

**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**

**January 30, 2017
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)

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)

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))
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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 - Quarterly Investor Presentation - 4th Quarter 2016

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: January 30, 2017

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

EXHIBIT INDEX

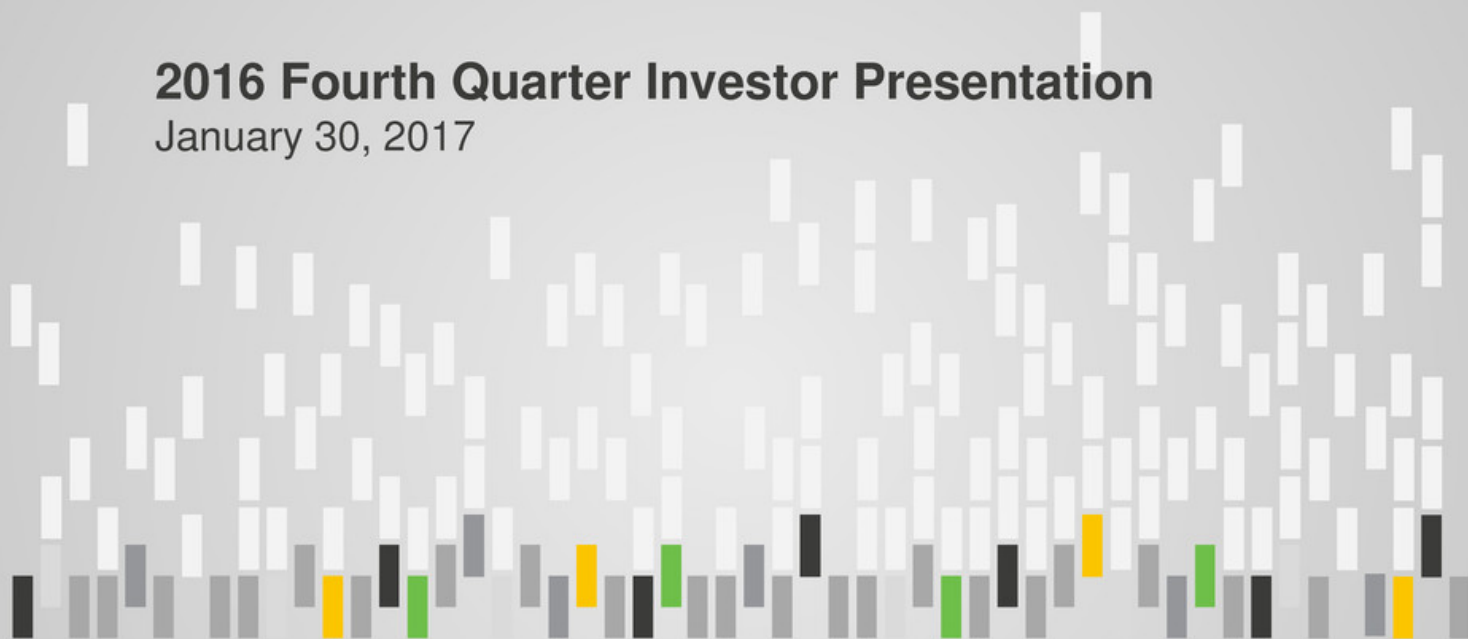
Number

Description

99.1 Synchrony Financial - Quarterly Investor Presentation - 4th Quarter 2016

2016 Fourth Quarter Investor Presentation

January 30, 2017



Disclaimers

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 these 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 revenue in a small number of Retail Card partners, promotion and support of our products by our partners, and financial performance of our partners; higher borrowing costs and adverse financial market conditions impacting our funding and liquidity, and any reduction in our credit ratings; our ability to securitize our loans, occurrence of an early amortization of our securitization facilities, loss of the right to service or subservice our securitized loans, and lower payment rates on our securitized loans; our ability to grow our deposits in the future; changes in market interest rates and the impact of any margin compression; effectiveness of our risk management processes and procedures, reliance on models which may be inaccurate or misinterpreted, our ability to manage our credit risk, the sufficiency of our allowance for loan losses and the accuracy of the assumptions or estimates used in preparing our financial statements; our ability to offset increases in our costs in retailer share arrangements; competition in the consumer finance industry; our concentration in the U.S. consumer credit market; our ability to successfully develop and commercialize new or enhanced products and services; our ability to realize the value of strategic investments; reductions in interchange fees; fraudulent activity; cyber-attacks or other security breaches; failure of third parties to provide various services that are important to our operations; our transition to a replacement third-party vendor to manage the technology platform for our online retail deposits; disruptions in the operations of our computer systems and data centers; international risks and compliance and regulatory risks and costs associated with international operations; alleged infringement of intellectual property rights of others and our ability to protect our intellectual property; litigation and regulatory actions; damage to our reputation; our ability to attract, retain and motivate key officers and employees; tax legislation initiatives or challenges to our tax positions and state sales tax rules and regulations; a material indemnification obligation to GE under the tax sharing and separation agreement with GE if we cause the split-off from GE or certain preliminary transactions to fail to qualify for tax-free treatment or in the case of certain significant transfers of our stock following the split-off; obligations associated with being an independent public company; 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; changes to our methods of offering our CareCredit products; 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 presentation and in our public filings, including in Synchrony Financial's (the "Company") Quarterly Report on Form 10-Q for our most recently completed fiscal quarter and under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as filed on February 25, 2016. 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

We present certain capital ratios. Our Basel III Tier 1 common ratio, calculated on a fully phased-in basis, 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. This ratio is not currently required by regulators to be disclosed, and therefore is considered a non-GAAP measure. We believe this capital ratio is a useful measure to investors because it is widely used by analysts and regulators to assess the capital position of financial services companies, although this ratio may not be comparable to similarly titled measures reported by other companies. The reconciliation of our Basel III Tier 1 common ratio, calculated on a fully phased-in basis, to the comparable GAAP component at December 31, 2016 is included at the end of this presentation in "Appendix-Non-GAAP Reconciliations."

We also present a measure we refer to as "tangible common equity" in this presentation. 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 at the end of this presentation in "Appendix-Non-GAAP Reconciliations."

We refer to "managed-basis" as presenting certain loan performance measures as if loans sold by us to our securitization trusts were never sold and derecognized in our GAAP financial statements. We believe it is useful to consider these performance measures on a managed-basis for 2009 when comparing to similar GAAP measures in later years since we serviced the securitized and owned loans, and related accounts, in the same manner without regard to ownership of the loans. The reconciliation of the managed-basis loan performance measures in this presentation to the comparable GAAP measures for the twelve months ended December 31, 2009 is included at the end of this presentation in "Appendix-Non-GAAP Reconciliations."

Synchrony Financial Overview

Leading Consumer Finance Business

- Largest Private Label Credit Card (PLCC) provider in US^(a)
- A leader in financing for major consumer purchases and healthcare services
- Long-standing and diverse partner base

Strong Value Proposition for Partners and Consumers

- Advanced data analytics and targeted marketing capabilities
- Dedicated team members support partners to help maximize program effectiveness
- Enhanced sales growth and additional economic benefits for partners
- Access to instant credit, promotional financing, and rewards for customers

Robust Data and Technology Capabilities

- Deep partner integration enables customized loyalty products across channels
- Partner and cardholder focused mobile payments and e-commerce solutions
- Leveraging digital, loyalty, and analytics capabilities to augment growth

Attractive Growth and Ample Opportunities

- Strong receivables growth
- Significant opportunity to leverage long-standing partnerships to increase penetration
- Opportunity to attract new partners
- Developing broad product suite to build a leading, full-scale online bank

Strong Financial Profile and Operating Performance

- Solid fundamentals with attractive returns
- Strong capital and liquidity with diverse funding profile
- Announced and began execution of initial capital plan—quarterly common stock dividend of \$0.13 per share and share repurchase program of up to \$952 million for the four quarters ending June 30, 2017 (subject to Board and regulatory approval)






(a) Source: The Nilson Report (May 2016, Issue #1087) as measured by PLCC purchase volume and receivables, based on 2015 data.









Business Overview



Partner-Centric Business with Leading Sales Platforms

	Retail Card	Payment Solutions	CareCredit
	 <p>Private label credit cards, Dual Cards™ & small business credit products for large retailers</p>	 <p>Promotional financing for major consumer purchases, offering private label credit cards & installment loans</p>	 <p>Promotional financing to consumers for elective healthcare procedures & services</p>
Interest and Fees on Loans^(a)	\$10,898	\$1,952	\$1,832
Loan Receivables^(b)	\$52.6	\$15.6	\$8.1

Customized Products

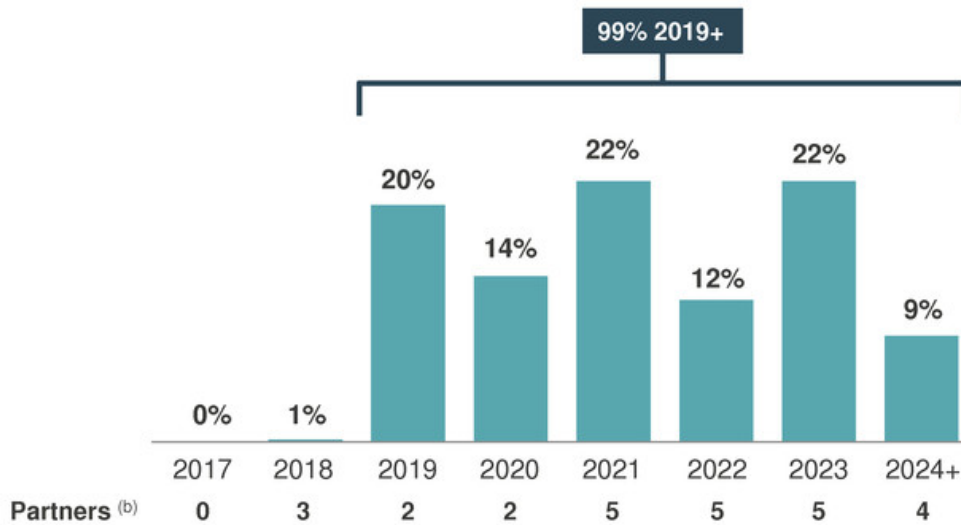
Credit Products			Deposit Products
<p>Retail Card</p> <p>Private Label Dual Card™</p>  <p>Retailer only acceptance Accepted at network locations</p>	<p>Payment Solutions</p> <p>Private Label</p>  <p>Retailer and private network acceptance</p>	<p>CareCredit</p> <p>Private Label</p>  <p>Accepted at provider network locations</p>	<p>Synchrony Bank</p> <p>Deposits</p>  <p>Fast-growing online bank</p>
<p>Affinity to retailer, provides customized benefits & features</p> <ul style="list-style-type: none"> • Cash back, discounts • Credit events & promotions • Reward/best customer programs <p>Amazon Prime Store Cardholders can earn 5% Back Every Day as a statement credit on Amazon.com purchases! <small>*Visit www.amazon.com/storecard to learn how to upgrade today.</small></p> 		<p>Big-ticket focus, offering promotional financing options</p> <ul style="list-style-type: none"> • Home • Furniture • Electronics • Luxury • Power sports <p>furniture & mattress special 12 month financing available</p> 	<p>FDIC-insured products Robust product suite</p> <ul style="list-style-type: none"> • Certificates of Deposit • Money Market Accounts • Savings Accounts • IRA Money Market Accounts • IRA Certificates of Deposit 
			

Long-Standing Partnerships

								
Length of Major Partner Relationships (Years) ^(a)	37	23	20	18	17	17	12	9
Last Renewal	2014	2014	2014	2014	2013	2013	2015	2015

Contractual Expiration ^(a)

% of 2016 Retail Card Interest and Fees on Loans ^(b)



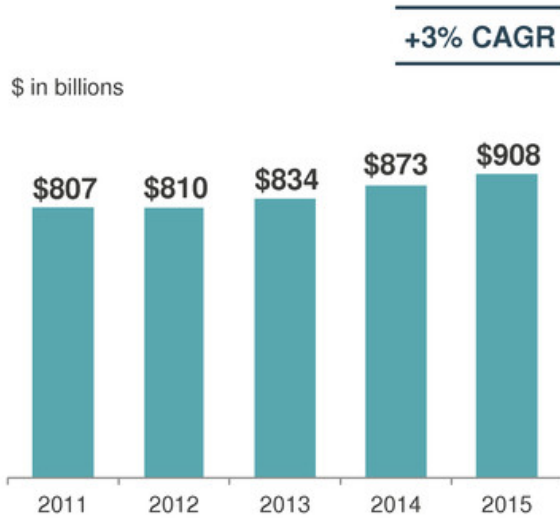
(a) Existing partners as of December 31, 2016 and also reflects the renewal of the Belk program in January 2017.

(b) Excludes certain credit card portfolios that were sold, have not been renewed, or expire in 2017, which represent less than 1% of our total Retail Card interest and fees on loans for the year ended December 31, 2016.

Significantly Outpacing Industry Growth

Expansive Opportunity^(a)

U.S. Credit Card Receivables



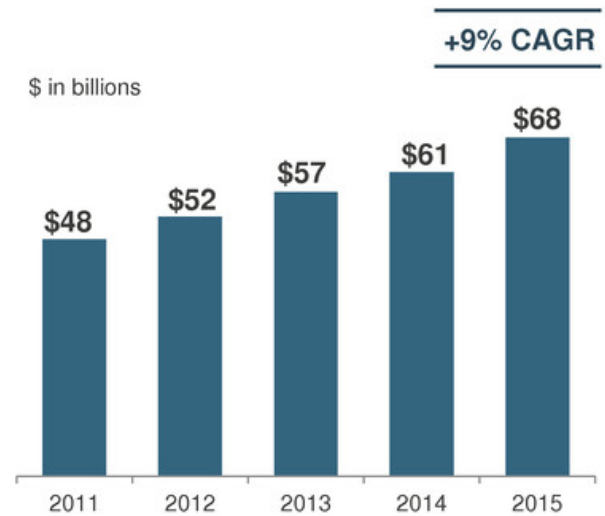
- Synchrony comprises ~7% of credit card receivables

(a) Source: Nilson.



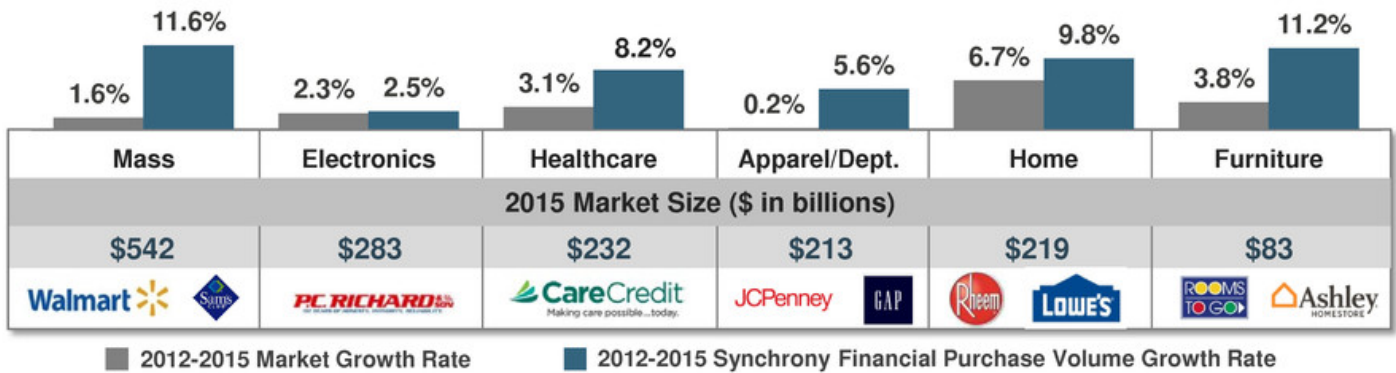
Strong Receivables Growth

Synchrony Total Loan Receivables



- Majority of growth is organic
- Targeted marketing programs, digital capabilities, and value propositions helped drive organic growth

Deep Integration Drives 2-3x Market Growth Rate



- Over 80 years of retail heritage
- Significant scale across platforms
- Robust data capture enables more customized offers
- Analytics and data insights help drive growth
- Joint executive management of programs—1,000+ SYF FTEs dedicated to drive partner sales
- Collaboration with partners ensures sales teams are aligned with program goals
- Economic benefits and incentives align goals and drive profitable program growth

Sources for market data: Kantar Retail (2015 Mass & Apparel/Dept. market projections); IBIS World Research Group; CareCredit industry research; Joint Centers for Housing Studies, Harvard University; Consumer Electronics Association.

Attracting New Partners

Retail Card	Payment Solutions	CareCredit

We attract partners who value our:

- Experience & partnership—long history of improving sales, customer loyalty, and retention
- Differentiated capabilities:
 - Marketing and analytics
 - Innovation
 - Mobile and online
 - Underwriting and lifecycle management
 - On-site dedicated teams

We seek deals that:

- Have an appropriate risk-reward profile
- Enable us to own key program aspects:
 - Underwriting
 - Collections



Track record of winning programs

Fast-Growing Online Bank

- Competitive rates and superior service afforded by low cost structure of online bank
- Opportunity to further leverage synergies with cardholder base
- Evaluating new product offerings - checking, debit, bill payment, small business deposit accounts
- Enhance Synchrony Bank Perks program

Strong direct deposit growth

\$ in billions



Robust Data, Analytics and Digital Capabilities



Proprietary Closed-Loop Network Advantages

Enables Valuable Data Capture and Eliminates Interchange Fees

General Purpose Card and Co-Branded Cards



Date	Merch.	Channel	Brand	Cat./SKU	\$
1/2/17	Department Store Partner				\$83.44
1/9/17	Department Store Partner				\$212.17

- Limited data can be collected by the card issuer when a General Purpose Credit Card or traditional co-branded card is used
- When Synchrony Financial Private Label Credit Cards or Dual Cards™ are used in-store, the transaction runs on our network
- Valuable incremental data capture occurs on transactions that run over the Synchrony Financial closed loop network
 - Brand or category
 - SKU-level data
 - Channel: in-store, online, or mobile
- No interchange fees when Synchrony Financial Private Label Credit Cards or Dual Cards™ are used over our network

Synchrony Financial Closed Loop Network for PLCC and Dual Card™



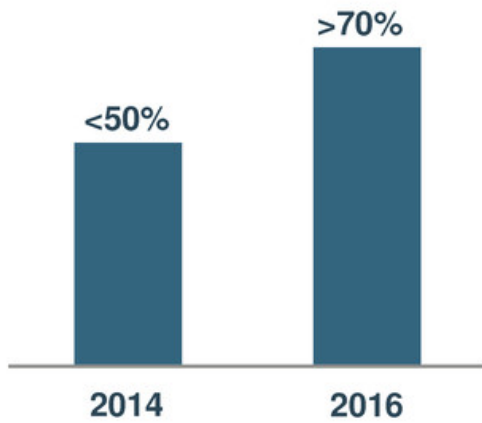
Date	Merch.	Channel	Brand	Cat./SKU	\$
1/2/17	Department Store Partner	In-Store	DKNY	Women's Shoes 468XUTY	\$83.44
1/9/17	Department Store Partner	Mobile	Coach	Women's Handbags 229HHREO	\$212.17



**illustrative data*

Analytics at Synchrony Financial

SKU/Category Level Coverage



- Provides the ability to analyze significantly more data than general purpose credit cards
- Ability to analyze SKU, category and other important data has greatly expanded

Evolution of Analytics

Past

- Generic Offers
- Mass Marketing
- Portfolio Level Analytics

Present and Future

- Customized Offers
- 1-on-1 Marketing
- Customer/Channel/Store Level Analytics
- Customer 360° View
- 170+ Dedicated Analytics Professionals
- Big Data Platform

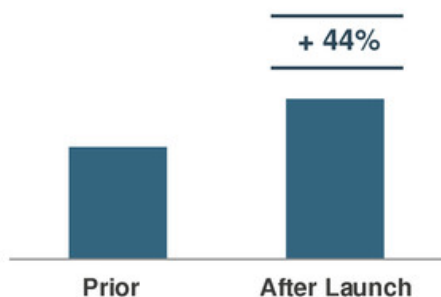
Using Data and Analytics to Develop Effective Value Propositions

New Value Proposition Helping to Drive Strong Sales Growth

Partner A Example

- Joint team from Partner A and Synchrony generated multiple new value proposition ideas for Dual Card™
- Analytics played a key role in providing facts to substantiate new ideas and established foundational insights on:
 - Customer Experience
 - Customer Research
 - Partner Retail Sales View
 - Competitiveness vs. the Marketplace
- Generated projections with multiple scenarios for launch and measured post-launch outcomes

Dual Card™ Total Sales (a)



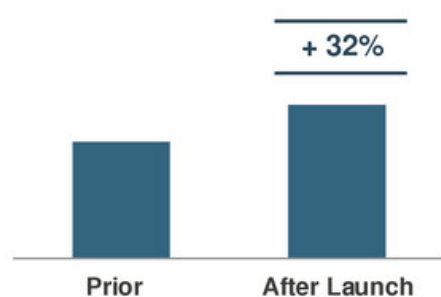
(a) Dual Card™ Total Sales for Partner A. After Launch represents the 6 months post value proposition launch; Prior represents the same period one year prior to the value proposition launch.

Strong Growth in Sales and Accounts Continues One Year After Launch

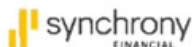
Partner B Example

- Partner B wanted to broaden the reach of their credit card value propositions
- Analytics provided data insights, test design and performance analysis that helped develop current offers
 - Sales dynamic across different types of purchases
 - Incremental sales and margin impact
 - Methodology and design for in-store testing
 - Tracking adoption from existing and new customers

New Accounts (b)



(b) New Credit Card Accounts for Partner B. After Launch represents the 6 months post value proposition launch; Prior represents the same period one year prior to the value proposition launch.



Innovative Digital Capabilities

Expanding Online and Mobile Capabilities

Expanding Digital Capabilities

- Investing in enhanced user experience
- Mobile applications deliver customized features including rewards, retail offers and alerts
- Developed SyPI, a mobile platform that can be rapidly integrated across retailers and wallets
- Significant experience with online retailers
- Online sales growth outpacing U.S. average

Wallet-Agnostic Mobile Payments Strategy—Offering Choice to Retail Partners and Consumers



Benefits to Synchrony Financial and Our Customers

- Preserving unique benefits and value propositions
- Synchrony Financial continuing to capture valuable customer data on our network
- Developing proprietary solutions like Digital Card

Consumer

- Investing in enhanced user experience:
 - Customized offers
 - Quickscreen
 - Auto pre-fill
- Mobile applications deliver customized features including rewards, retail offers and alerts



Small Business

- Enhance user experience and features:
 - Project-level invoicing and billing
 - Invoice search
 - Simplified payments

Synchrony Bank

- Upgraded digital banking platform; including Remote Deposit Capture
- Responsive design allows customers to access account via any device


Performance & Strategic Priorities




2016 Accomplishments

Performance		Business Highlights
	2016 Outlook ^(a)	2016 Actual
Loan Receivables Growth	7% - 9%	12%
Net Interest Margin	~ 15.5%	16.0%
Net Charge-off Rate	4.3% - 4.5%	4.5%
Efficiency Ratio	< 34.0%	31.1%
ROA	2.5% - 3.0%	2.7%


- Added new partners, renewed existing relationships, and launched new programs and value propositions




TJX
THE TJX COMPANIES, INC.




Walmart




MATTRESS FIRM
Best Mattress. Best Value.




The Container Store
The Original Storage and Organization Store®




AMERICAN SOCIETY OF
PLASTIC SURGEONS




hgregg
appliances & electronics




CITGO




Stein Mart




LA Z BOY




CATHAY PACIFIC




MARVEL




Ashley
HOMESTORE




SUZUKI




VCA
Animal Hospitals




ADA
American Dental Association




NISSAN




Google Store




HENRY SCHEIN



nationwide
marketing group
APPLIANCES • AUDIO/VIDEO • FURNITURE



at home
The Home Decor Superstore



Fareportal

- Expanded digital capabilities; online sales increased 20% year-over-year outpacing U.S. online sales growth and penetration reached 25%^(b)
- Announced and began execution of initial capital plan—\$0.13 quarterly dividend and \$952MM in share repurchases (subject to Board and regulatory approval)

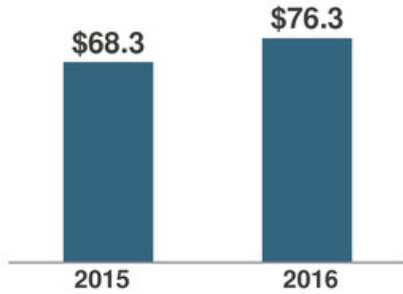
(a) 2016 outlook provided during January 22, 2016 earnings conference call. Synchrony Financial does not affirm guidance during the year.

(b) Penetration is for Retail Card consumer excluding oil and gas clients, growth rates are over the same quarter of the prior year. Source for U.S. data is the U.S. Census Bureau, Monthly & Annual Trade Report, Quarterly E-Commerce Report, Retail Indicators Branch, U.S. Census Bureau - the growth is based on most current data available.

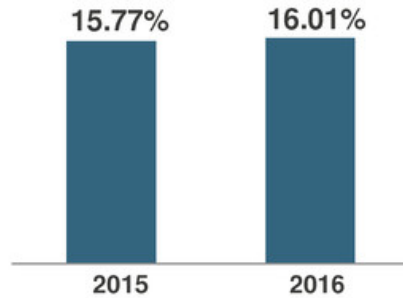
Strong Operating Performance

Loan Receivables

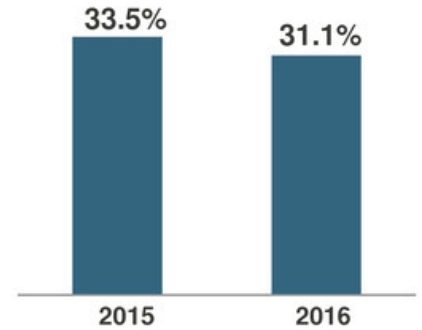
\$ in billions, period-end balances



Net Interest Margin

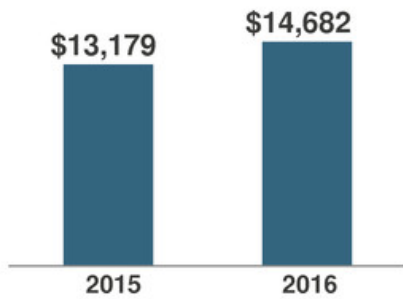


Efficiency Ratio



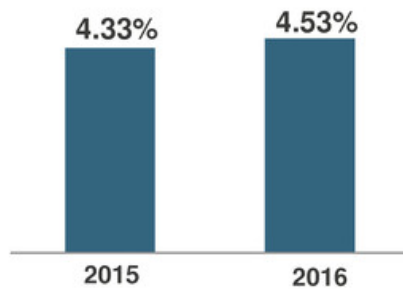
Interest and Fees on Loans

\$ in millions

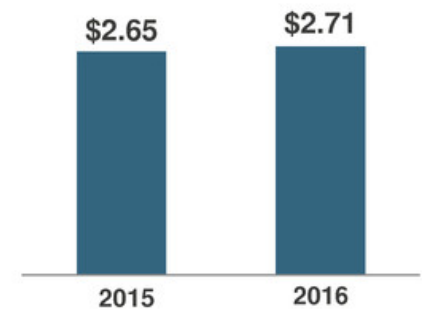


Net Charge-Offs^(a)

% of average loan receivables including held for sale



Diluted EPS

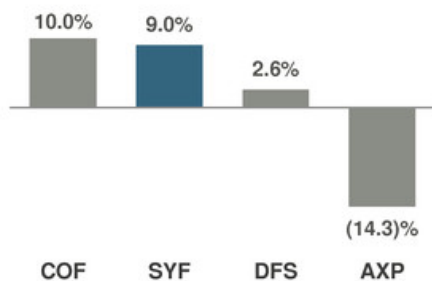


(a) Includes loan receivables held for sale.

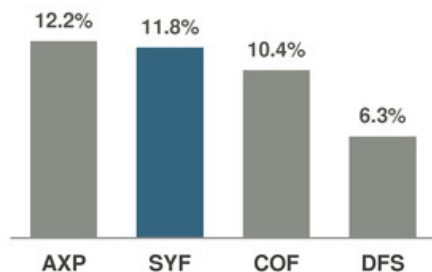
Peer Comparison: 4Q16

Significant Growth

Purchase Volume Growth^(a)

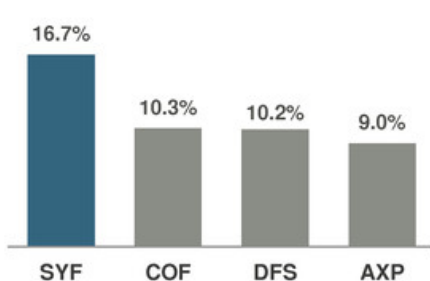


Loan Receivables Growth^(d)

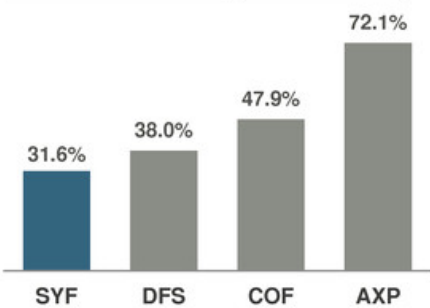


Strong Margins

Risk-Adjusted Yield^(b)

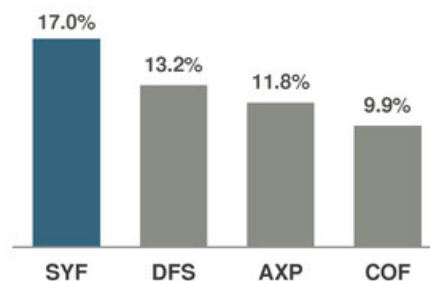


Efficiency Ratio^(a)

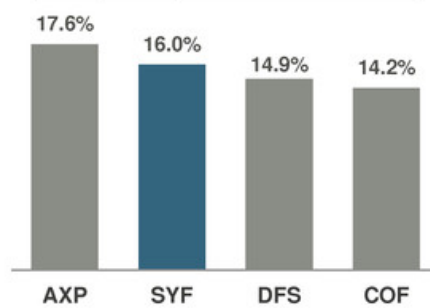


Strong Balance Sheet

CET1 Ratio^(c)



Liquidity % of Assets^(e)



(a) Segment data for AXP-U.S Consumer Services and COF-Domestic Card. Other data-total company level.

(b) SYF yield calculated as loan receivable yield less net charge-off rate. AXP yield calculated as total card member loan yield less net charge-off rate on card member loans (ex-HFS). Other peer information calculated as credit card yield less net charge-off rate on credit cards.

(c) CET1 ratios are on an estimated, fully phased-in basis. See non-GAAP reconciliation in appendix.

(d) Segment data for AXP-U.S Consumer Services (ex-HFS), COF-Domestic Card, and DFS-Credit Card. SYF-total company level.

(e) For AXP, DFS, and SYF calculated as: (cash and cash equivalents + investment securities) / total assets. COF calculated as: (cash and cash equivalents + AFS securities) / total assets.

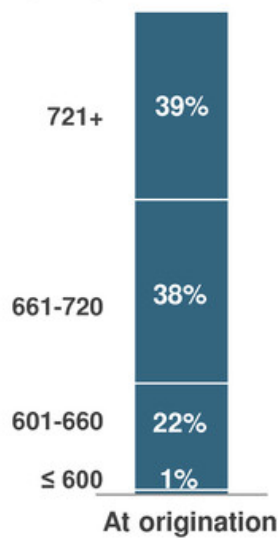
Sources: Company filings and SNL.

Purchase volume and loan receivables growth are 4Q16 vs. 4Q15.

Focus on Higher Quality Asset Base

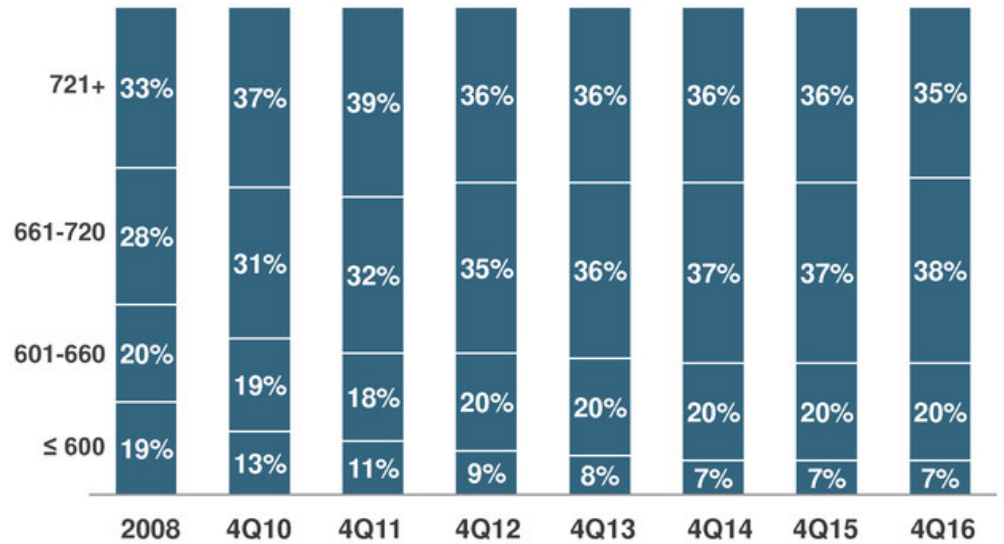
Disciplined Underwriting

FICO, consumer accounts opened since beginning of 2010



Stronger Portfolio

Consumer FICO^(a)

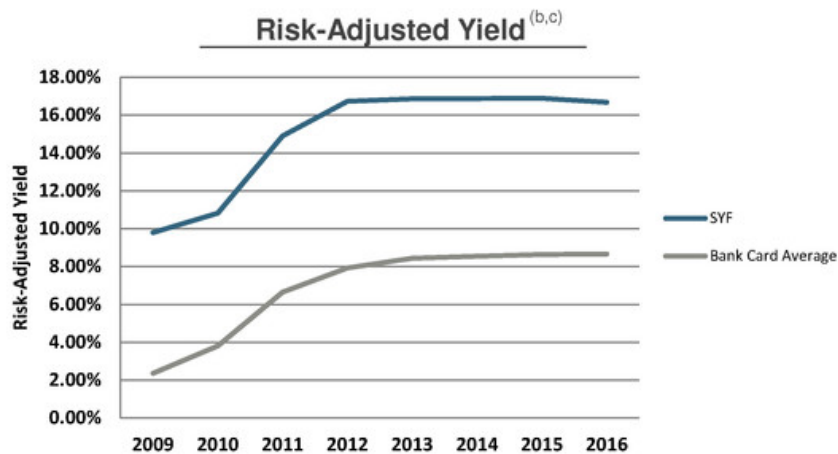
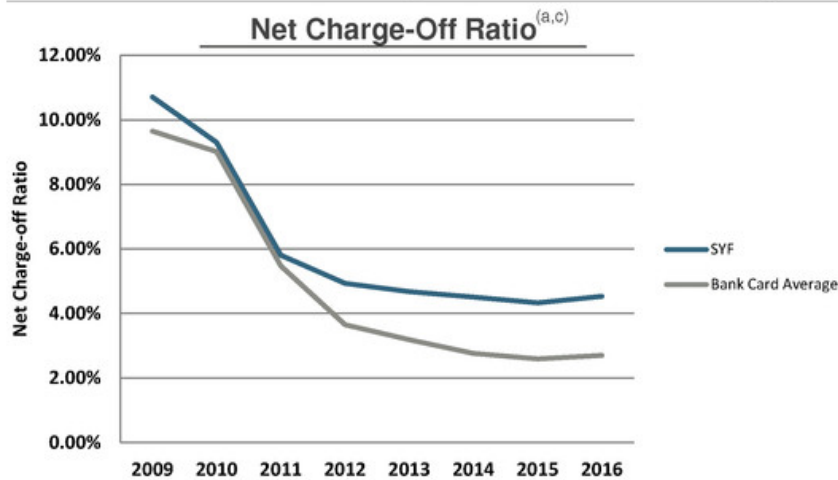


- Synchrony Financial controls underwriting and credit line decisions
- Focus on stronger underwriting has led to higher quality portfolio
 - 73% of loan receivables have FICO > 660



(a) Based on most recent FICO scores available for our customers in each period, weighted by balance, as a % of period-end receivables. If FICO score was not available credit bureau based scores were mapped to a FICO equivalent. If neither score was available, the account was excluded.

Historical Net Charge-Offs & Risk-Adjusted Yield



Delivered Strong Risk-Adjusted Returns

- Net charge-off performance was generally consistent with general purpose card issuers during the financial crisis
- Risk-adjusted yield outperformed general purpose card issuers by >700 bps through the financial crisis
- Risk-adjusted yield outperformance has improved post-crisis to ~800 bps

(a) Peers include: AXP U.S. Card Services prior to 2014 and AXP U.S. Consumer Services starting in 2014, BAC U.S. Credit Card, C Citi-Branded Cards North America, COF Domestic Card, DFS Credit Card, JPM Credit Card, and WFC Consumer Credit Card. SYF – total company level.

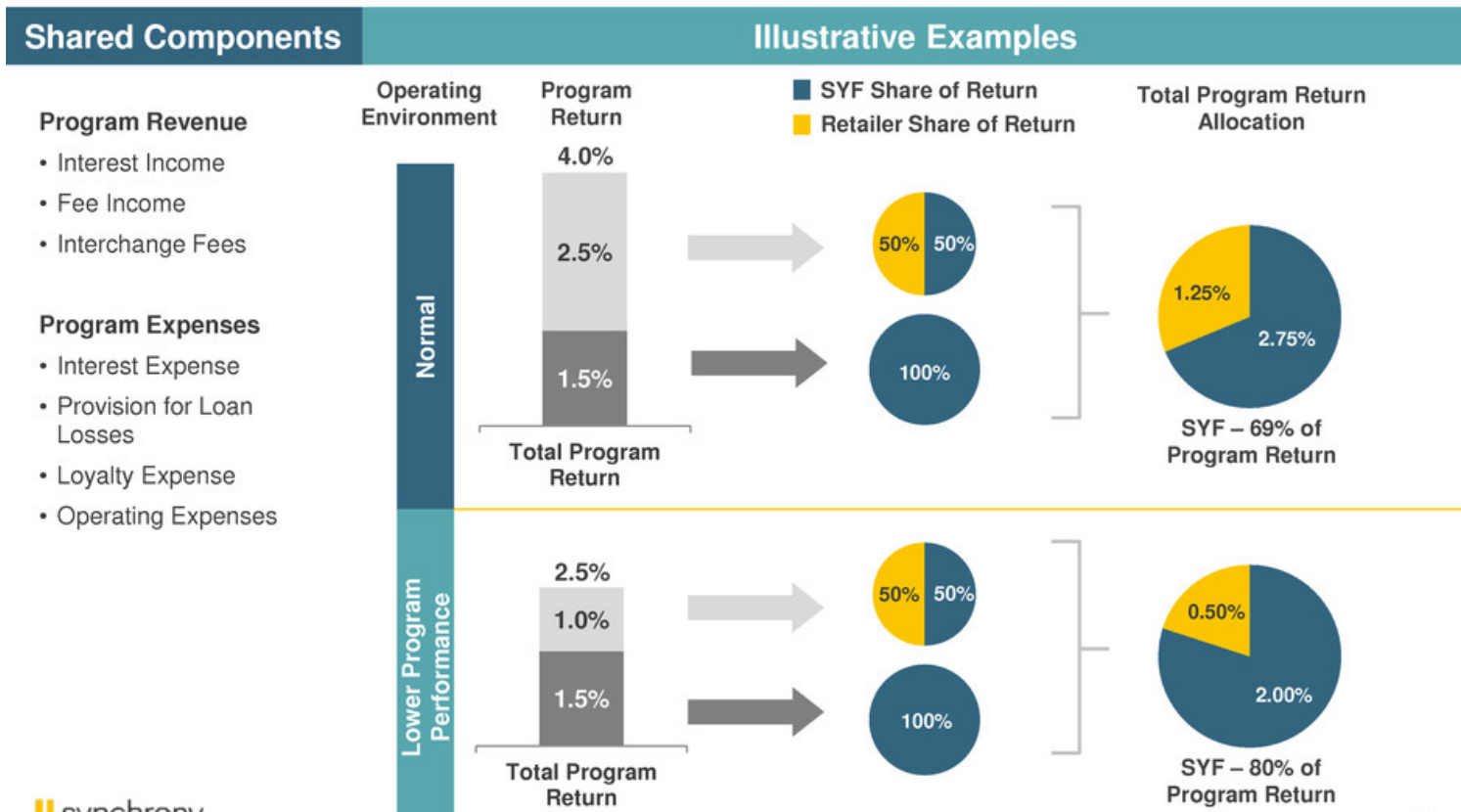
(b) Peers include: AXP U.S. Card Services prior to 2014 and AXP U.S. Consumer Services starting in 2014, BAC U.S. Credit Card, C Citi-Branded Cards North America, COF Domestic Card, DFS Credit Card, and WFC Consumer Credit Card. SYF – total company level. SYF yield calculated as loan receivable yield less net charge-off rate on credit cards. Citi-Branded Card yield calculated as average quarterly yield less net charge-off rate on credit cards (average quarterly net charge-off rate).

(c) Data on a managed-basis for 2009. See non-GAAP reconciliation in appendix.

Sources: Company filings. Risk-adjusted yield involved calculations by SYF based upon company filings.

Retailer Share Arrangements (RSA)

Provides a countercyclical buffer in stressed environments: 2016 RSAs were **4.2%** of average loan receivables
 2009 RSAs were **1.6%** of average loan receivables^(a)

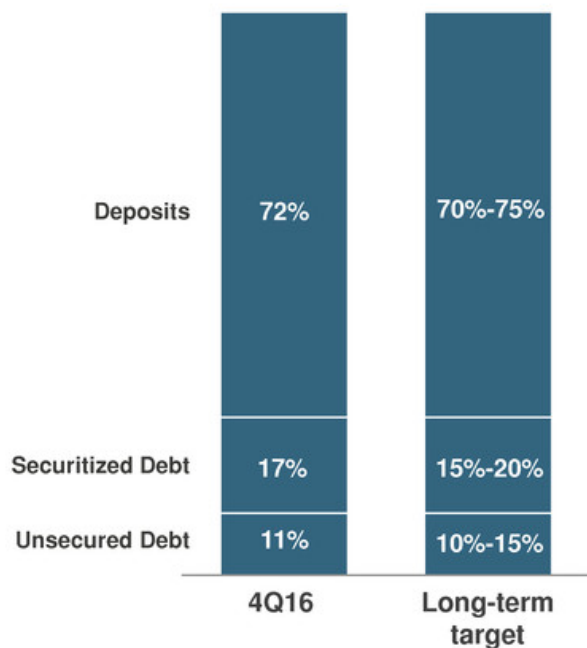


(a) Loan receivables on a managed-basis in 2009. See non-GAAP reconciliation in appendix.

Diverse Funding Sources and Strong Liquidity

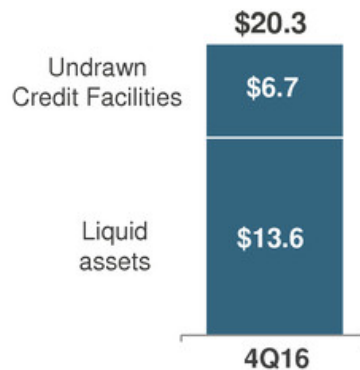
Diverse Funding Sources

% of liabilities excluding non-debt liabilities



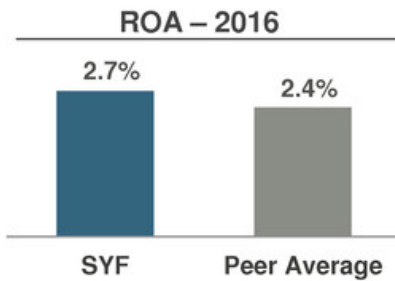
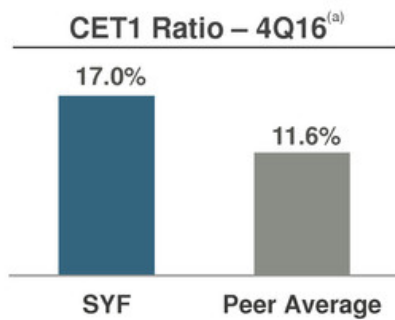
Strong Liquidity Profile

\$ in billions



- Substantial liquidity: \$20.3 billion as of 4Q16, including undrawn credit facilities
- Diverse and stable funding sources
- Fast-growing direct deposit platform to support growth
- Positioned slightly asset sensitive

Strong Capital Profile



Strong Position Relative to Peers

- Current level of capital well above peers
- Generating solid relative earnings power
- Significant capital return opportunity over the long-term^(b)

Capital Deployment Priorities

1. Organic growth
2. Program acquisitions
3. Dividends
4. Share buybacks
5. M&A opportunities

Peers include AXP, DFS, and COF.

(a) CET1 ratios are on an estimated, fully phased-in basis. CET1 at December 31, 2016 for SYF under Basel III subject to transition provisions was 17.2%. See non-GAAP reconciliation in appendix for further details.

(b) Subject to board and regulatory approval.

Sources: Company filings and SNL.

Strategic Priorities

Grow our business through our three sales platforms

- Grow existing retailer penetration
- Continue to innovate and provide robust cardholder value propositions
- Add new partners and programs with attractive risk and return profiles

Expand robust data, analytics and digital capabilities

- Accelerate capabilities: marketing, analytics and loyalty
- Continue to leverage SKU level data and invest in CRM to differentiate marketing capabilities
- Deliver leading capabilities across digital and mobile technologies

Position business for long-term growth

- Explore opportunities to expand the core business (e.g., small business and proprietary networks)
- Continue to grow Synchrony Bank — enhance offerings to increase loyalty, diversify funding and drive profitability

Operate with a strong balance sheet and financial profile

- Maintain strong capital and liquidity
- Deliver earnings growth at attractive returns

Leverage strong capital position

- Organic growth, program acquisitions, and start-up opportunities
- Continue capital plan execution through dividends and share repurchase program, subject to Board and regulatory approvals
- Invest in capability-enhancing technologies and businesses

Appendix



Non-GAAP Reconciliation

We present certain capital ratios. Our Basel III Tier 1 common ratio, calculated on a fully phased-in basis, 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. This ratio is not currently required by regulators to be disclosed, and therefore is considered a non-GAAP measure. We believe this capital ratio is a useful measure to investors because it is widely used by analysts and regulators to assess the capital position of financial services companies, although this ratio may not be comparable to similarly titled measures reported by other companies.

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, 2016.

	\$ in millions at December 31, 2016
<u>COMMON EQUITY MEASURES</u>	
GAAP Total common equity	\$14,196
Less: Goodwill	(949)
Less: Intangible assets, net	(712)
Tangible common equity	\$12,535
Adjustments for certain deferred tax liabilities and certain items in accumulated comprehensive income (loss)	337
Basel III – Common equity Tier 1 (fully phased-in)	\$12,872
Adjustments related to capital components during transition	263
Basel III – Common equity Tier 1 (transition)	\$13,135
Risk-weighted assets – Basel III (fully phased-in)	\$75,941
Risk-weighted assets – Basel III (transition)	\$76,179

Non-GAAP Reconciliation

The following table sets forth a reconciliation between GAAP results and non-GAAP managed-basis results for 2009.

	Twelve months ended December 31, 2009
<u>Net charge-offs as a % of average loan receivables, including held for sale:</u>	
GAAP	11.3%
Securitization adjustments	<u>(0.6)%</u>
Managed-basis	10.7%
<u>Interest and fees on loans as a % of average loan receivables, including held for sale:</u>	
GAAP	19.7%
Securitization adjustments	<u>0.8%</u>
Managed-basis	20.5%
<u>Retailer share arrangements as a % of average loan receivables, including held for sale:</u>	
GAAP	3.4%
Securitization adjustments	<u>(1.8)%</u>
Managed-basis	1.6%
<u>Risk-adjusted yield^(a):</u>	
GAAP	8.4%
Securitization adjustments	<u>1.4%</u>
Managed-basis	9.8%

(a) Risk-adjusted yield is equal to interest and fees on loans as a % of average loan receivables less net charge-offs as a % of average loan receivables.

