KEYCORP REPORTS 2013 DODD-FRANK ACT MID-CYCLE STRESS TEST RESULTS

CLEVELAND, September 16, 2013 – KeyCorp (NYSE:KEY) announced that today it is publishing its "company run" 2013 Dodd-Frank Act Mid-Cycle Stress Test Results on the Regulatory Disclosure page of KeyCorp's website, http://www.key.com/ir. KeyCorp's 2013 Mid-Cycle Stress Test Results should not be regarded as forecasts of actual financial results for KeyCorp and should not be relied upon as indicative of future expected results.

Important Considerations

The 2013 Mid-Cycle Stress Test Results present certain projected financial measures for KeyCorp and KeyBank under hypothetical economic and financial conditions, market scenarios and other assumptions described herein. Investors should not rely on these results as forecasts of actual financial results for KeyCorp or KeyBank. Our future financial results and conditions will be influenced by actual economic and financial conditions and other factors described in our 2012 Annual Report on 10-K and in subsequent quarterly reports filed with the Securities and Exchange Commission ("SEC") and available at http://www.sec.gov.

The results provided herein have not been prepared under generally accepted accounting principals ("GAAP"). KeyCorp's financial information, prepared under GAAP, is available in reports filed with the SEC.

Each bank holding company subject to 2013 Mid-Cycle Stress Testing is responsible for developing its own severely adverse scenario. Therefore, our 2013 Mid-Cycle Stress Test Results may not be directly comparable to those of other bank holding companies.

The severely adverse scenario described herein differs from the severely adverse scenario provided by the Federal Reserve during Dodd-Frank Act stress testing conducted in early 2013. Therefore, the March 2013 Dodd-Frank Act Stress Tests Results and the 2013 Mid-Cycle Stress Test Results may not be directly comparable.

KeyCorp Disclosure

Mid-Cycle Company Run Stress Test Results and Process

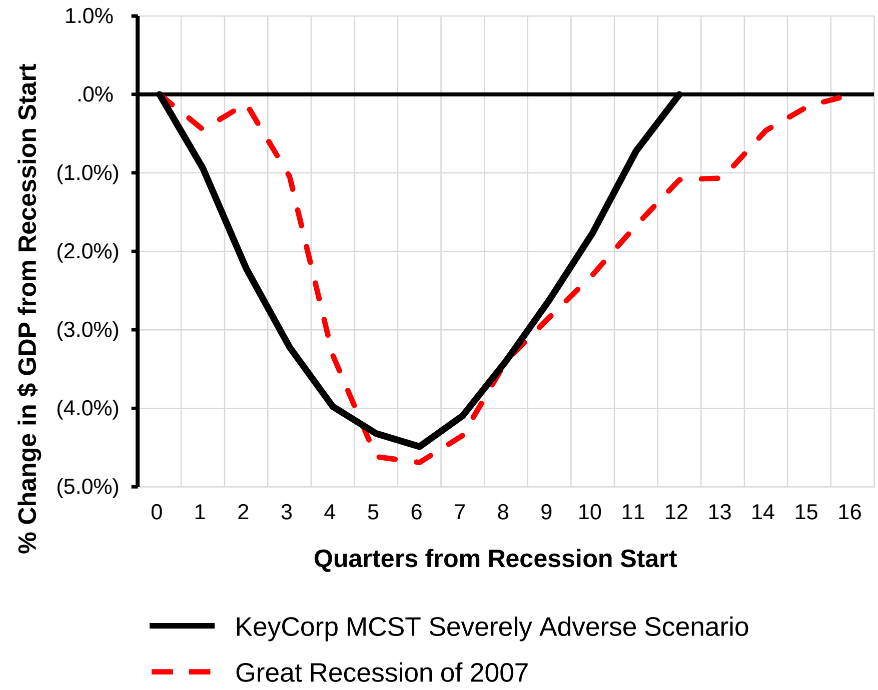
- Per the Dodd-Frank Act, Key is required to consider the results of the Company run stress test as part of its capital planning process and publicly disclose the results.
- The Company run Mid-Cycle Stress Test spans a nine quarter forecast horizon, starting in 2Q13 and ending in 2Q15.
- The analysis used a hypothetical stressed scenario developed internally by KeyCorp. Inputs were derived from a third-party econometric stress forecast and Key considered additional firm-specific idiosyncratic risks to appropriately capture downside risk in a severely adverse scenario.
- Key has developed quantitative models used in the stress testing process to assess the risks of a particular macroeconomic scenario. The models are designed to consider applicable risk by scenario and to quantify the impact of those risks on credit losses, revenues and expenses given Key's geographically diverse commercial banking business model. The output of these models are assessed and expert judgment is used to enhance the outcomes of this process.
- Disclosure requirements include:
    1. Quantitative results of the Company run stress test under the severely adverse scenario for the bank holding company
    2. Most significant causes for changes in regulatory capital ratios and tier 1 common ratio
    3. Types of risks included in Company run stress test
    4. Description of stress test methodologies

Description of KeyCorp Severely Adverse Scenario

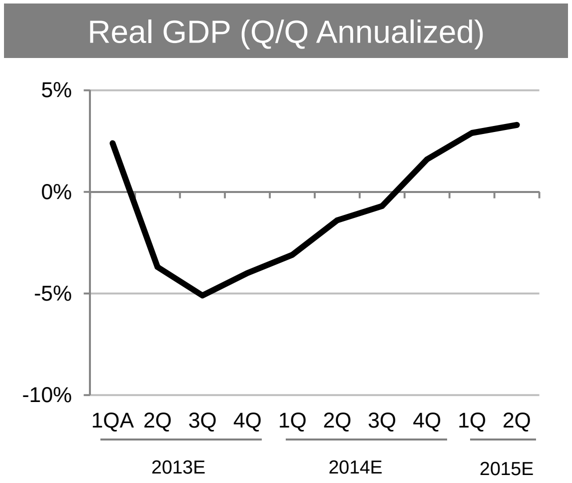
Summary

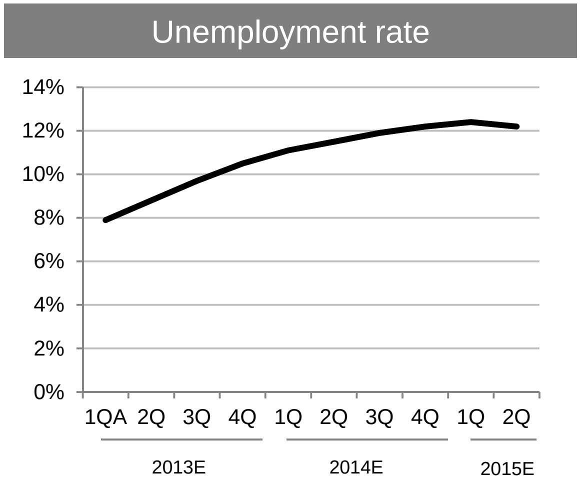
- The Mid-Cycle Stress Test severely adverse scenario reflects a downturn of similar magnitude compared to the Great Recession of 2007 (as depicted in graph on right).
- The downturn is driven by a number of factors, which includes worsening economic conditions domestically and abroad, the U.S. government's inability to address long-term fiscal problems, and a financially strained banking system.
- Key's commercial banking business model is particularly vulnerable to an adverse economic environment and the deteriorating conditions also expose KeyCorp to idiosyncratic risks.
- The selected scenario appropriately exposes Key's vulnerabilities during a severe downturn.

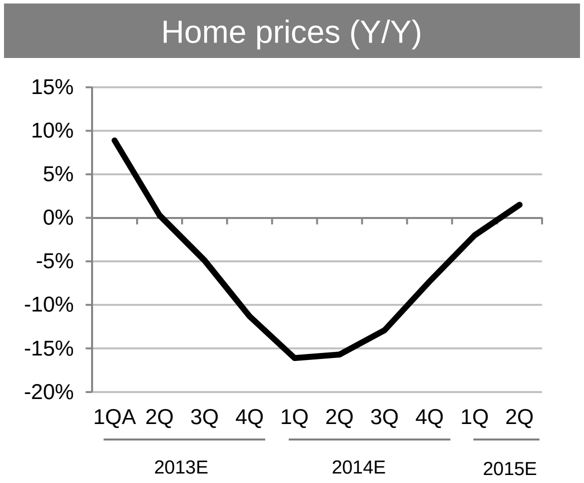
GDP Severity Analysis

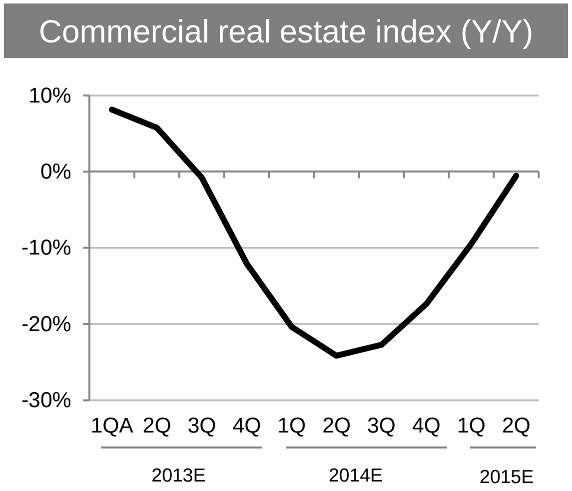


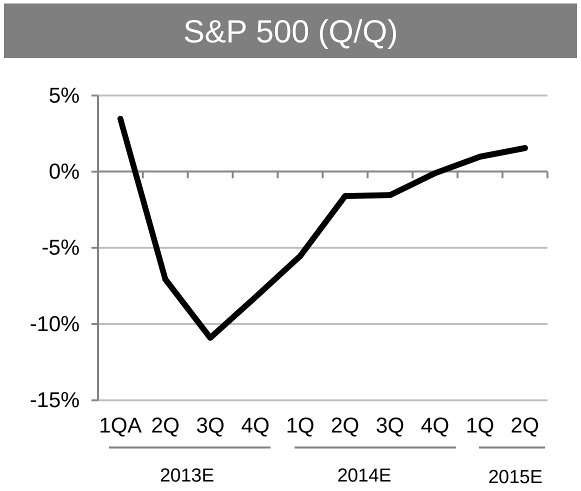
Important Macroeconomic Assumptions[a]

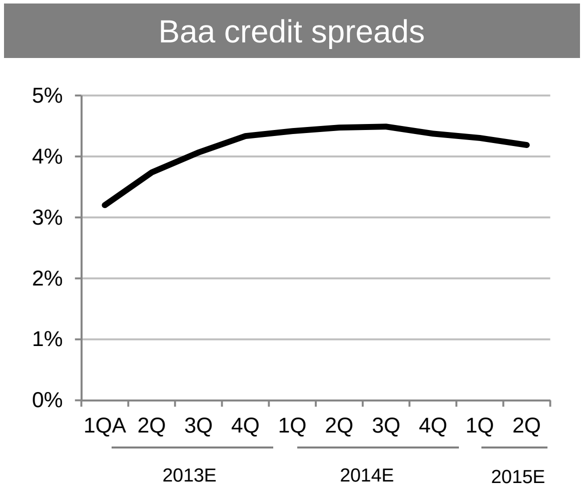












KeyCorp MCST severely adverse scenario

(a) The variables depicted above are important assumptions used to derive loss and revenue estimates through the stress test process. Variables depicted do not represent all economic factors considered in the MCST, but rather highlight prevalent indicators and inputs used for stress testing.

KeyCorp Severely Adverse Results[(a)] - Net Income Before Taxes

Projected Net Revenue, Losses and Net Income Before Taxes ($ in Billions)	Cumulative Hypothetical Results Over 9 Quarter	Percent of Average Assets [(b)]
Pre-provision Net Revenue [(c)]	**$1.917**	**2.2%**
Other Revenue [(d)]	**.095**	**0.1%**
Less		
Provisions	**3.693**	**4.3%**
Realized Gains/(Losses) on Securities - AFS/HTM	**(.003)**	**–**
Trading and Counterparty Losses [(e)]	**–**	**–**
Other Losses/Gains [(f)]	**–**	**–**
Equals		
Net Income Before Taxes	**(1.684)**	**2.0%**

(a) Financial information is disclosed in accordance with the Federal Reserve's FR Y-14A templates, and does not necessarily adhere to Generally Accepted Accounting Principles.
(b) Average assets are nine-quarter average assets.
(c) Pre-provision net revenue (PPNR) includes losses from operational risk events and OREO costs.
(d) Other revenue includes one-time income and (expense) items not included in PPNR. Includes extraordinary items and other adjustments, net of income taxes, on the FR Y-14A templates.
(e) Trading and counterparty includes mark-to-market losses, changes in credit valuation adjustments (CVA) and incremental default losses.
(f) Other losses/gains includes projected change in fair value of loans held for sale and loans held for investment measured under the fair-value option, and goodwill impairment losses.

KeyCorp Severely Adverse Results[a] – Loan Losses

Projected Loan Losses by Type of Loans ($ in Billions)	**Cumulative Hypothetical Results Over 9 Quarter**	**Percent of Average Loans & Leases [b]**
Loan Losses [c]	**$2.448**	**4.3%**
First Lien Mortgages, Domestic	**.105**	**2.5%**
Junior Liens and HELOCs, Domestic	**.279**	**3.4%**
Commercial and Industrial	**.724**	**3.7%**
Commercial Real Estate	**.569**	**6.6%**
Credit Cards	**.123**	**17.3%**
Other Consumers	**.341**	**7.4%**
Other Loans [d]	**.306**	**2.9%**

(a) Financial information is disclosed in accordance with the Federal Reserve's FR Y-14A templates, and does not necessarily adhere to Generally Accepted Accounting Principles.

(b) Average loans and leases are nine-quarter average loans and leases by loan category.

(c) Commercial and industrial loans include small and medium enterprise loans and corporate credit cards. Average loan balances used to calculate portfolio loss rates exclude loans held for sale and loans held for investment under the fair-value option.

(d) Other Loans include Loans Secured by Farmland.

Note: Numbers above may not foot due to rounding.

KeyCorp Severely Adverse Results[a] – Capital Ratios

Projected Capital Ratios	Actual	Stressed Capital Ratios	
	Q1 2013	Q2 2015	Minimum [b]
Tier 1 Common Ratio (%)	11.4	10.0	9.3
Tier 1 Capital Ratio (%)	12.2	10.4	9.9
Total Risk-Based Capital Ratios (%)	15.0	13.0	12.5
Tier 1 Leverage Ratio (%)	11.4	9.9	9.6

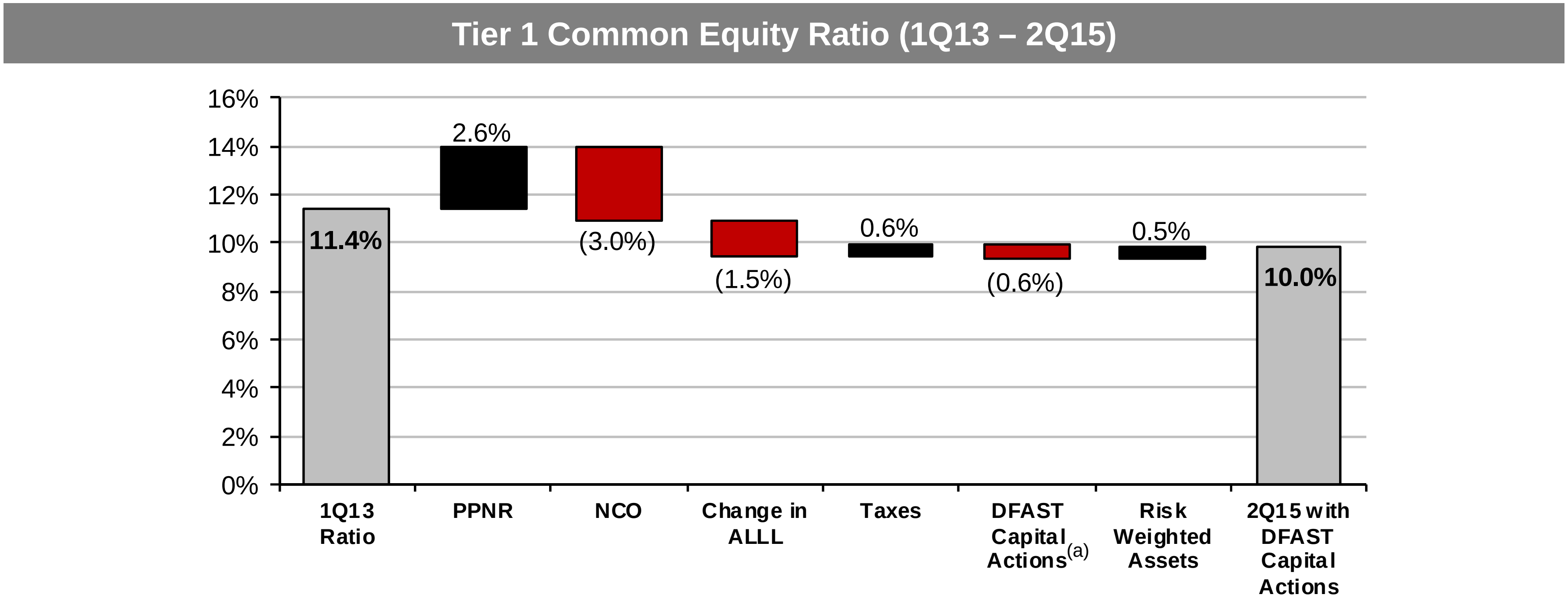
- The Tier 1 common capital ratio declined from 11.4% at March 31, 2013 under Basel I rules to an estimate of 9.3% at its lowest point on September 30, 2014 and 10.0% at June 30, 2015.
- The capital ratio projections include the standardized Dodd-Frank Act stress testing capital actions[c].
- All four regulatory capital ratios decline initially and then begin to recover toward the end of the test horizon, while remaining well above regulatory minimums throughout the forecast period.

(a) Financial information is disclosed in accordance with the Federal Reserve's FR Y-14A templates, and does not necessarily adhere to Generally Accepted Accounting Principles.

(b) Represents the lowest value over the forecast horizon

(c) DFAST capital actions include common dividend payments equal to KeyCorp's trailing four quarter average as of March 31, 2013 and no share repurchase activity following the first planning quarter, as required by the Dodd-Frank Act.

Most Significant Causes for Changes in Capital Ratios



- Projected Tier 1 common equity declines primarily as a result of deteriorating asset quality and reduced income estimated under the severely adverse scenario.
- Risk-weighted assets initially increase reflecting increased line utilization consistent with Key's idiosyncratic liquidity risk. However, loans and leases eventually run-off over the forecast horizon due to the slower growth environment and elevated net charge-offs, resulting in declining risk-weighted assets.

(a) DFAST capital actions include common dividend payments equal to KeyCorp's trailing four quarter average as of March 31, 2013 and no share repurchase activity following the first planning quarter, as required by the Dodd-Frank Act.

Risks Included in Company Run Stress Test[a]

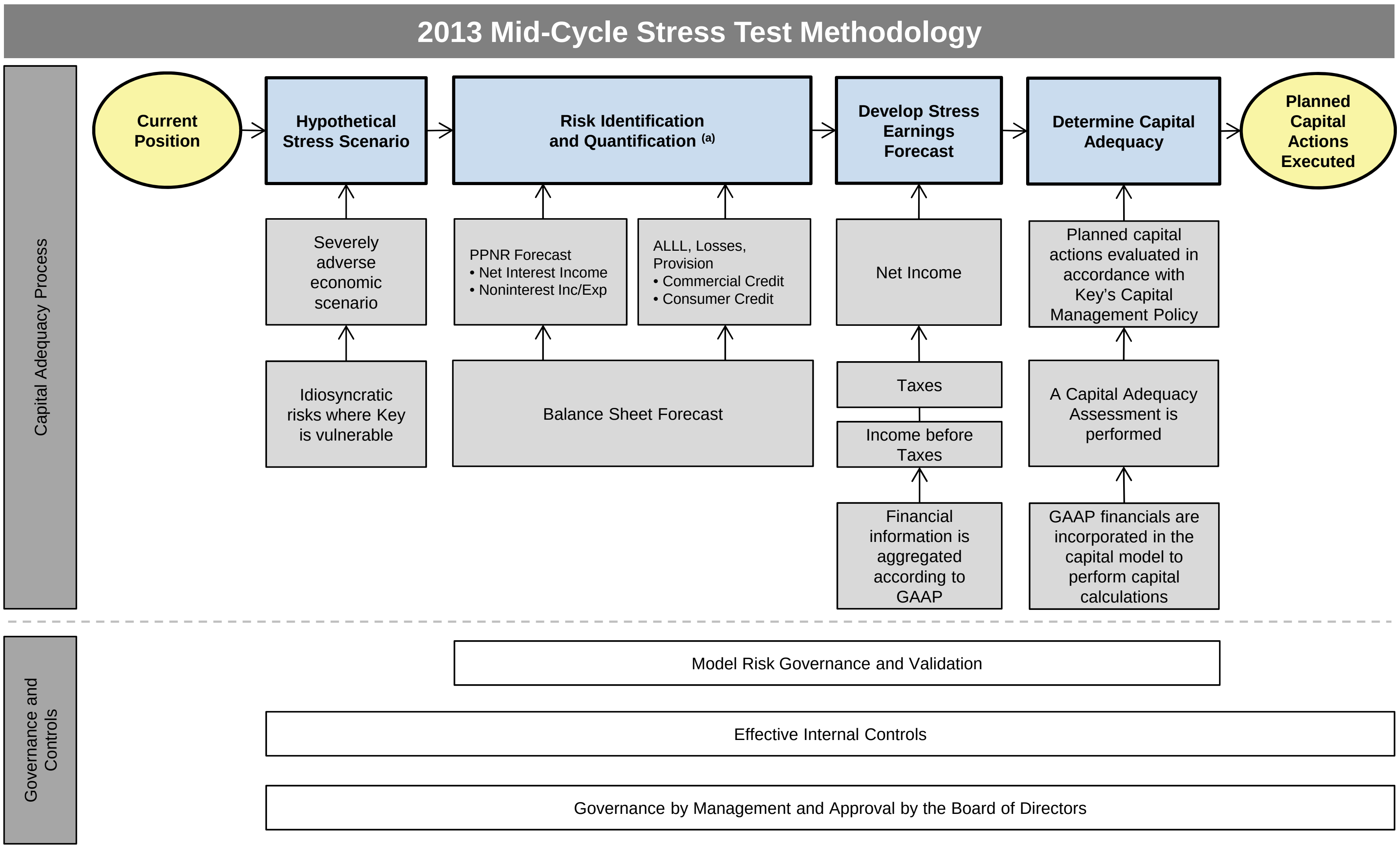
As an institution focused on traditional banking products and services, KeyCorp is primarily exposed to risks from fluctuations in the domestic economy. Risks to most of KeyCorp's businesses include credit, market, liquidity, operational, compliance and strategic.

Risks Included

Credit Risk	▪ Key originates loans and extends credit, both of which expose Key to credit risk. A substantial weakening in economic activity would create a higher propensity for Key's borrowers to default, increasing the likelihood of credit losses.
Market Risk	▪ Interest rate exposure related to Key's banking book is impacted by near zero short term interest rates in the severely adverse scenario. Interest rate exposure, as well as widening credit spreads, also impacts the carrying value of Key's assets held at or subject to fair market valuation.
Liquidity Risk	▪ Key defines liquidity risk as the risk of not being able to reasonably accommodate liability maturities, deposit withdrawals or meet contractual obligations to fund new business opportunities in a timely manner. Key recognizes that an increase in line of credit draws, risk of deposit attrition and loss of access to wholesale funding sources may coincide with severe economic stress as companies experience reduced cash flows and credit availability contracts in a stress scenario.
Other Risks	▪ Operational risk stems from human, systems or process failures as a result of the complexity and scale of Key's business. Key considers legal risk to be a subset of operational risk. ▪ Compliance risk is due to the complex and evolving regulatory and legislative environment for regulations that increases the likelihood of a non-compliance event leading to potentially serious reputational and strategic consequences. ▪ Strategic risk is the result of failure to effectively choose or implement strategic initiatives, possible adverse impacts of increased competitive pressures or failure to recognize significant changes in the industry environment.

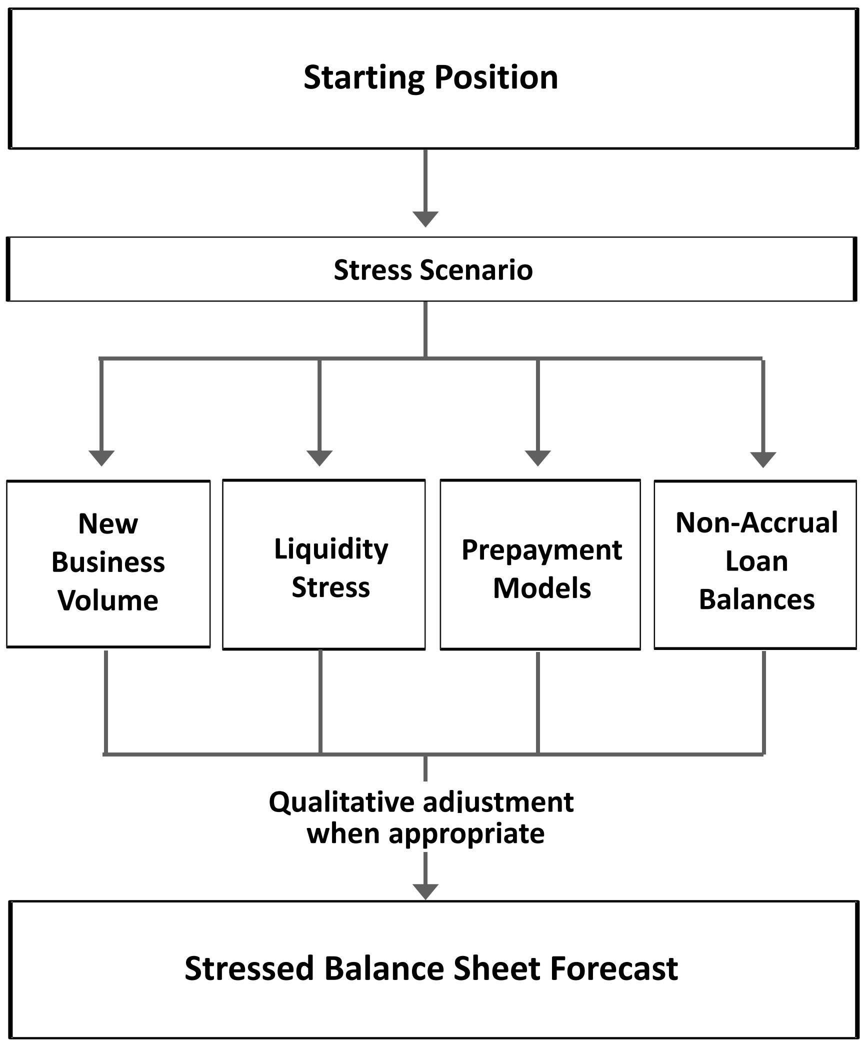
(a) The identified impact arising from risks embedded in KeyCorp's traditional banking business are unique to the Mid-Cycle Stress Test scenario. Impacts from risks under different economic scenarios will vary based upon inputs and assumptions utilized in the analysis.

Stress Test & Capital Adequacy Assessment Methodology



(a) Risk Quantification involves quantitative and qualitative approaches:
- Quantitative Approach - Modeled risk quantification
- Qualitative Approach - Judgment utilized where quantitative models do not fully capture risk

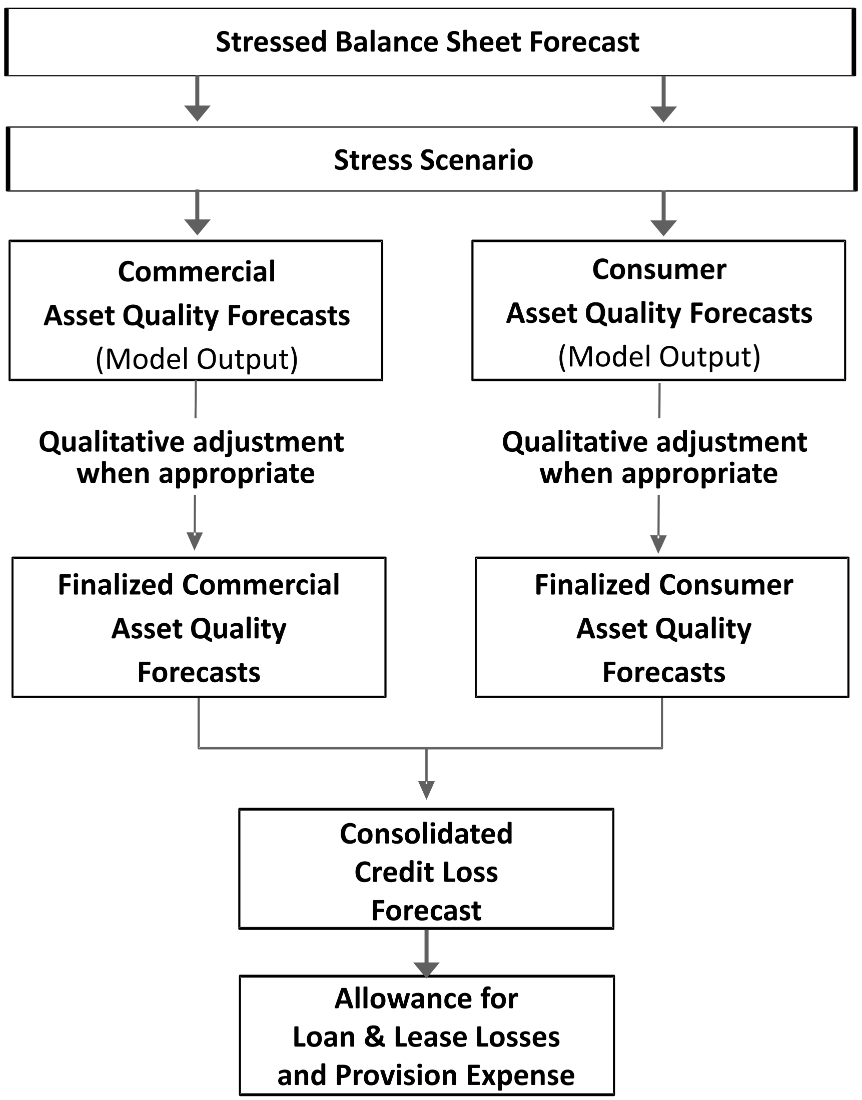
Methodology - Balance Sheet



Balance Sheet

- Forecast takes into account contractual maturity information, forecasted prepayments based on interest rate forecasts, and non-accrual loan balances.
- Quantitative analysis is used to adjust balance sheet projections for new business volume based on macroeconomic variables.
- Liquidity facility utilization adjustments account for an increase in line of credit draws that Key would expect in a stress scenario.
- Risk of deposit attrition, loss of access to wholesale funding sources, and pricing impact on deposits and wholesale credit spreads are considered.
- Where appropriate, expert-based qualitative adjustments are considered and subject to review and approval by Senior Management and the Board of Directors based upon magnitude of adjustment.

Methodology - Credit Losses & Provision Expense



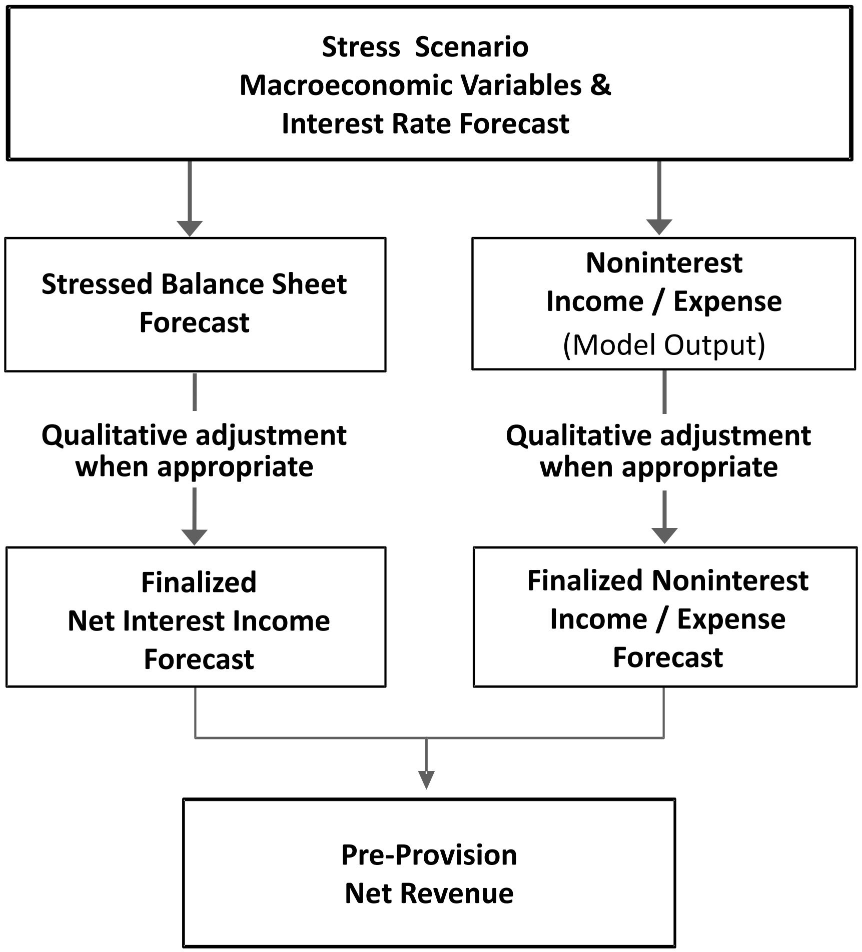
Credit Losses

- Stressed credit loss forecasts are driven by quantitative and qualitative estimates that utilize note-level characteristics.
- Both Commercial and Consumer Credit forecasts follow a Probability of Default / Loss Given Default framework.
- Commercial and Consumer Credit forecasts are consolidated for total credit exposure.
- Where appropriate, expert-based qualitative adjustments are considered and subject to review and approval by Senior Management and the Board of Directors based upon magnitude of adjustment.

Provision Expense

- Key's Allowance for Loan and Lease Loss (ALLL) methodology is followed in accordance with Generally Accepted Accounting Principles and supervisory guidance.

Methodology - Pre-Provision Net Revenue



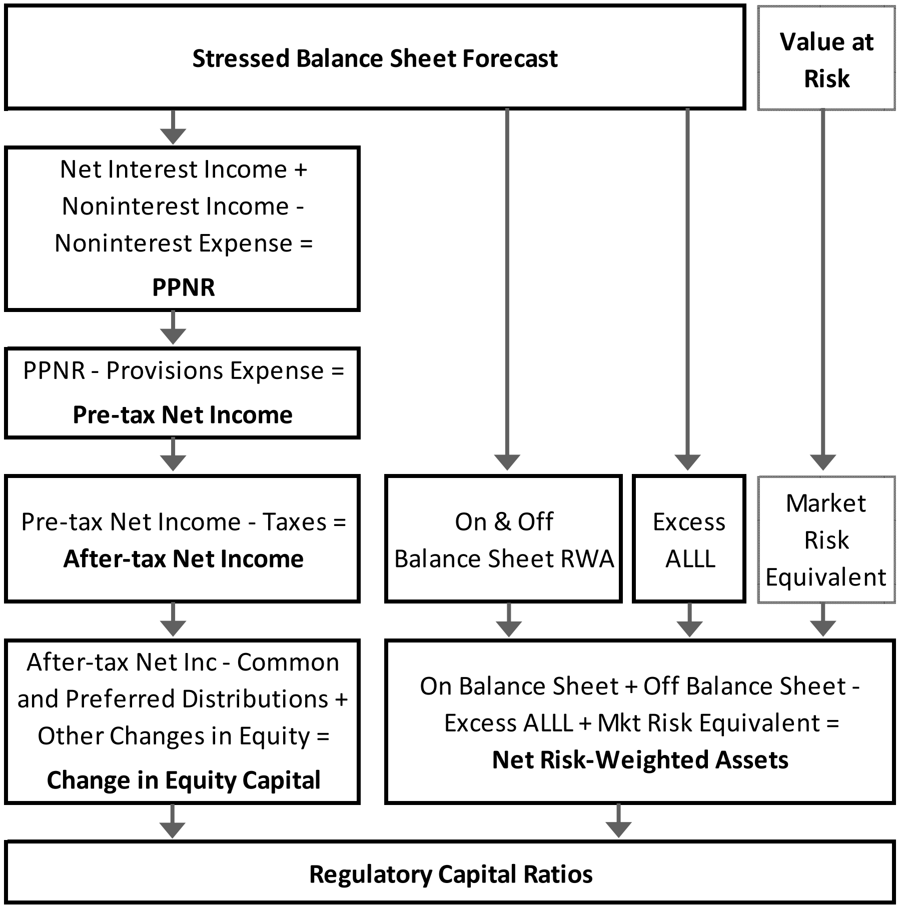
Net Interest Income

- Inputs, assumptions, and qualitative assessments are drawn from line of business forecasting processes.

Noninterest Income & Expense

- Noninterest income and expense forecasts are primarily developed using quantitative modeling, including operational risk.
- Where appropriate, expert-driven qualitative adjustments are made to modeled outputs to ensure consideration for known strategic initiatives, pricing actions, regulatory changes, or model weaknesses.
- For line items dependent on the value of assets held at or subject to Fair Market Valuation, the fair market values of assets are projected using discounted cash flow and fundamental analysis.

Methodology - Earnings & Capital



Earnings & Capital Forecast

- Financial forecasts are aggregated according to Generally Accepted Accounting Principles.
- Income statement and balance sheet information is used to compute regulatory capital ratios.
- Risk-weighted assets are calculated based on Key's projected balance sheet position, and a market risk equivalent calculation associated with Key's trading portfolio.

Capital Adequacy Assessment

- Capital Adequacy Assessment is performed and capital actions are considered.
- Capital decisions are governed by internal capital policies and regulatory guidance, and are subject to approval by the KeyCorp Board of Directors.

Governance and Controls

Model Risk Governance and Validation

- As part of Enterprise Risk Management (ERM), models are being utilized in a broad range of Key's business and risk management activities and play an important role in the Capital Adequacy Process.
- KeyCorp continues to enhance model development and validation to reduce model risk.

Effective Internal Controls

- KeyCorp has a comprehensive internal control framework governing all aspects of its Capital Adequacy Process, including data management, modeling, change management and regulatory reporting.
- KeyCorp's internal audit function provides independent assessment and testing of the effectiveness of and adherence to KeyCorp's risk management policies, practices and controls. The internal audit function reports to the Audit Committee of the Board of Directors.

Governance by Management and Approval by the Board of Directors

- The Enterprise Risk Management Committee (ERMC) is the management governance committee for all capital matters and plays an integral role in the capital adequacy process.
- During the capital planning process, the ERMC will screen and pre-approve all capital matters requiring final Board of Director approval.