

KeyBank

2017 National Community Benefits Plan

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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.