



PUBLIC DISCLOSURE

December 31, 2018

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Synchrony Bank
Charter #715044

170 Election Road, Suite 125
Draper, UT 84020

Office of the Comptroller of the Currency

Large Bank Supervision
400 7th Street SW
Washington, DC 20219

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.

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Overall CRA Rating:

This institution is rated Outstanding.

The conclusions for the three rating criteria are:

- Synchrony Bank (SYB or bank) demonstrates a high level of community development lending, community development services, and qualified investment activity, particularly investments that are not routinely provided by private investors.
- The bank demonstrates extensive use of innovative or complex qualified investments, community development loans, or community development services.
- The bank demonstrates excellent responsiveness to credit and community development needs in its assessment area.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. 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 both companies are directly or indirectly controlled by the same company. 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.

Benefit to Assessment Area: The OCC considers all qualified investments, community development loans, and community development services that benefit areas within the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

Benefit Outside Assessment Area: The OCC considers the qualified investments, community development loans, and community development services that benefit areas outside the bank's assessment area(s), if the bank has adequately addressed the needs of its assessment area(s).

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. Their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

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; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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.

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

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.

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. 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 it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division (MD): As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): 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.

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

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

Total Assets: Total bank assets as listed in the Consolidated Report of Condition and Income.

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

Description of Institution

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. The bank had one branch at the start of the CRA evaluation period. The single branch, located in Bridgewater, New Jersey was closed during the evaluation period on February 2, 2018, leaving the Salt Lake City MSA as its sole CRA Assessment Area (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 Community Development (CD) test, which assesses the bank's record of helping to meet community credit needs through its CD lending, qualified investments, or CD services.

SYB is a wholly owned subsidiary of Synchrony Financial (SYF). SYF is a \$107 billion federal savings bank holding company headquartered in Stamford, Connecticut. SYF's primary subsidiary and sole banking subsidiary is SYB. The bank has \$92 billion in Total Assets.

SYB offers credit products through three primarily credit card sales platforms. Retail Card provides private label, general purpose co-branded credit cards, and small- and medium-sized business credit card products. Payment Solutions provides promotional financing for major consumer purchases, offering primarily private label credit cards and installment loans. CareCredit provides promotional financing to consumers for health, veterinary, and personal care procedures, services and products, including dental, vision, audiology, and cosmetic. Credit products are often marketed at point of sale, through a large network of collaborating businesses, rather than directly through Synchrony locations. Deposit products are offered online, by phone, or mail and include certificates of deposit, individual retirement accounts, money market accounts, and savings accounts.

There are no known legal constraints or merger and acquisition activity that may impact the bank's ability to meet the CD needs of its assessment areas.

Table 1: Financial Information (000s)

	Year-end 2016	Year-end 2017	Year-end 2018	Average for Evaluation Period
Tier 1 Capital	9,311,988	9,957,800	11,207,000	10,158,929
Total Income	10,205,028	11,987,123	13,611,000	11,934,383
Net Operating Income	1,764,308	1,563,047	2,361,000	1,896,118
Total Assets	71,790,226	79,166,443	91,787,000	80,914,556

Source: Consolidated Report of Condition and Income and bank reported data. **Annualized data reported

SYB performs the majority of its CRA eligible activities itself, but does consider some activities performed by affiliates. Some investments in real estate-based investments and grants have been made through Retail Finance International Holdings, Inc. ("RIH"), an affiliate of SYB and a subsidiary of Synchrony Financial. Services are also provided by employees of affiliates.

Most of the U.S. based employees (10,032 employees) of SYF are employees of SYB. A few employees work for GPShopper, LLC (98 employees) and Loop Commerce, Inc. (36 employees), both subsidiaries of SYF. These entities are affiliates to SYB. None of the affiliate CD activity is considered in any other bank's CRA performance.

Scope of the Examination

In evaluating the bank's performance under the CRA, we reviewed CD activities from January 1, 2016 through December 31, 2018. We reviewed the level and nature of qualified investments, CD lending, and CD services. The bank's performance in the Utah AA is factored more heavily in the bank's overall CRA assessment, as the New Jersey AA accounted for only 1.5 percent of the bank's total deposits and the bank's single branch in the New Jersey AA was closed in February 2018, slightly beyond the two-thirds point of the three year assessment period.

At the bank's request, we also considered qualified investments, and CD services provided by its affiliates. In the prior Performance Evaluation dated December 31, 2015, the OCC rated the bank's CRA Satisfactory.

If a bank has adequately addressed the needs of its AA, the OCC considers CD activities a bank submits that benefit areas outside of its AA in the evaluation of its performance. SYB has adequately addressed the needs of its AA, and, therefore qualified investments, CD loans, and CD services outside of the AA 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 assessment area 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.

Description of Assessment Area

Utah Assessment Area Description

SYB defined the Salt Lake City, Utah MSA (#41620) as its Utah AA. The Salt Lake City MSA is comprised of Salt Lake and Tooele Counties. Tooele County is located in northern Utah on the western border and Salt Lake County is adjacent and to the east. Tooele County is primarily a rural area, accounting for approximately 90 percent of the MSA's territory but less than 6 percent of its population. Salt Lake City is the largest city in the MSA and the capital of Utah. Other counties adjacent to the AA are comprised of communities that are more rural. The table below (Table 2) provides a summary of demographics for the Utah AA.

The U.S. Census Bureau (Census) estimated the population in the AA to be 1,203,105 in 2017, a 5.5 percent increase since the 2010 Census. According to Moody's Analytics, the MSA's population growth was more than double the national average in 2017. 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 low- and moderate-income (LMI). Approximately 10.97 percent of households in the AA were living below the poverty level. In LMI geographies, 32.61 and 18.38 percent of households were below the poverty level, respectively.

The Salt Lake City MSA is highly competitive. According to the FDIC's June 30, 2018 Deposit Market Share Report, there were 38 FDIC-insured financial institutions operating 214 offices, with \$501.2 billion in deposits. The top three institutions in the AA were Morgan Stanley Bank, NA, Ally Bank, and American Express National Bank. These institutions controlled approximately 56.9 percent of the deposit market share, with a combined \$285.3 billion in deposits. SYB ranked fourth in the AA, with one location and \$61.7 billion in deposits, or 12.3 percent of the market share.

During the review period, the Salt Lake City MSA maintained a very low unemployment rate. Per the Bureau of Labor Statistics (BLS), the average annual unemployment rate decreased from 3.2 percent in 2016 to 3.0 percent in 2018. This was slightly less than the state annual averages of 3.4 percent and 3.1 percent, for the same period. Additionally, the MSA's average annual unemployment rates were much lower than the national annual average unemployment rates of 4.9 percent for 2016, and 3.9 percent in 2018.

According to Moody's Analytics, the area was in the late-cycle phase of its expansion. While job growth was steady, and state government, finance, and transportation industries were robust long-term industries, the transportation, hospitality, and construction industries have slowed in recent months. The largest industries in the Salt Lake City MSA were professional and business services; government; education and health services; retail trade; and leisure and hospitality services. The top five employers in the area included the University of Utah, Intermountain Health Care Inc., Wal-Mart Stores Inc., Delta Airlines, and Smith's Food & Drug.

The Census 5-Year (2013-2017) American Community Survey (ACS) estimated affordability ratios were 3.84 and 2.95 in Salt Lake and Toole Counties, respectively. The affordability ratio for Utah was 3.65. The affordability ratio measures homeownership opportunity by dividing the median value of owner-occupied housing by the median household income of the area. The

ACS indicated homeownership rates in Salt Lake and Tooele Counties were 66.5 percent and 79.2 percent, respectively, compared to the overall state of Utah at 69.6 percent. The State of Utah's Affordable Housing Report published by Workforce Services Housing & Community Development states that Utah is at least 43,185 housing units short of meeting the housing needs of its population of very low-income and extremely low-income households. With 38 percent of the state's population based within the Salt Lake City MSA, the majority of affordable housing need impacts Salt Lake County.

The median home values in the Utah AA for LMI geographies were \$128,299 and \$168,148, respectively. The Census reported 62.94 percent of the total housing units in the AA as owner-occupied, with rental-occupied units at 31.31 percent and vacant units at 5.75 percent. Owner-occupied housing in LMI geographies in the AA represented 19.22 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.

Table 2: 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	84,821	3.0%**	22.2%**	40.5%**	33.4%**

Source: Source: 2015 ACS U.S. Census, 2017 FFIEC updated MFI, and 2017 D&B Data.

(*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0. (**) Represents businesses by income level of census tract.

A review of information from two existing community contacts for organizations serving the Salt Lake City MSA was conducted for this evaluation. Challenges in the area included limited affordable housing for LMI; homelessness; predatory lending; access to capital and education for small businesses; and a lack of financial literacy for LMI individuals. Opportunities for financial institution participation consist of the following: fund affordable housing initiatives and community services for LMI individuals; provide or fund microloan products and small business loans for entrepreneurs; and fund or offer comprehensive financial education programs.

The OCC met with eight organizations in the Utah AA that maintain CRA relationships with Synchrony. These entities included providers of affordable housing, homeless transition support, children educational services, and qualifying small business micro lending and job training. In all cases the organizations provided valuable CRA products and services to their constituents and confirmed the important role played by the bank to achieve these goals.

New Jersey Assessment Area Description

SYB's New Jersey AA consisted of Essex, Somerset, and Union Counties (MSA#35084), a subset of the Newark, NJ-PA MD. The AA met the requirements of the regulation and did not arbitrarily exclude any LMI geographies. The table below (Table 2b) provides a summary of demographics for the New Jersey AA.

The New Jersey AA is highly competitive. According to the FDIC's June 30, 2017 Deposit Market Share Report, there were 49 FDIC-insured financial institutions operating 552 offices, with \$67.5 billion in deposits. The top five institutions in the AA were Wells Fargo Bank, NA, Bank of America, NA, Investors Bank, TD Bank, NA, and JPMorgan Chase Bank, NA. These institutions controlled approximately 58.1 percent of the deposit market share of the AA, with a combined \$39.2 billion in deposits. SYB ranked sixteenth in the AA, with one branch and \$892.0 million in deposits, or 1.3 percent of the market share.

During the review period, the Newark MD unemployment rate continued to decline. Per the Bureau of Labor Statistics (BLS), the average annual unemployment rate decreased from 4.9 percent in 2016 to 4.4 percent in 2018. This was slightly lower than the state annual average of 5.0 percent in 2016; and higher than the state annual average of 4.1 percent in 2018. Additionally, the Newark MD average annual unemployment rate was the same as the national annual average of 4.9 percent in 2016. In 2018, the Newark MD average annual unemployment rate was slightly higher than the national annual average of 3.9 percent.

According to Moody's Analytics, the area was in the cyclical recovery phase. The economy was slowly recovering. A shrinking labor force contributed to the falling unemployment rate. Over the previous two years, payroll job growth had slowed. White-collar job growth was expected to reach levels near the national average, while blue-collar industry gains would slow. The largest industries in the Newark MD metro area were professional and business services; education and health services; government; retail trade; and leisure and hospitality services. The top five employers in the area included the Newark International Airport, Verizon, University of Medicine and Dentistry of New Jersey, NJ Transit, and United Airlines Inc.

The Census 5-Year (2013-2017) ACS estimated affordability ratios were 6.32, 3.89, and 4.79 in Essex, Somerset, and Union Counties, respectively. The affordability ratio for New Jersey was 4.20. The affordability ratio measures homeownership opportunity by dividing the median value of owner-occupied housing by the median household income of the area. The ACS indicated homeownership rates in Essex, Somerset, and Union Counties were 44.5, 76.0, and 58.9 percent, respectively, compared to the overall state of New Jersey at 64.1 percent. The housing market was very stagnant through 2016 and the beginning of 2017 but heated up in the past 18 months (late 2017 – 2018) becoming a seller's market with the median home value in Newark at \$249,900 per Zillow, representing a 20+ percent increase. This creates more challenge in finding affordable housing.

The median home values in the AA's low- and moderate-income tracts were \$219,744 and \$234,602, respectively. The Census reported 50.39 percent of the total housing units in the AA as owner-occupied, with rental-occupied units at 40.38 percent, and vacant units at 9.23 percent. Owner-occupied housing in LMI geographies in the AA represented 24.86 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 67.4 percent of the housing units in low-income geographies, and 51.0 percent of the housing units in moderate-income geographies.

Table 2b: Assessment Area Description

	Number	Low	Moderate	Middle	Upper
Tracts	386	30.8%	22.0%	18.7%	28.0%
Families	398,806	29.2%*	16.5%*	17.2%*	37.1%*
Businesses	112,336	19.0%**	16.4%**	21.6%**	42.6%**

Source: Source: 2015 ACS U.S. Census, 2017 FFIEC updated MFI, and 2017 D&B Data.

(*) The NA category consists of geographies that have not been assigned an income classification. Due to rounding, totals may not equal 100.0. (**) Represents businesses by income level of census tract.

A review of information from two existing community contacts for organizations serving the AA was conducted for this evaluation. Challenges in the area included limited affordable housing for LMI; and a lack of financial education for LMI individuals. Opportunities for financial institution participation consist of the following: fund affordable housing developments; and fund or offer comprehensive financial literacy programs, including first-time homebuyer, credit repair, and foreclosure recovery.

Conclusions about Performance

Summary

Overall, the bank's CRA performance is Outstanding. The bank's performance in the Utah AA is factored more heavily in the bank's overall CRA assessment, as the New Jersey AA accounted for only 1.5 percent of the bank's total deposits and the bank's single branch in the New Jersey AA was closed in February 2018, slightly beyond the two-thirds point of the three year assessment period. Overall CRA lending and investment activities for the current evaluation period was 13.3 percent of Average Tier 1 Capital.

A total of 170 SYB employees have provided over 2,178 hours of service, often involving leadership roles within the Utah and New Jersey assessment areas. Outside of the assessment areas 1,482 SYB employees performed 23,368 hours of service.

SYB has expanded access to affordable housing for homebuyers as well as preserving affordable housing to those in need. Bank investments have had a significant, positive impact on LMI neighborhoods in the AA. Bank investments have often been directed at revitalizing and stabilizing LMI neighborhoods and households. Other bank work directed toward LMI needs included proving financial education and credit awareness among LMI populations as well as job skill training and college access for LMI populations.

Summary of Performance in the Utah Assessment Area

SYB provided a high level of qualified investments and CD services, and adequate CD loans in relation to its capacity and opportunities. During the evaluation period, \$1.01 billion in qualified investments and CD loans were provided to the Utah AA and an additional \$231.3 million in CD loans and qualified investments were made in areas outside of the AA. Employees of the bank and its affiliates provided nearly 1,520 hours of service to CD organizations in the Utah

AA. Outside of the assessment area, employees provided close to 23,368 hours of service to organizations. Due to the structure and business model of the bank, a large majority of SYB employees live and work large distances away from the bank’s two assessment areas. The bank has made CD investments and loans that are responsive to the identified needs of affordable housing, neighborhood stabilization, economic development, and community services in support of financial education.

SYB demonstrates extensive use of innovative or complex qualified investments, CD loans, and services. Bank CRA activity often involves complex structures and relationships, such as the engagement of multiple external stakeholders, multi-bank loans or multi-investor funds that required complex engagement. SYB investments are often multifaceted (loans, grants, and/or investments) or multi-deal relationships or multi-party structures. Deal structures are often unique and the bank sometimes is able to offer project leadership.

SYB’s qualified investments and grants and CD loans and services exhibited excellent responsiveness to AA needs. Community credit needs include affordable housing and neighborhood stabilization, economic development and community services leading to self-sufficiency. The bank directed significant contributions toward these needs. The bank has increased direct investments in affected communities and takes leadership roles in some of its economic development initiatives.

Qualified Investments

SYB provided 202 qualified investments in the Utah AA and broader statewide or regional areas totaling \$463.6 million during the evaluation period. As the bank adequately addressed the needs of its AA, we considered an additional \$220.5 million in qualified investments made outside of its AA when evaluating the bank’s performance. The investment portfolio includes low-income housing tax credits (LIHTC), small business investment corporations (SBIC), municipal housing & community development bonds, mortgage-backed securities, and a CRA Mutual Fund (CRAIX).

Table 3a, which follows, shows total qualified investment activity and Table 4a presents total qualified investments as a percentage of the bank’s Average Tier 1 Capital and Average Total Income.

Table 3a: Qualified Investment Activity (000s)

	Benefits AA	Outside AA	Totals
Originated Investments	279,720	147,076	426,796
Originated Grants	3,031	14,679	17,710
Prior-Period Investments that Remain Outstanding	180,859	58,749	239,608
Total Qualified Investments	463,610	220,504	684,114
Unfunded Commitments*	41,145	98,221	139,365

* “Unfunded Commitments” means legally binding investment commitments that are tracked and recorded by the bank’s financial reporting system.

Table 4a: Qualified Investment Percentages

	Benefits AA (%)	Outside AA (%)	Total (%)
Total Investments/Average Tier 1 Capital	4.56%	2.17%	6.73%
Total Investments/Average Total Income	3.88%	1.85%	5.73%

Described below are some of the more significant qualified investments and grants in the Utah AA:

- SYB embarked on a new investment type (Preservation/Workforce Housing), which has some similarities to investments in LIHTCs. There is complexity of a multi-investor fund, coupled with numerous internal stakeholders needed to evaluate the deal. During the evaluation period, the bank made three investments for \$69.8 million through this program. One of these investments was \$40 million. It was provided to support the preservation of workforce affordable housing targeting households with incomes ranging from 60 percent to 80 percent of area median income. The remaining \$29.8 million supports the preservation of naturally occurring affordable housing (NOAH) outside the assessment area. To date, this investment has supported 2,491 affordable housing units directly through the CRA allocated projects. The Utah AA is expected to benefit from \$12.5 million of this investment and there have been 411 units of affordable workforce housing in the AA to date.
- SYB provided \$350,000 to three nonprofits through cooperative programs established by Salt Lake County. This innovative model draws financial resources from the private sector to pay for the operational aspects of the trial programs through selected providers. Salt Lake County then repays private funders if the evaluation demonstrates the programs' effectiveness at improving the lives of those served. SYB made permanent investments through grants totaling \$250,000. Part of this amount went to assist homeless people to successfully transition to affordable housing. The balance of this investment was used to enroll high-risk offenders exiting jail in addiction recovery/avoidance programs to decrease recidivism and then assisting them in finding employment. The bank also provided \$100,000 to decrease employment absences among LMI households caused by the impact of asthma on household members.
- Synchrony provided a local college with a \$45,000 grant to help expand its pro bono tax clinic assisting LMI households with tax return preparation, including maximizing the earned income tax credit.
- SYB's investment of \$167.7 million in ten syndicated multi-investor LIHTC funds was a complex process for SYB, integrating input from many stakeholders. SYB supported 3,288 LIHTC units directly through the CRA allocated projects and many thousands of units beyond that in the ten funds generally. Nearly \$38 million of the investment provided direct benefit to the Utah AA. Over \$39 million of the investment provided direct benefit to the New Jersey AA. The investments involve complex deal structures including many parties and investors. They are responsive to LMI community credit needs as they focus on multifamily affordable housing.

Community Development Lending

During the evaluation period, SYB extended CD loans in or benefiting the Utah AA totaling \$547.9 million. As the bank adequately addressed the needs of the AA, the OCC considered additional loans for \$18 million outside of the AA. Total CD Lending compared to Average Tier 1 Capital is significantly higher at 5.57 percent than in the prior evaluation period when it was 4.81 percent.

Table 5a: Community Development Lending Percentages

	Benefits AA (%)	Outside AA (%)	Total (%)
Total CD Lending/Average Tier 1 Capital	5.39%	.18%	5.57%
Total CD Lending/Average Total Income	4.59%	.15%	4.74%

In response to the identified credit needs of the AA, the loans 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 lending:

- During this evaluation period, SYB provided a \$100 million warehouse line of credit, renewed annually, to the state housing finance agency authorized under U.S. and Utah statutes. The agency has a stated mission to create an adequate supply of money with which mortgage loans at reasonable interest rates could be made to help provide affordable housing for LMI persons. Financing provided by Synchrony helps the corporation progress toward that objective. This line of credit provides temporary financing for the agency as it assembles mortgage loans that will be securitized into GNMA MBS pools. 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 for SYB. Due to the revolving nature of the line of credit, SYB has advanced \$517.8 million during the evaluation period to the agency to support this important process of placing mortgages into the secondary market and freeing up funds for banks and mortgage companies that originate mortgages for the agency. SYB also provides a \$30 million line of credit, renewed annually, with the agency to support long term financing as an alternative to issuing municipal bonds or creating securitizations in the secondary market via mortgage-backed securities.
- SYB provides a \$35.0 million line of credit, renewed annually, to a private 501(c)(3) nonprofit created and supported by Utah's banking community to increase the access to credit to serve LMI communities. The bank's line is used to provide term and other financing to support multi-family affordable housing in the state of Utah and to the surrounding regional area. The organization's mission is to facilitate the development and preservation of safe and clean affordable housing and community facilities that serve LMI individuals, families and underserved communities throughout the Rocky Mountain region. This line of credit is offered in conjunction with over 25 other financial institutions under an inter-creditor agreement. SYB increased its commitment under the

line of credit twice during the evaluation period (from \$25 million to \$32.5 million in 2016, and then to \$35 million in 2018). SYB also initiated a \$5 million table funding line of credit in 2017 that provides a flexible source for funding new loans for the organization, and SYB renewed that line of credit in 2018.

SYB demonstrates leadership at this 501(c)(3) nonprofit. The CRA officer has served on the board of directors and executive committee, serving as board chair during 2016 and much of 2017. Another SYB employee serves on the organization's Loan Committee, chairing the committee in 2018.

These financing agreements provide financial resources that increase and maintain affordable multi-family housing, both new and retention/rehab of units. These loans and services directly benefit the LMI needs of the Utah AA.

Community Development Services

SYB employees actively provided 1,519 hours of service to CD organizations and programs that benefit LMI individuals, families and communities in the AA and 23,368 hours to organizations outside the AA. SYB employees' activities are highly responsive to CD needs through involvement on boards and committees of affordable housing and community service organizations, often serving in leadership roles. The following are examples of CD services:

- Banking on Women is a Synchrony trademarked entrepreneur program that currently benefits the Utah AA. The program was initiated in the Salt Lake City MSA through leadership including SYB. Taught by seasoned business professionals, Banking on Women is a comprehensive small business educational program guiding women entrepreneurs through an intensive course to develop skills in planning and operating their own businesses. During the course, participants have mentoring and/or feedback provided by SYB employees. Successful graduates of the program may apply for a loan through the Utah Micro Loan Fund (UMLF). The program engages numerous partners, which have included SYB, the UMLF, and two local universities. The loan, investments and services demonstrate excellent responsiveness to small business credit and education needs of the community, as well as tax preparation needs of LMI households.

SYB has demonstrated leadership and has invested \$183,998 and 88 volunteer hours during the evaluation period into Banking on Women and 224 hours with UMLF. Three SYB employees served on the UMLF board, its executive committee, and credit committee. Since inception of the program in 2010, the program has included 203 women entrepreneurs that have completed the course work. As of November 1, 2018, approximately 35 percent of the women who have participated in the program are operating businesses that collectively generate revenue annually exceeding \$14 million with 152 jobs created/retained. Twenty-one of the women have received loans from UMLF totaling over \$600,000.

The relationships created through Banking on Women with the UMLF and two local colleges are complex due to the multiple parties engaged and combination of CD grants and services. The bank's support of the program demonstrates responsiveness to small business credit and education needs of the community.

- Over the past three years, SYB has partnered with a group that provides LMI high school girls with the computing skills needed to pursue 21st century job opportunities that can lead to security, prosperity, and self-sufficiency. The annual Summer Immersion Programs have been held at Alpharetta, Chicago, and Stamford Synchrony corporate facilities. Each location hosted twenty 11th- and 12th-grade participants for seven weeks. The girls learned computer science and programming fundamentals, including web programming and robotics. SYB invested \$870,000 in this career/job training program for high school students, with 269 employees participating and providing 3,148 hours of service mentoring and instructing these students. SYB maintains this complex relationship involving investments and services with the organization over multiple states, over multiple course periods, with extensive employee engagement and substantial investment. This service activity, outside the AA is extremely responsive to career/job training needs of students so they can become successful and self-sufficient.
- SYB has implemented a Business Leadership Program (“BLP”) to provide new hires management training and the opportunity to engage in community service projects with various nonprofits to enhance the programs, systems, and other aspects of the nonprofits. BLP participants analyzed and identified areas of an Atlanta food bank’s website that could be improved to increase volunteerism, as well as reviewed audit schedules and recommended more simplified ways to report. BLP participants also created a presentation that builds awareness of suburban poverty in North Fulton GA and provides information to help North Fulton families become self-sufficient. They also developed professional marketing materials encouraging volunteerism and donations in for this North Fulton organization.

The BLP program, outside the AA has accounted for over 13,200 hours of service during the evaluation period. The program requires substantial coordination by SYB to coordinate the interaction between the employees and the nonprofits. The program reaches 21 different organizations across the United States, requiring a high level of complexity to organize, administer and execute. Synchrony also made CRA eligible grants totaling over \$1.2 million. These services and grants impacted locations outside SYB’s assessment areas.

Summary of Performance in the New Jersey Assessment Area

SYB provided a high level of qualified investments, CD loans, and CD services in relation to its capacity and opportunities. During the evaluation period, \$93.3 million in qualified investments and CD loans were provided to the New Jersey AA. Employees of the bank and its affiliates provided 660 hours of service to CD organizations in the New Jersey AA. Prior to closing the sole branch, SYB’s capacity and opportunities were limited. The New Jersey Branch accounted for only 1.32 percent of bank deposits in the area. SYB was a limited CRA participant compared to other banks in the area that have extensive branch networks and much larger deposit share.

SYB demonstrates an occasional use of innovative or complex qualified investments, CD loans, and CD services. In one transaction, SYB demonstrated leadership and responsiveness

by providing funding which specifically addressed stabilization efforts of housing for LMI households and neighborhoods adversely affected by Super Storm Sandy, as well as ongoing negative economic impacts. In another transaction, the bank provided funding to support affordable housing education and assist clients with delinquency/foreclosure counseling while an SYB employee volunteered 49 hours as a board member of the nonprofit.

SYB’s qualified investments and grants, and CD loans and services exhibited excellent responsiveness to the credit needs within the New Jersey AA, considering its limited presence. The bank has made CD loans and investments that are responsive to the identified need of affordable housing. The bank demonstrates responsiveness by supporting nonprofit organizations, providing training and funding in the field of microfinance and funding the development of vacant/abandoned properties in LMI communities and communities impacted by Super Storm Sandy to be rehabilitated and repurposed as affordable housing.

Qualified Investments

SYB provided qualified investments in the New Jersey AA and broader statewide or regional areas totaling \$86 million during the evaluation period. The investment portfolio is primarily comprised of FHLMC mortgage backed securities.

Table 3b, which follows, shows total qualified investment activity and Table 4b presents total qualified investments as a percentage of the bank’s Average Tier 1 Capital and Average Total Income.

Table 3b: Qualified Investment Activity (000s)

	Benefits AA
Originated Investments	51,303
Originated Grants	516
Prior-Period Investments that Remain Outstanding	34,490
Total Qualified Investments	86,309
Unfunded Commitments*	30,593

* “Unfunded Commitments” means legally binding investment commitments that are tracked and recorded by the bank’s financial reporting system.

Table 4b: Qualified Investment Percentages

	Benefit AA (%)
Total Investments/Average Tier 1 Capital	.85%
Total Investments/Average Total Income	.72%

Described below are some of the more significant qualified investments and grants:

- SYB’s investment of \$167.7 million in ten syndicated multi-investor LIHTC funds was a complex process. SYB supported 3,288 LIHTC units directly through the CRA allocated projects and many thousands of units beyond that in the ten funds generally. Over \$39

million of the investment provided direct benefit to the New Jersey AA. The investment involved complex deal structures including many parties and investors, and was responsive to community credit needs focused on multifamily affordable housing.

- SYB has invested \$308,620 including \$45,000 in New Jersey in several organizations that partner with people in communities to help them build or improve homes. Homeowners help build their own homes alongside volunteers and pay an affordable mortgage.

In addition, an SYB employee has volunteered on the board of this New Jersey house building organization; an SYB employee volunteered 23 hours on the Utah affiliates Family Selection Committee; and three other SYB employees have volunteered 32 hours outside the assessment areas. This grant represents a complex relationship with multiple affiliates and is responsive to affordable housing needs.

- SYB has demonstrated responsiveness in a multi-faceted CRA relationship by investing \$73,000 with a housing resource center in Raritan, New Jersey to support affordable housing education and assist clients with delinquency/foreclosure counseling. A SYB employee volunteered 49 hours as a board member of the nonprofit with an addition 20 hours supporting group counseling classes and workshops.

Community Development Lending

During the evaluation period, SYB extended a CD loan in or benefiting the New Jersey AA totaling \$7.5 million.

Table 5b: Community Development Lending Percentages

	Benefits AA (%)
Total CD Lending/Average Tier 1 Capital	.07%
Total CD Lending/Average Total Income	.06%

The following CD loan was made in response to the identified credit needs of affordable housing for LMI individuals, revitalization, and stabilization in the AA.

- SYB extended a \$7.5 million loan to a nonprofit community development financial institution lender designed to meet the capital needs of New Jersey-based affordable housing developers. The extension of this loan specifically addresses stabilization efforts of housing for LMI households and neighborhoods adversely affected by Super Storm Sandy, as well as ongoing negative economic impacts. The loan is unsecured, providing flexible financing. In addition, an SYB employee volunteered 96 hours on the credit committee for this nonprofit. This loan and service directly benefit the New Jersey AA.

Community Development Services

SYB employees actively provided 660 hours of service to CD organizations and programs that benefit LMI individuals, families and communities in the New Jersey AA. SYB activities are highly responsive to CD needs through involvement on boards and committees of affordable housing and community service organizations, often serving in leadership roles. The following are examples of CD services:

- SYB employees donated 95.75 hours, serving on the credit committee to the Community Loan Fund of New Jersey in response to the community need for affordable housing. SYB also extended a \$7.5 million loan to the organization. The entity addresses stabilization efforts of housing for LMI households and neighborhoods adversely affected by Super Storm Sandy, as well as ongoing negative economic impacts.
- SYB employees donated 342.6 hours to an organization with the mission to inspire and prepare young people in grades K-12 to succeed in a global economy through real world relationships with business, government, and education partners that can help them develop the employability and financial literacy skills needed to succeed in the 21st century. SYB's service was in response to the financial education need in this AA.
- SYB employees donated 63.5 hours to an organization that helps homeowners build their own homes alongside volunteers in response to affordable housing needs. An SYB employee volunteered on the board. The organization's mission is to help families build strength, stability, and self-reliance through shelter.