

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

April 18, 2019
Date of Report
(Date of earliest event reported)

SYNCHRONY FINANCIAL

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-36560
(Commission
File Number)

51-0483352
(I.R.S. Employer
Identification No.)

777 Long Ridge Road, Stamford, Connecticut
(Address of principal executive offices)

(203) 585-2400
(Registrant's telephone number, including area code)
N/A
(Former name or former address, if changed since last report)

06902
(Zip Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On April 18, 2019, Synchrony Financial (the "Company") issued a press release setting forth the Company's first quarter 2019 earnings. A copy of the Company's press release is being furnished as Exhibit 99.1 and hereby incorporated by reference. The information furnished pursuant to this Item 2.02, including Exhibits, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Exchange Act.

Item 9.01 Financial Statements and Exhibits.*(d) Exhibits*

The following exhibits are being furnished as part of this report:

<u>Number</u>	<u>Description</u>
99.1	Press release, dated April 18, 2019, issued by Synchrony Financial
99.2	Financial Data Supplement of the Company for the quarter ended March 31, 2019
99.3	Financial Results Presentation of the Company for the quarter ended March 31, 2019
99.4	Explanation of Non-GAAP Measures

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SYNCHRONY FINANCIAL

Date: April 18, 2019

By: /s/ Jonathan Mothner
Name: Jonathan Mothner
Title: Executive Vice President, General Counsel and Secretary

EXHIBIT INDEX

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<u>99.4</u>	<u>Explanation of Non-GAAP Measures</u>



Investor Relations Media Relations
 Greg Ketron Sue Bishop
 (203) 585-6291 (203) 585-2802

For Immediate Release: April 18, 2019

Synchrony Financial Reports First Quarter Net Earnings of \$1.1 Billion or \$1.56 Per Diluted Share
Includes Benefit from Walmart Portfolio Reserve Release of \$0.56 Per Diluted Share

STAMFORD, Conn. – Synchrony Financial (NYSE: SYF) today announced first quarter 2019 net earnings of \$1.1 billion, or \$1.56 per diluted share; this includes a \$522 million pre-tax, \$395 million after-tax, or \$0.56 per diluted share benefit from reserves released related to the reclassification of the Walmart portfolio to loans held for sale during the quarter. Highlights included*:

- Loan receivables grew 3% to \$80.4 billion; excluding the Walmart portfolio from both periods, loan receivables grew 17% to \$79.7 billion
- Net interest income increased 10% to \$4.2 billion
- Purchase volume grew 10% to \$32.5 billion; and average active accounts grew 8% to 77.1 million
- Deposits grew \$7.5 billion, or 13% to \$64.1 billion
- Renewed key Payment Solutions relationships with P.C. Richard & Son, Rheem, and Suzuki
- Expanded networks to create broader acceptance for Synchrony Car Care and Synchrony HOME in Payment Solutions and through a partnership with Simplee in CareCredit
- Continued to expand CareCredit product offerings with entry into pet insurance as managing general agent through the acquisition of Pets Best
- Paid quarterly common stock dividend of \$0.21 per share and repurchased \$966 million of Synchrony Financial common stock

** All comparisons are for the first quarter of 2019 compared to the first quarter of 2018, unless otherwise noted*

“We are maintaining the momentum we generated over the last several quarters. Our focus on organic growth, program renewals, valuable strategic partnerships, forward-thinking technology investments, and actionable data analytics, continue to be key factors in driving solid growth and strong partnerships,” said Margaret Keane, President and Chief Executive Officer of Synchrony Financial. “Synchrony’s balance sheet remains strong as we continue to focus on creating value for shareholders through growth, portfolio acquisitions, and the execution of our capital plan.”

Business and Financial Highlights for the First Quarter of 2019

All comparisons are for the first quarter of 2019 compared to the first quarter of 2018, unless otherwise noted.

Earnings

- Net interest income increased \$384 million, or 10%, to \$4.2 billion, primarily driven by the PayPal Credit program acquisition and loan receivables growth. Net interest income after retailer share arrangements increased 5%.
- Provision for loan losses decreased \$503 million, or 37%, to \$859 million, largely driven by the \$522 million reserve release related to the reclassification of the Walmart portfolio to loans held for sale during the quarter.
- Other income was up \$17 million to \$92 million.
- Other expense increased \$55 million, or 6%, to \$1.0 billion, primarily driven by the PayPal Credit program acquisition and growth-related expenses.
- Net earnings totaled \$1.1 billion compared to \$640 million last year.

Balance Sheet

- Period-end loan receivables growth was 3%; excluding the Walmart portfolio from both periods, period-end loan receivables growth was 17%; purchase volume growth was 10% and average active accounts increased 8%, primarily driven by the PayPal Credit program acquisition and growth.
- Deposits grew to \$64.1 billion, up \$7.5 billion, or 13%, and comprised 75% of funding.
- The Company's balance sheet remained strong with total liquidity (liquid assets and undrawn credit facilities) of \$23.4 billion, or 22.2% of total assets.
- The estimated fully phased-in Common Equity Tier 1 ratio under Basel III was 14.5%, compared to 16.8%, reflecting the impact of capital deployment through the PayPal Credit program acquisition and continued execution of our capital plan.

Key Financial Metrics

- Return on assets was 4.3% and return on equity was 30.4%.
- Net interest margin was 16.08%.
- Efficiency ratio was 31.0%.

Credit Quality

- Loans 30+ days past due as a percentage of total period-end loan receivables were 4.92% compared to 4.52% last year; excluding the PayPal Credit program and the Walmart portfolio, the rate decreased approximately 10 basis points.
- Net charge-offs as a percentage of total average loan receivables were 6.06% compared to 6.14% last year; excluding the PayPal Credit program and the Walmart portfolio, the rate decreased approximately 30 basis points.
- The allowance for loan losses as a percentage of total period-end loan receivables was 7.39% compared to 7.37% last year.

Sales Platforms

- Retail Card period-end loan receivables growth was 1%; excluding the Walmart portfolio from both periods, period-end loan receivables growth was 22%; interest and fees on loans increased 15%, purchase volume growth was 11%, and average active accounts increased 10%, all largely driven by the PayPal Credit program acquisition.
- Payment Solutions period-end loan receivables grew 8%, led by home furnishings and luxury products. Interest and fees on loans increased 7%, primarily driven by the loan receivables growth. Purchase volume growth was 4% and average active accounts increased 3%.
- CareCredit period-end loan receivables grew 7%, led by dental and veterinary. Interest and fees on loans increased 6%, primarily driven by the loan receivables growth. Purchase volume growth was 8% and average active accounts increased 4%.

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 Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, as filed February 15, 2019, and the Company's forthcoming Quarterly Report on Form 10-Q for the quarter ended March 31, 2019. 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 Thursday, April 18, 2019, 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 12019#, and can be accessed beginning approximately two hours after the event through May 3, 2019.

About Synchrony Financial

Synchrony Financial (NYSE: SYF) is a premier consumer financial services company delivering customized financing programs across key industries including retail, health, auto, travel and home, along with award-winning consumer banking products. With more than \$140 billion in sales financed and 80.3 million active accounts, Synchrony Financial brings deep industry expertise, actionable data insights, innovative solutions and differentiated digital experiences to improve the success of every business we serve and the quality of each life we touch. More information can be found at www.synchronyfinancial.com and through Twitter: @Synchrony.

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 grow our deposits in the future; our ability to securitize our loan receivables, occurrence of an early amortization of our securitization facilities, loss of the right to service or subservice our securitized loan receivables, and lower payment rates on our securitized loan receivables; 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 acquisitions and 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/or interpretations, 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 other legislative and regulatory developments 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, 2018, as filed on February 15, 2019. You should not consider any list of such factors to be an exhaustive statement of all 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 "Core" financial measures that have been adjusted to exclude amounts related to the Walmart portfolio, 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					1Q'19 vs. 1Q'18	
	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018		
EARNINGS							
Net interest income	\$ 4,226	\$ 4,333	\$ 4,206	\$ 3,737	\$ 3,842	\$ 384	10.0 %
Retailer share arrangements	(954)	(855)	(871)	(653)	(720)	(234)	32.5 %
Net interest income, after retailer share arrangements	3,272	3,478	3,335	3,084	3,122	150	4.8 %
Provision for loan losses	859	1,452	1,451	1,280	1,362	(503)	(36.9)%
Net interest income, after retailer share arrangements and provision for loan losses	2,413	2,026	1,884	1,804	1,760	653	37.1 %
Other income	92	64	63	63	75	17	22.7 %
Other expense	1,043	1,078	1,054	975	988	55	5.6 %
Earnings before provision for income taxes	1,462	1,012	893	892	847	615	72.6 %
Provision for income taxes	355	229	222	196	207	148	71.5 %
Net earnings	\$ 1,107	\$ 783	\$ 671	\$ 696	\$ 640	\$ 467	73.0 %
Net earnings attributable to common stockholders	\$ 1,107	\$ 783	\$ 671	\$ 696	\$ 640	\$ 467	73.0 %
COMMON SHARE STATISTICS							
Basic EPS	\$ 1.57	\$ 1.09	\$ 0.91	\$ 0.93	\$ 0.84	\$ 0.73	86.9 %
Diluted EPS	\$ 1.56	\$ 1.09	\$ 0.91	\$ 0.92	\$ 0.83	\$ 0.73	88.0 %
Dividend declared per share	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.15	\$ 0.15	\$ 0.06	40.0 %
Common stock price	\$ 31.90	\$ 23.46	\$ 31.08	\$ 33.38	\$ 33.53	\$ (1.63)	(4.9)%
Book value per share	\$ 21.35	\$ 20.42	\$ 19.47	\$ 19.37	\$ 18.88	\$ 2.47	13.1 %
Tangible common equity per share ⁽¹⁾	\$ 17.96	\$ 17.41	\$ 16.51	\$ 16.84	\$ 16.55	\$ 1.41	8.5 %
Beginning common shares outstanding	718.8	718.7	746.6	760.3	770.5	(51.7)	(6.7)%
Issuance of common shares	—	—	—	—	—	—	—%
Stock-based compensation	0.9	0.1	2.4	0.3	0.2	0.7	NM
Shares repurchased	(30.9)	—	(30.3)	(14.0)	(10.4)	(20.5)	197.1 %
Ending common shares outstanding	688.8	718.8	718.7	746.6	760.3	(71.5)	(9.4)%
Weighted average common shares outstanding	706.3	718.7	734.9	752.2	763.7	(57.4)	(7.5)%
Weighted average common shares outstanding (fully diluted)	708.9	720.9	738.8	758.3	770.3	(61.4)	(8.0)%

(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					1Q'19 vs. 1Q'18	
	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018		
PERFORMANCE METRICS							
Return on assets ⁽¹⁾	4.3%	2.9%	2.7%	2.9%	2.7%	1.6%	
Return on equity ⁽²⁾	30.4%	21.5%	18.5%	19.4%	18.2%	12.2%	
Return on tangible common equity ⁽³⁾	35.8%	25.2%	21.5%	22.1%	20.7%	15.1%	
Net interest margin ⁽⁴⁾	16.08%	16.06%	16.41%	15.33%	16.05%	0.03%	
Efficiency ratio ⁽⁵⁾	31.0%	30.4%	31.0%	31.0%	30.9%	0.1%	
Other expense as a % of average loan receivables, including held for sale	4.71%	4.79%	4.82%	5.02%	5.07%	(0.36)%	
Effective income tax rate	24.3%	22.6%	24.9%	22.0%	24.4%	(0.1)%	
CREDIT QUALITY METRICS							
Net charge-offs as a % of average loan receivables, including held for sale	6.06%	5.54%	4.97%	5.97%	6.14%	(0.08)%	
30+ days past due as a % of period-end loan receivables ⁽⁶⁾	4.92%	4.76%	4.59%	4.17%	4.52%	0.40%	
90+ days past due as a % of period-end loan receivables ⁽⁶⁾	2.51%	2.29%	2.09%	1.98%	2.28%	0.23%	
Net charge-offs	\$ 1,344	\$ 1,248	\$ 1,087	\$ 1,159	\$ 1,198	\$ 146	12.2%
Loan receivables delinquent over 30 days ⁽⁶⁾	\$ 3,957	\$ 4,430	\$ 4,021	\$ 3,293	\$ 3,521	\$ 436	12.4%
Loan receivables delinquent over 90 days ⁽⁶⁾	\$ 2,019	\$ 2,135	\$ 1,833	\$ 1,561	\$ 1,776	\$ 243	13.7%
Allowance for loan losses (period-end)	\$ 5,942	\$ 6,427	\$ 6,223	\$ 5,859	\$ 5,738	\$ 204	3.6%
Allowance coverage ratio ⁽⁷⁾	7.39%	6.90%	7.11%	7.43%	7.37%		0.02%
BUSINESS METRICS							
Purchase volume ⁽⁸⁾⁽⁹⁾	\$ 32,513	\$ 40,320	\$ 36,443	\$ 34,268	\$ 29,626	\$ 2,887	9.7%
Period-end loan receivables	\$ 80,405	\$ 93,139	\$ 87,521	\$ 78,879	\$ 77,853	\$ 2,552	3.3%
Credit cards	\$ 77,251	\$ 89,994	\$ 84,319	\$ 75,753	\$ 74,952	\$ 2,299	3.1%
Consumer installment loans	\$ 1,860	\$ 1,845	\$ 1,789	\$ 1,708	\$ 1,590	\$ 270	17.0%
Commercial credit products	\$ 1,256	\$ 1,260	\$ 1,353	\$ 1,356	\$ 1,275	\$ (19)	(1.5)%
Other	\$ 38	\$ 40	\$ 60	\$ 62	\$ 36	\$ 2	5.6%
Average loan receivables, including held for sale	\$ 89,903	\$ 89,340	\$ 86,783	\$ 77,853	\$ 79,090	\$ 10,813	13.7%
Period-end active accounts (in thousands) ⁽⁹⁾⁽¹⁰⁾	74,812	80,339	75,457	69,767	68,891	5,921	8.6%
Average active accounts (in thousands) ⁽⁹⁾⁽¹⁰⁾	77,132	77,382	75,482	69,344	71,323	5,809	8.1%
LIQUIDITY							
Liquid assets							
Cash and equivalents	\$ 12,963	\$ 9,396	\$ 12,068	\$ 15,675	\$ 13,044	\$ (81)	(0.6)%
Total liquid assets	\$ 17,360	\$ 14,822	\$ 18,214	\$ 21,491	\$ 18,557	\$ (1,197)	(6.5)%
Undrawn credit facilities							
Undrawn credit facilities	\$ 6,050	\$ 4,375	\$ 5,125	\$ 6,500	\$ 6,000	\$ 50	0.8%
Total liquid assets and undrawn credit facilities	\$ 23,410	\$ 19,197	\$ 23,339	\$ 27,991	\$ 24,557	\$ (1,147)	(4.7)%
Liquid assets % of total assets	16.47%	13.88%	17.42%	21.68%	19.42%		(2.95)%
Liquid assets including undrawn credit facilities % of total assets	22.21%	17.98%	22.32%	28.24%	25.70%		(3.49)%

(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) Includes activity and accounts associated with loan receivables held for sale.

(10) 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					1Q'19 vs. 1Q'18	
	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018		
Interest income:							
Interest and fees on loans	\$ 4,687	\$ 4,774	\$ 4,617	\$ 4,081	\$ 4,172	\$ 515	12.3 %
Interest on investment securities	99	102	77	93	72	27	37.5 %
Total interest income	4,786	4,876	4,694	4,174	4,244	542	12.8 %
Interest expense:							
Interest on deposits	375	350	314	273	249	126	50.6 %
Interest on borrowings of consolidated securitization entities	100	104	86	80	74	26	35.1 %
Interest on third-party debt	85	89	88	84	79	6	7.6 %
Total interest expense	560	543	488	437	402	158	39.3 %
Net interest income	4,226	4,333	4,206	3,737	3,842	384	10.0 %
Retailer share arrangements	(954)	(855)	(871)	(653)	(720)	(234)	32.5 %
Net interest income, after retailer share arrangements	3,272	3,478	3,335	3,084	3,122	150	4.8 %
Provision for loan losses	859	1,452	1,451	1,280	1,362	(503)	(36.9)%
Net interest income, after retailer share arrangements and provision for loan losses	2,413	2,026	1,884	1,804	1,760	653	37.1 %
Other income:							
Interchange revenue	165	193	182	177	158	7	4.4 %
Debt cancellation fees	68	70	65	66	66	2	3.0 %
Loyalty programs	(167)	(208)	(196)	(192)	(155)	(12)	7.7 %
Other	26	9	12	12	6	20	NM
Total other income	92	64	63	63	75	17	22.7 %
Other expense:							
Employee costs	353	353	365	351	358	(5)	(1.4)%
Professional fees	232	231	232	177	166	66	39.8 %
Marketing and business development	123	166	131	110	121	2	1.7 %
Information processing	113	118	105	99	104	9	8.7 %
Other	222	210	221	238	239	(17)	(7.1)%
Total other expense	1,043	1,078	1,054	975	988	55	5.6 %
Earnings before provision for income taxes	1,462	1,012	893	892	847	615	72.6 %
Provision for income taxes	355	229	222	196	207	148	71.5 %
Net earnings attributable to common shareholders	\$ 1,107	\$ 783	\$ 671	\$ 696	\$ 640	\$ 467	73.0 %

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

	Quarter Ended					Mar 31, 2019 vs. Mar 31, 2018	
	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018		
Assets							
Cash and equivalents	\$ 12,963	\$ 9,396	\$ 12,068	\$ 15,675	\$ 13,044	\$ (81)	(0.6)%
Debt securities	5,506	6,062	7,281	6,779	6,259	(753)	(12.0)%
Loan receivables:							
Unsecuritized loans held for investment	54,907	64,969	59,868	50,884	52,469	2,438	4.6 %
Restricted loans of consolidated securitization entities	25,498	28,170	27,653	27,995	25,384	114	0.4 %
Total loan receivables	80,405	93,139	87,521	78,879	77,853	2,552	3.3 %
Less: Allowance for loan losses	(5,942)	(6,427)	(6,223)	(5,859)	(5,738)	(204)	3.6 %
Loan receivables, net	74,463	86,712	81,298	73,020	72,115	2,348	3.3 %
Loan receivables held for sale	8,052	—	—	—	—	8,052	NM
Goodwill	1,076	1,024	1,024	1,024	991	85	8.6 %
Intangible assets, net	1,259	1,137	1,105	863	780	479	61.4 %
Other assets	2,065	2,461	1,769	1,761	2,370	(305)	(12.9)%
Total assets	<u>\$ 105,384</u>	<u>\$ 106,792</u>	<u>\$ 104,545</u>	<u>\$ 99,122</u>	<u>\$ 95,559</u>	<u>\$ 9,825</u>	<u>10.3 %</u>
Liabilities and Equity							
Deposits:							
Interest-bearing deposit accounts	\$ 63,787	\$ 63,738	\$ 62,030	\$ 58,734	\$ 56,285	\$ 7,502	13.3 %
Non-interest-bearing deposit accounts	273	281	287	277	285	(12)	(4.2)%
Total deposits	64,060	64,019	62,317	59,011	56,570	7,490	13.2 %
Borrowings:							
Borrowings of consolidated securitization entities	12,091	14,439	14,187	12,170	12,214	(123)	(1.0)%
Senior unsecured notes	9,800	9,557	9,554	9,551	8,801	999	11.4 %
Total borrowings	21,891	23,996	23,741	21,721	21,015	876	4.2 %
Accrued expenses and other liabilities	4,724	4,099	4,491	3,932	3,618	1,106	30.6 %
Total liabilities	90,675	92,114	90,549	84,664	81,203	9,472	11.7 %
Equity:							
Common stock	1	1	1	1	1	—	— %
Additional paid-in capital	9,489	9,482	9,470	9,486	9,470	19	0.2 %
Retained earnings	9,939	8,986	8,355	7,906	7,334	2,605	35.5 %
Accumulated other comprehensive income:	(56)	(62)	(99)	(93)	(86)	30	(34.9)%
Treasury Stock	(4,664)	(3,729)	(3,731)	(2,842)	(2,363)	(2,301)	97.4 %
Total equity	14,709	14,678	13,996	14,458	14,356	353	2.5 %
Total liabilities and equity	<u>\$ 105,384</u>	<u>\$ 106,792</u>	<u>\$ 104,545</u>	<u>\$ 99,122</u>	<u>\$ 95,559</u>	<u>\$ 9,825</u>	<u>10.3 %</u>

SYNCHRONY FINANCIAL

AVERAGE BALANCES, NET INTEREST INCOME AND NET INTEREST MARGIN

(unaudited, \$ in millions)

	Quarter Ended														
	Mar 31, 2019			Dec 31, 2018			Sep 30, 2018			Jun 30, 2018			Mar 31, 2018		
	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	\$ 11,033	\$ 65	2.39%	\$ 10,856	\$ 62	2.27%	\$ 7,901	\$ 39	1.96%	\$ 13,097	\$ 59	1.81%	\$ 12,434	\$ 47	1.53%
Securities available for sale	5,640	34	2.44%	6,837	40	2.32%	7,022	38	2.15%	6,803	34	2.00%	5,584	25	1.82%
Loan receivables:															
Credit cards, including held for sale	86,768	4,611	21.55%	86,131	4,695	21.63%	83,609	4,538	21.53%	74,809	4,010	21.50%	76,181	4,099	21.82%
Consumer installment loans	1,844	42	9.24%	1,815	42	9.18%	1,753	41	9.28%	1,648	37	9.01%	1,572	36	9.29%
Commercial credit products	1,252	34	11.01%	1,344	37	10.92%	1,355	37	10.83%	1,346	34	10.13%	1,286	36	11.35%
Other	39	—	—%	50	—	—%	66	1	NM	50	—	—%	51	1	NM
Total loan receivables, including held for sale	89,903	4,687	21.14%	89,340	4,774	21.20%	86,783	4,617	21.11%	77,853	4,081	21.03%	79,090	4,172	21.39%
Total interest-earning assets	106,576	4,786	18.21%	107,033	4,876	18.07%	101,706	4,694	18.31%	97,753	4,174	17.13%	97,108	4,244	17.72%
Non-interest-earning assets:															
Cash and due from banks	1,335			1,320			1,217			1,161			1,197		
Allowance for loan losses	(6,341)			(6,259)			(5,956)			(5,768)			(5,608)		
Other assets	3,729			3,688			3,482			3,068			3,010		
Total non-interest-earning assets	(1,277)			(1,251)			(1,257)			(1,539)			(1,401)		
Total assets	\$ 105,299			\$ 105,782			\$ 100,449			\$ 96,214			\$ 95,707		
Liabilities															
Interest-bearing liabilities:															
Interest-bearing deposit accounts	\$ 63,776	\$ 375	2.38%	\$ 62,999	\$ 350	2.20%	\$ 60,123	\$ 314	2.07%	\$ 57,303	\$ 273	1.91%	\$ 56,356	\$ 249	1.79%
Borrowings of consolidated securitization entities	13,407	100	3.02%	14,223	104	2.90%	12,306	86	2.77%	11,821	80	2.71%	12,410	74	2.42%
Senior unsecured notes	8,892	85	3.88%	9,554	89	3.70%	9,552	88	3.66%	9,114	84	3.70%	8,795	79	3.64%
Total interest-bearing liabilities	86,075	560	2.64%	86,776	543	2.48%	81,981	488	2.36%	78,238	437	2.24%	77,561	402	2.10%
Non-interest-bearing liabilities															
Non-interest-bearing deposit accounts	286			284			275			270			300		
Other liabilities	4,148			4,283			3,772			3,299			3,570		
Total non-interest-bearing liabilities	4,434			4,567			4,047			3,569			3,870		
Total liabilities	90,509			91,343			86,028			81,807			81,431		
Equity															
Total equity	14,790			14,439			14,421			14,407			14,276		
Total liabilities and equity	\$ 105,299			\$ 105,782			\$ 100,449			\$ 96,214			\$ 95,707		
Net interest income		\$ 4,226			\$ 4,333			\$ 4,206			\$ 3,737			\$ 3,842	
Interest rate spread⁽¹⁾			15.57%			15.59%			15.95%			14.89%			15.62%
Net interest margin⁽²⁾			16.08%			16.06%			16.41%			15.33%			16.05%

(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

BALANCE SHEET STATISTICS

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

	Quarter Ended					Mar 31, 2019 vs. Mar 31, 2018
	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018	
BALANCE SHEET STATISTICS						
Total common equity	\$ 14,709	\$ 14,678	\$ 13,996	\$ 14,458	\$ 14,356	\$ 353 2.5%
Total common equity as a % of total assets	13.96%	13.74%	13.39%	14.59%	15.02%	(1.06)%
Tangible assets	\$ 103,049	\$ 104,631	\$ 102,416	\$ 97,235	\$ 93,788	\$ 9,261 9.9%
Tangible common equity ⁽¹⁾	\$ 12,374	\$ 12,517	\$ 11,867	\$ 12,571	\$ 12,585	\$ (211) (1.7)%
Tangible common equity as a % of tangible assets ⁽¹⁾	12.01%	11.96%	11.59%	12.93%	13.42%	(1.41)%
Tangible common equity per share ⁽¹⁾	\$ 17.96	\$ 17.41	\$ 16.51	\$ 16.84	\$ 16.55	\$ 1.41 8.5%

REGULATORY CAPITAL RATIOS⁽²⁾

	Basel III Fully Phased-in				
Total risk-based capital ratio ⁽³⁾	15.8%	15.3%	15.5%	18.0%	18.1%
Tier 1 risk-based capital ratio ⁽⁴⁾	14.5%	14.0%	14.2%	16.6%	16.8%
Tier 1 leverage ratio ⁽⁵⁾	12.3%	12.3%	12.3%	13.6%	13.7%
Common equity Tier 1 capital ratio	14.5%	14.0%	14.2%	16.6%	16.8%

(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 March 31, 2019 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.

SYNCHRONY FINANCIAL

PLATFORM RESULTS

(unaudited, \$ in millions)

	Quarter Ended					IQ'19 vs. IQ'18	
	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018		
RETAIL CARD⁽¹⁾							
Purchase volume ⁽²⁾⁽³⁾	\$ 24,660	\$ 31,755	\$ 27,863	\$ 25,926	\$ 22,141	\$ 2,519	11.4 %
Period-end loan receivables	\$ 51,572	\$ 63,827	\$ 59,139	\$ 51,473	\$ 51,117	\$ 455	0.9 %
Average loan receivables, including held for sale	\$ 60,964	\$ 60,604	\$ 58,964	\$ 51,011	\$ 52,251	\$ 8,713	16.7 %
Average active accounts (in thousands) ⁽³⁾⁽⁴⁾	58,632	58,962	57,459	51,680	53,463	5,169	9.7 %
Interest and fees on loans	\$ 3,454	\$ 3,502	\$ 3,383	\$ 2,915	\$ 3,015	\$ 439	14.6 %
Other income	\$ 76	\$ 59	\$ 57	\$ 54	\$ 69	\$ 7	10.1 %
Retailer share arrangements	\$ (940)	\$ (825)	\$ (844)	\$ (637)	\$ (708)	\$ (232)	32.8 %
PAYMENT SOLUTIONS⁽¹⁾							
Purchase volume ⁽²⁾	\$ 5,249	\$ 6,035	\$ 6,007	\$ 5,702	\$ 5,064	\$ 185	3.7 %
Period-end loan receivables	\$ 19,379	\$ 19,815	\$ 19,064	\$ 18,320	\$ 17,927	\$ 1,452	8.1 %
Average loan receivables, including held for sale	\$ 19,497	\$ 19,333	\$ 18,659	\$ 17,978	\$ 18,051	\$ 1,446	8.0 %
Average active accounts (in thousands) ⁽⁴⁾	12,406	12,350	12,062	11,845	12,009	397	3.3 %
Interest and fees on loans	\$ 686	\$ 708	\$ 683	\$ 644	\$ 643	\$ 43	6.7 %
Other income	\$ 1	\$ (2)	\$ (2)	\$ (2)	\$ (2)	\$ 3	(150.0)%
Retailer share arrangements	\$ (12)	\$ (25)	\$ (24)	\$ (14)	\$ (10)	\$ (2)	20.0 %
CARECREDIT							
Purchase volume ⁽²⁾	\$ 2,604	\$ 2,530	\$ 2,573	\$ 2,640	\$ 2,421	\$ 183	7.6 %
Period-end loan receivables	\$ 9,454	\$ 9,497	\$ 9,318	\$ 9,086	\$ 8,809	\$ 645	7.3 %
Average loan receivables	\$ 9,442	\$ 9,403	\$ 9,160	\$ 8,864	\$ 8,788	\$ 654	7.4 %
Average active accounts (in thousands) ⁽⁴⁾	6,094	6,070	5,961	5,819	5,851	243	4.2 %
Interest and fees on loans	\$ 547	\$ 564	\$ 551	\$ 522	\$ 514	\$ 33	6.4 %
Other income	\$ 15	\$ 7	\$ 8	\$ 11	\$ 8	\$ 7	87.5 %
Retailer share arrangements	\$ (2)	\$ (5)	\$ (3)	\$ (2)	\$ (2)	\$ —	— %
TOTAL SYF							
Purchase volume ⁽²⁾⁽³⁾	\$ 32,513	\$ 40,320	\$ 36,443	\$ 34,268	\$ 29,626	\$ 2,887	9.7 %
Period-end loan receivables	\$ 80,405	\$ 93,139	\$ 87,521	\$ 78,879	\$ 77,853	\$ 2,552	3.3 %
Average loan receivables, including held for sale	\$ 89,903	\$ 89,340	\$ 86,783	\$ 77,853	\$ 79,090	\$ 10,813	13.7 %
Average active accounts (in thousands) ⁽³⁾⁽⁴⁾	77,132	77,382	75,482	69,344	71,323	5,809	8.1 %
Interest and fees on loans	\$ 4,687	\$ 4,774	\$ 4,617	\$ 4,081	\$ 4,172	\$ 515	12.3 %
Other income	\$ 92	\$ 64	\$ 63	\$ 63	\$ 75	\$ 17	22.7 %
Retailer share arrangements	\$ (954)	\$ (855)	\$ (871)	\$ (653)	\$ (720)	\$ (234)	32.5 %

(1) Beginning in 1Q 2019, our Oil and Gas retail credit programs are now included in our Payment Solutions sales platform. Prior period financial and operating metrics for Retail Card and Payment Solutions have been recast to reflect the current period presentation.

(2) 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.

(3) Includes activity and balances associated with loan receivables held for sale.

(4) 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				
	Mar 31, 2019	Dec 31, 2018	Sep 30, 2018	Jun 30, 2018	Mar 31, 2018
COMMON EQUITY MEASURES					
GAAP Total common equity	\$ 14,709	\$ 14,678	\$ 13,996	\$ 14,458	\$ 14,356
Less: Goodwill	(1,076)	(1,024)	(1,024)	(1,024)	(991)
Less: Intangible assets, net	(1,259)	(1,137)	(1,105)	(863)	(780)
Tangible common equity	\$ 12,374	\$ 12,517	\$ 11,867	\$ 12,571	\$ 12,585
Adjustments for certain deferred tax liabilities and certain items in accumulated comprehensive income (loss)	287	284	311	287	278
Basel III - Common equity Tier 1 (fully phased-in)	\$ 12,661	\$ 12,801	\$ 12,178	\$ 12,858	\$ 12,863
RISK-BASED CAPITAL					
Common equity Tier 1	\$ 12,661	\$ 12,801	\$ 12,178	\$ 12,858	\$ 12,863
Add: Allowance for loan losses includible in risk-based capital	1,152	1,211	1,137	1,027	1,015
Risk-based capital	\$ 13,813	\$ 14,012	\$ 13,315	\$ 13,885	\$ 13,878
ASSET MEASURES					
Total average assets	\$ 105,299	\$ 105,782	\$ 100,449	\$ 96,214	\$ 95,707
Adjustments for:					
Disallowed goodwill and other disallowed intangible assets (net of related deferred tax liabilities) and other	(2,039)	(1,845)	(1,836)	(1,670)	(1,560)
Total assets for leverage purposes	\$ 103,260	\$ 103,937	\$ 98,613	\$ 94,544	\$ 94,147
Risk-weighted assets - Basel III (fully phased-in)	\$ 87,331	\$ 91,742	\$ 85,941	\$ 77,322	\$ 76,509
TANGIBLE COMMON EQUITY PER SHARE					
GAAP book value per share	\$ 21.35	\$ 20.42	\$ 19.47	\$ 19.37	\$ 18.88
Less: Goodwill	(1.56)	(1.42)	(1.42)	(1.37)	(1.30)
Less: Intangible assets, net	(1.83)	(1.59)	(1.54)	(1.16)	(1.03)
Tangible common equity per share	\$ 17.96	\$ 17.41	\$ 16.51	\$ 16.84	\$ 16.55

(1) Regulatory measures at March 31, 2019 are presented on an estimated basis.

1Q'19 Financial Results

April 18, 2019



Disclaimers

Cautionary Statement Regarding Forward-Looking Statements

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

This presentation contains certain forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. Forward-looking statements may be identified by words such as "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 grow our deposits in the future; our ability to securitize our loan receivables, occurrence of an early amortization of our securitization facilities, loss of the right to service or subservice our securitized loan receivables, and lower payment rates on our securitized loan receivables; 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 acquisitions and 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/or interpretations, 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 the Synchrony Bank's ability to pay dividends to us; regulations relating to privacy, information security and data protection; use of third-party vendors and ongoing third-party business relationships; and failure to comply with anti-money laundering and anti-terrorism financing laws.

For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this presentation and in our public filings, including under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2018, as filed on February 15, 2019. You should not consider any list of such factors to be an exhaustive statement of all of the risks, uncertainties, or potentially inaccurate assumptions that could cause our current expectations or beliefs to change. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except as otherwise may be required by law. Differences between this presentation and the supplemental financials may occur due to rounding.

1Q'19 Highlights

Financial Highlights

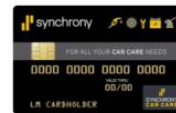
- \$1.107 billion Net earnings, \$1.56 diluted EPS
 - Reserve release related to Walmart portfolio being moved to HFS was \$522 million, or \$395 million after-tax; EPS benefit of \$0.56
- Strong growth metrics
 - Loan receivables up 3%; up 17% on a core basis ^(a)
 - Net interest income up 10%
 - Purchase volume up 10%
 - Average active accounts up 8%
- Net charge-offs 6.06% compared to 6.14% in the prior year
- Provision for loan losses down 37% driven by Walmart portfolio reserve release
- RSAs/average receivables increased to 4.30% due to lower reserve build and program mix
- Efficiency ratio 31.0% compared to 30.9% in the prior year
- Reclassed Walmart portfolio Loan receivables to held for sale ^(b)
- Deposits up \$7.5 billion compared to prior year
- Strong capital and liquidity
 - 14.5% CET1 & \$17.4 billion liquid assets
 - Returned \$1.1 billion in capital through \$966 million of share repurchases and \$150 million in dividends

Business Highlights

- Renewed and extended key relationships



- Expanding our network to create broader acceptance



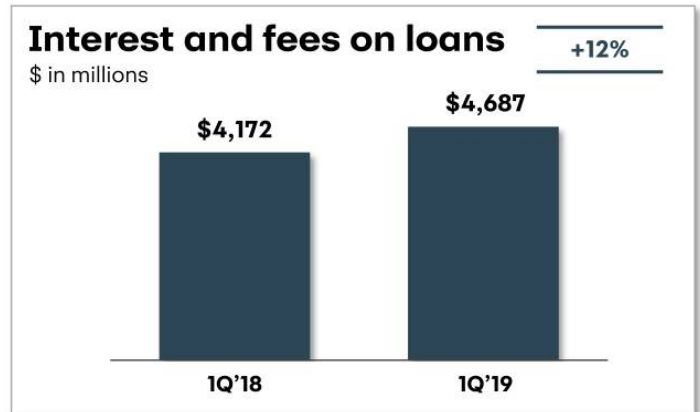
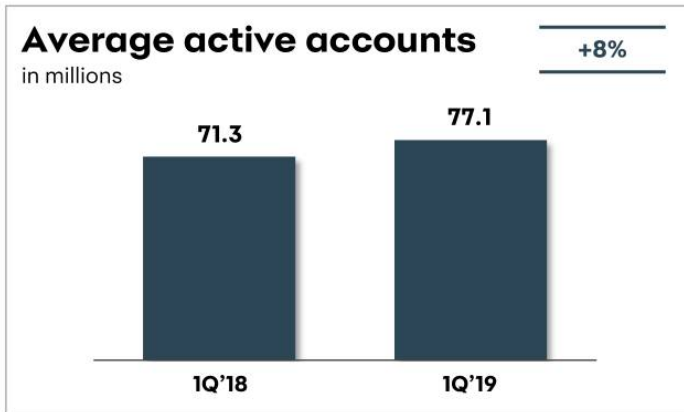
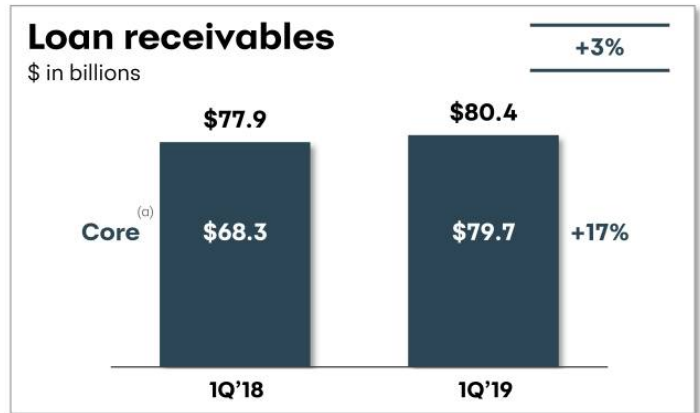
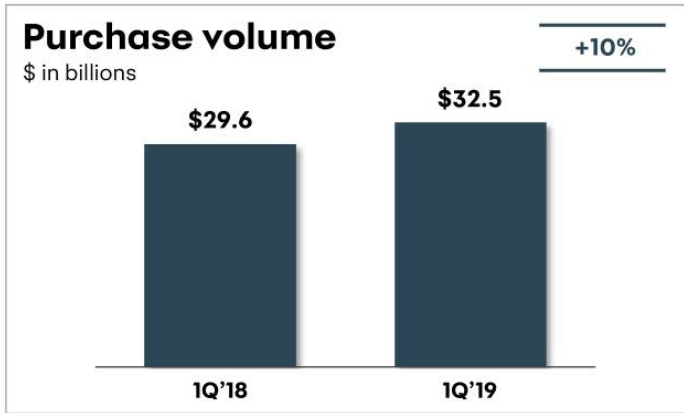
- Expanding CareCredit product offering through acquisition of Pets Best and entry into pet insurance as managing general agent



(a) Loan receivables shown above on a Core basis is a non-GAAP measure and excludes from both the prior year and the current year amounts related to the Walmart portfolio. See non-GAAP reconciliation in the appendix

(b) Walmart portfolio totaled \$8.7 billion of Loan receivables at March 31, 2019, of which \$8.1 billion has been reclassified to Loan receivables held for sale. The remaining amounts held for investment represent certain Loan receivables we believe will charge-off prior to the expected closing date of the sale of the Walmart portfolio.

Growth Metrics



(a) Loan receivables shown above on a Core basis is a non-GAAP measure and excludes from both the prior year and the current year amounts related to the Walmart portfolio. See non-GAAP reconciliation in the appendix.

Platform Results^(a)

Retail Card^(b)

Loan receivables, \$ in billions



	1Q'18	1Q'19	V%
Purchase volume	\$22.1	\$24.7	+11%
Accounts	53.4	58.6	+10%
Interest and fees on loans	\$3,015	\$3,454	+15%

- Growth driven by PayPal Credit program acquisition
- Interest and fees on loans up 15% driven by PayPal Credit program acquisition

Payment Solutions^(b)

Loan receivables, \$ in billions



	1Q'18	1Q'19	V%
Total	\$17.9	\$19.4	+8%
Accounts	12.0	12.4	+3%
Interest and fees on loans	\$643	\$686	+7%

- Strong growth led by home furnishings and luxury
- Interest and fees on loans up 7% driven by receivable growth

CareCredit

Loan receivables, \$ in billions



	1Q'18	1Q'19	V%
Total	\$8.8	\$9.5	+7%
Accounts	5.9	6.1	+4%
Interest and fees on loans	\$514	\$547	+6%

- Strong growth led by dental and veterinary
- Interest and fees on loans up 6% driven by receivable growth

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

(b) Beginning in 1Q 2019, our Oil and Gas retail partners are now included in our Payment Solutions sales platform. Prior period financial and operating metrics for Retail Card and Payment Solutions have been recast to reflect the current period presentation

(c) Loan receivables shown above on a Core basis is a non-GAAP measure and excludes from both the prior year and the current year amounts related to the Walmart portfolio. See non-GAAP reconciliation in the appendix

Financial Results

Summary earnings statement

			B/(W)	
	1Q'19	1Q'18	\$	%
\$ in millions, except ratios				
Total interest income	\$4,786	\$4,244	\$542	13%
Total interest expense	560	402	(158)	(39)%
Net interest income (NII)	4,226	3,842	384	10%
Retailer share arrangements (RSA)	(954)	(720)	(234)	(33)%
NII, after RSA	3,272	3,122	150	5%
Provision for loan losses	859	1,362	503	37%
Other income	92	75	17	23%
Other expense	1,043	988	(55)	(6)%
Pre-Tax earnings	1,462	847	615	73%
Provision for income taxes	355	207	(148)	(71)%
Net earnings	\$1,107	\$640	\$467	73%
Diluted earnings per share	\$1.56	\$0.83	\$0.73	

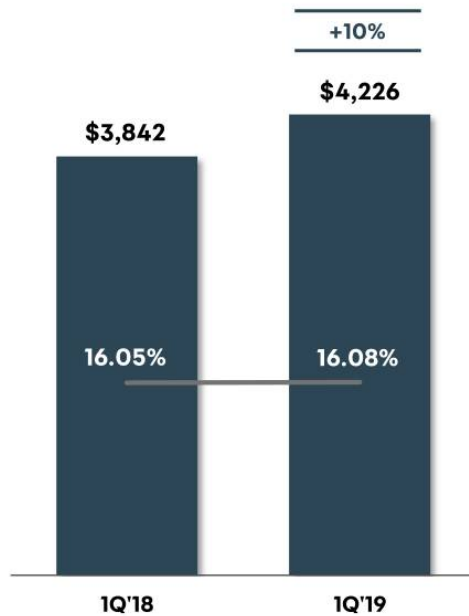
1Q'19 Highlights

- **\$1.107 billion Net Earnings, \$1.56 diluted EPS**
- **Net interest income up 10% driven by growth in Loan receivables**
 - Interest and fees on loans up 12% driven by average loan receivables growth
 - Interest expense increase driven by increased benchmark rates and growth
- **Retailer share arrangements up 33%**
 - Increase driven by lower reserve build, growth and improved performance
- **Provision for loan losses down 37% driven by the release of the portion of the Walmart portfolio reserve related to the held for sale reclass**
 - Net charge-offs of 6.06% compared to 6.14% in the prior year
- **Other expense up 6%**
 - Driven primarily by PayPal Credit program

Net Interest Income

Net interest income

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



1Q'19 Highlights

- **Net interest income increased 10% compared to prior year driven by growth in Loan receivables**
 - Interest and fees on loans increased 12% compared to prior year driven by average loan receivables growth
- **Net interest margin up 3bps.**
 - Loan receivables mix as a percent of total earning assets increased from 81.4% to 84.4% driven primarily by the PayPal Credit program acquisition
 - Loan receivables yield 21.14%, down 25bps. versus prior year primarily driven by the impact of the PayPal Credit program
 - Total interest-bearing liabilities cost increased 54bps. to 2.64%, due to increased benchmark rates

Asset Quality Metrics

30+ days past due

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



Net charge-offs

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



90+ days past due

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



Allowance for loan losses

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



Other Expense

Other expense

\$ in millions



1Q'19 Highlights

- **Other expense up 6%**
 - Other expense increase driven primarily by PayPal Credit program
- **Efficiency ratio 31.0% vs. 30.9% prior year**

	1Q'18	1Q'19	V\$	V%
Employee costs	\$358	\$353	\$(5)	(1)%
Professional fees	166	232	66	40%
Marketing/BD	121	123	2	2%
Information processing	104	113	9	9%
Other	239	222	(17)	(7)%
Other expense	\$988	\$1,043	\$55	6%
Efficiency^(a)	30.9%	31.0%		0.1pts.

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

Funding, Capital and Liquidity

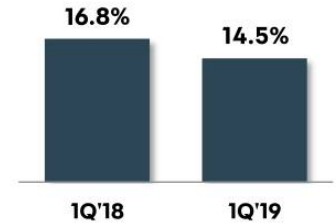
Funding sources

\$ in billions



Capital ratios

Common equity Tier 1 % - Basel III fully phased-in



Liquidity^(a)

\$ in billions



Liquid assets	\$18.6	\$17.4
Undrawn credit facilities	6.0	6.1
Total liquidity	\$24.6	\$23.4
% of Total assets	25.7%	22.2%

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

1Q'19 Wrap Up

- Net earnings of \$1.107 billion ... \$1.56 diluted earnings per share
 - Reserve release related to Walmart portfolio being moved to HFS was \$522 million, or \$395 million after-tax; EPS benefit of \$0.56
- Broad based growth ... Purchase volume +10%, Core Loan receivables +17%,^(a) Net interest income +10%
- Renewed key partners P.C. Richard & Son, Suzuki and Rheem
- Expanded our network to create broader acceptance with Synchrony Car Care, Synchrony Home and Simplee
- Continued to expand CareCredit product offering through acquisition of Pets Best and entry into pet insurance as managing general agent
- Fast-growing deposit platform ... deposits at \$64.1 billion comprising 75% of funding
- Returned \$1.1 billion in capital through \$966 million of share repurchases and \$150 million in dividends
- Strong balance sheet, 14.5% CET1 and \$17.4 billion of liquid assets



Engage with us.



Appendix

Non-GAAP Reconciliation

The following table sets forth the components of our Loan receivables for the periods indicated below.

\$ in billions

	At March 31,			
	Total		Retail Card	
	2018	2019	2018	2019
Loan receivables	\$77.9	\$80.4	\$51.2	\$51.5
Less: Walmart Loan receivables	(9.6)	(0.7)	(9.6)	(0.7)
Core Loan receivables	\$68.3	\$79.7	\$41.6	\$50.8

Explanation of Non-GAAP Measures

The information provided in this Form 8-K and exhibits includes measures which are not prepared in accordance with U.S. generally accepted accounting principles ("GAAP").

We present certain information on our loan receivables that have been adjusted to exclude amounts related to the Walmart portfolio, which we refer to as "Core" financial measures, in this Form 8-K and exhibits. These Core financial measures are not measures presented in accordance with GAAP. Given the planned sale of the Walmart portfolio either late in the third quarter or early in the fourth quarter of 2019, we believe the presentation of certain Core financial measures is a more meaningful measure to investors of the loan receivables of the Company's ongoing credit programs. The reconciliation of these Core financial measures to the comparable GAAP component is included in Exhibit 99.1.

We also present a measure we refer to as "tangible common equity" in this Form 8-K and exhibits. Tangible common equity itself is not a measure presented in accordance with GAAP. We believe tangible common equity is a more meaningful measure to investors of the net asset value of the Company. The reconciliation of tangible common equity to total equity reported in accordance with GAAP is included in the detailed financial tables included in Exhibit 99.2.