn securitization capacity
- ✓ Diverse and stable funding sources
- ✓ Fast-growing direct deposit platform to support growth
- ✓ Positioned slightly asset sensitive

# Strong Capital Profile

## CET1 Ratio – 2Q16<sup>(a)</sup>



## ROA – 2Q16 YTD



## Strong Position Relative to Peers

- Current level of capital well above peers
- Generating solid relative earnings power
- Significant capital return opportunity over the long-term<sup>(b)</sup>

## Capital Deployment Priorities

1. Organic growth
2. Program acquisitions
3. Dividends
4. Share buybacks
5. M&A opportunities

Peers include AXP, DFS, and COF.

(a) CET1 ratios are on an estimated, fully phased-in basis. See non-GAAP reconciliation in appendix.

(b) Subject to board and regulatory approval.

Sources: Company filings and SNL.



# Strategic Priorities

## Grow our business through our three sales platforms

- Grow existing retailer penetration
- Continue to innovate and provide robust cardholder value propositions
- Add new partners and programs with attractive risk and return profiles

## Expand robust data, analytics and digital capabilities

- Accelerate capabilities: marketing, analytics and loyalty
- Continue to leverage SKU level data and invest in CRM to differentiate marketing capabilities
- Deliver leading capabilities across digital and mobile technologies

## Position business for long-term growth

- Build Synchrony Bank into a leading full-scale online bank—develop broad product suite to increase loyalty, diversify funding and drive profitability
- Explore opportunities to expand the core business (e.g., grow small business platform)

## Operate with a strong balance sheet and financial profile

- Maintain strong capital and liquidity
- Deliver earnings growth at attractive returns

## Leverage strong capital position

- Organic growth, program acquisitions, and start-up opportunities
- Return capital to shareholders via dividend and share repurchase programs
- Invest in capability-enhancing technologies and businesses

# Appendix



# Non-GAAP Reconciliation

The following table sets forth a reconciliation of each component of our capital ratios to the comparable GAAP component at June 30, 2016.

	<b>\$ in millions at June 30, 2016</b>
<b><u>COMMON EQUITY MEASURES</u></b>	
GAAP Total common equity .....	\$13,715
Less: Goodwill .....	(949)
Less: Intangible assets, net .....	(704)
<b>Tangible common equity .....</b>	<b>\$12,062</b>
Adjustments for certain deferred tax liabilities and certain items in accumulated comprehensive income (loss) .....	282
<b>Basel III – Common equity Tier 1 (fully phased-in) .....</b>	<b>\$12,344</b>
Adjustments related to capital components during transition .....	266
<b>Basel III – Common equity Tier 1 (transition) .....</b>	<b>\$12,610</b>
<b>Risk-weighted assets – Basel III (fully phased-in) .....</b>	<b>\$68,462</b>
<b>Risk-weighted assets – Basel III (transition) .....</b>	<b>\$68,188</b>

# Non-GAAP Reconciliation

The following table sets forth a reconciliation between GAAP results and non-GAAP managed-basis results for 2009.

	<b>Twelve months ended December 31, 2009</b>
<u>Net charge-offs as a % of average loan receivables, including held for sale:</u>	
GAAP	11.3%
Securitization adjustments	<u>(0.6)%</u>
Managed-basis	10.7%
<u>Interest and fees on loans as a % of average loan receivables, including held for sale:</u>	
GAAP	19.7%
Securitization adjustments	<u>0.8%</u>
Managed-basis	20.5%
<u>Retailer share arrangements as a % of average loan receivables, including held for sale:</u>	
GAAP	3.4%
Securitization adjustments	<u>(1.8)%</u>
Managed-basis	1.6%
<u>Risk-adjusted yield<sup>(a)</sup>:</u>	
GAAP	8.4%
Securitization adjustments	<u>1.4%</u>
Managed-basis	9.8%

(a) Risk-adjusted yield is equal to interest and fees on loans as a % of average loan receivables less net charge-offs as a % of average loan receivables.