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# BancAnalysts Association of Boston Annual Bank Conference

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*November 5, 2010*

**Beth E. Mooney**

*Vice Chair – KeyCorp  
Key Community Banking*

**Kate Terrell**

*Executive Vice President  
Chief Financial Officer, Key Community Banking*



# PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 FORWARD-LOOKING STATEMENT DISCLOSURE

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This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about Key's financial condition, results of operations, earnings outlook, asset quality trends and profitability. Forward-looking statements are not historical facts but instead represent only management's current expectations and forecasts regarding future events, many of which, by their nature, are inherently uncertain and outside of Key's control. Key's actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Factors that could cause Key's actual results to differ materially from those described in the forward-looking statements can be found in Key's Annual Report on Form 10-K for the year ended December 31, 2009 and any Quarterly Reports on Form 10-Q for Key's quarterly periods during 2010 filed to date with the Securities and Exchange Commission, which are available on Key's website ([www.key.com](http://www.key.com)) and on the Securities and Exchange Commission's website ([www.sec.gov](http://www.sec.gov)). Forward-looking statements are not guarantees of future performance and should not be relied upon as representing management's views as of any subsequent date. Key does not undertake any obligation to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.



# Key Investment Themes

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**Core funded with strong liquidity and funding**

**Improving credit trends and lower risk profile**

**Strong reserves and capital position**

**Differentiated operating model focused on relationships**

**Leveraging alignment of Community Banking and National Banking**

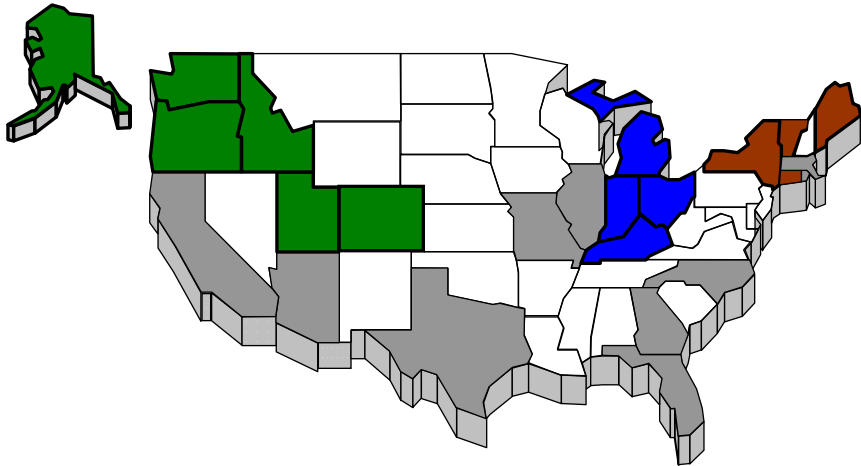


# Key's Franchise

## Key Facts (a)

- 14<sup>th</sup> largest U.S. bank-based financial services company by asset size
- Assets: \$94 billion
- Deposits: \$61 billion
- Market cap: \$7 billion
- Banking offices: 24 states
- Branches: 1,029
- ATMs: 1,522
- Employees: 15,584
- Building presence in higher growth markets in Rocky Mountains and Northwest
- Strong market share in Great Lakes and Northeast regions

## Footprint

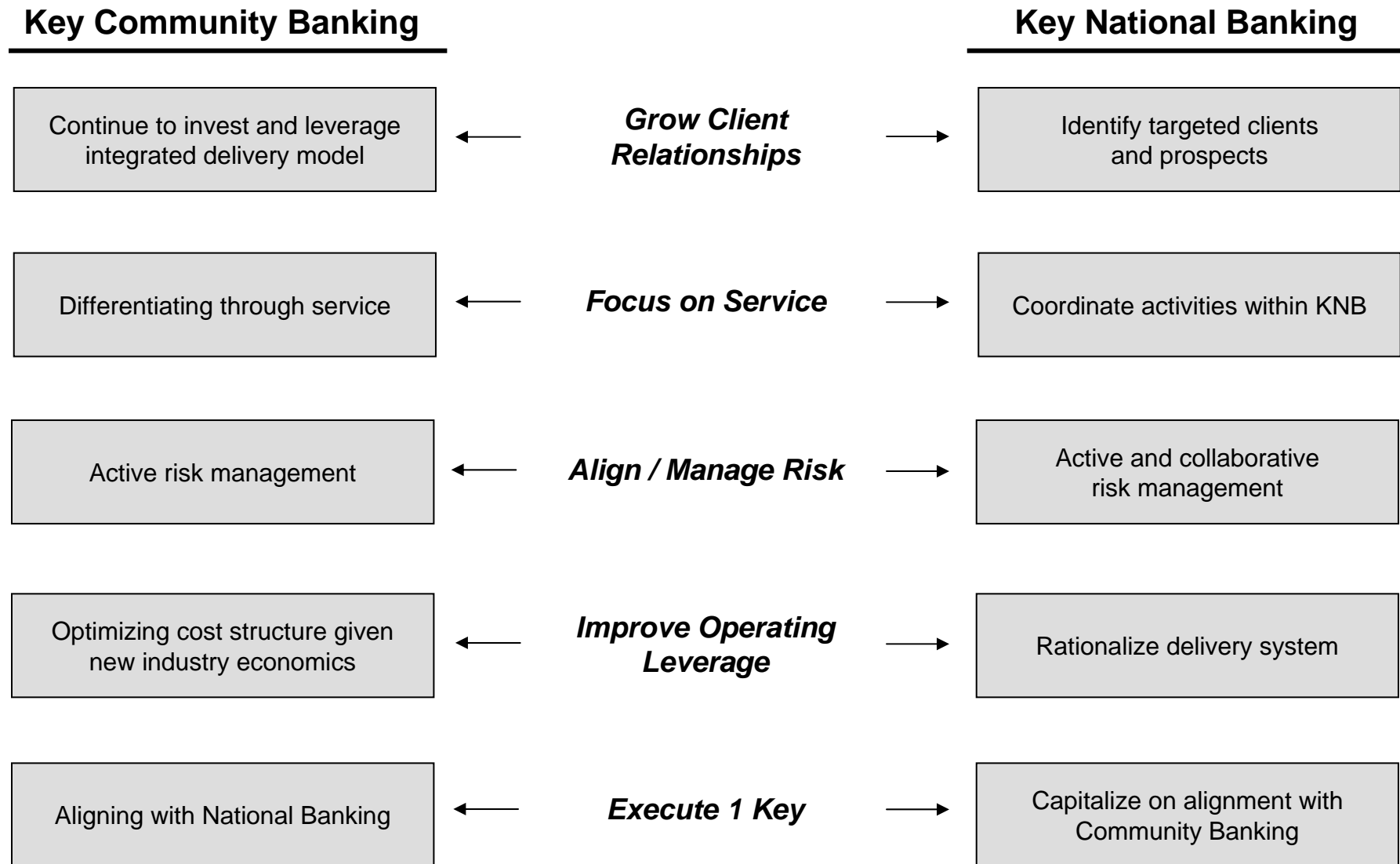


	Rocky Mountain and Northwest	Great Lakes	Northeast
<b>Branches</b>	381	346	302
<b>ATMs</b>	544	546	432
<b>Loans <sup>(b)</sup></b>	\$10.6	\$6.6	\$5.6
<b>Deposits <sup>(b)</sup></b>	\$16.0	\$15.6	\$14.5

(a) Data as of September 30, 2010  
 (b) Community Banking average total loans and deposits for the third quarter of 2010



# Key's Strategic Focus & Differentiated Operating Model



# Differentiated Operating Model

## Community Banking

### Key Community Banking Model

We are a  
Relationship  
Bank

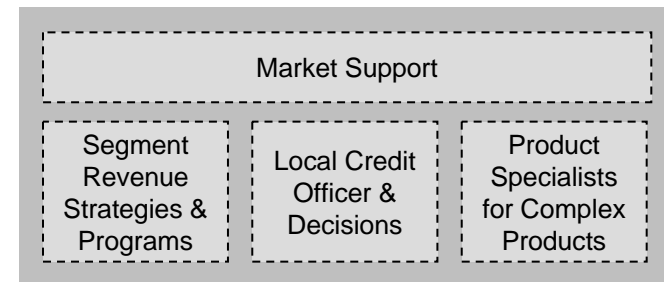
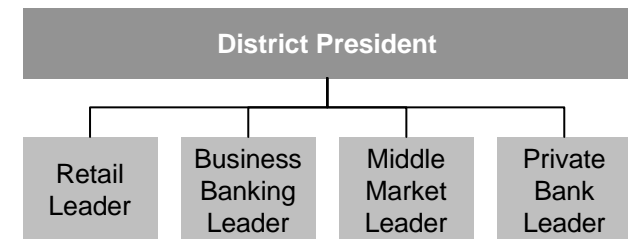
- **Community banking franchise** enables us to understand client needs and provide solutions and advice
- District teams accountable for **local delivery** to help clients **achieve their financial goals**

We are  
Client Insight  
Driven

- Decision-making is based on **an understanding of client needs** and behaviors
- **Analytics paired with local knowledge** used to assess client preferences and uncover needs

We are  
Segment  
Focused

- **Organized by client segments** to ensure client focused strategies
- Segments deliver **targeted revenue strategies using insights** to drive client acquisition, retention and expansion



- Key is organized to make decisions and build client relationships through integrated local leadership teams
- Local decision-making is a competitive advantage in credit approval and has been a differentiator to manage credit quality through the cycle (e.g., one third of districts with no middle market charge-offs)



# Investing for Future Growth

## Community Banking

### De Novo Update

- Opened 34 new branches YTD; plan to open 5 additional branches during the remainder of 2010
- Key's goal is to build 25-30 new branches per year and relocate 15-20 branches per year
- Targeting higher growth markets where Key has the opportunity to build branch density



### Online and Mobile Capabilities

- Online: Robust online banking for consumers and businesses including account opening and transacting
- Mobile: Online banking and text messaging capabilities for all clients and phones, including mobile alerts and real-time inquiries



### Branch Modernization

- Completed renovations on approximately 160 branches over the past two years
- Expect to renovate another 85 branches in 2010
- Improvement in technology drives lower costs and improves overall client experience



# Differentiating Through Service

## Community Banking

### Recognition and Awards

- Ranked 11<sup>th</sup> in *BusinessWeek's* 2009 annual ranking of Customer Service Champs
  - Only bank on the list
- Scored significantly higher than its largest competitor banks in the 2009 customer satisfaction survey conducted by the American Customer Satisfaction Index
- Ranked 3<sup>rd</sup> in J.D. Power Small Business client satisfaction in 2010
- Recognized and ranked 2<sup>nd</sup> in 2010 *Bank Monitor Report* for our online banking capabilities and features



## and the winner is...

you, our loyal customers.

# here for you

In the most recent 2009 American Customer Satisfaction Index survey, KeyBank scored higher than our largest competitor banks in:

- Overall customer satisfaction
- Perceived value
- Customer loyalty





Unlock your possibilities

KeyBank is Member FDIC.  
KeyBank engaged ACSI in a fourth quarter, 2009 research effort to benchmark with the U.S. largest banks. The American Customer Satisfaction Index is a national economic indicator of customer evaluation.





# How is Key Distinctive?

## Community Banking / National Banking Alignment & Collaboration

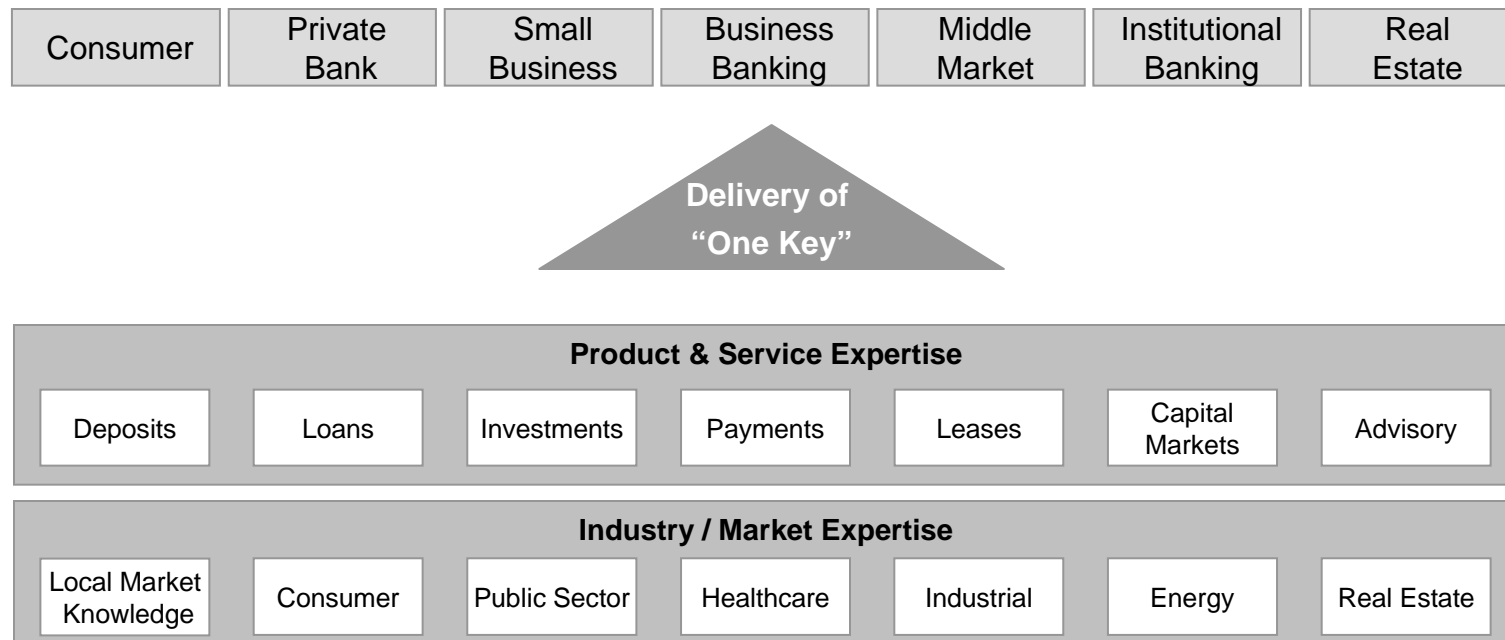
*Uniquely positioned with a:*

- **Relationship Focused Community Bank (KCB)**

*coupled with the capabilities of a:*

- **Segment Specialist (KNB)**

Key has a unique opportunity to serve customers along a continuum of businesses by joint prospecting, client acquisition and development. We will differentiate by using client insights, industry expertise and product specialization:



# Recent Success

## Community Banking

### Strategy Execution

#### Retail Banking

- Solid growth in new DDA accounts opened year over year
- Key Investment Service, our branch-based investment program, has posted record-setting revenue results in 2010
- Award winning customer service

#### Business Banking

- Designated 225 branches “business intensive” to serve Key’s 15,000 small business clients
- Ranked 14<sup>th</sup> among the country’s major lenders in the SBA’s 7(a) small business financing program for 2010
- Acquired over 700 new clients in 2010

#### Private Banking

- Investment Management and Trust new business is up 53% from 2009
- New client acquisitions are up from 2009 as Key continues to execute on its sales process
- Continuing to make substantial investments in staffing and technology

#### Commercial Banking

- Will add new bankers across select districts to improve new client acquisition
- Over 90% of commercial clients have more than just a credit relationship
- Acquired over 200 new clients in 2010



# National Banking

	Key Activities	Client Profile
<b>Institutional and Capital Markets</b>	<ul style="list-style-type: none"> <li>Full-service corporate &amp; investment banking               <ul style="list-style-type: none"> <li>Advisory, credit, research, debt/equity capital markets, derivatives, FX, cash management</li> </ul> </li> <li>22 equity analysts covering 403 companies</li> </ul>	<ul style="list-style-type: none"> <li>Focus on clients with &lt;\$1B in revenue across banking, research and sales and trading within four industry verticals               <ul style="list-style-type: none"> <li>Consumer, industrial, energy/utilities and real estate</li> </ul> </li> </ul>
<b>Real Estate Capital</b>	<ul style="list-style-type: none"> <li>Provides integrated capital &amp; advisory services               <ul style="list-style-type: none"> <li>Credit, financial advisory, debt/equity capital markets, mortgage banking</li> </ul> </li> <li>Highly-rated, scalable loan servicing operations</li> </ul>	<ul style="list-style-type: none"> <li>Narrow focus on 300 clients               <ul style="list-style-type: none"> <li>Institutional real estate, healthcare and income property</li> </ul> </li> </ul>
<b>Equipment Finance</b>	<ul style="list-style-type: none"> <li>Meets the equipment leasing needs of companies worldwide and provides clients with different financing options</li> </ul>	<ul style="list-style-type: none"> <li>1,200 clients in focus areas               <ul style="list-style-type: none"> <li>Government, healthcare, technology, and energy</li> </ul> </li> <li>Product capability for relationship companies in Community and National Banking</li> </ul>



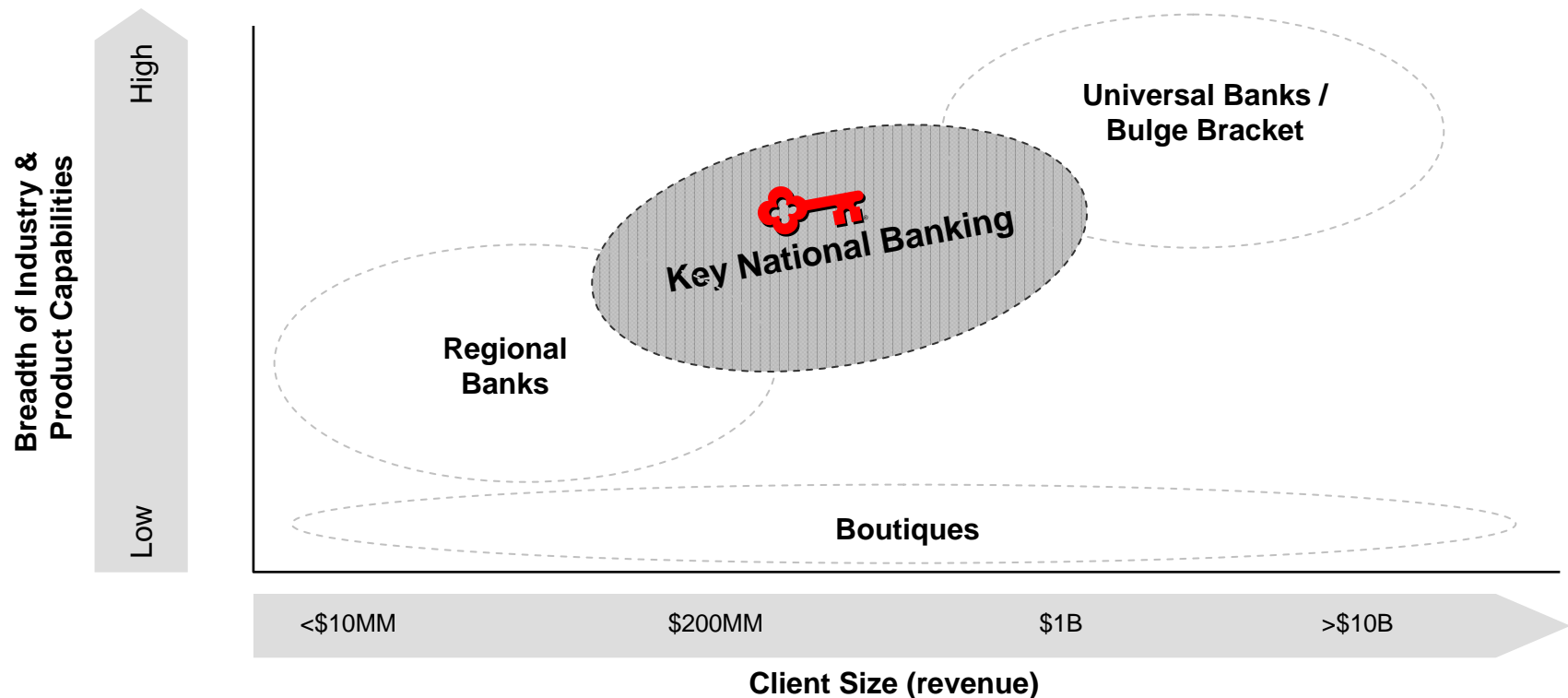
# Differentiated Operating Model

## National Banking

### KNB is differentiated from competitors through focus on our sweet spot

- More comprehensive products and industry expertise than regional peers
- More consistent focus and better product coordination than bulge bracket firms
- More capital and better local relationships than boutiques and non-banks
- Focused expertise in four industry verticals

#### Competitive Landscape



# Real Estate Capital

## National Banking

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### From

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- Oversized exposure
- Broad focus with 1,000 clients across sectors
  - Mid-cap REITs
  - Real estate funds
  - Homebuilders
  - Developers
  - Health care owner/operators
- Development oriented
- 36 offices
- 1,100 employees



### To

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- Appropriately risk-adjusted exposure
- Narrow focus to 300 clients and 200 prospects
  - Mid-cap REITs
  - Real estate funds
  - Real estate owners
  - Health care owner/operators
- EPA-driven
- High fee income mix
  - Loan servicing
  - Capital markets
  - Mortgage banking
- 23 offices
- 600 employees



# Recent Success

## National Banking

### Strategy Execution

<b>Institutional and Capital Markets</b>	<ul style="list-style-type: none"><li>▪ Participated in 41 equity transactions that generated over \$40 million in fees</li><li>▪ Consistently ranked as a top advisor for middle market M&amp;A deals</li></ul>
<b>Real Estate Capital</b>	<ul style="list-style-type: none"><li>▪ 5<sup>th</sup> consecutive quarter of declining nonperforming loans</li><li>▪ Total noninterest income increased \$94MM YTD vs. prior year</li><li>▪ Continued progress on narrowing client and sector focus</li></ul>
<b>Equipment Finance</b>	<ul style="list-style-type: none"><li>▪ Implementation of risk-based pricing is contributing to improvement in credit quality with nonperforming assets steadily declining since 4Q09</li><li>▪ Redefining business from a volume focus to a profitability and relationship focused business</li><li>▪ Utilizing profitability analysis to further identify targeted clients</li></ul>



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# Financial Review



# Key's Targets for Success (a)

KEY Business Model	KEY Metrics	KEY 3Q10	Targets	Action Plans
Core funded	Loan to deposit ratio <sup>(b) (c)</sup>	92%	90-100%	<ul style="list-style-type: none"> <li>▪ Improve risk profile of loan portfolio</li> <li>▪ Improve deposit mix and grow deposit base</li> </ul>
Returning to a moderate risk profile	NCOs to average loans	2.69%	40-50 bps	<ul style="list-style-type: none"> <li>▪ Focus on relationship clients</li> <li>▪ Exit noncore portfolios</li> <li>▪ Limit concentrations</li> <li>▪ Focus on risk-adjusted returns</li> </ul>
Growing high quality, diverse revenue streams	Net interest margin	3.35%	>3.50%	<ul style="list-style-type: none"> <li>▪ Improve funding mix</li> <li>▪ Focus on risk-adjusted returns</li> </ul>
	Noninterest income to total revenue	42.9%	>40%	<ul style="list-style-type: none"> <li>▪ Leverage Key's total client solutions and cross-selling capabilities</li> </ul>
Creating positive operating leverage	Keyvolution cost savings	\$224 million implemented	\$300-\$375 million	<ul style="list-style-type: none"> <li>▪ Improve efficiency and effectiveness</li> <li>▪ Leverage technology</li> <li>▪ Change cost base to more variable from fixed</li> </ul>
Executing our strategies	Return on average assets	.93%	1.00-1.25%	<ul style="list-style-type: none"> <li>▪ Execute our client insight-driven relationship model</li> <li>▪ Improved funding mix with lower cost core deposits</li> <li>▪ Keyvolution savings</li> </ul>

(a) Continuing operations, unless otherwise noted.

(b) Ending balances; loans & loans HFS (excluding securitized loans) to deposits (excluding foreign branch).

(c) Consolidated operations.

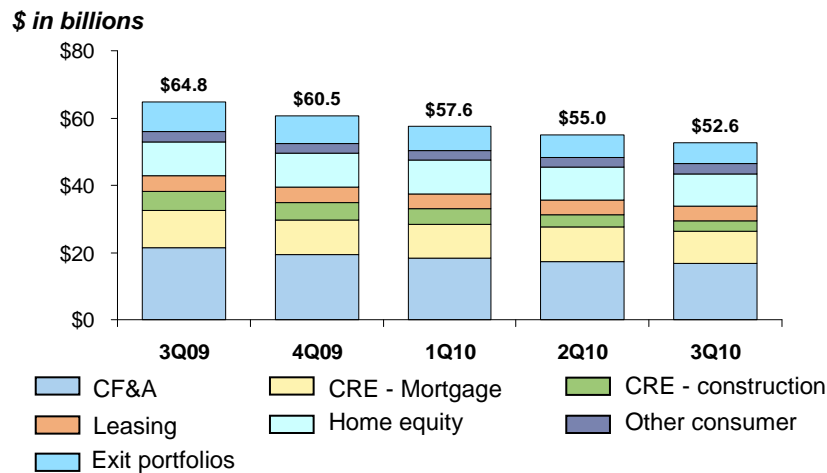




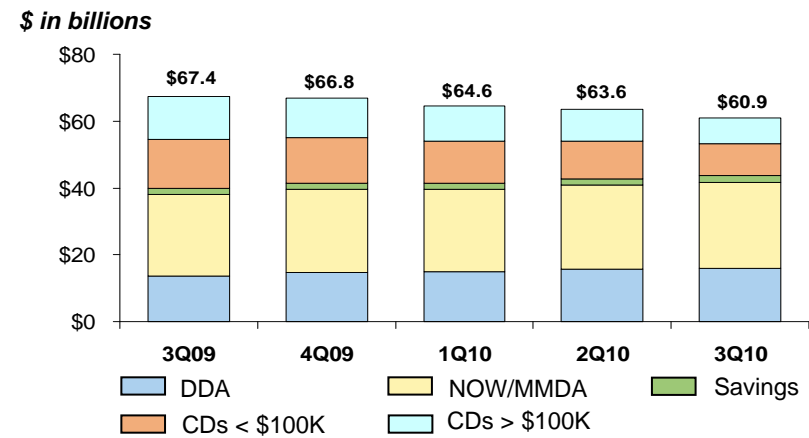
# Core Funded

KEY Business Model	KEY Metrics	KEY 3Q10	Targets	Action Plans
Core funded	Loan to deposit ratio <sup>(a)</sup>	92%	90-100%	<ul style="list-style-type: none"> <li>Improve risk profile of loan portfolio</li> <li>Improve deposit mix and grow deposit base</li> </ul>

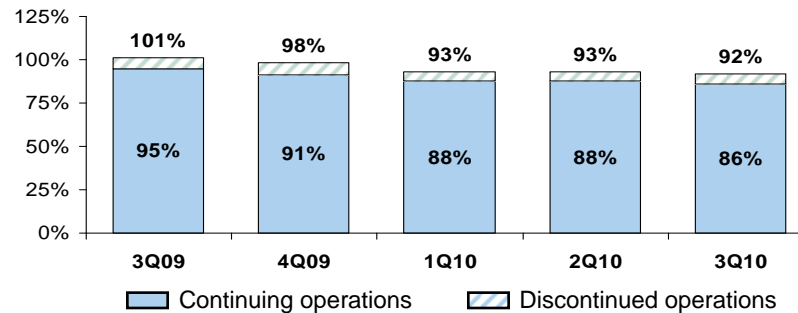
Average Loans



Average Deposits



Loan to Deposit Ratio <sup>(a)</sup>



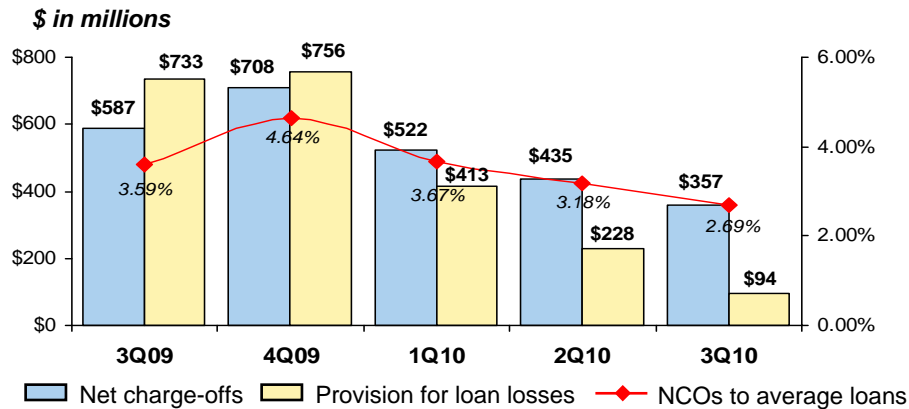
(a) Ending balances; loans & loans held for sale (excluding securitized loans) to deposits (excluding foreign branch).



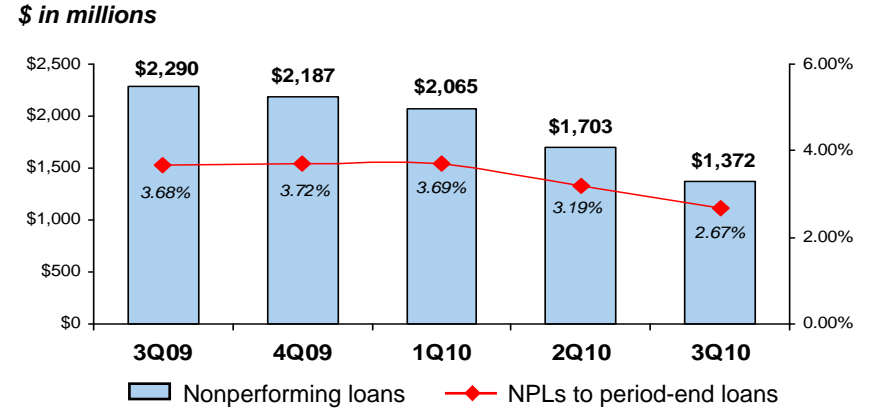
# Overall Credit Quality Continues to Improve

KEY Business Model	KEY Metrics	KEY 3Q10	Targets	Action Plans
Returning to a moderate risk profile	NCOs to average loans	2.69%	40-50 bps	<ul style="list-style-type: none"> <li>Focus on relationship clients</li> <li>Exit noncore portfolios</li> <li>Limit concentrations</li> <li>Focus on risk-adjusted returns</li> </ul>

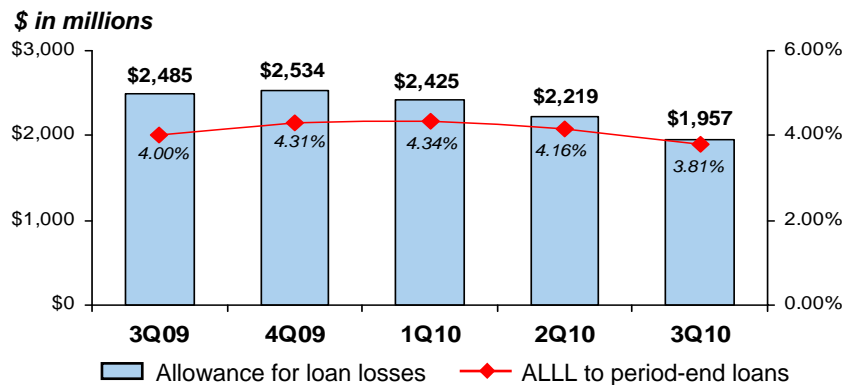
### Net Charge-offs & Provision for Loan Losses



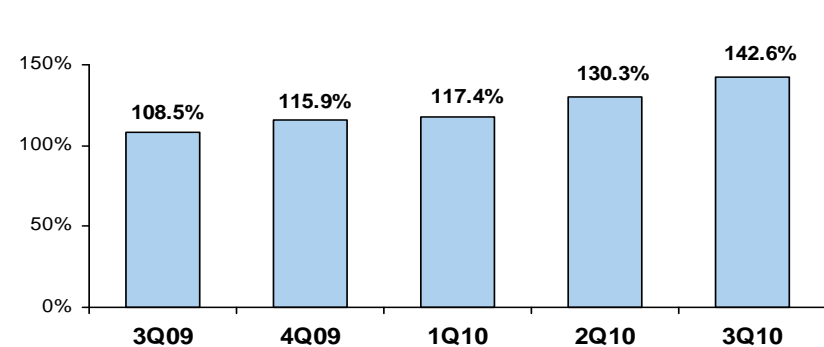
### Nonperforming Loans



### Allowance for Loan Losses



### Allowance to Nonperforming Loans



# Improving Net Interest Margin (TE)

KEY Business Model	KEY Metrics	KEY 3Q10	Targets	Action Plans
Growing high quality, diverse revenue streams	Net interest margin	3.35%	>3.50%	<ul style="list-style-type: none"> <li>Improve funding mix</li> <li>Focus on risk-adjusted returns</li> </ul>

## Highlights

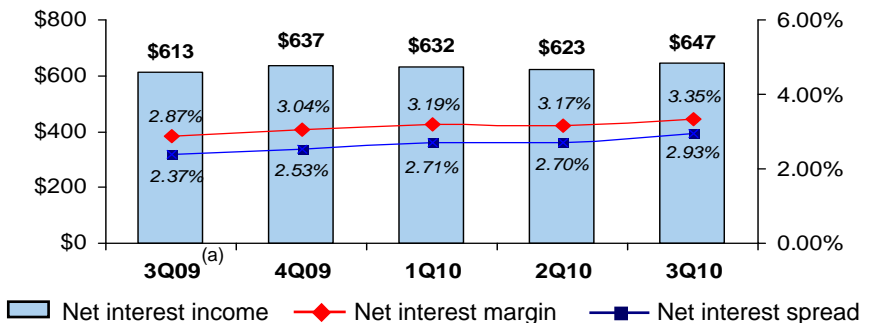
- Net interest margin is up 18 bps compared to 2Q10 and up 48 bps from 3Q09.
- Benefited from improved funding mix as maturing CDs re-price, move into lower-cost transaction deposits or exited.
- During the 3<sup>rd</sup> quarter, approximately \$2.8 billion in CDs originated prior to 2009 matured at an average cost of 4.51%.
- During the 4<sup>th</sup> quarter, approximately \$800 million in CDs originated prior to 2009 are maturing at an average cost of 4.19%.
- Remaining higher costing CDs originated prior to 2009 mature as follows:
 

2011	\$1.5 billion, average cost 4.75%
2012	2.4 billion, average cost 4.86%
>2012	1.9 billion, average cost 5.04%

## Net Interest Margin Trend

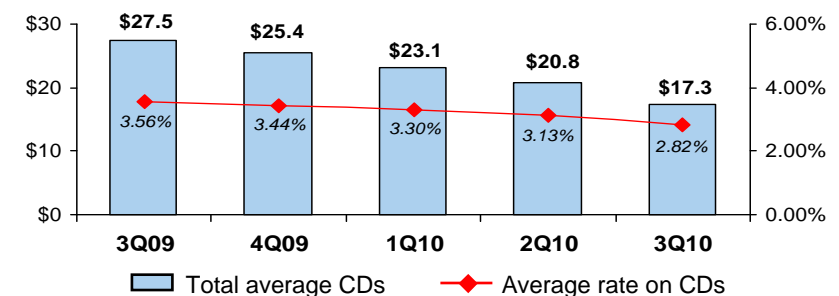
\$ in millions

Continuing Operations



## Average CD Balances and Cost

\$ in billions



TE = Taxable equivalent

- (a) The information shown in this table has been adjusted to exclude the impact of certain leveraged lease terminations, which reduced taxable equivalent net interest income by \$14 million in 3Q09.



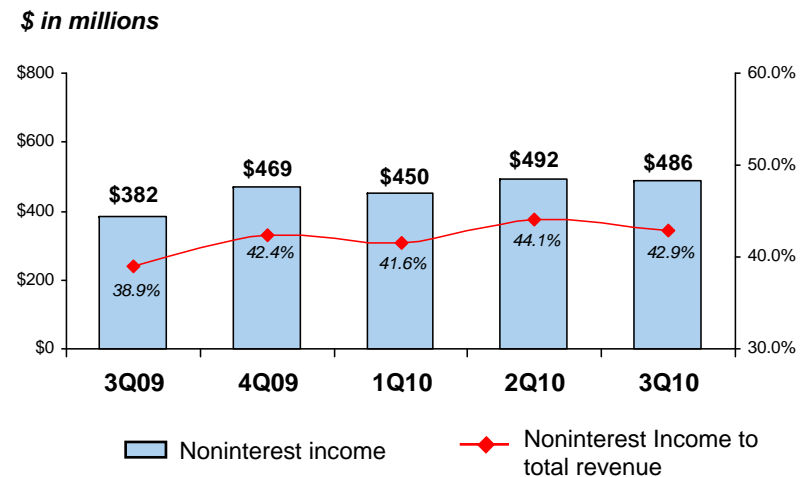
# Opportunities to Grow Noninterest Income

KEY Business Model	KEY Metrics	KEY 3Q10	Targets	Action Plans
Growing high quality, diverse revenue streams	Noninterest income to total revenue	42.9%	>40%	<ul style="list-style-type: none"> <li>Leverage Key's total client solutions and cross-selling capabilities</li> </ul>

## Areas of Focus

- Targeting specific high opportunity client segments in National Banking – using the balance sheet strategically
  - Letter of credit and loan fees increased \$19 million compared to prior quarter
- Leverage investment banking and capital markets opportunities
  - Investment banking and capital markets income increased by \$11 million compared to prior quarter
- Continue to build out Private Banking platform and Key Investment Services
- Improve alignment of products and services across organization – business decisions based on highest value to Key

## Noninterest Income and % of Total Revenue



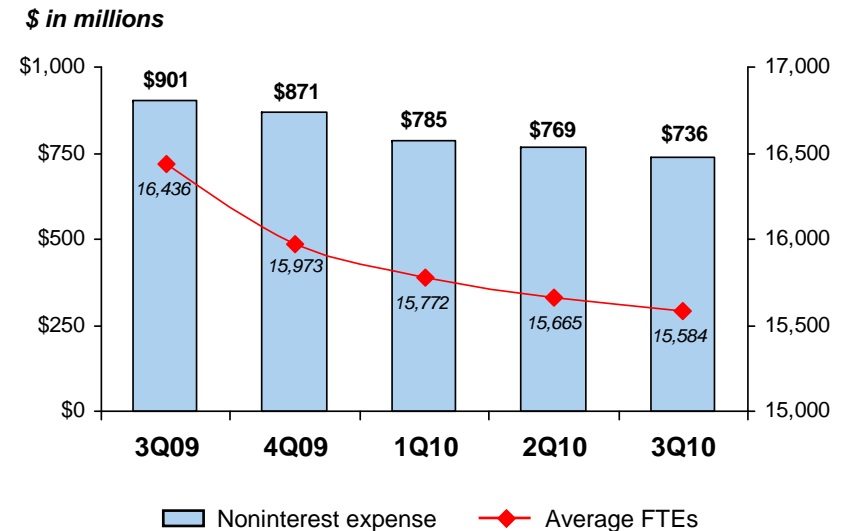
# Continued Focus on Expenses

KEY Business Model	KEY Metrics	KEY 3Q10	Targets	Action Plans
Creating positive operating leverage	Keyvolution cost savings	\$224 million implemented	\$300-\$375 million	<ul style="list-style-type: none"> <li>Improve efficiency and effectiveness</li> <li>Leverage technology</li> <li>Change cost base to more variable from fixed</li> </ul>

## Highlights

- Implemented \$224 million of Keyvolution cost savings through 3Q10
- Estimate \$300 – \$375 million in annual run rate savings by the end of 2012 once Keyvolution is complete
- OREO costs declined \$18 million from 2Q10 and down \$47 million from 3Q09
- Personnel costs declined \$26 million from 2Q10 and down \$21 million from 3Q09

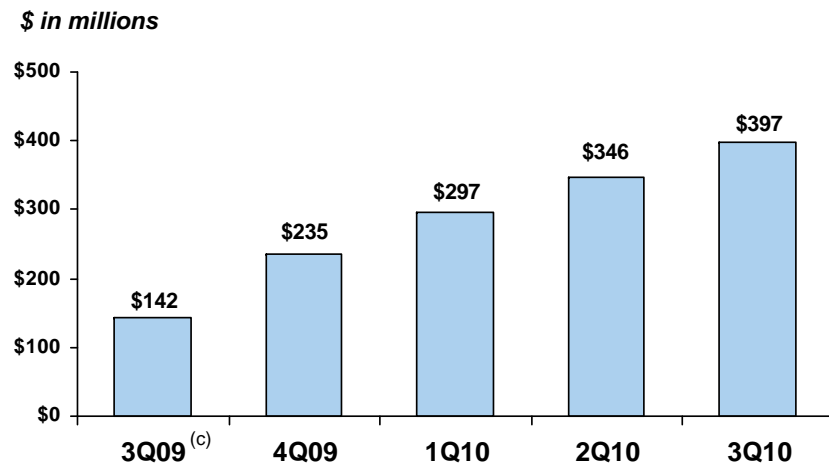
## Noninterest Expense and Average FTEs



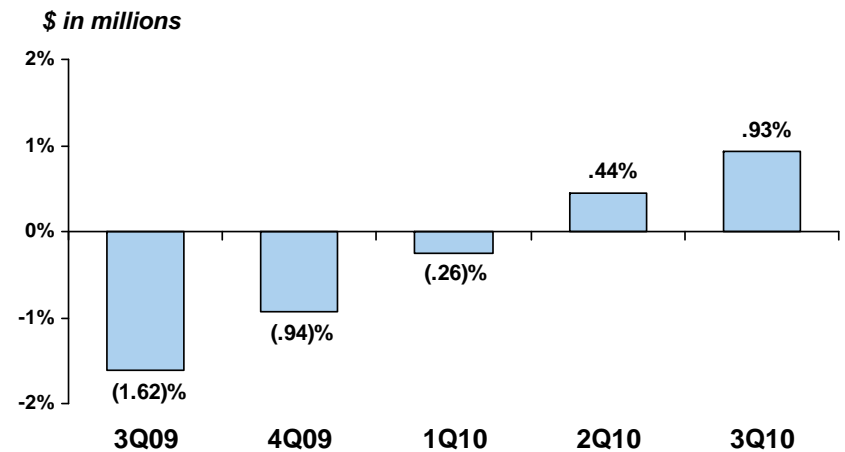
# Improving Pre-provision Net Revenue and ROAA (a)

KEY Business Model	KEY Metrics	KEY 3Q10	Targets	Action Plans
Executing our strategies	Return on average assets	.93%	1.00-1.25%	<ul style="list-style-type: none"> <li>Execute our client insight-driven relationship model</li> <li>Improved funding mix with lower cost core deposits</li> <li>Keyvolution savings</li> </ul>

Pre-provision Net Revenue (b)



Return on Average Assets



(a) From continuing operations

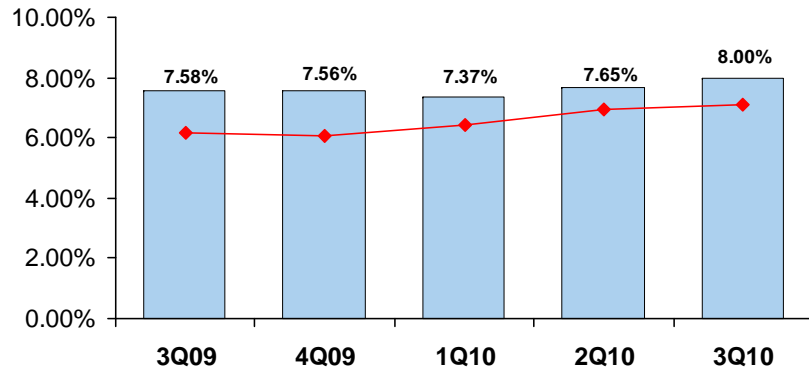
(b) Net interest income plus taxable-equivalent adjustment and noninterest income less noninterest expense

(c) Adjusted to exclude the impact of a \$45 million intangible asset impairment and a \$17 million loss related to the exchange of common shares for capital securities.

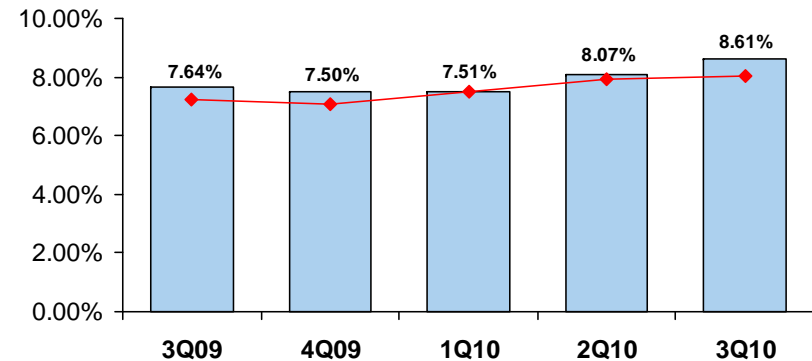


# Strong Capital Ratios

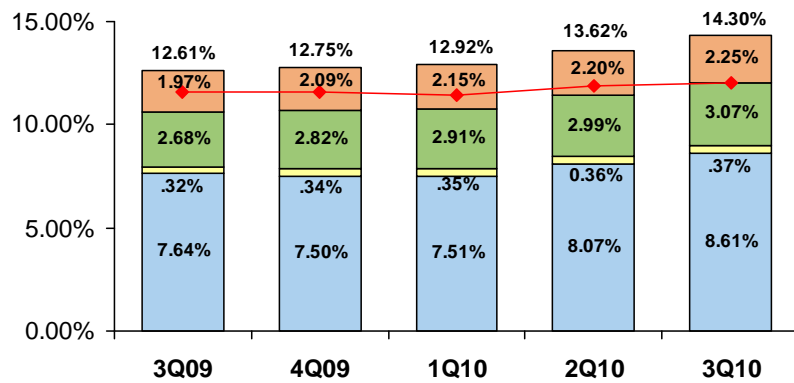
Tangible Common Equity to Tangible Assets



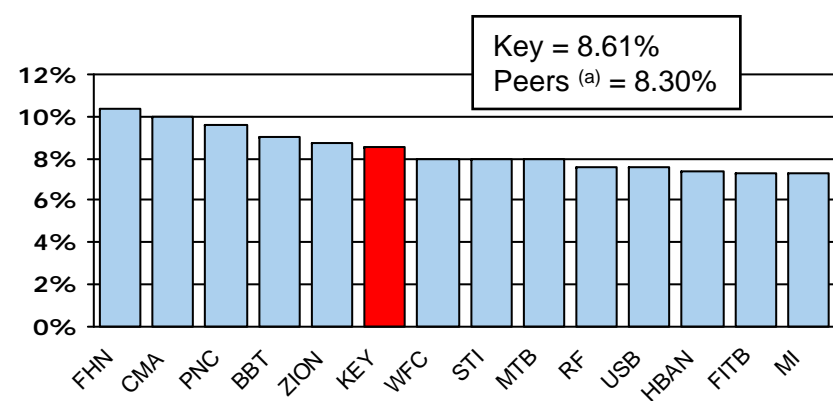
Tier 1 Common Equity



Tier 1 Risk-Based Capital



3Q10 Tier 1 Common Equity vs. Peers



■ Qualifying common   
 ■ Convertible preferred   
 ■ Capital purchase program   
 ■ Capital securities  
◆ Peer Median

(a) Peer data pulled from SNL; peer calculation represents the median of Key and its 13 peer banks.



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# Appendix



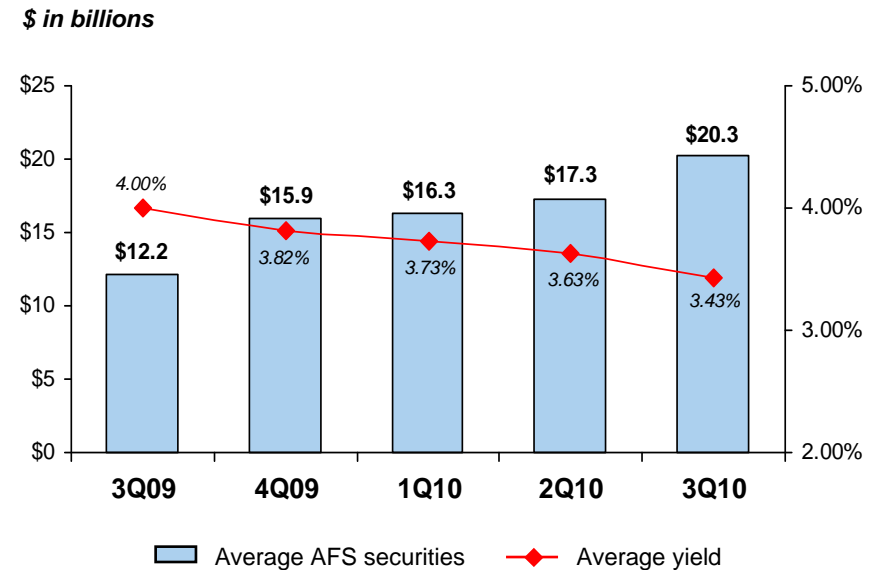


# Investment Portfolio

## Highlights

- Until loan demand returns, excess liquidity will go into the investment portfolio
- Agency or GSE backed: GNMA, Fannie & Freddie
- New issuance CMOs, sequentials and PACs
- New purchase average duration 2.5 to 3.5 years
- Average portfolio maturity at September 30, 2010: 2.4 years
- Unrealized net gain of \$791 million on available-for-sale securities portfolio at 9/30/10

## Growth in Available for Sale Securities



# Credit Quality by Portfolio

\$ in millions

	Period-end loans	Average loans	Net loan charge-offs		Net loan charge-offs <sup>(a)</sup> / average loans		Nonperforming loans		Ending allowance <sup>(b)</sup>	Allowance / period-end loans	Allowance / NPLs
	9/30/10	3Q10	3Q10	2Q10	3Q10	2Q10	9/30/10	6/30/10	9/30/10	9/30/10	9/30/10
<b>Commercial, financial and agricultural</b>	\$16,451	\$16,948	\$136	\$136	3.18 %	3.08 %	\$335	\$489	\$586	3.56 %	174.93 %
<b>Commercial real estate:</b>											
Commercial mortgage	9,673	9,822	46	126	1.86	4.88	362	404	528	5.46	145.86
Construction	2,731	3,165	76	75	9.53	7.97	333	473	249	9.12	74.77
<b>Commercial lease financing</b>	6,583	6,587	16	14	.96	.83	84	83	200	3.04	238.10
<b>Real estate - residential mortgage</b>	1,853	1,843	6	10	1.29	2.19	90	77	43	2.32	47.78
<b>Home equity:</b>											
Community Banking	9,655	9,709	35	25	1.43	1.02	106	112	126	1.31	118.87
Other	707	732	13	16	7.05	8.30	16	17	61	8.63	381.25
<b>Consumer — Community Banking</b>	1,174	1,156	14	13	4.80	4.55	3	5	58	4.94	N/M
<b>Consumer other:</b>											
Marine	2,355	2,423	12	19	1.96	2.97	41	41	94	3.99	229.27
Other	172	181	3	1	6.58	2.06	2	2	12	6.98	600.00
<b>Continuing total</b>	<b>\$51,354</b>	<b>\$52,566</b>	<b>\$357</b>	<b>\$435</b>	<b>2.69 %</b>	<b>3.18 %</b>	<b>\$1,372</b>	<b>\$1,703</b>	<b>\$1,957</b>	<b>3.81 %</b>	<b>142.64 %</b>
Discontinued operations - education lending business	6,636	6,562	22	31	1.33	2.05	38	40	124	1.87	326.32
<b>Consolidated total</b>	<b>\$57,990</b>	<b>\$59,128</b>	<b>\$379</b>	<b>\$466</b>	<b>2.54 %</b>	<b>3.06 %</b>	<b>\$1,410</b>	<b>\$1,743</b>	<b>\$2,081</b>	<b>3.59 %</b>	<b>147.59 %</b>

N/M = Not Meaningful

(a) Net charge-off amounts are annualized in calculation.

(b) 9-30-10 allowance by portfolio is estimated.



# Home Equity Loans

## September 30, 2010

*\$ in millions, except average loan size*

	Loan Balances	Average Loan Size (\$)	Average FICO	Average LTV (a)	% of Loans LTV>90%	Vintage (% of Loans)				
						2009 and 2010	2008	2007	2006	2005 and prior
<b>Community Banking</b>										
Home Equity loans and lines										
First Lien	\$ 5,057	\$ 57,075	749	66 %	.6 %	20 %	12 %	9 %	9 %	50 %
Second Lien	4,598	43,696	747	75	3.5	16	19	18	12	35
Total Home Equity loans and lines	\$ 9,655	\$ 49,812	748	70	1.9	18	16	13	10	43
Nonaccrual Loans										
First Lien	\$ 56	\$ 79,191	711	73 %	.2 %	2 %	4 %	15 %	12 %	67 %
Second Lien	50	54,601	705	78	3.9	2	8	29	24	37
Total Home Equity nonaccrual loans	\$ 106	\$ 65,411	708	75	1.8	2	6	21	17	54
Third quarter net charge-offs	\$ 35					3 %	13 %	29 %	16 %	39 %
Net loan charge-offs to average loans	1.43 %									
<b>Other</b>										
Home Equity Loans										
First Lien	\$ 30	\$ 22,895	748	32 %	.5 %	-	1 %	25 %	15 %	59 %
Second Lien	677	26,230	731	82	32.8	-	2	40	27	31
Total Home Equity loans	\$ 707	\$ 26,069	732	80	31.4	-	1	40	27	32
Nonaccrual Loans										
First Lien	\$ 1	\$ 17,812	672	29 %	-	-	-	7 %	11 %	82 %
Second Lien	15	28,205	703	84	34.2 %	-	1 %	38	32	29
Total Home Equity nonaccrual loans	\$ 16	\$ 27,631	702	83	33.0	-	1	37	31	31
Third quarter net charge-offs	\$ 13					-	2 %	45 %	33 %	20 %
Net loan charge-offs to average loans	7.05 %									

(a) Average LTVs are at origination. Current average LTVs for Community Banking total home equity loans and lines is approximately 75%, which compares to 76% at the end of the second quarter of 2010.



# Exit Loan Portfolio

*\$ in millions*

	Balance Outstanding		Change 9-30-10 vs. 6-30-10	Net Loan Charge-offs		Balance on Nonperforming Status	
	9-30-10	6-30-10		3Q10	2Q10	9-30-10	6-30-10
Residential properties – homebuilder	\$148	\$195	\$(47)	\$23	\$20	\$94	\$109
Residential properties – held for sale	8	25	(17)	–	–	8	25
Total residential properties	156	220	(64)	23	20	102	134
Marine and RV floor plan	225	268	(43)	7	14	42	59
Commercial lease financing <sup>(a)</sup>	2,231	2,437	(206)	47	44	88	133
Total commercial loans	2,612	2,925	(313)	77	78	232	326
Home equity – Other	707	753	(46)	13	16	16	17
Marine	2,355	2,491	(136)	12	19	41	41
RV and other consumer	172	188	(16)	3	1	1	1
Total consumer loans	3,234	3,432	(198)	28	36	58	59
Total loans in exit portfolio	\$5,846	\$6,357	\$(511)	\$105	\$114	\$290	\$385
Discontinued operations - education lending business (not included in exit loans above) <sup>(b)</sup>	\$6,651	\$6,686	\$(35)	\$22	\$31	\$38	\$40

(a) Includes the business aviation, commercial vehicle, office products, construction and industrial leases, Canadian lease financing portfolios and all remaining balances related to lease in, lease out; sale in, sale out; service contract leases; and qualified technological equipment leases.

(b) Includes loans in Key's education loan securitization trusts consolidated upon the adoption of new consolidation accounting guidance on January 1, 2010.

