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Synchrony Financial Reports First Quarter Net Earnings of $552 Million or $0.66 Per Diluted Share

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STAMFORD, Conn.

STAMFORD, Conn.--(BUSINESS WIRE [3])--Synchrony Financial (NYSE:SYF) today announced first quarter 2015 net earnings of $552 million, or $0.66 per diluted share. Highlights for the quarter included:

- Total platform revenue increased 5% from the first quarter of 2014 to $2.6 billion
- Loan receivables grew $4 billion, or 7%, from the first quarter of 2014 to $58 billion
- Purchase volume increased 10% from the first quarter of 2014
- Extended a top 10 partnership-Amazon
- Announced a new top 40 partnership-Guitar Center
- Launched exclusive endorsement agreement with VSP, nation's largest vision insurance provider
- Strong deposit growth continued, up $8 billion, or 28%, over the first quarter of 2014
- Separation from General Electric Company on track

"The momentum we generated over the last several quarters continued in the first quarter. Our value propositions helped to drive strong receivables, deposit, and revenue growth," said Margaret Keane, President and Chief Executive Officer of Synchrony Financial. "We are pleased with our organic growth and business development results. We continued to extend major partnerships, signed several new programs across our platforms, and launched compelling promotions to help our partners drive sales growth."

"We are also capitalizing on new mobile and digital technologies, evidenced by the announcement that our Payment Solutions and CareCredit cards will be available in Samsung Pay when launched. This, coupled with our involvement in Apple Pay, demonstrates our commitment to being in leading edge mobile wallet applications. Our focus remains on finding ways to further enhance the value we deliver to partners and customers and delivering growth across our business platforms," stated Ms. Keane.

Business and Financial Highlights for the First Quarter of 2015

All comparisons below are for the first quarter of 2015 compared to the first quarter of 2014, unless otherwise noted.

Earnings

- Net interest income increased $132 million, or 5%, to $2.9 billion, driven by strong loan receivables growth, partially offset by higher interest expense from funding issued to increase liquidity in 2014.
- Total platform revenue increased $132 million, or 5%.
- Provision for loan losses decreased $77 million to $687 million largely due to improved asset quality trends.
- Other income decreased $14 million to $101 million, driven by increased loyalty and rewards costs associated with program initiatives, partially offset by strong growth in interchange revenue.
- Other expense increased $136 million to $746 million. The increase included $92 million attributable to infrastructure build in preparation for separation from General Electric Company (GE) and growth, as well as a $44 million reduction in reserves for regulatory matters in the first quarter of 2014.
- Net earnings totaled $552 million for the quarter compared to $558 million in the first quarter of 2014.

Balance Sheet

- Period-end loan receivables growth remained strong at 7%, driven by purchase volume growth of 10% and average active account growth of 4%.
- The composition of loan receivables growth remained broad-based across all sales platforms.
- Deposits grew to $35 billion, up $8 billion, or 28%, from the first quarter of 2014, and now comprise 59% of funding compared to 55% last year.
- The Company's balance sheet remained strong with total liquidity (liquid assets and undrawn securitization capacity) at $20 billion, or 28% of total assets.
- The estimated Tier 1 Common Equity ratio under Basel I was 16.9% and the estimated fully phased-in Common Equity Tier 1 ratio under Basel III was 16.4%.

Key Financial Metrics

- Return on assets was 3.0% and return on equity was 20.8%.
- Net interest margin declined 304 basis points to 15.79% primarily due to the impact from the significant increase in liquidity versus the prior year.
- Efficiency ratio increased to 32.2% mainly due to increased investments in growth and infrastructure build in preparation for separation from GE.

Credit Quality

- Loans 30+ days past due as a percentage of period-end loan receivables improved 30 basis points to 3.79%.
- Net charge-offs as a percentage of total average loan receivables improved 33 basis points to 4.53%.
- The allowance for loan losses as a percentage of total period-end receivables was 5.59%.

Sales Platforms

- Retail Card platform revenue increased 5%, driven primarily by purchase volume growth of 10% and period-end loan receivables growth of 7%, with broad-based growth across partner programs.
- Payment Solutions platform revenue increased 8%, driven primarily by purchase volume growth of 10% and period-end loan receivables growth of 11%, with solid growth across industry segments led by home furnishings, automotive products, and power equipment.
- CareCredit platform revenue increased 5%, driven primarily by purchase volume growth of 6% and period-end receivables growth of 4%, with growth led by dental and veterinary specialties.

Corresponding Financial Tables and Information

No representation is made that the information in this news release is complete. Investors are encouraged to review the foregoing summary and discussion of Synchrony Financial's earnings and financial condition in conjunction with the detailed financial tables and information that follow and in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, as filed February 23, 2015. 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 [4]. This information is also furnished in a Current Report on Form 8-K filed with the SEC today.

Conference Call and Webcast Information

On Friday, April 17, 2015, at 10:30 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 of our website, www.investors.synchronyfinancial.com [5], 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 12015#, and can be accessed beginning approximately two hours after the event through May 1, 2015.

About Synchrony Financial

Synchrony Financial (NYSE:SYF), formerly GE Capital Retail Finance, is one of the premier consumer financial services companies in the United States. 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' more than 300,000 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. Our offerings include private label and co-branded Dual Card credit cards, promotional financing and installment lending, loyalty programs and Optimizer+plus branded FDIC-insured savings products through Synchrony Bank. More information can be found at www.synchronyfinancial.com [6] and twitter.com/SYFNews.

Cautionary Statement Regarding Forward-Looking Statements

This news release contains certain forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. Forward-looking statements may be identified by words such as “outlook,” “expects,” “intends,” “anticipates,” “plans,” “believes,” “seeks,” “targets,” “estimates,” “will,” “should,” “may” or words of similar meaning, but these words are not the exclusive means of identifying forward-looking statements. Forward-looking statements are based on management’s current expectations and assumptions, and are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, actual results could differ materially from those indicated in these forward-looking statements. Factors that could cause actual results to differ materially include global political, economic, business, competitive, market, regulatory and other factors and risks, such as: the impact of macroeconomic conditions and whether industry trends we have identified develop as anticipated; retaining existing partners and attracting new partners, concentration of our platform revenue in a small number of Retail Card partners, promotion and support of our products by our partners, and financial performance of our partners; 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; 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; completion by the Federal Reserve Board of a review (with satisfactory results) of our preparedness to operate on a standalone basis, independently of GE, and Federal Reserve Board approval required for us to continue to be a savings and loan holding company, including the timing of the approval and the imposition of any significant additional capital or liquidity requirements; our need to establish and significantly expand many aspects of our operations and infrastructure; delays in receiving or failure to receive Federal Reserve Board agreement required for us to be treated as a financial holding company after the GE SLHC Deregistration; 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’s 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 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, 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.

Non-GAAP Measures

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

SYNCHRONY FINANCIAL

FINANCIAL SUMMARY

(unaudited, in millions, except per share statistics)

	Quarter Ended						
	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	1Q'15 vs. 1Q'14	
EARNINGS							
Net interest income	$2,875	$2,978	$2,879	$2,720	$2,743	$132	4.8%
Retailer share arrangements	(660)	(698)	(693)	(590)	(594)	(66)	11.1%
Net interest income, after retailer share arrangements	2,215	2,280	2,186	2,130	2,149	66	3.1%
Provision for loan losses	687	797	675	681	764	(77)	(10.1)%
Net interest income, after retailer share arrangements and provision for loan losses	1,528	1,483	1,511	1,449	1,385	143	10.3%
Other income	101	162	96	112	115	(14)	(12.2)%
Other expense	746	792	728	797	610	136	22.3%
Earnings before provision for income taxes	883	853	879	764	890	(7)	(0.8)%
Provision for income taxes	331	322	331	292	332	(1)	(0.3)%
Net earnings	$552	$531	$548	$472	$558	($6)	(1.1)%
Net earnings attributable to common stockholders	$552	$531	$548	$472	$558	($6)	(1.1)%
COMMON SHARE STATISTICS							
Basic EPS	$0.66	$0.64	$0.70	$0.67	$0.79	($0.13)	(16.5)%
Diluted EPS	$0.66	$0.64	$0.70	$0.67	$0.79	($0.13)	(16.5)%
Common stock price	$30.35	$29.75	$24.55	n/a	n/a	$30.35	n/a
Book value per share	$13.24	$12.57	$11.92	$9.06	$8.57	$4.67	54.5%
Tangible book value per share(1)	$11.43	$10.81	$10.25	$7.06	$6.56	$4.87	74.2%
Beginning common shares outstanding	833.8	833.8	705.3	705.3	705.3	128.5	18.2%
Issuance of common shares through initial public offering	-	-	128.5	-	-	-	NM
Shares repurchased	-	-	-	-	-	-	NM
Ending common shares outstanding	833.8	833.8	833.8	705.3	705.3	128.5	18.2%
Weighted average common shares outstanding	833.8	833.8	781.8	705.3	705.3	128.5	18.2%
Weighted average common shares outstanding (fully diluted)	835.0	834.3	781.9	705.3	705.3	129.7	18.4%

(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					
	Mar 31, 2015	Dec 31, 2014	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	1Q'15 vs. 1Q'14
PERFORMANCE METRICS						
Return on assets(1)	3.0%	2.7%	3.2%	3.1%	3.9%	(0.9)%
Return on equity(2)	20.8%	20.2%	26.8%	29.9%	35.3%	(14.5)%
Return on tangible common equity(3)	24.1%	23.4%	32.4%	38.5%	44.2%	(20.1)%

Net interest margin(4)	15.79%	15.60%	17.11%	17.84%	18.83%		(3.04)%
Efficiency ratio(5)	32.2%	32.4%	31.9%	35.5%	26.9%		5.3%
Other expense as a % of average loan receivables, including held for sale	5.06%	5.16%	5.09%	5.77%	4.51%		0.55%
Effective income tax rate	37.5%	37.7%	37.7%	38.2%	37.3%		0.2%
CREDIT QUALITY METRICS							
Net charge-offs as a % of average loan receivables, including held for sale	4.53%	4.32%	4.05%	4.88%	4.86%		(0.33)%
30+ days past due as a % of period-end loan receivables	3.79%	4.14%	4.26%	3.82%	4.09%		(0.30)%
90+ days past due as a % of period-end loan receivables	1.81%	1.90%	1.85%	1.65%	1.93%		(0.12)%
Net charge-offs	$668	$663	$579	$673	$658	$10	1.5%
Loan receivables delinquent over 30 days	$2,209	$2,536	$2,416	$2,097	$2,220	($11)	(0.5)%
Loan receivables delinquent over 90 days	$1,056	$1,162	$1,051	$908	$1,046	$10	1.0%
Allowance for loan losses (period-end)	$3,255	$3,236	$3,102	$3,006	$2,998	$257	8.6%
Allowance coverage ratio(6)	5.59%	5.28%	5.46%	5.48%	5.52%		0.07%
BUSINESS METRICS							
Purchase volume(7)	$23,139	$30,081	$26,004	$25,978	$21,086	$2,053	9.7%
Period-end loan receivables	$58,248	$61,286	$56,767	$54,873	$54,285	$3,963	7.3%
Credit cards	$55,866	$58,880	$54,263	$52,406	$52,008	$3,858	7.4%
Consumer installment loans	$1,062	$1,063	$1,081	$1,047	$963	$99	10.3%
Commercial credit products	$1,295	$1,320	$1,404	$1,405	$1,299	($4)	(0.3)%
Other	$25	$23	$19	$15	$15	$10	66.7%
Average loan receivables, including held for sale	$59,775	$59,547	$57,391	$55,363	$55,495	$4,280	7.7%
Period-end active accounts (in thousands)(8)	59,761	64,286	60,489	59,248	57,349	2,412	4.2%
Average active accounts (in thousands)(8)	61,604	61,667	59,907	58,386	59,342	2,262	3.8%
LIQUIDITY							
Liquid assets							
Cash and equivalents	$11,218	$11,828	$14,808	$6,782	$5,331	$5,887	110.4%
Total liquid assets	$13,813	$12,942	$14,077	$6,119	$4,806	$9,007	187.4%
Undrawn credit facilities							
Undrawn committed securitization financings	$6,600	$6,100	$5,650	$5,650	$450	$6,150	NM
Total liquid assets and undrawn credit facilities	$20,413	$19,042	$19,727	$11,769	$5,256	$15,157	NM
Liquid assets % of total assets	18.99%	17.09%	19.16%	9.69%	8.11%		10.88%
Liquid assets including undrawn committed securitization financings % of total assets	28.07%	25.15%	26.85%	18.63%	8.87%		19.20%

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

(7) 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.

(8) 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						
	Mar 31, 2015	**Dec 31, 2014**	**Sep 30, 2014**	**Jun 30, 2014**	**Mar 31, 2014**	**1Q'15 vs. 1Q'14**	
Interest income:							
Interest and fees on loans	$3,140	$3,252	$3,116	$2,920	$2,928	$212	7.2%
Interest on investment securities	10	8	7	6	5	5	100.0%
Total interest income	3,150	3,260	3,123	2,926	2,933	217	7.4%
Interest expense:							
Interest on deposits	137	139	126	109	96	41	42.7%
Interest on borrowings of consolidated securitization entities	52	57	57	54	47	5	10.6%
Interest on third-party debt	82	78	46	-	-	82	NM
Interest on related party debt	4	8	15	43	47	(43)	(91.5)%
Total interest expense	275	282	244	206	190	85	44.7%
Net interest income	2,875	2,978	2,879	2,720	2,743	132	4.8%
Retailer share arrangements	(660)	(698)	(693)	(590)	(594)	(66)	11.1%
Net interest income, after retailer share arrangements	2,215	2,280	2,186	2,130	2,149	66	3.1%
Provision for loan losses	687	797	675	681	764	(77)	(10.1)%
Net interest income, after retailer share arrangements and provision for loan losses	1,528	1,483	1,511	1,449	1,385	143	10.3%
Other income:							

Interchange revenue	100	120	101	92	76	24	31.6%
Debt cancellation fees	65	67	68	70	70	(5)	(7.1)%
Loyalty programs	(78)	(91)	(84)	(63)	(43)	(35)	81.4%
Other	14	66	11	13	12	2	16.7%
Total other income	101	162	96	112	115	(14)	(12.2)%
Other expense:							
Employee costs	239	227	239	207	193	46	23.8%
Professional fees(1)	162	139	149	145	130	32	24.6%
Marketing and business development	82	165	115	97	83	(1)	(1.2)%
Information processing	63	60	47	53	52	11	21.2%
Other(1)	200	201	178	295	152	48	31.6%
Total other expense	746	792	728	797	610	136	22.3%
Earnings before provision for income taxes	883	853	879	764	890	(7)	(0.8)%
Provision for income taxes	331	322	331	292	332	(1)	(0.3)%
Net earnings attributable to common shareholders	$552	$531	$548	$472	$558	$(6)	(1.1)%

(1) We have reclassified certain amounts within Professional fees to Other for all periods presented to conform to the current period classifications.

SYNCHRONY FINANCIAL

STATEMENTS OF FINANCIAL POSITION

(unaudited, $ in millions)

	Quarter Ended						
	Mar 31, 2015	**Dec 31, 2014**	**Sep 30, 2014**	**Jun 30, 2014**	**Mar 31, 2014**	**Mar 31, 2015 vs. Mar 31, 2014**	
Assets							
Cash and equivalents	$11,218	$11,828	$14,808	$6,782	$5,331	$5,887	110.4%
Investment securities	3,121	1,598	325	298	265	2,856	NM
Loan receivables:							
Unsecuritized loans held for investment	33,424	34,335	30,474	28,280	29,101	4,323	14.9%
Restricted loans of consolidated securitization entities	24,824	26,951	26,293	26,593	25,184	(360)	(1.4)%
Total loan receivables	58,248	61,286	56,767	54,873	54,285	3,963	7.3%
Less: Allowance for loan losses	(3,255)	(3,236)	(3,102)	(3,006)	(2,998)	(257)	8.6%
Loan receivables, net	54,993	58,050	53,665	51,867	51,287	3,706	7.2%
Loan receivables held for sale	359	332	1,493	1,458	-	359	NM
Goodwill	949	949	949	949	949	-	0.0%
Intangible assets, net	557	519	449	463	464	93	20.0%
Other assets	1,524	2,431	1,780	1,358	949	575	60.6%
Total assets	$72,721	$75,707	$73,469	$63,175	$59,245	$13,476	22.7%
Liabilities and Equity							
Deposits:							
Interest-bearing deposit accounts	$34,788	$34,847	$32,480	$30,258	$27,123	$7,665	28.3%
Non-interest-bearing deposit accounts	162	108	209	204	235	(73)	(31.1)%
Total deposits	34,950	34,955	32,689	30,462	27,358	7,592	27.8%
Borrowings:							
Borrowings of consolidated securitization entities	13,817	14,967	15,091	15,114	14,642	(825)	(5.6)%
Bank term loan	5,651	8,245	7,495	-	-	5,651	NM
Senior unsecured notes	4,592	3,593	3,593	-	-	4,592	NM
Related party debt	-	655	1,405	7,859	8,062	(8,062)	(100.0)%
Total borrowings	24,060	27,460	27,584	22,973	22,704	1,356	6.0%
Accrued expenses and other liabilities	2,675	2,814	3,255	3,347	3,141	(466)	(14.8)%
Total liabilities	61,685	65,229	63,528	56,782	53,203	8,482	15.9%
Equity:							
Parent's net investment	-	-	-	-	6,052	(6,052)	(100.0)%
Common stock	1	1	1	1	-	1	NM
Additional paid-in capital	9,418	9,408	9,401	6,399	-	9,418	NM
Retained earnings	1,631	1,079	548	-	-	1,631	NM
Accumulated other comprehensive income:	(14)	(10)	(9)	(7)	(10)	(4)	40.0%
Total equity	11,036	10,478	9,941	6,393	6,042	4,994	82.7%
Total liabilities and equity	$72,721	$75,707	$73,469	$63,175	$59,245	$13,476	22.7%

SYNCHRONY FINANCIAL

AVERAGE BALANCES, NET INTEREST INCOME AND NET INTEREST MARGIN

(unaudited, $ in millions)

Quarter Ended														
Mar 31, 2015			**Dec 31, 2014**			**Sep 30, 2014**			**Jun 30, 2014**			**Mar 31, 2014**		
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	$11,331	$6	0.21%	$13,631	$7	0.20%	$9,793	$4	0.16%	$5,489	$3	0.22%	$4,001	$2	0.21%
Securities available for sale	2,725	4	0.60%	962	1	0.40%	309	3	3.89%	285	3	4.22%	250	3	4.92%
Loan receivables:															
Credit cards, including held for sale	57,390	3,079	21.76%	57,075	3,186	21.68%	54,891	3,054	22.32%	52,957	2,860	21.66%	53,211	2,867	22.10%
Consumer installment loans	1,057	25	9.59%	1,072	27	9.78%	1,070	25	9.37%	1,004	24	9.59%	959	23	9.84%
Commercial credit products	1,305	36	11.19%	1,379	38	10.70%	1,412	37	10.51%	1,387	36	10.41%	1,311	38	11.89%
Other	23	-	- %	21	1	NM	18	-	- %	15	-	- %	14	-	- %
Total loan receivables, including held for sale	59,775	3,140	21.30%	59,547	3,252	21.21%	57,391	3,116	21.78%	55,363	2,920	21.16%	55,495	2,928	21.64%
Total interest-earning assets	73,831	3,150	17.30%	74,140	3,260	17.07%	67,493	3,123	18.56%	61,137	2,926	19.20%	59,746	2,933	20.13%
Non-interest-earning assets:															
Cash and due from banks	497			1,220			1,260			637			561		
Allowance for loans losses	(3,272)			(3,160)			(3,058)			(3,005)			(2,931)		
Other assets	2,802			2,831			2,605			2,446			2,045		
Total non-interest-earning assets	27			891			807			78			(325)		
Total assets	$73,858			$75,031			$68,300			$61,215			$59,421		
Liabilities															
Interest-bearing liabilities:															
Interest-bearing deposit accounts	$34,981	$137	1.59%	$33,980	$139	1.59%	$31,459	$126	1.61%	$28,568	$109	1.53%	$26,317	$96	1.50%
Borrowings of consolidated securitization entities	14,101	52	1.50%	14,766	57	1.50%	15,102	57	1.51%	14,727	54	1.47%	14,830	47	1.30%
Bank term loan(1)	6,531	47	2.92%	8,057	46	2.22%	3,747	28	3.00%	-	-	- %	-	-	- %
Senior unsecured notes(1)	4,093	35	3.47%	3,593	32	3.46%	1,797	18	4.02%	-	-	- %	-	-	- %
Related party debt(1)	407	4	3.99%	843	8	3.68%	4,582	15	1.31%	7,959	43	2.17%	8,286	47	2.33%
Total interest-bearing liabilities	60,113	275	1.86%	61,239	282	1.79%	56,687	244	1.73%	51,254	206	1.61%	49,433	190	1.58%
Non-interest-bearing liabilities															
Non-interest-bearing deposit accounts	142			182			206			221			331		
Other liabilities	2,854			3,382			3,208			3,412			3,182		
Total non-interest-bearing liabilities	2,996			3,564			3,414			3,633			3,513		
Total liabilities	63,109			64,803			60,101			54,887			52,946		
Equity															
Total equity	10,749			10,228			8,199			6,328			6,475		

Total liabilities and equity	$73,858		$75,031		$68,300		$61,215		$59,421	
Net interest income		$2,875		$2,978		$2,879		$2,720		$2,743
Interest rate spread(2)		15.44%		15.28%		16.83%		17.59%		18.55%
Net interest margin(3)		15.79%		15.60%		17.11%		17.84%		18.83%

(1) Interest on liabilities calculated above utilizes monthly average balances. The effective interest rates for the quarters ended March 31, 2015, December 31, 2014 and September 30, 2014, were as follows: GECC loan 4.23%, 4.21% and 4.21%;
Bank term loan 2.21%, 2.19% and 2.21%; Senior unsecured notes 3.41%, 3.52% and 3.62% respectively. The Bank term loan effective rate for the quarters ended March 31, 2015 and September 30, 2014 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						
	Mar 31, 2015	**Dec 31, 2014**	**Sep 30, 2014**	**Jun 30, 2014**	**Mar 31, 2014**	**Mar 31, 2015 vs. Mar 31, 2014**	
BALANCE SHEET STATISTICS							
Total common equity	$11,036	$10,478	$9,941	$6,393	$6,042	$4,994	82.7%
Total common equity as a % of total assets	15.18%	13.84%	13.53%	10.12%	10.20%		4.98%
Tangible assets	$71,215	$74,239	$72,071	$61,763	$57,832	$13,383	23.1%
Tangible common equity(1)	$9,530	$9,010	$8,543	$4,981	$4,629	$4,901	105.9%
Tangible common equity as a % of tangible assets(1)	13.38%	12.14%	11.85%	8.06%	8.00%		5.38%
Tangible common equity per share (1)	$11.43	$10.81	$10.24	$7.07	$6.57	$4.86	74.0%
REGULATORY CAPITAL RATIOS(2)							
Basel I							
Total risk-based capital ratio(3)	18.2%	16.2%	16.4%				
Tier 1 risk-based capital ratio(4)	16.9%	14.9%	15.1%				
Tier 1 common ratio(5)	16.9%	14.9%	15.1%				
Tier 1 leverage ratio(6)	13.7%	12.5%	12.2%				
Basel III							
Tier 1 common ratio(7)	16.4%	14.5%	14.6%				

(1) Tangible Common Equity ("TCE") is a non-GAAP measure. We believe TCE is a more meaningful measure to investors of the net asset value of the Company. 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 as of the end of 3Q 2014 are preliminary and therefore subject to change. As a new savings and loan holding company, the Company historically has not been required by regulators to disclose capital ratios, and therefore these ratios are non-GAAP measures. See Reconciliation of Non-GAAP Measures and Calculation of Regulatory Measures for components of capital ratio calculations.

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

(6) Tier 1 leverage ratio is calculated based on Tier 1 capital divided by total assets, after certain adjustments.

(7) 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.

SYNCHRONY FINANCIAL

PLATFORM RESULTS AND RECONCILIATION OF NON-GAAP MEASURES

(unaudited, $ in millions)

	Quarter Ended						
	Mar 31, 2015	**Dec 31, 2014**	**Sep 30, 2014**	**Jun 30, 2014**	**Mar 31, 2014**	**1Q'15 vs. 1Q'14**	
RETAIL CARD							
Purchase volume(1),(2)	$18,410	$24,855	$20,991	$21,032	$16,713	$1,697	10.2%
Period-end loan receivables	$39,685	$42,308	$38,466	$37,238	$37,175	$2,510	6.8%
Average loan receivables, including held for sale	$40,986	$40,929	$39,411	$38,047	$38,223	$2,763	7.2%
Average active accounts (in thousands)(2),(3)	49,617	49,871	48,433	47,248	48,168	1,449	3.0%
Interest and fees on loans(2)	$2,337	$2,405	$2,299	$2,158	$2,178	$159	7.3%
Other income(2)	86	141	78	92	96	(10)	(10.4)%
Platform revenue, excluding retailer share arrangements(2)	2,423	2,546	2,377	2,250	2,274	149	6.6%
Retailer share arrangements(2)	(651)	(686)	(683)	(577)	(584)	(67)	11.5%

Platform revenue[(2)]	$1,772	$1,860	$1,694	$1,673	$1,690	$82	4.9%
PAYMENT SOLUTIONS							
Purchase volume(1)	$2,948	$3,419	$3,226	$3,115	$2,687	$261	9.7%
Period-end loan receivables	$11,833	$12,095	$11,514	$11,014	$10,647	$1,186	11.1%
Average loan receivables	$11,970	$11,772	$11,267	$10,785	$10,775	$1,195	11.1%
Average active accounts (in thousands)(3)	7,271	7,113	6,892	6,692	6,737	534	7.9%
Interest and fees on loans	$403	$426	$405	$379	$372	$31	8.3%
Other income	5	9	7	8	8	(3)	(37.5)%
Platform revenue, excluding retailer share arrangements	408	435	412	387	380	28	7.4%
Retailer share arrangements	(8)	(11)	(9)	(12)	(9)	1	(11.1)%
Platform revenue	$400	$424	$403	$375	$371	$29	7.8%
CARECREDIT							
Purchase volume(1)	$1,781	$1,807	$1,787	$1,831	$1,686	$95	5.6%
Period-end loan receivables	$6,730	$6,883	$6,787	$6,621	$6,463	$267	4.1%
Average loan receivables	$6,819	$6,846	$6,713	$6,531	$6,497	$322	5.0%
Average active accounts (in thousands)(3)	4,716	4,683	4,582	4,446	4,437	279	6.3%
Interest and fees on loans	$400	$421	$412	$383	$378	$22	5.8%
Other income	10	12	11	12	11	(1)	(9.1)%
Platform revenue, excluding retailer share arrangements	410	433	423	395	389	21	5.4%
Retailer share arrangements	(1)	(1)	(1)	(1)	(1)	-	0.0%
Platform revenue	$409	$432	$422	$394	$388	$21	5.4%
TOTAL SYF							
Purchase volume(1),(2)	$23,139	$30,081	$26,004	$25,978	$21,086	$2,053	9.7%
Period-end loan receivables	$58,248	$61,286	$56,767	$54,873	$54,285	$3,963	7.3%
Average loan receivables, including held for sale	$59,775	$59,547	$57,391	$55,363	$55,495	$4,280	7.7%
Average active accounts (in thousands)(2),(3)	61,604	61,667	59,907	58,386	59,342	2,262	3.8%
Interest and fees on loans(2)	$3,140	$3,252	$3,116	$2,920	$2,928	$212	7.2%
Other income(2)	101	162	96	112	115	(14)	(12.2)%
Platform revenue, excluding retailer share arrangements[(2)]	3,241	3,414	3,212	3,032	3,043	198	6.5%
Retailer share arrangements(2)	(660)	(698)	(693)	(590)	(594)	(66)	11.1%
Platform revenue[(2)]	$2,581	$2,716	$2,519	$2,442	$2,449	$132	5.4%

(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

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

	Quarter Ended				
	Mar 31, 2015	**Dec 31, 2014**	**Sep 30, 2014**	**Jun 30, 2014**	**Mar 31, 2014**
COMMON EQUITY MEASURES					
GAAP Total common equity	$11,036	$10,478	$9,941	$6,393	$6,042
Less: Goodwill	(949)	(949)	(949)	(949)	(949)
Less: Intangible assets, net	(557)	(519)	(449)	(463)	(464)
Tangible common equity	$9,530	$9,010	$8,543	$4,981	$4,629
Adjustments for certain other intangible assets, deferred tax liabilities and certain items in accumulated comprehensive income (loss)	293	287	292		
Basel I - Tier 1 capital and Tier 1 common equity	$9,823	$9,297	$8,835		
Adjustments for certain other intangible assets and deferred tax liabilities	(12)	(20)	(24)		
Basel III - Tier I common equity	$9,811	$9,277	$8,811		
RISK-BASED CAPITAL					
Basel I - Tier 1 capital and Tier 1 common equity	$9,823	$9,297	$8,835		
Add: Allowance for loan losses includible in risk-based capital	759	809	760		
Basel I - Risk-based capital	$10,582	$10,106	$9,595		
ASSET MEASURES					
Total assets	$72,721	$75,707	$73,469		
Adjustments for:					
Disallowed goodwill and other disallowed intangible assets, net of related deferred tax liabilities	(1,213)	(1,181)	(1,110)		
Other	136	79	4		
Total assets for leverage purposes - Basel I	$71,644	$74,605	$72,363		
Risk-weighted assets - Basel I	$58,184	$62,270	$58,457		
Additional risk weighting adjustments related to:					
Deferred taxes	1,224	1,321	1,319		

Loan receivables delinquent over 90 days	528	581	526		
Other	(10)	(10)	(2)		
Risk-weighted assets - Basel III (fully phased-in)	$59,926	$64,162	$60,300		
TANGIBLE COMMON EQUITY PER SHARE					
GAAP book value per share	$13.24	$12.57	$11.92	$9.06	$8.57
Less: Goodwill	(1.14)	(1.14)	(1.14)	(1.34)	(1.34)
Less: Intangible assets, net	(0.67)	(0.62)	(0.53)	(0.66)	(0.67)
Tangible common equity per share	$11.43	$10.81	$10.25	$7.06	$6.56

Language:
English

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