



PUBLIC DISCLOSURE

February 21, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Synchrony Bank
Charter Number: 715044

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Draper, UT 84020

Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

Table of Contents

Overall CRA Rating.....	1
Description of Institution.....	2
Scope of the Evaluation.....	3
Discriminatory or Other Illegal Credit Practices Review.....	4
State Rating.....	5
State of Utah.....	5
Appendix A: Summary of MMSA and State Ratings.....	14
Appendix B: Definitions and Common Abbreviations.....	15

Overall CRA Rating

Institution's CRA Rating: This institution is rated Outstanding.

The major factors that support this rating include:

- The institution demonstrates a high level of Community Development (CD) loans, CD services, and qualified investment activity, particularly investments that are not routinely provided by private investors.
- The institution demonstrates extensive use of innovative or complex qualified investments, CD loans, and CD services.
- The institution exhibits excellent responsiveness to credit and CD needs in its assessment area (AA).

Description of Institution

Synchrony Bank (SYB) is headquartered in Draper, Utah. The Draper location is a corporate facility, not a branch, and does not provide physical, customer-facing banking services. The bank currently has no branches. Salt Lake City MSA is its sole CRA AA.

The bank was designated as a limited purpose institution (savings association) for CRA purposes on May 1, 2009. Limited purpose institutions offer only a narrow product line (such as credit cards or automobile loans) to a regional or broader market. Based on this limited purpose designation, SYB strives to meet performance goals set forth under the CD test, which assesses the bank's record of helping to meet community credit needs through its CD lending, qualified investments, and CD services.

SYB is a wholly owned subsidiary of Synchrony Financial (SYF). SYF is a \$96 billion federal savings bank holding company headquartered in Stamford, Connecticut. SYF's primary subsidiary and sole banking subsidiary is SYB. The bank has \$86 billion in Total Assets.

SYB offers credit products through five primary credit card sales platforms: Home & Auto, Digital, Diversified & Value, Health & Wellness, and Lifestyle. Home & Auto provides payments and financing solutions through a network of partners and merchants providing home and automotive merchandise and services. Digital provides payments and financing solutions with integrated digital experiences through partners and merchants who primarily engage with their consumers through digital channels. Diversified & Value provides payments and financing solutions through large retail partners who sell products and services to consumers for daily needs or important life moments. Health & Wellness provides healthcare payments and financing solutions, through a network of providers and health systems for those seeking health and wellness care. Lifestyle provides payments and financing solutions through partners and merchants who offer merchandise in power sports, outdoor power equipment, and other industries such as sporting goods, apparel, jewelry, and music.

Credit products are often marketed at point of sale, through a large network of collaborating businesses, rather than directly through SYB's own delivery channels. Deposit products are offered online, by phone, or mail and include certificates of deposit, individual retirement accounts, money market accounts, and savings accounts.

There were no known legal, financial, or other constraints that impeded the bank's ability to help meet the credit and CD needs of its AA during the evaluation period. SYB's CRA performance was rated Outstanding in the last Performance Evaluation dated December 31, 2018.

Table 1: Financial Information (000s)

	Year-end 2019	Year-end 2020	Year-end 2021	Average for Evaluation Period*
Tier 1 Capital	10,907,000	11,821,000	13,074,000	11,934,000
Total Income	14,132,000	11,873,000	10,432,000	12,145,667
Net Operating Income	3,228,000	1,429,000	4,011,000	2,889,333

Total Assets	91,281,000	85,303,000	86,064,000	87,549,333
Pass Through Receivables /Managed Assets	83,615,367	78,468,035	80,996,927	81,026,776

Source: Consolidated Report of Condition and Income and bank reported data. *The Average for Evaluation Period is the average of the numbers in the three columns.

Scope of the Examination

Evaluation Period/Products Evaluated

In evaluating the bank's performance under the CRA, we reviewed CD activities from January 1, 2019 through December 31, 2021. We reviewed the level and nature of qualified investments, CD lending, and CD services. At the bank's request, we also considered qualified investments and CD services provided by its affiliates. Some real estate-based investments (low-income housing tax credit related instruments and other equity partnerships/Limited Liability Corporation (LLCs) and grants were made through Retail Finance International Holdings, Inc. (RIH), an affiliate of SYB and a subsidiary of SYF. A small percentage of CD services were performed by employees working for Pets Best Insurance Services LLC and Loop Commerce, Inc., both are subsidiaries of SYF. At the prior examination dated December 31, 2018, we rated the bank Outstanding.

For purposes of this evaluation, bank delineated AAs located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single AA.

The bank has adequately addressed the needs of its AA, and therefore, outside of its AA qualified investments, CD loans and services were considered in evaluating its performance.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution or any affiliate whose loans have been considered as part of the institution's lending performance has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

State Rating

State of Utah

CRA Rating for Utah: Outstanding

The major factors that support this rating include:

- The institution demonstrates a high level of CD loans, CD services, and qualified investment activity in the state of Utah, particularly investments that are not routinely provided by private investors.
- The institution demonstrates extensive use of innovative or complex qualified investments, CD loans, or CD services in the state of Utah.
- The institution exhibits excellent responsiveness to credit and CD needs in the state of Utah.

Description of Assessment Area(s)

SYB's AA consists of the Salt Lake City, Utah MSA (41620), which is comprised of Salt Lake and Tooele Counties. Tooele County is located in northern Utah and is primarily rural. Salt Lake County is adjacent and to the east of Tooele County. Salt Lake City is the largest city in the MSA and the capital of Utah. The AA meets the requirements of the regulation and does not arbitrarily exclude low- and moderate-income (LMI) geographies. Table 2 below provides a summary of demographics for the Salt Lake City MSA.

The U.S. Census Bureau (Census) estimated the population in the AA to be 1,263,061 in 2021, a 16.1 percent increase since the 2010 Census. According to Moody's Analytics, the population growth was about two times the national average prior to the pandemic. The metro area's population gains in 2020 slipped below the national average for the first time in nearly two decades, as the pandemic halted most relocations. However, the area is home to one of the fastest-growing populations in the country. The distribution of families by income level was 19.7 percent low-, 17.8 percent moderate-, 22.2 percent middle-, and 40.2 percent upper-income. According to the Census, 27.4 percent of the AA's census tracts were LMI. Approximately 11.0 percent of households in the AA were living below the poverty level. In low- and moderate-income geographies, 32.6 and 18.4 percent of households were below the poverty level, respectively.

The Salt Lake City MSA business environment is highly competitive for CRA investments. According to the FDIC's June 30, 2021 Deposit Market Share Report, there were 44 FDIC-insured financial institutions operating 205 offices, with \$730.2 billion in deposits. The top five institutions in the AA were Morgan Stanley Bank, NA, Ally Bank, UBS Bank USA, American Express National Bank, and Goldman Sachs Bank USA. These institutions controlled approximately 73.8 percent of the deposit market share, with a combined \$539.1 billion in

deposits. SYB ranked sixth in the AA, with \$61.5 billion in deposits, or 8.4 percent of the market share.

During the evaluation period, the Salt Lake City MSA maintained a low unemployment rate. Per the Bureau of Labor Statistics (BLS), the average annual unemployment rate increased from 2.5 percent in 2019 to 2.8 percent in 2021. This was comparable to the state annual averages of 2.6 percent and 2.7 percent for the same period. Additionally, the MSA’s average annual unemployment rates were much lower than the national annual average unemployment rates of 3.7 percent for 2019, and 5.3 percent in 2021.

According to Moody’s Analytics, the area was in the mid-cycle phase of its expansion during 2021. Employment of 769,900 jobs was more than three percent above its pre-pandemic peak. The services industry was leading the way for job creation, while government was making progress. The largest industries in the Salt Lake City metro area were professional and business services; government; education and health services; retail trade; and financial activities. The top five employers in the area are the University of Utah, Intermountain Health Care Inc., Walmart Inc., Zions Bancorp., and Delta Airlines.

Homes have become less affordable in the AA. Average home buying and rental costs have outpaced income growth. Income for Salt Lake City MSA residents at 80 percent or lower of Average Median Income (AMI) grew 12.1 percent from 2019 to 2021, while average monthly mortgage principal and interest payments grew 20.2 percent and average rental costs grew 13.6 percent. The median sales price of homes in the MSA grew 35.8 percent from 2019 to 2021. Home affordability for residents in the lowest income levels (30 percent of AMI or lower) were most severely impacted. The shortfall between median monthly income and median monthly mortgage costs grew from \$895 to \$1,125 from 2019 to 2021. The median home values in the AA’s low- and moderate-income tracts were \$128,299 and \$168,148, respectively. The Census reported 62.9 percent of the total housing units in the AA as owner-occupied, rental-occupied units at 31.3 percent, and vacant units at 5.8 percent. Owner-occupied housing in LMI geographies in the AA represented 19.2 percent of the total owner-occupied housing units. LMI geographies in the AA had much higher levels of rentals than middle- and upper-income geographies. Rental units accounted for 64.0 percent of the housing units in low-income geographies, and 47.2 percent of the housing units in moderate-income geographies. The low ownership and high rental rates in LMI geographies indicate a lack of affordable home purchase options.

Table 2: Utah Assessment Area Description

	Number	Low	Moderate	Middle	Upper
Tracts	223	3.6%	23.8%	41.7%	29.1%
Families	262,544	19.7%*	17.8%*	22.2%*	40.2%*
Businesses	122,781	2.8%**	20.9%**	40.4%**	35.0%**

Source: Demographic Data – 2015 ACS and 2020 Dun & Bradstreet Data. * Family Distribution by Income Level. ** Businesses by Geography. Some families and geographies do not have an assigned income classification. Totals may not equal 100.0.

A review of information from two existing community contacts for organizations serving the Salt Lake City MSA was conducted during this evaluation period. Challenges in the area included

limited affordable housing for LMI individuals and access to capital and education for small businesses. Opportunities for financial institution participation: fund affordable housing initiatives and provide or fund small business loans. Both community contacts have headquarters in the Salt Lake City AA. The first is an economic development organization with a mission that includes attracting, retaining, and growing businesses in Salt Lake County to develop business and job opportunities for all county residents. The organization focuses on helping local businesses obtain financial resources. The group's activities include managing revolving loan fund. The second organization is a non-partisan league of governments that serves all 248 cities and towns in the state of Utah. This organization provides training and technical assistance to local officials on municipal issues and works to create a greater public awareness and understanding of municipal responsibilities.

The OCC met virtually with five CD organizations that maintain CRA relationships with SYB. These entities included providers of affordable housing; homeless transition support; youth educational and job training services; refugee and immigrant student support; and microlending for entrepreneurs. In all cases, the organizations provided a range of products and services to meet the needs of LMI individuals and geographies. Each of the representatives confirmed how the bank's contributions helped them meet their goals.

Conclusions About Performance

Summary

SYB provided a high level of CD qualified investments, grants, loans, and services when considering its capacity and opportunities in the highly competitive CD environment in the AA. Given the high level of competition for CRA investment opportunities, the bank has put more emphasis on investments that are not typically available in the marketplace. Innovative, flexible, or complex CD loans and investments accounted for 76.1 percent of CRA activity. Of the \$1.6 billion in qualified CD loans, investments, and grants originated or outstanding at the end of the evaluation period, \$793 million benefited the bank's AA. SYB and affiliate employees provided 12,287 hours of qualifying CD services to over 72 organizations.

Overall community development lending and investment activity for the current evaluation period totaled 13.7 percent of average tier 1 capital. Within the AA, excellent performance was driven by strong CD lending of \$611.3 million, which accounted for 5.1 percent of average tier 1 capital. SYB faced significant obstacles to achieve its CD performance level in the AA. The Salt Lake City region remains a very competitive market for CD investments, loans, and services. Additionally, unfavorable market pricing for investment products often purchased for CRA purposes, such as MBS, limited bank CRA options. The provision of CD services was significantly hampered by the COVID-19 pandemic which prevented in-person volunteer work.

The bank makes extensive use of innovative/complex activities. Because of the expertise of its employees, SYB focuses on the development of loans and investments to address community needs with complex structures. Numerous deals include complex structures involving multiple investors or community partners, multiple loans or combinations of complex loans and investments while providing service in leadership positions.

SYB’s qualified CD investments, grants, loans, and services exhibit excellent responsiveness to the credit and CD needs of the AA, especially affordable housing. The identified community need for affordable housing is addressed with 91.8 percent of all AA CD loans and 96.8 percent of all qualified investments in the AA.

Qualified Investments

SYB had a total of 300 current- and prior-period qualified investments and grants benefiting the Salt Lake City AA. These investments and grants total \$182 million and directly benefit the AA or were made in the broader statewide and regional area with a purpose / mandate / function (P/M/F) to benefit the AA. SYB also had an additional \$801 million in current- and prior-period qualified investments made without a P/M/F to benefit the AA. We considered the additional investments in our assessment of the level and responsiveness of the bank’s qualified investments and grants. The investment portfolio includes investments that are directly responsive to the identified community needs of affordable housing and loans for small businesses: low-income housing tax credits (LIHTC), small business investment corporations (SBIC), investments in funds for the preservation of affordable housing and for the development of workforce housing, mortgage-backed securities, and a CRA Mutual Fund (CRAIX).

Table 3a: Qualified Investment Activity (000s)

	Benefits AA**	Outside AA	Totals
Originated Investments	36,879	533,370	570,249
Originated Grants	2,506	11,810	14,316
Prior-Period Investments that Remain Outstanding	142,572	255,846	398,418
Total Qualified Investments	181,957	801,026	982,983
Unfunded Commitments*	12,894	342,769	355,663

* “Unfunded Commitments” means legally binding investment commitments that are tracked and recorded by the bank’s financial reporting system. ** Investments included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA.

Table 4a: Qualified Investment Percentages

	Benefits AA (%)*	Outside AA (%)
Total Investments/Average Tier 1 Capital	1.52%	6.71%
Total Investments/Average Total Income	1.50%	6.60%
Total Investments/Average Pass-Through Receivables	0.22%	0.99%

* Investments included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA.

Described below are some of the more significant qualified investments made by the bank that are directly responsive to community and credit needs:

- SYB invested \$15 million in a public welfare fund. The original target fund size was \$100 million in capital to create 1,200 new Section 8 apartment units for the homeless across California with a concentration in the Los Angeles area, which has the largest concentrated homeless population in the country. Due to SYB's fundraising efforts, leadership, and technical assistance, other investors are participating in the fund. The fund now has \$150 million in capital with the objective to create more than 1,800 new Section 8 apartment units.

The investment involves a complex deal structure, including case management, State and Federal programs, non-profits, developers, and investors to form an innovative affordable housing project with a flexible structure that allows for re-investment of funds and extensions. SYB provided leadership to this fund by providing technical assistance to the Fund Managers.

- SYB invested \$318 million in seventeen syndicated multi-investor LIHTC funds during the evaluation period. The funds directly supported the development of 2,108 affordable housing units through the CRA allocated projects. A portion of the investment totaling \$5.7 million provided direct benefit to the Salt Lake City AA. In prior evaluation periods, SYB had invested over \$145 million in LIHTC funds. Those investments remain outstanding and continue to benefit the AA. SYB's investments supported development of 1,574 units of affordable housing through CRA allocated projects, which includes six investments totaling \$32 million that directly benefits the Salt Lake City AA. These investments are complex due to involvement of many parties and investors.
- SYB's investment of \$4 million in a minority depository institutions (MDI) fund supports the creation of scalable operations and/or expansion of MDIs critical to LMI and disadvantaged communities. The purpose of the fund is to make investments in MDIs that primarily lend or facilitate lending to small businesses in LMI areas, or to LMI individuals to promote CD, job growth, and economic development. MDIs have significant social impact in communities by providing banking, credit, and employment opportunities that would otherwise not be available. The complex deal structure included many parties and investors. The fund is innovative as the first private investment vehicle of this kind, with flexible terms, and responsive to community MDI capital and credit needs.
- SYB invested \$51 million in three Preservation/Workforce Housing funds, preserving 537 affordable housing units. While having some similarities to investments in LIHTCs, the bank is required to consider very different factors than LIHTCs when assessing its viability as an investment. SYB also has over \$112 million in prior period Preservation/Workforce Housing fund investments preserving 1,748 affordable housing units. The investments are complex, involve many parties and investors and are responsive to community credit needs of affordable housing.

CD Lending

During the evaluation period, SYB extended CD loans in or benefiting the Salt Lake City AA totaling \$611.3 million. Lending in the AA accounted for 92.6 percent of all CD lending. In addition to the CD loans benefiting the Salt Lake City AA, we also considered additional loans of \$48.5 million made outside of the AA without a P/M/F to benefit the AA. Total CD Lending compared to average tier 1 capital is 5.53 percent.

During the evaluation period, the bank made a strategy shift and began seeking loans that are complex and responsive and are more impactful to the community.

Table 5a: CD Lending Percentages

	Benefits AA (%)*	Outside AA (%)
Total CD Lending/Average Tier 1 Capital	5.12%	0.41%
Total CD Lending/Average Total Income	5.03%	0.40%
Total CD Lending/Average Pass-Through Receivables	0.75%	0.06%

* CD loans included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA.

In response to the identified credit needs of the AA, SYB’s CD lending focused on projects for the creation or renovation of affordable housing for LMI individuals as well as the creation of a small business loan pool. The following are examples of significant CD loans:

- SYB provides a \$100 million warehouse line of credit, renewed annually, to the Utah state housing finance agency. This line of credit provides temporary financing to assemble mortgage loans that will be securitized into Government National Mortgage Association (GNMA) mortgaged-backed securities (MBS). This type of financing is complex, involving a third-party escrow agent to coordinate collateral transfer as the new MBS pools are formed. This provides a flexible funding source for the agency that is complex in nature. Due to the revolving nature of the line of credit, SYB advanced over \$289 million during the evaluation period to support the process of placing single-family affordable mortgages into the secondary market and freeing up funds for banks and mortgage companies to originate more affordable mortgages. SYB also provides a \$30 million line of credit, renewed annually, to support long term financing as an alternative to issuing municipal bonds or securitizing mortgages into MBS in the secondary market. SYB holds investments of \$12.7 million in bonds issued by the agency as mortgage revenue financing bonds. These loans and investments directly benefit the Salt Lake City AA.
- SYB provides a \$60 million line of credit, renewed annually, to a Community Development Financial Institution (CDFI) in Utah to provide term and other financing to support multifamily affordable housing in the state of Utah and to the surrounding regional area. This line of credit is offered in conjunction with over 35 other financial institutions under an intercreditor agreement. SYB increased its commitment under the line of credit three times during the evaluation period (from \$40 million to \$45 million in

2019, to \$50 million in 2020, and then to \$60 million in 2021). SYB also renewed a \$5 million table funding line of credit that provides a flexible source for funding new loans. SYB renewed the line of credit in 2019, 2020 and 2021. The multiple loans and service activity create a complex relationship that is responsive to community credit needs focused on multifamily affordable housing.

SYB demonstrates leadership at this CDFI. The CRA officer has served on the board of directors and executive committee during the evaluation period. Also, another SYB employee served as Chairman of the Loan Committee during the evaluation period.

- SYB extended an unsecured \$1 million loan to a CDFI in the Salt Lake City AA to be used to acquire, rehabilitate, and preserve affordable housing in LMI communities throughout Utah. SYB provided four grants totaling \$212,500 to this organization in support of financial literacy education and services that assist homeowners in managing their financial obligations, including a first-time homebuyer down payment assistance program, and a program which delivers essential services like housing placement, dental exams, haircuts, substance abuse treatment, etc. to homeless members of the Salt Lake community. Two Synchrony employees have served the organization and provide leadership through board participation and technical assistance. This is a complex relationship with an unsecured flexible loan, multiple grants, and multiple leadership roles, which are responsive to the community need for affordable housing.
- SYB extended two \$7.5 million loans to a CDFI in New Jersey during the evaluation period. The extension of these loans specifically addresses stabilization efforts of housing for LMI households and neighborhoods adversely affected by Super Storm Sandy, as well as ongoing negative economic impacts due to COVID-19. The bank also extended a \$2.5 million dollar line of credit to this CDFI that supports the Garden State Relief Fund, a public-private small business COVID-19 relief loan program. Each of these loans are unsecured, providing flexible financing. In addition, a SYB employee volunteered 119 hours on the credit committee for this non-profit.

CD Services

SYB employees actively provided 12,287 hours of service to 72 CD organizations and programs that benefit LMI individuals, youths, families, and communities. Eleven percent of these hours benefitted the bank's AA and the remaining 89 percent benefitted areas outside the AA. The number of hours benefiting the AA reflect the small number of employees located within the AA, ranging from 39-45 during the evaluation period.

SYB has developed and maintained strong relationships with community organizations to meet CD needs, including supporting small businesses. The bank and its employees collaborate with local school districts, nonprofit organizations, housing funds, and government agencies to address the needs of the community. The services provided by SYB employees were highly responsive to CD needs and consistent with the bank's capacity and expertise to conduct such activities.

SYB employees’ activities included serving in leadership roles on board of directors and/or committees of affordable housing and community service organizations; delivering financial literacy seminars and credit counseling to LMI individuals; providing technical assistance to CD organizations; and providing other financial services. Community service organizations that benefit from SYB’s services and expertise include financial literacy education, technical job training, homelessness prevention and legal services, employment training and counseling, and other financial services. A significant portion of employees’ service hours were spent on financial literacy to LMI youths and other underserved populations of LMI communities nationwide including those within the bank’s AA. A majority of service activities were part of a complex and multi-part effort to help address community needs. The services were provided in conjunction with grants and/or CD loans that supported community needs.

Table 6a: CD Service Activities

CD Service	Benefits AA*	Outside AA
Community Services	547	10,184
Economic Development	344	37
Affordable Housing	376	249
Combination of one or more types of CD	83	467
Total CD Service Hours	1,350	10,937

** CD services included in the Benefits AA column are located in the AA or in the broader statewide or regional area that includes the AA.*

The following are examples of significant CD services:

- SYB employees provided 82.5 hours of service on the Board, Finance Committee, and Audit Committee of an organization whose mission is to protect children, strengthen families, and prevent child abuse. This organization helps homeless single-parent families go from dependency to self-sufficiency by specifically empowering single mothers with transitional housing, employment training, and other wraparound services to form a stable economic and familial situation. SYB’s volunteer hours also included the provision of technical assistance to the employment training facet of this program.
- SYB employees contributed 43.5 hours providing technical assistance to an organization that hosts a four-week economics education program that introduces personal financial planning and career exploration to youth in LMI communities. SYB employees respond to the CD need of financial literacy in LMI communities by mentoring students during the program and assisting them in developing and committing to a personal budget. This program helps students think creatively, analyze tasks, and solve problems. The program also encourages students to develop and demonstrate personal responsibility for learning and self-management.

- SYB employees contributed 1,308 hours participating in a major effort to support an organization that hosts a seven-week introductory computer science program for LMI 10th-11th grade girls. During the program, participants learn about computer science and gain exposure to tech jobs. SYB employees' service activities include open house and event planning for the summer program, field trip planning, speakers planning, mentoring, and program logistics. This CD service responds to a need for youth job training in LMI communities as well as promoting economic development by providing technical education to an underrepresented population in the Science, Technology, Engineering, and Mathematics (STEM) field.

Appendix A: Summary of MMSA and State Ratings

RATINGS	Synchrony Bank
Overall Bank:	Overall Bank Rating
Synchrony Bank	Outstanding
State/MMSA Name	State/MMSA Rating
Utah	Outstanding

Appendix B: Definitions and Common Abbreviations

The following terms and abbreviations may be used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Assessment Area (AA): A geographic area that consists generally of one or more MSAs (using the MSA boundaries that were in effect as of January 1 of the calendar year in which the delineation is made) or one or more contiguous political subdivisions, such as counties, cities, or towns, in which the bank has its main office, branches, and deposit-taking ATMs.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is

further classified into ‘male householder’ (a family with a male householder’ and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Purpose Institution: An institution that offers only a narrow product line (such as credit cards or automobile loans) to a regional or broader market and for which a designation as limited purpose bank is in effect.

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Net Operating Income: As listed in the Consolidated Report of Condition and Income: Income before income taxes and extraordinary items and other adjustments.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Pass-Through Receivables: Outstanding receivables tied to all accounts issued or owned by the bank. Pass-through receivables include receivables attributable, and receivables retained on balance sheet as those terms are used in 12 CFR 8.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose CD.

Rating Area: A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Total Income: From the Consolidated Report of Condition and Income – Total Interest income plus Total Noninterest income.

Upper-Income: Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.