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Synchrony Financial Reports Third Quarter Net Earnings of $548 Million or $0.70 Per Diluted Share

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STAMFORD, Conn.

STAMFORD, Conn.--(BUSINESS WIRE [2])--Synchrony Financial (NYSE:SYF) today announced third quarter 2014 net earnings of $548 million, or $0.70 per diluted share.

- Total platform revenue up $202 million, or 9%, from the prior year to $2.5 billion
- Loan receivables up $3.5 billion, or 7%, from the prior year to $56.8 billion
- Purchase volume increased 11% from the prior year
- Extended relationships with two of our largest partners: Lowe's and QVC--including Lowe's, five largest programs extended to 2019 and beyond
- Strong deposit growth continued, up $10.5 billion, or 48%, over the prior year

"The business delivered strong growth during the quarter, a testament to our ability to deepen and grow our partnerships," said Margaret Keane, President and Chief Executive Officer of Synchrony Financial. "Several significant milestones were achieved, including a successful initial public offering of our common stock and inaugural debt offering. We also extended partnerships with two of our largest partners, launched our branding campaign, significantly grew direct deposits through our Optimizer+plus brand, furthered our efforts to leverage new technologies to enhance security with the launch of EMV enabled cards, and advanced our mobile payment capabilities, most notably through our recently announced agreement with Apple to include participating Dual Card programs in Apple Pay."

"We are excited about the future of Synchrony Financial and our ability to build on an already strong foundation, while continuing to deliver value to our partners and consumers through innovative products and services," concluded Ms. Keane.

Business and Financial Highlights for the Third Quarter of 2014

All comparisons below are for the third quarter of 2014 compared to the third quarter of 2013, unless otherwise noted.

Earnings

- Net interest income, after retailer share arrangements (RSAs), increased $163 million, or 8%, to $2.2 billion, driven by strong loan receivables growth of 7%.
- Total platform revenue increased $202 million, or 9%, to $2.5 billion.
- Provision for loan losses increased $134 million due largely to growth in loan receivables.
- Other expense increased $153 million to $728 million; consistent with the Company's expectations. The expense increase was mainly attributed to: costs required to support growth and infrastructure build in preparation for separation from General Electric Company (GE).
- Net earnings totaled $548 million for the quarter compared to $641 million in the prior-year quarter.

Balance Sheet

- Period-end loan receivables growth remained strong at 7% driven by purchase volume and average active account growth.
- The composition of loan receivables growth remained broad-based with strength exhibited across each sales platform.
- Deposits grew to $32.7 billion, up $10.5 billion, or 48%, from one year ago, and now comprise 54% of funding sources compared to 47% one year ago.
- The Company's balance sheet was strengthened considerably through capital and debt issuances completed during the quarter, including proceeds of nearly $3.0 billion from the initial public offering of common stock, and nearly $3.6 billion from the inaugural debt offering. These actions contributed to total liquidity (liquidity portfolio plus undrawn securitization capacity) increasing to $19.7 billion, or 27% of total assets, as of September 30, 2014.

Key Financial Metrics

- Return on assets was 3.2% and return on equity was 26.8%.
- Net interest margin declined 258 basis points to 17.11% primarily due to the impact from the significant increase in liquidity this quarter driven by the debt and equity issuances.
- Consistent with the Company's expectations, the efficiency ratio increased to 31.9% mainly due to costs associated with supporting growth and building infrastructure for separation.
- Tier 1 common equity ratio under Basel I increased to 15.1% this quarter primarily due to proceeds received from the initial public offering of common stock.

Credit Quality

- Loans 30+ days past due as a percentage of period-end loan receivables improved 6 basis points to 4.26%.
- Net charge-offs as a percentage of total average loan receivables, including held for sale, decreased 2 basis points to 4.05%.
- The provision for loan losses totaled $675 million, an increase of $134 million from the prior-year quarter primarily driven by the strong growth in loan receivables.
- The allowance for loan losses as a percentage of total period-end receivables remained relatively stable compared to the past two quarters of this year at 5.46%.

Sales Platforms

- Retail Card platform revenue increased 10%, driven primarily by period-end loan receivables growth of 6%, with broad-based growth across partner programs.
- Payment Solutions platform revenue increased 6% driven by period-end loan receivables growth of 7%, with broad-based growth across industry segments led by home furnishings, auto, and power equipment.
- CareCredit platform revenue increased 8%, driven by higher yields and 6% period-end loan receivables growth, 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 the forthcoming Form 10-Q. 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 [3]. 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 17, 2014, 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 [4], 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 32014, and can be accessed beginning approximately two hours after the event through October 31, 2014.

About Synchrony Financial

Formerly GE Capital Retail Finance, Synchrony Financial (NYSE: SYF) 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 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 [5] and twitter.com/SYFNews [6].

*The Nilson Report (April 2014, Issue # 1039)

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; catastrophic events; 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 our ability to pay dividends and repurchase our capital stock and that limit Synchrony Bank's ability to pay dividends; regulations relating to privacy, information security and data protection as well as anti-money laundering and anti-terrorism financing laws; use of third-party vendors and ongoing third-party business relationships; effect of General Electric Capital Corporation (GECC) 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 has significant control over us; terms of our arrangements with GE may be more favorable than 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 Registration Statement on Form S-1, as amended and filed on July 18, 2014 (File No. 333-194528). 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							Nine months ended		
	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	3Q'14 vs. 3Q'13		Sep 30, 2014	Sep 30, 2013	Y
EARNINGS										
Net interest income	$2,879	$2,720	$2,743	$2,849	$2,703	$176	6.5%	$8,342	$7,722	$6
Retailer share arrangements	(693)	(590)	(594)	(662)	(680)	(13)	1.9%	(1,877)	(1,711)	(1
Net interest income, after retailer share arrangements	2,186	2,130	2,149	2,187	2,023	163	8.1%	6,465	6,011	4
Provision for loan losses	675	681	764	818	541	134	24.8%	2,120	2,254	(1
Net interest income, after retailer share arrangements and provision for loan losses	1,511	1,449	1,385	1,369	1,482	29	2.0%	4,345	3,757	5
Other income	96	112	115	130	114	(18)	(15.8)%	323	370	(
Other expense	728	797	610	807	575	153	26.6%	2,135	1,677	4
Earnings before provision for income taxes	879	764	890	692	1,021	(142)	(13.9)%	2,533	2,450	
Provision for income taxes	331	292	332	249	380	(49)	(12.9)%	955	914	
Net earnings	$548	$472	$558	$443	$641	$(93)	(14.5)%	$1,578	$1,536	$
Net earnings attributable to common stockholders	$548	$472	$558	$443	$641	$(93)	(14.5)%	$1,578	$1,536	$
COMMON SHARE STATISTICS										
Basic EPS	$0.70	$0.67	$0.79	$0.63	$0.91	$(0.21)	(23.1)%	$2.16	$2.18	$(0.
Diluted EPS	$0.70	$0.67	$0.79	$0.63	$0.91	$(0.21)	(23.1)%	$2.16	$2.18	$(0.
Common stock price	$24.55	n/a	n/a	n/a	n/a	$24.55	n/a	$24.55	n/a	$24.
Book value per share	$11.92	$9.07	$8.57	$8.45	$7.92	$4.00	50.5%	$11.92	$7.92	$4.
Tangible common equity per share(1)	$10.24	$7.07	$6.57	$6.68	$6.15	$4.09	66.5%	$10.24	$6.15	$4.
Beginning common shares outstanding	705	705	705	705	705	-	-%	705	705	
Issuance of common shares through initial public offering	129	-	-	-	-	129	NM	129	-	1
Shares repurchased	-	-	-	-	-	-	NM	-	-	
Ending common shares outstanding	834	705	705	705	705	129	18.3%	834	705	1
Weighted average common shares outstanding	782	705	705	705	705	77	10.9%	731	705	
Weighted average common shares outstanding (fully diluted)	782	705	705	705	705	77	10.9%	731	705	

(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, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	3Q'14 vs. 3Q'13	Sep 30, 2014	Sep 30, 2013	YTD'14 vs. YTD'13
PERFORMANCE METRICS									
Return on assets(1)	3.2%	3.1%	3.9%	3.0%	4.7%	(1.5)%	3.4%	3.7%	(0.3)%
Return on equity(2)	26.8%	29.9%	35.3%	31.1%	48.8%	(22.0)%	29.7%	39.7%	(10.0)%
Return on tangible common equity(3)	32.4%	38.5%	44.2%	40.0%	63.8%	(31.4)%	36.7%	52.1%	(15.4)%

Net interest margin(4)	17.11%	17.84%	18.83%	19.30%	19.69%		(2.58)%	17.80%	18.74%		(0.94)%
Efficiency ratio(5)	31.9%	35.5%	26.9%	34.8%	26.9%		5.0%	31.5%	26.3%		5.2%
Other expense as a % of average loan receivables, including held for sale	5.09%	5.77%	4.51%	5.77%	4.39%		0.70%	5.11%	4.37%		0.74%
Effective income tax rate	37.7%	38.2%	37.3%	36.0%	37.2%		0.5%	37.7%	37.3%		0.4%
CREDIT QUALITY METRICS											
Net charge-offs as a % of average loan receivables, including held for sale	4.05%	4.88%	4.86%	5.13%	4.07%		(0.02)%	4.57%	4.52%		0.05%
30+ days past due as a % of period-end loan receivables	4.26%	3.82%	4.09%	4.35%	4.32%		(0.06)%	4.26%	4.32%		(0.06)%
90+ days past due as a % of period-end loan receivables	1.85%	1.65%	1.93%	1.96%	1.83%		0.02%	1.85%	1.83%		0.02%
Net charge-offs	$579	$673	$658	$718	$533	$46	8.6%	$1,910	$1,736	$174	10.0%
Loan receivables delinquent over 30 days	$2,416	$2,097	$2,220	$2,488	$2,299	$117	5.1%	$2,416	$2,299	$117	5.1%
Loan receivables delinquent over 90 days	$1,051	$908	$1,046	$1,121	$974	$77	7.9%	$1,051	$974	$77	7.9%
Allowance for loan losses (period-end)	$3,102	$3,006	$2,998	$2,892	$2,792	$310	11.1%	$3,102	$2,792	$310	11.1%
Allowance coverage ratio(6)	5.46%	5.48%	5.52%	5.05%	5.24%		0.22%	5.46%	5.24%		0.22%
BUSINESS METRICS											
Purchase volume(7)	$26,004	$25,978	$21,086	$27,002	$23,499	$2,505	10.7%	$73,068	$66,856	$6,212	9.3%
Period-end loan receivables	$56,767	$54,873	$54,285	$57,254	$53,265	$3,502	6.6%	$56,767	$53,265	$3,502	6.6%
Average loan receivables, including held for sale	$57,391	$55,363	$55,495	$54,895	$52,580	$4,811	9.1%	$56,238	$51,488	$4,750	9.2%
Period-end active accounts (in thousands)(8)	60,489	59,248	57,349	61,957	56,703	3,786	6.7%	60,489	56,703	3,786	6.7%
Average active accounts (in thousands)(8)	59,907	58,386	59,342	58,402	56,171	3,736	6.7%	59,394	55,523	3,871	7.0%
LIQUIDITY											
Liquidity portfolio											
Cash and equivalents	$14,808	$6,782	$5,331	$2,319	$2,670	$12,138	NM	$14,808	$2,670	$12,138	NM
Total liquidity portfolio	$14,077	$6,119	$4,806	$2,058	$2,099	$11,978	NM	$14,077	$2,099	$11,978	NM
Undrawn credit facilities											
Undrawn committed securitization financings	$5,650	$5,650	$450	-	-	$5,650	NM	$5,650	-	$5,650	NM
Total liquidity portfolio and undrawn credit facilities	$19,727	$11,769	$5,256	$2,058	$2,099	$17,628	NM	$19,727	$2,099	$17,628	NM
Liquidity portfolio as a % of total assets	19.16%	9.69%	8.11%	3.48%	3.78%		15.38%	19.16%	3.78%		15.38%
Liquidity portfolio including undrawn committed securitization financings as a % of total assets	26.85%	18.63%	8.87%	3.48%	3.78%		23.07%	26.85%	3.78%		23.07%

(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							Nine months ended			
	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	3Q'14 vs. 3Q'13		Sep 30, 2014	Sep 30, 2013	YTD'14 vs. YTD'13	
Interest income:											
Interest and fees on loans	$3,116	$2,920	$2,928	$3,032	$2,883	$233	8.1%	$8,964	$8,263	$701	8.5%
Interest on investment securities	7	6	5	5	3	4	133.3%	18	13	5	38.5%
Total interest income	3,123	2,926	2,933	3,037	2,886	237	8.2%	8,982	8,276	706	8.5%
Interest expense:											
Interest on deposits	126	109	96	93	94	32	34.0%	331	281	50	17.8%
Interest on borrowings of consolidated securitization entities	57	54	47	49	51	6	11.8%	158	162	(4)	(2.5)%
Interest on related party debt	15	43	47	46	38	(23)	(60.5)%	105	111	(6)	(5.4)%
Interest on third party debt	46	-	-	-	-	46	NM	46	-	46	NM
Total interest expense	244	206	190	188	183	61	33.3%	640	554	86	15.5%
Net interest income	2,879	2,720	2,743	2,849	2,703	176	6.5%	8,342	7,722	620	8.0%
Retailer share arrangements	(693)	(590)	(594)	(662)	(680)	(13)	1.9%	(1,877)	(1,711)	(166)	9.7%
Net interest income, after retailer share arrangements	2,186	2,130	2,149	2,187	2,023	163	8.1%	6,465	6,011	454	7.6%
Provision for loan losses	675	681	764	818	541	134	24.8%	2,120	2,254	(134)	(5.9)%
Net interest income, after retailer share arrangements and provision for loan losses	1,511	1,449	1,385	1,369	1,482	29	2.0%	4,345	3,757	588	15.7%
Other income:											
Interchange revenue	101	92	76	89	82	19	23.2%	269	235	34	14.5%

Debt cancellation fees	68	70	70	88	74	(6)	(8.1)%	208	236	(28)	(11.9)%
Loyalty programs	(84)	(63)	(43)	(57)	(58)	(26)	44.8%	(190)	(156)	(34)	21.8%
Other	11	13	12	10	16	(5)	(31.3)%	36	55	(19)	(34.5)%
Total other income	96	112	115	130	114	(18)	(15.8)%	323	370	(47)	(12.7)%
Other expense:											
Employee costs	239	207	193	190	173	66	38.2%	639	508	131	25.8%
Professional fees	159	155	141	157	120	39	32.5%	455	329	126	38.3%
Marketing and business development	115	97	83	117	54	61	113.0%	295	152	143	94.1%
Information processing	47	53	52	52	47	-	-%	152	141	11	7.8%
Other	168	285	141	291	181	(13)	(7.2)%	594	547	47	8.6%
Total other expense	728	797	610	807	575	153	26.6%	2,135	1,677	458	27.3%
Earnings before provision for income taxes	879	764	890	692	1,021	(142)	(13.9)%	2,533	2,450	83	3.4%
Provision for income taxes	331	292	332	249	380	(49)	(12.9)%	955	914	41	4.5%
Net earnings attributable to common shareholders	$548	$472	$558	$443	$641	$(93)	(14.5)%	$1,578	$1,536	$42	2.7%

SYNCHRONY FINANCIAL

STATEMENTS OF FINANCIAL POSITION

(unaudited, $ in millions)

	Quarter Ended						
	Sep 30, 2014	**Jun 30, 2014**	**Mar 31, 2014**	**Dec 31, 2013**	**Sep 30, 2013**	**Sep 30, 2014 vs. Sep 30, 2013**	
Assets							
Cash and equivalents	$14,808	$6,782	$5,331	$2,319	$2,670	$12,138	NM
Investment securities	325	298	265	236	233	92	39.5%
Loan receivables:							
Unsecuritized loans held for investment	30,474	28,280	29,101	31,183	28,102	2,372	8.4%
Restricted loans of consolidated securitization entities	26,293	26,593	25,184	26,071	25,163	1,130	4.5%
Total loan receivables	56,767	54,873	54,285	57,254	53,265	3,502	6.6%
Less: Allowance for loan losses	(3,102)	(3,006)	(2,998)	(2,892)	(2,792)	(310)	11.1%
Loan receivables, net	53,665	51,867	51,287	54,362	50,473	3,192	6.3%
Loan receivables held for sale	1,493	1,458	-	-	-	1,493	NM
Goodwill	949	949	949	949	957	(8)	(0.8)%
Intangible assets, net	449	463	464	300	290	159	54.8%
Other assets	1,780	1,358	949	919	882	898	101.8%
Total assets	$73,469	$63,175	$59,245	$59,085	$55,505	$17,964	32.4%
Liabilities and Equity							
Deposits:							
Interest bearing deposit accounts	$32,480	$30,258	$27,123	$25,360	$21,712	$10,768	49.6%
Non-interest bearing deposit accounts	209	204	235	359	450	(241)	(53.6)%
Total deposits	32,689	30,462	27,358	25,719	22,162	10,527	47.5%
Borrowings:							
Borrowings of consolidated securitization entities	15,091	15,114	14,642	15,362	15,395	(304)	(2.0)%
Related party debt	1,405	7,859	8,062	8,959	9,270	(7,865)	(84.8)%
Third party debt	11,088	-	-	-	-	11,088	NM
Total borrowings	27,584	22,973	22,704	24,321	24,665	2,919	11.8%
Accrued expenses and other liabilities	3,255	3,347	3,141	3,085	3,095	160	5.2%
Total liabilities	63,528	56,782	53,203	53,125	49,922	13,606	27.3%
Equity:							
Parent's net investment	-	-	6,052	5,973	5,592	(5,592)	NM
Common stock	1	1	-	-	-	1	NM
Additional paid-in capital	9,401	6,399	-	-	-	9,401	NM
Retained earnings	548	-	-	-	-	548	NM
Accumulated other comprehensive income:	(9)	(7)	(10)	(13)	(9)	-	-%
Total equity	9,941	6,393	6,042	5,960	5,583	4,358	78.1%
Total liabilities and equity	$73,469	$63,175	$59,245	$59,085	$55,505	$17,964	32.4%

SYNCHRONY FINANCIAL

AVERAGE BALANCES, NET INTEREST INCOME AND NET INTEREST MARGIN

(unaudited, $ in millions)

	Quarter Ended												
	Sep 30, 2014			**Jun 30, 2014**			**Mar 31, 2014**			**Dec 31, 2013**			
	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**	**Ave Bal**
Assets													
Interest earning assets:													
Interest earning cash and equivalents	$9,793	$4	0.16%	$5,489	$3	0.22%	$4,001	$2	0.21%	$2,792	$2	0.28%	$
Securities available for sale	309	3	3.89%	285	3	4.22%	250	3	4.92%	237	3	4.97%	

Loan receivables:													
Credit cards, including held for sale	54,891	3,054	22.32%	52,957	2,860	21.66%	53,211	2,867	22.10%	52,271	2,963	22.25%	4
Consumer installment loans	1,070	25	9.37%	1,004	24	9.59%	959	23	9.84%	1,249	29	9.11%	
Commercial credit products	1,412	37	10.51%	1,387	36	10.41%	1,311	38	11.89%	1,362	39	11.24%	
Other	18	-	- %	15	-	- %	14	-	- %	13	1	NM	
Total loan receivables, including held for sale	57,391	3,116	21.78%	55,363	2,920	21.16%	55,495	2,928	21.64%	54,895	3,032	21.68%	5
Total interest earning assets	67,493	3,123	18.56%	61,137	2,926	19.20%	59,746	2,933	20.13%	57,924	3,037	20.58%	5
Non-interest earning assets:													
Cash and due from banks	1,260			637			561			533			
Allowance for loan losses	(3,058)			(3,005)			(2,931)			(2,823)			(
Other assets	2,605			2,446			2,045			2,072			
Total non-interest earning assets	807			78			(325)			(218)			
Total assets	$68,300			$61,215			$59,421			$57,706			$5
Liabilities													
Interest bearing liabilities:													
Interest bearing deposit accounts	$31,459	$126	1.61%	$28,568	$109	1.53%	$26,317	$96	1.50%	$23,857	$93	1.53%	$2
Borrowings of consolidated securitization entities	15,102	57	1.51%	14,727	54	1.47%	14,830	47	1.30%	15,378	49	1.25%	1
Related party debt	4,582	15	1.31%	7,959	43	2.17%	8,286	47	2.33%	9,037	46	2.00%	
Third party debt(1)	5,544	46	3.33%	-	-	- %	-	-	- %	-	-	- %	
Total interest bearing liabilities	56,687	244	1.73%	51,254	206	1.61%	49,433	190	1.58%	48,272	188	1.53%	4
Non-interest bearing liabilities													
Non-interest bearing deposit accounts	206			221			331			450			
Other liabilities	3,208			3,412			3,182			3,391			
Total non-interest bearing liabilities	3,414			3,633			3,513			3,841			
Total liabilities	60,101			54,887			52,946			52,113			4
Equity													
Total equity	8,199			6,328			6,475			5,593			
Total liabilities and equity	$68,300			$61,215			$59,421			$57,706			$5
Net interest income		$2,879			$2,720			$2,743			$2,849		
Interest rate spread(2)			16.83%			17.59%			18.55%			19.05%	
Net interest margin(3)			17.11%			17.84%			18.83%			19.30%	

(1) Interest on third party debt calculated above utilizes monthly average balances. The average third party debt balance outstanding, from the date of issuance through September 30, 2014, was $10.8 billion and accrued interest at an effective rate of 2.63%, excluding the impact of a one time charge incurred in connection with the prepayment of the Bank term loan facility.

(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

AVERAGE BALANCES, NET INTEREST INCOME AND NET INTEREST MARGIN

(unaudited, $ in millions)

	Nine months ended Sep 30, 2014			Nine months ended Sep 30, 2013		
	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	$6,587	$9	0.18%	$3,589	$7	0.26%
Securities available for sale	281	9	4.31%	209	6	3.85%
Loan receivables:						
Credit cards, including held for sale	53,836	8,781	21.97%	48,745	8,053	22.17%
Consumer installment loans	1,012	72	9.58%	1,382	99	9.61%
Commercial credit products	1,374	111	10.88%	1,350	111	11.03%
Other	16	-	-%	11	-	-%
Total loan receivables, including held for sale	56,238	8,964	21.47%	51,488	8,263	21.54%
Total interest earning assets	63,106	8,982	19.17%	55,286	8,276	20.09%
Non-interest earning assets:						
Cash and due from banks	863			545		
Allowance for loan losses	(2,997)			(2,609)		
Other assets	2,360			2,013		
Total non-interest earning assets	226			(51)		

Total assets	$63,332			$55,235		
Liabilities						
Interest bearing liabilities:						
Interest bearing deposit accounts	$28,799	$331	1.55%	$21,355	$281	1.77%
Borrowings of consolidated securitization entities	14,888	158	1.43%	16,560	162	1.31%
Related party debt	6,739	105	2.10%	8,902	111	1.67%
Third party debt(1)	2,218	46	2.79%	-	-	-%
Total interest bearing liabilities	52,644	640	1.64%	46,817	554	1.59%
Non-interest bearing liabilities						
Non-interest bearing deposit accounts	259			488		
Other liabilities	3,272			2,737		
Total non-interest bearing liabilities	3,531			3,225		
Total liabilities	56,175			50,042		
Equity						
Total equity	7,157			5,193		
Total liabilities and equity	$63,332			$55,235		
Net interest income		$8,342			$7,722	
Interest rate spread(2)			17.53%			18.50%
Net interest margin(3)			17.80%			18.74%

(1) Interest on third party debt calculated above utilizes monthly average balances. The average third party debt balance outstanding, from the date of issuance through September 30, 2014, was $10.8 billion and accrued interest at an effective rate of 2.63%, excluding the impact of a one time charge incurred in connection with the prepayment of the Bank term loan facility.

(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, 2014	**Jun 30, 2014**	**Mar 31, 2014**	**Dec 31, 2013**	**Sep 30, 2013**	**Sep 30, 2014 vs. Sep 30, 2013**	
BALANCE SHEET STATISTICS							
Total common equity	$9,941	$6,393	$6,042	$5,960	$5,583	$4,358	78.1%
Total common equity as a % of total assets	13.53%	10.12%	10.20%	10.09%	10.06%		3.47%
Tangible assets	$72,071	$61,763	$57,832	$57,836	$54,258	$17,813	32.8%
Tangible common equity(1)	$8,543	$4,981	$4,629	$4,711	$4,336	$4,207	97.0%
Tangible common equity as a % of tangible assets(1)	11.85%	8.06%	8.00%	8.15%	7.99%		3.86%
Tangible common equity per share (1)	$10.24	$7.07	$6.57	$6.68	$6.15	$4.09	66.5%
REGULATORY CAPITAL RATIOS(2)							
Basel I							
Total risk-based capital ratio(3)	16.4%						
Tier 1 risk-based capital ratio(4)	15.1%						
Tier 1 common ratio(5)	15.1%						
Tier 1 leverage ratio(6)	12.2%						
Basel III							
Tier 1 common ratio(7)	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							Nine months ended			
	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	3Q'14 vs. 3Q'13		Sep 30, 2014	Sep 30, 2013	YTD'14 vs. YTD'13	
RETAIL CARD											
Purchase volume(1),(2)	$20,991	$21,032	$16,713	$22,199	$18,840	$2,151	11.4%	$58,736	$53,540	$5,196	9.7%
Period-end loan receivables	$38,466	$37,238	$37,175	$39,834	$36,137	$2,329	6.4%	$38,466	$36,137	$2,329	6.4%
Average loan receivables, including held for sale	$39,411	$38,047	$38,223	$37,576	$35,754	$3,657	10.2%	$38,685	$35,037	$3,648	10.4%
Average active accounts (in thousands)(2),(3)	48,433	47,248	48,168	47,455	45,617	2,816	6.2%	48,116	45,128	2,988	6.6%
Interest and fees on loans(2)	$2,299	$2,158	$2,178	$2,234	$2,119	$180	8.5%	$6,635	$6,083	$552	9.1%
Other income(2)	78	92	96	113	95	(17)	(17.9)%	266	306	(40)	(13.1)%
Platform revenue, excluding retailer share arrangements(2)	2,377	2,250	2,274	2,347	2,214	163	7.4%	6,901	6,389	512	8.0%
Retailer share arrangements(2)	(683)	(577)	(584)	(651)	(670)	(13)	1.9%	(1,844)	(1,680)	(164)	9.8%
Platform revenue(2)	$1,694	$1,673	$1,690	$1,696	$1,544	$150	9.7%	$5,057	$4,709	$348	7.4%
PAYMENT SOLUTIONS											
Purchase volume(1)	$3,226	$3,115	$2,687	$3,111	$2,963	$263	8.9%	$9,028	$8,249	$779	9.4%
Period-end loan receivables	$11,514	$11,014	$10,647	$10,893	$10,731	$783	7.3%	$11,514	$10,731	$783	7.3%
Average loan receivables	$11,267	$10,785	$10,775	$10,844	$10,526	$741	7.0%	$10,965	$10,342	$623	6.0%
Average active accounts (in thousands)(3)	6,892	6,692	6,737	6,566	6,310	582	9.2%	6,784	6,234	550	8.8%
Interest and fees on loans	$405	$379	$372	$399	$383	$22	5.7%	$1,156	$1,107	$49	4.4%
Other income	7	8	8	4	9	(2)	(22.2)%	23	32	(9)	(28.1)%
Platform revenue, excluding retailer share arrangements	412	387	380	403	392	20	5.1%	1,179	1,139	40	3.5%
Retailer share arrangements	(9)	(12)	(9)	(9)	(10)	1	(10.0)%	(30)	(27)	(3)	11.1%
Platform revenue	$403	$375	$371	$394	$382	$21	5.5%	$1,149	$1,112	$37	3.3%
CARECREDIT											
Purchase volume(1)	$1,787	$1,831	$1,686	$1,692	$1,696	$91	5.4%	$5,304	$5,067	$237	4.7%
Period-end loan receivables	$6,787	$6,621	$6,463	$6,527	$6,397	$390	6.1%	$6,787	$6,397	$390	6.1%
Average loan receivables	$6,713	$6,531	$6,497	$6,475	$6,300	$413	6.6%	$6,588	$6,109	$479	7.8%
Average active accounts (in thousands)(3)	4,582	4,446	4,437	4,381	4,244	338	8.0%	4,494	4,161	333	8.0%
Interest and fees on loans	$412	$383	$378	$399	$381	$31	8.1%	$1,173	$1,073	$100	9.3%
Other income	11	12	11	13	10	1	10.0%	34	32	2	6.3%
Platform revenue, excluding retailer share arrangements	423	395	389	412	391	32	8.2%	1,207	1,105	102	9.2%
Retailer share arrangements	(1)	(1)	(1)	(2)	-	(1)	NM	(3)	(4)	1	(25.0)%
Platform revenue	$422	$394	$388	$410	$391	$31	7.9%	$1,204	$1,101	$103	9.4%
TOTAL SYNCHRONY FINANCIAL											
Purchase volume(1),(2)	$26,004	$25,978	$21,086	$27,002	$23,499	$2,505	10.7%	$73,068	$66,856	$6,212	9.3%
Period-end loan receivables	$56,767	$54,873	$54,285	$57,254	$53,265	$3,502	6.6%	$56,767	$53,265	$3,502	6.6%
Average loan receivables, including held for sale	$57,391	$55,363	$55,495	$54,895	$52,580	$4,811	9.1%	$56,238	$51,488	$4,750	9.2%
Average active accounts (in thousands)(2),(3)	59,907	58,386	59,342	58,402	56,171	3,736	6.7%	59,394	55,523	3,871	7.0%
Interest and fees on loans(2)	$3,116	$2,920	$2,928	$3,032	$2,883	$233	8.1%	$8,964	$8,263	$701	8.5%
Other income(2)	96	112	115	130	114	(18)	(15.8)%	323	370	(47)	(12.7)%
Platform revenue, excluding retailer share arrangements(2)	3,212	3,032	3,043	3,162	2,997	215	7.2%	9,287	8,633	654	7.6%
Retailer share arrangements(2)	(693)	(590)	(594)	(662)	(680)	(13)	1.9%	(1,877)	(1,711)	(166)	9.7%
Platform revenue(2)	$2,519	$2,442	$2,449	$2,500	$2,317	$202	8.7%	$7,410	$6,922	$488	7.0%

(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				
	Sep 30, 2014	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013
COMMON EQUITY MEASURES					
GAAP Total common equity	$9,941	$6,393	$6,042	$5,960	$5,583
Less: Goodwill	(949)	(949)	(949)	(949)	(957)
Less: Intangible assets, net	(449)	(463)	(464)	(300)	(290)
Tangible common equity	$8,543	$4,981	$4,629	$4,711	$4,336
Adjustments for certain other intangible assets, deferred tax liabilities and certain items in accumulated comprehensive income (loss)	292				
Basel I - Tier 1 capital and Tier 1 common equity	$8,835				
Adjustments for certain other intangible assets and deferred tax liabilities	(24)				
Basel III - Tier I common equity	$8,811				

RISK-BASED CAPITAL	
Basel I - Tier 1 capital and Tier 1 common equity	$8,835
Add: Allowance for loan losses includible in risk-based capital	760
Basel I - Risk-based capital	$9,595
ASSET MEASURES	
Total assets	$73,469
Less: Disallowed goodwill and other disallowed intangible assets, net of related deferred tax liabilities	(1,110)
Less: Unrealized (gains) / losses on investment securities	4
Total assets for leverage purposes - Basel I	$72,363
Risk-weighted assets - Basel I	$58,457
Additional risk weighting adjustments related to:	
Deferred taxes	1,319
Loan receivables delinquent over 90 days	682
Other	-
Risk-weighted assets - Basel III (fully phased in)	$60,458

TANGIBLE COMMON EQUITY PER SHARE					
GAAP book value per share	$11.92	$9.07	$8.57	$8.45	$7.92
Less: Goodwill	(1.14)	(1.34)	(1.34)	(1.34)	(1.36)
Less: Intangible assets, net	(0.54)	(0.66)	(0.66)	(0.43)	(0.41)
Tangible common equity per share	$10.24	$7.07	$6.57	$6.68	$6.15

Language:
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