2016 IDI Resolution Plan
Public Section

December 20, 2016

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Public Section

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A. Introduction and Business Overview

The Federal Deposit Insurance Corporation ("FDIC") adopted a rule (the "IDI Rule") that establishes the requirements for an insured depository institution (an "IDI") with $50 billion or more in total assets to submit a resolution plan (the "Plan") periodically to the FDIC. The Plan should enable the FDIC to resolve the Covered Insured Depository Institution ("CIDI") in the event of its insolvency under the Federal Deposit Insurance Act (the "FDI Act") in a manner that ensures that depositors receive timely access to their insured deposits upon the institution's failure, maximizes the net present value return from the sale or disposition of its assets, and minimizes the amount of any loss realized by the creditors while minimizing losses to the Deposit Insurance Fund (the "DIF") in resolution in accordance with Sections 11 and 13 of the FDI Act, 12 U.S.C. 1821 and 1823. As an insured depository institution with assets in excess of $50 billion, Synchrony Bank[1] (the "Bank") has developed this Plan to fulfill the requirements of the IDI Rule and the FDIC's 2014 Guidance for Covered Depository Institution Resolution Plan Submissions (the "2014 Guidance").

The Bank, a wholly owned subsidiary of Synchrony, was formed in 1988 as an Ohio state-chartered limited purpose credit card bank and was converted to a federally chartered savings association in 2003. Synchrony Financial is one of the premier consumer financial services companies in the United States.

The Bank provides a range of credit products through programs established with a diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers, which are referred to as "partners". Through the Bank's partners' locations and their websites and mobile applications, the Bank offers customers a variety of credit products to finance the purchase of goods and services. As of December 31, 2015, the Bank and its subsidiaries had $62.8 billion of total assets and net income of $1.5 billion, representing a return on assets of 2.4%.

[1] Throughout this Public Section, the following naming conventions are used: "Synchrony Financial" refers to Synchrony Financial and all of its subsidiaries, including Synchrony Bank; "Bank" refers to Synchrony Bank; and "Synchrony" refers only to the Synchrony Financial parent entity itself.

The Plan was developed to provide the FDIC with various strategies to resolve the Bank under the FDI Act in the unlikely event that the Bank were to fail. The relatively simple legal entity structure, limited geographic footprint, simple product suite, absence of trading activity, straightforward funding model, and direct contractual relationships for operational interconnections between the Bank and Material Entities, all contribute to a relatively low level of resolvability risk and help to mitigate any potential challenges in resolution. Additionally, although not required by the IDI Rule, the Plan also demonstrates how the Bank can be resolved without the use of extraordinary government support, funds from United States taxpayers, and in a manner that substantially mitigates the risk that the failure of the Bank would have a serious adverse effect on financial stability in the United States. Unless otherwise indicated, information in this Public Section is provided for the year ended December 31, 2015.

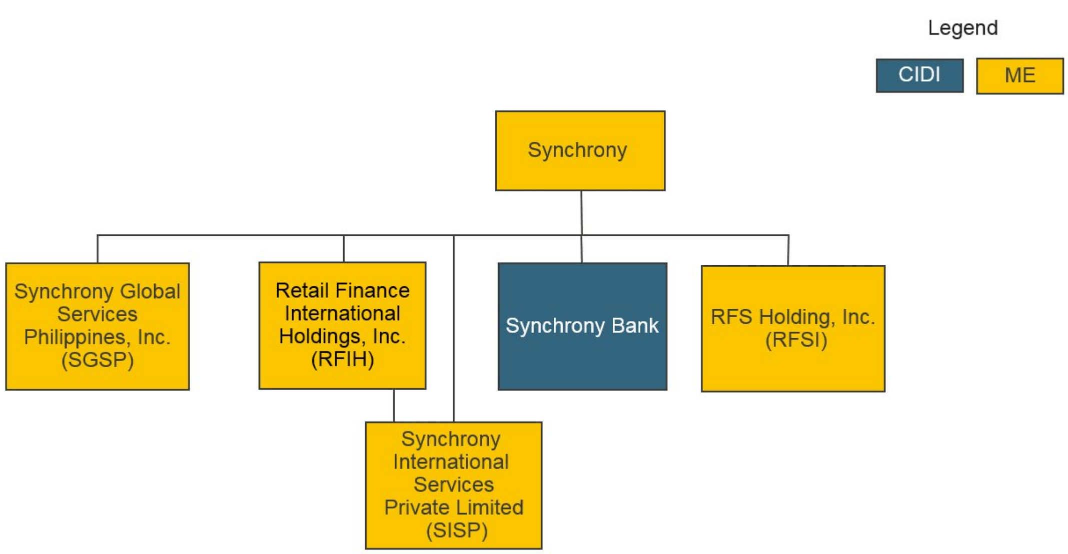
B. Names of Material Entities

Under the IDI Rule, a Material Entity ("ME") is a company that is significant to the activities of a "Critical Service" or "Core Business Line". For these purposes, a Critical Service is a service or operation of the Bank, such as servicing, information technology support and operations, human resources, and personnel, which are necessary to continue the Bank's day-to-day operations. Core Business Lines ("CBLs") are defined as those business lines of the depository institution, including associated operations, services, functions and support that, upon failure, would result in a material loss of revenue, profit, or franchise value.

The Bank is the CIDI under the IDI rule, and provides consumer financing and depository products and services. The following five legal entities have been designated as MEs, in accordance with the IDI Rule, based on both qualitative and quantitative factors. The Bank and the five MEs account for approximately 85% of Synchrony Financial consolidated assets and 70% of its net interest income after retailer share arrangements. As of December 31, 2015, 67% of Synchrony Financial employees were employed by the Bank.

The exhibit below provides an overview of the legal entity structure of the Bank as well as the MEs:

Exhibit 1: Material Legal Entity Structure



Synchrony: Synchrony was incorporated in 2003 in Delaware. Synchrony's corporate headquarters is located in Stamford, CT. Synchrony is the top-tier parent holding company for Synchrony Financial's business and is engaged only in owning and managing its subsidiaries and investments as well as incurring debt and raising capital to fund its subsidiaries' operations and to serve as a source of strength for the Bank.

RFS Holding, Inc. (RFSI): RFSI was incorporated in 2003 in Delaware and is located in Stamford, CT. RFSI acts as the holding company for Synchrony's securitization entities held outside of the Bank. Its primary purpose is to help fund and hold Synchrony's off-bank securitization programs. RFSI does not incur allocable expenses or directly hold receivables. RFSI directly or indirectly owns the off-bank special purpose entities that purchase the receivables from the originator or other sellers and the trusts to which a majority of the receivables are eventually transferred.

Retail Finance International Holding Inc. (RFIH): RFIH was incorporated in 2013 in Delaware and is located in Draper, UT. RFIH owns 50% of Synchrony International Services Private Limited (SISP), which is also designated as an ME. RFIH also holds investments in entities and projects designed primarily to promote community welfare and development, including residential housing in low- and moderate-income communities.

Synchrony Global Services Philippines Inc. (SGSP): SGSP, which was incorporated in 2006 in the Philippines and is located in the Philippines, is a servicing entity that provides operations and risk-related services to the Bank and its subsidiaries. As of December 31, 2015, 15% of Synchrony Financial employees were employed by SGSP.

Synchrony International Services Private Limited (SISP): SISP is a servicing entity that was incorporated in 2008 in India and is located in Hyderabad, Andhra Pradesh, India. SISP provides services to the Bank and its subsidiaries, including collections, compliance, finance, internal audit, information technology, marketing, operations, and risk-related services. As of December 31, 2015, 18% of Synchrony Financial employees were employed by SISP.

Interconnectedness of MEs:

Synchrony Financial primarily conducts business operations through the Bank, and the Bank is the employer of a majority of the personnel. While a majority of operations are conducted by Bank personnel, the Bank does receive certain services from affiliates. Through the affiliate service model, subsidiary affiliates contract with Synchrony to provide services between entities. The Bank maintains a master service agreement with Synchrony. Synchrony, in turn, has servicing agreements with its subsidiaries, which include Material Entities that provide services supporting Bank operations. The Bank does not contract directly with any other Material Entities for services except Synchrony.

C. Description of Core Business Lines

Core Business Lines ("CBLs") are defined as those business lines of the IDI, including associated operations, services, functions and support that, upon failure, would result in a material loss of revenue, profit, or franchise value. The Bank has designated both of its business lines as CBLs:

- **Credit**: This CBL offers and issues credit products to consumers and small businesses. Credit is the most significant business line of the Bank when evaluating the contribution of the business line to key measures of financial performance and financial condition. Credit comprises the vast majority of assets for the Bank and is the primary driver of revenue.

  The Bank provides credit products to consumers located in the United States through programs established with a diverse group of partners, including national and regional retailers, local merchants, manufacturers, buying groups, industry associations, and healthcare service providers.

  The credit products offered by the Bank include: credit cards, commercial credit products, and consumer installment loans. The Bank also offers a debt cancellation product. The credit card products include private label credit cards ("PLCC") and Dual Cards[2].

  The Bank offers these credit products through three sales platforms:

  - Retail Card: Through this platform, the Bank provides private label credit cards, Dual Cards, and small and medium-sized business credit products. As of December 31, 2015, the Bank has ongoing Retail Card programs with 22 national and regional retailers, which have approximately 40,000 retail locations, and includes department stores, specialty retailers, mass merchandisers, e-retailers (multi-channel and online retailers), and oil and gas retailers.

  - Payment Solutions: Through this platform, the Bank provides customized credit programs offering financing for major consumer purchases, primarily through private label credit cards and installment loans. In Payment Solutions, the Bank customizes credit programs for national and regional retailers, manufacturers, buying groups, industry associations and Bank-branded industry programs, which are available to participating merchants, dealers and retail outlets to provide financing offers to their customers. As of December 31, 2015, Payment Solutions partners had approximately 115,000 retail locations.

  - CareCredit: Through this platform, the Bank provides financing to consumers for elective healthcare procedures, products or services, such as dental, veterinary, cosmetic, vision and audiology. The vast majority of the CareCredit partners are individual and small groups of independent healthcare providers, which include networks of healthcare practitioners that provide elective procedures generally not covered by insurance. The rest of the CareCredit partners are primarily national and regional healthcare providers. During 2015, more than 165,000 healthcare provider locations either processed a CareCredit application or made a sale on a CareCredit credit card.

- **Direct Banking**: This CBL offers deposit products to customers through direct marketing, and third party brokerage firms. Direct Banking offers a range of FDIC-insured deposit products, and it is the only business line that engages in deposit activities. Deposits comprise approximately 95% of the Bank's funding sources and are critical to financing the Bank's Credit CBL. Direct Banking offers a

[2] Synchrony Financial's proprietary Dual Cards are general purpose credit cards that are co-branded with a partner's own brand and may be used to make purchases of goods or services from that partner, from non-partner vendors who accept Visa or Mastercard, as applicable, or for cash advance transactions.

variety of deposit products which are obtained directly from retail and commercial customers (“Direct Deposits”) or through third-party brokerage firms that offer the Bank's deposits to their customers (“Brokered Deposits”).

The following exhibit provides a summary of relationships between the Bank, MEs, and the CBLs:

Exhibit 2: CIDI and Material Entities Relevant to CBLs

Covered Insured Depository Institution	Credit	Comments	Direct Banking	Comments
Synchrony Bank ("the Bank")	✓	Primary entity through which Credit conducts its activities. Nearly all U.S credit products are originated out of the Bank.	✓	Primary entity through which Direct Banking offers its deposit products. Both FDIC-insured Direct Deposits and Brokered Deposits are held at the Bank.

Material Entity	Credit	Comments	Direct Banking	Comments
Synchrony	✓	Parent holding company for the Bank, owns 100% of equity in the Bank and is engaged in raising funding that supports Credit.	✗	No specific activities directly related to Direct Banking.
Retail Finance International Holdings, Inc. (RFIH)	✓	Servicing entity that handles payroll for employees of Credit. This entity also holds fixed assets, contracts, and leases for facilities through which Credit activities take place.	✓	Servicing entity that handles payroll for employees of Direct Banking. Also holds fixed assets, contracts, and leases for facilities through which Direct Banking business activities take place.
Synchrony Global Services Philippines, Inc. (SGSP)	✓	Servicing entity that supports operations and risk-related services for Credit, including customer support.	✓	Servicing entity that supports operations and risk-related services for Direct Banking, including customer support.
Synchrony International Services Private Limited (SISP)	✓	Servicing entity that performs multiple services for the Credit business, including collections, IT, compliance, finance, and operations.	✓	Servicing entity that performs multiple services for Direct Banking, including IT, compliance, finance, and operations.
RFS Holding, Inc. (RFSI)	✓	Holding company for off-bank securitization entities, which are a primary funding source for Credit.	✗	Direct Banking is not reliant on securitization entities.

These CBLs have been identified solely for resolution planning purposes and the disclosures may differ from the periodic reports filed with the Securities and Exchange Commission ("SEC").

D. Consolidated Financial Information Regarding Assets, Liabilities, Capital and Major Funding Sources

The following exhibit summarizes the consolidated financial position for Synchrony Bank as of December 31, 2015.

Exhibit 3: Consolidated Statements of Financial Position for Synchrony Bank and Subsidiaries

($ in millions)		
Assets		
Cash and equivalents	$	10,914
Investment securities		1,127
Loan receivables		50,997
Less: Allowance for loan losses		(2,745)
Loan receivables, net		48,252
Goodwill		236
Intangible assets		568
Due from affiliates		4
Other assets		1,688
Total assets	**$**	**62,789**
Liabilities and Equity		
Deposits		48,098
Borrowings of consolidated securitization entity		2,250
Related party debt		304
Due to affiliates		732
Accrued expenses and other liabilities		3,219
Total liabilities	**$**	**54,603**
Total equity		8,186
Total liabilities and equity	**$**	**62,789**

Capital Management

The Bank views capital strength as a fundamental element of a strong bank. The Bank seeks to manage capital to a level and composition sufficient to support the risks of the Bank's business, meet regulatory requirements, adhere to credit ratings that allow continued access to credit markets, and support future business growth. The level, composition, and utilization of capital are influenced by changes in the economic environment, strategic initiatives, and legislative and regulatory developments.

As of December 31, 2015, the Bank met all applicable requirements to be deemed "well-capitalized" pursuant to the relevant regulations and for purposes of the FDI Act. The following table sets forth the composition of the Bank’s consolidated capital ratios calculated under the Basel III rules at December 31, 2015.

Exhibit 4: Synchrony Bank's Consolidated Regulatory Capital Ratios

($ in millions)	Actual		Minimum to be well-capitalized under prompt corrective action provisions	
	Amount	Ratio[a]	Amount	Ratio
Total risk-based capital	$ 8,443	16.6%	$ 5,089	10.0%
Tier 1 risk based capital	$ 7,781	15.3%	$ 4,071	8.0%
Tier 1 leverage	$ 7,781	13.0%	$ 2,984	5.0%
Common equity Tier 1 capital	$ 7,781	15.3%	$ 3,308	6.5%

Note (a): Capital ratios are calculated based on the Basel III Standardized Approach rules, subject to applicable transition provisions, at December 31, 2015

The Bank's primary sources of capital have been earnings generated by the Bank and equity capital contributed by its parent company, Synchrony.

Funding

The Bank maintains a strong focus on liquidity and capital. The Bank's liquidity and capital policies are designed to ensure that the Bank has the resources to support daily operations, business growth, credit ratings and regulatory and policy requirements, in a cost effective and prudent manner through expected and unexpected market environments.

The Bank's primary sources of funding are deposits, which are generated by Direct Banking. Deposits are diversified by customer, product type and geography. In addition to deposits, the Bank strives to maintain broad access to multiple sources of funding, which include cash from operations, securitized financings and related party borrowings. Additionally, unencumbered assets in the Bank are available to be used to generate additional liquidity through secured borrowings, asset sales, or can be pledged for credit at the Federal Reserve discount window.

E. Description of Derivative and Hedging Activities

The Bank does not engage in capital markets activities such as proprietary trading, underwriting, or making markets in securities or derivatives. Rather than using derivatives to manage its aggregate interest rate risk profile, the Bank uses combinations of asset/liability management and natural hedges, as well as its investment portfolio to match the interest rate risk of its liabilities against the interest rate risk profile of its assets.

F. Memberships in Material Payment, Clearing, and Settlement Systems

The Bank maintains access to payment, clearing, and settlement systems in order to carry out numerous business functions, including, but not limited to, execution of fund transfers, daily settlement with merchants and clients, management of securitization trust operations, and management of depositor accounts. For access to these systems, the Bank utilizes services provided by multiple correspondent banks which have direct memberships in the relevant payment, clearing, and settlement systems.

The Bank has indirect access to the following systems via correspondent banking arrangements: the Automated Clearing House ("ACH"), the Depository Trust Company ("DTC"), and the Society for Worldwide Interbank Financial Telecommunications ("SWIFT"). The Bank maintains direct access to the FedWire Funds Service ("Fedwire") via an agreement with the Federal Reserve. Additionally, for the Credit CBL, the Bank has agreements with payment networks, such as Mastercard and Visa, that outline various services which include: routing of transactions through the networks; providing settlement records for facilitating payments to merchants; stand-in credit authorizations through the network; and functioning as the token service provider for customers who make use of digital token services like Apple Pay or Google Pay.

The exhibit below lists the Bank's membership with material payment, clearing, and settlement systems.

Exhibit 5: List of memberships in material payments, clearing, and settlement systems

Payment, Clearing, Settlement System	Description	Access
Fedwire	Fedwire is a real-time gross settlement system generally used to make large-value, time-critical payments. Depository institutions and certain other financial institutions that hold an account with the Federal Reserve are eligible to participate in the Fedwire Funds Services.	Direct Membership
ACH	The ACH system is a nationwide network through which depository institutions send each other batches of electronic credit and debit transfers.	Indirect Access
DTC	DTC, a subsidiary of The Depository Trust & Clearing Corporation, is a central securities depository and securities settlement system for eligible securities including equities, corporate bonds, and municipal bonds, as well as money market instruments such as commercial paper.	Indirect Access
SWIFT	SWIFT provides a network that enables financial institutions worldwide to send and receive information about financial transactions in a secure, standardized and reliable environment.	Indirect Access
Visa	Visa is an open-loop payments network that transfers transaction data and manages payment flow between financial institutions for credit card transactions.	Direct Membership
Mastercard	Mastercard is a global payments network that links issuing banks and acquirer banks to facilitate processing of credit card transactions.	Direct Membership

G. Description of Foreign Operations

The Bank itself does not have foreign operations. However, certain servicing activities for the Bank are provided by Synchrony subsidiaries in India and the Philippines, as described above in Section B.

H. Material Supervisory Authorities

As a federally chartered savings association, the Bank is subject to regulation, supervision, and examination by the Office of the Comptroller of the Currency of the U.S. Treasury (the "OCC"), which is its primary regulator, and by the Consumer Financial Protection Bureau (the "CFPB"). In addition, the Bank, as an insured depository institution, is supervised by the FDIC. As a savings and loan holding company, Synchrony is subject to regulation, supervision, and examination by the Board of Governors of the Federal Reserve System ("Federal Reserve Board").

I. Principal Officers

The following exhibit shows information regarding the Board of Directors of the Bank as of September 30, 2016.

Exhibit 6: Bank Board of Directors

Name	Title
Margaret Keane	President and Chief Executive Officer
Brian Doubles	EVP and Chief Financial Officer
Jonathan Mothner	EVP and Secretary and General Counsel
Richard Hartnack	Chair of the Board
Steve Courchaine	Director (Independent)
Roy A. Guthrie	Director (Independent)
Smith Hickenlooper, III	Director (Independent)
Jeffrey G. Naylor	Director (Independent)
George Sutton	Director (Independent)

The following exhibit shows information regarding the executive officers of the Bank as of September 30, 2016.

Exhibit 7: Bank Executive Officers as defined by Regulation O (12 CFR § 215)

Name	Title
Margaret Keane	President & Chief Executive Officer
Marc Chini	Executive Vice President - Human Resources
Brian Doubles	Executive Vice President & Chief Financial Officer
Dave Fasoli	Executive Vice President - CareCredit
Henry Greig	Executive Vice President & Chief Risk Officer
Kurt Grossheim	Executive Vice President & Chief Operating Officer
Carol Juel	Executive Vice President & Chief Information Officer
Glenn Marino	Executive Vice President - Payment Solutions & Chief Commercial Officer
Mark Martinelli	Executive Vice President & Chief Audit Executive
Neeraj Mehta	Executive Vice President & Chief Business Development & Strategy Officer
Steve Min	Executive Vice President & Chief Credit Officer
Jonathan Mothner	Executive Vice President, Secretary & General Counsel
Tom Quindlen	Executive Vice President - Retail Card
Bart Schaller	Executive Vice President & Chief Marketing Officer
Paul Whynott	Executive Vice President & Chief Regulatory Officer

J. Resolution Planning Corporate Governance Structure and Processes

Resolution planning has been integrated into the governance structure of the Bank through the inclusion of key governing bodies in the process of developing the Plan. The Bank's Board of Directors (the "Board") is ultimately responsible for the review and approval of the Plan. The primary management committee responsible for oversight of Recovery and Resolution Planning is the Capital Management Committee ("CMC"). The primary committee responsible for review of the Plan is the Risk Committee of the Board prior to its approval by the Board.

The Recovery and Resolution Planning Team ("RRP Team") is a dedicated team under the Capital, Recovery & Resolution Planning team, reporting to the Chief Risk Officer. The RRP Team is responsible for the coordination of company-wide activities related to the development, maintenance, approval, and filing of the Plan, including partnering with business function subject matter experts ("SMEs") to develop the Plan.

The RRP Working Groups are groups of cross-functional SMEs responsible for providing strategic guidance over resolution planning, including the development of the Plan. The Groups include representatives from Finance, Treasury, Business Development, Operations, Sourcing, IT, Legal, Human Resources and other functional groups on an as-needed basis.

The Resolution Planning Policy (the "Policy") was developed as part of the Bank's corporate governance structure and process. The Policy establishes the objectives and minimum requirements to be followed by the Bank with regard to the Bank's resolution planning activities, which are consistent with regulatory expectations. The Policy also outlines the framework that integrates resolution planning into the Bank's risk management activities. The Policy establishes the roles and responsibilities of the RRP Team, RRP Working Groups, CMC, Risk Committee of the Board, and the Board. The Policy was reviewed and approved by the CMC, Risk Committee of the Board and the Board.

The Risk Committee of the Board reviewed the Plan and recommended the Plan to the Board for approval. The Bank's Board reviewed and approved the Plan on December 15, 2016.

K. Description of Material Management Information Systems

The Bank utilizes management information systems ("MIS") to run day-to-day operations and to gather relevant information to generate reporting that is used by management to make informed decisions regarding the operations and overall management of the Bank.

The Information Technology function has practices and processes in place to govern the definition, implementation, and operation of MIS. Additionally, the Bank has implemented a Business Continuity Management and Disaster Recovery Program ("BCM/DR Program") that fosters the continued operation of critical business processes in the event of a service disruption. The BCM/DR Program specifically focuses on minimizing the likelihood of business disruptions and their impact, timely resumption of operations following a business disruption, and preserving stakeholder confidence, as well as Synchrony Financial's and the Bank's reputation.

The Bank leveraged its MIS infrastructure to gather all of the financial and operational information needed for preparation of the Plan. As required by the IDI Rule, the Plan describes the key MIS associated with risk management, accounting, and financial and regulatory reporting.

L. Description of Resolution Strategy

The Bank has developed strategies for the sale or disposition of the Bank's deposit franchise, business lines and assets (individually, a "Resolution Strategy", and collectively, "Resolution Strategies") in accordance with the requirements of the IDI Rule and the 2014 Guidance.

The Bank has developed Resolution Strategies under the assumption of a hypothetical failure scenario that specifies a series of idiosyncratic events that precipitate the failure of the Bank, as well as the assumed economic environment under which the failure would occur. This Plan assumes macroeconomic conditions consistent with the Severely Adverse economic scenario, as described by the Federal Reserve Board in connection with the 2016 Dodd-Frank Act Stress Testing ("DFAST"). For purposes of the Plan, the Bank is required to assume that no pre-resolution recovery actions have been executed by the Bank or any ME. As such, Synchrony's current organization, including legal entities and business lines, would be intact at the time of failure.

In the event of its failure, the Bank would be subject to the FDIC receivership process. This Plan includes Resolution Strategies that are intended to achieve maximum value for the receivership, incur the least cost to the DIF, ensure depositors' access to their funds within one business day (or two business days if the day of the Bank failure is any day other than a Friday), and effect a resolution that is least disruptive to other stakeholders. Under the Plan, the FDIC is expected to establish a bridge bank (the "Bridge Bank") once the Bank is placed into receivership. The Bridge Bank is established to instill confidence in the depositors and to allow the FDIC additional time to market the Bridge Bank's assets and find one or more appropriate buyers.

The Resolution Strategy options include:

1. Multiple Acquirer Strategy with private asset sales ("Private Sale MAS"): Under this strategy, the Bridge Bank would continue business operations during the process of marketing and selling the Bridge Bank's assets to multiple third-party acquirers over a period of time.

2. Multiple Acquirer Strategy with recapitalization by Initial Public Offering ("IPO MAS"): Under this strategy, the Bridge Bank would continue business operations during the process of marketing and selling the Bridge Bank's assets to multiple third-party acquirers, followed by an Initial Public Offering of the remainder of the Bridge Bank.

3. Liquidation Strategy: Under this strategy, despite active marketing efforts, neither the Private Sale MAS nor the IPO MAS can be achieved as least costly resolutions. As a result, the FDIC would cease new credit originations from all three sales platforms, and would begin liquidating the Bridge Bank's assets.

The FDI Act requires that any resolution of a failing IDI must be the "least costly" to the DIF of all possible methods. In accordance with the 2014 Guidance, the Plan demonstrates that the Private Sale MAS would be least costly to the DIF relative to the IPO MAS and the Liquidation Strategy. Additionally, different claim classes and their respective priorities are evaluated, as part of the least cost analysis. The proceeds realized from the execution of each strategy would be allocated by the FDIC first to repay the FDIC for any administrative expenses in acting as receiver and second to claimants in order of priority in conformance with 12 USC §1821(d)(11).

Any actions or losses reflected in the Plan do not reflect a view of the actual risk characteristics of Synchrony Financial or the Bank, but rather represent a hypothetical scenario developed solely for purposes of complying with the requirements of the IDI Rule and the 2014 Guidance for the Resolution Plan.