



## **PUBLIC DISCLOSURE**

**MARCH 1, 1999**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**KEYBANK NATIONAL ASSOCIATION  
CHARTER NUMBER 14761  
127 PUBLIC SQUARE  
CLEVELAND, OHIO 44114**

**OFFICE OF THE COMPTROLLER OF THE CURRENCY  
LARGE BANK DIVISION  
250 A E<sup>0</sup> STREET, SW  
WASHINGTON, D. C. 20219**

**NOTE:** This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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### **General Information**

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of **KeyBank National Association, Cleveland, Ohio** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of **March 1, 1999**. The agency evaluates performance in assessment area(s), as they are delineated by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution branches. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

### **Definitions and Common Abbreviations**

The following terms and definitions are used throughout this Performance Evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

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

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

**Block Numbering Area (BNA)** - Statistical subdivisions of counties in which census tracts have not been established. The United State Census Bureau established BNAs in conjunction with state agencies.

**Census Tract (CT)** - Small, locally defined statistical area within metropolitan statistical areas. The United States Census Bureau determined these areas in an attempt to group homogenous populations. A CT has defined boundaries per ten year census and an average population of four thousand.

**Community Development (CD)** - Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Businesses Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

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

**Full-Scope (FS) Review** - Performance under the Lending, Investment and Service Tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of qualified investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

**Geography** - A census tract or block numbering area delineated by the United States Census Bureau in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA)** - the statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

**Home Mortgage Loans** - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. The definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home purchase and home improvement loans.

**Income Levels** - These relate to individuals, families, households, or the census tracts in an MSA.

**Low** - An income level that is less than 50 percent of the median income.

**Moderate** - An income level that is at least 50 percent and less than 80 percent of the median income.

**Middle** - An income level that is at least 80 percent and less than 120 percent of the median income.

**Upper** - An income level that is 120 percent or more of the median income.

**Limited-Scope (LS) Review** - Performance under the Lending, Investment and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of qualified investments, branch distribution).

**Low- and Moderate- Income (LMI)** - geographies (e.g., census tracts and block numbering areas) which have, and individuals who have, low- or moderate-incomes.

**Low-Income Housing Tax Credit (LIHTC)** - A program aimed at providing affordable rental housing by providing federal tax credits to developers and investors. Projects that qualify for LIHTC status have met certain standards regarding the number of housing units set aside and the amount of rent that will be charged to income-eligible tenants.

**Median Family Income (MFI)** - The United States Census Bureau determines the median income every ten years and uses it to determine the income level category of geographies. The Department of Housing and Urban Development (HUD) determines an annual median income that it uses to determine the income level category of families and individuals. For example, in any given area the median is the point at which half of the families have income above it and half have income below it.

**Metropolitan Statistical Area (MSA)** - The Director of the United States Office of Management and Budget determines the area defined as a MSA. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

**Small Loans to Businesses** - Loans with original amounts of \$1 million or less that are: (1) secured by nonfarm, nonresidential properties; or (2) commercial and industrial loans to United States= addresses.

**Small Loans to Farms** - Loans with original amounts of \$500 thousand or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

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

### Overall CRA Rating

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

The following table shows the performance level of **KeyBank National Association, Cleveland, Ohio (Key)** with respect to the Lending, Investment, and Service Tests:

Performance Levels	KeyBank National Association		
	Lending Test *	Investment Test	Service Test
Outstanding	X	X	
High Satisfactory			X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

\*The Lending Test is weighted more heavily than the Investment and Service Test when arriving at an overall rating.

The major factors that support this rating include:

- < Key's geographic distribution of HMDA loans and small loans to businesses is excellent in most rated areas.
- < Key's distribution of HMDA loans and small loans to businesses by the income level of the borrower is excellent in every rating area, except Oregon where overall borrower distribution is good.
- < Key's overall volume of community development loans is good; in five of the rating areas Key's high volume of community development lending contributed significantly to the overall excellent performance noted under the lending test.
- < Key's volume of qualified investments is excellent in every rated area, except Colorado where the volume is good.
- < Key's branches and ATMs are accessible in geographies and for people of different income levels.

### **Description of the Institution**

KeyBank National Association (Key) is a wholly owned subsidiary of KeyCorp. Both are headquartered in Cleveland, Ohio. KeyCorp is the fourteenth largest bank holding company with approximately \$78 billion in total assets as of September 30, 1998. KeyCorp owns one other national bank, KeyBank USA, which functions as a nationwide consumer finance company. In addition to the two banks, KeyCorp has several other nonbank subsidiaries that: make community development loans and investments; underwrite, sell and clear securities; provide investment advice and discount brokerage services; and make commercial loans.

Key, in its present configuration, is the result of a 1994 merger between Society Corporation, Cleveland, Ohio and KeyCorp, Albany, New York. In 1997, KeyCorp consolidated all of its banking charters, except KeyBank USA, into one charter resulting in an interstate bank. Key's management team has a strategic plan, which they call "First Choice 2000." Its goal is to reallocate bank resources from slow growth areas to those with higher potential. The effect of this restructuring is a more concerted focus on Key's presence in urbanized areas and the sale of some branches. Branch sales are referenced in the "Service Test" comments in this evaluation.

Key provides a full range of retail and commercial financial products and services in: Alaska; Colorado; Idaho; Indiana; Maine; Michigan; New Hampshire; New York; Ohio; Oregon; Utah; Vermont; and Washington. Key's most significant presences are in New York, Ohio and Washington State. The bank operates 1,011 branches and 1,948 automated teller machines (ATMs), primarily in metropolitan communities. As of September 30, 1998, Key reported total assets of \$ 73.5 billion, total loans of \$57.1 billion, and a loan-to-deposit ratio of 137 percent. Key's loan portfolio consists of 37 percent real estate loans, 29 percent commercial loans, 19 percent consumer loans, 13 percent other domestic loans, and one percent each in agricultural and other foreign loans. Tier 1 capital totals \$5.1 billion.

To determine Key's size and capacity for CRA evaluation purposes, we considered operating subsidiaries of the bank. None of the bank's operating subsidiaries contributes to Key's CRA performance. At the bank's request, we considered two bank and three holding company affiliates that attribute loans, investments and services to Key's effort to help meet community credit needs. Refer to Appendix A for identification of those entities and their contributions.

There are no significant financial, legal or other types of barriers limiting Key's ability to meet the credit needs within its AAs. The communities in which Key operates are listed in Appendix A.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

Key's last CRA evaluation is dated August 26, 1996. This evaluation assesses the bank's performance from January 1, 1997 through September 30, 1998. Under the Lending Test, we considered HMDA loans and small loans to businesses for the period January 1, 1997 through September 30, 1998. We considered community development lending from the date of the last evaluation through December 31, 1998. We did not evaluate small loans to farms, since agricultural lending represents only one percent of the bank's total loan portfolio. The few small loans to farms Key made are listed in the Lending Volume table in Appendix E. Under the Investment Test, we considered qualified investments made since the date of the last evaluation through December 31, 1998. Under the Service Test, we considered branch distribution and accessibility, branch openings and closings, banking hours, and the provision of retail and community development services from January 1, 1997 through September 30, 1998.

Key made 91.2 percent of its HMDA loans, 94.6 percent of its small loans to businesses, and 83.7 percent of its small loans to farms within its AAs.

### **Selection of Areas for Full-Scope Reviews**

A full-scope review consists of analyzing performance data considering the following information: a complete performance context (e.g., market demographics, identified credit needs, the level of opportunities for making qualified investments and community development loans); quantitative factors (e.g., overall lending volume, the distribution of HMDA loans and small loans to businesses considering the income level of the geography in which the loan was made and the income level of the borrower to whom the loan was made, the level of community development loans, the level of qualified investments, the distribution of branches, whether any branch offices were opened or closed); and qualitative factors (e.g., the flexibility, innovation or complexity of loans, investments, and retail and community development services, and the convenience of banking hours). The performance data presented for each of the bank's AAs is the same for full- and limited-scope reviews. However, in a limited-scope review we consider only the quantitative data. That means, we compare the bank's percentages of HMDA loans and small loans to businesses to market demographics; we consider the number and dollar amount of community development loans and qualified investments; and we evaluate the distribution of branches. We do not evaluate qualitative factors or develop an expanded description of the community.

Since Key is a large, interstate financial institution, we selected a sample of the bank's AAs for full-scope reviews. The AAs we selected are representative of the markets in which Key operates. We have included AAs where Key has a significant presence in the community, based on deposits taken and loans made in the AA, and some where its presence is small. The communities in which Key operates are dominantly metropolitan, so most of the AAs we selected for full-scope reviews are urbanized. However, we selected nonurban areas in two states for full-scope consideration.

Refer to Appendix A for a list of all of Key's AAs and the type of evaluation we conducted in each AA. Also refer to Appendix C for a table that shows the percentage of bankwide loans and deposits Key achieved in each rating area. The performance data tables in Appendix E provide loan and deposit percentages for each full- and limited-scope AA.

### **Method of Analysis**

In a full-scope evaluation, we consider performance context, quantitative and qualitative factors. In a limited-scope evaluation, we consider only quantitative factors. Following is a discussion of how we analyze the quantitative factors. It is important to remember that the performance context (knowledge of identified credit needs and the opportunities to address those needs through loans, investments and services) and the qualitative factors (innovation,

flexibility and complexity of a loan, investment or service) considered in a full-scope review can have significant influence. They receive appropriate consideration in conjunction with the data comparisons we perform.

Under the Lending Test, we compared publicly available, bank-reported data to appropriate demographic characteristics in order to measure the bank's performance. To evaluate the geographic distribution of HMDA loans the bank made, we compared the percentage of bank loans in low-, moderate-, middle- and upper-income geographies to the percentage of owner-occupied housing units in those geographies. To evaluate the distribution of HMDA loans by the income level of the borrower, we compared the percentage of loans the bank made to low-, moderate-, middle- and upper-income borrowers to the percentage of families at those income levels. Generally, if the percentage of bank loans met or exceeded the demographic percentage, we considered that excellent performance. If the percentage of bank loans was near the demographic percentage, we considered that good performance. If the percentage of loans was somewhat near the demographic, we considered that adequate performance. And, if the percentage of loans was lower than the demographic percentage, we considered that poor performance. However, when evaluating HMDA loans the bank made to low-income borrowers, we lessened the threshold somewhat recognizing the limited cash flow a borrower with an income of less than 50 percent of the median income would have. We considered a substantial percentage of loans to low-income borrowers, compared to the percentage of families at that income level, to be excellent performance and a significant percentage to be good performance.

To evaluate the geographic distribution of small loans to businesses, we compared the percentage of small loans the bank made to all size businesses in low-, moderate-, middle- and upper-income geographies to the percentage of all businesses located in those geographies. To evaluate the distribution of small loans to businesses by the income level of the business, we compared the percentage of small loans the bank made to businesses with gross annual revenues of \$1 million or less to the percentage of those businesses in the AA which had gross annual revenues of \$1 million or less. If the percentage of bank loans was very near or exceeded the demographic percentage, we considered that excellent performance; if the percentage was near the demographic, we considered that good performance; and so on.

We considered the bank's market shares in HMDA loans and small loans to businesses. We placed primary emphasis on the market shares attained in low- and moderate-income geographies, among low- and moderate-income borrowers, and to small businesses. For example, if the market share of home purchase loans in low- and moderate-income geographies, or to low- and moderate-income borrowers, exceeded the bank's overall market share in that product, we considered that excellent performance. If the market share was near the overall, we considered that good performance, and so on.

We considered community development loans under the Lending Test. We evaluated the number and dollar amount of community development loans the bank made and what credit needs those loans addressed. This evaluation was subjective because the opportunities for community development vary among the bank's AAs and comparative data on the number and type of community development loans made by other banks are not readily available. We also compared the dollar volume of community development loans in each AA to the dollar volume of Tier 1 capital to gauge the level of community development loans on an AA and statewide basis.

Under the Investment Test, we evaluated the number and dollar amount of qualified investments the bank made during the current evaluation period and qualified investments outstanding from prior evaluation periods. We determined what credit or community development needs the investments addressed. This evaluation was subjective because the opportunities available to make a qualified investment vary among the bank's AAs and

comparative data on the number and type of qualified investments made by other banks are not readily available. We also compared the dollar volume of qualified investments in each AA to the dollar volume of Tier 1 capital to gauge the level of qualified investments on an AA and statewide basis.

Under the Service Test, we evaluated the geographic distribution of the bank's branches and ATMs. We compared the percentage of bank branches and ATMs in low-, moderate-, middle- and upper-income geographies to the percentage of the AA's population living in those geographies. If the percentage of bank branches and ATMs met or exceeded the percentage of the population living in low-, moderate-, middle- and upper-income geographies, we considered that excellent performance. If the percentage of branches and ATMs was near the percentage of the population living in low-, moderate-, middle- and upper-income areas, we considered that good performance, and so on. We also considered if and where the bank opened and closed any branches.

After completion of our analyses, we assigned ratings to the multistate metropolitan area and the states in which Key operates. We based the ratings for the multistate metropolitan area and the states primarily on the conclusions we drew from the performance levels attained in the full-scope AAs. We reviewed performance in the limited-scope AAs for consistency with the performance found in the full-scope AAs. If performance in the limited-scope AAs had an effect on the overall rating for a specific test, we explained that. The Lending Test accounts for 50 percent of the rating, with the Investment and Service Tests each accounting for 25 percent of the rating. The bank's overall rating is a blend of the multistate metropolitan area and state ratings.

### **Data Integrity**

As part of this evaluation, we tested the accuracy of the publicly available, bank-reported data we used to evaluate HMDA loans, small loans to businesses and community development loans. We found the HMDA loans and small loans to businesses to be substantially accurate with very small error ratios. We did encounter data integrity problems in the community development loan data. During the course of this evaluation period, Key's method of gathering and verifying the accuracy of its community development loan data was not effective. A number of loans, which had community development characteristics, were reported as community development loans when they should have properly been reported as either HMDA loans or a small loans to businesses. In other instances, the bank failed to report some qualifying community development loans. During our evaluation, bank management revised the community development loan data. We used the revised data in our analysis. It presents a conservative accounting of Key's community development loan activity during this rating period.

### **Community Contacts**

We contacted a number of community organizations in Key's full-scope AAs that work with housing, small business and economic development issues in order to learn more about local credit needs. We held meetings with some representatives and others we talked with over the telephone. We also reviewed write-ups of contacts with community-based organizations in Key's AAs that were made by examiners from other regulatory agencies. The most consistently voiced credit need is finding and funding affordable housing stock for low- and moderate-income individuals. In many of Key's urban markets, low- and moderate-income people have been priced out of newer housing stock; can't afford the cost of purchasing and rehabilitating an existing dwelling with structural inadequacies; or need downpayment assistance to obtain a mortgage loan. Community representatives frequently stated a need for small business loan programs to provide funds for new and existing small businesses which foster job creation and retention. Many of the contacts stressed the need for consumer credit counseling for individuals and financial education for current and prospective small business owners.

**Innovative and Flexible Loan Programs and Financial Products**

Key offers a number of flexible and affordable loan programs. The bank developed some programs internally and has also partnered in programs sponsored by community organizations and governmental units at the local, state, and federal level to provide individuals, families and businesses with increased access to credit and financial services.

Key offers the following bank-developed loan programs in all of its AAs.

**The Community Home Improvement and Rehabilitation Program (ACHIRP®)** - a home improvement loan program with discounted interest rates and other competitive features for low- and moderate-income borrowers.

**AHomeAssist®** - a home purchase mortgage loan program with a fixed interest rate, fixed closing costs, and low down payment requirements for families whose household income does not exceed a specified percentage of the area's median income as published by the Department of Housing and Urban Development. This mortgage loan program has flexible underwriting criteria, including higher debt ratios and use of alternative credit histories, to enable more low- and moderate-income applicants to qualify.

**ALoanAssist®** - a special installment loan with a fixed interest rate that is secured by a savings account which is generated from the loan proceeds. This product is offered to help individuals establish a credit history or repair a tarnished credit history.

Key participates in the following federal loan programs in all of its AAs. These programs are designed to assist small businesses and low- and moderate-income individuals find increased access to credit regardless of the income level of the geography from which the loan application comes.

**Small Business Administration (SBA) 7(a) Loan Guaranty Program** - provides loans to small businesses unable to secure financing on reasonable terms through conventional lending channels. This program operates through private lenders, like banks, which provide loans guaranteed up to 75 percent by the SBA. Loans can be made up to \$1 million. Most business purpose debt is eligible.

**SBA 504 Certified Development Company Program** - provides growing businesses with long-term, fixed-rate financing for major assets like land and buildings. A bank providing such financing receives a 50 percent senior lien on the project cost, with a junior lien covering 40 percent of the project cost going to the Certified Development Company, and a 10 percent equity injection is required of the owner.

**Federal Housing Authority (FHA) mortgage loans** - a federally sponsored program which allows minimal down payments, the financing of closing costs, and use of flexible underwriting criteria.

**Federal National Mortgage Association (FNMA - AFannie Mae®) ACommunity Homebuyers Program** - federally sponsored mortgage loans with a five percent downpayment requirement, a portion of which may be a gift or a grant, and flexible underwriting criteria.

**Veterans Affairs (VA) mortgage loans** - a federally sponsored program for eligible veterans which provides favorable lending terms, including no downpayment, loan amounts up to 100 percent of the appraised value not exceeding about \$200 thousand, limits on buyer closing costs, and flexible underwriting criteria.

Key participates in numerous state, local, and community development organization loan programs within its various communities. These alliances provide small businesses with flexible terms for loans which help create and retain jobs in a community, provide initial capitalization for new businesses, and provide expansion for existing small businesses through fixed asset purchases and inventory financing. Key is also actively involved in locally-sponsored programs that benefit low- and moderate-income individuals, such as special home buyer and home repair programs, and welfare-to-work loans. Key loan staff compares all available program options to ensure the business or retail borrower receives the most cost-conservative and financially prudent product for the loan request.

Here are some examples of local programs in which Key participates.

In its Denver AA, Key initiated a special loan program for low- and moderate-income immigrants, mostly Russians, who are sent to the bank by a local community organization. Key makes small instalment loans to the immigrants to help them get settled in an apartment, buy household furnishings and appliances, and other items. The community organization secures the instalment loans with its credit line and Key uses relaxed underwriting guidelines and terms when making the loans. The bank has also hired Russian-speaking employees to better serve these customers.

In the Boise and Pocatello AAs, Key committed over \$1.5 million to lender consortiums benefitting local Neighborhood Housing Services. The bank funded their home purchase loans and holds them in its portfolio because the borrowers were able to obtain higher loan-to-value and debt ratios than are permitted in the secondary market.

In Oregon, Key participates in two statewide energy loan programs. The bank administers a utility company's dealer loan program for gas customers who want to lower their fuel consumption. The program offers long-term financing at a reduced interest rate for furnace purchases, installation of storm windows and doors, and home insulation. Key also participates in the State Home Oil Weatherization program. These are long-term loans with reduced interest rates to finance weatherization projects for people whose primary heat source is wood or oil.

Key offers several alternative delivery systems for its banking customers. However, the bank does not have information on how low- and moderate-income areas or low- and moderate-income individuals have benefitted from these products. Therefore, we placed little weight on these systems in determining the bank's Service Test performance.

**AKey2Yours@** is a personal computer based banking system that can be used anywhere you are with your computer.

**A1-800-KEY2YOU@** is a 24 hour toll-free telephone line to access bank services and information.

**AKey Value Checking@** and **AKey Money Access Checking@** are deposit accounts that require minimum opening balances of fifty dollars with fees varying on the services used.

Key provides technical assistance to smaller competitive banks and non-profit organizations filing Federal Home Loan Bank (FHLB) Affordable Housing Program and Community Investment Program applications. Key works through the Seattle and Cincinnati FHLBs and assisted in the submission in 26 affordable housing project applications in 1998 and 12 project applications in the first six months of 1999. These programs are complex and require specific expertise. Key's assistance resulted in funding five projects totaling \$1.1 million.

In the investment service area, Key's affiliate - KeyCorp - forms tax syndications and offers them for sale to investors. In 1996 and 1997, KeyCorp created 13 low-income housing and historic tax credits funds. Of the 119 projects these funds financed, almost half of the projects were located in states in which Key operates (Alaska, Colorado, Indiana, Michigan, New Hampshire, New York, Ohio, Oregon, Utah, Vermont and Washington). Key pioneered some low-income housing tax credits instruments that serve as models for other financial entities. In addition to the numbers reflected in the performance data tables in Appendix E, Key has invested over \$ 21.8 million in affordable housing projects and \$ 17.8 million in small business investment companies outside of its assessment areas.

### **Fair Lending Review**

For our fair lending analysis, we reviewed a statistically valid sample of 323 affordable home purchase loan applications. This loan program uses a variety of flexible underwriting criteria to originate affordable home mortgages. Key received the applications included in the sample between January 1998 and September 1998. The sample included African American denials, African American approvals, Hispanic denials, Hispanic approvals, white denials and white approvals. We determined if the bank's affordable home purchase underwriting criteria were applied consistently among applicants of different races.

We did not identify any violations of the anti-discrimination laws and regulations within the scope of this review. Key continues to implement an ongoing fair lending monitoring system. The system consists of adequate policies and procedures, periodic training, a second review system, and an internal fair lending monitoring system.

## MULTISTATE METROPOLITAN AREA RATING

**CRA Rating for the Portsmouth, ME-NH Multistate Metropolitan Area:**<sup>1</sup> Outstanding

<b>The Lending Test is rated:</b>	<u>Outstanding</u>
<b>The Investment Test is rated:</b>	<u>Outstanding</u>
<b>The Service Test is rated:</b>	<u>Low Satisfactory</u>

Factors that support this rating include:

- < a good geographic distribution of HMDA loans and small loans to businesses;
- < an excellent distribution of HMDA loans and small loans to businesses among borrowers of different income levels;
- < an excellent volume of community development lending;
- < an excellent level of qualified investments;
- < reasonably accessible service delivery systems for geographies and individuals of different income levels; and
- < an adequate level of community development services.

### Description of the institution's operations in the Portsmouth, ME-NH Multistate Metropolitan Area.

Refer to Appendix D for the market demographics for the full-scope Portsmouth, ME-NH AA.

Key entered the Portsmouth AA shortly before this evaluation period. The bank's deposit market share is small at just over four percent and ranks tenth out of twenty institutions. The nine leading institutions have over 80 percent of the Portsmouth AA's deposits. Customer deposits in the Portsmouth AA account for 0.2 percent of Key's bankwide deposits.

The Portsmouth AA has no low-income census tracts and only two moderate-income tracts. One of the moderate-income tracts housed the Pease Air Force Base, which closed during the early 1990's. This tract now includes a backup airport for the Boston metropolitan area, a wildlife refuge, a highway expansion project, and an industrial center leased to public and private tenants. Between the two tracts there are fewer than 900 owner-occupied housing units and a declining residential population.

### LENDING TEST

The bank's performance under the Lending Test in the Portsmouth AA is rated Outstanding.

### Conclusions for Areas Receiving Full-Scope Reviews

Based on a full-scope review, Key's overall lending performance in the Portsmouth AA is excellent.

<sup>1</sup>

This rating reflects performance within the multistate metropolitan area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan area.

**Lending Activity**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's lending activity.

Lending activity in the full-scope Portsmouth AA is fair. The bank's market shares in home purchase and refinance loans are very small and the lending levels in these two loan types are significantly lower than the bank's deposit percentage. Key's market shares in home improvement loans and small loans to businesses are modest with lending activity somewhat below the bank's deposit percentage. During the evaluation period, Key made 30 HMDA loans, over half of which were for home improvement, and 58 small loans to businesses.

**Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of HMDA loans and small loans to businesses in the Portsmouth AA is good.

***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's HMDA loans.

The geographic distribution of home purchase, home improvement and refinance loans in the Portsmouth AA is good. No HMDA loans were made in either of Portsmouth's two moderate-income CTs. All of the HMDA loans Key originated in this evaluation period were made in middle-income tracts. We considered this good performance because: 82 percent of the LMI families in this AA live in middle-income tracts; and 95 percent of the owner-occupied housing units are in the middle-income tracts. The bank's 1997 market shares of home purchase, home improvement and refinance loans made in middle-income tracts exceed their respective overall market shares.

***Small Loans to Businesses***

Refer to Table 5 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's small loans to businesses.

The geographic distribution of small loans to businesses in the Portsmouth AA is good. The portion of loans Key made in moderate-income tracts is slightly more than half the percentage of businesses located in those tracts. The portion of loans extended in middle-income tracts exceeds the percentage of businesses located in those tracts. We considered this good performance because only 7 percent of the businesses in the Portsmouth AA are located in moderate-income tracts, while 93 percent are in middle-income tracts. Key's 1997 market share of small loans to businesses in moderate-income tracts is somewhat below its overall market share, while its market share in middle-income tracts exceeds the overall market share.

**Distribution of Loans by Income Level of the Borrower**

The overall distribution of HMDA loans and small loans to businesses among borrowers of different income levels in the Portsmouth AA is excellent.

***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix E for the facts and data used to evaluate the distribution of the bank's HMDA loans by the income level of the borrower.

The distribution of HMDA loans by borrower income level in the Portsmouth AA is excellent. The bank did not extend any home purchase loans to low-income borrowers, but its portion of home purchase loans to moderate-income borrowers is almost triple the percentage of families at that income level. The bank's portion of home improvement loans to low- and moderate-income borrowers is very near the percentage of families at each

income level. The bank did not extend any refinance loans to LMI borrowers. We did not consider this a significant detraction from the bank's performance. We placed the least emphasis on refinance loans, which are not indicative of increased access to credit. Key's 1997 market share percentage of home purchase loans to moderate-income borrowers is almost double its overall market share. The bank's 1997 market share percentage of home improvement loans to LMI borrowers exceeds the overall market share for home improvement loans.

### ***Small Loans to Businesses***

Refer to Table 10 in Appendix E for the facts and data used to evaluate the distribution of the bank's small loans to businesses by the income level of the borrower.

The distribution of small loans to businesses by borrower income level in the Portsmouth AA is excellent. The portion of small loans Key made to businesses with revenues of \$1 million or less is very near the percentage of small businesses in the Portsmouth AA. The bank's 1997 market share of small loans to small businesses is significantly higher than its overall market share of small loans to all size businesses. Key's portion of loans of \$100 thousand or less is very near the percentage of small businesses.

### **Community Development Lending**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's level of community development lending.

The volume of community development lending in the Portsmouth AA is excellent, particularly considering Key's presence and time in the market. Key made three community development loans in Maine and New Hampshire that benefit each entire state. The Portsmouth AA in turn benefits from a portion of these credits. The statewide loans Key made include an \$8 million credit to a housing agency for LIHTC gap financing, a \$13 million credit in support of a revolving loan fund that provides affordable housing, and a \$350 thousand loan for a small business loan fund. All of these have benefitted the Portsmouth AA.

### **INVESTMENT TEST**

The bank's performance under the Investment Test in the Portsmouth AA is rated **A** Outstanding.

Refer to Table 12 in Appendix E for the facts and data used to evaluate the bank's level of qualified investments.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, the level of Key's qualified investments in the Portsmouth AA is excellent. During the evaluation period, Key made five qualified investments totaling \$727 thousand in this market. The investments funded affordable housing projects. Key has a prior period investment of \$1.5 million outstanding which also funded an affordable housing project in the Portsmouth AA.

### **SERVICE TEST**

The bank's performance under the Service Test in the Portsmouth AA is rated **A** Low Satisfactory. Refer to Table 13 in Appendix E for the facts and data used to evaluate the distribution of the bank's branches and ATM delivery system.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Key's provision of retail banking and community development services is adequate.

### **Retail Banking Services**

Key's overall service delivery systems are reasonably accessible to geographies and individuals of different income levels in the Portsmouth AA. The bank's distribution of

branches and ATMs is adequate. Key does not have any branches in the Portsmouth AA's two moderate-income tracts, where less than 12 percent of the AA's population lives. All of the bank's branches are in middle-income geographies, which are home to 82.4 percent of the AA's low- and moderate-income families. The services offered at each branch are generally consistent and do not vary in a way that would inconvenience certain portions of the AA. The bank's branch hours are very convenient. Regular business hours are supplemented by extended hours on Saturday at two of Key's three branches; one branch offers Sunday hours. Branch hours are tailored to the needs of the area by monitoring the timing and volume of branch transactions. No branches were closed or opened since the last evaluation.

**Community Development Services**

Key's overall level of community development services in the Portsmouth AA is adequate and fairly responsive to the community's most pressing needs. Bank employees are actively involved in four community development organizations; one organization is represented by Key employees who serve as board or committee members. These organizations provide educational, health and financial services to low- and moderate-income individuals, address affordable housing needs, and assist with economic development of low- and moderate-income areas. The bank's involvement in community development activities is adequate considering the moderate number of organizations and opportunities available within the AA. No innovative CD services were extended.

## STATE RATING

<b>CRA Rating for the State of Alaska:</b>	<u>Outstanding</u>
<b>The Lending Test is rated:</b>	<u>Outstanding</u>
<b>The Investment Test is rated:</b>	<u>Outstanding</u>
<b>The Service Test is rated:</b>	<u>High Satisfactory</u>

Factors that support this rating include:

- < an excellent geographic distribution of HMDA loans and small loans to businesses;
- < an excellent distribution of HMDA loans and small loans to businesses among borrowers of different income levels;
- < an adequate volume of community development lending;
- < an excellent level of qualified investments;
- < accessible service delivery systems for geographies and individuals of different income levels; and
- < an excellent level of community development services that are responsive to the needs of the bank's AAs.

### **Description of the institution's operations in the State of Alaska.**

Refer to Appendix D for the market demographics for the full-scope Anchorage AA.

Key's deposit market share in the Anchorage AA is very small at under three percent and ranks eighth out of eleven institutions. The seven leading institutions hold over 95 percent of the Anchorage AA's deposits. The Anchorage AA accounts for 46 percent of Key's deposits in Alaska. All of Key's customer deposits in Alaska make up 1.3 percent of bankwide deposits.

### **LENDING TEST**

The bank's performance under the Lending Test in Alaska is rated **Outstanding**.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's overall lending performance in the Anchorage AA is excellent.

### **Lending Activity**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's lending activity.

Lending activity in the full-scope Anchorage AA is good. Key's market shares in home purchase and refinance loans are very small and the lending levels in these two loan types are lower than the bank's deposit percentage. Key's market share in home improvement loans is good with lending activity near the bank's deposit percentage. The bank's market share in small loans to businesses is excellent with lending activity over five times the bank's deposit percentage.

During the evaluation period Key made 158 HMDA loans, fairly evenly divided among the three HMDA loan types, and 750 small loans to businesses.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of HMDA loans and small loans to businesses in the

Anchorage AA is excellent.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's HMDA loans.

The geographic distribution of home purchase loans in the Anchorage AA is excellent. The portion of home purchase loans Key made in low-income geographies is good, nearing the percentage of owner-occupied housing units in those tracts. The portion of home purchase loans Key made in moderate-income tracts is excellent at nearly double the percentage of owner-occupied housing units in those tracts. The bank's 1997 market share of home purchase loans in LMI geographies exceeds its overall market share for home purchase loans.

The geographic distribution of home improvement loans in the Anchorage AA is excellent. Key did not make any home improvement loans in low-income geographies, where there are fewer than 900 owner-occupied housing units. However, the portion of home improvement loans Key made in moderate-income geographies is excellent, exceeding the percentage of owner-occupied housing units in those tracts. (Moderate-income geographies have over 5 2 times the number of owner-occupied housing units than low-income tracts.) The bank's 1997 market share of home improvement loans in moderate-income geographies is substantially above its overall market share for home improvement loans.

The geographic distribution of refinance loans in the Anchorage AA is good. The portion of refinance loans Key made in low-income geographies is excellent, exceeding the percentage of owner-occupied housing units in those tracts. The portion of refinance loans Key made in moderate-income geographies is good, nearing the percentage of owner-occupied housing in those tracts. The bank's 1997 market share of refinance loans in LMI geographies is somewhat below its overall market share for refinance loans.

### ***Small Loans to Businesses***

Refer to Table 5 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's small loans to businesses.

The geographic distribution of small loans to businesses in the Anchorage AA is excellent. The portion of small loans Key made to businesses in both low- and moderate-income geographies is excellent, almost equaling the percentages of businesses located in those tracts. The bank's 1997 market share of small loans to businesses in LMI geographies exceeds its overall market share for small loans to businesses.

### ***Distribution of Loans by Income Level of the Borrower***

The distribution of HMDA loans and small loans to businesses among borrowers of different income levels in the Anchorage AA is excellent, particularly for home purchase and small loans to businesses.

### ***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix E for the facts and data used to evaluate the distribution of the bank's HMDA loans by the income level of the borrower.

The distribution of home purchase loans to LMI borrowers in the Anchorage AA is excellent. The portions of home purchase loans Key made to LMI borrowers significantly exceeds the percentages of families at each income level. The bank's 1997 market share of home purchase loans to LMI borrowers substantially exceeds its overall market share for home purchase loans.

The distribution of home improvement loans to LMI borrowers in the Anchorage AA is adequate. The portion of home improvement loans Key made to low-income borrowers is

somewhat near the percentage of families at that income level. The portion Key made to moderate-income borrowers is lower than the percentage of families at that income level. The bank's 1997 market share of home improvement loans to LMI borrowers is somewhat near its overall market share for home improvement loans.

The distribution of refinance loans to LMI borrowers in the Anchorage AA is adequate. The portions of refinance loans Key made to LMI borrowers is significantly lower than the percentages of families at either income level. However, the bank's 1997 market share of refinance loans to LMI borrowers significantly exceeds its overall market share of refinance loans.

#### ***Small Loans to Businesses***

Refer to Table 10 in Appendix E for the facts and data used to evaluate the distribution of the bank's small loans to businesses by the income level of the borrower.

The distribution of small loans to businesses by borrower income level in the Anchorage AA is excellent. The portion of small loans Key made to businesses with revenues of \$1 million or less almost equals the percentage of small businesses in the Anchorage AA. The bank's 1997 market share of small loans to small businesses exceeds its overall market share for small loans to all size businesses. Key's portion of loans of \$100 thousand or less is very near the percentage of small businesses.

#### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on a limited-scope review, Key's overall lending performance in the combined nonurban AAs in Alaska is consistent with the bank's overall excellent lending performance in the full-scope Anchorage AA. Key's performance in the nonurban AA is good in home purchase and refinance loans and excellent in home improvement loans and small loans to businesses.

#### **Community Development Lending**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's level of community development lending.

The volume of community development lending in Alaska is adequate. Key did not make any community development loans during this evaluation period in the full-scope Anchorage AA. However, the bank extended \$3.9 million in the combined nonurban AA for two LIHTC apartment construction loans. These funds will provide affordable housing for low- and moderate-income senior citizens.

#### **INVESTMENT TEST**

The bank's performance under the Investment Test in Alaska is rated **Outstanding**. Refer to Table 12 in Appendix E for the facts and data used to evaluate the bank's level of qualified investments.

#### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's volume of qualified investments in the Anchorage AA is excellent. Key made eight qualified investments in the Anchorage AA totaling \$5.5 million between October 1, 1996 and December 31, 1998. These proceeds were used to fund affordable housing projects. The bank also has three prior period investments outstanding for \$16 thousand.

#### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on a limited-scope review, the bank's volume of qualified investments in the nonurban AA is consistent with the excellent performance noted in the Anchorage AA. During this evaluation period, Key made three qualified investments in the nonurban AA totaling \$1.4 million. The funds were invested in affordable housing projects.

**SERVICE TEST**

Key's performance under the Service Test in Alaska is rated **A**High Satisfactory.® Refer to Table 13 in Appendix E for the facts and data used to evaluate the distribution of the bank's branches and ATM delivery system.

**Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's provision of retail banking and community development services in the Anchorage AA is good.

**Retail Banking Services**

Key's overall service delivery systems are accessible to geographies and individuals of different income levels in the Anchorage AA. The bank has four branches and ten ATMs in the Anchorage AA; none are located in the AA's three low-income tracts. However, only 7.5 percent of the AA's population live in low-income areas. The proportion of branches and ATMs in moderate-income tracts exceeds the percentage of the population living in those areas. The services offered at each branch are generally consistent and do not vary in a way that would inconvenience certain portions of the AA. Branch hours are very convenient. Regular business hours are supplemented by extended hours on Saturday at three of the four branches, including the branch in the moderate-income tract. Branch hours are tailored to the needs of the area by monitoring the timing and volume of branch transactions. No branches were closed or opened since the last evaluation.

**Community Development Services**

Key's overall level of community development services in the Anchorage AA is excellent and responsive to the community's needs. Bank employees are actively involved in nineteen community development organizations; fifteen of the organizations are represented by Key employees who serve as board or committee members. These organizations provide educational, health and financial services to low- and moderate-income individuals, address affordable housing needs, and assist with economic development and neighborhood revitalization of low- and moderate-income areas. Key's involvement in community development activities is excellent, considering the moderate number of organizations and opportunities available within the AA. No innovative CD services were extended.

**Conclusions for Areas Receiving Limited-Scope Reviews**

Based on a limited-scope review of branch distributions, the bank's performance under the Service Test in the nonurban AA is not consistent with the bank's overall good distribution in the Anchorage AA. Key's branch distribution is excellent in the nonurban AA due to more accessible branches in low- and moderate-income areas. The difference in branch distributions supported the overall good Service Test rating for the State of Alaska.

## STATE RATING

<b>CRA Rating for the State of Colorado:</b>	<u>Outstanding</u>
<b>The Lending Test is rated:</b>	<u>Outstanding</u>
<b>The Investment Test is rated:</b>	<u>High Satisfactory</u>
<b>The Service Test is rated:</b>	<u>High Satisfactory</u>

Factors that support this rating include:

- < an excellent geographic distribution of HMDA loans and small loans to businesses;
- < an excellent distribution of HMDA loans and small loans to businesses among borrowers of different income levels;
- < an adequate volume of community development lending;
- < a good level of qualified investments;
- < accessible service delivery systems for geographies and individuals of different income levels; and
- < an adequate level of community development services.

### **Description of the institution's operations in the State of Colorado.**

Refer to Appendix D for the market demographics for the full-scope Denver AA.

Key's deposit market share in the full-scope Denver AA is small at less than two percent and ranks tenth out of 174 institutions. The nine leading institutions hold over 59 percent of the Denver AA's deposits. The Denver AA accounts for 59 percent of Key's deposits in Colorado. All of Key's customer deposits in Colorado make up 1.7 percent of bankwide deposits.

### **LENDING TEST**

The bank's performance under the Lending Test in Colorado is rated **A**Outstanding.®

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's overall lending performance in the Denver AA is excellent.

### **Lending Activity**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's lending activity.

Lending activity in the full-scope Denver AA is good. Key's market shares in home purchase and refinance loans are very small and the lending levels for these two loan types are lower than the bank's deposit percentage. Key's market share in home improvement loans is modest and lending activity is near the bank's deposit percentage. Key's market share in small loans to businesses is excellent with lending activity over three times the bank's deposit percentage.

During the evaluation period Key made 867 HMDA loans, divided fairly evenly among the three HMDA loan types, and 1,051 small loans to businesses.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of HMDA loans and small loans to businesses in the full-scope Denver AA is excellent.

***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's HMDA loans.

The geographic distribution of home purchase loans in the Denver AA is excellent. The portion of home purchase loans Key made in low-income geographies is excellent, exceeding the percentage of owner-occupied housing units by more than three times. The portion of home purchase loans Key made in moderate-income geographies is also excellent, substantially exceeding the percentage of owner-occupied housing units in those tracts. The bank's 1997 market share of home purchase loans in LMI geographies is higher than its overall market share for home purchase loans.

The geographic distribution of home improvement loans in the Denver AA is excellent. The portions of home improvement loans Key made in LMI geographies is excellent with each significantly exceeding the respective percentage of owner-occupied housing units in those tracts. The bank's 1997 market share of home improvement loans in LMI geographies exceeds its overall market share for home improvement loans.

The geographic distribution of refinance loans in the Denver AA is excellent. The portion of refinance loans Key made in LMI geographies is excellent, exceeding the percentage of owner-occupied housing units in low-income tracts and matching the percentage of owner-occupied housing units in moderate-income tracts. The bank's 1997 market share of refinance loans in LMI geographies exceeds its overall market share for refinance loans.

***Small Loans to Businesses***

Refer to Table 5 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's small loans to businesses.

The geographic distribution of small loans to businesses in the Denver AA is excellent. The portion of small loans to businesses Key made in Denver's LMI geographies is excellent, significantly exceeding the percentage of businesses located in low-income tracts and almost matching the percentage of businesses located in moderate-income tracts. The bank's 1997 market share of small loans to businesses in LMI geographies exceeds its overall market share for small loans to businesses.

***Distribution of Loans by Income Level of the Borrower***

The distribution of HMDA loans and small loans to businesses among borrowers of different income levels in the full-scope Denver AA is excellent.

***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix E for the facts and data used to evaluate the distribution of the bank's HMDA loans by the income level of the borrower.

The distribution of home purchase loans to LMI borrowers in the Denver AA is excellent. The portion of home purchase loans Key made to low-income borrowers nearly matches the percentage of families at that income level and the portion made to moderate-income borrowers is almost twice the percentage of families at that income level. The bank's 1997 market share of home purchase loans to LMI borrowers exceeds its overall market share for home purchase loans.

The distribution of home improvement loans to LMI borrowers in the Denver AA is excellent. The portion of home improvement loans Key made to low-income borrowers is near the percentage of families at that income level and the portion made to moderate-income borrowers exceeds the percentage of families at that income level. The bank's 1997 market share of home improvement loans to LMI borrowers exceeds its overall

market share for home improvement loans.

The distribution of refinance loans to LMI borrowers in the Denver AA is excellent. The portion of refinance loans Key made to low-income borrowers represents a substantial percentage of families at that income level and the portion made to moderate-income borrowers nearly matches the percentage of families at that income level. The bank's 1997 market share of refinance loans to LMI borrowers exceeds its overall market share for refinance loans.

### ***Small Loans to Businesses***

Refer to Table 10 in Appendix E for the facts and data used to evaluate the distribution of the bank's small loans to businesses by the income level of the borrower.

The distribution of small loans to businesses by borrower income level in the Denver AA is excellent. The portion of small loans Key made to businesses with revenues of \$1 million or less almost equals the percentage of small businesses in the Denver AA. The bank's 1997 market share of small loans to small businesses is nearly double its overall market share of small loans to all size businesses. Key's portion of loans of \$100 thousand or less almost equals the percentage of small businesses.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, Key's overall HMDA lending performance in its four other Colorado AAs has some inconsistencies compared to the bank's overall excellent HMDA lending performance in the full-scope Denver AA. The inconsistencies did not change the overall Lending Test rating for the State of Colorado. The bank has excellent performance in each of the three HMDA products in Denver.

Key has consistent performance in home purchase lending in the limited-scope AA of Colorado Springs. Although the combined nonurban AA does not have any LMI geographies, borrower distribution is excellent. The bank's performance is not consistent in Fort Collins which had good performance based on excellent geographic distribution and adequate borrower distribution. Analysis was not meaningful in Greeley because the bank made only three home purchase loans.

Key has consistent performance in home improvement lending in the limited-scope AA of Colorado Springs. The bank's performance is also consistent in the combined nonurban AA and Greeley, neither of which have any LMI geographies, but both had excellent borrower distribution. The bank's performance is not consistent in Fort Collins, which had adequate performance based on poor geographic distribution and excellent borrower distribution.

Key has consistent performance in refinance lending in the limited-scope AAs of Colorado Springs and Greeley. (Greeley does not have any LMI geographies.) The bank's performance is not consistent in Fort Collins, which has both poor geographic and borrower distribution, or in the nonurban AA, which has adequate borrower distribution. (The nonurban AA does not have any LMI geographies.)

Based on limited-scope reviews, Key's overall lending performance with respect to small loans to businesses in the limited-scope AAs is consistent with the bank's excellent performance in the full-scope Denver AA.

### **Community Development Lending**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's level of community development lending.

The volume of community development lending in Colorado is adequate. Key's level of

community development loans in the full-scope Denver AA is good. The bank is a \$1 million participant in a loan pool that provides first-time home-buyer financing to low- and moderate-income residents in targeted neighborhoods. Key made one loan in its limited-scope Colorado Springs AA for gap financing of a LIHTC town home. No community development loans were identified in the other limited-scope AAs.

### **INVESTMENT TEST**

The bank's performance under the Investment Test in Colorado is rated **A**High Satisfactory.® Refer to Table 12 in Appendix E for the facts and data used to evaluate the bank's level of qualified investments.

#### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's volume of qualified investments in the Denver AA is excellent. Key made 15 qualified investments in the Denver AA totaling \$752 thousand during this evaluation period. The bank also has seven outstanding qualified investments from the prior period totaling almost \$1.9 million. All of these investments funded affordable housing projects.

#### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's volume of qualified investments in the four other Colorado AAs is not consistent with the excellent performance noted in the Denver AA. Key has one prior period qualified investment outstanding for \$171 thousand in Fort Collins, but no other investments were identified in the limited-scope AAs. The low level of qualified investments in the limited-scope AAs combined with the bank's excellent performance in the Denver AA result in an overall good Investment Test rating for the State of Colorado.

### **SERVICE TEST**

Key's performance under the Service Test in Colorado is rated **A**High Satisfactory.® Refer to Table 13 in Appendix E for the facts and data used to evaluate the distribution of the bank's branches and ATM delivery system.

#### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's provision of retail banking and community development services in the Denver AA is good.

#### **Retail Banking Services**

Key's overall delivery systems are accessible to geographies and individuals of different income levels in the Denver AA. The proportion of branches and ATMs in the low-income geographies of the Denver AA exceeds the percentage of the population living in those areas. The proportion of branches and ATMs in the moderate-income geographies is somewhat less than the percentage of the population living in those areas. The services offered at each branch are generally consistent and do not vary in a way that would inconvenience certain portions of the AA. Branch hours are very convenient. Regular business hours are supplemented by extended hours on Saturdays at 17 of the bank's 21 branches. The five branches located in Denver's low- and moderate-income areas are among those with extended hours on Saturday and these branches also have extended hours on Sunday. Branch hours are tailored to the needs of the area by monitoring the timing and volume of branch transactions.

Branch openings, closings and consolidations did not adversely affect the accessibility of banking services in low- and moderate-income areas. During the evaluation period, five new in-store branches were opened which improved the accessibility of banking services to low- and moderate-income individuals. One of the five branches opened is in a moderate-income tract; two others are in census tracts partially surrounded by low- and moderate-income tracts. No branches were closed.

**Community Development Services**

Key's overall level of community development services in the Denver AA is adequate, considering the high number of opportunities available. The bank's community development services are responsive to the community's needs. Bank employees are actively involved in seventeen community development organizations; seven of the organizations are represented by Key employees who serve as board or committee members. These organizations provide educational, health and financial services to low- and moderate-income individuals, address affordable housing needs, and assist with economic development and neighborhood revitalization of low- and moderate-income areas. These services are responsive to the area's most pressing needs, but are not considered innovative.

**Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews of branch distributions, the bank's performance under the Service Test in its limited-scope Colorado AAs is not consistent with the good distribution of branches in the full-scope Denver AA. Key's branch distributions are excellent in Colorado Springs, Fort Collins, Greeley, and the nonurban AA due to more accessible branches in low- and moderate-income areas, when compared to the proportion of the population living in those areas. The strength of the branch distributions in the limited-scope AAs lends support to the overall good Service Test rating for the State of Colorado.

## STATE RATING

### CRA Rating for the State of Idaho: Outstanding

<b>The Lending Test is rated:</b>	<u>Outstanding</u>
<b>The Investment Test is rated:</b>	<u>Outstanding</u>
<b>The Service Test is rated:</b>	<u>High Satisfactory</u>

Factors that support this rating include:

- < a good geographic distribution of HMDA loans and small loans to businesses;
- < an excellent distribution of HMDA loans and small loans to businesses among borrowers of different income levels;
- < an excellent volume of community development lending;
- < an excellent level of qualified investments;
- < readily accessible service delivery systems for geographies and individuals of different income levels; and,
- < a good level of community development services that are responsive to the needs of the AAs.

### **Description of the institution's operations in the State of Idaho.**

Refer to Appendix D for the market demographics for the full-scope Boise AA.

Key's deposit market share in the Boise AA is modest at almost five percent and ranks fifth out of 43 institutions. The four leading institutions have 69 percent of the Boise AA's deposits. The Boise AA accounts for 33 percent of Key's deposits in Idaho. All of Key's customer deposits in Idaho make up 1.8 percent of bankwide deposits.

### **LENDING TEST**

The bank's performance under the Lending Test in Idaho is rated **Outstanding**.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's overall lending in the Boise AA is excellent.

### **Lending Activity**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's lending activity.

Lending activity in the full-scope Boise AA is good. Key's market shares in home purchase and refinance loans are small and the lending levels in these two loan types are lower than the bank's deposit percentage. Key's market share in home improvement loans is good with lending activity in excess of the bank's deposit percentage. Key's market share in small loans to businesses is excellent with lending activity that significantly exceeds the bank's deposit percentage.

During the evaluation period Key made 591 HMDA loans, divided fairly evenly among the three HMDA loan types, and 872 small loans to businesses in Boise.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of HMDA loans in the full-scope Boise AA is good and the geographic distribution of small loans to businesses is excellent.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's HMDA loans.

The geographic distribution of home purchase loans in the Boise AA is adequate. The portion of home purchase loans Key made in low-income geographies somewhat exceeds the percentage of owner-occupied housing units, but there are comparatively few owner-occupied units in these tracts. The portion of home purchase loans Key made in moderate-income tracts is low, representing only about half of the owner-occupied units in those tracts. However, the bank's 1997 market share of home purchase loans in LMI geographies exceeds its overall market share for home purchase loans.

The geographic distribution of home improvement loans in the Boise AA is excellent. The portion of home improvement loans Key made in low-income geographies is triple the percentage of owner-occupied housing units in those tracts and the portion made in moderate-income geographies is near the percentage of owner-occupied housing units. The bank's 1997 market share of home improvement loans in LMI geographies exceeds its overall market share for home improvement loans.

The geographic distribution of refinance loans in the Boise AA is adequate. The portion of refinance loans Key made in low-income geographies exceeds the percentage of owner-occupied housing units in those tracts with the portion made in moderate-income geographies somewhat near the percentage of owner-occupied housing units. The bank's 1997 market share of refinance loans in LMI geographies is lower than its overall market share for refinance loans.

#### ***Small Loans to Businesses***

Refer to Table 5 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's small loans to businesses.

The geographic distribution of small loans to businesses in the Boise AA is excellent. The portion of loans Key made in low-income geographies exceeds the percentage of businesses in those tracts and the portion made in moderate-income geographies nearly matches the percentage of businesses in those tracts. The bank's 1997 market share of small loans to businesses in LMI geographies exceeds its overall market share for small loans to businesses.

#### **Distribution of Loans by Income Level of the Borrower**

The distribution of HMDA loans and small loans to businesses among borrowers of different income levels in the full-scope Boise AA is excellent.

#### ***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix E for the facts and data used to evaluate the distribution of the bank's HMDA loans by the income level of the borrower.

The distribution of home purchase loans to LMI borrowers in the Boise AA is excellent. The portion of home purchase loans Key made to low-income borrowers represents a substantial percentage of families at that income level and the portion made to moderate-income borrowers significantly exceeds the percentage of families at that income level. The bank's 1997 market share of home purchase loans to LMI borrowers exceeds its overall market share for home purchase loans.

The distribution of home improvement loans to LMI borrowers in the Boise AA is excellent. The portion of home improvement loans Key made to low-income borrowers represents a significant percentage of families at that income level and the portion made to moderate-income borrowers significantly exceeds the percentage of families at that income level. The bank's 1997 market share of home improvement loans to LMI borrowers

significantly exceeds its overall market share for home improvement loans.

The distribution of refinance loans to LMI borrowers in the Boise AA is adequate. The portion of refinance loans Key made to low-income borrowers represents somewhat less than half of the families at that income level and the portion made to moderate-income borrowers is somewhat near the percentage of families at that income level. The bank's 1997 market share of refinance loans to LMI borrowers is lower than its overall market share for refinance loans.

### ***Small Loans to Businesses***

Refer to Table 10 in Appendix E for the facts and data used to evaluate the distribution of the bank's small loans to businesses by the income level of the borrower.

The distribution of small loans to businesses by borrower income level in the Boise AA is excellent. The portion of small loans Key made to businesses with revenues of \$1 million or less equals the percentage of small businesses in the Boise AA. The bank's market share of small loans to small businesses significantly exceeds its overall market share of small loans to all size businesses. The bank's portion of loans of \$100 thousand or less equals the percentage of small businesses in Boise.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, Key's overall HMDA lending performance in its two other Idaho AAs is consistent with the bank's overall good HMDA lending performance in the full-scope Boise AA, with two exceptions. In Boise, the bank has good performance in home purchase lending; excellent performance in home improvement lending; and adequate performance in refinance lending. The exceptions are: excellent performance in home purchase lending in the Pocatello AA; and good performance in refinance lending in the nonurban AA. The difference in performance between the full-scope AA and the limited-scope AAs did not affect the overall Lending Test rating for the State of Idaho.

Based on limited-scope reviews, Key's overall lending performance with respect to small loans to businesses in the limited scope AAs is not consistent with the bank's excellent performance in the full-scope Boise AA. Key's distribution of small loans to businesses by borrower income level is excellent throughout all of its Idaho AAs. However, the bank's geographic distribution of small loans to businesses is adequate in Pocatello and the nonurban AA. Since the limited-scope AAs represent twice the percentage of statewide deposits in Idaho than Boise does, the overall conclusion for lending performance in small loans to businesses is considered good.

### **Community Development Lending**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's level of community development lending.

The volume of community development lending in Idaho is excellent. Key committed funds for five community development loans totaling over \$6 million. Community development lending in the Boise AA is excellent. Key granted two loans for affordable housing totaling \$1.5 million. The bank also made a \$500 thousand commitment to support a small business micro-loan program in Boise. Key made a large \$4.2 million loan commitment to a statewide affordable housing loan consortium. This fund lends throughout the state and benefits the Boise AA, as well as the limited-scope Pocatello and combined nonurban AAs.

### **INVESTMENT TEST**

The bank's performance under the Investment Test in Idaho is rated **Outstanding**. Refer to Table 12 in Appendix E for the facts and data used to evaluate the bank's level of qualified investments.

**Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's volume of qualified investments in the Boise AA is excellent.

During the evaluation period, the bank made six qualified investments totaling \$3.5 million in affordable housing projects in the Boise AA. The bank also has \$4.1 million in outstanding qualified investments from the prior period. These investments were also for affordable housing.

**Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's volume of qualified investments in the two other Idaho AAs is not consistent with the excellent performance noted in the Boise AA. The level of qualified investments in Pocatello and the nonurban areas is small, but adequate, considering the limited investment opportunities available in those communities. The difference in performance between the full-scope AA and the limited-scope AAs did not affect the overall Investment Test rating for the State of Idaho, because of the very high volume of investments in the Boise AA.

**SERVICE TEST**

Key's performance under the Service Test in Idaho is rated AHigh Satisfactory.@ Refer to Table 13 in Appendix E for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

**Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's provision of retail banking and community development services in the Boise AA is good.

**Retail Banking Services**

Key's overall delivery systems are readily accessible to geographies and individuals of different income levels in the Boise AA. The proportion of bank branches and ATMs in the low- and moderate-income areas of the Boise AA generally exceeds the percentage of the population living in those areas. The services offered at each branch are generally consistent and do not vary in a way that would inconvenience certain portions of the AA. Branch hours are adequate. Regular business hours are supplemented by extended hours on Saturday at two of the eleven branches, none of which are in low- or moderate-income areas. Branch hours are tailored to the needs of an area by monitoring the timing and volume of branch transactions. Branch openings, closings and consolidations did not adversely affect the accessibility of banking services in low- and moderate-income areas. One branch was opened and another branch was consolidated in a middle-income tract. One branch was closed in an upper income area.

In June 1998, Key sold a cluster of branches located in the states of Oregon, Idaho and Washington. Ten branches were located in Idaho. The sale was a result of Key's First Choice 2000 Initiative.

**Community Development Services**

Key's overall level of community development services is good, considering the high level of opportunities in the Boise AA. Bank employees are actively involved in 17 community development organizations; nine of the organizations are represented by Key employees who serve as board or committee members. These organizations provide educational, health and financial services to low- and moderate-income individuals, address affordable housing needs, and assist with economic development and neighborhood revitalization of low- and moderate-income areas. These services appear responsive to the area's most pressing needs, but are not considered innovative.

**Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews of branch distributions, the bank's performance under the

Service Test in the limited-scope Idaho AAs is consistent with the bank's overall good distribution in the Boise AA.

## STATE RATING

<b>CRA Rating for the State of Indiana:</b>	<u>Outstanding</u>
<b>The Lending Test is rated:</b>	<u>Outstanding</u>
<b>The Investment Test is rated:</b>	<u>Outstanding</u>
<b>The Service Test is rated:</b>	<u>High Satisfactory</u>

Factors that support this rating include:

- < a good geographic distribution of HMDA loans and small loans to businesses;
- < an excellent distribution of HMDA loans and small loans to businesses among borrowers of different income levels;
- < an excellent volume of community development lending;
- < an excellent level of qualified investments;
- < accessible service delivery systems for geographies and individuals of different income levels; and,
- < an adequate level of community development services that are generally responsive to the needs of the AAs.

### **Description of the institution's operations in the State of Indiana.**

Refer to Appendix D for the market demographics for the full-scope AAs of Elkhart, Indianapolis and South Bend.

Key's deposit market share in the full-scope Elkhart AA is high at 21 percent and ranks second out of 18 institutions. The leading institution in Elkhart has 30 percent of the AA's deposits. The bank's deposit market share in the full-scope South Bend AA is good at 9 percent and ranks fourth out of 23 institutions. In the full-scope Indianapolis AA, Key's deposit market share is modest at 3 percent and ranks seventh out of 89 institutions. In both the Indianapolis and South Bend AAs, the leading institutions have over 60 percent of each AA's deposits. Elkhart, Indianapolis and South Bend account for 79 percent of Key's deposits in Indiana. All of Key's customer deposits in Indiana make up 4.5 percent of bankwide deposits.

### **LENDING TEST**

The bank's performance under the Lending Test in Indiana is rated Outstanding.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, Key's overall lending in the three full-scope AAs of Elkhart, Indianapolis, and South Bend is good.

### **Lending Activity**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's lending activity.

Lending activity in the full-scope AAs of Elkhart, Indianapolis and South Bend is adequate. Key's market shares in home purchase and refinance loans are small in Elkhart and South Bend and very small in Indianapolis, with lending levels significantly lower in these two loan types than the bank's respective deposit percentages. The bank's market shares in home improvement loans are excellent in Elkhart and South Bend and good in Indianapolis with lending levels that match or are near Key's deposit percentages. The market shares for small loans to businesses are fair in Elkhart and South Bend with lending levels somewhat

below the bank's deposit percentages and good in Indianapolis with a lending level that is near the bank's deposit percentage.

During the evaluation period Key made 539 HMDA loans in Elkhart, 1,309 HMDA loans in Indianapolis, and 497 HMDA loans in South Bend. In each AA more loans were for home improvement than home purchase or refinance. During the evaluation period, the bank made the following small loans to businesses: 319 in Elkhart; 925 in Indianapolis; and 226 in South Bend.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of HMDA loans and small loans to businesses in the three Indiana full-scope AAs is good.

#### ***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's HMDA loans.

The overall geographic distribution of home purchase loans in the LMI areas of Elkhart, Indianapolis and South Bend is good. Elkhart has just one low-income CT with only 14 owner-occupied housing units. Key did not make any home purchase loans in this tract. The portions of loans Key made in the low-income geographies of Indianapolis and South Bend exceed their respective percentages of owner-occupied housing units. The portions of loans Key made in the moderate-income geographies of Elkhart and South Bend are each more than double their respective percentages of owner-occupied units. The portion of loans Key made in the moderate-income geographies of Indianapolis is lower than the percentage of owner-occupied housing units. The bank's 1997 market shares of home purchase loans in the LMI areas of Elkhart and South Bend exceed their respective overall market share for home purchase loans. The bank's 1997 market share of home purchase loans in Indianapolis is near its overall market share.

The overall geographic distribution of home improvement loans in the LMI areas of Elkhart, Indianapolis and South Bend is good. The portions of home improvement loans Key made in the low- and moderate-income geographies of Elkhart and South Bend exceed or nearly match the percentages of owner-occupied housing units in those areas. The portion of home improvement loans Key made in the low-income geographies of Indianapolis is significantly lower than the percentage of owner-occupied housing units and the portion made in moderate-income tracts is also lower than the percentage of owner-occupied housing units. The bank's 1997 market shares in home improvement loans in the LMI areas of Elkhart, Indianapolis and South Bend mirror the lending distribution with excellent market shares in Elkhart and South Bend and a poor market share in Indianapolis.

The overall geographic distribution of refinance loans in the LMI areas of Elkhart, Indianapolis and South Bend is poor. The portion of refinance loans Key made in the moderate-income geographies of Elkhart exceeds the percentage of owner-occupied housing units. The bank did not make any refinance loans in Elkhart's one low-income tract. The portions of refinance loans Key made in the LMI geographies of Indianapolis and South Bend are significantly lower than the percentage of owner-occupied housing units, except in the low-income tracts of South Bend, where the bank's portion of loans matched the percentage of owner-occupied housing units. The bank's 1997 market share performance for refinance loans in Elkhart's LMI tracts is adequate, the market share in Indianapolis=LMI tracts is very poor and South Bend's LMI tracts is poor, compared to each city's respective overall market shares for refinance loans.

#### ***Small Loans to Businesses***

Refer to Table 5 in Appendix E for the facts and data used to evaluate the geographic

distribution of the bank's small loans to businesses.

The overall geographic distribution of small loans to businesses in the LMI areas of Elkhart, Indianapolis and South Bend is good. The portions of small loans to businesses Key made in the low-income tracts of Elkhart and Indianapolis are somewhat near the percentage of businesses located in those tracts. The portion of small loans to businesses Key made in South Bend's low-income tracts exceeds the percentage of businesses located in those tracts. The portions of small loans to businesses Key made in the moderate-income tracts of Elkhart, Indianapolis and South Bend are all near the percentages of businesses located in those tracts. The bank's 1997 market share of small loans to businesses in the LMI geographies of Elkhart and Indianapolis are near the bank's overall market share. Key's 1997 market share of small loans to businesses in South Bend's LMI areas exceeds its overall market share.

### **Distribution of Loans by Income Level of the Borrower**

The distribution of HMDA loans and small loans to businesses among borrowers of different income levels in Key's three full-scope Indiana AAs is excellent.

#### ***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix E for the facts and data used to evaluate the distribution of the bank's HMDA loans by the income level of the borrower.

The overall distribution of home purchase loans to LMI borrowers in Elkhart, Indianapolis and South Bend is excellent. The portions of home purchase loans Key made to low-income borrowers in Elkhart and South Bend exceed the percentages of families at that income level and the portion made in Indianapolis represents a substantial percentage of low-income families. The bank's portions of home purchase loans made to moderate-income borrowers in the three full-scope AAs exceed the percentages of families at that income level. Key's 1997 market share of home purchase loans among LMI borrowers in Elkhart is somewhat near the overall market share for home purchase loans. The bank's 1997 market shares of home purchase loans among LMI borrowers in Indianapolis and South Bend exceed the overall market share for home purchase loans in each community.

The overall distribution of home improvement loans to LMI borrowers in Elkhart, Indianapolis and South Bend is excellent. The portions of home improvement loans Key made to low-income borrowers in all three full-scope AAs represent a substantial percentage of families at that income level. The bank's portions of home improvement loans to moderate-income borrowers exceed the percentages of families at that income level. Key's 1997 market share of home improvement loans among LMI borrowers exceeds its overall market share in Elkhart and is near the overall market share in Indianapolis and South Bend.

The overall distribution of refinance loans to LMI borrowers in Elkhart, Indianapolis and South Bend is adequate. The portion of refinance loans Key made to low-income borrowers in Elkhart is lower than the percentage of families at that income level; the portion made to low-income borrowers in Indianapolis is somewhat near the percentage of low-income families; and the portion made to low-income borrowers in South Bend represents a substantial portion of low-income families. The portion of refinance loans Key made to moderate-income borrowers in Elkhart is near the percentage of families at that income level and the portions of refinance loans the bank made in Indianapolis and South Bend are somewhat near the percentages of moderate-income families. Key's 1997 market share of refinance loans is somewhat near its overall market share in Elkhart, lower than its overall market share in Indianapolis, and near its overall market share in South Bend.

#### ***Small Loans to Businesses***

Refer to Table 10 in Appendix E for the facts and data used to evaluate the distribution of

the bank's small loans to businesses by the income level of the borrower.

The overall distribution of small loans to businesses by borrower income level in the three full-scope Indiana AAs is excellent. The portion of small loans Key made to businesses with revenues of \$1 million or less nearly equals the percentages of small businesses in Elkhart and exceeds the percentages of small businesses in Indianapolis and South Bend. The bank's 1997 market share of small loans to businesses substantially exceeds its overall market share of small loans to all size businesses in each full-scope AA. The bank's portions of loans of \$100 thousand or less exceed the percentages of small businesses in Elkhart, Indianapolis and South Bend.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, Key's overall HMDA lending performance in its four other Indiana AAs has some inconsistencies compared to the bank's overall good HMDA lending performance in the three full-scope AAs. The differences in performance between the full-scope AAs and the limited-scope AAs did not affect the overall Lending Test rating for the State of Indiana. In the three full-scope AAs, Key has excellent performance in home purchase lending; good performance in home improvement lending; and adequate performance in refinance lending.

Key has consistent performance in home purchase lending in the limited-scope Fort Wayne AA, where there are no LMI geographies, but two of three loans made were to low-income borrowers. The bank's performance is not consistent in the remaining limited-scope AAs. In Bloomington, the bank has adequate performance based on excellent geographic distribution and very poor borrower distribution; in Kokomo, performance is good based on adequate geographic distribution and excellent borrower distribution; and in the nonurban AA, performance is adequate based on poor geographic distribution and excellent borrower distribution.

Key has consistent performance in home improvement lending in the limited-scope AAs of Fort Wayne and the nonurban area. The bank's performance is not consistent in the two remaining limited-scope AAs. In Bloomington, the bank has adequate performance based on excellent geographic distribution and very poor borrower distribution; and in Kokomo, the bank has excellent performance based on excellent distributions by both geography and borrower.

Key has consistent performance in refinance lending in the limited-scope nonurban AA. The bank's performance is not consistent in Bloomington, which has poor performance based on adequate geographic distribution and very poor borrower distribution; in Fort Wayne, which has excellent performance based on excellent borrower distribution (there are no LMI geographies in Fort Wayne); and in Kokomo, which has poor performance based on poor distributions by both geography and borrower.

Based on limited scope reviews, Key's overall lending performance with respect to small loans to businesses has one inconsistency compared to the bank's overall good performance in the three full-scope AAs. While Bloomington, Kokomo, and the nonurban AA all have good performance, performance in Fort Wayne is excellent based on excellent borrower distribution. Again, there are no LMI geographies in Fort Wayne.

### **Community Development Lending**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's level of community development lending.

The volume of community development lending in Indiana is excellent. During the evaluation period, Key made 18 loans totaling over \$13.5 million within the state. Community development lending in each of the full-scope Indiana AAs is excellent. In

Elkhart, Key made five loans totaling almost \$1.7 million for the construction of affordable housing projects. The bank also provided a \$610 thousand loan guaranty to an affordable housing project for low- and moderate-income seniors, on which Key made the renovation loan. In Indianapolis, Key provided five loans to LIHTC construction or gap financing for affordable housing projects totaling \$8.2 million and bought a \$250 thousand participation in a single family affordable housing loan program. In South Bend, Key made seven loans totaling \$3.4 million for the construction of affordable housing projects. No community development loans were identified in the limited-scope AAs.

### **INVESTMENT TEST**

The bank's performance under the Investment Test in Indiana is rated **A Outstanding**.@ Refer to Table 12 in Appendix E for the facts and data used to evaluate the bank's level of qualified investments.

#### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's overall volume of qualified investments in the three full-scope Indiana AAs is excellent. Key has an especially high volume of investments in Indianapolis. During the evaluation period, the bank made 17 investments totaling \$4.7 million and has 11 prior period investments outstanding for over \$5 million. Key's qualified investments in Elkhart and South Bend are adequate at \$505 thousand and \$47 thousand, respectively. Most of the bank's investments benefitted affordable housing projects, but some current period investments include funding for small businesses through a small business investment company and other equity type investments which fund small businesses and promote job creation/retention.

#### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's volume of qualified investments in the four other Indiana AAs is not consistent with the overall excellent performance in the full-scope AAs. The volume of investments in Bloomington, Fort Wayne and the nonurban AAs is good. Key's investments in these communities funded affordable housing projects. There were no qualified investments identified in Kokomo. The difference in performance between the full-scope AAs and the limited-scope AAs did not affect the overall Investment Test rating for the State of Indiana.

### **SERVICE TEST**

Key's performance under the Service Test in Indiana is rated **A High Satisfactory**.@ Refer to Table 13 in Appendix E for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

#### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, Key's overall provision of retail banking and community development services in the three full-scope Indiana AAs is good.

#### **Retail Banking Services**

Key's overall delivery systems are accessible to geographies and individuals of different income levels in the three full-scope Indiana AAs. In Elkhart, Indianapolis, and South Bend, the proportion of branches and ATMs in low-income areas exceeds the percentage of the population living in those areas. In the moderate-income areas of Indianapolis and South Bend, the percentage of branches and ATMs is somewhat less than the percentage of the population living in those areas. Elkhart does not have any branches or ATMs in moderate-income areas; however, only 6.5 percent of the population lives in moderate-income geographies. Fourteen of Elkhart's 16 branches are in middle-income geographies where almost 83 percent of low- and moderate-income families live.

Branch hours and the services offered are generally consistent and do not vary in a way that would inconvenience certain portions of an AA. Regular business hours are supplemented

by extended hours on Saturday. In the Elkhart AA, branch hours are very convenient; 11 of the 16 branches have Saturday hours, including one of the two branches in the low-income geographies. In the Indianapolis and South Bend AAs, branch hours are convenient. In Indianapolis, 22 of the 30 branches maintain Saturday hours, including two of the branches in low- and moderate-income areas. In South Bend, six of the 11 branches maintain Saturday, including two in low- and moderate-income areas. Branch hours are tailored to the needs of the community by monitoring the timing and volume of branch transactions.

Branch openings, closings and consolidations did not adversely affect the accessibility of banking services in low- and moderate-income areas. Branch openings improved the accessibility to low- and moderate-income areas in Indianapolis AA as one of two branch openings was in a low-income tract. Throughout all three AAs, Key closed branches in two moderate-income, two middle-income, and two upper-income areas.

In December 1997, Key sold a cluster of branches located in the State of Indiana. The cluster consisted of six branches located in the cities of Kendallville, Ligonier, Logansport, Columbia City, Medaryville, and Rochester. The sale was a result of Key's First Choice 2000 Initiative.

### **Community Development Services**

Key's overall level of community development services is adequate considering the opportunities available in the three full-scope AAs. Community development services are excellent in the South Bend AA, adequate in the Elkhart AA, and poor in the Indianapolis AA. Throughout the three AAs, bank employees are involved in 28 community development organizations. Eighteen organizations are represented by bank employees who serve in leadership positions such as board or committee members. These organizations provide educational, health and financial services to low- and moderate-income individuals, address affordable housing needs, and assist with economic development and revitalization of low- and moderate-income areas. Although the community development services provided are responsive to the area's most pressing needs, they are not considered innovative.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews of branch distributions, the bank's performance under the Service Test in the limited-scope Indiana AAs is not consistent with the good distributions in the three full-scope Indiana AAs. In Kokomo and the nonurban AAs, Key's branch distribution is strong due to more readily accessible branches in low- and moderate-income areas. In the Bloomington AA, the bank's performance is poorer due to limited accessibility to branches in low- and moderate-income areas. The differences in branch distributions between the full-scope and limited-scope AAs did not change the overall Service Test rating for the State of Indiana.

## STATE RATING

<b>CRA Rating for the State of Maine:</b>	<u>Outstanding</u>
<b>The Lending Test is rated:</b>	<u>Outstanding</u>
<b>The Investment Test is rated:</b>	<u>Outstanding</u>
<b>The Service Test is rated:</b>	<u>High Satisfactory</u>

Factors that support this rating include:

- < a good geographic distribution of HMDA loans and small loans to businesses;
- < an excellent distribution of HMDA loans and small loans to businesses among borrowers of different income levels;
- < an excellent volume of community development lending;
- < an excellent level of qualified investments;
- < accessible service delivery systems for geographies and individuals of different income levels; and,
- < an excellent level of community development services that are responsive to the needs of the AAs.

### **Description of the institution's operations in the State of Maine.**

Refer to Appendix D for the market demographics for the full-scope AAs of Portland and the combined nonurban counties of Aroostook, Franklin, Kennebec, Oxford, Piscataquis and Somerset.

Key's deposit market share in Portland is high at 20 percent and ranks third out of 30 institutions. The two leading institutions have 43 percent of Portland's deposits. The bank's deposit market share in the six county nonurban AA is also high with 18 percent of the combined counties' deposits and ranks first among 59 institutions. Portland and the six county nonurban area account for 65 percent of Key's deposits in Maine. All of Key's customer deposits in Maine make up 4.6 percent of bankwide deposits.

### **LENDING TEST**

The bank's performance under the Lending Test in Maine is rated **Outstanding**.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, Key's overall lending in the two full-scope AAs is excellent.

### **Lending Activity**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's lending activity.

Lending activity in the full-scope AAs of Portland and the six county nonurban area is good.

Key's market shares in home purchase and refinance loans in Portland are modest and the lending levels in these two loan types are significantly lower than the bank's deposit percentage. The bank's market shares in home purchase and refinance loans in the six county nonurban AA are fair with lending levels somewhat below the bank's deposit percentage. Key's market share in home improvement loans in Portland is good with a lending level somewhat below the bank's deposit percentage. The market share in home improvement loans is excellent in the six county nonurban AA, where Key is the leading home improvement lender. Lending activity in this product is nearly double the bank's deposit percentage. Key's market share of small loans to businesses in Portland is

excellent and lending activity approximates the bank's deposit percentage. Market share in small loans to businesses cannot be calculated in nonurban areas because of the manner in which the data are aggregated.

During the evaluation period Key made 529 HMDA loans in Portland and 1,295 HMDA loans in the six county nonurban AA. The HMDA loans in Portland were divided fairly evenly among the three loan types. The HMDA loans in the six county area were dominantly for home improvement. During the evaluation period the bank made 989 small loans to businesses in Portland and 1,336 in the six county nonurban AA.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of HMDA loans and small loans to businesses in the two full-scope Maine AAs is good. The six county nonurban AA has only two low-income census tracts with a total of 13 owner-occupied housing units. This was not sufficient data for a meaningful analysis, so only moderate-income tracts are considered in the geographic distribution analyses of HMDA loans in the six county nonurban AA.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's HMDA loans.

The overall geographic distribution of home purchase loans in the LMI areas of Portland and in the moderate-income tracts of the six county nonurban AA is good. The portions of home purchase loans Key made in both low- and moderate-income geographies in Portland exceed the percentages of owner-occupied housing units in those areas. However, the bank's 1997 market share of home purchase loans in Portland's LMI areas is only somewhat near its overall market share. The portion of home purchase loans Key made in the moderate-income tracts of the six county nonurban AA exceeds the percentage of owner-occupied housing units in those geographies. The bank's 1997 market share of home purchase loans in the moderate-income tracts of the nonurban AA exceeds its overall market share.

The overall geographic distribution of home improvement loans in the LMI areas of Portland and in the moderate-income tracts of the six county nonurban AA is excellent. The portions of home improvement loans Key made in the LMI geographies of Portland exceed the percentages of owner-occupied housing units in those areas, and the portion made in the moderate-income geographies of the nonurban AA almost matches the percentage of owner-occupied housing units. The bank's 1997 market share of home improvement loans in Portland's LMI areas exceeds its overall market share. The bank's 1997 market share of home improvement loans in the moderate-income geographies of the nonurban AA is near the overall market share.

The overall geographic distribution of refinance loans in the LMI areas of Portland and in the moderate-income tracts of the six county nonurban AA is good. The portions of refinance loans Key made in the LMI geographies of Portland exceed the percentages of owner-occupied housing units in those areas. However, the bank's 1997 market share of refinance loans in Portland's LMI areas is lower than its overall market share. The portion of refinance loans Key made in the moderate-income geographies of the nonurban AA exceeds the percentage of owner-occupied units in those areas. The bank's 1997 market share of refinance loans in the nonurban AA is almost double the overall market share.

### ***Small Loans to Businesses***

Refer to Table 5 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's small loans to businesses.

The overall geographic distribution of small loans to businesses in the LMI areas of

Portland and in the moderate-income tracts of the six county nonurban AA is excellent. The portions of small loans to businesses Key made in the low- and moderate-income tracts of Portland exceed the percentages of businesses located in those areas. The bank's 1997 market share of small loans to businesses in Portland's LMI areas exceeds its overall market share. The portion of small loans to businesses Key made in the moderate-income tracts of the nonurban AA is near the percentage of businesses located in those geographies. Market share data on small loans to businesses cannot be calculated for specific nonurban areas because of the manner in which the data are aggregated.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of HMDA loans and small loans to businesses among borrowers of different income levels in Key's two full-scope Maine AAs is excellent.

#### ***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix E for the facts and data used to evaluate the distribution of the bank's HMDA loans by the income level of the borrower.

The distribution of home purchase loans to LMI borrowers in Portland and the six county nonurban AA is excellent. The portions of home purchase loans Key made to low-income borrowers in both AAs represent a substantial percentage of families at that income level. The portion of home purchase loans Key made to moderate-income borrowers matches the percentage of moderate-income families in Portland and exceeds the percentage of moderate-income families in the nonurban AA. The bank's 1997 market shares for home purchase loans to LMI borrowers exceed the respective overall market shares in each AA.

The distribution of home improvement loans to LMI borrowers in Portland and the six county nonurban AA is excellent. The portions of home improvement loans Key made to low-income borrowers in both AAs represent a substantial percentage of families at that income level. The portions of home improvement loans Key made to moderate-income borrowers exceed the percentages of moderate-income families in each AA. The bank's 1997 market shares for home improvement loans to LMI borrowers exceed the respective overall market shares in Portland and the nonurban AA. Key's market share is excellent the nonurban AA, representing almost half of the LMI borrowers in the six county area.

The distribution of refinance loans to LMI borrowers in Portland and the six county nonurban AA is adequate. The portion of refinance loans Key made to low-income borrowers in Portland is somewhat near the percentage of families at that income level. The portion Key made to moderate-income borrowers in Portland is lower than the percentage of families at that income level. The bank's 1997 market share of refinance loans to LMI borrowers in Portland exceeds the overall market share. The portion of refinance loans Key made to low-income borrowers in the nonurban AA is lower than the percentage of families at that income level, but the portion made to moderate-income borrowers exceeds the percentage of families at that income level. The bank's 1997 market share of refinance loans to LMI borrowers in the nonurban AA exceeds the overall market share.

#### ***Small Loans to Businesses***

Refer to Table 10 in Appendix E for the facts and data used to evaluate the distribution of the bank's small loans to businesses by the income level of the borrower.

The distribution of small loans to businesses by borrower income level is excellent in both Portland and the six county nonurban AA. The portions of small loans Key made to businesses with revenues of \$1 million or less nearly equals the percentages of small businesses in Portland and the nonurban AA. The bank's 1997 market share of small loans to small businesses exceeds its overall market shares of small loans to all size businesses in the Portland AA. Market share data on small loans to businesses cannot be calculated for

the nonurban area because of the manner in which the data are aggregated. Key's portions of loans of \$100 thousand or less nearly equal the percentages of small businesses in both Portland and the nonurban AA.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, Key's overall HMDA lending performance in its three other Maine AAs has some inconsistencies compared to its overall good HMDA lending performance in the two full-scope AAs. The differences in performance between the full-scope AAs and the limited-scope AAs did not affect the overall Lending Test rating for the State of Maine. In the two full-scope AAs, Key has good performance in home purchase lending; excellent performance in home improvement lending; and good performance in refinance lending.

Key has consistent performance in home purchase lending in the nonurban AA. The bank's performance is not consistent in Bangor, which has adequate performance based on excellent geographic distribution and weak borrower distribution, and in Lewiston, which has both excellent geographic and borrower distribution.

Key has consistent performance in home improvement lending in Bangor and the nonurban AA. The bank's performance is not consistent in Lewiston, which has poor performance based on very poor geographic distribution and adequate borrower distribution.

Key's performance in refinance lending is not consistent in any of the three limited-scope AAs. The bank's performance in Bangor is excellent in both geographic and borrower distributions. Performance is very poor in Lewiston with very poor geographic distribution and poor borrower distribution. Performance is poor in the nonurban AA with very poor geographic distribution and adequate borrower distribution.

Based on limited-scope reviews, Key's overall lending performance with respect to small loans to businesses is consistent with the excellent performance noted in the two full scope AAs in Bangor and Lewiston. The bank's performance is good in the nonurban AA based on adequate geographic distribution and excellent borrower distribution.

### **Community Development Lending**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's level of community development lending.

The volume of community development lending in Maine is excellent. Key made eight community development loans statewide totaling \$27.2 million. This is a strong dollar commitment in relation to the size of the state and Key's presence in the state. Community development lending in the full-scope Portland AA is excellent. Key made five community development loans totaling \$13.8 million. These loans provided financial support for low- and moderate-income multifamily housing, affordable first time homebuyer activity, and bridge financing for LIHTC affordable housing projects. Key also made two loans that benefit the entire state including all of the bank's full- and limited-scope Maine AAs. One loan is a \$13 million commitment to a housing fund that provides affordable housing loans and the other is a \$350 thousand loan to an organization that grants small business loans. Key made a \$300 thousand revolving loan to support affordable housing in the limited-scope nonurban AA. We did not identify any geographic specific community development loans in the full-scope six county nonurban AA, or in the limited-scope AAs of Bangor and Lewiston. Nevertheless, these communities benefit from the statewide community development loan programs Key helped finance.

### **INVESTMENT TEST**

The bank's performance under the Investment Test in Maine is rated **Outstanding**. Refer to Table 12 in Appendix E for the facts and data used to evaluate the bank's level of qualified

investments.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, Key's overall volume of qualified investments in its two full-scope Maine AAs is excellent. During the evaluation period, Key made 11 investments totaling \$1.8 million in its Portland AA, in addition to four prior period investments outstanding which total \$1.9 million. During the current evaluation period, the bank also made two investments in the six county nonurban AA for \$70 thousand. One of the investments was used to generate jobs for 71 low-income people in distressed communities. Twenty-six of the jobs went to Targeted Assistance to Needy Families recipients. In addition, some of the investments enabled 20 community development corporations to take advantage of low-income housing tax credits. The bank's prior period investments are for rural job creation and retention by providing equity capital to small businesses in rural areas of the state.

### **Conclusion for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's volume of qualified investments in the Bangor AA is consistent with the excellent volume found in the full-scope AAs. During this evaluation period, Key made three investments in Bangor totaling \$4.4 million. The bank's volume of qualified investments is inconsistent, although good, in the Lewiston and nonurban AAs. During this evaluation period, Key made one investment in Lewiston for \$143 thousand and has \$439 thousand in prior period investments in the nonurban AA. The investments in the limited-scope AAs primarily supported affordable housing projects.

### **SERVICE TEST**

Key's performance under the Service Test in Maine is rated High Satisfactory. Refer to Table 13 in Appendix E for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, Key's overall provision of retail banking and community development services in the two full-scope Maine AAs is good.

### **Retail Banking Services**

Key's overall delivery systems are accessible to geographies and individuals of different income levels in the two full-scope Maine AAs. In the Portland AA, the proportion of branches and ATMs in moderate-income areas exceeds the percentage of the population living in those areas. Key has four banking offices in Portland's moderate-income geographies; however, three of the four are in the same tract. Of those three, one branch is full service, one offers limited services as a personal banking center, and one is a seasonal office. Key does not have any branches in the low-income geographies of the Portland AA; however, only 4.1 percent of the population lives in a low-income area. Key has 14 branches in middle-income areas, where over 70 percent of the low- and moderate-income families live. ATM coverage in Portland's low- and moderate-income geographies exceeds the percentages of the population living in those areas. Key does not have any branches in the low-income geographies of the six county nonurban AA, but it does have four ATMs. The low-income area consists of two BNAs with only 32 inhabitants and no commercial businesses. The proportion of branches in the moderate-income areas of the six county nonurban AA is lower than the percentage of the population living there; however, the percentage of ATMs greatly exceeds the percentage of the population in those areas. Key has 23 of its 27 branches in middle-income geographies, where over 76 percent of the low- and moderate-income families live. Middle-income areas represent over 70 percent of the geographies in the six county nonurban AA and a very large portion of the land mass in these adjoining counties.

The services offered at each branch are generally consistent and do not vary in a way that

would inconvenience certain portions of the AAs. Branch hours are convenient. Regular business hours are supplemented by extended hours on Saturday at 16 of the branches in the Portland AA, including all of the branches in middle-income areas. Key has Saturday hours in 14 of its 27 branches in the six county nonurban AA, including one of the branches located in a moderate-income tract and more than half of those in middle-income areas. Branch hours are tailored to the needs of the surrounding area by monitoring the timing and volume of branch transactions.

Branch openings, closings and consolidations did not adversely affect the accessibility of banking services in low- and moderate-income areas. In the Portland AA, Key opened two branches in middle-income areas and closed one. The bank closed two branches in middle-income areas of the six county nonurban AA. Four branches were consolidated. Three were in Portland; two branches were in moderate-income areas and one was in an upper-income area. One branch in a middle-income area was consolidated in the six county nonurban AA.

In March 1998, Key sold a cluster of branches located in the state of Maine. The cluster consisted of 13 branches located in the cities of West Buxton, Bucksport, Damariscotta, Vinalhaven, Waldoboro, Madison, Limerick, Belgrade, Corinna, Dexter, Fairfield, Livermore Falls, and Norridgewock. The sale was a result of Key's First Choice 2000 Initiative.

### **Community Development Services**

Key's overall level of community development services is excellent considering the moderate level of opportunities in the bank's full-scope AAs. Key has an excellent record of providing community development services in the Portland AA and a good record in the six county nonurban AA. Bank employees are actively involved in 35 community development organizations; 23 of the organizations are represented by Key employees who serve as board or committee members. These organizations provide educational, health and financial services to low- and moderate-income individuals, address affordable housing needs, and assist with economic development and neighborhood revitalization of low- and moderate-income areas. These services are responsive to the area's most pressing needs, but they are not considered innovative.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews of branch distributions, the bank's performance under the Service Test in the limited-scope Maine AAs is not consistent with the good distributions in the two full-scope AAs. Key's branch distributions are excellent in Bangor, Lewiston, and the other nonurban AA, due to better accessibility to branches in low-income areas when compared to the proportion of the population living in those areas. The strength of branch distributions in the limited-scope AAs supports the overall good Service Test rating for the State of Maine.

## STATE RATING

<b>CRA Rating for the State of Michigan:</b>	<u>Outstanding</u>
<b>The Lending Test is rated:</b>	<u>Outstanding</u>
<b>The Investment Test is rated:</b>	<u>Outstanding</u>
<b>The Service Test is rated:</b>	<u>High Satisfactory</u>

Factors that support this rating include:

- < an excellent geographic distribution of HMDA loans and small loans to businesses;
- < an excellent distribution of HMDA loans and small loans to businesses among borrowers of different income levels;
- < an adequate volume of community development lending;
- < an excellent level of qualified investments;
- < accessible service delivery systems for geographies and individuals of different income levels; and
- < a good level of community development services that are responsive to the needs of the AAs.

### **Description of the institution's operations in the State of Michigan.**

Refer to Appendix D for the market demographics for the full-scope Ann Arbor AA.

Key's deposit market share in the Ann Arbor AA is good at seven percent and ranks fifth out of 37 institutions. The four leading institutions have over 41 percent of Ann Arbor's deposits. The Ann Arbor AA accounts for 74 percent of Key's deposits in Michigan. All of Key's customer deposits in Michigan make up 1.5 percent of bankwide deposits.

### **LENDING TEST**

The bank's performance under the Lending Test in Michigan is rated **A** Outstanding.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's overall lending in the Ann Arbor AA is excellent.

### **Lending Activity**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's lending activity.

Lending activity in the full-scope AA of Ann Arbor is adequate. Key's market shares in home purchase and refinance loans are very small and the lending levels in these two loan types are significantly lower than the bank's deposit percentage. Key's market share for home improvement loans is good with lending activity approximating the bank's deposit percentage. Key's market share for small loans to businesses in Ann Arbor is fair and lending activity in this product is near the bank's deposit percentage.

During the evaluation period Key made 629 HMDA loans in Ann Arbor with fairly equal volumes of lending in home improvement and refinance and a smaller volume in home purchase. The bank made 386 small loans to businesses.

### **Distribution of Loans by Income Level of the Geography**

The geographic distribution of HMDA loans and small loans to businesses in the full-scope Ann Arbor AA is excellent.

***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's HMDA loans.

The overall geographic distribution of home purchase loans in the LMI areas of Ann Arbor is excellent. The portions of home purchase loans Key made in both low- and moderate-income geographies exceed the percentages of owner-occupied housing units in those tracts. The bank's 1997 market share of home purchase loans in Ann Arbor's LMI areas exceeds its overall market share.

The overall geographic distribution of home improvement loans in the LMI areas of Ann Arbor is excellent. The portion of home improvement loans Key made in low-income geographies exceeds the percentage of owner-occupied housing units in those tracts and the portion made in moderate-income geographies is almost double the percentage of owner-occupied housing units in those tracts. The bank's 1997 market share of home improvement loans in Ann Arbor's LMI areas exceeds its overall market share.

The overall geographic distribution of refinance loans in the LMI areas of Ann Arbor is excellent. The portion of refinance loans Key made in low-income geographies is more than double the percentage of owner-occupied housing in those tracts and the portions made in moderate-income geographies is near the percentage of owner-occupied housing units in those tracts. The bank's 1997 market share of home improvement loans in Ann Arbor's LMI areas exceeds its overall market share.

***Small Loans to Businesses***

Refer to Table 5 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's small loans to businesses.

The overall geographic distribution of small loans to businesses in the LMI areas of Ann Arbor is excellent. The portion of small loans to businesses Key made in low-income geographies is near the percentage of businesses located in those areas and the portion made in moderate-income geographies almost matches the percentage of businesses in those tracts. The bank's 1997 market share of small loans to businesses in Ann Arbor's LMI areas exceeds its overall market share.

**Distribution of Loans by Income Level of the Borrower**

The overall distribution of HMDA loans and small loans to businesses among borrowers of different income levels in the full-scope Ann Arbor AA is excellent.

***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix E for the facts and data used to evaluate the distribution of the bank's HMDA loans by the income level of the borrower.

The overall distribution of home purchase loans to LMI borrowers in the Ann Arbor AA is excellent. The portion of home purchase loans Key made to low-income borrowers represents a substantial percentage of families at that income level. The portion of home purchase loans Key made to moderate-income borrowers exceeds the percentage of families at that income level. The bank's 1997 market share of home purchase loans to LMI borrowers exceeds its overall market share.

The overall distribution of home improvement loans to LMI borrowers in the Ann Arbor AA is excellent. The portion of home improvement loans Key made to low-income borrowers almost matches the percentage of families at that income level. The portion of home improvement loans Key made to moderate-income borrowers significantly exceeds the percentage of families at that income level. The bank's 1997 market share of home

improvement loans to LMI borrowers exceeds its overall market share.

The overall distribution of refinance loans to LMI borrowers in the Ann Arbor AA is good. The portion of refinance loans Key made to low-income borrowers represents somewhat less than half the percentage of families at that income level and the portion of refinance loans made to moderate-income borrowers is near the percentage of families at that income level. The bank's 1997 market share of refinance loans to LMI borrowers exceeds its overall market share.

### ***Small Loans to Businesses***

Refer to Table 10 in Appendix E for the facts and data used to evaluate the distribution of the bank's small loans to businesses by the income level of the borrower.

The overall distribution of small loans to businesses by borrower income level in the Ann Arbor AA is excellent. The portion of small loans Key made to businesses with revenues of \$1 million or less matches the percentage of small businesses in the Ann Arbor AA. The bank's 1997 market share of small loans to small businesses significantly exceeds its overall market share of small loans to all size businesses. Key's portion of loans of \$100 thousand or less exceeds the percentage of small businesses in the Ann Arbor AA.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, Key's overall HMDA lending performance in its two other Michigan AAs has some inconsistencies compared to its overall excellent HMDA lending performance in the full-scope Ann Arbor AA. The differences in performance between the full-scope AA and the limited-scope AAs did not change the overall Lending Test rating for the State of Michigan. The bank has excellent performance in home purchase and home improvement lending in Ann Arbor with good performance in refinance lending.

Key has inconsistent performance in home purchase lending in Detroit and the nonurban AA. In Detroit, the bank's performance is good based on adequate geographic distribution and excellent borrower distribution. In the nonurban AA, performance is very poor based on very poor borrower distribution. There are no LMI geographies in the nonurban AA.

Key's performance in home improvement lending in both Detroit and the nonurban AA is excellent and consistent with the bank's performance in the full-scope Ann Arbor AA.

Key has inconsistent performance in refinance lending in Detroit and the nonurban AA. In Detroit, the bank's performance is poor based on very poor geographic distribution and adequate borrower distribution. In the nonurban AA, performance is excellent based on excellent borrower distribution. There are no LMI geographies in the nonurban AA.

Based on limited-scope reviews, Key's overall lending performance with respect to small loans to businesses in the limited-scope AAs has inconsistencies compared to the bank's excellent performance in the full-scope Ann Arbor AA. Key's performance is not consistent in Detroit, which has good performance based on adequate geographic distribution and excellent borrower distribution, and in the nonurban AA, which has adequate performance based on borrower distribution. There are no LMI geographies in the nonurban AA.

### **Community Development Lending**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's level of community development lending.

The volume of community development lending in Michigan is adequate. In the full-scope Ann Arbor AA, Key made two loans totaling \$1 million to a loan pool that supports multifamily affordable housing and to a Community Development Corporation that supports

a small business micro-loan program. No community development loans were identified in the Detroit or nonurban limited-scope AAs.

### **INVESTMENT TEST**

The bank's performance under the Investment Test in Michigan is rated **A**Outstanding.@ Refer to Table 12 in Appendix E for the facts and data used to evaluate the bank's level of qualified investments.

#### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's overall volume of qualified investments in the full-scope Ann Arbor AA is adequate. The bank made 13 grants during the evaluation period totaling \$15 thousand. These grants support community development activities in the Ann Arbor AA.

#### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's overall volume of qualified investments in the two other Michigan AAs is excellent. The level of qualified investments in the Detroit AA is very strong. Key made 13 investments totaling almost \$3 million during this evaluation period. The investments funded affordable housing for low-income residents. The investment in Detroit, in a primarily low-income area, represents a substantial percentage of allocated Tier I capital and strengthened the overall rating for the state. The bank did not have any investments in the limited-scope nonurban AA.

### **SERVICE TEST**

Key's performance under the Service Test in Michigan is rated **A**High Satisfactory.@ Refer to Table 13 in Appendix E for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

#### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's overall provision of retail banking and community development services in the Ann Arbor AA is good.

#### **Retail Banking Services**

Key's overall delivery systems are accessible to geographies and individuals of different income levels in the Ann Arbor AA. Key's proportion of branches and ATMs in the moderate-income areas of the Ann Arbor AA greatly exceeds the percentage of the population living in those areas. In the low-income areas, the bank's proportion of branches and ATMs is somewhat less than the percentage of the population that lives there. The services offered at each branch are generally consistent and do not vary in a way that would inconvenience certain portions of the AA. Branch hours are adequate. Only two branches extend regular business hours by opening on Saturday; one of those branches is in a moderate-income area. Branch hours are tailored to the needs of the area by monitoring the timing and volume of branch transactions. Branch openings, closings and consolidations did not adversely affect the accessibility of banking services in low- and moderate-income areas. Key closed two branches. One branch was in a middle-income area in Ypsilanti and the other was in a moderate-income area in Adrian. The bank did not open any new branches.

In November 1997, Key sold two branches located in the State of Michigan. The branches were located in the cities of Bronson and Constantine. The sale was a result of Key's First Choice 2000 Initiative.

#### **Community Development Services**

Key's overall level of community development services is good considering the high level of opportunities in the Ann Arbor AA. Bank employees are involved in 13 community development organizations. Seven organizations are represented by bank employees who

hold leadership positions such as board or committee members. These organizations provide educational, health and financial services to low- and moderate-income individuals, address affordable housing needs, and assist with economic development and revitalization of low- and moderate-income areas. The bank's community development services are responsive to the area's most pressing needs, but they are not considered innovative.

**Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews of branch distributions, the bank's performance under the Service Test in the limited-scope Michigan AAs has one inconsistency compared to the overall good distribution in the full-scope Ann Arbor AA. The bank's performance is consistent in the nonurban AA; however, it is poorer in the Detroit AA due to less accessibility to branches in low- and moderate-income areas. The difference in branch distributions did not change the overall Service Test rating for the State of Michigan.

## STATE RATING

**CRA Rating for the State of New Hampshire:**     Outstanding

<b>The Lending Test is rated:</b>	<u>Outstanding</u>
<b>The Investment Test is rated:</b>	<u>Outstanding</u>
<b>The Service Test is rated:</b>	<u>High Satisfactory</u>

Factors that support this rating include:

- < an excellent geographic distribution of HMDA loans and small loans to businesses;
- < an excellent distribution of HMDA loans and small loans to businesses among borrowers of different income levels;
- < an excellent volume of community development lending;
- < an excellent level of qualified investments;
- < accessible service delivery systems for geographies and individuals of different income levels; and,
- < an adequate level of community development services that are generally responsive to the needs of the AAs.

### **Description of the institution's operations in the State of New Hampshire.**

Refer to Appendix D for the market demographics for the full-scope Manchester AA.

Key's deposit market share in the full-scope Manchester AA is very small at slightly over one percent and ranks tenth out of 43 institutions. The nine leading institutions have over 95 percent of Manchester's deposits. The Manchester AA accounts for 50 percent of Key's deposits in New Hampshire. All of Key's customer deposits in New Hampshire make up 0.2 percent of bankwide deposits.

### **LENDING TEST**

The bank's performance under the Lending Test in New Hampshire is rated **Outstanding**.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's overall lending in the Manchester AA is excellent.

### **Lending Activity**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's lending activity.

Lending activity in the full-scope Manchester AA is good in light of Key's deposit presence. Key's market shares in home purchase loans and small loans to businesses exceed the bank's deposit percentage. The bank's market share in home improvement loans matches the deposit percentage, but the volume of loans is insufficient for analysis. Key did not make any refinance loans in Manchester in 1997 and has no market share data for this product.

During the evaluation period Key made 77 HMDA loans most of which were for home purchase. The bank made 46 small loans to businesses.

### **Distribution of Loans by Income Level of the Geography**

The geographic distribution of home purchase loans and small loans to businesses in the full-scope Manchester AA is excellent. Key did not generate sufficient volume in home

improvement or refinance loans to warrant analysis.

### ***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's HMDA loans.

The geographic distribution of home purchase loans in the LMI areas of the Manchester AA is excellent. The portions of home purchase loans Key made in both low- and moderate-income geographies exceed the percentages of owner-occupied housing units in those tracts. The bank's 1997 market share of home purchase loans in Manchester's LMI areas exceeds its overall market share.

### ***Small Loans to Businesses***

Refer to Table 5 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's small loans to businesses.

The geographic distribution of small loans to businesses in the LMI areas of the Manchester AA is excellent. The portion of small loans to businesses Key made in low-income geographies is somewhat near the percentage of businesses located in those tracts and the portion made in moderate-income geographies significantly exceeds the percentage of businesses in those tracts. The bank's 1997 market share of small loans to businesses in Manchester's LMI areas exceeds its overall market share.

### **Distribution of Loans by Income Level of the Borrower**

The distribution of home purchase loans and small loans to businesses among borrowers of different income levels in the full-scope Manchester AA is excellent. Again, Key did not generate sufficient volume in home improvement or refinance loans to warrant analysis.

### ***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix E for the facts and data used to evaluate the distribution of the bank's HMDA loans by the income level of the borrower.

The distribution of home purchase loans to LMI borrowers in the Manchester AA is excellent. The portion of home purchase loans Key made to low-income borrowers represents a substantial percentage of the families at that income level. The portion of home purchase loans Key made to moderate-income borrowers is more than double the percentage of families at that income level. The bank's 1997 market share of home purchase loans to LMI borrowers exceeds its overall market share.

### ***Small Loans to Businesses***

Refer to Table 10 in Appendix E for the facts and data used to evaluate the distribution of the bank's small loans to businesses by the income level of the borrower.

The distribution of small loans to businesses by borrower income level is excellent in the Manchester AA. The portion of small loans Key made to businesses with revenues of \$1 million or less is near the percentage of small businesses in the AA. The bank's 1997 market share of small loans to small businesses substantially exceeds the overall market share of small loans to all size businesses. Key's portion of loans of \$100 thousand or less is very near the percentage of small businesses in the Manchester AA.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

The Nashua AA and a nonurban AA were targeted for limited-scope reviews in New Hampshire. Key had a very small volume of HMDA loans in Nashua with almost half for home purchase. Key had a similar volume of small loans to businesses in Nashua. Our limited-scope review focused on geographic and borrower distribution in these two products. Key did not make sufficient HMDA or small loans to businesses in its nonurban

AA to warrant analysis.

Based on a limited-scope review, Key's overall performance in home purchase lending in the Nashua AA is inconsistent with the bank's excellent geographic and borrower distributions in Manchester. Key's overall home purchase lending performance in Nashua was adequate with very poor geographic distribution in the AA's moderate-income tracts, but excellent distribution among low- and moderate-income borrowers. Nashua does not have any low-income tracts. Key's overall lending performance with respect to small loans to businesses in the Nashua AA was consistent with the bank's excellent performance in Manchester. The differences in performance between the full- and limited-scope AAs did not change the overall Lending Test rating in the State of New Hampshire.

### **Community Development Lending**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's level of community development lending.

The volume of community development lending in New Hampshire is excellent. Key made a large \$8 million commitment to a housing agency to provide bridge loan financing on LIHTC projects in the state. This is a sizeable commitment in relation to the bank's presence in New Hampshire. The full-scope Manchester AA and the Nashua and nonurban limited-scope AAs benefit from this statewide housing fund.

### **INVESTMENT TEST**

The bank's performance under the Investment Test in New Hampshire is rated **A**Outstanding.@ Refer to Table 12 in Appendix E for the facts and data used to evaluate the bank's level of qualified investments.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's volume of qualified investments in the full-scope Manchester AA is excellent. During the evaluation period, Key made six investments totaling almost \$3.4 million in affordable housing projects in the Manchester AA. The bank also has one prior period affordable housing investment outstanding for \$2.7 million. Key also made an equity investment in a small business investment company for \$250 thousand. This investment provides funds for small businesses, promoting economic development and contributing to job creation and retention.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the overall volume of qualified investments in the two other New Hampshire AAs is inconsistent with the excellent volume found in the Manchester AA. The bank's performance is weaker in the limited-scope AAs. We did not find any qualified investments in Nashua and there is a small investment in the nonurban AA. The poorer performance in the limited-scope AAs did not diminish the overall Investment Test rating for the State of New Hampshire due to the very high volume invested in Manchester.

### **SERVICE TEST**

Key's performance under the Service Test in New Hampshire is rated **A**High Satisfactory.@ Refer to Table 13 in Appendix E for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's overall provision of retail banking and community development services in the Manchester AA is good.

### **Retail Banking Services**

Key's overall delivery systems are accessible to geographies and individuals of different

income levels in the Manchester AA. Key has four branches in the Manchester AA. The proportion of branches in low-income areas exceeds the percentage of the population living there. The bank does not have any branches in moderate-income areas where almost 23 percent of the population lives. However, three branches are located in middle- and upper-income areas where almost 75 percent of the general population and 61 percent of the low- and moderate-income families live.

The services offered at each branch are generally consistent and do not vary in a way that would inconvenience certain portions of the AA. Branch hours are very convenient. Two of the branches located in the middle- and upper-income areas extend regular business hours by being open on both Saturday and Sunday. Branch hours are tailored to the needs of the area by monitoring the timing and volume of branch transactions.

Branch openings, closings and consolidations did not adversely affect the accessibility of banking services in low- and moderate-income areas. No branches were closed and one branch was opened that improved accessibility to low- and moderate-income areas.

### **Community Development Services**

Key's overall level of community development services is adequate considering the low level of opportunities available. Bank employees are involved in six community development organizations. One organization is represented by bank employees who hold leadership positions such as board or committee members. These organizations provide educational, health, and financial services to low- and moderate-income individuals, address affordable housing needs, and assist with economic development and revitalization of low- and moderate-income areas. The bank's community development services are responsive to the area's most pressing needs, but they are not considered innovative.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews of branch distributions, the bank's performance under the Service Test in the limited-scope New Hampshire AAs is consistent in Nashua and in the nonurban AA.

## STATE RATING

<b>CRA Rating for the State of New York:</b>	<u>Outstanding</u>
<b>The Lending Test is rated:</b>	<u>Outstanding</u>
<b>The Investment Test is rated:</b>	<u>Outstanding</u>
<b>The Service Test is rated:</b>	<u>High Satisfactory</u>

Factors that support this rating include:

- < an excellent geographic distribution of HMDA loans and small loans to businesses;
- < an excellent distribution of HMDA loans and small loans to businesses among borrowers of different income levels;
- < a good volume of community development lending;
- < an excellent level of qualified investments;
- < accessible service delivery systems for geographies and individuals of different income levels; and,
- < a good level of community development services that are responsive to the needs of the AAs.

### **Description of the institution's operations in the State of New York**

Refer to Appendix D for the market demographics of the five full-scope AAs in the State of New York.

Key's deposit market share in the full-scope Albany AA is good at almost 10 percent and ranks fourth out of 82 institutions. The three leading institutions have 46 percent of Albany's deposits. Albany accounts for 19 percent of Key's deposits in the State of New York. Key's deposit market share in the full-scope Buffalo AA is good at 11 percent and ranks third out of 155 institutions. The two leading institutions have 58 percent of Buffalo's deposits. Buffalo accounts for 24 percent of Key's deposits in the State of New York. Key's deposit market share in the full-scope Nassau AA is small at under two percent and ranks sixteenth out of 92 institutions. The 15 leading institutions have 81 percent of Nassau's deposits. Nassau accounts for 13 percent of Key's deposits in the State of New York. Key's deposit market share in the full-scope Syracuse AA is good at almost 11 percent and ranks third out of 61 institutions. The two leading institutions hold 37 percent of Syracuse's deposits. Syracuse accounts for ten percent of Key's deposits in the State of New York. Key's deposit market share in the full-scope five county nonurban AA is excellent at 22 percent and ranks first out of 56 institutions. The five county nonurban AA accounts for eight percent of Key's deposits in the State of New York. Together the full-scope AAs have 74 percent of Key's deposits in the State of New York. All of Key's customer deposits in New York State make up 22.6 percent of bankwide deposits.

### **LENDING TEST**

The bank's performance under the Lending Test in the State of New York is rated Outstanding.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, Key's overall lending in the five full-scope New York State AAs is excellent.

### **Lending Activity**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's lending activity.

Lending activity is good with respect to home improvement loans and small loans to businesses in the five full-scope New York State AAs. Lending activity is adequate with respect to home purchase and refinance loans in these AAs.

Key's market shares of home improvement loans and small loans to businesses in the Albany AA are good with the percentage of home improvement loans approximating and the percentage of small loans to businesses exceeding the bank's deposit percentage. Key's market shares of home purchase and refinance loans are very small and significantly lower than the bank's deposit percentage. During the evaluation period the bank made 775 HMDA loans, over 70 percent of which were for home improvement, and 1,837 small loans to businesses in Albany.

Key's market shares of home improvement loans and small loans to businesses in the Buffalo AA are good with the percentage of home improvement loans equaling and the percentage of small loans to businesses somewhat near the bank's deposit percentage. Key's market shares of home purchase and refinance loans are small and lower than the bank's deposit percentage. During the evaluation period the bank made 1,495 HMDA loans, 65 percent of which were for home improvement, and 1,402 small loans to businesses in Buffalo.

Key's market shares of home improvement loans and small loans to businesses in the Nassau AA are good and each almost matches the bank's deposit percentage. Key's market shares of home purchase and refinance loans are very small and significantly lower than the bank's deposit percentage. During the evaluation period the bank made 444 HMDA loans, 55 percent of which were for home improvement, and 943 small loans to businesses in Nassau.

Key's market shares of home improvement loans and small loans to businesses in the Syracuse AA are excellent with each exceeding the bank's deposit percentage. Key's market shares of home purchase and refinance loans are very small and significantly lower than the bank's deposit percentage. During the evaluation period the bank made 1,530 HMDA loans, over 80 percent of which were for home improvement, and 1,325 small loans to businesses in Syracuse.

Key's market share of home improvement loans is excellent in the five county nonurban AA and exceeds the bank's deposit percentage. Market share of small loans to businesses cannot be calculated in nonurban areas because of the manner in which the data are aggregated. Key's market share of home purchase and refinance loans are modest and somewhat lower than the bank's deposit percentage. During the evaluation period the bank made 1,207 HMDA loans, 80 percent of which were for home improvement, and 826 small loans to businesses in the five county nonurban AA.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of HMDA loans and small loans to businesses in the five full-scope New York AAs is excellent.

#### ***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's HMDA loans.

The overall geographic distribution of home purchase loans in the LMI areas of the five full-scope New York State AAs is good. The geographic distributions of home purchase loans in the LMI tracts of Albany, Buffalo, Nassau, and Syracuse are excellent, with poor distribution in the five county nonurban AA. The portions of home purchase loans Key

made in the low-income geographies of Albany and Buffalo exceed their respective percentages of owner-occupied housing units, but the portion made in Syracuse is lower than the percentage of owner-occupied housing units. The portions of home purchase loans Key made in the moderate-income geographies of Albany, Buffalo and Syracuse meet or exceed their respective percentages of owner-occupied housing units. The bank's 1997 market shares of home purchase loans in the LMI areas of these three communities exceed their respective overall market shares. There are nominal percentages of owner-occupied housing units in the low-income tracts of the Nassau and the five county nonurban AAs making analysis impractical. The portion of home purchase loans Key made in the moderate-income geographies in Nassau exceeds the percentage of owner-occupied units, but the bank's 1997 market share in these tracts was lower than its overall market share in home purchase loans. The portion of home purchase loans Key made in the moderate-income geographies in the five county nonurban AA is lower than the percentage of owner-occupied housing units and the 1997 market share of home purchase loans in these tracts is somewhat near the overall market share.

The overall geographic distribution of home improvement loans in the LMI areas of the five full-scope New York State AAs is excellent. The portions of home improvement loans Key made in the low-income geographies of Albany, Buffalo and Syracuse exceed their respective percentages of owner-occupied housing units. Distribution in the low-income geographies of Nassau and the five county nonurban AAs was not analyzed. The portions of home improvement loans Key made in the moderate-income geographies of all five full-scope AAs exceed their respective percentages of owner-occupied housing units. The bank's 1997 market shares of home improvement loans in the LMI areas of Albany, Nassau, Syracuse and the five county nonurban AAs exceed their respective overall market shares. The bank's 1997 market share of home improvement loans in Buffalo's LMI tracts is near the overall market share.

The overall geographic distribution of refinance loans in the LMI areas of the five full-scope New York State AAs is adequate. Geographic distribution in the LMI tracts of Albany and Nassau is excellent with adequate distribution in Buffalo and the five county nonurban AA, and very poor distribution in Syracuse. The portion of refinance loans Key made in Albany's low-income geographies match the percentage of owner-occupied housing units in those areas and the portions made in Albany and Nassau's moderate-income geographies exceed their respective percentages of owner-occupied housing units. The bank's 1997 market share of refinance loans in the LMI areas of Albany exceeds its overall market share and in Nassau the LMI market share is near the overall market share. The portion of refinance loans Key made in the low-income geographies in Buffalo is lower than the percentage of owner-occupied housing units and the portion extended in the moderate-income geographies is somewhat near the percentage of owner-occupied housing units. The bank's 1997 market share of refinance loans in Buffalo's LMI areas is somewhat near the overall market share. The portion of refinance loans Key extended in the moderate-income geographies of the nonurban AA is lower than the percentage of owner-occupied housing units in those tracts. The bank's 1997 market share of refinance loans in the nonurban AA is near its overall market share. The portion of refinance loans Key made in the low-income geographies of Syracuse exceeds the percentage of owner-occupied housing units, but the portion extended in the moderate-income geographies is significantly lower than the percentage of owner-occupied housing units. The bank's 1997 market share of refinance loans in the LMI areas of Syracuse is significantly lower than its overall market share.

### ***Small Loans to Businesses***

Refer to Table 5 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's small loans to businesses.

The overall geographic distribution of small loans to businesses in the LMI areas of the five

full-scope New York State AAs is excellent. The portions of small loans to businesses Key made in the low-income geographies of Albany, Buffalo, Syracuse and the five county nonurban AA exceed the percentage of businesses located in those tracts. There are only 35 businesses located in the three low-income tracts in Nassau which is not sufficient data to analyze. The portions of small loans to businesses Key made in the moderate-income geographies of Buffalo, Nassau and Syracuse match or exceed the percentages of businesses located in those tracts. The portion of small loans extended in the moderate-income geographies of Albany is near the percentage of businesses located there. The portion of small loans to businesses the bank made in the moderate-income tracts of the nonurban AA is somewhat near the percentage of businesses located in those tracts. The bank's 1997 market shares of small loans to businesses in the LMI geographies of Albany, Nassau and Syracuse exceed their respective overall market shares. Key's 1997 market share of small loans to businesses in the LMI areas of Buffalo is near its overall market share. Market share data on small loans to businesses cannot be calculated for specific nonurban areas because of the manner in which the data are aggregated.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of HMDA loans and small loans to businesses among borrowers of different income levels in the five full-scope New York State AAs is excellent.

#### ***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix E for the facts and data used to evaluate the distribution of the bank's loans by the income level of the borrower.

The overall distribution of home purchase loans to LMI borrowers in the five full-scope New York AAs is excellent. The portions of home purchase loans Key made to low-income borrowers in Nassau and the five county nonurban AA represent a significant percentage of the low-income families in those areas and the portions made to low-income borrowers in Buffalo and Syracuse represent a substantial percentage of the low-income families in those communities. The portion of home purchase loans made to low-income borrowers in Albany is somewhat near the percentage of low-income families. The portion of home purchase loans Key made to moderate-income borrowers in Albany was near the percentage of moderate-income families. The portions made in the four other full-scope new York AAs exceed the percentages of moderate-income families in those communities. The bank's 1997 market shares of home purchase loans among LMI borrowers exceed their respective overall market share in each full-scope AA, except Albany where the LMI market share is lower than the overall.

The overall distribution of home improvement loans to LMI borrowers in the five full scope New York AAs is excellent. The portions of home improvement loans Key made to low-income borrowers in Syracuse and the five county nonurban AA represent a significant percentage of the low-income families in those areas; the portions made to low-income borrowers in Albany and Buffalo represent a substantial percentage of the low-income families in those communities; and, the portion of loans made in Nassau significantly exceeds the percentage of low-income families there. The portions of home improvement loans Key made to moderate-income borrowers in each of the five full-scope New York AAs exceed their respective percentages of moderate-income families. The bank's 1997 market shares of home improvement loans among LMI borrowers exceed the respective overall market shares in each full-scope New York AA.

The overall distribution of refinance loans to LMI borrowers in the five full-scope New York AAs is good. The distribution among LMI borrowers is excellent in Nassau, good in Albany, Buffalo and Syracuse, and adequate in the five county nonurban AA. The portion of refinance loans Key made to low-income borrowers in Nassau is somewhat near the percentage of low-income families, while the portion extended to moderate-income borrowers significantly exceeds the percentage of moderate-income families. The bank's 1997 market share of refinance loans among LMI borrowers in Nassau exceeds its overall

market share. The portions of refinance loans Key made to low-income borrowers in Albany and Syracuse are somewhat near the percentage of low-income families and in Buffalo the portion of loans is significantly lower than the percentage of low-income families. The portion of refinance loans Key made to moderate-income borrowers in Albany is near the percentage of moderate-income families, in Buffalo the portion of loans exceeds the percentage of moderate-income families, and in Syracuse the portion of loans is somewhat near the percentage of moderate-income families. In all three communities the bank's 1997 market shares of refinance loans among LMI borrowers exceed their respective overall market shares. The portion of refinance loans Key made to low-income borrowers in the nonurban AA is significantly lower than the percentage of low-income families and the portion made to moderate-income families is somewhat near the percentage of moderate-income families. The bank's 1997 market share of refinance loans to LMI borrowers in the nonurban AA is near the overall market share.

### ***Small Loans to Businesses***

Refer to Table 10 in Appendix E for the facts and data used to evaluate the distribution of the bank's small loans to businesses by the income level of the borrower.

The overall distribution of small loans to businesses by borrower income level in the five full-scope New York AAs is excellent. The portions of small loans Key made to businesses with revenues of \$1 million or less nearly equals the percentage of small businesses in Albany, Buffalo, Syracuse, and the five county nonurban AA. The portion made in Nassau represents a significant percentage of the small businesses there. The bank's 1997 market shares of small loans to small businesses exceeds its overall market share of small loans to all size businesses in Albany, Buffalo, Nassau, and Syracuse. Market share data on small loans to businesses cannot be calculated for specific nonurban areas because of the manner in which the data are aggregated. Key's portions of loans of \$100 thousand or less nearly equal the percentage of small businesses in Albany, Buffalo, Syracuse, and the nonurban AA. These smaller loans are near the percentages of small businesses in Nassau.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, Key's HMDA lending performance in its eight other New York State AAs has some inconsistencies compared to its overall excellent performance in the five full-scope AAs. The differences in performance between the full- and limited-scope AAs did not change the overall Lending Test rating for the State of New York. The full-scope AAs have excellent performance in home purchase and home improvement lending and good performance in refinance lending.

Key has consistent performance in home purchase lending in the following limited-scope AAs: Dutchess County; Jamestown; Newburgh; and Rochester. The bank's performance is not consistent in the following AAs: Glen Falls, very poor performance based on both geographic and borrower distribution; New York City, adequate performance based on very poor geographic distribution, but excellent borrower distribution; Utica, good performance in both geographic and borrower distribution; and the nonurban AA, adequate performance based on very poor geographic distribution, but excellent borrower distribution.

Key has consistent performance in home improvement lending in the following limited-scope AAs: Jamestown; Newburgh; Rochester; and Utica. The bank's performance is not consistent in the following AAs: Dutchess County, Glen Falls and New York City, which have adequate performance based on very poor geographic distribution, but excellent borrower distribution; and the nonurban AA, which has good performance in both geographic and borrower distribution.

Key has consistent performance in refinance lending in the following limited-scope AAs: Jamestown; Newburgh; and Rochester. The bank's performance is not consistent in the following AAs: Dutchess County and New York City, which have adequate performance

based on very poor geographic distribution, but excellent borrower distribution; Glen Falls and Utica, which have poor performance based on very poor geographic distribution and adequate borrower distribution; and the nonurban AA, which has very poor performance in both geographic and borrower distribution.

Based on limited-scope reviews, Key's lending performance with respect to small loans to businesses in the eight limited-scope AAs was consistent with the bank's excellent performance in the five full-scope AAs, with one exception. New York City's performance is considered good based on adequate geographic distribution and excellent borrower distribution.

### **Community Development Lending**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's level of community development lending.

The volume of community development lending in New York State is good. During the evaluation period Key made 16 community development loans totaling almost \$25 million. The overall good level of lending reflects a mixture of excellent and adequate performance among the full- and limited-scope AAs.

The level of community development loans in the full-scope Albany and Syracuse AAs is excellent. Key made three community development loans in each area totaling \$5.8 million and \$8.6 million, respectively. The majority of these funds were for construction and gap financing of LIHTC projects. Key also granted two loans totaling \$5 million that support affordable housing activities throughout the state. The level of community development lending in Buffalo, Nassau, and the five county nonurban AAs is adequate. Community development benefits in these AAs are primarily derived from the two statewide affordable housing loans.

The level of community development lending in the limited-scope AAs is inconsistent with the overall good performance of the state. Key had excellent performance in the Newburgh, Rochester and Utica AAs and adequate performance in the Dutchess, Glen Falls, Jamestown, New York City and nonurban AAs.

### **INVESTMENT TEST**

The bank's performance under the Investment Test in New York State is rated **Outstanding**.<sup>@</sup> Refer to Table 12 in Appendix E for the facts and data used to evaluate the bank's level of qualified investments.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, Key's overall volume of qualified investments in the five full-scope New York State AAs is excellent. The volume of qualified investments is excellent in Albany, Buffalo, and Syracuse, with a good volume in the nonurban AA and a low volume in Nassau. During the evaluation period, Key invested \$4.9 million in two LIHTCs supporting affordable housing projects in Albany and has over \$5 million outstanding from three prior period LIHTC investments. In Buffalo, Key has two current period investments in affordable housing projects totaling over \$1.8 million and three prior period affordable housing investments outstanding for over \$6.4 million. In Syracuse, the bank has one current period investment totaling over \$1.2 million and four prior period investments outstanding for \$2.8 million. The investments in Syracuse were in LIHTCs supporting affordable housing. In Albany, Buffalo and Syracuse the remaining number of investments were contributions to local community groups to support their activities. In the five county nonurban AA, Key has a prior period investment in an affordable housing project that totals \$1.4 million. In the Nassau AA, Key made several contributions totaling \$27 thousand to support local community groups.

**Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, Key's volume of qualified investments in the Newburgh, New York City, Rochester and Utica AAs is consistent with the overall excellent performance found in the full-scope AAs. The following limited-scope AAs have inconsistent performance compared to the bank's overall excellent performance in the full-scope AAs. The difference in performance in these AAs did not change the overall Investment Test rating for the State of New York. The bank's volume of investments is adequate in the Dutchess County and the nonurban AAs. We did not identify any qualified investments in the Glen Falls or Jamestown AAs.

**SERVICE TEST**

Key's performance under the Service Test in New York State is rated **A**High Satisfactory. Refer to Table 13 in Appendix E for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

**Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, Key's overall provision of retail banking and community development services in the five full-scope New York State AAs is good.

**Retail Banking Services**

Key's overall delivery systems are accessible to geographies and individuals of different income levels in the five full-scope New York State AAs. The proportions of bank branches in the low- and moderate-income areas of the Nassau and Syracuse AAs exceed the percentages of the population living in those areas. In the Albany AA, the proportion of bank branches in low-income areas exceeds the percentage of the population living there, while in the moderate-income areas the proportion of branches is lower than the percentage of the population living in those areas. In the Buffalo AA, the proportion of bank branches in low-income areas is lower than the percentage of the population living there, but in moderate-income areas the proportion of branches is higher than the percentage of population living in those areas. Key does not have any branches in the low-income geographies of the five county nonurban AA, but those areas are home to less than two percent of the population. The proportion of branches in the moderate-income areas of the five county nonurban AA is somewhat lower than the percentage of the population living in those areas. Key has 19 of its 27 branches in middle-income geographies, where 66 percent of the low- and moderate-income families live. Middle-income areas represent over 64 percent of the geographies in the five county nonurban AA and a very large portion of the land mass in these adjoining counties.

The services offered at each branch are generally consistent and do not vary in a way that would inconvenience certain portions of any of the full-scope AAs. Branch hours are convenient. In the Buffalo AA, 15 branches have extended hours on Saturday and two of these are also open on Sunday; none are in LMI areas. In the Syracuse AA, eight branches have extended hours on Saturday and one branch is also open on Sunday; none are in LMI areas. In the five county nonurban AA, nine branches have extended hours on Saturday, including two of the branches in moderate-income areas. One of the nonurban branches also has Sunday hours. In the Albany AA, 22 branches have Saturday hours, including one branch in a moderate-income area. Three branches also have Sunday hours. In the Nassau AA, 19 branches have extended hours on Saturday, including four branches in low- and moderate-income areas. Branch hours are tailored to the needs of the area by monitoring the timing and volume of branch transactions.

Branch openings, closings and consolidations did not adversely affect the accessibility of banking services in the low- and moderate-income areas of the five full-scope New York State AAs. Key opened three branches in middle- and upper-income areas and closed five, nine and five branches in moderate-, middle-, and upper-income areas, respectively. Eight of the nineteen closures were in the Albany AA. Four branches were consolidated with

nearby branches, one of which was in a low-income area.

In July and November 1997, Key sold two clusters of branches located in the State of New York. The sale was a result of Key's First Choice 2000 Initiative.

### **Community Development Services**

Key's overall level of community development services is good considering the high level of opportunities available in the five full-scope New York State AAs. Many bank employees are involved in 86 community development organizations. Sixty-one organizations are represented by bank employees who hold leadership positions such as board or committee members. These organizations provide educational, health, and financial services to low- and moderate-income individuals, address affordable housing needs, and assist with economic development and revitalization of low- and moderate-income areas. The bank's community development services are responsive to an area's most pressing needs, but they are not considered innovative.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews of branch distributions, the bank's performance under the Service Test has some inconsistencies in its limited-scope New York State AAs. Key's branch distribution is better than the overall good distribution found in the five full-scope AAs in Dutchess County, Rochester, Utica and the nonurban AA, due to readily accessible branches in low- and moderate-income areas. The bank's branch distribution is somewhat poorer in Glen Falls, Jamestown, Newburgh, and New York City, due to less accessibility to branches in low- and moderate-income areas. The differences in branch distributions did not change the overall Service Test rating for the State of New York.

## STATE RATING

<b>CRA Rating for the State of Ohio:</b>	<u>Outstanding</u>
<b>The Lending Test is rated:</b>	<u>Outstanding</u>
<b>The Investment Test is rated:</b>	<u>Outstanding</u>
<b>The Service Test is rated:</b>	<u>High Satisfactory</u>

Factors that support this rating include:

- < an excellent geographic distribution of HMDA loans and small loans to businesses;
- < an excellent distribution of HMDA loans and small loans to businesses among borrowers of different income levels;
- < a good volume of community development lending;
- < an excellent level of qualified investments;
- < accessible service delivery systems for geographies and individuals of different income levels; and,
- < a good level of community development services that are responsive to the needs of the AAs.

### **Description of the institution's operations in the State of Ohio**

Refer to Appendix D for the market demographics of the five full-scope AAs in Ohio.

Key's deposit market share in the full-scope Cleveland/Akron AA is high at 25 percent and ranks first out of 244 institutions. Cleveland/Akron accounts for 48 percent of Key's deposits in Ohio. Key's deposit market share in the full-scope Cincinnati AA is small at under three percent and ranks fifth out of 135 institutions. The four leading institutions have 64 percent of Cincinnati's deposits. Cincinnati accounts for six percent of Key's deposits in Ohio. Key's deposit market share in the full-scope Columbus AA is small at three percent and ranks ninth out of 88 institutions. The eight leading institutions have 84 percent of Columbus's deposits. Columbus accounts for eight percent of Key's deposits in Ohio. Key's deposit market share in the full-scope Dayton AA is good at eight percent and ranks fifth out of 64 institutions. The four leading institutions have 52 percent of Dayton's deposits. Dayton accounts for 10 percent of Key's deposits in Ohio. Key's deposit market share in Toledo is high at 13 percent and ranks second out of 73 institutions. The leading institution has 14 percent of Toledo's deposits. Toledo accounts for 15 percent of key's deposits in Ohio. Cleveland/Akron, Cincinnati, Columbus, Dayton, and Toledo have 87 percent of Key's deposits in Ohio. All of Key's customer deposits in Ohio make up 40.8 percent of bankwide deposits.

### **LENDING TEST**

The bank's performance under the Lending Test in Ohio is rated **A**Outstanding.@

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, Key's overall lending in the five full-scope Ohio AAs is excellent.

### **Lending Activity**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's lending activity.

Lending activity in the five full-scope Ohio AAs is adequate.

Key's market shares in home purchase and refinance loans are small in the Cleveland/Akron AA and lower than the bank's deposit percentage. Key's market share in home improvement loans is good and somewhat near its deposit percentage. The bank's market share in small loans to businesses is fair and lower than the bank's deposit percentage. During the evaluation period the bank made 6,101 HMDA loans, over half of which were for home improvement, and 2,611 small loans to businesses in the Cleveland/Akron area.

Key's market shares in home purchase and refinance loans are small in the Cincinnati AA and lower than the bank's deposit percentage. Key's market share in home improvement loans is good and matches the bank's deposit percentage. The bank's market share in small loans to businesses is modest, but exceeds the deposit percentage. During the evaluation period the bank made 820 HMDA loans, about half of which were for home improvement, and 757 small loans to businesses in Cincinnati.

Key's market shares in home purchase and refinance loans are very small in the Columbus AA and lower than the bank's deposit percentage. Key's market share in home improvement loans is good and exceeds the bank's deposit percentage. The bank's market share in small loans to businesses is modest, but equals the deposit percentage. During the evaluation period the bank made 819 HMDA loans, half of which were for home improvement, and 844 small loans to businesses in Columbus.

Key's market shares in home purchase and refinance loans are small in the Dayton AA and lower than the bank's deposit percentage. Key's market share in home improvement loans is good and is near the bank's deposit percentage. The bank's market share in small loans to businesses is fair and somewhat near the bank's deposit percentage. During the evaluation period the bank made 1,399 HMDA loans, over half of which were for home improvement, and 639 small loans to businesses in Dayton.

Key's market shares in home purchase and refinance loans are fair in the Toledo AA, but lower than the bank's deposit percentage. Key's market share in home improvement loans is good and somewhat near the bank's deposit percentage. The bank's market share in small loans to businesses is fair, while lower than the bank's deposit percentage. During the evaluation period the bank made 1,358 HMDA loans, divided somewhat equally among the three mortgage products, and 694 small loans to businesses in Toledo.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of HMDA loans and small loans to businesses in the five full-scope Ohio AAs is excellent.

#### ***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's HMDA loans.

The overall geographic distribution of home purchase loans in the LMI areas of the five full-scope Ohio AAs is excellent. The portions of home purchase loans Key made in the low- and moderate-income geographies of each AA exceed their respective percentages of owner-occupied housing units. The bank's 1997 market shares of home purchase loans in the LMI areas of all five full-scope AAs exceed their respective market shares.

The overall geographic distribution of home improvement loans in the LMI areas of the five full-scope Ohio AAs is excellent. The portions of home improvement loans Key made in the low- and moderate-income geographies of Cleveland/Akron, Dayton, and Toledo exceed their respective percentages of owner-occupied housing units. The portion of home improvement loans Key made in Cincinnati's low-income geographies is somewhat near the percentage of owner-occupied housing units and the portion made in the moderate-income

geographies almost matches the percentage of owner-occupied housing units. In Columbus, the portion of home improvement loans Key made in low-income geographies exceeds the percentage of owner-occupied housing units and in the moderate-income geographies the portion is near the percentage of owner-occupied housing units. The bank's 1997 market shares of home improvement loans in the LMI geographies of Cleveland/Akron and Dayton exceed their respective overall market shares. In the LMI geographies of Cincinnati and Toledo, Key's 1997 market shares of home improvement loans are near the overall market share. In Columbus the bank's 1997 market share of home improvement loans in LMI areas is somewhat near the overall market share.

The overall geographic distribution of refinance loans in the LMI areas of the five full-scope Ohio AAs is adequate. The portion of refinance loans Key made in the low-income geographies of Dayton almost matches the percentage of owner-occupied housing units and the portion made in the moderate-income geographies is near the percentage of owner-occupied housing units. The portion of refinance loans Key made in the low-income geographies of Cleveland/Akron is very near the percentage of owner-occupied housing units and the portion made in the moderate-income geographies is somewhat near the percentage of owner-occupied housing units. The portions of refinance loans Key made in the low-income geographies of Cincinnati and Columbus are significantly lower and lower than their respective percentages of owner-occupied housing units, while the portions made in the moderate-income geographies are lower and significantly lower than the percentages of owner-occupied housing units. The portions of refinance loans Key made in the low- and moderate-income geographies of Toledo are both significantly lower than their respective percentages of owner-occupied housing units. The bank's 1997 market share of refinance loans is somewhat near its overall market share in Dayton; the 1997 market shares are lower than their respective overall market shares in Cleveland/Akron and Cincinnati; and the 1997 market shares in Columbus and Toledo are significantly lower than their respective overall market shares.

### ***Small Loans to Businesses***

Refer to Table 5 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's small loans to businesses.

The overall geographic distribution of small loans to businesses in the LMI areas of the five full-scope Ohio AAs is excellent. The portions of small loans to businesses Key made in the low- and moderate-income geographies in Cleveland/Akron and Dayton exceed the respective percentages of businesses located in those tracts. The portion of small loans to businesses Key made in the low-income tracts in Columbus exceeds the percentage of businesses located in those tracts, while the portion made in moderate-income geographies nearly matches the percentage of businesses located there. The portions of small loans to businesses Key made in the low- and moderate-income geographies in Cincinnati are near the percentages of businesses located in those tracts. The portion of small loans to businesses Key made in the low-income geographies in Toledo is near the percentage of businesses located in those tracts, while the portion made in moderate-income geographies exceeds the percentage of businesses located there. The bank's 1997 market shares of small loans to businesses in the LMI geographies of Cleveland/Akron, Columbus, Dayton, and Toledo exceed their respective overall market shares. The 1997 market share of small loans to businesses in the LMI tracts in Cincinnati is near the overall market share.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of HMDA loans and small loans to businesses among borrowers of different income levels in the five full-scope Ohio AAs is excellent.

### ***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix E for the facts and data used to evaluate the distribution of the bank's HMDA loans by the income level of the borrower.

The overall distribution of home purchase loans to LMI borrowers in the five full-scope Ohio AAs is excellent. In Columbus and Dayton, the portions of home purchase loans Key made to low- and moderate-income borrowers exceed the respective percentages of low- and moderate-income families in those communities. In Cleveland/Akron and Toledo, the portions of home purchase loans Key made to low-income borrowers represent substantial percentages of the low-income families in those communities and the portions made to moderate-income families exceed the percentages of moderate-income families. The portion of home purchase loans Key made to low-income borrowers in Cincinnati represents a significant percentage of the low-income families there and the portion made to moderate-income borrowers exceeds the percentage of moderate-income families. The bank's 1997 market shares of home purchase loans among LMI borrowers exceed their respective market shares in each full-scope AA.

The overall distribution of home improvement loans to LMI borrowers in the five full-scope Ohio AAs is excellent. The portions of home improvement loans Key made to low-income borrowers in Cleveland/Akron, Dayton, and Toledo represent substantial percentages of the low-income families in those communities and the portions made to moderate-income borrowers exceed the percentages of moderate-income families. The portion of home improvement loans Key made to low-income borrowers in Cincinnati represents a significant percentage of the low-income families there and the portion made to moderate-income borrowers exceeds the percentage of moderate-income families. The portion of home improvement loans Key made to low-income borrowers in Columbus is somewhat near the percentage of low-income families there, while the portion made to moderate-income borrowers exceeds the percentage of moderate-income families. The bank's 1997 market shares of home improvement loans to LMI borrowers in Cleveland/Akron, Dayton and Toledo exceed their respective overall market shares. In Cincinnati and Columbus, the 1997 market shares of home improvement loans to LMI borrowers is somewhat near their respective overall market shares.

The overall distribution of refinance loans to LMI borrowers in the five full-scope Ohio AAs is poor. The portion of refinance loans Key made to low-income borrowers in Dayton is somewhat near the percentage of low-income families, while the portion made to moderate-income borrowers exceeds the percentage of families at that income level. In Cleveland/Akron, Cincinnati and Toledo, the overall distribution of refinance loans to LMI borrowers is very poor with very low percentages of LMI families represented. In Columbus, the overall distribution of refinance loans is poor with a low percentage of LMI families represented. The bank's 1997 market share of refinance loans among LMI borrowers exceeds the overall market share in Dayton, it is near the overall market share in Cincinnati and Columbus and it is lower than the overall market share in Cleveland/Akron and Toledo.

### ***Small Loans to Businesses***

Refer to Table 10 in Appendix E for the facts and data used to evaluate the distribution of the bank's small loans to businesses by the income level of the borrower.

The overall distribution of small loans to businesses by borrower income level in the five full-scope Ohio AAs is excellent. The portions of small loans Key made to businesses with revenues of \$1 million or less nearly equal or exceed the percentages of small businesses in all five full-scope AAs. The bank's 1997 market shares of small loans to small businesses exceed their respective market shares of small loans to all size businesses in all five full-scope AAs. Key's portions of loans of \$100 thousand or less exceed the respective percentages of small businesses in all five full-scope AAs.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, Key's HMDA lending performance in its six other Ohio AAs has some inconsistencies compared to its overall excellent HMDA performance in the

five full-scope AAs. The differences in performance between the full- and limited-scope AAs did not change the overall Lending Test rating for the State of Ohio. The full-scope AAs have excellent performance in home purchase and home improvement lending and poor performance in refinance lending.

Key has consistent performance in home purchase lending in the following limited-scope AAs: Canton; Hamilton; Mansfield; Youngstown; and the combined nonurban AAs. The bank's performance is not consistent in Lima with very poor distribution among LMI borrowers. Lima does not have any LMI geographies.

Key has consistent performance in home improvement lending in the following limited-scope AAs: Hamilton; Lima; Mansfield; and the combined nonurban AAs. The bank's performance is not consistent in Canton and Youngstown which each have adequate performance based on poor geographic distribution and good borrower distribution.

Key has consistent performance in refinance lending in the following limited-scope AAs: Canton; Lima; and Mansfield. The bank's performance is not consistent in the following AAs: Hamilton and the combined nonurban AAs each have good performance based on adequate geographic distributions and excellent borrower distributions; Youngstown has very poor performance based on very poor geographic and borrower distributions.

Based on limited-scope reviews, Key's lending performance with respect to small loans to businesses in the six limited-scope Ohio AAs was consistent with the bank's excellent performance in the five full-scope AAs, with one exception. The bank's performance in Youngstown was adequate based on poor geographic distribution and good borrower distribution.

### **Community Development Lending**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's level of community development lending.

The volume of community development lending in Ohio is good. During the evaluation period, Key made 44 community development loans totaling \$32.1 million. The overall good level of community development loans reflects a mixture of excellent, adequate and smaller volumes of community development loans in the five full-scope Ohio AAs.

The volume of community development loans in the full-scope Cleveland/Akron and Cincinnati AAs is excellent. Key made 28 community development loans in Cleveland/Akron totaling almost \$28 million. The number and dollar amounts are considered significant and reflective of Key's effort to be responsive to local needs and efforts to improve and stabilize various low- and moderate-income neighborhoods in the City of Cleveland. In several instances the bank worked extensively with local government officials and developers. Key's qualified community development loans in the Cleveland/Akron AA included six loans for gap financing of LIHTC projects and six loans to non-profits that develop low- and moderate-income affordable housing. Funds from 14 loans were used to help stabilize targeted low- and moderate-income areas; one loan was for the rehabilitation of affordable multi-family housing; and, one loan supported small business lending activities. In the full-scope Cincinnati AA, Key made three loans totaling \$2.4 million to a community development fund that provides affordable housing loans. In the full-scope Dayton and Toledo AAs, Key made three loans for \$129 thousand and two loans for \$564 thousand, respectively, for affordable housing projects. The bank made one community development loan for \$55 thousand in the full-scope Columbus AA.

The level of community development lending in Key's limited-scope Ohio AAs is inconsistent with the overall good level of lending in the full-scope AAs. Key made four community development loans totaling \$122 thousand in Canton. No community

development loans were identified in the Hamilton, Lima, Mansfield, and the nonurban limited-scope AAs. Key's community development lending in the limited-scope Youngstown AA is consistent with the full-scope AAs. The bank made two loans totaling \$400 thousand to development organizations that support mini-loan programs for small businesses.

### **INVESTMENT TEST**

The bank's performance under the Investment Test in Ohio is rated **Outstanding**. Refer to Table 12 in Appendix E for the facts and data used to evaluate the bank's level of qualified investments.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, Key's overall volume of qualified investments in each of the five full-scope Ohio AAs is excellent. During the evaluation period, Key made ten equity investments in small business investment companies in the Cleveland/Akron AA totaling \$29.8 million. These investments provided funding for small businesses, promoting economic development and contributing to job creation and retention. The bank has \$1.8 million in current period equity investments in companies that fund small businesses which meet the eligibility standards established by the Small Business Administration (SBA) for promotion of economic development and job retention/creation. Key has 68 current and prior period investments in affordable housing projects in the Cleveland/Akron AA totaling over \$15.7 million. In the Cincinnati AA, Key has 26 current and prior period investments in affordable housing projects totaling \$2.9 million. The bank also has almost \$1 million in direct equity investments in companies that fund small businesses promoting economic development and job creation/retention. In the Columbus AA, Key made eight current period investments in affordable housing projects totaling \$4.3 million and maintains 16 prior period affordable housing investments also totaling \$4.3 million. The bank has over a half million dollars of current period qualified equity investments in support of small businesses in Columbus. In the Dayton AA, Key has 14 current and prior period investments in affordable housing projects totaling \$3 million. The bank also has three prior period qualified equity investments totaling \$1.6 million in companies that support funding and job creation/retention for small businesses. In the Toledo AA, Key made a current period equity investment in a small business investment company totaling almost \$10 million. This is a significant boost to small business funding and job creation/retention in a distressed community. The bank has six current and prior period investments in affordable housing projects in Toledo totaling \$1.9 million. Key made numerous charitable contributions in all of its Ohio assessment areas in support of local community groups.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, Key's volume of qualified investments in the Lima and Youngstown AAs are consistent with the overall excellent performance found in the full-scope AAs. Although inconsistent, Key's volume of investments in Canton and the nonurban AAs is good. We did not identify any qualified investments in the Mansfield AA. The differences in performance between the limited-scope AAs and the full-scope AAs did not change the overall Investment Test rating for the State of Ohio.

### **SERVICE TEST**

Key's performance under the Service Test in Ohio is rated **High Satisfactory**. Refer to Table 13 in Appendix E for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, Key's overall provision of retail banking and community development services in the bank's five full-scope Ohio AAs is good.

### **Retail Banking Services**

Key's overall delivery systems are accessible to geographies and individuals of different income levels in the five full-scope Ohio AAs. In the Dayton AA, the proportion of bank branches in low- and moderate-income areas matches the percentage of the population living in those areas. In the Cleveland/Akron and Toledo AAs, the proportions of bank branches in low-income geographies exceed the percentages of the population living there; in the moderate-income geographies the proportion of branches is near the percentage of the population living in those areas. Branch accessibility is poorer in the low- and moderate-income areas of the Cincinnati and Columbus AAs, because the proportions of branches in low- and moderate-income geographies are significantly lower than the percentage of the population living in those areas.

The services offered at each branch are generally consistent and do not vary in a way that would inconvenience certain portions of any of the full-scope AAs. Branch hours are very convenient. Regular business hours are supplemented by extended hours on Saturdays. In the Cleveland/Akron AA, regular business hours are supplemented by extended hours on Saturday in 76 of the 99 branches, including 13 of the 27 branches in LMI areas. In the Cincinnati AA, 19 of the 22 branches have Saturday hours, including one of the two branches in moderate-income geographies. In the Columbus AA, 19 of the 20 branches have Saturday hours, including two of the three branches in LMI areas. In the Dayton AA, 18 of the 25 branches have Saturday hours, including three of the seven branches in LMI areas. In the Toledo AA, 20 of the 27 branches have Saturday hours, including one of the seven banking locations in LMI areas. Branch hours are tailored to the needs of the area by monitoring the timing and volume of branch transactions.

Branch openings, closings and consolidations did not adversely affect the accessibility of banking services in the low- and moderate-income areas of the five full-scope Ohio AAs. Fourteen branches were closed in the full-scope Ohio AAs. One branch serving as a private banking facility was opened and is not accessible to all bank customers. Most of the closures were in the Cleveland/Akron AA where Key closed nine branches, six of which were in moderate-income areas. One branch in an upper-income area of Cleveland was consolidated with another nearby branch.

In late 1997, Key sold five clusters of branches. The sales were a result of Key's First Choice 2000 Initiative. One of the five clusters included all of Key's branches in the Lima AA. Due to the timing of the sale (December 1997), the bank's performance under the service test in the Lima AA was not evaluated.

### **Community Development Services**

Key's level of community development services is good, considering the moderate-to-high number of opportunities available in the five full-scope AAs. Many bank employees are involved in 167 community development organizations throughout the AAs. Bank employees hold leadership positions, such as board or committee members, in 121 of the organizations. The various organizations provide educational, health and financial services to low- and moderate-income individuals, address affordable housing needs, and assist with economic development of low- and moderate-income areas. The bank's community development services are responsive to an area's most pressing needs, but they are not considered innovative.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews of branch distributions, the bank's performance under the Service Test has some inconsistencies in its limited-scope Ohio AAs. In the Mansfield and nonurban AAs, Key's branch distribution is excellent, compared to the overall good distribution found in the five full-scope AAs, due to readily accessible branches and ATMs in low- and moderate-income areas. The bank's branch distributions are adequate in the Canton, Hamilton, and Youngstown AAs.

## STATE RATING

<b>CRA Rating for the State of Oregon:</b>	<u>Outstanding</u>
<b>The Lending Test is rated:</b>	<u>Outstanding</u>
<b>The Investment Test is rated:</b>	<u>Outstanding</u>
<b>The Service Test is rated:</b>	<u>High Satisfactory</u>

Factors that support this rating include:

- < a good geographic distribution of HMDA loans and small loans to businesses;
- < a good distribution of HMDA loans and small loans to businesses among borrowers of different income levels;
- < an excellent volume of community development loans;
- < an excellent level of qualified investments;
- < accessible service delivery systems for geographies and individuals of different income levels; and,
- < a good level of community development services that are responsive to the needs of the AAs.

### **Description of the institution's operations in the State of Oregon**

Refer to Appendix D for the market demographics of the two full-scope AAs in Oregon.

Key's deposit market share in the full-scope Portland AA is fair at five percent and ranks fifth out of 110 institutions. The four leading institutions have 66 percent of Portland's deposits. Portland accounts for 56 percent of Key's deposits in Oregon. Key's deposit market share in the full-scope Salem AA is good at ten percent and ranks second out of 21 institutions. The leading institution has 27 percent of Salem's deposits. Salem accounts for ten percent of Key's deposits in Oregon. Portland and Salem have 66 percent of Key's deposits in Oregon. All of Key's customer deposits in Oregon make up five percent of bankwide deposits.

### **LENDING TEST**

The bank's performance under the Lending Test in Oregon is rated **Outstanding**.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, Key's overall lending in the two full-scope Oregon AAs is excellent.

### **Lending Activity**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's lending activity.

Lending activity in the two full-scope Oregon AAs is good. Key's market shares in home purchase and refinance loans in the Portland AA are very small and significantly lower than the bank's deposit percentage. Key's market shares in home improvement loans and small loans to businesses are excellent with each more than double the bank's deposit percentage. During the evaluation period the bank made 2,330 HMDA loans, over 70 percent of which were for home improvement, and 3,814 small loans to businesses in Portland.

Key's market shares in home purchase and refinance loans in the Salem AA are very small and significantly lower than the bank's deposit percentage. Key's market share in home

improvement loans and small loans to businesses are both excellent. The home improvement market share substantially exceeds the bank's deposit percentage and the market share in small loans to businesses equals it. During the evaluation period the bank made 622 HMDA loans, over 60 percent of which were for home improvement, and 421 small loans to businesses in Salem.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of HMDA loans and small loans to businesses in the two full-scope Oregon AAs is good.

#### ***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's HMDA loans.

The overall geographic distribution of home purchase loans in the LMI areas of Portland and Salem is excellent. The portions of home purchase loans Key made in the low- and moderate-income geographies of Portland exceed their respective percentages of owner-occupied housing units. The portions of home purchase loans Key made in the moderate-income geographies of Salem is near the percentage of owner-occupied housing units. Salem does not have any low-income tracts. The bank's 1997 market share of home purchase loans in the LMI areas of Portland exceeds its overall market share. The bank did not make any loans in the moderate-income geographies of Salem in 1997 and has no market share.

The overall geographic distribution of home improvement loans in the LMI areas of Portland and Salem is excellent. The portions of home improvement loans Key made in the low- and moderate-income geographies of Portland exceed or match their respective percentages of owner-occupied housing units. The portion of home improvement loans Key made in Salem's moderate-income tracts almost equals the percentage of owner-occupied housing units. The bank's 1997 market shares of home improvement loans in the LMI tracts of Portland and Salem are near their respective overall market shares.

The overall geographic distribution of refinance loans in the LMI areas of Portland and Salem is poor. The portion of refinance loans Key made in the low-income geographies of Portland is near the percentage of owner-occupied housing units, but the portion made in moderate-income geographies is lower than the percentage of owner-occupied housing units. The portion of refinance loans Key made in the moderate-income tracts in Salem is significantly lower than the percentage of owner-occupied housing units. The bank's 1997 market share of refinance loans in the LMI areas of Portland is somewhat near the overall market share. The bank did not make any loans in the moderate-income geographies of Salem in 1997 and has no market share.

#### ***Small Loans to Businesses***

Refer to Table 5 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's small loans to businesses.

The overall geographic distribution of small loans to businesses in the LMI areas of Portland and Salem is good. The portions of small loans to businesses Key made in the low- and moderate-income geographies of Portland and in the moderate-income geographies of Salem represent substantial percentages of the businesses located in those tracts. The bank's 1997 market share of small loans to businesses in the LMI geographies of Portland is near the overall market share. Key's 1997 market share in Salem's moderate-income tracts is somewhat near the overall market share of small loans to businesses.

### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of HMDA loans and small loans to businesses among borrowers of

different income levels in the Portland and Salem AAs is good.

### ***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix E for the facts and data used to evaluate the distribution of the bank's HMDA loans by the income level of the borrower.

The overall distribution of home purchase loans to LMI borrowers in Portland and Salem is excellent. The portions of home purchase loans Key made to low-income borrowers are lower than the percentages of low-income families in both Portland and Salem. However, the portions made to moderate-income borrowers in Portland and Salem substantially exceed the percentages of moderate-income families in each area. The bank's 1997 market shares of home purchase loans to LMI borrowers in Portland and Salem significantly exceed their respective overall market shares.

The overall distribution of home improvement loans to LMI borrowers in Portland and Salem is good. The portions of home improvement loans Key made to low-income borrowers are somewhat near the percentages of low-income families in both communities. The portion made to moderate-income borrowers in Portland represents a substantial portion of moderate-income families and the portion made in Salem is near the percentage of moderate-income families. The bank's 1997 market shares of home improvement loans to LMI borrowers exceed their respective overall market shares in both Portland and Salem.

The overall distribution of refinance loans to LMI borrowers in Portland and Salem is adequate. The portion of refinance loans Key made to low-income borrowers in Portland is significantly lower than the percentage of families at that income level, while the portion made to moderate-income borrowers is somewhat near the percentage of families at that income level. The portion of refinance loans Key made to low-income borrowers in Salem is somewhat near the percentage of low-income families and the portion made to moderate-income borrowers almost equals the percentage of families at that income level. The bank's 1997 market shares of refinance loans to LMI borrowers are near the overall market share in Portland and exceed the overall market share in Salem.

### ***Small Loans to Businesses***

Refer to Table 10 in Appendix E for the facts and data used to evaluate the distribution of the bank's small loans to businesses by the income level of the borrower.

The overall distribution of small loans to businesses by borrower income level in Portland and Salem is excellent. The portions of small loans Key made to businesses with revenues of \$1 million or less nearly equal the percentages of small businesses in Portland and Salem. The bank's 1997 market shares of small loans to small businesses significantly exceed their respective market shares of small loans to all size businesses in both Portland and Salem. Key's portions of loans of \$100 thousand or less almost match the respective percentages of small businesses in Portland and Salem.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, Key's HMDA lending performance in its three other Oregon AAs has some inconsistencies compared to its overall good performance in the two full-scope AAs. The differences in performance between the full- and limited-scope AAs did not change the overall Lending Test rating for the State of Oregon. Performance in the full-scope AAs is excellent in home purchase lending, good in home improvement loans, and adequate in refinance loans.

Key has consistent performance in home purchase lending in the limited-scope AAs of Eugene and the combined nonurban areas. The bank's performance is not consistent in Medford which has good performance with excellent geographic distribution and adequate borrower distribution.

Key has consistent performance in home improvement lending in the limited-scope AA of Medford. The bank's performance is not consistent in: Eugene, which has adequate performance based on poor geographic distribution and good borrower distribution; and the combined nonurban areas, which have poor performance based on very poor geographic distribution and adequate borrower distribution.

Key has consistent performance in refinance lending in the limited-scope AA of Eugene. The bank's performance is not consistent in: Medford, which has good performance based on good geographic and borrower distributions; and the combined nonurban AA, which has poor performance based on very poor geographic distribution and adequate borrower distribution.

Based on limited-scope reviews, Key's lending performance with respect to small loans to businesses in Eugene and Medford was consistent with the bank's excellent performance in the two full-scope AAs. The bank's performance was not consistent in the combined nonurban AA, which had good performance based on poor geographic distribution, but excellent borrower distribution.

### **Community Development Lending**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's level of community development lending.

The volume of community development lending in Oregon is excellent. During the evaluation period Key made 14 community development loans throughout the state totaling \$33.6 million. Key made ten community development loans totaling almost \$27 million in the full-scope Portland AA. Nine of the loans were for construction and bridge financing of LIHTC projects. Key also made a \$195 thousand loan to a non-profit organization to finance a neighborhood grocery store in a low- and moderate-income area. These funds helped stabilize and improve the neighborhood and create job training opportunities. In the full-scope Salem AA, Key has a \$1 million participation in an affordable housing loan consortium and funded a \$1.6 million loan to finance a LIHTC project. Key made a large \$5.5 million participation commitment to a non-profit organization that provides affordable housing opportunities throughout the state. In addition to the full-scope areas, the limited-scope communities of Eugene, Medford and the nonurban areas benefit from the bank's statewide commitment to funding affordable housing. Key's high volume of community development loans in the State of Oregon is a significant factor in the bank's overall **A**outstanding rating under the Lending Test.

### **INVESTMENT TEST**

The bank's performance under the Investment Test in Oregon is rated **A**Outstanding. Refer to Table 12 in Appendix E for the facts and data used to evaluate the bank's level of qualified investments.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, Key's overall volume of qualified investments in the two full-scope Oregon AAs is excellent. During the evaluation period, Key made 35 new investments in the State of Oregon totaling slightly over \$36 million. In addition, the bank has 11 prior period investments outstanding totaling almost \$10.5 million. In the full-scope Portland AA, Key has over \$37.7 million invested in 23 LIHTC projects for the construction of affordable housing. Some of the tax credits are under a state program that sponsors the construction of affordable housing for farm workers. Key also has three equity investments totaling \$4.9 million in small business investment companies in the Portland AA that provide loans to small businesses in turn promoting job creation and retention. The remaining number of investments in Portland were contributions to local community groups to support their activities. In the full-scope Salem AA, the bank has

almost \$1.1 million invested in 5 LIHTC projects for the construction of affordable housing.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's overall volume of qualified investments in the three other Oregon AAs is consistent with the bank's excellent performance in the full-scope areas, except for Medford. Key has three investments totaling about \$1.1 million dollars for affordable housing projects in Eugene and two investments totaling over \$1.6 million for affordable housing projects in the nonurban AA. The bank did not have any qualified investments in Medford. This did not diminish the overall Investment Test rating for the State of Oregon.

### **SERVICE TEST**

Key's performance under the Service Test in Oregon is rated **A**High Satisfactory.® Refer to Table 12 in Appendix E for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, Key's overall provision of retail banking and community development services in its two full-scope Oregon AAs is good.

### **Retail Banking Services**

Key's overall delivery systems are accessible to geographies and individuals of different income levels in the two full-scope Oregon AAs. In the Portland AA, the proportion of branches in low- and moderate-income areas exceeds the percentage of the population living in those areas. However, one branch in a moderate-income area serves as a private banking facility and is not accessible to all bank customers. In the Salem AA, which does not have any low-income geographies, the proportion of branches in moderate-income areas exceeds the percentage of the population that lives there.

The services offered at each branch are generally consistent and do not vary in a way that would inconvenience certain portions of any of the full-scope AAs. Branch hours are convenient. Regular business hours are supplemented by extended hours on Saturday in a few locations. In the Portland AA, three of the 34 banking locations offer Saturday hours, including one branch in a moderate-income area. In the Salem AA, one of eight branches has Saturday hours. Branch hours are tailored to the needs of the area by monitoring the timing and volume of branch transactions.

Branch openings, closings and consolidations did not adversely affect the accessibility of banking services in low- and moderate-income areas. In the Portland AA, one branch was opened in an upper-income area to serve as a private banking facility. Key closed nine branches. One was in a moderate-income area. One branch in an upper-income area was consolidated with another nearby branch.

In June 1998, Key sold a cluster of branches located in the states of Oregon, Idaho and Washington. Two branches were located in Oregon. The sale was a result of Key's First Choice 2000 Initiative.

### **Community Development Services**

Key's overall level of community development services in the two full-scope Oregon AAs is good, considering the moderate-to-high number of opportunities available to provide such services. Between the two AAs bank employees are involved in 35 community development organizations. Sixteen organizations are represented by bank employees who hold leadership positions such as board or committee members. Several employees have assisted with credit counseling and home buyers' seminars to low- and moderate-income individuals. The community organizations provide educational, health and financial services

to low- and moderate-income individuals, address affordable housing needs, and assist with economic development of low- and moderate-income areas. The bank's services are responsive to the area's most pressing needs, but they are not considered innovative.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews of branch distributions, the bank's performance under the Service Test has one inconsistency in the limited-scope AAs. In the Eugene and nonurban AAs, Key's branch distributions are consistent with the overall good distribution found in the two full-scope AAs. In the Medford AA, the bank's performance is better due to greater accessibility to branches in low- and moderate-income areas. This difference in branch distribution did not change the overall Service Test rating for the State of Oregon.

## **STATE RATING**

<b>CRA Rating for the State of Utah:</b>	<u>Outstanding</u>
<b>The Lending Test is rated:</b>	<u>Outstanding</u>
<b>The Investment Test is rated:</b>	<u>Outstanding</u>
<b>The Service Test is rated:</b>	<u>High Satisfactory</u>

Factors that support this rating include:

- < an excellent geographic distribution of HMDA loans and small loans to businesses;
- < an excellent distribution of HMDA loans and small loans to businesses among borrowers of different income levels;
- < an excellent volume of community development lending;
- < an excellent level of qualified investments;
- < readily accessible service delivery systems for geographies and individuals of different income levels; and,
- < an adequate level of community development services that are responsive to the needs of the AAs.

### **Description of the institution's operations in the State of Utah**

Refer to Appendix D for the market demographics of the full-scope Salt Lake AA.

Key's deposit market share in the full-scope Salt Lake AA is fair at just under four percent and ranks seventh out of 130 institutions. The six leading institutions have over 54% of Salt Lake's deposits. Salt Lake accounts for 79 percent of Key's deposits in Utah. All of Key's customer deposits in Utah make up 1.9 percent of bankwide deposits.

### **LENDING TEST**

The bank's performance under the Lending Test in Utah is rated **Outstanding**.

**Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's overall lending in the Salt Lake AA is excellent.

**Lending Activity**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's lending activity.

Lending activity in the full-scope Salt Lake AA is good. Key's market shares in home purchase and refinance lending in the Salt Lake AA are very small and significantly lower than the bank's deposit percentage. Key's market share in home improvement loans is good and is somewhat near the bank's deposit percentage. The bank's market share in small loans to businesses is excellent at almost double the deposit percentage. During the evaluation period Key made 626 HMDA loans, distributed fairly evenly among the three HMDA loan types, and 1,226 small loans to businesses in Salt Lake.

**Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of HMDA loans and small loans to businesses in the full-scope Salt Lake AA is excellent.

***Home Mortgage Loans***

Refer to Tables 2, 3, and 4 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's HMDA loans.

The geographic distribution of home purchase loans in Salt Lake's LMI areas is excellent. The portion of home purchase loans Key made in the low-income geographies of Salt Lake exceeds the percentage of owner-occupied units and the portion made in the moderate-income geographies is nearly triple the percentage of owner-occupied housing units. The bank's 1997 market share of home purchase loans in the LMI areas of Salt Lake is near the overall market share.

The geographic distribution of home improvement loans in Salt Lake's LMI areas is excellent. The portions of home improvement loans Key made in the low- and moderate-income geographies of Salt Lake both exceed their respective percentage of owner-occupied housing units. The bank's 1997 market share of home improvement loans in LMI geographies exceeds its overall market share.

The geographic distribution of refinance loans in Salt Lake's LMI areas is adequate. The portions of refinance loans Key made in the low- and moderate-income geographies of Salt Lake are both somewhat near their respective percentages of owner-occupied housing units. The bank's 1997 market share of refinance loans in LMI geographies is also somewhat near the overall market share.

***Small Loans to Businesses***

Refer to Table 5 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's small loans to businesses.

The geographic distribution of small loans to businesses in the LMI areas of Salt Lake is excellent. The portions of small loans to businesses Key made in the low- and moderate-income geographies of Salt Lake exceed the percentages of businesses located in those tracts. The bank's 1997 market share of small loans to businesses in the LMI geographies of Salt Lake exceeds the overall market share.

**Distribution of Loans by Income Level of the Borrower**

The overall distribution of HMDA loans and small loans to businesses among borrowers of different income levels in the full-scope Salt Lake AA is excellent.

***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix E for the facts and data used to evaluate the distribution of the bank's HMDA loans by the income level of the borrower.

The distribution of home purchase loans to LMI borrowers in Salt Lake is excellent. The portion of home purchase loans Key made to low-income borrowers exceeds the percentage of low-income families in Salt Lake and the portion made to moderate-income borrowers is more than twice the percentage of moderate-income families. The bank's 1997 market share of home purchase loans to LMI borrowers exceeds its overall market share.

The distribution of home improvement loans to LMI borrowers in Salt Lake is excellent. The portion of home improvement loans Key made to low-income borrowers represent a substantial percentage of the low-income families in Salt Lake and the portion made to moderate-income borrowers exceeds the percentage of moderate-income families. The bank's 1997 market share of home improvement loans to LMI borrowers exceeds its overall market share.

The distribution of refinance loans to LMI borrowers in Salt Lake is adequate. The portion of refinance loans Key made to low-income borrowers is significantly lower than the percentage of low-income families in Salt Lake. The portion of refinance loans made to moderate-income borrowers is somewhat near the percentage of moderate-income families. The bank's 1997 market share of refinance loans to LMI borrowers is somewhat near the overall market share.

***Small Loans to Businesses***

Refer to Table 10 in Appendix E for the facts and data used to evaluate the distribution of the bank's small loans to businesses by the income level of the borrower.

The distribution of small loans to businesses by borrower income level in Salt Lake is excellent. The portion of small loans Key made to businesses with revenues of \$1 million or less represents a substantial portion of the small businesses in Salt Lake. The bank's 1997 market share of small loans to small businesses significantly exceeds the market share of small loans to all size businesses in Salt Lake. Key's portion of loans of \$100 thousand or less represents a substantial percentage of the small businesses in Salt Lake.

**Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, Key's HMDA lending performance in its two other Utah AAs has some inconsistencies compared to the overall excellent HMDA lending performance in the full-scope Salt Lake AA. The differences in performance between the full- and limited-scope AAs did not change the overall Lending Test rating for the State of Utah. Performance in Salt Lake is excellent in home purchase and home improvement lending with adequate performance in refinance lending.

Key's performance in home purchase lending is not consistent in either limited-scope AA. The bank has poor performance in Provo-Orem with very poor geographic distribution and adequate borrower distribution. The bank's performance in the nonurban areas is very poor in both geographic and borrower distributions.

Key has consistent performance in home improvement lending in the limited-scope AA of Provo-Orem. The bank's performance is not consistent in the nonurban AAs. However, performance is good in both geographic and borrower distributions.

Key's performance in refinance lending was consistent with Salt Lake in both Provo-Orem and the nonurban areas.

Based on limited scope reviews, Key's lending performance with respect to small loans to businesses in Provo-Orem and the nonurban areas was consistent with the excellent performance in the full-scope Salt Lake AA.

### **Community Development Lending**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's level of community development lending.

The volume of community development lending in Utah is excellent. During the evaluation period, Key made ten community development loans totaling \$11.9 million. In the full-scope Salt Lake AA, Key provided funds totaling over \$6.7 million for construction, gap, and permanent financing of four LIHTC projects. The bank also participated in several housing and economic development loan pools providing over \$2 million for affordable low- and moderate-income housing and home ownership programs. No community development loans were identified in the full-scope Provo-Orem AA. Key made one loan totaling over \$2.8 million for the gap and construction financing of an affordable multi-family housing project in the limited-scope nonurban AA.

### **INVESTMENT TEST**

The bank's performance under the Investment Test in Utah is rated **A**Outstanding.@ Refer to Table 12 in Appendix E for the facts and data used to evaluate the bank's level of qualified investments.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's volume of qualified investments in the full-scope Salt Lake AA is excellent. During the evaluation period, Key made nine new investments in its Utah AAs totaling over \$2.4 million. The bank also has \$1.4 million still outstanding in prior period investments. In the full-scope Salt Lake AA, Key has two investments totaling \$3.7 million in affordable housing projects. The remaining number of investments were contributions to local community groups to support their activities.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, the bank's overall volume of qualified investments in the two other Utah AAs is inconsistent with the bank's excellent performance in the full-scope Salt Lake AA. Key has one \$1 thousand investment in a community group in Provo-Orem. In the nonurban AA, the bank has a \$115 thousand investment in an affordable housing project and a \$257 equity investment in a small business investment company. The lesser volume of investments in the two limited-scope AAs did not change the overall Investment Test rating for the State of Utah.

### **SERVICE TEST**

Key's performance under the Service Test in Utah is rated **A**High Satisfactory.@ Refer to Table 13 in Appendix E for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on full-scope reviews, the bank's performance in the Salt Lake City AA is good. The adequate level of community development services precludes a higher rating.

### **Retail Banking Services**

Key's overall delivery systems are readily accessible to geographies and individuals of different income levels in the Salt Lake AA. The proportions of bank branches in the low- and moderate-income geographies of Salt Lake substantially exceed the percentages of the population living in those areas. The services offered at each branch are generally consistent and do not vary in a way that would inconvenience certain portions of the AA. Branch hours are convenient. Regular business hours are supplemented by extended hours

on Saturday. Seven of the bank's 20 branches maintain Saturdays hours, including one branch in a moderate-income area. Branch hours are tailored to the needs of the area by monitoring the timing and volume of branch transactions.

Key closed six branches in the Salt Lake AA during the evaluation period. Two of the closures were in moderate-income areas. The closures did not adversely affect the accessibility of banking services in low- and moderate-income areas or for low- and moderate-income individuals, because there are several branches in surrounding geographies that are accessible to the areas where the branches were closed. No branches were opened or consolidated since the last examination.

### **Community Development Services**

Key's overall level of community development services in the Salt Lake AA is adequate, considering the high number of opportunities available to provide such services. Employees are involved in only nine community development organizations. These organizations provide educational, health and financial services to low- and moderate-income individuals, address affordable housing needs, and assist with economic development and revitalization of low- and moderate-income areas. Five organizations are represented by Key employees who serve as board or committee members. The services provided are responsive to the area's most pressing needs, but they are not considered innovative.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews of branch distributions, the bank's performance under the Service Test has one inconsistency in the limited-scope AAs. In the nonurban AA, Key's branch distribution are consistent with the overall excellent distribution found in the Salt Lake AA. In the Provo-Orem AA, the bank's branch distribution is poorer, due to adequate accessibility to branches in low-income areas when compared to the percentage of the population living in those areas.

## STATE RATING

<b>CRA Rating for the State of Vermont:</b>	<u>Outstanding</u>
<b>The Lending Test is rated:</b>	<u>Outstanding</u>
<b>The Investment Test is rated:</b>	<u>Outstanding</u>
<b>The Service Test is rated:</b>	<u>High Satisfactory</u>

Factors that support this rating include:

- < an excellent geographic distribution of HMDA loans and small loans to businesses;
- < an excellent distribution of HMDA loans and small loans to businesses among borrowers of different income levels;
- < a good volume of community development loans;
- < an excellent level of qualified investments;
- < accessible service delivery systems for geographies and individuals of different income levels; and,
- < an excellent level of community development services that are highly responsive to the needs of the AAs.

### **Description of the institution's operations in the State of Vermont**

Refer to Appendix D for the market demographics of the full-scope Burlington AA.

Key's deposit market share in the full-scope Burlington AA is good at just over eight percent and ranks fifth out of 21 institutions. The four leading institutions have 62 percent of Burlington's deposits. Burlington accounts for 67 percent of Key's deposits in Vermont. All of Key's customer deposits in Vermont make up 1.2 percent of bankwide deposits.

### **LENDING TEST**

The bank's performance under the Lending Test in Vermont is rated **Outstanding**.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's overall lending in the Burlington AA is excellent.

### **Lending Activity**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's lending activity.

Lending activity in the full-scope Burlington AA is adequate. Key's market shares in home purchase and refinance loans in the Burlington AA are modest and lower than the bank's deposit percentage. Key's market share in home improvement lending is fair and somewhat near the bank's deposit percentage. The bank's market share in small loans to businesses is good and almost equals the deposit percentage. During the evaluation period Key made 229 HMDA loans, distributed fairly evenly among the three HMDA loan types, and 325 small loans to businesses in Burlington.

### **Distribution of Loans by Income Level of the Geography**

The overall distribution of HMDA loans and small loans to businesses in the full-scope Burlington AA is excellent.

### **Home Mortgage Loans**

Refer to Tables 2, 3, and 4 in Appendix E for the facts and data used to evaluate the

geographic distribution of the bank's HMDA loans.

The geographic distribution of home purchase loans in Burlington's LMI areas is excellent. The portion of home purchase loans Key made in the low-income geographies of Burlington substantially exceeds the percentage of owner-occupied housing units and the portion made in moderate-income geographies almost equals the percentage of owner-occupied housing units. The bank's 1997 market share of home purchase loans in the LMI areas of Burlington exceeds the overall market share.

The geographic distribution of home improvement loans in Burlington's LMI areas is excellent. The portion of home improvement loans Key made in the low- and moderate-income geographies of Burlington both exceed the respective percentages of owner-occupied housing units in those tracts. The bank's 1997 market share of home improvement loans in LMI geographies is near its overall market share.

The geographic distribution of refinance loans in Burlington's LMI areas is excellent. The portions of refinance loans Key made in the low- and moderate-income geographies of Burlington both exceed the respective percentages of owner-occupied housing in those tracts. The bank's 1997 market share of refinance loans in LMI geographies exceeds the overall market share.

#### ***Small Loans to Businesses***

Refer to Table 5 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's small loans to businesses.

The geographic distribution of small loans to businesses in the LMI areas of Burlington is good. The portion of small loans to businesses Key made in low-income geographies represents a substantial percentage of the businesses located in those tracts and the portion made in moderate-income geographies represents a significant percentage of the businesses in those tracts. The bank's 1997 market share of small loans to businesses in Burlington's LMI geographies exceeds the overall market share.

#### **Distribution of Loans by Income Level of the Borrower**

The overall distribution of HMDA loans and small loans to businesses among borrowers of different income levels in the full-scope Burlington AA is excellent.

#### ***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix E for the facts and data used to evaluate the distribution of the bank's HMDA loans by the income level of the borrower.

The distribution of home purchase loans to LMI borrowers in Burlington is excellent. The portion of home purchase loans Key made to low-income borrowers represents a substantial percentage of the low-income families in Burlington and the portion made to moderate-income borrowers exceeds the percentage of moderate-income families. The bank's 1997 market share of home purchase loans to LMI borrowers exceeds the overall market share.

The distribution of home improvement loans to LMI borrowers in Burlington is excellent. The portion of home improvement loans Key made to low-income borrowers equals the percentage of low-income families in Burlington and the portion made to moderate-income borrowers exceeds the percentage of moderate-income families. The bank's 1997 market share of home improvement loans to LMI borrowers exceeds the overall market share.

The distribution of refinance loans to LMI borrowers in Burlington is adequate. The portion of refinance loans Key made to low-income borrowers is significantly lower than the percentage of low-income families in Burlington, but the portion made to moderate-

income borrowers is somewhat near the percentage of moderate-income families. The bank's 1997 market share of refinance loans to LMI borrowers is near the overall market share.

### ***Small Loans to Businesses***

Refer to Table 10 in Appendix E for the facts and data used to evaluate the distribution of the bank's small loans to businesses by the income level of the borrower.

The distribution of small loans to businesses by borrower income level in Burlington is excellent. The portion of small loans Key made to businesses with revenues of \$1 million or less represents a substantial portion of the small businesses in Burlington. The bank's 1997 market share of small loans to small businesses is nearly double the market share of small loans to all size businesses in Burlington. Key's portion of loans of \$100 thousand or less almost equals the percentage of small businesses in Burlington.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, Key's HMDA lending performance in the nonurban areas of Vermont are consistent with the performance in the full-scope Burlington AA with one exception. Burlington has excellent performance in home purchase lending. However, the bank's performance in the nonurban areas is adequate based on very poor geographic distribution, but excellent borrower distribution. This difference in performance did not change the overall Lending Test rating for the State of Vermont. Key's performance in home improvement lending is excellent in Burlington and the nonurban areas and performance is good in refinance lending in both AAs.

Based on limited-scope reviews, Key's lending performance with respect to small loans to businesses in the nonurban areas was consistent with the excellent performance in the full-scope Burlington AA.

### **Community Development Lending**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's level of community development lending.

The volume of community development loans in Vermont is good. Key made one community development loan for \$2.4 million to provide bridge financing for a LIHTC property in the full-scope Burlington AA. No community development loans were identified in the limited-scope nonurban AA.

### **INVESTMENT TEST**

The bank's performance under the Investment Test in Vermont is rated **Outstanding**. Refer to Table 12 in Appendix E for the facts and data used to evaluate the bank's level of qualified investments.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's volume of qualified investments in the Burlington AA is good. The bank made two current period investments in affordable housing projects in Burlington.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on a limited-scope review, Key's volume of qualified investments in the nonurban AA is inconsistent with the good performance noted in Burlington. The level of qualified investments in the nonurban AA is excellent, particularly in view of the limited opportunities available in rural areas, and strengthened the overall Investment Test rating for the State of Vermont.

### **SERVICE TEST**

Key's performance under the Service Test in Vermont is rated **A**High Satisfactory.® Refer to Table 13 in Appendix E for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, the bank's provision of retail banking and community development services in the Burlington AA is good.

#### **Retail Banking Services**

Key's overall delivery systems are accessible to geographies and individuals of different income levels in the Burlington AA. The proportion of branches in low-income areas is almost double the percentage of the population living in those areas. There are no branches or ATMs in moderate-income areas where 13 percent of the population lives. However, the branches in middle- and upper-income areas serve over 82 percent of the general population and almost 72 percent of the low- and moderate-income families in the Burlington AA.

The services offered at each branch are generally consistent and do not vary in a way that would inconvenience certain portions of the AA. Branch hours are convenient. Regular business hours are supplemented by extended hours on Saturday and Sunday in four of the 12 branches, all of which are in middle- and upper-income areas. Branch hours are tailored to the needs of the area by monitoring the timing and volume of branch transactions.

Branch openings and closings did not adversely affect the accessibility of banking services in low- and moderate-income areas. Key opened three branches in the Burlington AA in middle- and upper-income geographies. Although this did not improve physical accessibility in low- or moderate-income areas, it does improve accessibility for low- and moderate-income families, 72 percent of whom live in these areas. The new branches are in-store banking offices with extended hours on Saturday and Sunday. No branches were closed.

#### **Community Development Services**

Key's level of community development services is excellent considering the high level of opportunities to provide such services in the Burlington AA. Many bank employees are involved in 12 community development organizations. Ten organizations are represented by Key employees who hold leadership positions such as board or committee members. These organizations provide educational, health and financial services to low- and moderate-income individuals, address affordable housing needs, and assist with economic development of low- and moderate-income areas. These services are highly responsive to the area's most pressing needs.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on a limited-scope review of branch distribution, the bank's performance under the Service Test in the nonurban AA is consistent with the reasonable accessibility found in the Burlington AA.

## STATE RATING

**CRA Rating for the State of Washington:** Outstanding

**The Lending Test is rated:** Outstanding

**The Investment Test is rated:** Outstanding

**The Service Test is rated:** Outstanding

Factors that support this rating include:

- < an excellent geographic distribution of HMDA loans and small loans to businesses;
- < an excellent distribution of HMDA loans and small loans to businesses among borrowers of different income levels;
- < an excellent volume of community development loans;
- < an excellent level of qualified investments;
- < readily accessible service delivery systems for geographies and individuals of different income levels; and,
- < a good level of community development services that are responsive to the needs of the AAs.

### **Description of the institution's operations in the State of Washington.**

Refer to Appendix D for the market demographics of the full-scope Seattle/Bellevue AA.

Key's deposit market share in Seattle is good at almost ten percent and ranks third out of 157 institutions. The two leading institutions have 42 percent of Seattle's deposits. Seattle accounts for 78 percent of Key's deposits in Washington State. All of Key's customer deposits in Washington State make up 12.7 percent of bankwide deposits.

### **LENDING TEST**

The bank's performance under the Lending Test in Washington State is rated **Outstanding**.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's overall lending in the full-scope Seattle AA is excellent.

### **Lending Activity**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's lending activity.

Lending activity in the full-scope Seattle AA is good. Key's market shares in home purchase and refinance lending are very small and significantly lower than the bank's deposit percentage. Key's market shares in home improvement loans and small loans to businesses are excellent and substantially exceed the deposit percentage. During the evaluation period Key made 5,944 HMDA loans, over 70 percent of which were for home improvement, and 8,389 small loans to businesses in Seattle.

### **Distribution of Loans by Income Level of the Geography**

The overall geographic distribution of HMDA loans and small loans to businesses in the full-scope Seattle AA is excellent.

### **Home Mortgage Loans**

Refer to Tables 2, 3, and 4 in Appendix E for the facts and data used to evaluate the

geographic distribution of the bank's HMDA loans.

The geographic distribution of home purchase loans in Seattle's LMI areas is excellent. The portions of home purchase loans Key made in the low- and moderate-income geographies of Seattle both exceed their respective percentage of owner-occupied housing units. The bank's 1997 market share of home purchase loans in LMI geographies exceeds its overall market share.

The geographic distribution of home improvement loans in Seattle's LMI areas is excellent. The portion of home improvement loans Key made in the low-income geographies of Seattle exceeds the percentage of owner-occupied housing units and the portion made in moderate-income geographies almost matches the percentage of owner-occupied housing units. The bank's 1997 market share of home improvement loans in LMI geographies exceeds its overall market share.

The geographic distribution of refinance loans in Seattle's LMI areas is adequate. The portion of refinance loans Key made in the low-income geographies of Seattle exceeds the percentage of owner-occupied housing units and the portion made in moderate-income geographies is somewhat near the percentage of owner-occupied housing units. The bank's 1997 market share of refinance loans in LMI geographies is somewhat near its overall market share.

#### ***Small Loans to Businesses***

Refer to Table 5 in Appendix E for the facts and data used to evaluate the geographic distribution of the bank's small loans to businesses.

The geographic distribution of small loans to businesses in the LMI areas of Seattle is excellent. The portion of small loans to businesses Key made in Seattle's low-income geographies exceeds the percentage of businesses located in those tracts and the portion made in moderate-income geographies almost equals the percentage of businesses located in those tracts. The bank's 1997 market share of small loans to businesses in LMI geographies is near its overall market share.

#### **Distribution of Loans by Income Level of the Borrower**

The distribution of HMDA loans and small loans to businesses among borrowers of different income levels in the full-scope Seattle AA is excellent.

#### ***Home Mortgage Loans***

Refer to Tables 7, 8, and 9 in Appendix E for the facts and data used to evaluate the distribution of the bank's HMDA loans by the income level of the borrower.

The distribution of home purchase loans to LMI borrowers in Seattle is excellent. The portion of home purchase loans Key made to low-income borrowers represents a substantial percentage of low-income families in Seattle. The portion made to moderate-income borrowers is twice the percentage of moderate-income families. The bank's market share of home purchase loans to LMI borrowers exceeds the overall market share.

The distribution of home improvement loans to LMI borrowers in Seattle is good. The portion of home improvement loans Key made to low-income borrowers is somewhat near the percentage of low-income families in Seattle and the portion made to moderate-income borrowers exceeds the percentage of moderate-income families. The bank's 1997 market share of home improvement loans to LMI borrowers is near the overall market share.

The distribution of refinance loans to LMI borrowers in Seattle is good. The portion of refinance loans Key made to low-income borrowers is somewhat near the percentage of low-income families in Seattle and the portion made to moderate-income borrowers is near

the percentage of moderate-income families. The bank's 1997 market share of refinance loans to LMI borrowers is near the overall market share.

### ***Small Loans to Businesses***

Refer to Table 10 in Appendix E for the facts and data used to evaluate the distribution of the bank's small loans to businesses by the income level of the borrower.

The distribution of small loans to businesses by borrower income level in Seattle is excellent. The portion of small loans Key made to businesses with revenues of \$1 million or less exceeds the percentage of small businesses in Seattle. The bank's 1997 market share of small loans to small businesses substantially exceeds the market share of small loans to all size businesses in Seattle. Key's portion of loans of \$100 thousand or less almost equals the percentage of small businesses in Seattle.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, Key's HMDA lending performance in its four other Washington State AAs has some inconsistencies compared to the overall excellent HMDA lending performance in the full-scope Seattle AA. The differences in performance between the full- and limited-scope AAs did not change the overall Lending Test rating for the State of Washington. Performance in Seattle is excellent in home purchase and home improvement lending with adequate performance in refinance lending.

Key has consistent performance in home purchase lending in the nonurban area. The bank's performance is not consistent in Bellingham, Richland and Yakima. In Bellingham performance is good with adequate geographic distribution and good borrower distribution. In both Richland and Yakima performance is adequate with very poor geographic distributions, but excellent borrower distributions.

Key has consistent performance in home improvement lending in Bellingham, Richland and the nonurban areas. The bank's performance is not consistent in Yakima which has good performance with good geographic and borrower distributions.

Key has consistent performance in refinance lending in Bellingham. The bank's performance is not consistent in Richland, Yakima and the nonurban area. In both Richland and the nonurban area performance is good with excellent geographic distributions and good borrower distributions. In Yakima performance is adequate with poor geographic distribution and good borrower distribution.

Based on limited-scope reviews, Key's lending performance with respect to small loans to businesses in the four limited-scope AAs was consistent with the excellent performance found in the Seattle AA.

### **Community Development Lending**

Refer to Table 1 in Appendix E for the facts and data used to evaluate the bank's level of community development lending.

The volume of community development loans in Washington State is excellent. During the evaluation period, Key made 30 community development loans throughout the state totaling over \$46 million. The bank made 18 community development loans totaling \$19.8 million in the full-scope Seattle AA. Thirteen of these loans were construction or gap financing for LIHTC affordable housing projects. Some of the bank's other loans supported other affordable multi-family housing projects, low- and moderate-income home ownership programs, and small business lending programs. Key also issued \$8.1 million in Letters of Credit to support two multi-family affordable housing projects being developed by a local housing authority in the Seattle/Bellevue area. Key made a large \$13.1 million commitment to a non-profit organization as part of a multi-lender loan pool to finance

affordable housing loans and home-ownership programs throughout the state. All of the bank's full- and limited-scope AAs in Washington State benefit from the bank's commitment to this statewide loan pool for low- and moderate-income borrowers. Key also made multiple loans totaling about \$12 million in the nonurban areas of the state to finance LIHTC projects and non-profit organizations that provide affordable housing programs and other social services to low- and moderate-income persons.

### **INVESTMENT TEST**

The bank's performance under the Investment Test in Washington State is rated **Outstanding**. Refer to Table 12 in Appendix E for the facts and data used to evaluate the bank's level of qualified investments.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's volume of qualified investments in the Seattle AA is excellent. During the evaluation period, Key made three equity investments totaling over \$8.1 million in small business investment companies in the Seattle AA. These investments provide funding for small businesses, help promote economic development and contribute to job creation and retention. The bank also has one \$7.5 million equity investment in a company that funds small businesses which meet the eligibility standards of the SBA. Key has 16 current period and 21 prior period investments in affordable housing projects in the Seattle AA totaling almost \$24.8 million.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews, Key's volume of qualified investments in each of the four other Washington State AAs is consistent with the excellent performance found in the Seattle AA.

### **SERVICE TEST**

Key's performance under the Service Test in Washington State is rated **Outstanding**. Refer to Table 13 in Appendix E for the facts and data used to evaluate the distribution of the bank's branch and ATM delivery system.

### **Conclusions for Areas Receiving Full-Scope Reviews**

Based on a full-scope review, Key's overall provision of retail banking and community development services in the Seattle AA is excellent.

### **Retail Banking Services**

Key's overall delivery systems are readily accessible to geographies and individuals of different income levels in the Seattle AA. The proportion of branches in low- and moderate-income areas is excellent and exceeds the percentage of population living in those areas.

The services offered at each branch are generally consistent and do not vary in a way that would inconvenience certain portions of the AA. Branch hours are very convenient. Regular business hours are supplemented by extended hours on Saturday. Half of all the bank's branches maintain Saturday hours, including 15 of the 29 branches in LMI areas. One of the LMI branches also has Sunday hours. Branch hours are tailored to the needs of the area by monitoring the timing and volume of branch transactions.

Branch closings and consolidations did not adversely affect the accessibility of banking services in low- and moderate-income areas. Eight branches were closed, two of which were in moderate-income areas. Two, one and two branches in low-, moderate-, and middle-income areas were consolidated with other nearby branches. No branches were opened.

In June 1998, Key sold a cluster of branches located in the states of Oregon, Idaho and Washington. Twenty-one branches were located in western and eastern Washington. The sale was a result of Key's First Choice 2000 Initiative.

### **Community Development Services**

Key's overall level of community development services in Washington is good primarily due to the technical expertise provided to the community for Federal Home Loan Bank (FHLB) applications and a specialized checking account product.

Key provides technical assistance to community banks and organizations submitting Affordable Housing Program applications to the Seattle FHLB. During 1998, the bank assisted in 11 project filings. Five projects were funded for \$1.1 million.

In Washington State, the bank offers *Key Choice Checking*, an account with a prewaived monthly service charge for low- and moderate-income customers. Customers must meet income eligibility requirements, typically 60 percent of the County's median family income. This product is responsive to a need in Washington State, since approximately eight thousand accounts have been opened since December 1998.

In addition, bank employees are involved in 45 community development organizations. Twenty-three organizations are represented by bank employees who hold leadership positions such as board or committee members. These organizations provide educational, health and financial services to low- and moderate-income individuals, address affordable housing needs, and assist with economic development and revitalization of low- and moderate-income areas. These services are responsive to the areas most pressing needs.

### **Conclusions for Areas Receiving Limited-Scope Reviews**

Based on limited-scope reviews of branch distributions, the bank's performance under the Service Test is consistent in the Bellingham and nonurban AAs with the excellent branch distribution noted in the Seattle AA. In the Yakima and Richland AAs, the bank's branch distributions are somewhat poorer due to reasonable accessibility of branches in low- and moderate-income areas. This difference in branch distribution did not change the overall Service Test rating for Washington State.