



**CRA Decision #198
August 2019**

July 11, 2019

Mr. Norman A. Bliss
SVP, Director Community Development
KeyBank, National Association
127 Public Square
Cleveland, Ohio 44114

RE: Branch relocation – East Liberty branch
KeyBank, National Association, Cleveland, Ohio
OCC Control No.: 2019-CE-Relocation-308559

Dear Mr. Bliss:

The Office of the Comptroller of the Currency (OCC) hereby approves the application you submitted for KeyBank, National Association (Bank), to relocate its East Liberty branch from 217 North Highland Avenue, Pittsburgh, Pennsylvania to the Southwest corner of Penn Avenue and Negley Avenue, Pittsburgh, Pennsylvania. This approval is granted based on a thorough review of all information available, including the representations and commitments made in the application and by the bank's representatives. Based on our review, the OCC determined that approval to relocate the branch is consistent with the relevant regulatory factors set forth in 12 CFR 5.30, including applicable state law, and with the Community Reinvestment Act (CRA). This letter also authorizes the bank to establish Branch No. 148109A at the above location.

I. Community Reinvestment Act

In evaluating this proposed transaction, the OCC carefully considered (i) the Bank's most recent CRA performance evaluation (PE), (ii) information available to the OCC as a result of its supervisory responsibilities, (iii) written public comments, and (iv) information provided by the Bank in response to a public comment. Based on this review, the OCC has concluded that the Bank's record of performance under the CRA is consistent with approval of this application.

The CRA requires the OCC to take into account the Bank's record of performance in helping to meet the credit needs of its communities, including low- and moderate-income (LMI) neighborhoods, when evaluating applications to establish a new domestic branch. Under the regulations implementing the CRA, a bank's record of performance may be the basis for denying or conditioning approval of an application to establish or relocate a domestic branch.

In its most recent CRA PE dated January 11, 2016, the Bank received an overall rating of "Outstanding." The lending test was rated "High Satisfactory," and the service and investment

tests were rated “Outstanding.” The major factors supporting the rating include (i) origination or purchase of a substantial majority of loans inside its assessment areas (AAs); (ii) a good level of lending activity; (iii) an exceptionally strong level of CD lending that is responsive to identified needs and that had a positive impact on the Bank’s overall lending test rating; (iv) an excellent level and responsiveness of qualified investment activity; (v) an excellent level of retail banking services that are accessible to geographies and individuals of different income levels including branch office hours that do not vary in a way that inconveniences portions of the AAs, particularly LMI geographies; and (vi) an excellent level of CD services.

The Bank’s most recent CRA evaluation did not consider the Bank’s performance in the Pittsburgh Metropolitan Statistical Area (MSA). At the time of the evaluation, the Bank did not have a presence in the MSA. The Bank entered the Pittsburgh MSA when it acquired First Niagara Bank, N.A., on October 8, 2016.

II. Public Comments and Analysis

A. Summary of Public Comment and Applicant’s Response

The OCC received and considered comments from one commenter concerning the proposed transaction. The commenter expressed concerns that the closing of the East Liberty branch would cause harm to the community, and the proposed branch would not eliminate that harm. The commenter stated that there has been a bank branch at that location for several decades, providing stability to the neighborhood amidst economic change. According to the commenter, the East Liberty branch is located in a low-income, majority-minority census tract in a dense and revitalizing commercial corridor and in a neighborhood containing more than 1,000 low-income housing units, with 350 more in production. The commenter stated that the East Liberty branch also serves many low-income residents of two other majority-minority LMI communities, is convenient to pedestrians, has plentiful street parking, and is within walking distance of locations such as grocery stores and a public high school.

The commenter stated that, by contrast, the new branch would be located in a moderate-income census tract in a different neighborhood. According to the commenter, the new branch would reduce accessibility and service to local residents, and to LMI residents in particular. The commenter expressed concern about heavy traffic in the location of the proposed branch that could result in less accessibility than the existing East Liberty branch.

More generally, the commenter expressed concern with the Bank’s lending performance in the Pittsburgh MSA. Relying on Home Mortgage Disclosure Act (HMDA) data, the commenter stated that of the 238 home loans that the Bank originated in Allegheny County in 2017, only 7.5 percent were made to African-American persons, and only 18 percent were made to LMI borrowers. The commenter advised that those percentages are particularly low for the region.

The commenter requested that the Bank hold a meeting to discuss the Bank’s plan for its branches and the importance of the East Liberty Branch to Bank customers.

In its response, the Bank represented that the new branch will provide better access, full functionality, and advanced technology to customers. The new branch will be located 0.4 miles, or five blocks, from the East Liberty branch. In addition, the new branch will have a parking lot, while the East Liberty branch has only on-street parking. The new branch will also be served by five bus lines, while the East Liberty branch is served by only one bus line. The Bank represented that it will improve customer access with additional curb cuts and by adding drive-up service at the new branch. The Bank stated that while at least four other banks are located within 0.25 miles of the East Liberty branch, the new branch will provide improved access to residents of one low-income census tract and one moderate-income census tract.

The Bank also discussed its lending performance in the Pittsburgh area more generally. After the branch relocation, 27 percent (13 of 49) of the Bank's branches in the Pittsburgh MSA will be located in LMI communities. The Bank opined that it exhibited excellent geographic and borrower distribution of HMDA loans, as well as good geographic distribution of reportable CRA small business loans. The Bank represented that the Bank and related foundations provided more than \$1.3 million in support to community partners across the Pittsburgh market in 2018. Additionally, the Bank stated that its lending and investment activities have provided more than \$100 million in lending and investments. The Bank represented that of the 470 home loans that the Bank originated in Allegheny County during 2018, 13.4 percent were made in LMI communities and 36.0 percent to LMI borrowers. The Bank also stated that it originated small business loans to 80 small businesses in LMI communities in Allegheny County during 2018.

B. Analysis

The commenter's foremost concern is that closure of the East Liberty branch will adversely affect the Bank's current customers and the East Liberty community. In response, the Bank has asserted that the new branch will be more accessible and functional for Bank customers because the location has its own parking lot and is served by additional bus lines. In addition, the Bank stated that the new branch will provide improved access to financial services for residents of several LMI census tracts.

Moreover, the OCC does not have authority to prevent the Bank from closing the East Liberty branch. Bank branch closings are addressed in 12 USC § 1831r-1. The bank must provide advance notice to customers of the branch closing, and also post advance notice in a conspicuous manner on the premises of the branch. If an interstate bank, such as KeyBank, proposes to close a branch in an LMI area, the notice to customers must state that comments on the closing may be mailed to the appropriate federal banking agency and provide the mailing address of the agency. If any person from the area in which the branch is located sends a non-frivolous written request with a statement of specific reasons for the request (including a discussion of the adverse effect of the closing on the availability of banking services in the area), the agency must consult with community leaders in the affected area. In addition, the agency must meet with other interested depository institution regulatory agencies, community leaders in the affected area, and other appropriate parties to explore the feasibility of obtaining adequate alternative facilities and services. The agency may not take any action that will affect the authority or the timing of the branch closure, as long as the bank has satisfied the notice requirements.

With respect to the Bank's lending activity in the Pittsburgh MSA, the OCC notes that HMDA data alone are not adequate to provide a basis for concluding that an institution is engaged in lending discrimination or to indicate whether its level of lending is sufficient. Specifically, HMDA data for the period in question do not take into consideration borrower creditworthiness, housing prices, collateral values, credit scores, and other factors relevant to each credit decision, nor do they fully reflect the range of an institution's lending activities and efforts. The Bank is also subject to the OCC's ongoing supervisory program to monitor fair lending risk and compliance with the Fair Housing Act and its implementing regulation.

As noted above, the Bank only recently entered the Pittsburgh MSA market. For that reason, the OCC has not yet evaluated the Bank's performance in that MSA under CRA. However, based on the available information, the Bank is expanding its mortgage lending activity in that market, including lending to LMI borrowers. The Bank also represented that it has been actively conducting small business lending in LMI communities, substantial community development lending, and grants to community groups.

III. Summary of Consideration of Public Comments

The OCC considered all the facts of record, including the Bank's record of performance under the CRA, confidential supervisory information, information provided by the Bank, the public comments on the proposal, and the Bank's response. Based upon this review, the OCC finds the facts to be consistent with approval.

IV. Consummation Requirements

If the branch is not relocated within 18 months from this approval date, this approval automatically terminates unless the OCC grants an extension.

Within ten days of opening, the Bank must advise this office in writing of the branch opening date. If not previously provided, advice of the branch's popular name should also be given at that time. Please reference the OCC control number in your letter.

This approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable laws and regulations. Our approval is based on the bank's representations, submission, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the United States.

KeyBank, National Association
OCC Control No.: 2019-CE-Relocation-308559

A separate letter is enclosed requesting your feedback on how we handled the referenced application. We would appreciate your response so we may improve our service. If you have questions, please feel free to contact Teresa Thomas at 720-475-7655 or at Teresa.thomas@occ.treas.gov.

Sincerely,

/s/

Karen Marcotte
Director for Licensing Activities