

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

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**FORM 8-K**

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

**February 6, 2015  
Date of Report  
(Date of earliest event reported)**

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**SYNCHRONY FINANCIAL**

(Exact name of registrant as specified in its charter)

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**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)

**06902**  
(Zip Code)

**(203) 585-2400**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name or former address, if changed since last report)

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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))
-

**Item 7.01 Regulation FD Disclosure.**

The information contained in this Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1, is furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly stated by specific reference in such filing.

**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	Synchrony Financial - Fixed Income Investor Review - 4th Quarter 2014.

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**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: February 6, 2015

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

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**EXHIBIT INDEX**

**Number**

**Description**

99.1 Synchrony Financial - Fixed Income Investor Review - 4th Quarter 2014.

# Fixed Income Investor Review

4<sup>th</sup> Quarter 2014



# Disclaimers

## Cautionary Statement Regarding Forward-Looking Statements

The following slides are part of a presentation by Synchrony Financial and are intended to be viewed as part of that presentation. No representation is made that the information in these slides is complete.

This presentation contains certain forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are subject to the "safe harbor" created by those sections. Forward-looking statements may be identified by words such as "outlook," "expects," "intends," "anticipates," "plans," "believes," "seeks," "targets," "estimates," "will," "should," "may" or words of similar meaning, but these words are not the exclusive means of identifying forward-looking statements. Forward-looking statements are based on management's current expectations and assumptions, and are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, actual results could differ materially from those indicated in these forward-looking statements. Factors that could cause actual results to differ materially include global political, economic, business, competitive, market, regulatory and other factors and risks, such as: the impact of macroeconomic conditions and whether industry trends we have identified develop as anticipated; retaining existing partners and attracting new partners, concentration of our 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 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; General Electric Company (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 presentation and in our public filings, including under the heading "Risk Factors" in the Company's Current Report on Form 8-K, as filed on November 19, 2014. 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.

## Non-GAAP Measures

The information provided herein includes measures we refer to as "platform revenue" and "platform revenue excluding retailer share arrangements" and certain capital ratios, which are not prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). The reconciliations of such measures to the most directly comparable GAAP measures are included in the appendix of this presentation.

# Experienced Management Team



**Margaret M. Keane**

*President & CEO, Synchrony Financial*

- ✓ CEO since April 2011
- ✓ CEO, Retail Card
- ✓ SVP, GE Consumer Finance
- ✓ Various leadership roles at Citicorp



**Brian D. Doubles**

*Chief Financial Officer, Synchrony Financial*

- ✓ CFO since January 2009
- ✓ Global FP&A leader, GE Consumer Finance
- ✓ CEO & CFO, GE's WMC mortgage business
- ✓ Various other leadership roles at GE



**Henry F. Greig**

*Chief Risk Officer, Synchrony Financial*

- ✓ CRO since October 2010
- ✓ CRO, GE Retail Card
- ✓ VP Risk, GE N.A. Retail Finance business
- ✓ Various other leadership roles at GE



**Eric Duenwald**

*Treasurer, Synchrony Financial*

- ✓ Deputy Treasurer since April 2014
- ✓ Deputy Treasurer, GE Treasury
- ✓ COO, CIO, CFO GE Treasury
- ✓ Various other leadership roles at GE

# Experienced Board Members

## Independent board members



**Rick Hartnack**

***Non-Executive Chairman of the Board***

- ✓ Experience: 40+ years banking and consumer finance
- ✓ Most recent position: Vice Chairman and Head of Consumer and Small Business Banking, US Bancorp
- ✓ Previous experience: Vice Chairman, Union Bank; Executive Vice President, First Chicago Corp.
- ✓ Public company boards: Federal Home Loan Mortgage Corporation (Freddie Mac)



**Roy Guthrie**

***Risk Committee Chair***

- ✓ Experience: 30+ years consumer banking and credit cards
- ✓ Most recent position: CFO, Discover Financial Services
- ✓ Previous experience: President & CEO, CitiFinancial; President & CEO CitiCapital; Various roles of increasing responsibility at Associates First Capital
- ✓ Public company boards: Lifelock, Inc. and Springleaf Financial, Inc.



**Jeffrey Naylor**

***Audit Committee Chair***

- ✓ Experience: 25+ years retail and consumer goods
- ✓ Current position: Founder & Managing Director of Topaz Consulting, LLC
- ✓ Previous experience: SEVP, Chief Administrative Officer and CFO, TJX Companies, Inc.; SVP & CFO, Big Lots, Inc.; Controller, Limited, Inc.
- ✓ Public company boards: The Fresh Market, Inc.

## GE board members

<b>William H. Cary</b> <i>Former COO, GE Capital</i>	<b>Daniel O. Colao</b> <i>FP&amp;A Leader, GE Capital</i>	<b>Alexander Dimitrief</b> <i>General Counsel, GE Capital</i>	<b>Anne Kennelly Kratky</b> <i>CRO, GE Treasury</i>	<b>Dmitri L. Stockton</b> <i>CEO, GE Asset Management</i>
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# Synchrony Financial Overview

## 1 Leading Consumer Finance Business

- ✓ Largest PLCC provider in US: 61.7 million average active accounts and \$61.3 billion in loan receivables<sup>(a)</sup>
- ✓ A leader in financing for major consumer purchases and healthcare services
- ✓ Long-standing and diverse partner base

## 2 Strong Value Proposition for Partners and Consumers

- ✓ Deep partner integration enables customized loyalty products, across channels
- ✓ Advanced data analytics and targeted marketing capabilities
- ✓ Dedicated team members support partners to help maximize program effectiveness
- ✓ Partner and cardholder focused mobile payments and e-commerce strategies—forging new partnerships with Apple, LoopPay and GPShopper, while investing in emerging technologies

## 3 Attractive Growth and Ample Opportunities

- ✓ Strong receivables growth: 9% annual growth since 2011
- ✓ Significant opportunity to leverage long-standing partnerships to increase penetration
- ✓ Opportunity to attract new partners
- ✓ Developing broad product suite to support our efforts to build a leading, full-scale online bank

## 4 Solid Financial Profile and Operating Performance

- ✓ Solid fundamentals with attractive returns
- ✓ Strong capital and liquidity with diverse funding profile
- ✓ Positioned for future capital return post separation

(a) Source: Nilson (April 2014)



# Partner-Centric Business with Leading Sales Platforms

## Retail Card



Private label credit cards, dual cards & small business credit products for large retailers

## Payment Solutions



Promotional financing for major consumer purchases, offering private label credit cards & installment loans

## CareCredit



Promotional financing to consumers for elective healthcare procedures & services

Receivables (\$B)

\$42.3<sup>(a)</sup>

\$12.1

\$6.9

(a) Does not include \$0.3 billion of loan receivables held for sale  
All data is as of December 31, 2014.

# Long-Standing and Diverse Partner Base

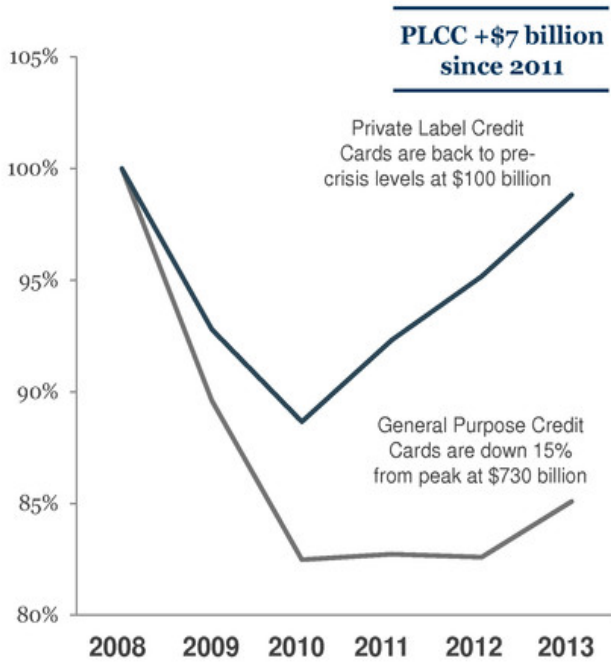
## Partner profile

	Length of relationship	Last renewal
	36 years	2014
	21 years	2014
	18 years	2014
	16 years	2014
	15 years	2013
	15 years	2013
	9 years	2013
	7 years	2012
	3 years	2011
	2 years	2012

# Our Market and Position

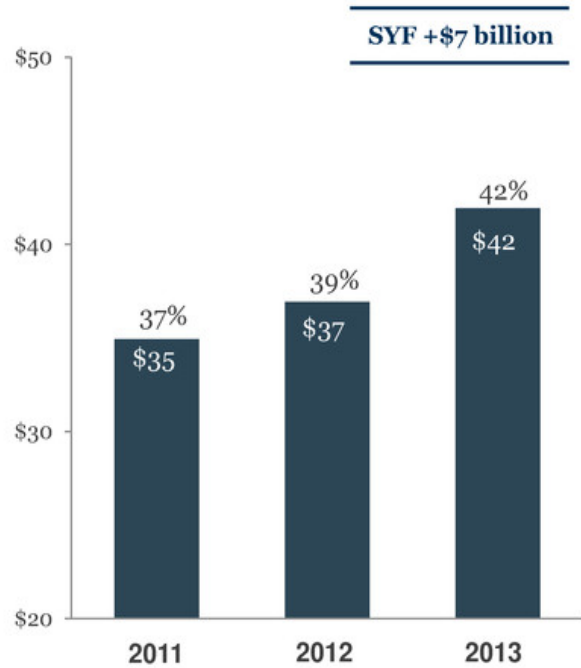
## Credit card receivables

Nilson, % of 2008 market



## Synchrony PLCC receivables

Nilson, PLCC year-end receivables, \$ in billions, % PLCC share



# Differentiated Value Proposition for Our Partners & Customers



# Providing Value for Partners & Customers



## Partner benefits

- Increased sales
- Strengthened customer loyalty
- Enhanced marketing
- Additional economic benefits

## Customer benefits

- Instant access to credit
- Attractive discounts, promotional terms & loyalty rewards
- Ability to obtain separate financing for major purchases

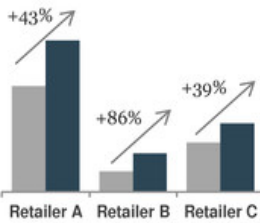
# Partner Value Proposition

## Increased sales

- ✓ Our purchase volume is growing faster than market
- ✓ Promotional financing influences big-ticket & healthcare spend

### Purchase volume <sup>(a)</sup>

Gray = non-cardholder  
Blue = cardholder



**Cardholders spend substantially more than non-cardholders**

## Customer loyalty

- ✓ Retail Card customers average 7.6 year relationship <sup>(b)</sup>
- ✓ 48% of CareCredit purchase volume from reuse of product by existing customers



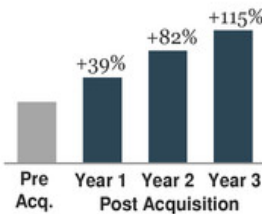
**Engagement throughout customer lifecycle leads to loyalty and retention**

## Enhanced marketing

- ✓ Dedicated on-site teams provide actionable insights
- ✓ Targeted marketing with advanced data analytics

### Purchase volume <sup>(c)</sup>

Acquired retailer purchase volume as a % of prior issuer's purchase volume



**1,000+ FTE dedicated to drive partner sales**

## Economic benefits

- ✓ No interchange fees for in-store purchases
- ✓ Retailer share arrangements enhance engagement



**We deliver significant savings and earnings to our partners**

(a) Based on internal research  
(b) Based on data as of September 30, 2014  
(c) Based on retailer reporting



# Attracting New Partners

## We attract partners who value our

- Experience
- Partnership with on-site dedicated teams for large partners
- Long history of improving sales
- Customer loyalty & retention
- Differentiated capabilities:
  - ✓ Marketing and analytics
  - ✓ Mobile and online
  - ✓ Deep domain expertise in retail POS
  - ✓ Underwriting and lifecycle management

## Recent wins

### Retail Card

Added 5 new retail partners since the start of 2011



### Payment Solutions

Increased partners by over 5,000 since the start of 2011



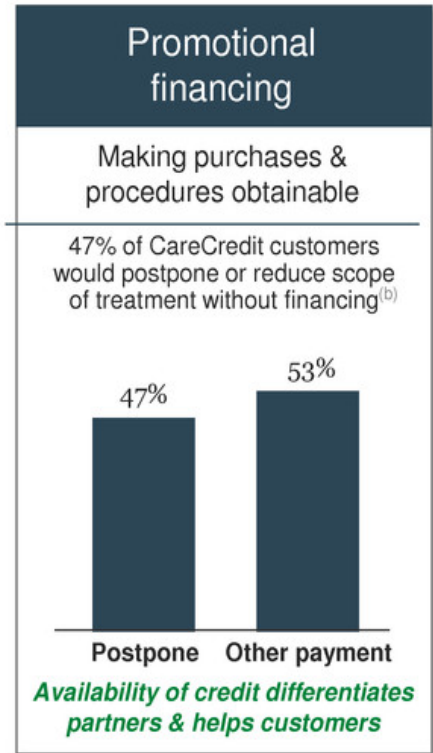
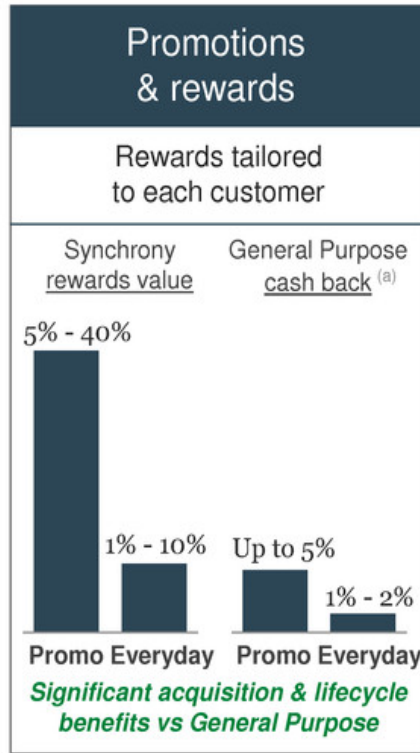
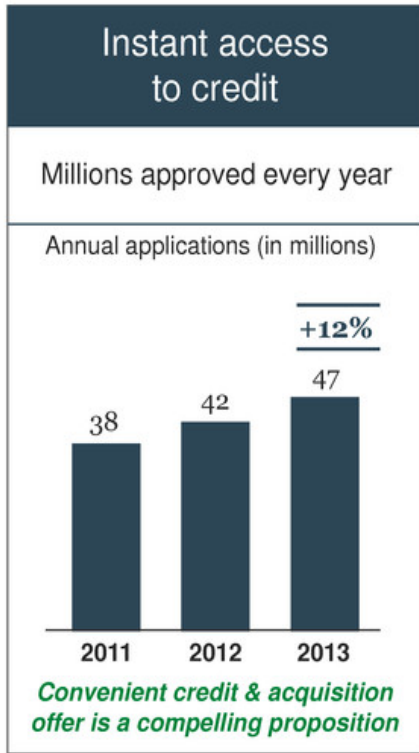
### CareCredit

Increased provider locations by over 41,000 since the start of 2011





# Customer Value Proposition

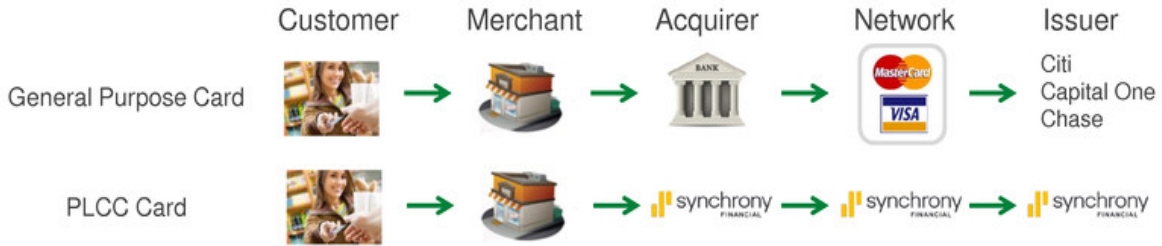


61.7 million average active cardholders enjoying our card benefits

(a) Based on terms of ten general purpose cash back credit cards surveyed by the Company  
 (b) Source: 2014 CareCredit Internal Study (1,501 respondents)

# Leveraging Data to Differentiate Our Value Proposition

## Transactions on our closed loop network vs. general purpose



### General purpose transaction data

Illustrative GPCC customer transactions

Date	Merch.	Channel	Brand	Cat./SKU	\$
1/2/15	Belk				\$83.44
1/9/15	Belk				\$212.17

### Enables customized offers

SKU and category offers



### Synchrony's more robust data provides insight

Illustrative PLCC customer transactions

Date	Merch.	Channel	Brand	Cat./SKU	\$
1/2/15	Belk	In-Store	DKNY	Women's shoes 468XUTY	\$83.44
1/9/15	Belk	Mobile	Coach	Women's handbags 229HHREO	\$212.17

# Mobile Payment Strategy

## Deliver seamless mobile capability

- ✓ Offer options to our cardholders
- ✓ Support our retailers' mobile payments strategies
- ✓ Continue to provide compelling value proposition to our customers



## Invest in technology & strategic partnerships

- ✓ Build and pilot proprietary solutions
- ✓ Invest in key technologies
- ✓ Identify emerging technology companies for partnerships



## Ensure security

- ✓ Enable EMV cards
- ✓ Develop cross-channel tokenization strategy for private label & Dual Card
- ✓ Pilot private label near field communications (NFC) standard



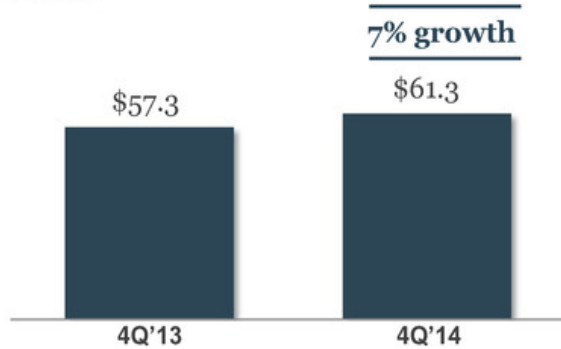
# Financial Performance



# Financial Update

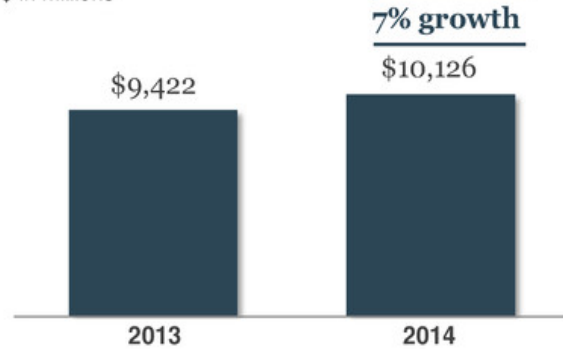
## Loan receivables

\$ in billions



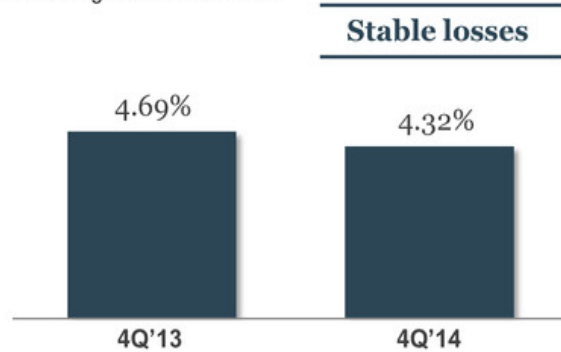
## Platform revenue <sup>(a)</sup>

\$ in millions



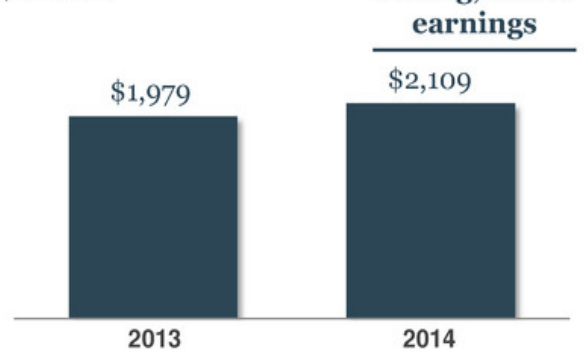
## Net charge-offs <sup>(b)</sup>

% of average loan receivables



## Net earnings

\$ in millions

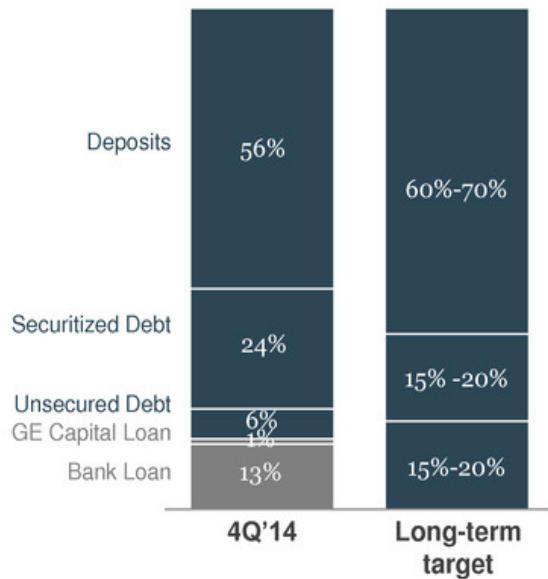


(a) Platform revenue is the sum of "interest and fees on loans," plus "other income," less "retailer share arrangements". See Non-GAAP reconciliation in appendix

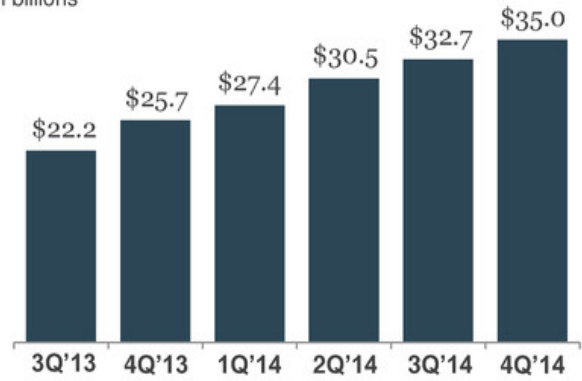
(b) Includes loan receivables held for sale, 4Q'13 loss rate excludes 44 bps. of net charge-offs related to disposition of non-core receivables

# Funding Profile

**Diverse funding sources**  
% of liabilities excluding non-debt liabilities



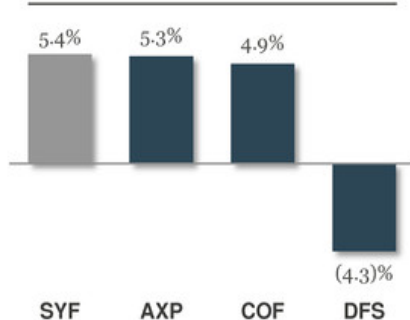
**Fueled by strong deposit growth**  
\$ in billions



# Peer Comparison 4Q'14

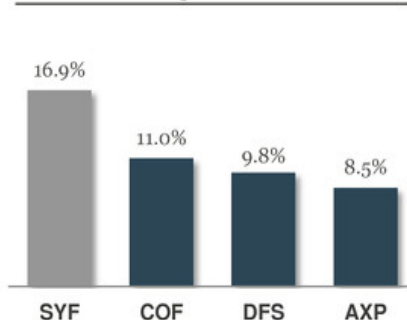
## Significant growth

### Revenue Growth<sup>(a), (b)</sup>



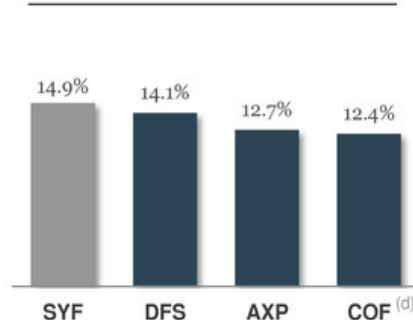
## Strong margins

### Risk Adjusted Yield<sup>(c)</sup>

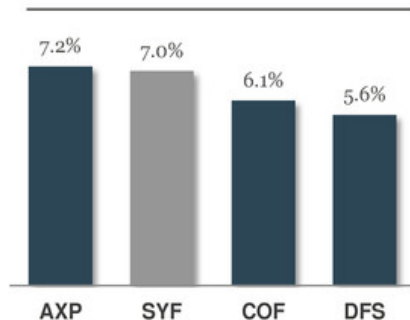


## Strong balance sheet

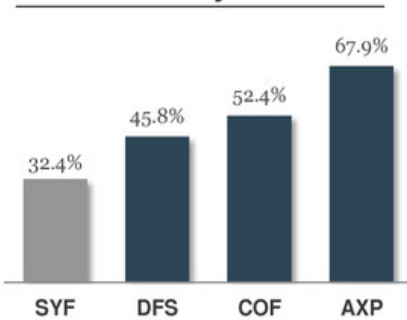
### Tier 1 Common Ratio



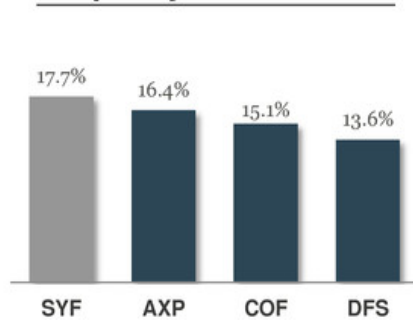
### Loan Receivables Growth<sup>(e)</sup>



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



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



(a) Consists of net interest income plus noninterest income and includes RSAs for SYF  
 (b) Segment data for AXP-U.S Card Services and COF-Domestic Credit Card. Other data-total company level  
 (c) Calculated as credit card yield - net charge-off rate on credit cards. SYF-total company  
 (d) COF reported a CET1 ratio of 12.4% subject to transition provisions  
 (e) Consists of net interest income plus noninterest income and includes RSAs for SYF

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



# Summary

**Private Label Credit Card leader well-positioned  
to capitalize on deep partner integration**

**Differentiated business model with solid value proposition  
for both partners and consumers**

**Attractive growth opportunities, particularly to further leverage  
data analytics, loyalty, mobile and e-capabilities**

**Growth supported by online bank  
with strong deposit growth**

**Solid fundamentals with strong returns**



# Master Trust



# Master Note Trust Changes

## Trust Name Change

- ✓ Name changed to Synchrony Credit Card Master Note Trust
  - Ticker: SYNCT

## Sponsor / originator

- ✓ Synchrony Bank continues as...
  - Trust sponsor
  - Receivables originator
- ✓ Synchrony Bank
  - Wholly owned subsidiary of Synchrony Financial
    - S&P (BBB-)
    - Fitch (BBB-)

## Synchrony Financial and subsidiaries

- ✓ Synchrony Financial and subsidiaries continue to perform all receivable servicing activities
  - Synchrony Financial has subservicing agreement with GECC
  - GECC will continue as servicer until permitted to transfer role to Synchrony Financial (or a subsidiary)
- ✓ No change to key securitization personnel

## Credit enhancement

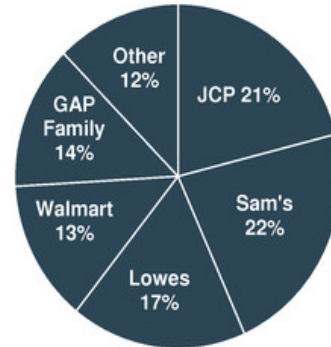
- ✓ Increased enhancement
  - Reflects sponsor's parent credit rating
  - Implemented pre IPO
- ✓ Hired agencies have assigned or affirmed AAA ratings

# Trust Stratification Highlights

## Portfolio features

- +70% prime concentration
- Lower balances and credit lines compared to general purpose credit cards
- Highly seasoned accounts ... +90% accounts over 3 years (peak losses 18-30 months after origination)

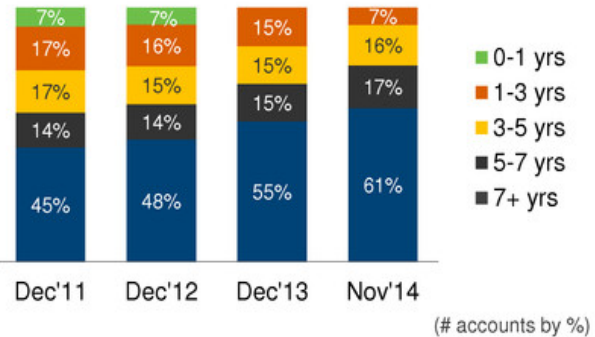
## Retailer composition <sup>(a)</sup>



## FICO distribution <sup>(a)</sup>

FICO Score	Receivables (MM)	Percentage
720+	5,733	33.4%
660-719	6,755	39.3%
600-659	3,317	19.3%
Less than 600	1,292	7.5%
No Score	75	0.4%
<b>Total</b>	<b>17,172</b>	

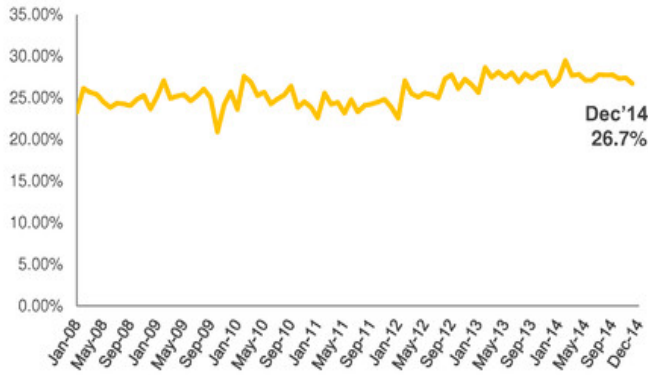
## Account age



(a) Based on data as of November 30, 2014

# SYNCT Historical Performance

**Gross trust yield**



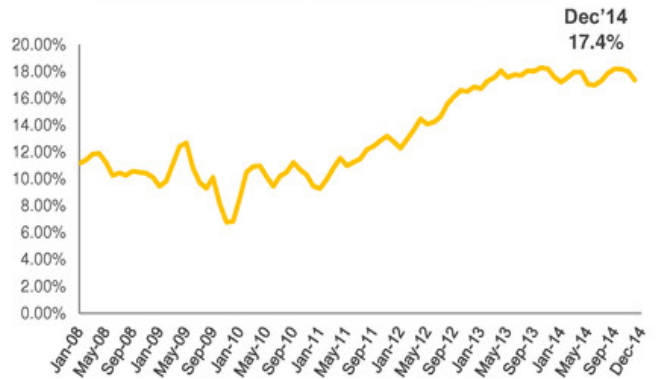
**Principal charge-offs**



**Principal payment rate**



**3 Month average excess spread**



# Appendix



# Summary of Recent SYF Financial Information

<b><u>Growth metrics</u></b>	<b><u>1Q'14</u></b> <sup>(a)</sup>	<b><u>2Q'14</u></b> <sup>(a)</sup>	<b><u>3Q'14</u></b> <sup>(a)</sup>	<b><u>4Q'14</u></b> <sup>(a)</sup>	<b><u>YTD'14</u></b> <sup>(b)</sup>	<b><u>VPY%</u></b>
Loan receivables	54,285	54,873	56,767	61,286	61,286	7%
Purchase volume	21,086	25,978	26,004	30,081	103,149	10%
<b><u>Statement of earnings</u></b>						
Interest income	2,933	2,926	3,123	3,260	12,242	8%
<b><u>Interest expense</u></b>	<b><u>190</u></b>	<b><u>206</u></b>	<b><u>244</u></b>	<b><u>282</u></b>	<b><u>922</u></b>	<b><u>24%</u></b>
<b>Net interest income</b>	<b>2,743</b>	<b>2,720</b>	<b>2,879</b>	<b>2,978</b>	<b>11,320</b>	<b>7%</b>
<b><u>Retailer share arrangements</u></b>	<b><u>(594)</u></b>	<b><u>(590)</u></b>	<b><u>(693)</u></b>	<b><u>(698)</u></b>	<b><u>(2,575)</u></b>	<b><u>9%</u></b>
<b>Net interest income, after retailer share arrangements</b>	<b>2,149</b>	<b>2,130</b>	<b>2,186</b>	<b>2,280</b>	<b>8,745</b>	<b>7%</b>
<b><u>Provision for loan losses</u></b>	<b><u>764</u></b>	<b><u>681</u></b>	<b><u>675</u></b>	<b><u>797</u></b>	<b><u>2,917</u></b>	<b><u>(5)%</u></b>
<b>Net interest income, after retailer share arrangements and provision for loan losses</b>	<b>1,385</b>	<b>1,449</b>	<b>1,511</b>	<b>1,483</b>	<b>5,828</b>	<b>14%</b>
Other income	115	112	96	162	485	(3)%
<b><u>Other expense</u></b>	<b><u>610</u></b>	<b><u>797</u></b>	<b><u>728</u></b>	<b><u>792</u></b>	<b><u>2,927</u></b>	<b><u>18%</u></b>
<b>Earnings before provision for income taxes</b>	<b>890</b>	<b>764</b>	<b>879</b>	<b>853</b>	<b>3,386</b>	<b>8%</b>
<b><u>Provision for income taxes</u></b>	<b><u>332</u></b>	<b><u>292</u></b>	<b><u>331</u></b>	<b><u>322</u></b>	<b><u>1,277</u></b>	<b><u>10%</u></b>
<b><u>Net earnings</u></b>	<b><u>\$558</u></b>	<b><u>\$472</u></b>	<b><u>\$548</u></b>	<b><u>\$531</u></b>	<b><u>\$2,109</u></b>	<b><u>7%</u></b>
<b><u>Key metrics</u></b>						
Return on assets	3.9%	3.1%	3.2%	2.7%	3.2%	(0.3)%
Net interest margin	18.8%	17.8%	17.1%	15.6%	17.2%	(158) bps.
Efficiency ratio	26.9%	35.5%	31.9%	32.4%	31.7%	3.1%
Net charge-off ratio	4.9%	4.9%	4.0%	4.3%	4.5%	(17) bps.

(a) Unaudited financial information, \$ in millions

(b) Preliminary unaudited financial information reflecting combination of information in 1Q'14, 2Q'14, 3Q'14, and 4Q'14 columns, \$ in millions

# Non-GAAP Reconciliations

In order to assess and internally report the revenue performance of our three sales platforms, we use measures we refer to as “platform revenue” and “platform revenue excluding retailer share arrangements.” Platform revenue is the sum of three line items in our Condensed Consolidated and Combined Statements of Earnings prepared in accordance with GAAP: “interest and fees on loans,” plus “other income,” less “retailer share arrangements.” Platform revenue and platform revenue excluding retailer share arrangements are not measures presented in accordance with GAAP. To calculate platform revenue we deduct retailer share arrangements but do not deduct other line item expenses, such as interest expense, provision for loan losses and other expense, because those items are managed for the business as a whole. We believe that platform revenue is a useful measure to investors because it represents management’s view of the net revenue contribution of each of our platforms. Platform revenue excluding retailer share arrangements represents management’s view of the gross revenue contribution of each of our platforms. These measures should not be considered a substitute for interest and fees on loans or other measures of performance we have reported in accordance with GAAP.

We present certain capital ratios. As a new savings and loan holding company, we historically have not been required by regulators to disclose capital ratios, and therefore these capital ratios are non-GAAP measures. We believe these capital ratios are useful measures to investors because they are widely used by analysts and regulators to assess the capital position of financial services companies, although our Basel I Tier 1 common ratio is not a Basel I defined regulatory capital ratio, and our Basel I and Basel III Tier 1 common ratios may not be comparable to similarly titled measures reported by other companies. Our Basel I Tier 1 common ratio is the ratio of Tier 1 common equity (as calculated below) to total risk-weighted assets as calculated in accordance with the U.S. Basel I capital rules. 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.



# Non-GAAP Reconciliation

The following table sets forth a reconciliation of each component of our capital ratios to the comparable GAAP component at December 31, 2014.

	<b>\$ in millions at December 31, 2014</b>
<b><u>COMMON EQUITY MEASURES</u></b>	
GAAP Total common equity.....	\$10,478
Less: Goodwill.....	(949)
Less: Intangible assets, net.....	(519)
<b>Tangible common equity</b> .....	<b>\$9,010</b>
Adjustments for certain other intangible assets, deferred tax liabilities and certain items in accumulated comprehensive income (loss) <sup>(a)</sup> .....	287
<b>Basel I – Tier 1 capital and Tier 1 common equity</b> .....	<b>\$9,297</b>
Adjustments for certain other intangible assets and deferred tax liabilities <sup>(a)</sup> ...	(20)
<b>Basel III – Tier 1 common equity</b> .....	<b>\$9,277</b>
<b><u>ASSET MEASURES</u></b>	
Total assets.....	\$75,707
Adjustments for: <sup>(a)</sup>	
Disallowed goodwill and other disallowed intangible assets, net of related deferred tax liabilities.....	(1,181)
Other.....	79
<b>Total assets for leverage purposes – Basel I</b> .....	<b>\$74,605</b>
<b>Risk-weighted assets – Basel I</b> .....	<b>\$62,250</b>
Additional risk weighting adjustments related to:	
Deferred taxes.....	1,321
Loan receivables delinquent over 90 days.....	581
Other.....	(11)
<b>Risk-weighted assets – Basel III (fully phased in)</b> .....	<b>\$64,141</b>

(a) Amounts are presented net of tax and related deferred tax liabilities.



# Non-GAAP Reconciliation

The following table sets forth each component of platform revenue and a reconciliation of platform revenue to interest and fees on loans.

	Years Ended December 31		
<b>Platform revenue</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
(\$ in millions)			
Interest and fees on loans.....	\$ 10,300	\$ 11,295	\$ 12,216
Other income.....	484	500	485
Platform revenue excluding retailer share arrangements....	\$ 10,784	\$ 11,795	\$ 12,701
Retailer share arrangements.....	(1,984)	(2,373)	(2,575)
Platform revenue.....	<u>\$ 8,800</u>	<u>\$ 9,422</u>	<u>\$ 10,126</u>

