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Synchrony Financial Reports Third Quarter Net Earnings of $555 Million or $0.70 Per Diluted Share

STAMFORD, Conn. – Synchrony Financial (NYSE: SYF) today announced third quarter 2017 net earnings of $555 million, or $0.70 per diluted share. Highlights for the quarter included:

- Net interest income increased 11% from the third quarter of 2016 to $3.9 billion
- Loan receivables grew $6 billion, or 9%, from the third quarter of 2016 to $77 billion
- Purchase volume increased 4% from the third quarter of 2016
- Strong deposit growth continued, up $5 billion, or 9%, over the third quarter of 2016
- Renewed relationships: Yamaha, BrandsMart U.S.A, Nautilus, Mars Petcare, and Evine
- Launched new programs with At Home and zulily
- Launched new 2% Cash Back value proposition at PayPal
- Launched new CareCredit Dual Card™
- Quarterly common stock dividend payment of $0.15 per share and repurchased $390 million of Synchrony Financial common stock

"Our focus on strong organic growth across our sales platforms has helped deliver another solid quarter. Renewing key relationships remains a priority—we recently renewed several programs in addition to launching two new ones. Compelling value propositions are integral to driving program growth and we are pleased to continue to launch innovative solutions that provide value to our partners and cardholders. Our deposit base comprises a significant portion of our funding and, as such, generating deposit growth through attractive rates and great customer service is a priority," said Margaret Keane, President and Chief Executive Officer of Synchrony Financial. "We have maintained solid returns and a strong balance sheet and remain focused on returning capital to shareholders."

Business and Financial Highlights for the Third Quarter of 2017

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

Earnings

- Net interest income increased $395 million, or 11%, to $3.9 billion, primarily driven by strong loan receivables growth. Net interest income after retailer share arrangements increased 13%.
- Provision for loan losses increased $324 million to $1.3 billion driven by credit normalization and loan receivables growth.
- Other income was down $8 million to $76 million, primarily due to higher loyalty program expense, partially offset by higher interchange revenue.
- Other expense increased $99 million to $958 million, primarily driven by business growth.
- Net earnings totaled $555 million compared to $604 million in the third quarter of 2016.

Balance Sheet

- Period-end loan receivables growth remained strong at 9%, primarily driven by purchase volume growth of 4% and average active account growth of 4%.
- Deposits grew to $54 billion, up $5 billion, or 9%, and comprised 73% of funding compared to 71% last year.
- The Company's balance sheet remained strong with total liquidity (liquid assets and undrawn credit facilities) of $22 billion, or 24% of total assets.
- The estimated Common Equity Tier 1 ratio under Basel III subject to transition provisions was 17.3% and the estimated fully phased-in Common Equity Tier 1 ratio under Basel III was 17.2%.

Key Financial Metrics

- Return on assets was 2.4% and return on equity was 15.3%.
- Net interest margin increased 40 basis points to 16.74%.
- Efficiency ratio was 30.4%, compared to 30.6% in the third quarter of 2016, driven by strong positive operating leverage. Year-to-date efficiency ratio was 30.3%, compared to 31.0% in the prior year.

Credit Quality

- Loans 30+ days past due as a percentage of total period-end loan receivables were 4.80% compared to 4.26% last year.
- Net charge-offs as a percentage of total average loan receivables were 4.95% compared to 4.39% last year.
- The allowance for loan losses as a percentage of total period-end loan receivables was 6.97% compared to 5.82% last year.

Sales Platforms

- Retail Card interest and fees on loans increased 11%, driven primarily by period-end loan receivables growth of 9%. Purchase volume growth was 4% and average active account growth was 3%. Loan receivables growth was broad-based across partner programs.
- Payment Solutions interest and fees on loans increased 11%, driven primarily by period-end loan receivables growth of 9%. Purchase volume growth was 6%, adjusted to exclude the impact from the hhgregg bankruptcy, and average active account growth was 9%. Loan receivables growth was led by home furnishings and automotive.
- CareCredit interest and fees on loans increased 9%, driven primarily by period-end loan receivables growth of 10%. Purchase volume growth was 9% and average active account growth was 9%. Loan receivables growth was led by dental and veterinary.

Corresponding Financial Tables and Information

No representation is made that the information in this news release is complete. Investors are encouraged to review the foregoing summary and discussion of Synchrony Financial's earnings and financial condition in conjunction with the detailed financial tables and information that follow and in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed February 23, 2017, and the Company's forthcoming Quarterly Report on Form 10-Q for the quarter ended September 30, 2017. The detailed financial tables and other information are also available on the Investor Relations page of the Company's website at www.investors.synchronyfinancial.com. This information is also furnished in a Current Report on Form 8-K filed with the SEC today.

Conference Call and Webcast Information

On Friday, October 20, 2017, at 8:30 a.m. Eastern Time, Margaret Keane, President and Chief Executive Officer, and Brian Doubles, Executive Vice President and Chief Financial Officer, will host a conference call to review the financial results and outlook for certain business drivers. The conference call can be accessed via an audio webcast through the Investor Relations page on the Synchrony Financial corporate website, www.investors.synchronyfinancial.com, under Events and Presentations. A replay will be available on the website or by dialing (888) 843-7419 (U.S. domestic) or (630) 652-3042 (international), passcode 32017#, and can be accessed beginning approximately two hours after the event through November 3, 2017.

About Synchrony Financial

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

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

Cautionary Statement Regarding Forward-Looking Statements

This news release contains certain forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. Forward-looking statements may be identified by words such as “expects,” “intends,” “anticipates,” “plans,” “believes,” “seeks,” “targets,” “outlook,” “estimates,” “will,” “should,” “may” or words of similar meaning, but these words are not the exclusive means of identifying forward-looking statements. Forward-looking statements are based on management’s current expectations and assumptions, and are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, actual results could differ materially from those indicated in these forward-looking statements. Factors that could cause actual results to differ materially include global political, economic, business, competitive, market, regulatory and other factors and risks, such as: the impact of macroeconomic conditions and whether industry trends we have identified develop as anticipated; retaining existing partners and attracting new partners, concentration of our revenue in a small number of Retail Card partners, promotion and support of our products by our partners, and financial performance of our partners; cyber-attacks or other security breaches; higher borrowing costs and adverse financial market conditions impacting our funding and liquidity, and any reduction in our credit ratings; our ability to securitize our loans, occurrence of an early amortization of our securitization facilities, loss of the right to service or subservice our securitized loans, and lower payment rates on our securitized loans; our ability to grow our deposits in the future; changes in market interest rates and the impact of any margin compression; effectiveness of our risk management processes and procedures, reliance on models which may be inaccurate or misinterpreted, our ability to manage our credit risk, the sufficiency of our allowance for loan losses and the accuracy of the assumptions or estimates used in preparing our financial statements; our ability to offset increases in our costs in retailer share arrangements; competition in the consumer finance industry; our concentration in the U.S. consumer credit market; our ability to successfully develop and commercialize new or enhanced products and services; our ability to realize the value of strategic investments; reductions in interchange fees; fraudulent activity; failure of third parties to provide various services that are important to our operations; disruptions in the operations of our computer systems and data centers; international risks and compliance and regulatory risks and costs associated with international operations; alleged infringement of intellectual property rights of others and our ability to protect our intellectual property; litigation and regulatory actions; damage to our reputation; our ability to attract, retain and motivate key officers and employees; tax legislation initiatives or challenges to our tax positions and state sales tax rules and regulations; a material indemnification obligation to GE under the tax sharing and separation agreement with GE if we cause the split-off from GE or certain preliminary transactions to fail to qualify for tax-free treatment or in the case of certain significant transfers of our stock following the split-off; regulation, supervision, examination and enforcement of our business by governmental authorities, the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the impact of the Consumer Financial Protection Bureau’s regulation of our business; impact of capital adequacy rules and liquidity requirements; restrictions that limit our ability to pay dividends and repurchase our common stock, and restrictions that limit Synchrony Bank’s ability to pay dividends to us; regulations relating to privacy, information security and data protection; use of third-party vendors and ongoing third-party business relationships; and failure to comply with anti-money laundering and anti-terrorism financing laws.

For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this news release and in our public filings, including under the heading “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2016, as filed on February 23, 2017. You should not consider any list of such factors to be an exhaustive statement of all of the risks, uncertainties, or potentially inaccurate assumptions that could cause our current expectations or beliefs to change. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law.

Non-GAAP Measures

The information provided herein includes measures we refer to as “tangible common equity” and certain capital ratios, which are not prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). For a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures, please see the detailed financial tables and information that follow. For a statement regarding the usefulness of these measures to investors, please see the Company’s Current Report on Form 8-K filed with the SEC today.

SYNCHRONY FINANCIAL

FINANCIAL SUMMARY

(unaudited, in millions, except per share statistics)

	Quarter Ended							Nine Months Ended			
	Sep 30, 2017	**Jun 30, 2017**	**Mar 31, 2017**	**Dec 31, 2016**	**Sep 30, 2016**	**3Q'17 vs. 3Q'16**		**Sep 30, 2017**	**Sep 30, 2016**	**YTD'17 vs. YTD'16**	
EARNINGS											
Net interest income	$ 3,876	$ 3,637	$ 3,587	$ 3,628	$ 3,481	$ 395	11.3 %	$ 11,100	$ 9,902	$ 1,198	12.1 %
Retailer share arrangements	(805)	(669)	(684)	(811)	(757)	(48)	6.3 %	(2,158)	(2,091)	(67)	3.2 %
Net interest income, after retailer share arrangements	3,071	2,968	2,903	2,817	2,724	347	12.7 %	8,942	7,811	1,131	14.5 %
Provision for loan losses	1,310	1,326	1,306	1,076	986	324	32.9 %	3,942	2,910	1,032	35.5 %
Net interest income, after retailer share arrangements and provision for loan losses	1,761	1,642	1,597	1,741	1,738	23	1.3 %	5,000	4,901	99	2.0 %
Other income	76	57	93	85	84	(8)	(9.5)%	226	259	(33)	(12.7)%
Other expense	958	911	908	918	859	99	11.5 %	2,777	2,498	279	11.2 %
Earnings before provision for income taxes	879	788	782	908	963	(84)	(8.7)%	2,449	2,662	(213)	(8.0)%
Provision for income taxes	324	292	283	332	359	(35)	(9.7)%	899	987	(88)	(8.9)%
Net earnings	$ 555	$ 496	$ 499	$ 576	$ 604	$ (49)	(8.1)%	$ 1,550	$ 1,675	$ (125)	(7.5)%
Net earnings attributable to common stockholders	$ 555	$ 496	$ 499	$ 576	$ 604	$ (49)	(8.1)%	$ 1,550	$ 1,675	$ (125)	(7.5)%
COMMON SHARE STATISTICS											
Basic EPS	$ 0.70	$ 0.62	$ 0.61	$ 0.70	$ 0.73	$ (0.03)	(4.1)%	$ 1.93	$ 2.01	$ (0.08)	(4.0)%
Diluted EPS	$ 0.70	$ 0.61	$ 0.61	$ 0.70	$ 0.73	$ (0.03)	(4.1)%	$ 1.93	$ 2.01	$ (0.08)	(4.0)%
Dividend declared per share	$ 0.15	$ 0.13	$ 0.13	$ 0.13	$ 0.13	$ 0.02	15.4 %	$ 0.41	$ 0.13	$ 0.28	NM
Common stock price	$ 31.05	$ 29.82	$ 34.30	$ 36.27	$ 28.00	$ 3.05	10.9 %	$ 31.05	$ 28.00	$ 3.05	10.9 %
Book value per share	$ 18.40	$ 18.02	$ 17.71	$ 17.37	$ 16.94	$ 1.46	8.6 %	$ 18.40	$ 16.94	$ 1.46	8.6 %
Tangible common equity per share(1)	$ 16.15	$ 15.79	$ 15.47	$ 15.34	$ 14.90	$ 1.25	8.4 %	$ 16.15	$ 14.90	$ 1.25	8.4 %
Beginning common shares outstanding	795.3	810.8	817.4	825.5	833.9	(38.6)	(4.6)%	817.4	833.8	(16.4)	(2.0)%
Issuance of common shares	—	—	—	—	—	—	— %	—	—	—	— %
Stock-based compensation	0.1	0.2	—	—	0.1	—	— %	0.3	0.2	0.1	50.0 %
Shares repurchased	(12.8)	(15.7)	(6.6)	(8.1)	(8.5)	(4.3)	50.6 %	(35.1)	(8.5)	(26.6)	NM
Ending common shares outstanding	782.6	795.3	810.8	817.4	825.5	(42.9)	(5.2)%	782.6	825.5	(42.9)	(5.2)%
Weighted average common shares outstanding	787.3	804.0	813.1	820.5	828.4	(41.1)	(5.0)%	801.3	832.1	(30.8)	(3.7)%
Weighted average common shares outstanding (fully diluted)	790.9	807.4	817.1	823.8	830.6	(39.7)	(4.8)%	805.0	834.1	(29.1)	(3.5)%

(1) Tangible Common Equity ("TCE") is a non-GAAP measure. For corresponding reconciliation of TCE to a GAAP financial measure, see Reconciliation of Non-GAAP Measures and Calculations of Regulatory Measures.

SYNCHRONY FINANCIAL
SELECTED METRICS
(unaudited, $ in millions, except account data)

	Quarter Ended							Nine Months Ended			
	Sep 30, 2017	**Jun 30, 2017**	**Mar 31, 2017**	**Dec 31, 2016**	**Sep 30, 2016**	**3Q'17 vs. 3Q'16**		**Sept 30, 2017**	**Sept 30, 2016**	**YTD'17 vs. YTD'16**	
PERFORMANCE METRICS											
Return on assets(1)	2.4 %	2.2 %	2.3 %	2.6 %	2.8 %		(0.4)%	2.3 %	2.7 %		(0.4)%
Return on equity(2)	15.3 %	13.8 %	14.1 %	16.2 %	17.3 %		(2.0)%	14.4 %	16.6 %		(2.2)%
Return on tangible common equity(3)	17.4 %	15.7 %	16.1 %	18.4 %	19.6 %		(2.2)%	16.4 %	18.9 %		(2.5)%
Net interest margin(4)	16.74 %	16.20 %	16.18 %	16.26 %	16.34 %		0.40 %	16.38 %	16.05 %		0.33 %
Efficiency ratio(5)	30.4 %	30.1 %	30.3 %	31.6 %	30.6 %		(0.2)%	30.3 %	31.0 %		(0.7)%
Other expense as a % of average loan receivables, including held for sale	4.99 %	4.93 %	4.97 %	5.04 %	4.93 %		0.06 %	4.96 %	4.95 %		0.01 %
Effective income tax rate	36.9 %	37.1 %	36.2 %	36.6 %	37.3 %		(0.4)%	36.7 %	37.1 %		(0.4)%
CREDIT QUALITY METRICS											
Net charge-offs as a % of average loan receivables, including held for sale	4.95 %	5.42 %	5.33 %	4.65 %	4.39 %		0.56 %	5.23 %	4.54 %		0.69 %
30+ days past due as a % of period-end loan receivables(6)	4.80 %	4.25 %	4.25 %	4.32 %	4.26 %		0.54 %	4.80 %	4.26 %		0.54 %
90+ days past due as a % of period-end loan receivables(6)	2.22 %	1.90 %	2.06 %	2.03 %	1.89 %		0.33 %	2.22 %	1.89 %		0.33 %
Net charge-offs	$ 950	$ 1,001	$ 974	$ 847	$ 765	$ 185	24.2 %	$ 2,925	$ 2,292	$ 633	27.6 %
Loan receivables delinquent over 30 days(6)	$ 3,694	$ 3,208	$ 3,120	$ 3,295	$ 3,008	$ 686	22.8 %	$ 3,694	$ 3,008	$ 686	22.8 %
Loan receivables delinquent over 90 days(6)	$ 1,707	$ 1,435	$ 1,508	$ 1,546	$ 1,334	$ 373	28.0 %	$ 1,707	$ 1,334	$ 373	28.0 %
Allowance for loan losses (period-end)	$ 5,361	$ 5,001	$ 4,676	$ 4,344	$ 4,115	$ 1,246	30.3 %	$ 5,361	$ 4,115	$ 1,246	30.3 %
Allowance coverage ratio(7)	6.97 %	6.63 %	6.37 %	5.69 %	5.82 %		1.15 %	6.97 %	5.82 %		1.15 %
BUSINESS METRICS											
Purchase volume(8)	$ 32,893	$ 33,476	$ 28,880	$ 35,369	$ 31,615	$ 1,278	4.0 %	$ 95,249	$ 90,099	$ 5,150	5.7 %
Period-end loan receivables	$ 76,928	$ 75,458	$ 73,350	$ 76,337	$ 70,644	$ 6,284	8.9 %	$ 76,928	$ 70,644	$ 6,284	8.9 %
Credit cards	$ 73,946	$ 72,492	$ 70,587	$ 73,580	$ 67,858	$ 6,088	9.0 %	$ 73,946	$ 67,858	$ 6,088	9.0 %
Consumer installment loans	$ 1,561	$ 1,514	$ 1,411	$ 1,384	$ 1,361	$ 200	14.7 %	$ 1,561	$ 1,361	$ 200	14.7 %
Commercial credit products	$ 1,384	$ 1,386	$ 1,311	$ 1,333	$ 1,385	$ (1)	(0.1)%	$ 1,384	$ 1,385	$ (1)	(0.1)%
Other	$ 37	$ 66	$ 41	$ 40	$ 40	$ (3)	(7.5)%	$ 37	$ 40	$ (3)	(7.5)%
Average loan receivables, including held for sale	$ 76,165	$ 74,090	$ 74,132	$ 72,476	$ 69,316	$ 6,849	9.9 %	$ 74,803	$ 67,364	$ 7,439	11.0 %
Period-end active accounts (in thousands)(9)	69,008	69,277	67,905	71,890	66,781	2,227	3.3 %	69,008	66,781	2,227	3.3 %
Average active accounts (in thousands)(9)	69,331	68,635	69,629	68,701	66,639	2,692	4.0 %	69,319	66,204	3,115	4.7 %
LIQUIDITY											
Liquid assets											
Cash and equivalents	$ 13,915	$ 12,020	$ 11,392	$ 9,321	$ 13,588	$ 327	2.4 %	$ 13,915	$ 13,588	$ 327	2.4 %
Total liquid assets	$ 16,391	$ 15,274	$ 16,158	$ 13,612	$ 16,362	$ 29	0.2 %	$ 16,391	$ 16,362	$ 29	0.2 %
Undrawn credit facilities											
Undrawn credit facilities	$ 5,650	$ 6,650	$ 5,600	$ 6,700	$ 7,150	$ (1,500)	(21.0)%	$ 5,650	$ 7,150	$ (1,500)	(21.0)%
Total liquid assets and undrawn credit facilities	$ 22,041	$ 21,924	$ 21,758	$ 20,312	$ 23,512	$ (1,471)	(6.3)%	$ 22,041	$ 23,512	$ (1,471)	(6.3)%
Liquid assets % of total assets	17.71 %	16.76 %	18.14 %	15.09 %	18.77 %		(1.06)%	17.71 %	18.77 %		(1.06)%
Liquid assets including undrawn credit facilities % of total assets	23.82 %	24.06 %	24.43 %	22.52 %	26.98 %		(3.16)%	23.82 %	26.98 %		(3.16)%

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

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

(3) Return on tangible common equity represents net earnings as a percentage of average tangible common equity. Tangible common equity ("TCE") is a non-GAAP measure. For corresponding reconciliation of TCE to a GAAP financial measure, see Reconciliation of Non-GAAP Measures and Calculations of Regulatory Measures.

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

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

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

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

(8) Purchase volume, or net credit sales, represents the aggregate amount of charges incurred on credit cards or other credit product accounts less returns during the period.

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

SYNCHRONY FINANCIAL
STATEMENTS OF EARNINGS
(unaudited, $ in millions)

	Quarter Ended							Nine Months Ended			
	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	3Q'17 vs. 3Q'16		Sept 30, 2017	Sept 30, 2016	YTD'17 vs. YTD'16	
Interest income:											
Interest and fees on loans	$ 4,182	$ 3,927	$ 3,877	$ 3,919	$ 3,771	$ 411	10.9 %	$ 11,986	$ 10,763	$ 1,223	11.4 %
Interest on investment securities	51	43	36	28	25	26	104.0 %	130	68	62	91.2 %
Total interest income	4,233	3,970	3,913	3,947	3,796	437	11.5 %	12,116	10,831	1,285	11.9 %
Interest expense:											
Interest on deposits	219	202	194	188	188	31	16.5 %	615	539	76	14.1 %
Interest on borrowings of consolidated securitization entities	65	63	65	64	63	2	3.2 %	193	180	13	7.2 %
Interest on third-party debt	73	68	67	67	64	9	14.1 %	208	210	(2)	(1.0)%
Total interest expense	357	333	326	319	315	42	13.3 %	1,016	929	87	9.4 %
Net interest income	3,876	3,637	3,587	3,628	3,481	395	11.3 %	11,100	9,902	1,198	12.1 %
Retailer share arrangements	(805)	(669)	(684)	(811)	(757)	(48)	6.3 %	(2,158)	(2,091)	(67)	3.2 %
Net interest income, after retailer share arrangements	3,071	2,968	2,903	2,817	2,724	347	12.7 %	8,942	7,811	1,131	14.5 %
Provision for loan losses	1,310	1,326	1,306	1,076	986	324	32.9 %	3,942	2,910	1,032	35.5 %
Net interest income, after retailer share arrangements and provision for loan losses	1,761	1,642	1,597	1,741	1,738	23	1.3 %	5,000	4,901	99	2.0 %
Other income:											
Interchange revenue	164	165	145	167	154	10	6.5 %	474	435	39	9.0 %
Debt cancellation fees	67	68	68	68	67	—	— %	203	194	9	4.6 %
Loyalty programs	(168)	(206)	(137)	(157)	(145)	(23)	15.9 %	(511)	(390)	(121)	31.0 %
Other	13	30	17	7	8	5	62.5 %	60	20	40	NM
Total other income	76	57	93	85	84	(8)	(9.5)%	226	259	(33)	(12.7)%
Other expense:											
Employee costs	335	321	325	315	311	24	7.7 %	981	892	89	10.0 %
Professional fees	161	158	151	164	174	(13)	(7.5)%	470	474	(4)	(0.8)%
Marketing and business development	124	124	94	130	92	32	34.8 %	342	293	49	16.7 %
Information processing	96	88	90	88	87	9	10.3 %	274	250	24	9.6 %
Other	242	220	248	221	195	47	24.1 %	710	589	121	20.5 %
Total other expense	958	911	908	918	859	99	11.5 %	2,777	2,498	279	11.2 %
Earnings before provision for income taxes	879	788	782	908	963	(84)	(8.7)%	2,449	2,662	(213)	(8.0)%
Provision for income taxes	324	292	283	332	359	(35)	(9.7)%	899	987	(88)	(8.9)%
Net earnings attributable to common shareholders	$ 555	$ 496	$ 499	$ 576	$ 604	$ (49)	(8.1)%	$ 1,550	$ 1,675	$ (125)	(7.5)%

SYNCHRONY FINANCIAL
STATEMENTS OF FINANCIAL POSITION
(unaudited, $ in millions)

	Quarter Ended						
	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016	Sep 30, 2017 vs. Sep 30, 2016	
Assets							
Cash and equivalents	$ 13,915	$ 12,020	$ 11,392	$ 9,321	$ 13,588	$ 327	2.4 %
Investment securities	3,317	3,997	5,328	5,110	3,356	(39)	(1.2)%
Loan receivables:							
Unsecuritized loans held for investment	53,997	52,550	50,398	52,332	47,517	6,480	13.6 %
Restricted loans of consolidated securitization entities	22,931	22,908	22,952	24,005	23,127	(196)	(0.8)%
Total loan receivables	76,928	75,458	73,350	76,337	70,644	6,284	8.9 %
Less: Allowance for loan losses	(5,361)	(5,001)	(4,676)	(4,344)	(4,115)	(1,246)	30.3 %
Loan receivables, net	71,567	70,457	68,674	71,993	66,529	5,038	7.6 %
Goodwill	991	991	992	949	949	42	4.4 %
Intangible assets, net	772	787	826	712	733	39	5.3 %
Other assets	1,986	2,888	1,838	2,122	2,004	(18)	(0.9)%
Total assets	$ 92,548	$ 91,140	$ 89,050	$ 90,207	$ 87,159	$ 5,389	6.2 %
Liabilities and Equity							
Deposits:							
Interest-bearing deposit accounts	$ 54,232	$ 52,659	$ 51,359	$ 51,896	$ 49,611	$ 4,621	9.3 %
Non-interest-bearing deposit accounts	222	226	246	159	204	18	8.8 %
Total deposits	54,454	52,885	51,605	52,055	49,815	4,639	9.3 %
Borrowings:							
Borrowings of consolidated securitization entities	11,891	12,204	12,433	12,388	12,411	(520)	(4.2)%
Bank term loan	—	—	—	—	—	—	— %
Senior unsecured notes	8,008	8,505	7,761	7,759	7,756	252	3.2 %
Total borrowings	19,899	20,709	20,194	20,147	20,167	(268)	(1.3)%
Accrued expenses and other liabilities	3,793	3,214	2,888	3,809	3,196	597	18.7 %
Total liabilities	78,146	76,808	74,687	76,011	73,178	4,968	6.8 %
Equity:							
Common stock	1	1	1	1	1	—	— %
Additional paid-in capital	9,429	9,415	9,405	9,393	9,381	48	0.5 %
Retained earnings	6,543	6,109	5,724	5,330	4,861	1,682	34.6 %
Accumulated other comprehensive income:	(40)	(49)	(55)	(53)	(24)	(16)	66.7 %
Treasury Stock	(1,531)	(1,144)	(712)	(475)	(238)	(1,293)	NM
Total equity	14,402	14,332	14,363	14,196	13,981	421	3.0 %
Total liabilities and equity	$ 92,548	$ 91,140	$ 89,050	$ 90,207	$ 87,159	$ 5,389	6.2 %

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

	Quarter Ended														
	Sep 30, 2017			**Jun 30, 2017**			**Mar 31, 2017**			**Dec 31, 2016**			**Sep 30, 2016**		
	Average Balance	**Interest Income/ Expense**	**Average Yield/ Rate**	**Average Balance**	**Interest Income/ Expense**	**Average Yield/ Rate**	**Average Balance**	**Interest Income/ Expense**	**Average Yield/ Rate**	**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	$ 11,895	$ 37	1.23 %	$ 10,758	$ 28	1.04 %	$ 10,552	$ 21	0.81 %	$ 12,210	$ 17	0.55 %	$ 12,480	$ 16	0.51 %
Securities available for sale	3,792	14	1.46 %	5,195	15	1.16 %	5,213	15	1.17 %	4,076	11	1.07 %	2,960	9	1.21 %
Loan receivables:															
Credit cards, including held for sale	73,172	4,111	22.29 %	71,206	3,858	21.73 %	71,365	3,811	21.66 %	69,660	3,851	21.99 %	66,519	3,705	22.16 %
Consumer installment loans	1,543	35	9.00 %	1,461	34	9.33 %	1,389	32	9.34 %	1,373	31	8.98 %	1,333	31	9.25 %
Commercial credit products	1,392	36	10.26 %	1,378	34	9.90 %	1,317	34	10.47 %	1,386	36	10.33 %	1,401	35	9.94 %
Other	58	—	— %	45	1	NM	61	—	— %	57	1	NM	63	—	— %
Total loan receivables, including held for sale	76,165	4,182	21.78 %	74,090	3,927	21.26 %	74,132	3,877	21.21 %	72,476	3,919	21.51 %	69,316	3,771	21.64 %
Total interest-earning assets	91,852	4,233	18.28 %	90,043	3,970	17.68 %	89,897	3,913	17.65 %	88,762	3,947	17.69 %	84,756	3,796	17.82 %
Non-interest-earning assets:															
Cash and due from banks	877			829			802			739			862		
Allowance for loan losses	(5,125)			(4,781)			(4,408)			(4,228)			(3,933)		
Other assets	3,517			3,303			3,177			3,479			3,189		
Total non-interest-earning assets	(731)			(649)			(429)			(10)			118		
Total assets	$ 91,121			$ 89,394			$ 89,468			$ 88,752			$ 84,874		
Liabilities															
Interest-bearing liabilities:															
Interest-bearing deposit accounts	$ 53,294	$ 219	1.63 %	$ 51,836	$ 202	1.56 %	$ 51,829	$ 194	1.52 %	$ 51,006	$ 188	1.47 %	$ 47,895	$ 188	1.56 %
Borrowings of consolidated securitization entities	11,759	65	2.19 %	12,213	63	2.07 %	12,321	65	2.14 %	12,389	64	2.06 %	12,254	63	2.05 %
Bank term loan	—	—	— %	—	—	— %	—	—	— %	—	—	— %	—	—	— %
Senior unsecured notes	8,251	73	3.51 %	7,933	68	3.44 %	7,760	67	3.50 %	7,757	67	3.44 %	7,448	64	3.42 %
Total interest-bearing liabilities	73,304	357	1.93 %	71,982	333	1.86 %	71,910	326	1.84 %	71,152	319	1.78 %	67,597	315	1.85 %
Non-interest-bearing liabilities															
Non-interest-bearing deposit accounts	232			218			240			176			204		
Other liabilities	3,154			2,752			2,995			3,321			3,175		
Total non-interest-bearing liabilities	3,386			2,970			3,235			3,497			3,379		
Total liabilities	76,690			74,952			75,145			74,649			70,976		
Equity															
Total equity	14,431			14,442			14,323			14,103			13,898		
Total liabilities and equity	$ 91,121			$ 89,394			$ 89,468			$ 88,752			$ 84,874		
Net interest income		$ 3,876			$ 3,637			$ 3,587			$ 3,628			$ 3,481	
Interest rate spread(1)			16.35 %			15.82 %			15.81 %			15.91 %			15.97 %
Net interest margin(2)			16.74 %			16.20 %			16.18 %			16.26 %			16.34 %

(1) Interest rate spread represents the difference between the yield on total interest-earning assets and the rate on total interest-bearing liabilities.
(2) Net interest margin represents net interest income divided by average interest-earning assets.

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

	Nine Months Ended Sept 30, 2017			Nine Months Ended Sept 30, 2016		
	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	$ 11,073	$ 86	1.04%	$ 12,132	$ 46	0.51%
Securities available for sale	4,732	44	1.24%	2,932	22	1.00%
Loan receivables:						
Credit cards, including held for sale	71,920	11,780	21.90%	64,701	10,573	21.83%
Consumer installment loans	1,465	101	9.22%	1,240	86	9.26%
Commercial credit products	1,363	104	10.20%	1,367	103	10.06%
Other	55	1	2.43%	56	1	2.39%
Total loan receivables, including held for sale	74,803	11,986	21.42%	67,364	10,763	21.34%
Total interest-earning assets	90,608	12,116	17.88%	82,428	10,831	17.55%
Non-interest-earning assets:						
Cash and due from banks	836			1,041		
Allowance for loan losses	(4,774)			(3,752)		
Other assets	3,334			3,222		
Total non-interest-earning assets	(604)			511		
Total assets	$ 90,004			$ 82,939		
Liabilities						
Interest-bearing liabilities:						
Interest-bearing deposit accounts	$ 52,325	$ 615	1.57%	$ 45,915	$ 539	1.57%
Borrowings of consolidated securitization entities	12,096	193	2.13%	12,441	180	1.93%
Bank term loan(1)	—	—	—%	742	31	5.58%
Senior unsecured notes	7,983	208	3.48%	6,957	179	3.44%
Total interest-bearing liabilities	72,404	1,016	1.88%	66,055	929	1.88%
Non-interest-bearing liabilities						
Non-interest-bearing deposit accounts	230			215		
Other liabilities	2,971			3,211		
Total non-interest-bearing liabilities	3,201			3,426		
Total liabilities	75,605			69,481		
Equity						
Total equity	14,399			13,458		
Total liabilities and equity	$ 90,004			$ 82,939		
Net interest income		$ 11,100			$ 9,902	
Interest rate spread(2)			16.00%			15.67%
Net interest margin(3)			16.38%			16.05%

(1) The effective interest rate for the Bank term loan for the 9 months ended September 30, 2016 was 2.48%. The Bank term loan effective rate excludes the impact of charges incurred in connection with prepayments of the loan.

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

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

SYNCHRONY FINANCIAL
BALANCE SHEET STATISTICS
(unaudited, $ in millions, except per share statistics)

	Quarter Ended											
		Sep 30, 2017		Jun 30, 2017		Mar 31, 2017		Dec 31, 2016		Sep 30, 2016	Sep 30, 2017 vs. Sep 30, 2016	
BALANCE SHEET STATISTICS												
Total common equity	$	14,402	$	14,332	$	14,363	$	14,196	$	13,981	$ 421	3.0 %
Total common equity as a % of total assets		15.56%		15.73%		16.13%		15.74%		16.04%		(0.48)%
Tangible assets	$	90,785	$	89,362	$	87,232	$	88,546	$	85,477	$ 5,308	6.2 %
Tangible common equity(1)	$	12,639	$	12,554	$	12,545	$	12,535	$	12,299	$ 340	2.8 %
Tangible common equity as a % of tangible assets(1)		13.92%		14.05%		14.38%		14.16%		14.39%		(0.47)%
Tangible common equity per share(1)	$	16.15	$	15.79	$	15.47	$	15.34	$	14.90	$ 1.25	8.4 %
REGULATORY CAPITAL RATIOS(2)												
	Basel III Transition											
Total risk-based capital ratio(3)		18.7%		18.7%		19.3%		18.5%		19.5%		
Tier 1 risk-based capital ratio(4)		17.3%		17.4%		18.0%		17.2%		18.2%		
Tier 1 leverage ratio(5)		14.6%		14.8%		14.8%		15.0%		15.4%		
Common equity Tier 1 capital ratio(6)		17.3%		17.4%		18.0%		17.2%		18.2%		
	Basel III Fully Phased-in											
Common equity Tier 1 capital ratio(6)		17.2%		17.2%		17.7%		17.0%		17.9%		

(1) Tangible common equity ("TCE") is a non-GAAP measure. We believe TCE is a more meaningful measure of the net asset value of the Company to investors. For corresponding reconciliation of TCE to a GAAP financial measure, see Reconciliation of Non-GAAP Measures and Calculations of Regulatory Measures.

(2) Regulatory capital metrics at September 30, 2017 are preliminary and therefore subject to change.

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

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

(5) Tier 1 leverage ratio is the ratio of Tier 1 capital divided by total average assets, after certain adjustments. Tier 1 leverage ratios are based upon the use of daily averages for all periods presented.

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

SYNCHRONY FINANCIAL
PLATFORM RESULTS
(unaudited, $ in millions)

	Quarter Ended					3Q'17 vs. 3Q'16		Nine Months Ended		YTD'17 vs. YTD'16	
	Sep 30, 2017	Jun 30, 2017	Mar 31, 2017	Dec 31, 2016	Sep 30, 2016			Sept 30, 2017	Sept 30, 2016		
RETAIL CARD											
Purchase volume[1][2]	$ 26,347	$ 27,101	$ 22,952	$ 28,996	$ 25,285	$ 1,062	4.2 %	$ 76,400	$ 72,246	$ 4,154	5.7 %
Period-end loan receivables	$ 52,119	$ 51,437	$ 49,905	$ 52,701	$ 48,010	$ 4,109	8.6 %	$ 52,119	$ 48,010	$ 4,109	8.6 %
Average loan receivables, including held for sale	$ 51,817	$ 50,533	$ 50,644	$ 49,476	$ 47,274	$ 4,543	9.6 %	$ 51,002	$ 46,119	$ 4,883	10.6 %
Average active accounts (in thousands)[2][3]	54,471	54,058	55,049	54,489	52,959	1,512	2.9 %	54,639	52,834	1,805	3.4 %
Interest and fees on loans[2]	$ 3,102	$ 2,900	$ 2,888	$ 2,909	$ 2,790	$ 312	11.2 %	$ 8,890	$ 7,989	$ 901	11.3 %
Other income[2]	$ 61	$ 25	$ 77	$ 70	$ 70	$ (9)	(12.9)%	$ 163	$ 218	$ (55)	(25.2)%
Retailer share arrangements[2]	$ (795)	$ (657)	$ (681)	$ (801)	$ (752)	$ (43)	5.7 %	$ (2,133)	$ (2,069)	$ (64)	3.1 %
PAYMENT SOLUTIONS											
Purchase volume[1]	$ 4,178	$ 3,930	$ 3,686	$ 4,194	$ 4,152	$ 26	0.6 %	$ 11,794	$ 11,447	$ 347	3.0 %
Period-end loan receivables	$ 16,153	$ 15,595	$ 15,320	$ 15,567	$ 14,798	$ 1,355	9.2 %	$ 16,153	$ 14,798	$ 1,355	9.2 %
Average loan receivables	$ 15,848	$ 15,338	$ 15,424	$ 15,076	$ 14,367	$ 1,481	10.3 %	$ 15,538	$ 13,786	$ 1,752	12.7 %
Average active accounts (in thousands)[3]	9,183	9,031	9,090	8,844	8,461	722	8.5 %	9,108	8,261	847	10.3 %
Interest and fees on loans	$ 559	$ 533	$ 515	$ 523	$ 505	$ 54	10.7 %	$ 1,607	$ 1,429	$ 178	12.5 %
Other income	$ 2	$ 6	$ 4	$ 3	$ 3	$ (1)	(33.3)%	$ 12	$ 10	$ 2	20.0 %
Retailer share arrangements	$ (9)	$ (9)	$ (1)	$ (9)	$ (3)	$ (6)	NM	$ (19)	$ (17)	$ (2)	11.8 %
CARECREDIT											
Purchase volume[1]	$ 2,368	$ 2,445	$ 2,242	$ 2,179	$ 2,178	$ 190	8.7 %	$ 7,055	$ 6,406	$ 649	10.1 %
Period-end loan receivables	$ 8,656	$ 8,426	$ 8,125	$ 8,069	$ 7,836	$ 820	10.5 %	$ 8,656	$ 7,836	$ 820	10.5 %
Average loan receivables	$ 8,500	$ 8,219	$ 8,064	$ 7,924	$ 7,675	$ 825	10.7 %	$ 8,263	$ 7,459	$ 804	10.8 %
Average active accounts (in thousands)[3]	5,677	5,546	5,490	5,368	5,219	458	8.8 %	5,572	5,109	463	9.1 %
Interest and fees on loans	$ 521	$ 494	$ 474	$ 487	$ 476	$ 45	9.5 %	$ 1,489	$ 1,345	$ 144	10.7 %
Other income	$ 13	$ 26	$ 12	$ 12	$ 11	$ 2	18.2 %	$ 51	$ 31	$ 20	64.5 %
Retailer share arrangements	$ (1)	$ (3)	$ (2)	$ (1)	$ (2)	$ 1	(50.0)%	$ (6)	$ (5)	$ (1)	20.0 %
TOTAL SYF											
Purchase volume[1][2]	$ 32,893	$ 33,476	$ 28,880	$ 35,369	$ 31,615	$ 1,278	4.0 %	$ 95,249	$ 90,099	$ 5,150	5.7 %
Period-end loan receivables	$ 76,928	$ 75,458	$ 73,350	$ 76,337	$ 70,644	$ 6,284	8.9 %	$ 76,928	$ 70,644	$ 6,284	8.9 %
Average loan receivables, including held for sale	$ 76,165	$ 74,090	$ 74,132	$ 72,476	$ 69,316	$ 6,849	9.9 %	$ 74,803	$ 67,364	$ 7,439	11.0 %
Average active accounts (in thousands)[2][3]	69,331	68,635	69,629	68,701	66,639	2,692	4.0 %	69,319	66,204	3,115	4.7 %
Interest and fees on loans[2]	$ 4,182	$ 3,927	$ 3,877	$ 3,919	$ 3,771	$ 411	10.9 %	$ 11,986	$ 10,763	$ 1,223	11.4 %
Other income[2]	$ 76	$ 57	$ 93	$ 85	$ 84	$ (8)	(9.5)%	$ 226	$ 259	$ (33)	(12.7)%
Retailer share arrangements[2]	$ (805)	$ (669)	$ (684)	$ (811)	$ (757)	$ (48)	6.3 %	$ (2,158)	$ (2,091)	$ (67)	3.2 %

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

	Quarter Ended				
	Sep 30, 2017	**Jun 30, 2017**	**Mar 31, 2017**	**Dec 31, 2016**	**Sep 30, 2016**
COMMON EQUITY MEASURES					
GAAP Total common equity	$ 14,402	$ 14,332	$ 14,363	$ 14,196	$ 13,981
Less: Goodwill	(991)	(991)	(992)	(949)	(949)
Less: Intangible assets, net	(772)	(787)	(826)	(712)	(733)
Tangible common equity	$ 12,639	$ 12,554	$ 12,545	$ 12,535	$ 12,299
Adjustments for certain deferred tax liabilities and certain items in accumulated comprehensive income (loss)	344	337	340	337	299
Basel III - Common equity Tier 1 (fully phased-in)	$ 12,983	$ 12,891	$ 12,885	$ 12,872	$ 12,598
Adjustment related to capital components during transition	142	146	154	263	273
Basel III - Common equity Tier 1 (transition)	$ 13,125	$ 13,037	$ 13,039	$ 13,135	$ 12,871
RISK-BASED CAPITAL					
Common equity Tier 1	$ 13,125	$ 13,037	$ 13,039	$ 13,135	$ 12,871
Add: Allowance for loan losses includible in risk-based capital	1,001	985	954	994	923
Risk-based capital	$ 14,126	$ 14,022	$ 13,993	$ 14,129	$ 13,794
ASSET MEASURES					
Total average assets(2)	$ 91,121	$ 89,394	$ 89,468	$ 88,752	$ 84,874
Adjustments for:					
Disallowed goodwill and other disallowed intangible assets (net of related deferred tax liabilities) and other	(1,304)	(1,325)	(1,358)	(1,059)	(1,117)
Total assets for leverage purposes	$ 89,817	$ 88,069	$ 88,110	$ 87,693	$ 83,757
Risk-weighted assets - Basel III (fully phased-in)(3)	$ 75,614	$ 74,748	$ 72,596	$ 75,941	$ 70,448
Risk-weighted assets - Basel III (transition)(3)	$ 75,729	$ 74,792	$ 72,627	$ 76,179	$ 70,660
TANGIBLE COMMON EQUITY PER SHARE					
GAAP book value per share	$ 18.40	$ 18.02	$ 17.71	$ 17.37	$ 16.94
Less: Goodwill	(1.27)	(1.25)	(1.22)	(1.16)	(1.14)
Less: Intangible assets, net	(0.98)	(0.98)	(1.02)	(0.87)	(0.90)
Tangible common equity per share	$ 16.15	$ 15.79	$ 15.47	$ 15.34	$ 14.90

(1) Regulatory measures at September 30, 2017 are presented on an estimated basis.

(2) Total average assets are presented based upon the use of daily averages.

(3) Key differences between Basel III transitional rules and fully phased-in Basel III rules in the calculation of risk-weighted assets include, but not limited to, risk weighting of deferred tax assets and adjustments for certain intangible assets.