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Re: Request for Investigation of KeyBank's Lending Performance and Failed Implementation of Community Benefits Plan and Commitments Cited in Federal Reserve Approval of Merger with First Niagara

Dear OCC and Federal Reserve,

The National Community Reinvestment Coalition (NCRC) and our undersigned member organizations are submitting this letter regarding KeyBank's lending performance and failure to implement goals of a community benefits plan cited by the Federal Reserve in its approval of KeyBank's merger with First Niagara.

This letter details four areas of concern: KeyBank’s lending performance, data integrity and accuracy of community development data, failure to implement goals in KeyBank’s 2016 Community Benefits Plan and other public commitments made in connection with its acquisition of First Niagara Bank, and issues raised by a recent settlement with the New York Attorney General. Based on these concerns, and on the information and data provided in this letter, NCRC and the undersigned organizations request that the OCC, or the Federal Reserve (with respect to item four):

- 1) Downgrade KeyBank’s CRA rating;
- 2) Conduct a redlining investigation of KeyBank’s mortgage lending;
- 3) Conduct a data integrity review of KeyBank; and
- 4) Examine KeyBank’s compliance with public commitments made in connection with its acquisition of First Niagara Bank, including in its Community Benefits Agreement as well as job growth commitments made in KeyBank’s July 2016 agreement with Senator Chuck Schumer and Congressman Brian Higgins.

The KeyBank-First Niagara merger increased market concentration in several markets, and many commenters on the merger cited concerns with how the overlap markets where KeyBank and First Niagara both maintained branches would be served if the merger was approved. Both the Bank Holding Company Act and Bank Merger Act of 1966 state that regulators should deny mergers with anticompetitive effects unless they find that the impact is “clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.”¹ In 2016, NCRC worked with KeyBank to establish a forward-looking community benefits plan that clearly detailed how underserved borrowers and communities would benefit from KeyBank’s merger with First Niagara and offset anticompetitive effects over the first five years of an expanded KeyBank. As this letter will show, KeyBank not only failed to meet many of the commitments of the plan, including commitments cited by the Federal Reserve in the merger approval, but also failed to achieve even baseline levels of lending to underserved borrowers relative to pre-merger lending rates: since their merger with First Niagara, there has been a *decrease* in KeyBank’s percentage of lending to borrowers with low or moderate incomes (LMI), and to Black borrowers.

In 2021, the Biden Administration issued an executive order encouraging the regulatory agencies to “update guidelines on banking mergers to provide more robust scrutiny of mergers.”² Updated guidelines for merger review should include a review of commitments made by financial institutions during the merger review process in response to anti-competitive concerns, and other concerns of commenters, to ensure these commitments have been completed after mergers are approved. This is a necessary step towards ensuring that mergers actually offset the anticompetitive effects caused by combining overlapping banks, and serve the convenience and needs of the affected communities.

¹ 12 U.S.C.A. § 1828(c)(5)(B); 12 U.S.C.A. § 1842(c)(2) (West Supp. 2011).

² “Fact Sheet: Executive Order on Promoting Competition in the American Economy.” July 9 2021. Available online at <https://www.whitehouse.gov/briefing-room/statements-releases/2021/07/09/fact-sheet-executive-order-on-promoting-competition-in-the-american-economy/>

This comment letter will cover four areas of concern with KeyBank's performance and practices:

- 1) **Lending Performance to Borrowers with LMI and Black Borrowers and Neighborhoods.**
 - a) KeyBank's mortgage lending to borrowers with LMI and Black borrowers has either decreased as a total percentage of their lending since signing a community benefits plan, or has stayed flat.
 - b) In addition, there is evidence of redlining in several KeyBank markets.
- 2) **Data integrity and accuracy of community development data** submitted during KeyBank's last CRA performance evaluation.
- 3) **KeyBank's failure to implement many of the goals of the community benefits plan** cited by the Federal Reserve in its approval of their merger with First Niagara merger, including its mortgage growth goals, product innovation goals and targeting 35% of Plan commitments to the First Niagara overlap.
- 4) **KeyBank's settlement with the New York Attorney General** regarding deceptive advertising of the KeyBank Plus check cashing service.

Lending Performance to Borrowers with LMI and Black Borrowers and Neighborhoods

KeyBank's merger with First Niagara was very profitable for KeyBank and its shareholders. KeyBank's 2018 annual report detailed double-digit percentage jumps in multiple revenue streams in 2017 that were "primarily due to the acquisition of First Niagara."³ In 2018, KeyBank also increased its dividend payments by 47% from 38 cents per share to 56 cents per share. These merger-derived profit increases demonstrate KeyBank had ample resources to increase lending to underserved borrowers. Yet as this letter will show, the First Niagara merger has failed to increase KeyBank's lending to underserved borrowers, as KeyBank instead chose to prioritize profits and investors over underserved borrowers and communities.

The Federal Reserve's approval of KeyBank's merger with First Niagara in 2016 states:

"KeyCorp represents that customers would benefit from the combined organization's enhanced lending capabilities. KeyCorp highlights KeyBank's commitment under the Plan to substantially increase its residential mortgage lending, small business and farm lending, and community development lending and investments."⁴

Since 2018 KeyBank has decreased its percentage of home purchase loans to both LMI and Black borrowers with each passing year, kept its percentage of total mortgage lending flat to LMI borrowers, and decreased its percentage of total mortgage loans to black borrowers.⁵ From 2018 to 2021, KeyBank's percentage of home purchase loans to borrowers with LMI decreased by nearly half with a 17 percentage point drop from 37.1% to 19.8%, and KeyBank's percentage of home purchase loans to black borrowers decreased by more than half from 5.4% to just 2.6%.⁶ When looking at KeyBank's total

³ KeyCorp 2018 Annual Report. Available online at https://www.annualreports.com/HostedData/AnnualReportArchive/k/NYSE_KEY_2018.pdf

⁴ FRB Order No. 2016-12, Order Approving the Merger of Bank Holding Companies and the Acquisition of a Bank, July 12, 2016, available at www.federalreserve.gov/newsevents/pressreleases/files/orders20160712a1.pdf.

⁵ This analysis starts with 2018 data because changes to HMDA data collection rules in 2018 make it difficult to track year-over-year changes from 2017 to 2018. In addition, prior to its merger with First Niagara, KeyBank had a low volume of mortgage lending, and the pace of lending was ramping up during the first year following its October 2016 merger.

⁶ See Appendix: Home Mortgage Disclosure Act (HMDA) KeyBank Mortgage Lending Data, 2018 – 2021.

mortgage lending regardless of loan purpose, KeyBank’s percentage of loans to LMI borrowers has stayed at 26%, and loans to black borrowers dropped from 2.5% in 2018 to 2.2% in 2021. Looking at the 10 assessment areas where KeyBank originated the most mortgages in 2021, KeyBank reported a 17% decline in home purchase loans to a borrower with LMI in these markets, declining from 35% of its 2018 home purchase loans in these assessment areas to just 18% by 2021.⁷ The share of home purchase loans in KeyBank’s top 10 assessment areas going to a Black borrower declined as well, from 5% of 2018 home purchases to 3% in 2021.

Additionally, among the top 50 mortgage lenders in 2021, KeyBank ranked dead last in loans made to a Black borrower. KeyBank originated 46,971 home mortgage loans in the US in 2021. Just 1,036 of them included a Black applicant. This was 2.2% of KeyBank’s total originations, substantially less than other major lenders, where the share of loans to Black borrowers ranged from 2.9% to 20.8%.⁸

Nationally there is a high degree of overlap between Black borrowers and borrowers with LMI. Overall, 37% of Black applicants for home loans from 2018 to 2021 had low or moderate incomes. This figure rises to 40% for home purchase applicants. Unsurprisingly, when a lender fails to make loans to Black borrowers, they also fail to make loans to borrowers with LMI.

An analysis of KeyBank’s 2021 lending across several of KeyBank’s markets – Seattle, Buffalo, Cleveland, Philadelphia, and Hartford – reveals that KeyBank consistently avoids lending in Black neighborhoods.

Seattle

In 2021 KeyBank originated 46,971 home mortgage loans in the US. The largest market for KeyBank was the Seattle MSA, where they made 6,032 loans in 2021. Of those loans in Seattle, just 83 went to a Black applicant. Black residents comprise 6% of the total Seattle population, yet just 1.4% of KeyBank’s loans went to a Black borrower in 2021. As bad as that number is, it actually understates KeyBank’s failures in boosting Black homeownership. Roughly one-third of KeyBank’s 2021 home mortgage loans in Seattle were loans for the purchase of a home. Just 8 of the 2,184 home purchase loans KeyBank made in Seattle were made to a Black borrower. At 0.4% this falls far short of banks with similar origination activity in Seattle, who made a combined percentage of 1.8% of their home purchase loans to Black borrowers in 2021.⁹ In comparison, other top Seattle lenders are over four times as likely as KeyBank to make a loan to a Black borrower to purchase a home.

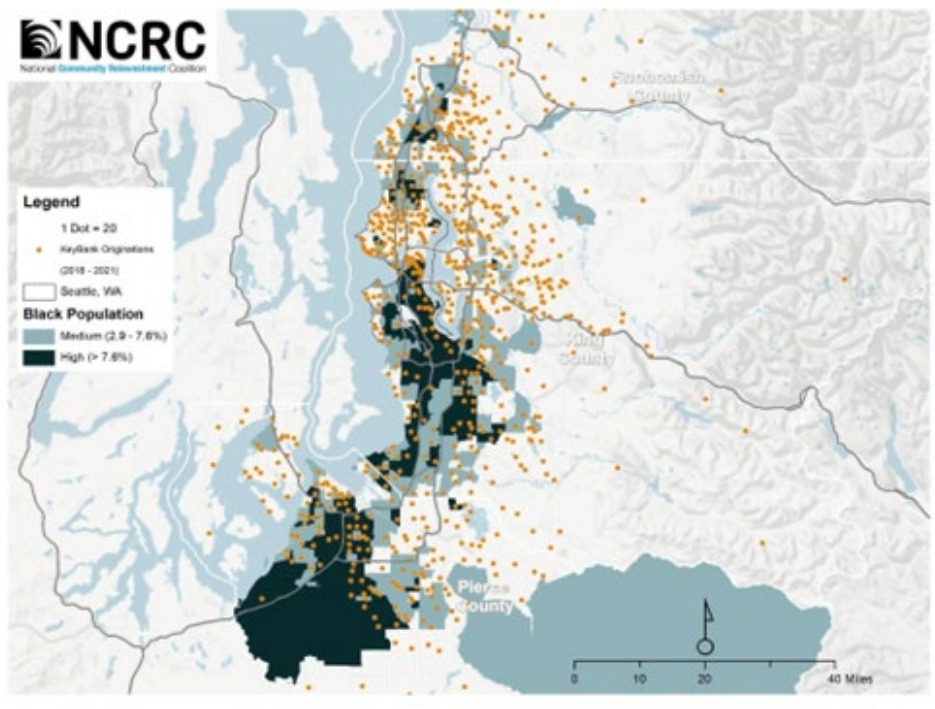
⁷ Lending in the ten assessment areas where KeyBank reported the most originations in 2021. Originations from 2018-2021 of forward loans on owner occupied, site built 1-4-unit homes. In each market KeyBank is shown in comparison to the top ten bank lenders in that market. If KeyBank is not among the top ten it is included as an eleventh bank. Scatterplot available online at <https://public.tableau.com/app/profile/ncrc.research/viz/KeyBankAssesmentAreaHomePurchaseLendingScatterplotwithAllLoanPurposes/KeyBankHomePurchaseLending>

⁸ Top 50 US Lenders in 2021, ranked by percent of loans to a Black borrower. Available online at https://www.datawrapper.de/_/ng7zH/

⁹ Throughout this comment letter when looking at individual metros we compare KeyBank with the top ten banks in terms of 2021 originations in that metro. In cases where KeyBank is among the top ten they are compared to the other nine largest bank lenders in that market. Here is a link to the scatterplot and a description. Home Purchase lending by KeyBank and the top ten lenders across KeyBank’s top markets. This analyzes originations from 2018-2021 of forward loans and site-built 1-4-unit homes. KeyBank is compared with the top ten bank lenders in each market. Available online at

This great disparity between KeyBank and other Seattle lenders did not always exist. In 2018 KeyBank made 226 home purchase loans in the Seattle metro area, 27% of which were to an applicant with LMI. By 2021 they made 2,184 home purchase loans in Seattle and yet the share of those loans to a borrower with LMI plummeted to just 4% of their lending, a 23-percentage point decrease. This means that KeyBank made a concerted effort to generate new home purchase lending revenue in Seattle in general – but only by increasing lending to wealthier White borrowers, despite its promises to focus on increasing access to homeownership for LMI customers. The other nine largest banks in terms of 2021 home purchase originations in Seattle saw no such decline.

Looking at KeyBank’s specific Seattle assessment area, we also observed that the percentage of KeyBank’s home purchase lending to borrowers with LMI decreased from 27% in 2018 to 4% in 2021, which is likely affected by KeyBank’s low level of lending to Black borrowers in the Seattle assessment area, and the broader Seattle MSA.¹⁰ Here is a map of KeyBank’s mortgage lending from 2018-2021 in Seattle.



<https://public.tableau.com/app/profile/ncrc.research/viz/KeyBankHomePurchaseLendingScatterplot/KeyBankHomePurchaseLending>

¹⁰Lending in the ten assessment areas where KeyBank reported the most originations in 2021. Originations from 2018-2021 of forward loans on owner occupied, site built 1-4 unit homes. In each market KeyBank is shown in comparison to the top ten bank lenders in that market. If KeyBank is not among the top ten it is included as an eleventh bank. Scatterplot available online at

<https://public.tableau.com/app/profile/ncrc.research/viz/KeyBankAssesmentAreaHomePurchaseLendingScatterplotwithAllLoanPurposes/KeyBankHomePurchaseLending> KeyBank’s Seattle Assessment Area is defined as the Washington counties of King, Kitsap, Pierce, Skagit, Snohomish, and Thurston. This definition is found in KeyBank’s 2020 OCC CRA Performance Evaluation, page A-3. Available online at <https://occ.gov/static/cra/craeval/Dec20/14761.pdf>

KeyBank’s lending in Seattle is shaped by the relatively low Black population in the area. Seattle has a low percentage of Black residents compared with other KeyBank markets. However, in neighborhoods where the Black population is higher there is a further division visible when we map KeyBank’s lending. Areas with higher Black populations that are adjacent to communities with few Black residents see a substantially higher number of KeyBank loans than in Black neighborhoods that are surrounded by other Black census tracts. As NCRC has noted in our reports on gentrification, part of that process is an influx of new residents that displace the incumbent population.¹¹ KeyBank makes very few loans to Black borrowers, indicating that most of the loans they make in Black neighborhoods are not going to Black borrowers. If KeyBank is providing credit to non-Black borrowers for homes in Black communities while denying Black borrowers the same option, then KeyBank is also driving gentrification and displacement in Seattle.

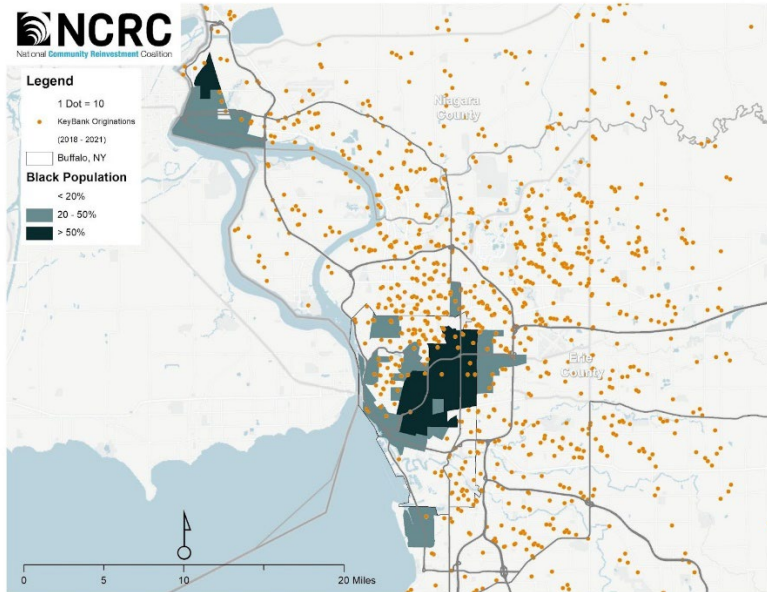
Buffalo

KeyBank’s merger with First Niagara dramatically increased its footprint in Buffalo, which was KeyBank’s second largest market in 2021, with 3,375 loan originations. The city perhaps most affected by the First Niagara merger is also among those most betrayed by KeyBank’s failure to live up to the commitments of the plan. The Buffalo metro is 11% Black, yet KeyBank only originated 65 mortgage loans to Black borrowers in 2021, accounting for just 1.9% of their total mortgage lending in Buffalo. This was less than half the combined percentage of 4.6% of originations to Black borrowers achieved by the other nine largest bank lenders in Buffalo in 2021. As in Seattle, KeyBank’s home purchase lending to Black applicants is even worse. Of 652 home purchase loans in the Buffalo area in 2021 just 14, 2.2%, had a Black borrower. Other top Buffalo banks made a combined percentage of 8.3% of their home purchase loans to Black home buyers in 2021, nearly four times the rate of KeyBank.

KeyBank's lending patterns in Buffalo show severe indications of redlining. In neighborhoods with higher Black populations there is almost no evidence of lending by KeyBank. These findings align with the 2021 report conducted by the New York Department of Financial Services that found evidence of redlining in the Buffalo market, and called on the OCC to take further action with respect to federally chartered institutions operating in Buffalo, such as KeyBank.¹²

¹¹ “SHIFTING NEIGHBORHOODS Gentrification and cultural displacement in American cities.” NCRC Report. March 19 2019. Available online at <https://ncrc.org/gentrification/>

¹² “GOVERNOR CUOMO ANNOUNCES FINDINGS OF NEW YORK INVESTIGATION OF REDLINING IN BUFFALO.” February 4, 2021. Available online at https://www.dfs.ny.gov/reports_and_publications/press_releases/pr202102043



Similar to Seattle, KeyBank’s Buffalo assessment area has seen a decrease in the percentage of KeyBank’s home purchase loans to borrowers with LMI, dropping from 38% to 32% from 2018 to 2021.¹³

Cleveland

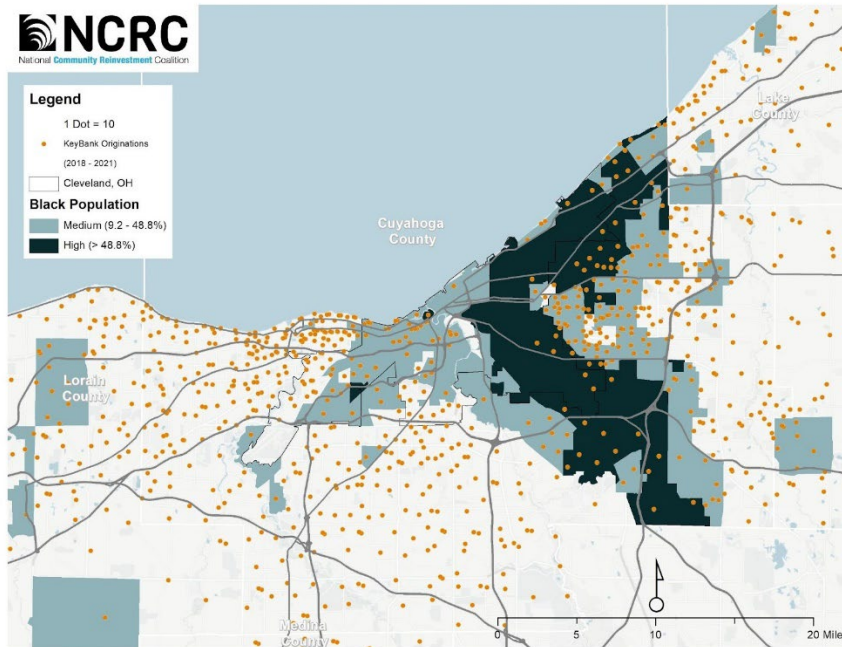
Cleveland was the third largest market for KeyBank in 2021, with 3,047 loan originations. Here, KeyBank performs better than in many other metros, reporting that 6% of their loans went to a Black applicant, compared with a total percentage of 4.4% among other top Cleveland home purchase mortgage originators. But even in Cleveland – a market where KeyBank outperforms several local competitors in lending to Black home purchase loan applicants – KeyBank is backtracking rather than increasing its lending as promised. Since 2018 KeyBank has exceeded the average percent of lending to Black borrowers by the rest of the top ten home purchase lenders in Cleveland. However, from 2018 through 2021 the trendlines tell a different story. KeyBank is falling towards the back of the pack rather than acting as a leader in driving up homeownership opportunities for the 19% of Cleveland residents who are Black. From 2018 to 2021 KeyBank’s lending to Black home buyers fell by one percentage point as other top Cleveland home purchase originators increased their share by one percentage point. KeyBank did increase its share of lending to LMI home purchasers over those years, but at a slower clip than its local competitors: KeyBank’s percentage of loans to borrowers with LMI rose two percentage

¹³ Home Purchase lending by KeyBank and top ten lenders across several of KeyBank’s assessment areas. This analyzes originations from 2018-2021 of forward loans and site-built 1-4-unit homes. KeyBank is compared with the top ten bank lenders in each assessment area. Available online at <https://public.tableau.com/app/profile/ncrc.research/viz/KeyBankAssesmentAreaHomePurchaseLendingScatterplotwithAllLoanPurposes/KeyBankHomePurchaseLending>

KeyBank’s Buffalo Assessment Area is defined as the New York counties of Erie and Niagara. This definition is found in KeyBank’s 2020 OCC CRA Performance Evaluation, page A-2. Available online at <https://occ.gov/static/cra/craeval/Dec20/14761.pdf>.

points while Cleveland’s nine other largest banks by loan originations increased their percentage of home purchase lending to borrowers with LMI by three percentage points in aggregate.

It becomes even clearer that Cleveland is not a success story for KeyBank when its home purchase loan activity is analyzed geographically. As the map below reveals, KeyBank avoids lending in neighborhoods that are more than 48.8% Black, in those communities, there is little or no lending by KeyBank.

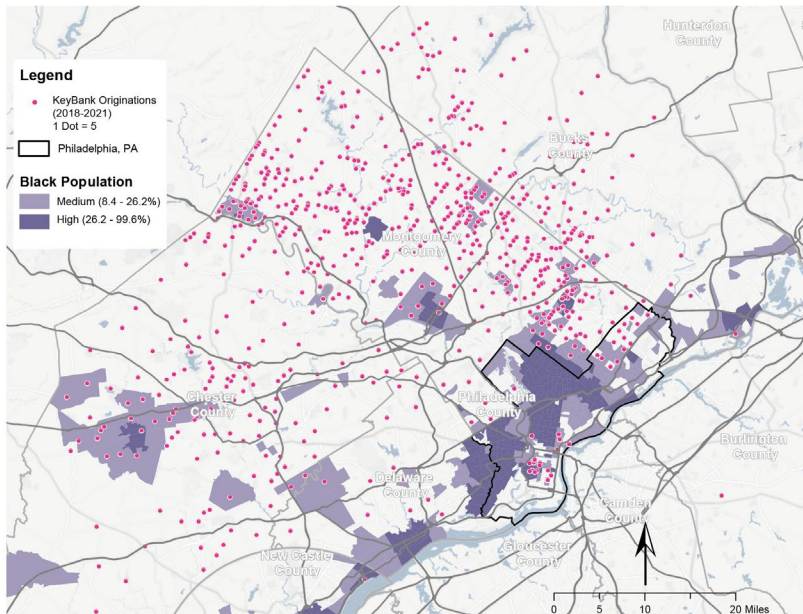


Philadelphia

KeyBank’s seventh largest market, Philadelphia, is perhaps the starkest example of its failure to serve Black mortgage borrowers. One in five Philadelphia metro area residents is Black, yet just one in 45 KeyBank mortgage loans went to a Black borrower in 2021.¹⁴ KeyBank reported making 1,225 loans to borrowers in the Philadelphia metro that year, and just 27 of them – 2.2% – involved a Black borrower. Other top banks reported that 8.2% of their mortgage loans were with a Black borrower. Again, the home purchase lending of KeyBank is of particular concern. Of 155 Philadelphia home purchase loans in 2021 just 2, or 1.3%, were with a Black borrower. This was a substantial decline from 2018, when 4.1% of KeyBank’s home purchase loans in Philadelphia were with a Black buyer. Other top banks in the city made 14.4% of their home purchases to a Black borrower that same year, making other top lenders in the city 11 times as likely to make a home purchase loan to a Black home buyer in Philadelphia than KeyBank.

¹⁴ The Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metro Area is 19% Black as of ACS 2021 1-year. Unless specifically discussing KeyBank’s Philadelphia assessment area, this is the source for CBSA demographic data throughout this report.

Between 2018 and 2021 KeyBank reduced the share of its loans in Philadelphia to LMI borrowers by 16 percentage points. Other banks in the metro area increased home purchase lending to LMI borrowers by 6 percentage points over the same period. The same is true when looking specifically at Black home purchase lending in Philadelphia: KeyBank’s declined by 3 percent while other banks increased their share of lending to Black borrowers by 4 percentage points. In addition to performing poorly in lending to Black borrowers, KeyBank generally avoids lending to any neighborhood in the Philadelphia metropolitan area which has a high concentration of Black residents relative to the median Black population in this metro, as can be seen in the map below.



Looking at KeyBank’s specific Philadelphia assessment area, we also observed that the percentage of KeyBank’s home purchase lending to black borrowers decreased from 11% in 2018 to 0% in 2021, with KeyBank not making a single home purchase loan to a black borrower in their Philadelphia assessment area in 2021.¹⁵ The failure to serve black borrowers in this assessment area is likely also affecting KeyBank’s home purchase lending to borrowers with LMI in the assessment area, which has declined from 11% of KeyBank’s home purchase originations in 2018 to just 4% in 2021.

Hartford

Hartford, CT provides another bleak example of KeyBank’s lending to Black borrowers. Black residents comprise 11% of the Hartford population. KeyBank made 819 home mortgage loans there in 2021. Of those originations, just 15 – 1.8% – had a Black borrower. Other bank lenders reported 4.5% of their

¹⁵ Home Purchase lending by KeyBank and top ten lenders across several of KeyBank’s assessment areas. This analyzes originations from 2018-2021 of forward loans and site-built one- to four-unit homes. KeyBank is compared with the top ten bank lenders in each assessment area. Available online at <https://public.tableau.com/app/profile/ncrc.research/viz/KeyBankAssesmentAreaHomePurchaseLendingScatterplotwithAllLoanPurposes/KeyBankHomePurchaseLending>. KeyBank’s Philadelphia Assessment Area is defined as Philadelphia County in Pennsylvania. This definition is found in KeyBank’s 2020 OCC CRA Performance Evaluation, page A-3. Available online at <https://occ.gov/static/cra/craeval/Dec20/14761.pdf>.

loans involved a Black borrower. Here as in other cities, KeyBank's performance is even worse when isolating loans for home purchases from other types of mortgage lending. KeyBank financed 133 home purchases in Hartford in 2021, only one (0.8% of its total home purchase lending) had a Black borrower. By comparison, other banks made 8.2% of their home purchase loans to Black borrowers that same year, ten times the rate of KeyBank's lending.

Looking at KeyBank's specific Hartford assessment area, we also observed that the percentage of KeyBank's home purchase lending to black borrowers decreased from 4% in 2018 to 1% in 2021, with KeyBank only making one home purchase loan to a black borrower in their Hartford assessment area in 2021.¹⁶ The failure to serve black borrowers in this assessment area is likely also affecting KeyBank's home purchase lending to borrowers with LMI in the assessment area, which has declined from 57% of KeyBank's home purchase originations in 2018 to 35% in 2021.

In closing this section, the Notice of Proposed Rulemaking on changes to the Community Reinvestment Act released by the CRA regulatory agencies in June 2022 reiterated that "CRA and fair lending are mutually reinforcing" and that "the agencies are committed to upholding their regulatory responsibilities for both fair lending and CRA examinations."¹⁷ Given the role of the regulators to ensure fair lending compliance, in addition to CRA compliance, we call on the OCC to investigate the above findings as part of KeyBank's review of discriminatory or other illegal credit practices. We believe these findings indicate redlining and should result in a downgrade of KeyBank's overall CRA rating.

Community Development Loans Cited in 2020 CRA Performance Evaluation

KeyBank's 2020 CRA performance evaluation cites "\$7.1 billion in CD lending throughout its assessment areas" as a "major factor" in supporting KeyBank's Outstanding CRA rating.¹⁸ However, the CD lending cited in the exam totals to \$3.8 billion, a \$3.3 billion gap from \$7.1 billion. Assuming KeyBank only originated \$3.8 billion in community development loans in its assessment areas over a three-year period, this comes out to an annual average of 9.3% of KeyBank's Tier 1 capital at the end of the evaluation period and .9% of KeyBank's assets. This does not compare favorably to peers of KeyBank that have received Outstanding ratings. Looking at M&T Bank's last CRA performance evaluation, M&T received an Outstanding and was able to achieve an annual average of community development loans compared to Tier 1 Capital of 14%, and 1.3% of assets, 50% more than the ratio of average community development loans to Tier 1 capital of KeyBank, and 44% more compared to

¹⁶ Home Purchase lending by KeyBank and top ten lenders across several of KeyBank's assessment areas. This analyzes originations from 2018-2021 of forward loans and site-built 1-4-unit homes. KeyBank is compared with the top ten bank lenders in each assessment area. Available online at <https://public.tableau.com/app/profile/ncrc.research/viz/KeyBankAssesmentAreaHomePurchaseLendingScatterplotwithAllLoanPurposes/KeyBankHomePurchaseLending>

KeyBank's Hartford Assessment Area is defined as the Connecticut counties of Hartford, Middlesex, and Tolland. This definition is found in KeyBank's 2020 OCC CRA Performance Evaluation, page A-1. Available online at <https://occ.gov/static/cra/craeval/Dec20/14761.pdf>.

¹⁷ Federal Register / Vol. 87, No. 107 / Friday, June 3, 2022 / Proposed Rules. Page 33888. Available online at <https://www.fdic.gov/news/board-matters/2022/2022-05-05-notice-dis-a-fr.pdf>

¹⁸ KeyBank's 2020 CRA Performance Evaluation, Page 1. Available at <https://occ.gov/static/cra/craeval/Dec20/14761.pdf>.

assets.¹⁹ We ask that the OCC confirm with KeyBank the amount of community development loans that KeyBank originated in their assessment areas during the evaluation period of the 2020 CRA performance evaluation, and to re-evaluate KeyBank’s community development lending performance based on the results of this review.

Data Integrity

NCRC requests that the OCC examine whether KeyBank’s internal systems, policies and procedures are adequate to ensure data integrity. In addition to questions about the community development lending data presented in KeyBank’s most recent CRA exam and discussed above, KeyBank has made public misrepresentations about its own internal products and services (see below regarding KeyBank Plus). KeyBank has also made contradictory statements about its Community Benefits Plan performance, stating in some instances that the bank exceeded plan commitments,²⁰ and elsewhere that the bank’s performance met 88% of its goal.²¹ These data irregularities should be of concern to the OCC.

Failure to Implement 2017 Community Benefits Plan and Comply with Federal Reserve Merger Approval

The Federal Reserve’s approval of KeyBank’s merger with First Niagara in 2016 mentions the 2017 National Community Benefits plan that KeyBank negotiated with NCRC. The approval states:

“KeyCorp argues that its legacy of community investment and civic participation demonstrates that it will take seriously the concerns expressed by commenters regarding community banking and investments. In response to these commenters, KeyCorp held community outreach meetings and worked closely with various community organizations to develop a National Community Benefits Plan (“Plan”). The Plan calls for KeyBank to invest \$16.5 billion in its communities over a five-year period, starting in 2017. KeyCorp asserts that up to 35 percent of the total commitment would be targeted for the areas where KeyBank and First Niagara Bank currently overlap in New York. The Plan establishes goals for loans, investments, and products specifically aimed at benefitting LMI individuals and communities, including home mortgages, small business loans, community development loans, investments, and philanthropic contributions. In addition, the Plan establishes targets for branching in LMI communities across the bank’s geographic footprint and, separately, the state of New York. The bank will open an additional branch in an LMI community in East Buffalo and keep open four other branches in LMI neighborhoods that the bank initially planned to close. KeyCorp further asserts that the bank will enhance its diversity and inclusion policies, expand its community engagement and marketing efforts, and establish an advisory council made up of various community organizations that will meet periodically to assess KeyBank’s progress under the Plan and to be informed of the bank’s future

¹⁹ M&T Bank’s 2020 CRA Performance Evaluation is available online at <https://www.federalreserve.gov/apps/CRAPubWeb/CRA/BankRatingResult>

²⁰ See KeyBank’s web page “Expanding our National Community Benefits Plan,” available online at www.key.com/about/corporate-responsibility/community-benefits-plan-2021.html.

²¹ In a December 2022 report shared with news outlets, KeyBank states “One of the commitments of KeyBank’s Community Benefits Plan was that \$3.1 billion of the community development loans and investments would occur in markets shared by KeyBank and First Niagara, which Key acquired in 2016. At the conclusion of the original five-year Plan in 2021, KeyBank’s performance was 88% to this goal.”

initiatives. KeyCorp asserts that the Plan addresses, and should substantially resolve, the concerns expressed by commenters.”

Failure to Target 35% of Five-Year Community Benefits Plan to First Niagara Overlap

As mentioned previously, the KeyBank-First Niagara merger presented significant anti-competitive concerns in many communities where KeyBank and First Niagara both operated in before the merger. The Federal Reserve extended the original comment period deadline at the urging of commenters including NCRC and Senator Chuck Schumer, who also requested extra scrutiny due to the likelihood of massive job loss in New York caused by combining the overlapping institutions.²² KeyBank’s deposit share has increased significantly in several of the KeyBank-First Niagara overlap markets since approval of the merger. In the Buffalo-Cheektowaga-Niagara Falls MSA, KeyBank’s deposit market share increased from 8 percent in June 2016 to 17 percent in June 2017. In the Rochester MSA, KeyBank’s deposit market share increased from 8 percent in June 2016 to 13 percent in June 2017.²³

KeyBank made several commitments to the KeyBank-First Niagara overlap markets in order to balance out negative impacts of consolidating KeyBank and First Niagara, such as committing 35% of the total plan commitment to the overlap markets over the five-year plan period, a commitment that the Federal Reserve cited in its approval order. In materials prepared by KeyBank and shared with NCRC and its members regarding the implementation and results of the community benefits plan, KeyBank admitted to being 38% off from meeting this commitment and unlikely to complete it within the five-year plan period. Furthermore, KeyBank committed to directing 35% of KeyBank’s overall goal of \$8.8 billion in community development loans and investments to the overlap markets. Here again, KeyBank fell short, reporting to NCRC that by the end of the five-year plan period, that KeyBank was still 17% away from meeting this goal, for a gap of \$523.6 million in needed community development loans and investments. This is another example of data integrity issues regarding KeyBank’s implementation of the community benefits plan, since KeyBank reported to NCRC that they ended 2021 17% away from meeting the community development goal for the overlap markets in June 2022, but then reported in December 2022 that they ended 2021 with a 12% gap in achieving this goal.²⁴

Failure to Meet Mortgage Growth Goals

KeyBank’s 2016 CRA performance evaluation notes that “Key experienced a downward trend in the volume of newly booked mortgage loans” and cites “strategic business decisions” and “the bank’s difficulty in maintaining a high quality of mortgage loan servicing and servicing related operations.”²⁵

²² “Schumer expresses concern over First Niagara/KeyBank merger”. WBFO NPR. December 23, 2015. Available online at <https://www.wbfo.org/business-economy/2015-12-23/schumer-expresses-concern-over-first-niagara-keybank-merger>

²³ This information found on the FDIC’s Deposit Market Share tool. Available online at <https://www7.fdic.gov/sod/sodMarketBank.asp?barItem=2>

²⁴ KeyBank wrote to NCRC on June 1 2022 that “As of December 31, 2021, KeyBank was at 83% of the initial CDLI overlap goal.” In a December 2022 report shared with news outlets, KeyBank states “One of the commitments of KeyBank’s Community Benefits Plan was that \$3.1 billion of the community development loans and investments would occur in markets shared by KeyBank and First Niagara, which Key acquired in 2016. At the conclusion of the original five-year Plan in 2021, KeyBank’s performance was 88% to this goal.”

²⁵ KeyBank’s 2016 OCC CRA Performance Evaluation (page 4), available at <https://occ.gov/static/cra/craeval/jul18/14761.pdf>.

KeyBank announced the merger with First Niagara a few months before the release of their 2016 CRA performance evaluation, and noted in their press release that KeyBank would “leverage First Niagara’s servicing platform systems.”²⁶ First Niagara’s loan servicing platforms are likely one of the main reasons that KeyBank sought to acquire First Niagara, but many were concerned that this would result in an overall decrease in mortgage lending from the previous levels of KeyBank and First Niagara operating independently.

In response to these concerns, KeyBank committed in the community benefits plan that “each market, including each of the former First Niagara markets, should expect approximately an average of a 20 percent compounded growth rate over the five years.”²⁷ Once again, in materials prepared by KeyBank and shared with NCRC and its members, KeyBank acknowledges falling well short of that goal. KeyBank has indicated that its LMI mortgage lending in Buffalo has only grown by 6% on average from 2017 through 2020, and in Rochester has only grown by 2%. As stated earlier, KeyBank committed to the Federal Reserve that KeyBank would “substantially increase its residential mortgage lending.” As discussed previously, KeyBank’s deposit market share increased significantly in both the Buffalo and Rochester markets as a result of the merger with First Niagara, yet these markets have not seen the promised results of a “substantial increase in mortgage lending.”

In order to meet these mortgage growth goals, KeyBank committed that “CRA mortgage loan officers will be compensated based on units, not volume.” This was in response to NCRC member feedback that paying loan officers based on a percentage of the dollar volume of loans they originate discourages loan officers from seeking out applications from borrowers with low-and-moderate incomes. KeyBank wrote that “in 2020, the compensation plan for CDMLOs was changed to more heavily weight production-based incentives (units)” which begs the question as to why KeyBank waited until 2020, the fourth year of the five-year plan, to implement this commitment, and whether KeyBank would have had better success at achieving their mortgage growth goals if compensation structures were changed earlier.

To summarize this section, KeyBank has not met the mortgage growth goals in the community benefits plan cited in approval of the KeyBank-First Niagara merger, and we request that the Federal Reserve investigate as to whether KeyBank’s mortgage lending has “substantially increased” above the previous mortgage lending of KeyBank and First Niagara as committed to in the merger approval, and whether KeyBank’s lending to underserved borrowers has increased since the merger.

Public Job Growth Commitments

In July 2016, KeyBank reached an agreement with Senator Chuck Schumer and Congressman Brian Higgins,²⁸ in which KeyBank made several commitments to job stability in First Niagara Bank’s New York footprint, including:

²⁶ “KeyBank and First Niagara announce mortgage operations to remain in Buffalo.” KeyBank Press Release. December 17th, 2015. Available online at <https://www.prnewswire.com/news-releases/keybank-and-first-niagara-announce-mortgage-operations-to-remain-in-buffalo-300194573.html>.

²⁷ See Appendix B: KeyBank 2017 National Community Benefits Plan, dated March 17, 2016 (page 4).

²⁸ “WITH LOOMING FEAR OF SIGNIFICANT JOB LOSS, DUE TO BANK MERGER, SENATOR SCHUMER & REP. HIGGINS ANNOUNCE MAJOR AGREEMENT WITH KEYBANK TO HELP SAVE AT-RISK JOBS AND DRAMATICALLY REDUCE JOB LOSS IN THE REGION; AGREEMENT WILL ALSO PAVE THE WAY FOR GROWTH IN UPSTATE AND INCREASE IN JOBS WITHIN NEXT 5 YEARS”. Office of Sen. Charles Schumer. July 11 2016. Available online at <https://www.schumer.senate.gov/newsroom/press-releases/with-looming-fear-of-significant-job->

- KeyBank will commit to not laying off any First Niagara branch employees and will offer nearby jobs to employees who are currently at branches scheduled to be closed.
- KeyBank will add 500-600 jobs minimum in New York from 2016 to 2018 and add 300-400 more between 2019 and 2020.

We request that the OCC and the Federal Reserve investigate whether KeyBank has maintained staffing levels committed to in New York in order to offset concerns about job loss upon completion of their merger with First Niagara.²⁹

Failure to Implement Product Innovations

KeyBank's community benefits plan also committed to various product innovations. KeyBank informed NCRC in 2021, the last year of the plan, that several of these were not completed. Specifically,

- Developing Lease-to-Own Programs – KeyBank committed in 2016 that “KeyBank commits to act as a facilitator for organizations who have an interest in building a lease-to-own program in markets such as Buffalo/Niagara Falls, Rochester, Albany, Dayton, and Toledo.”³⁰ KeyBank's materials shared with NCRC and its members in 2021 stated that in Buffalo “these discussions are in the preliminary phases” and was unable to provide an update on development of lease-to-own programs in Albany, Dayton, or Rochester.
- Improvements to KeyBank's CHIRP Home Improvement Product - KeyBank committed in 2016 that KeyBank would “evaluate, assess and report on how KeyBank might improve and meet the needs of the market with its current home improvement product (CHIRP).”³¹ KeyBank's 2021 update stated that this evaluation is underway and to be completed in 2021. As of November 2022, we have yet to get an update on the results of this evaluation.

This shows that several of the product innovations promised by KeyBank in the community benefits plan and cited in the merger approval were not completed. We ask the Federal Reserve to include in its investigation an evaluation of these commitments made by KeyBank during the review of their application to acquire First Niagara.

KeyBank Plus and New York Attorney General Settlement

The 2017 community benefits plan included a commitment for KeyBank to “expand its KBP [KeyBank Plus] check cashing service in Buffalo/Niagara Falls to all LMI branches and more widely communicate

[loss-due-to-bank-merger-senator-schumer-and-rep-higgins-announce-major-agreement-with-keybank-to-help-save-at-risk-jobs-and-dramatically-reduce-job-loss-in-the-region-agreement-will-also-pave-the-way-for-growth-in-upstate-and-increase-in-jobs-within-next-5-years](https://www.schumer.senate.gov/newsroom/press-releases/with-loomng-fear-of-significant-job-loss-due-to-bank-merger-senator-schumer-and-rep-higgins-announce-major-agreement-with-keybank-to-help-save-at-risk-jobs-and-dramatically-reduce-job-loss-in-the-region-agreement-will-also-pave-the-way-for-growth-in-upstate-and-increase-in-jobs-within-next-5-years)

²⁹ “WITH LOOMING FEAR OF SIGNIFICANT JOB LOSS, DUE TO BANK MERGER, SENATOR SCHUMER & REP. HIGGINS ANNOUNCE MAJOR AGREEMENT WITH KEYBANK TO HELP SAVE AT-RISK JOBS AND DRAMATICALLY REDUCE JOB LOSS IN THE REGION; AGREEMENT WILL ALSO PAVE THE WAY FOR GROWTH IN UPSTATE AND INCREASE IN JOBS WITHIN NEXT 5 YEARS”. Office of Sen. Charles Schumer. July 11 2016. Available online at <https://www.schumer.senate.gov/newsroom/press-releases/with-loomng-fear-of-significant-job-loss-due-to-bank-merger-senator-schumer-and-rep-higgins-announce-major-agreement-with-keybank-to-help-save-at-risk-jobs-and-dramatically-reduce-job-loss-in-the-region-agreement-will-also-pave-the-way-for-growth-in-upstate-and-increase-in-jobs-within-next-5-years>

³⁰ See Appendix B: KeyBank 2017 National Community Benefits Plan, dated March 17, 2016 (page 8).

³¹ Ibid. Page 9.

the platform of all KBP products for the underserved consumer,”³² and in January 2018 it was reported that KeyBank Plus was introduced at 18 Buffalo-area KeyBank branches.³³ KeyBank Plus was intended to offer those who did not have a deposit account with KeyBank a method to cash government and payroll checks at low cost, which would make it a viable alternative to high cost check cashing services that disproportionately operate in underserved communities. Testing done by the Western New York Law Center, an NCRC member, and the New York Attorney General’s Office (NYOAG) revealed that this service was not nearly as widely available as advertised. The NYOAG specifically found that their testers were “unable to cash a government check using KBP approximately eighty percent of the time.”³⁴ The NYOAG concluded “that the NYOAG believes that KeyBank’s advertisements regarding KBP were false and deceptive, and therefore in violation of Executive Law § 63(12) and General Business Law Article 22-A.”³⁵

KeyBank settled this matter with the NYOAG in March 2021. As part of this settlement, KeyBank agreed to expand its down payment and home-closing cost assistance for New Yorkers with low to moderate incomes, as well to become a participating lender in State of New York Mortgage Agency (SONYMA) programs that expand access to homeownership in New York. The 2017 community benefits plan negotiated with KeyBank already included commitments to implement SONYMA mortgage programs to assist first time homebuyers. KeyBank’s 2021 update to NCRC and its members said that “implementation of the SONYMA mortgage program to assist first time home buyers with the purchase of a home commenced in 2017. Due to required technology changes to continue participation, the program was no longer offered at KeyBank as of 4Q20. In March 2021, KeyBank announced it would rejoin SONYMA, with an expected start date of 3Q21.” We find it disingenuous that KeyBank would commit to participating in SONYMA’s programs in reference to a five-year plan, then leave the program in the midst of the five-year plan period, only to rejoin the program as a means of remediating accusations of deceptive conduct. Since the OAG settlement occurred after the release of KeyBank’s 2020 CRA Performance Evaluation, we request that the OCC investigate this matter and whether this amounts to an “unfair or deceptive acts or practices in or affecting commerce” prohibited by Section 5 of the Federal Trade Commission Act (15 USC 45) and to reconsider KeyBank’s overall CRA score based on the results of this investigation.

Conclusion

In summary, NCRC and the organizations below have concerns about KeyBank’s lending performance, data integrity and its failure to meet public commitments. KeyBank has failed to adhere to the Federal Reserve’s approval of its merger that cited a community benefits plan designed to offset anticompetitive effects of their merger with First Niagara, a plan that was also cited in KeyBank’s 2020 CRA Performance Evaluation.

³² See Appendix B: KeyBank 2017 National Community Benefits Plan, dated March 17, 2016 (page 10).

³³ Glynn, Matt, “KeyBank adds low-cost check cashing service,” Buffalo News, January 10, 2018. Available at https://buffalonews.com/business/local/keybank-adds-low-cost-check-cashing-service/article_801ffbc7-fd5e-59b9-bf62-8cf2c68d10ee.html

³⁴ Office of the Attorney General of the State of New York. Memorandum of Agreement in the matter of: KeyBank National Association. Page 3. March 5, 2021. Available for download online at <https://ag.ny.gov/press-release/2021/attorney-general-james-delivers-funding-low-moderate-income-homebuyers-new-york>

³⁵ Ibid.

We request that the OCC downgrade KeyBank's CRA rating; conduct a redlining investigation of KeyBank's mortgage lending, and conduct a data integrity review of KeyBank.

We request that the Federal Reserve examine KeyBank's compliance with public commitments made in connection with its acquisition of First Niagara Bank, including in its Community Benefits Agreement as well as public job growth commitments.

We also request that the OCC and Federal Reserve consider each sign on organization as a separate commenter, and that they receive copies of all future correspondence related to this comment. If you have any questions about this letter, feel free to contact Jesse Van Tol, NCRC's President and CEO, at 202-464-2709 or jvantol@ncrc.org.

Sincerely,



Jesse Van Tol
President and CEO
NCRC

Sign On Organizations:

Affordable Housing Centers of Pennsylvania
African American Trade Association
Alianza Poder
Bridging Communities
California Reinvestment Coalition
CASA of Oregon
Ceiba
Central Indiana Realist Association
Circle Up Indy, Ltd
City of Anderson
City of South Euclid
City of Washington Citywide Development Corporation
Coalition for Nonprofit Housing and Economic Development
Colorado Black Women of Political Action
Colorado Center on Law and Policy
Colorado Poverty Law Project
Columbus Compact dba Columbus Empowerment Corporation

Community Assets Inc.
Community Development Alliance of the Capital District Inc
Community Development Corporation of Oregon
Community First Fund
Community Legal Services, Inc. (Philadelphia, PA)
Community Loan Fund of the Capital Region, Inc.
Community Partners for Affordable Housing
Community Reinvestment Alliance of Florida
Compass Housing Alliance
Concerned Clergy of Indianapolis
Connected Communities, Inc.
Connecticut Fair Housing Center
County Corp
Empire Justice Center
Fair Finance Watch
Fair Housing Center of Central Indiana, Inc.
Fair Housing Contact Service
Farmworker Housing Development Corporation
Genesee Co-op Federal Credit Union
Greater Bridgeport Community Enterprises, Inc.
Hacienda Community Development Corporation
Hartford Community Loan Fund
HEED
Henderson and Company
Home Ownership Center of Greater Cincinnati
Homes on the Hill Community Development Corporation
Hoosier Action
Housing Authority of Malheur and Harney County
Housing Opportunities Made Equal of Greater Cincinnati
Housing Oregon

Indiana Disability Rights
Interdenominational Ministerial Alliance of Indianapolis
Judah Ministries, Inc.
Legal Assistance of Western New York
Local Enterprise Assistance Fund
Mt. Airy CDC
Neighborhood Development Collaborative
Neighborhood Housing Services of Waterbury
NeighborWorks Southern Colorado
Northwest Indiana Reinvestment Alliance
Oregon Human Development Corporation
PathStone Enterprise Center, Inc.
People United for Sustainable Housing, Inc. (PUSH Buffalo)
Philadelphia Association of Community Development Corporations
Pittsburgh Community Reinvestment Group (PCRG)
Prosperity Indiana
Rocky Mountain Communities
South Bend Heritage Foundation
Southwest (Philadelphia) Community Development Corporation
Spanish American Civic Association
Springfield NHS
The Ross Foundation
Transition Projects Inc.
U SNAP BAC Non-Profit Housing Corporation
Unite Oregon
United Northeast Community Development Corporation
Urban Land Conservancy
Urban League of Greater Hartford
Urban League of Philadelphia
Urban League of Portland

VOICE Buffalo

Washington Homeownership Resource Center

Western New York Law Center

Williford Housing, LLC

Working In Neighborhoods

Youngstown Neighborhood Development Corporation

Appendix A:

Home Mortgage Disclosure Act (HMDA) KeyBank Mortgage Lending Data, 2018 – 2021

	Activity Year	#Originations	#Black	Black %	LMIB	LMIB %
All Originations	2018	33,568	836	2.5%	8,783	26.2%
	2019	34,043	848	2.5%	8,759	25.7%
	2020	38,899	733	1.9%	9,415	24.2%
	2021	46,971	1,036	2.2%	12,224	26.0%
Home Purchase	2018	5,029	273	5.4%	1,865	37.1%
	2019	6,423	280	4.4%	1,918	29.9%
	2020	7,914	202	2.6%	1,890	23.9%
	2021	10,265	269	2.6%	2,036	19.8%

Source:

Home Mortgage Disclosure Act (<https://ffiec.cfpb.gov/>) Snapshot file downloaded from CFPB. Loan purpose 5 excluded. Forward loans on owner occupied, one- to four-unit, site-built homes. KeyBank LEI HUX2X73FUCYHUVH1BK78. LMI borrowers are those who reported an income <= 80% of AMI for that year.

Appendix B:

KeyBank 2017 National Community Benefits Plan

(Attached)

KeyBank

2017 National Community Benefits Plan

Bruce Murphy, Head of Corporate
Responsibility

March 17, 2016

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Introduction: 2017 National Community Benefits Plan

KeyBank's 2017 National Community Benefits Plan (hereafter referred to as "the Plan") addresses concerns expressed by the National Community Reinvestment Coalition (NCRC) and NCRC member organizations, in light of KeyBank's pending acquisition of First Niagara, scheduled for Q3 2016. The Plan keeps current and future clients, local residents, and the strength and stability of neighborhoods and communities, at the forefront. Successful execution of the Plan will result in meaningful community investment by KeyBank, as well as broadened access to relevant and effective products, solutions, and services for all members of the community, wherever KeyBank has a presence.

The Plan covers all 23 of KeyBank's current markets, from Alaska to Maine, five of which, pre-acquisition, overlap with First Niagara: Buffalo/Niagara Falls, Rochester, Syracuse, Albany and Hudson Valley. In addition, the Plan covers four First Niagara markets that will be new to KeyBank, in: Philadelphia (and Allentown), Pennsylvania; Pittsburgh, Pennsylvania; Hartford, Connecticut (including eight branches in Springfield, Massachusetts); and New Haven, Connecticut.

The Plan calls for KeyBank to invest \$16.5 billion (or approximately over 12 percent of total assets, across its enlarged footprint) in its communities over a five year period, beginning January 1, 2017. Of the \$16.5 billion, KeyBank expects to invest approximately 35 percent of that amount in the combined First Niagara/KeyBank footprint. The investments will be made in prescribed categories, including mortgage and consumer loans, small business lending, community development lending and investment, and philanthropy. The Plan also encompasses product innovation, philanthropy and volunteerism, rural markets, jobs, membership in the Federal Home Loan Bank of New York (FHLB-NY), community engagement, branch access for urban and rural low- to moderate-income (LMI) communities, payday lending, governance of the Plan, and Key's approach to diversity and inclusion.

KeyBank's approach to underserved communities is long-established and mature in many aspects. Post-merger, current First Niagara communities – especially those that are underserved – will receive greater, not lesser, support in many cases. This Plan will become a part of KeyBank's longstanding responsible approach to banking, citizenship, and operations.

Responsible banking means conducting the business of banking with integrity and transparency, and includes the building and offering of products and services, as well as assisting and responding to clients and communities. KeyBank consistently reviews and monitors its practices to ensure they embody the integrity and transparency so critical to KeyBank.

Responsible citizenship goes beyond traditional banking activities. As a responsible citizen, KeyBank brings its values to life by fully participating in local communities and

encouraging others to do the same. KeyBank educates citizens and corporations on ways to become more financially sustainable, holds its own vendors to high standards, volunteers thousands of hours to nonprofits, and invests millions of dollars in programs that create change.

With a focus on responsible operations, KeyBank contributes to a sustainable economy. Beyond its own operations, KeyBank proudly helps business owners become more sustainable and supports them in making smart business decisions concerning energy efficiency and renewable energy. KeyBank provides capital to consumers and businesses that conduct such endeavors through its Key4Green platform, which includes a suite of cost-saving products for clients including leases, capital leases, lines of credit, equipment term loans, and real estate loans.

The following pages describe KeyBank's commitments to the community as they pertain to major categories of: lending and investment; products and services; and investment in community-based programs through philanthropy. In addition, these pages highlight how KeyBank expects to partner with local communities to bring product innovation to its markets.

Priority Concerns Response: Lending

Mortgage

Baseline (current run rate):	\$2.5 billion over 5 years
New commitment:	\$5.0 billion over 5 years
Increase:	\$2.5 billion and doubling of commitment

KeyBank commits to a residential mortgage lending goal (in LMI communities and with LMI borrowers) of \$5 billion over the next five years. This commitment includes home purchase and refinance lending to LMI borrowers, urban LMI neighborhoods, and rural LMI communities. KeyBank's Plan provides for Key to achieve levels of mortgage production to LMI borrowers and in LMI communities, both urban and rural, that will place it at or above its peers.

KeyBank's lead product to drive this loan production will be its Key Community Mortgage loan. This fixed rate portfolio product has low down payment options, no private mortgage insurance (PMI) requirement, allows for alternative credit history, and it is ideal for first-time homebuyers. Furthermore, KeyBank plans to implement the State of New York Mortgage Agency (SONYMA) mortgage programs to assist first-time homebuyers with the purchase of a home in New York State. Strategic commitment goals include:

- Achieving peer-leading performance in 50 percent of markets within a three-year period, with a focused approach in the combined First Niagara/KeyBank footprint, including Albany, Buffalo/Niagara Falls, Connecticut, Hudson Valley, Massachusetts, Philadelphia (and Allentown), Pittsburgh, Rochester, and Syracuse. Actively partnering with local community development organizations and Key's own locally-established advisory committees to meet production commitment goals in urban and rural LMI communities.
- Doubling its 2014 baseline mortgage production over a five-year period, from \$2.5 billion to \$5.0 billion. This will extend throughout KeyBank's footprint and includes each of the former First Niagara markets. Each market, including each of the former First Niagara markets, should expect approximately an average of a 20 percent compounded growth rate over the five years.
- Partner with and invest in Housing and Urban Development (HUD) certified counseling agencies to encourage home ownership.
- Implement First Niagara's mortgage loan servicing platform and its approach to foreclosure prevention.
- Mortgage staffing and training: KeyBank will hire a national senior mortgage lending executive to focus on an enterprise-wide strategy for LMI lending, product development, and measurement, and to ensure consistency in strategy

and delivery throughout its footprint. In addition, KeyBank will strive to hire diverse Community Reinvestment Act (CRA) loan officers and/or further develop existing diverse CRA loan officers to ensure effective training on products and services, and understanding of the cultural diversity of the markets where Key operates. All loan officers will receive training on serving diverse clients and existing products for LMI urban and rural communities. CRA mortgage loan officers will be compensated based on units, not volume, and all officers will be expected to be able to sell all products, including LMI urban and rural products, to the consumer.

- Conducting product and services forums in urban and rural LMI communities in partnership with local community organizations to explain products and programs.
- Commit Marketing and Communications resources to market, highlight, and promote **KeyBank's Mortgage** offerings in target markets, and encourage those markets to take advantage of its offerings. Tactics may include print collateral (such as flyers), advertising, social media, messaging on in-branch monitors, product forums, conference/workshop/seminar support, sponsorships, media outreach around news items, public relations initiatives, client events, and communication pieces to clients and the community.

Small Business Lending

Baseline (current run rate):	\$1.9 billion over 5 years
New commitment:	\$2.5 billion over 5 years
Increase:	\$600 million or 32%

KeyBank commits to a \$2.5 billion small business lending goal in LMI communities over a five-year period. Key will increase overall small business lending, for the five-year period, 32 percent over its 2014 baseline, in footprint markets. Each market, including former First Niagara markets, should expect approximately an average of an 8.5 percent compounded growth rate, over the term of the five years.

Beyond the \$2.5 billion in small business lending stated above, KeyBank will also produce approximately \$5 billion in CRA reportable small business lending in non-LMI areas over the next five years. That \$5 billion is not included in this Plan's overall \$16.5 billion figure, which is focused on LMI communities.

KeyBank recognizes that small businesses in urban and rural LMI communities present a range of profiles, from early stage startups with little financial performance history, to established yet struggling businesses that need technical support to access capital to maintain or grow their business. KeyBank has a relationship-based approach to small business lending, supported by internal partners with expertise in Small Business Administration (SBA) products, cash management and merchant services, and leasing. Small businesses are served by relationship managers located in KeyBank's branches and in KeyBank's Business Resource Center (BRC). In the BRC, small business owners have the opportunity to develop a relationship with a

relationship manager, discuss their needs, understand underwriting, and receive technical support to achieve their business objectives.

To effectively help small businesses stabilize and enhance their capacity to grow, KeyBank will deepen its own capability and expects to do the following:

- Continue to leverage a full range of SBA programs
- Establish a process to partner with and financially support community organizations focused on building small business capacity, providing small business products, providing technical support programs, and providing financing to small businesses in LMI areas. These select local nonprofits (e.g., Economic Community Development Institute (ECDI), PathStone, etc.) should have proven track records of successfully identifying, funding and developing small diverse businesses, including minority-, women-, and veteran-owned businesses, as well as businesses located in LMI urban and rural communities. KeyBank will also look to work with both national and local providers of small business education for capacity building, financing strategies, and business operations. In addition, KeyBank expects to have employee volunteers who will be supportive in helping organizations become more effective.
- Expand investments in local and regional Community Development Financial Institutions funds (CDFIs) that provide: micro-lending to micro-enterprises, products and services in the LMI community, support for loan pools and EQ2 investing, and grants for technical assistance. In addition, KeyBank will develop a referral program with targeted CDFI partners that have the ability to execute small business lending. KeyBank's CDFI investing will occur through its Small Business lending segment, Key Community Development Lending and Investment (CDLI), and through the KeyBank Foundation, which will provide investments for small business training and capacity building.
- Consider developing alternative underwriting guidelines for small businesses.

Community Development Lending & Investment (CDLI)

Baseline (current run rate):	\$4.3 billion over five years (KeyBank only)
New commitment:	\$8.8 billion over five years
Increase:	\$4.5 billion or 100%

KeyBank's Community Development Lending and Investment (CDLI) commits to a lending and investing goal of \$8.8 billion over five years.

KeyBank's CDLI commitment reflects a major investment, which will stabilize and revitalize local communities throughout Key's footprint. The focus will be on financing community-based developers and commercial developers who support the development of affordable housing, including multifamily housing, as well as enterprises that promote economic development, job creation, and neighborhood stabilization. Examples of possible developments financed may include: childcare facilities; social services facilities; community-based healthcare facilities; shopping centers, grocery stores, pharmacies and other retail establishments that serve as

anchors to stabilize neighborhoods; and essential infrastructure that attracts new businesses. In addition, KeyBank will invest in mature CDFIs and other community-based loan funds that have demonstrated effective leadership, consistent performance and a positive effect on the community.

KeyBank's CDLI platform takes an integrated and holistic approach to solving difficult community development problems in the marketplace and employs a range of products and capabilities to do so. KeyBank leverages its Key Community Development Corporation (KCDC) arm and debt financing to support projects and employs all alternative funding tools available, including state, local, federal, and tribal government programs, Historic Tax Credits, Low Income Housing Tax Credits (LIHTCs), New Markets Tax Credits, the USDA Rural Business Investment Program, Community Development Block Grants (CDBGs), Fannie Mae, Freddie Mac, and HUD financing.

CDLI will deepen its understanding of local needs by engaging with local organizations to assess and evaluate those needs. In addition, KeyBank will develop product forums, whereby it will work with community-based and commercial developers to demonstrate CDLI products and services and explain how they can take advantage Key's offerings.

KeyBank plans to make approximately 35 percent of the CDLI commitment in the First Niagara/KeyBank overlap markets. Much of this investment is contingent upon state tax credit financing and project availability.

KeyBank will develop relationships with nonprofit developers who serve low- and very-low income clients and would expect to invest in permanent supportive housing, workforce housing, and housing for the elderly, special needs, seniors, and veterans.

Priority Concerns Response: Product Innovation

Product Innovation

Providing responsible, innovative products that respond to clients' needs in local LMI urban and rural communities is important to KeyBank. To better serve its communities and clients, KeyBank will:

- Assist communities in gaining access to responsible mortgage, consumer, and small business loan products that meet their needs.
- Gain community insight into the possible needs and desires for alternative products. To facilitate ideation and bring alternative solutions to the marketplace, **KeyBank sets a goal to create a product innovation fund, of approximately \$3 million, to test and learn.** The fund will be invested in seeking alternative solutions with the goal of launching new products and/or services that do not exist today. KeyBank acknowledges that these products or services may initially have higher risks and lower margins. An example of a possible product is a responsible secured credit card with low entry points, designed to provide credit access and build credit history.
- Evaluate opportunities to invest in capable partnerships with community-based or nonprofit organizations able to provide owner occupied mortgages under \$50,000. This type of investment may go beyond the innovation fund, and include, for example, philanthropic investments (i.e., grants for homeownership training) and community development lending (i.e., loan pool investments) to maximize an integrated and comprehensive approach to investing in this type of project.
- Invest in a possible “startup” organization that is focused on building and/or delivering products in very challenged communities where infrastructure is weak to nonexistent. The “startup” would be subject to defined protocols, such as experienced leadership, a business plan, a fiscal agent, multiple funding sources over time, etc.
- Offer innovative product improvements (with community insight), to include:
 - KeyBank will evaluate its home purchase rehabilitation products and explore greater capacity to support urban and rural LMI communities, especially where there are lower housing values. Greater impact will center on: building a better product to address concerns around home values and ensuring the market understands how those products work and how they can be accessed. However, these products contain significant risk, which may impact KeyBank’s ability to create a reasonable product offering.
 - KeyBank commits to act as a facilitator for organizations who have an interest in building a lease-to-own program in markets such as

Buffalo/Niagara Falls, Rochester, Albany, Dayton, and Toledo. KeyBank will start with its current nonprofit partners who have existing, successful programs in LMI communities.

- Evaluate, assess, and report on how KeyBank might serve the needs in rural LMI markets and determine whether it can provide lending/products and investments in those markets.
- Evaluate, assess and report on how KeyBank might improve and meet the needs of the market with its current home improvement product (CHIRP).
- Evaluate, assess, and report on where KeyBank’s underwriting criteria might take on greater risk.
- Expand KeyBank Plus (KBP) services: As part of this Plan, KeyBank will expand its KBP check cashing service in Buffalo/Niagara Falls to all LMI branches and more widely communicate the platform of all KBP products for the underserved consumer. KeyBank Plus includes: the Hassle-Free Account, a small dollar loan product, access to reasonably priced check cashing services, a first-time homebuyer mortgage product, a “second chance” loan assist product, an unsecured revolving credit line, and first-time savings account products, as well as financial education and wellness resources. KeyBank will explore expansion to other former First Niagara LMI markets that are new to KeyBank and currently do not have the KBP platform.
- Increase product awareness by:
 - Conducting product forums with community partners to educate both consumers and small businesses in targeted markets such as Albany, Philadelphia (and Allentown), Buffalo/Niagara Falls, Dayton, Pittsburgh, Rochester, Syracuse, and Toledo. KeyBank will work with NCRC and other community partners to schedule and conduct these product and service forums.
 - Continuing in-language translation services available throughout the branch network to serve diverse populations.

Priority Concerns Response: Philanthropy and Volunteerism

Philanthropy and Volunteerism

Baseline (current run rate):	\$90 million over 5 years (KeyBank only)
New Commitment:	\$175 million over 5 years
Increase:	\$85 million or 94% increase

The KeyBank Foundation commits to a goal of \$35 million per year for the period of five years for a total of \$175 million supporting its communities. Of the \$35 million commitment goal per year, KeyBank anticipates allocating approximately 35 percent of that amount (\$12.5 million), per year to the First Niagara/KeyBank overlap markets. Included in these aggregate amounts is the KeyBank Foundation's new focus area/pillar for "Neighbors", of which per year, approximately \$5 million of its \$14 million allocation will be invested in First Niagara/KeyBank overlap markets.

This strategy is undergirded by three focus areas (pillars) which include philanthropic investments in Education, Workforce, and Service. In response to community concerns, the KeyBank Foundation has added a fourth pillar, "Neighbors," which brings specific programming to focus on neighborhood prosperity through the advancement of economic inclusion, homeownership, neighborhood stabilization, and small businesses, in urban and rural LMI communities. KeyBank plans to invest in programs and build capacity with experienced organizations to stabilize neighborhoods for individuals and families, provide access to financial resources, and increase opportunities for growth of small businesses. These investments will support endeavors such as: business planning, job training and counseling, leadership training, technical assistance for capacity building, financial education, and home ownership training.

Every KeyBank market is led by a local executive market president with an allocated philanthropic budget. The market president has decision-making authority which is executed in concert with the local corporate responsibility officer, market leadership and the KeyBank Foundation program officer. Philanthropic grants of \$100,000 and over are evaluated by the corporate KeyBank Foundation Board of Directors with consideration of local leadership recommendations.

Furthermore, KeyBank has committed to provide \$20 million in support of First Niagara Foundation's mission. Key intends to honor all formal documented commitments that accrue, due to the acquisition.

Beyond grant-making, an important KeyBank Foundation pillar is "Service." KeyBank employees help communities thrive in countless meaningful ways, especially through service projects and board leadership. In the past five years, KeyBank employees donated more than 500,000 hours of community service. Employees will continue to be heavily engaged in their communities, with strong support from KeyBank and

KeyBank Foundation, with the expectation of exceeding a total of an additional 500,000 volunteer hours in the next five years.

Priority Concerns Response: Community Concerns

Marketing and Communications

KeyBank will commit Marketing and Communications resources to support the marketing and outreach necessary to inform communities about its mortgage, small business and community development lending products. To do so, KeyBank will include print collateral (such as flyers), advertising, social media, messaging on in-branch monitors, product forums, conference/workshop/seminar support, sponsorships, media outreach around news items, public relations initiatives, client events, and communication pieces to clients and the community. KeyBank expects to invest approximately \$5 million in sponsorships, annually, in support of this Plan.

Rural markets

KeyBank will focus on lending and investing in rural areas, especially in geographies such as Alaska, Maine, upstate New York, Ohio, Oregon, and the Rocky Mountains. KeyBank plans to partner with experienced organizations that have a significant understanding of rural markets (e.g., Local Initiatives Support Corporation and PathStone). In partnership, KeyBank will align with the financing and service needs in rural markets to bring technical support and assistance. KeyBank will look at branch access, home ownership needs, support for small business, in-language services, community development lending and investment, funding for rural projects, and issues unique to each rural market.

KeyBank anticipates engaging with rural market leaders to gain insight and understand where there are opportunities to meet rural market need.

Federal Home Loan Bank of New York (FHLB-NY)

KeyBank recognizes the value of the FHLB-NY programing for helping first time homebuyers and for the acceleration of affordable housing throughout New York.

We have been meeting with the appropriate regulators to arrive at an answer. Our discussions have proven to be very productive and require further examination and assessment with our regulators to determine a feasible structure that will permit us to maintain a membership with the FHLB-NY. We have been presented with a range of options for consideration, and we are now evaluating the most prudent approach to securing a membership. Several weeks of thorough investigation will be needed to determine whether there is an option we earnestly wish to secure.

Regulatory constraints around the charter may be beyond KeyBank's control.

If Key is unable to find a path to joining the FHLB-NY, it will explore options to financially support homeownership.

Community Engagement

KeyBank is expanding its current CRA officer role to be more responsive to a broad spectrum of corporate responsibility mandates. Post-integration, the newly-named Corporate Responsibility Officers (CROs) will exist in major markets across the corporate footprint. The CROs will develop local community engagement plans, which will both help KeyBank's leaders stay engaged with relevant community organizations and help direct philanthropic investments. In addition, the CROs will work with KeyBank's Community Reinvestment Act (CRA) analytics team to ensure KeyBank is meeting and exceeding CRA commitments in LMI urban and rural communities.

Branch Distribution and Access

As a result of the acquisition of First Niagara, KeyBank will establish a goal of maintaining between 25 percent and to 27 percent of its branches in LMI communities across its corporate footprint and throughout New York State, over the next two years.

Throughout this acquisition KeyBank's general model for branch consolidation has been to identify branches that are located within a 2 -3 mile radius of each other and then ascertain which branch would be best suited to serve the needs of the community. During this transition, KeyBank sets as a goal to consolidate LMI branches that are within a one mile radius of each other; and KeyBank has identified a total of 27 LMI branches that meet this criterion. Of these 27, 13 will be consolidated into another branch. Given NCRC's membership feedback, KeyBank has decided to keep open four LMI branches that were originally earmarked for closure. Additionally, KeyBank has agreed in principle to open an additional branch in an LMI census tract in East Buffalo.

The consolidation of branches is currently being actively reviewed both internally and by the U.S. Department of Justice (DOJ). The final decision will be subject to DOJ direction on divestiture.

KeyBank will make every effort to gift, or sell at a significantly reduced price, branch offices that are closed/consolidated, where the facility can be of significant benefit to the community.

Payday Lending

Payday lending is a restricted industry at KeyBank. KeyBank will cease financing CASH America's payday lending activity and wind down that client relationship as quickly as reasonably possible.

Plan Governance

To keep the National Community Benefits Plan on schedule and accomplish the goals established therein, KeyBank with the assistance of NCRC will develop a national advisory council, to meet a minimum of twice a year. The council's objectives will be to: (1) assess progress against the Plan, (2) provide insight and counsel on products and services, and (3) remain informed about strategies, tactics, products, and services KeyBank intends to pursue.

KeyBank agrees to have 50 percent of the national advisory council representatives comprised of NCRC members representing its communities. Membership will be diverse and have strong representation across geographies including First Niagara/KeyBank overlap communities.

When and where appropriate, KeyBank may also form local advisory councils, beginning with Buffalo/Niagara Falls, Albany, and the Great Lakes. Others will be developed as needed. Local councils will be led by local market leadership and the market CRO supporting the specific location.

A council charter, yet to be written, will include specific language about the council's duties to monitor, review, and measure success of the Plan. The charter also will include definitions of membership and agenda items that the council will consider in the execution of the Plan. The charter's operational design, agenda and management will be determined in collaboration with community partners and be shared with NCRC by second quarter of 2017.

At year three, the Council will review KeyBank's performance to the Plan and determine adjustments to goals, as necessary.

KeyBank will apply its corporate standard travel policy to council members for reasonable expenses.

Diversity and Inclusion

As with everything KeyBank does, this 2017 National Community Benefits Plan will be implemented with a lens on diversity and inclusion. Maintaining a consistent focus on diversity and inclusion is an important commitment that KeyBank makes to its employees, shareholders, clients, and communities, and building a culture that considers both the workforce and the workplace is a matter of importance. KeyBank aspires to reflect the diverse communities where it operates and, to this end, actively and consistently builds aspirational goals, measures progress, and reports annually on successes and challenges.

Conclusion

KeyBank commits to continuing discussion to successfully complete an agreement on the Plan as quickly as possible.

The ability of KeyBank to meet the goals set forth within the Plan is subject to favorable market and regulatory conditions during the applicable time periods as well as other assumptions, risks, and uncertainties, many of which are outside of the control of KeyBank.