

Investor Meetings: 2Q14 Results

**KeyCorp**

Focused *Forward*



# FORWARD-LOOKING STATEMENTS AND ADDITIONAL INFORMATION DISCLOSURE

This presentation contains forward-looking statements, including statements about our financial condition, results of operations, asset quality trends, capital levels and profitability. Forward-looking statements can often be identified by words such as “outlook,” “goal,” “objective,” “plan,” “expect,” “anticipate,” “intend,” “project,” “believe,” or “estimate.” Forward-looking statements represent management’s current expectations and forecasts regarding future events. If underlying assumptions prove to be inaccurate or unknown risks or uncertainties arise, actual results could vary materially from these projections or expectations.

Risks and uncertainties include but are not limited to: (1) deterioration of commercial real estate market fundamentals; (2) declining asset prices; (3) adverse changes in credit quality trends; (4) changes in local, regional and international business, economic or political conditions; (5) the extensive and increasing regulation of the U.S. financial services industry; (6) increasing capital and liquidity standards under applicable regulatory rules; (7) unanticipated changes in our liquidity position, including but not limited to, changes in the cost of liquidity, our ability to enter the financial markets and to secure alternative funding sources; (8) our ability to receive dividends from our subsidiary, KeyBank; (9) downgrades in our credit ratings or those of KeyBank; (10) operational or risk management failures by us or critical third-parties; (11) breaches of security or failures of our technology systems due to technological or other factors and cybersecurity threats; (12) adverse judicial proceedings; (13) the occurrence of natural or man-made disasters or conflicts or terrorist attacks; (14) a reversal of the U.S. economic recovery due to economic, political or other shocks; (15) our ability to anticipate interest rate changes and manage interest rate risk; (16) deterioration of economic conditions in the geographic regions where we operate; (17) the soundness of other financial institutions; (18) our ability to attract and retain talented executives and employees, to effectively sell additional products or services to new or existing customers, and to manage our reputational risks; (19) our ability to timely and effectively implement our strategic initiatives; (20) increased competitive pressure due to industry consolidation; (21) unanticipated adverse effects of acquisitions and dispositions of assets or businesses; and (22) our ability to develop and effectively use the quantitative models we rely upon in our business planning.

We provide greater detail regarding these factors in our 2013 Form 10-K and subsequent filings, which are available online at [www.key.com/ir](http://www.key.com/ir) and [www.sec.gov](http://www.sec.gov). Forward-looking statements speak only as of the date they are made and Key does not undertake any obligation to update the forward-looking statements to reflect new information or future events.

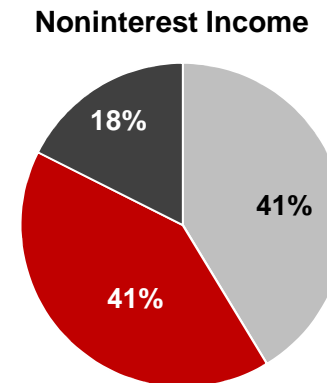
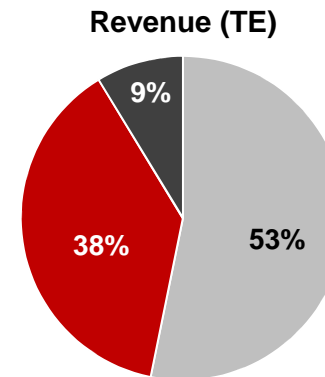
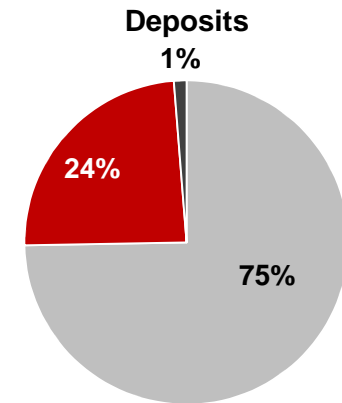
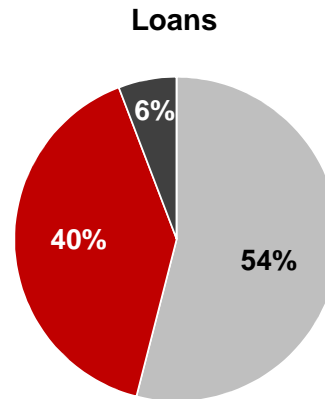
This presentation also includes certain Non-GAAP financial measures related to “tangible common equity,” “Tier 1 common equity,” “pre-provision net revenue,” and “cash efficiency ratio.” Management believes these ratios may assist investors, analysts and regulators in analyzing Key’s financials. Although Key has procedures in place to ensure that these measures are calculated using the appropriate GAAP or regulatory components, they have limitations as analytical tools and should not be considered in isolation, or as a substitute for analysis of results under GAAP. For more information on these calculations and to view the reconciliations to the most comparable GAAP measures, please refer to the Appendix to this presentation or our most recent earnings press release.



# Key – Who We Are

Key is relationship-focused with distinctive capabilities

- 15<sup>th</sup> largest U.S. bank-based financial services company
  - Assets: \$91B
  - Deposits: \$67B
  - Market capitalization: \$13B
  - Strong footprint with 1,009 branches and over 1,300 ATMs
  - Approximately 2 million customers
  - Over 13,800 employees
  
- Business diversity across the franchise, with two primary lines of business:
  - Key Community Bank
  - Key Corporate Bank



Key Community Bank  
 Key Corporate Bank  
 Other



Ranking based on asset size  
 Data as of 2Q14: balances reflect quarterly averages; market capitalization as of June 30, 2014

# Distinctive Business Model

Key Community Bank

*Local leadership & community presence*

*Brand awareness*

*Convenience*

*Local capabilities*

Key Corporate Bank

*Strategic advice & insights*

*Industry expertise*

*Seamless delivery*

*Financial market expertise*

Targeted  
Client  
Relationships



# Business Model: Aligned and Targeted

Local delivery of broad product set and industry expertise

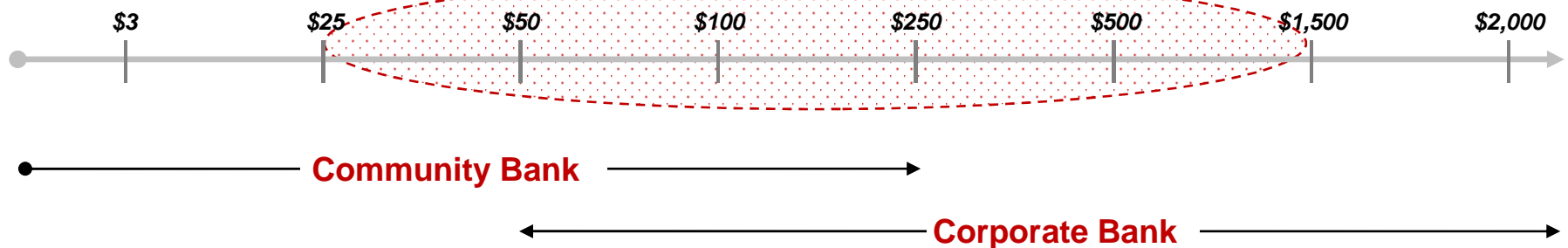
Traditional Bank Products		Capital Markets Capabilities			
Loans	Deposits & payments	Commercial mortgage banking	Derivatives & foreign exchange	Equity capital markets	Equity research
Equipment finance	Wealth management & private banking	M&A / financial sponsors / leveraged finance	Investment grade & high-yield debt	Loan syndications	Public finance

## Targeted Industries

Consumer	Energy	Healthcare	Industrial	Public Sector	Real Estate
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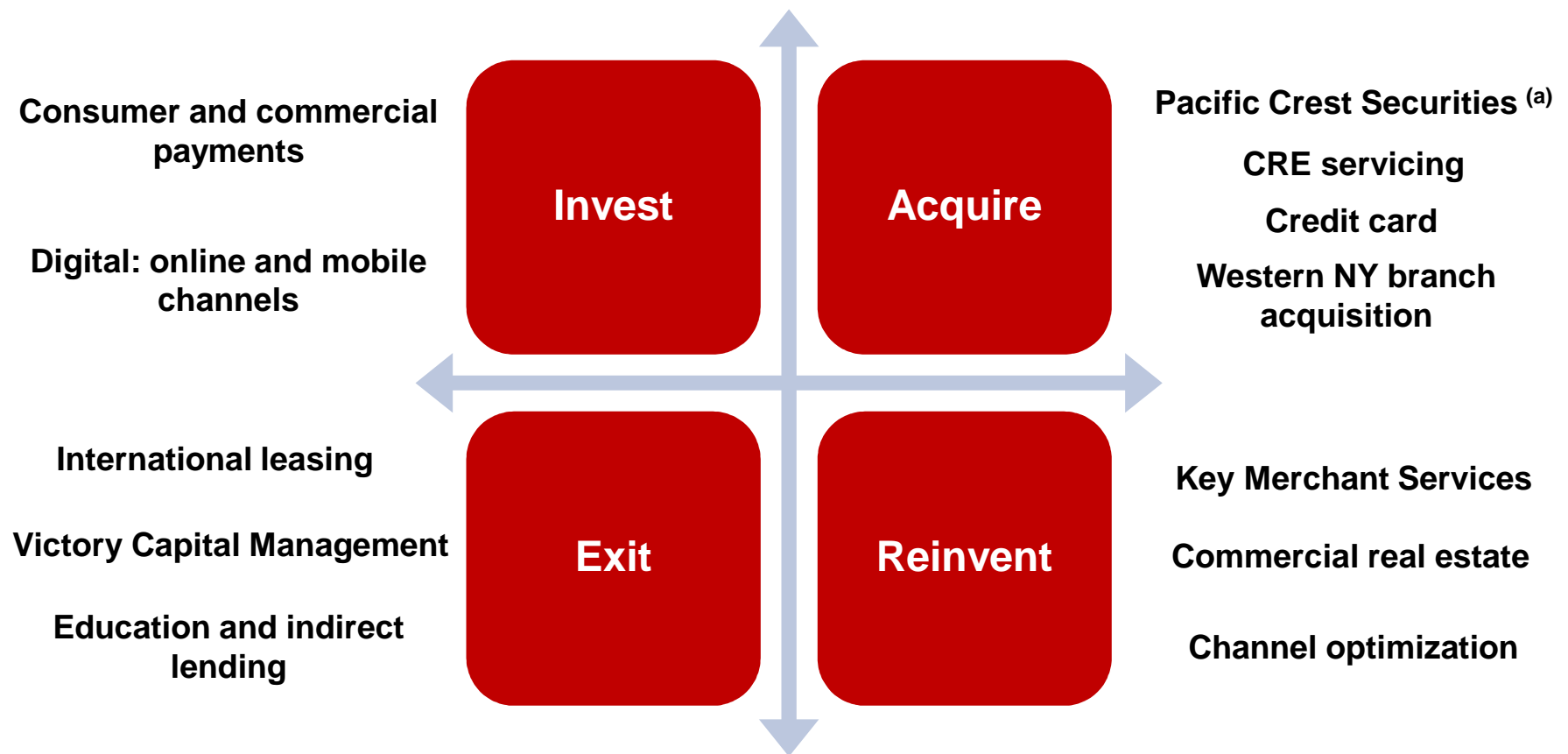
## Key's Competitive Advantage

Commercial Client Revenue Size (\$MM)



# Actively Managing Businesses

Key evaluates all of its businesses to maximize long-term value, aligning core businesses with core competencies



(a) Acquisition subject to regulatory approval and customary closing conditions; expected closing date: end of third quarter 2014

# Strategic Acquisition: Leading Technology Platform

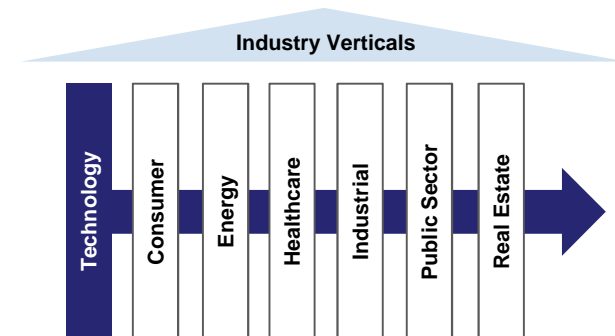
## Highlights



- Industry-focused firm covering high growth technology sub-verticals
- Comprehensive platform aligned with Key's business model
  - Equity research
  - Sales and trading
  - Investment banking
- Recognized as a leading research and capital markets provider across technology sub-verticals
  - #1 ranked Technology Equity Sales Coverage for the past 6 years <sup>(a)</sup>
  - #2 ranked for Best Sales Professional Support <sup>(b)</sup>
  - Top 10 Greatest Knowledge of Industries/ Companies <sup>(b)</sup>

## Expected Benefits

- Accelerates growth and impact in the market, consistent with Key's strategy
- Adds new expertise and clients while driving synergies across the platform
- Provides the opportunity to expand new and existing client relationships
  - Delivers breadth of Key platform to acquired relationships
  - Capitalizes on convergence of technology across other industry verticals



**Underscores Key's commitment to be the leading corporate and investment bank serving middle market companies**



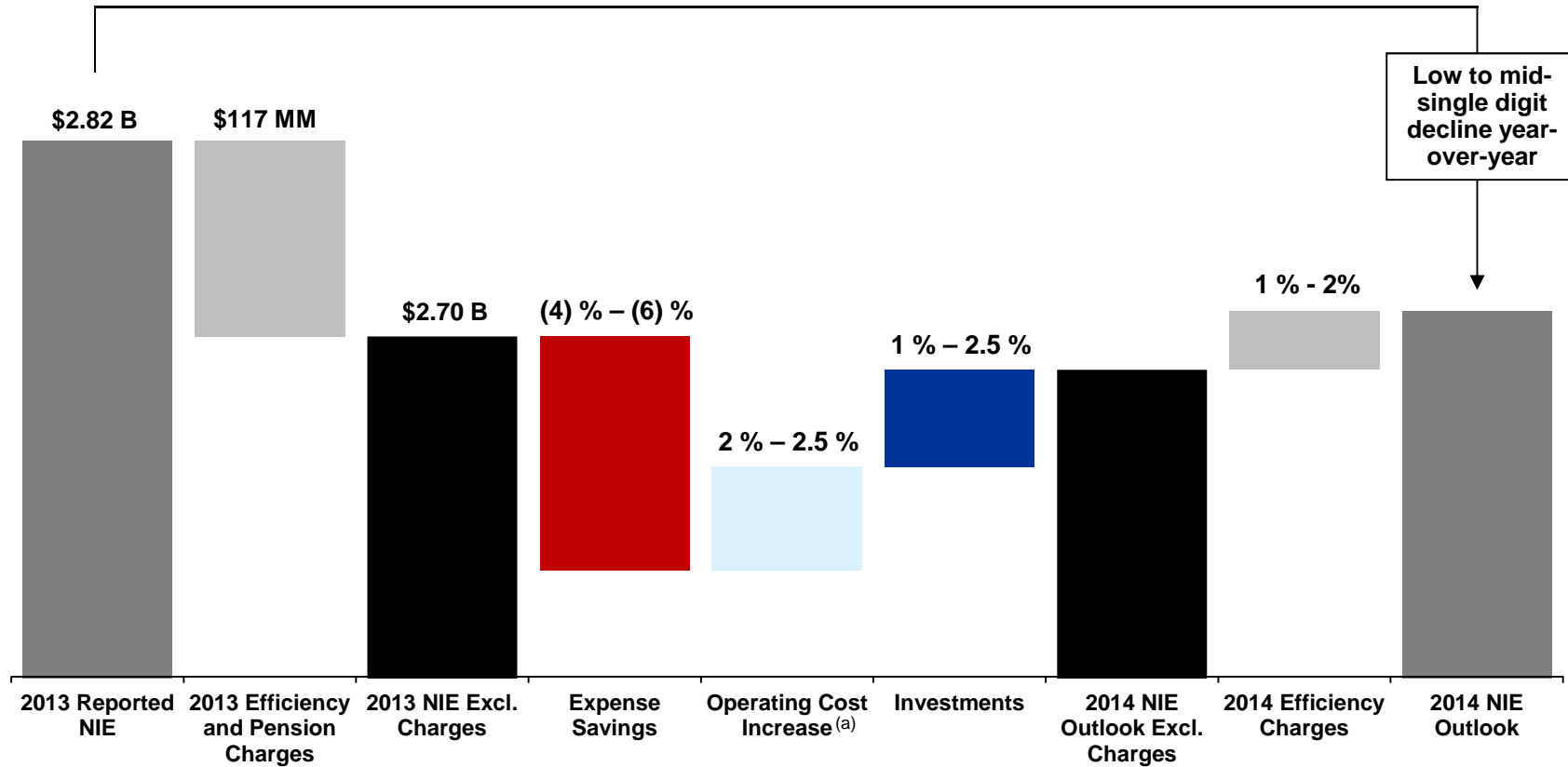
Note: Acquisition subject to regulatory approval and customary closing conditions; expected closing date: end of third quarter 2014

(a) 2014 Greenwich Small / Mid-cap Rankings

(b) 2014 Greenwich All U.S. institutions Rankings

# Focused Expense Management

Continued cost savings enable investments and offset normal expense growth



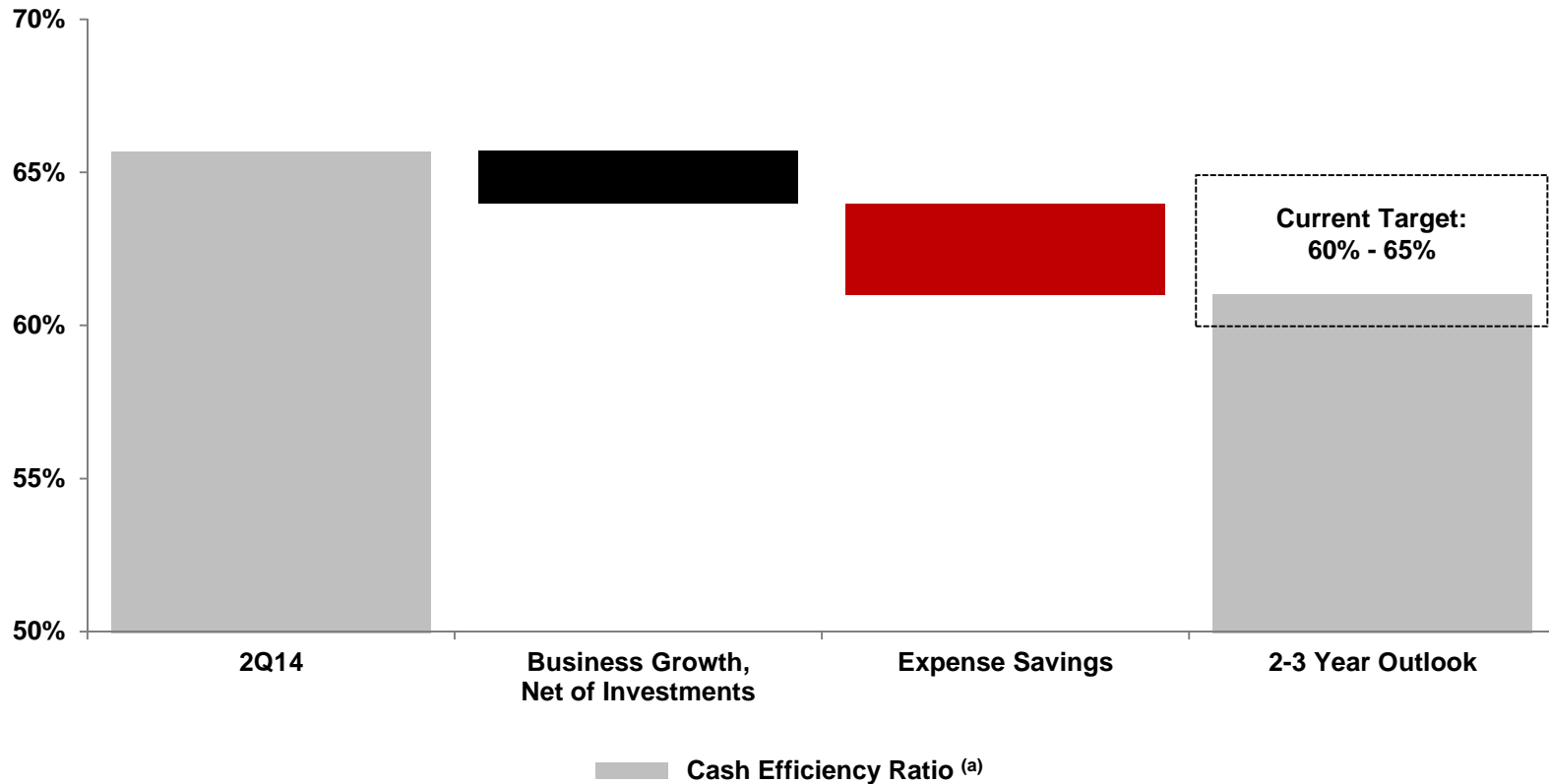
Note: Percentage ranges based upon 2014 expense plans and calculated from 2013 reported NIE

(a) Operating cost increase includes inflationary adjustments, annual merit increases, etc.



# Improving Efficiency

Driving progress toward the low end of our targeted range



Rising interest rates present an opportunity for additional improvement, with long-term goal of moving below targeted range



(a) Non-GAAP measure: see Appendix for reconciliation

# Driving Positive Operating Leverage

	Revenue Growth	Expense Savings
<b>Community Bank</b>	<ul style="list-style-type: none"> <li>▪ Improving sales productivity with existing and new bankers</li> <li>▪ Launched new product: Hassle-Free</li> <li>▪ Enhancing online and mobile channels</li> </ul>	<ul style="list-style-type: none"> <li>▪ Optimizing branch channel</li> <li>▪ Driving greater efficiencies through back and middle-office processes</li> </ul>
<b>Corporate Bank</b>	<ul style="list-style-type: none"> <li>▪ Adding senior bankers with industry expertise and relationships</li> <li>▪ Strengthening commercial payment product capabilities</li> <li>▪ Strategic investment in technology vertical</li> </ul>	<ul style="list-style-type: none"> <li>▪ Exiting international leasing originations and reducing related cost structure</li> <li>▪ Variablizing cost through utilization of third-party partners</li> <li>▪ Rationalization of fixed income trading platform</li> </ul>
<b>Enterprise</b>	<ul style="list-style-type: none"> <li>▪ Supporting business activities with technology development</li> <li>▪ Driving productivity through improved talent management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Improving operational effectiveness (Lean Six Sigma, variablizing costs)</li> <li>▪ Reducing occupancy costs</li> <li>▪ Right-sizing support activities</li> </ul>



# Disciplined Capital Management

Disciplined capital management allows Key to execute on its strategic priorities and maximize shareholder value

## Capital Priorities

### 1. Organic Growth

- Franchise investments to drive execution of relationship strategy: product capabilities, client-facing personnel mix

### 2. Dividends

- 18% increase in common share dividend in 2Q14

### 3. Share Repurchases

- Repurchased \$108 million common shares in 2Q14
- 2014 capital plan includes up to \$542 million in additional share repurchases

### 4. Opportunistic Growth

- Acquisitions to strengthen business: technology vertical<sup>(a)</sup>, commercial servicing, credit card and Western NY branches

Total payout to shareholders estimated to be among the highest in our peer group for the 2<sup>nd</sup> consecutive year



Note: Payout ratio calculations based upon 2013 and 2014 CCAR submissions and generally available industry data

(a) Acquisition subject to regulatory approval and customary closing conditions; expected closing date: end of third quarter 2014

# Progress on Targets for Success

Focus areas	Metrics <sup>(a)</sup>	2Q14	1Q14	Targets
Improving balance sheet efficiency	Loan to deposit ratio <sup>(b)</sup>	87%	88%	90-100%
Maintaining moderate risk profile	NCOs to average loans	.22%	.15%	40-60 bps
	Provision to average loans	.07%	.04%	
Growing high quality, diverse revenue streams	Net interest margin	2.98%	3.00%	>3.50%
	Noninterest income to total revenue	44%	43%	>40%
Generating positive operating leverage	Cash efficiency ratio <sup>(c)</sup>	66%	65%	60-65%
Strengthening returns with disciplined capital management	Return on average assets	1.14%	1.13%	1.00-1.25%



(a) Continuing operations, unless otherwise noted

(b) Represents period-end consolidated total loans and loans held for sale (excluding education loans in the securitization trusts) divided by period-end consolidated total deposits (excluding deposits in foreign office)

(c) Excludes intangible asset amortization; non-GAAP measure: see Appendix for reconciliation

# Financial Review



# Investor Highlights – 2Q14

## Positive Operating Leverage

- Positive operating leverage year-over-year
- Total average loans up 6% from prior year, driven by CF&A up 13%
- CF&A loan growth and investment banking and debt placement fees (up 18% year-over-year) reaffirms strength of business model
- Expenses remain well-controlled, down 3% from prior year

## Strong Risk Management

- Asset quality remains strong, with NCOs below targeted range
- NPAs down 41% from prior year
- New business originations are higher quality than overall book
- Remaining disciplined with structure and relationship focus

## Disciplined Capital Management

- Repurchased \$108 million in common shares in 2Q14
- Increased quarterly common share dividend by 18%
- Committed to capital priorities: organic growth, dividends, repurchases, opportunistic growth

Execution of strategy and differentiated business model driving results



# Financial Highlights

	Metrics	2Q14	1Q14	4Q13	3Q13	2Q13
<b>Financial Performance</b> <sup>(a)</sup>	EPS – assuming dilution	\$ .27	\$ .26	\$ .26	\$ .25	\$ .21
	Cash efficiency ratio <sup>(d)</sup>	65.8 %	64.9 %	67.4 %	67.5 %	69.1 %
	Net interest margin (TE)	2.98	3.00	3.01	3.11	3.13
	Return on average total assets	1.14	1.13	1.08	1.12	.95
<b>Balance Sheet Growth</b> <sup>(a), (b)</sup>	Total loans and leases	6 %	4 %	3 %	5 %	7 %
	CF&A loans	13	9	8	11	14
	Deposits (excl. foreign deposits)	2	4	8	5	8
<b>Capital</b> <sup>(c)</sup>	Tier 1 common equity <sup>(d)</sup>	11.3 %	11.3 %	11.2 %	11.2 %	11.2 %
	Tier 1 risk-based capital	12.0	12.0	12.0	11.9	11.9
	Tangible common equity to tangible assets <sup>(d)</sup>	10.2	10.1	9.8	9.9	10.0
<b>Asset Quality</b> <sup>(a)</sup>	NCOs to average loans	.22 %	.15 %	.27 %	.28 %	.34 %
	NPLs to EOP portfolio loans	.71	.81	.93	1.01	1.23
	Allowance for loan losses to EOP loans	1.46	1.50	1.56	1.62	1.65

TE = Taxable equivalent, EOP = End of Period

(a) From continuing operations

(b) Year-over-year average balance growth

(c) From consolidated operations

(d) Non-GAAP measure: see Appendix for reconciliation



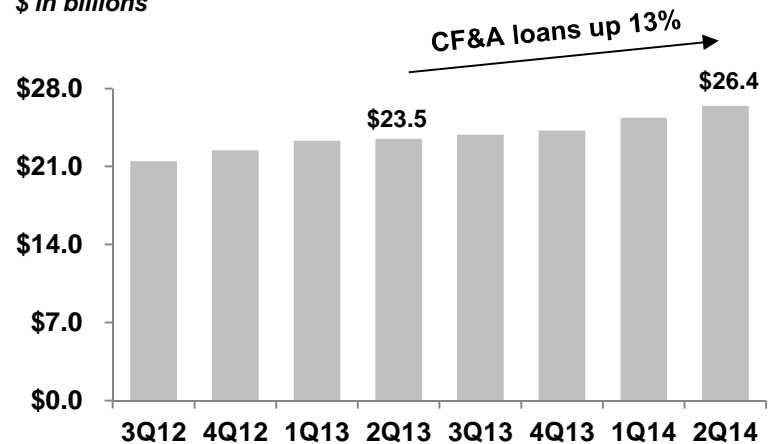
# Loan Growth

## Highlights

- Average total loans up 6% from prior year
  - Driven by 13% increase in CF&A
- Total commitments continue to grow with utilization relatively stable
- High quality new loan originations: consistent with moderate risk profile
- Remaining disciplined with structure and relationship focus

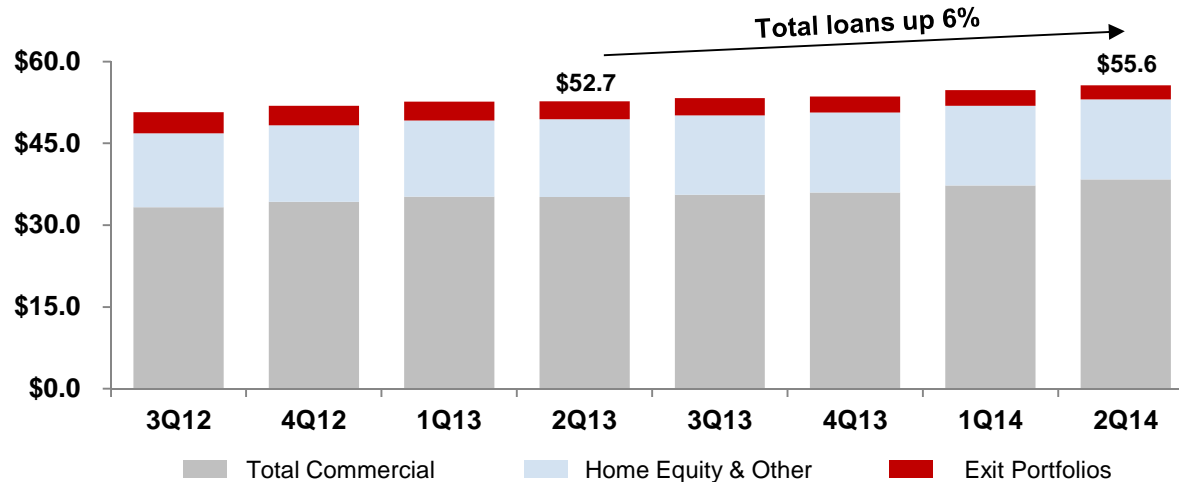
## Average Commercial, Financial & Agricultural Loans

\$ in billions



## Average Loans

\$ in billions



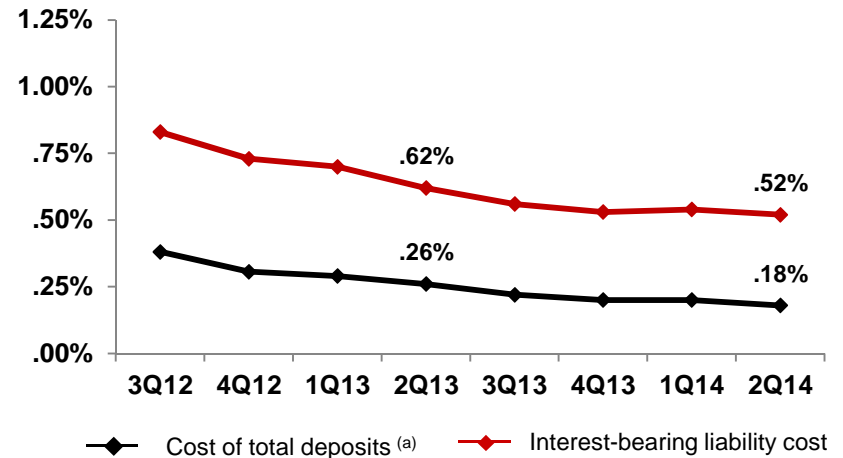


# Improving Deposit Mix

## Highlights

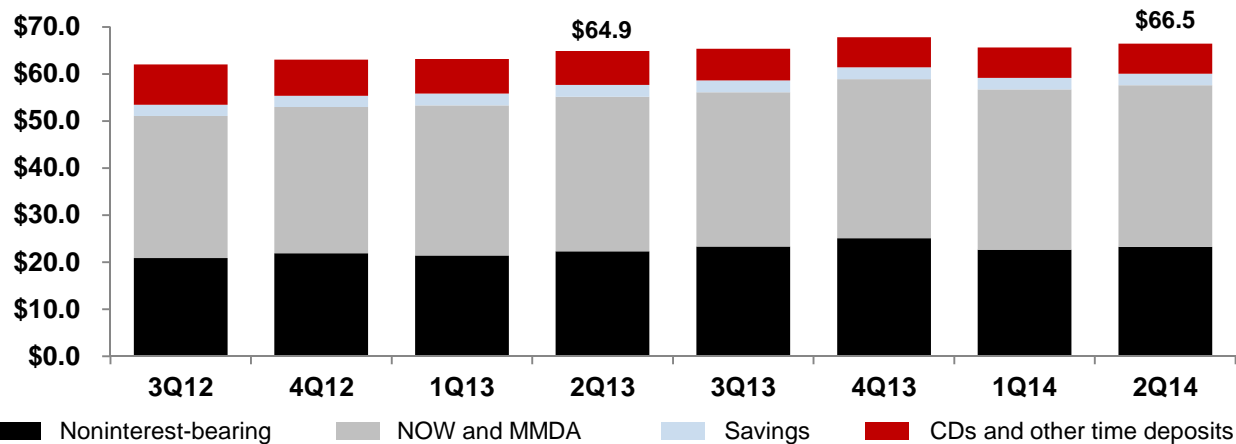
- Overall funding cost continues to improve
- Transaction deposit balances up 4% from 2Q13
- Growth from prior year reflects inflows from commercial clients as well as commercial mortgage servicing
- Total CD maturities and average cost
  - 2014 Q3: \$1.8 billion at .98%
  - 2014 Q4: \$.8 billion at .66%
  - 2015 and beyond: \$3.6 billion at 1.22%

## Funding Cost



## Average Deposits (a)

\$ in billions



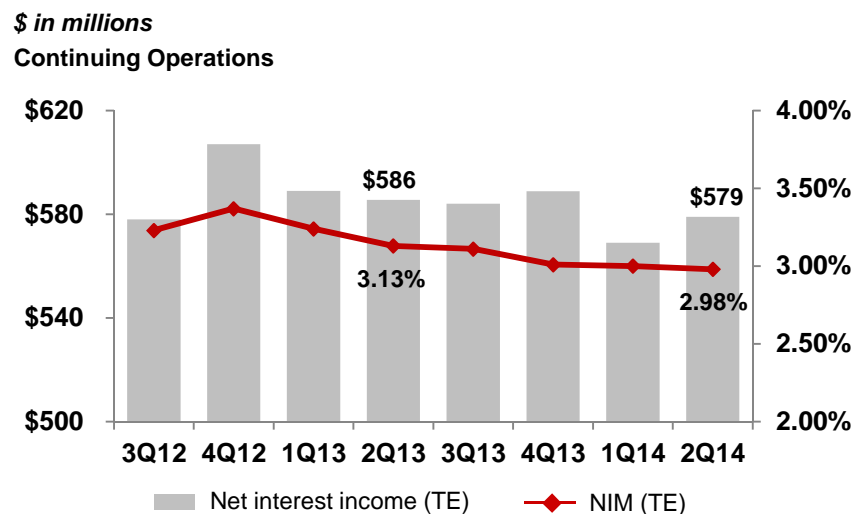
Note: Transaction deposits include noninterest-bearing, and NOW and MMDA  
 (a) Excludes deposits in foreign office

# Net Interest Income and Margin

## Highlights

- Net interest income down 1% from prior year due to:
  - Competitive environment and asset repricing offsetting loan growth
  - 2Q14 leveraged lease termination (-\$2 MM impact)
- Growth from the prior quarter (up 2%) reflects continued loan growth, day count and funding cost improvement
- Maintaining moderate asset sensitive position
  - Naturally asset sensitive balance sheet flows: approximately 70% of loans variable rate
  - High quality investment portfolio with average life of 3.6 years
  - Flexibility to quickly adjust interest rate risk position

## Net Interest Income (TE) & Net Interest Margin (TE) Trend



NIM Change (bps):	vs. 1Q14
Loan yield	(.05)
Leveraged lease termination	(.01)
Loan fees	.02
CD maturities / repricing	.01
Interest rate risk management / swaps	.01
<b>Total Change</b>	<b>(.02)</b>

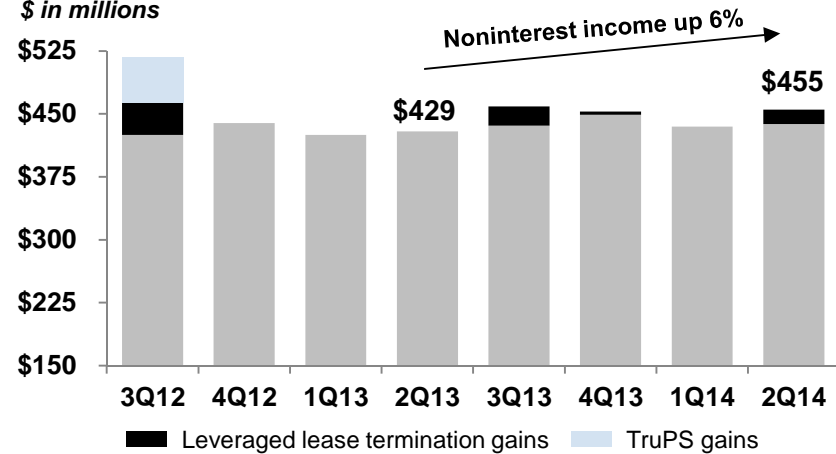
# Noninterest Income

## Highlights

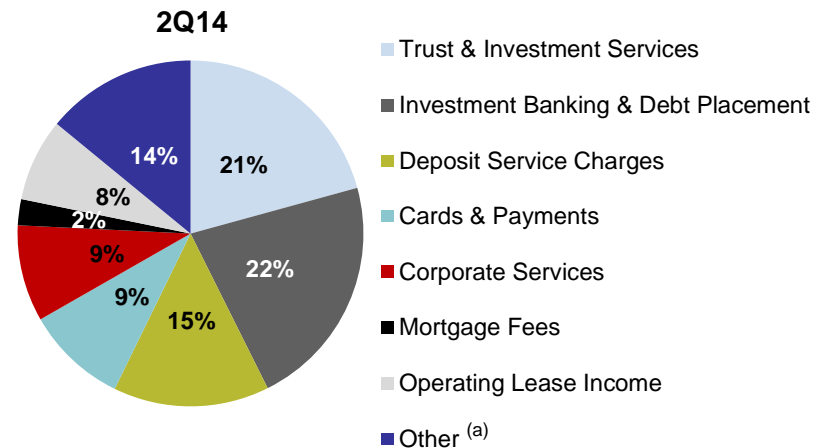
- Noninterest income up 6% from prior year, due to:
  - Investment banking and debt placement fees up 18%
  - Gains from leveraged lease termination and principal investing
- Change from prior quarter (up 5%) reflects:
  - Investment banking and debt placement fees up 18%
  - Leveraged lease early termination gain
  - Seasonal pickup in activity levels
    - Cards and payments: +13%
    - Deposit service charges: +5%

## Noninterest Income

Continuing Operations  
\$ in millions



## Noninterest Income Diversity



TE = Taxable equivalent

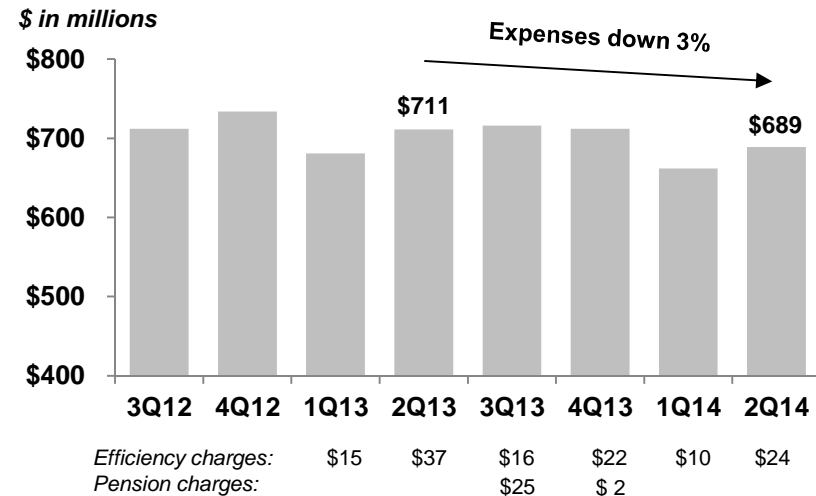
(a) Other includes corporate-owned life insurance, principal investing, etc.

# Focused Expense Management

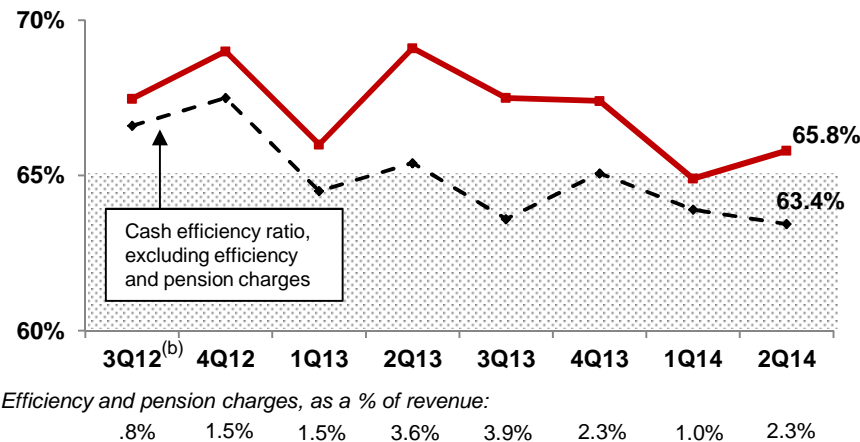
## Highlights

- Expenses down 3% from prior year, benefitting from continuous improvement efforts
- Increase from prior quarter reflects:
  - Seasonal trends in marketing and personnel
  - Higher level of efficiency charges
- Focused on improving efficiency and driving into targeted range

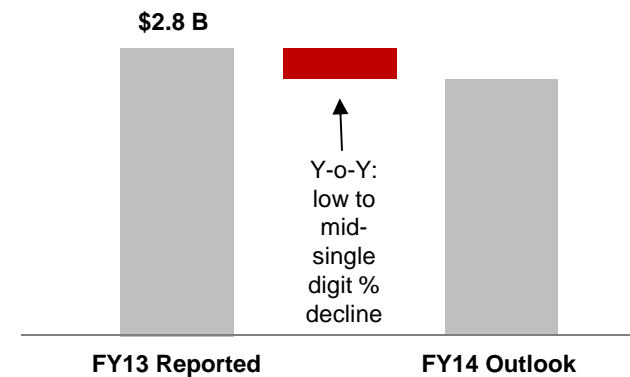
## Noninterest Expense



## Cash Efficiency Ratio (a)



## Noninterest Expense Outlook



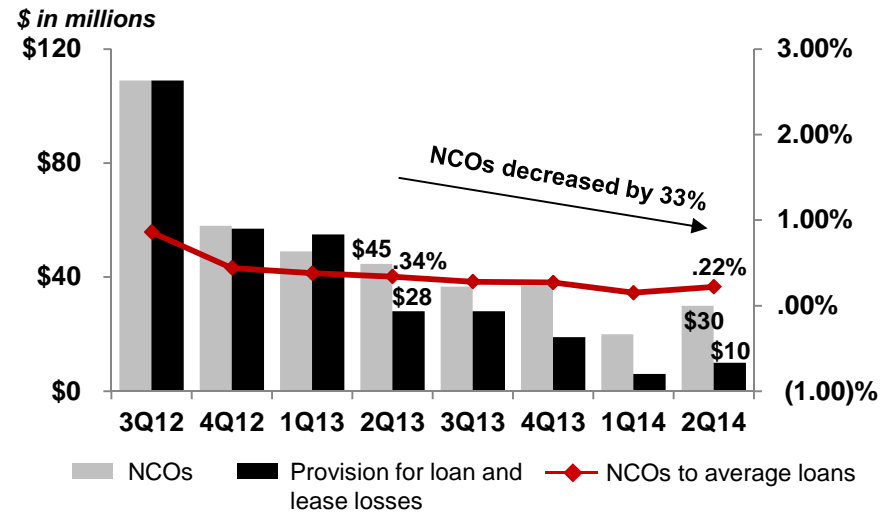
(a) Non-GAAP measure: see Appendix for reconciliation  
 (b) Excludes one-time gains of \$54 million related to the redemption of trust preferred securities

# Continued Improvement in Asset Quality

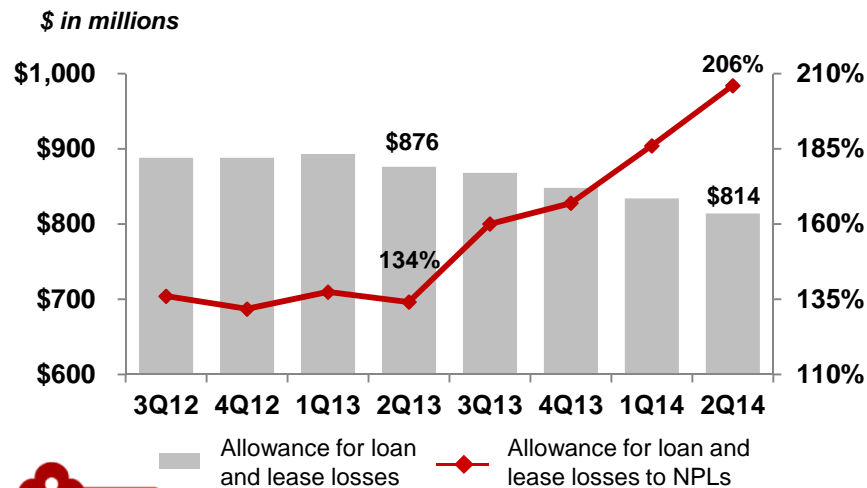
## Highlights

- Net loan charge-offs decreased 33% from 2Q13 to \$30 MM, or 22 bps of average loans
- Total gross charge-offs down 24% from 2Q13 and down 2% from 1Q14
- Commercial loan recoveries exceeded gross charge-offs by \$3 MM in 2Q14
- Net charge-offs expected to continue below the targeted range for the remainder of the year

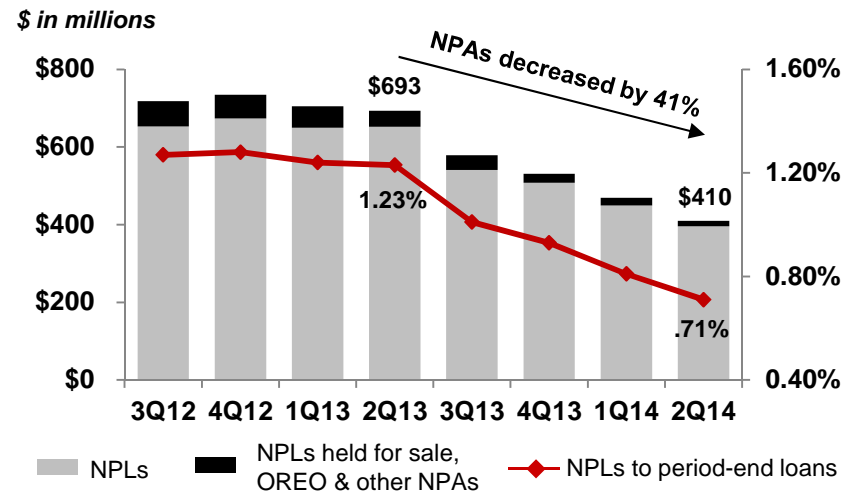
## Net Charge-offs & Provision for Loan and Lease Losses



## Allowance for Loan and Lease Losses



## Nonperforming Assets

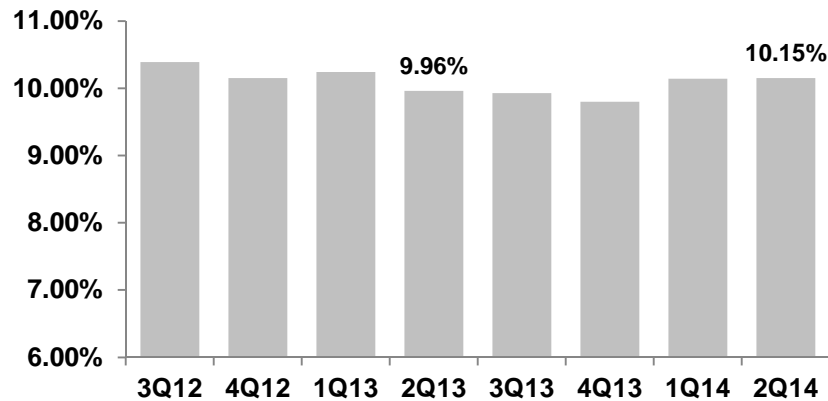


# Strong Capital

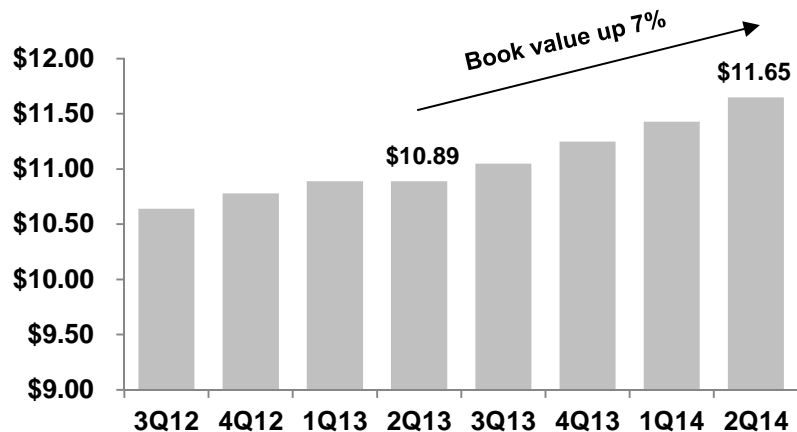
## Highlights

- Disciplined capital management
  - Continuing to invest in businesses
  - Increased quarterly common share dividend by 18%
  - Repurchased \$108 MM in common shares

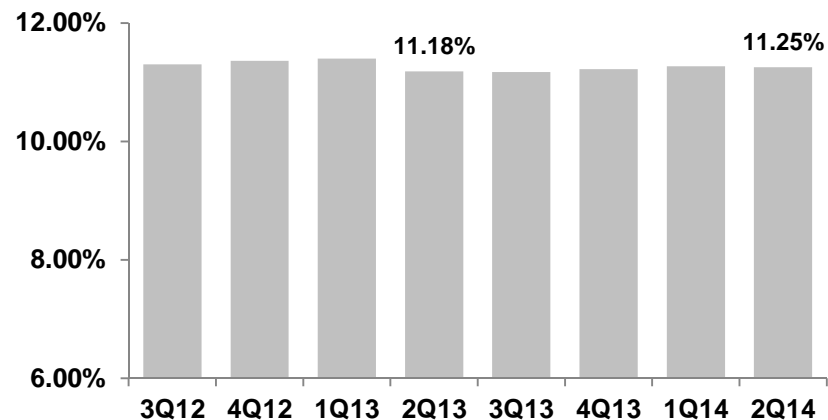
## Tangible Common Equity to Tangible Assets (a)



## Book Value per Share



## Tier 1 Common Equity (a)



(a) Non-GAAP measure: see Appendix for reconciliations

# 2014 Outlook and Expectations

<b>Loans</b>	<ul style="list-style-type: none"><li>▪ Mid-single digit average balance growth</li></ul>
<b>Net Interest Income</b>	<ul style="list-style-type: none"><li>▪ Relatively stable from 2013, with slight downward pressure from competitive environment</li></ul>
<b>Noninterest Income</b>	<ul style="list-style-type: none"><li>▪ Low single-digit growth compared to prior year</li></ul>
<b>Expense</b>	<ul style="list-style-type: none"><li>▪ Low to mid-single digit percentage decline from 2013</li></ul>
<b>Efficiency / Productivity</b>	<ul style="list-style-type: none"><li>▪ Positive operating leverage</li></ul>
<b>Asset Quality</b>	<ul style="list-style-type: none"><li>▪ Net charge-offs to average loans expected to continue below targeted range of 40 – 60 bps for the remainder of the year</li></ul>
<b>Capital</b>	<ul style="list-style-type: none"><li>▪ Disciplined execution of 2014 capital plan, including dividends and share repurchases</li></ul>

**Guidance ranges:** relatively stable: +/- 2%; low single-digit: <5%; mid-single digit: 4% - 6%



# Appendix



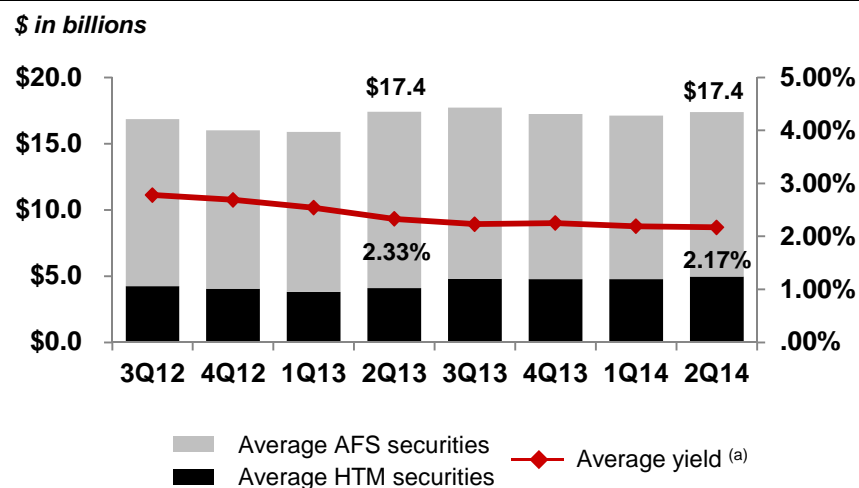


# High Quality Investment Portfolio

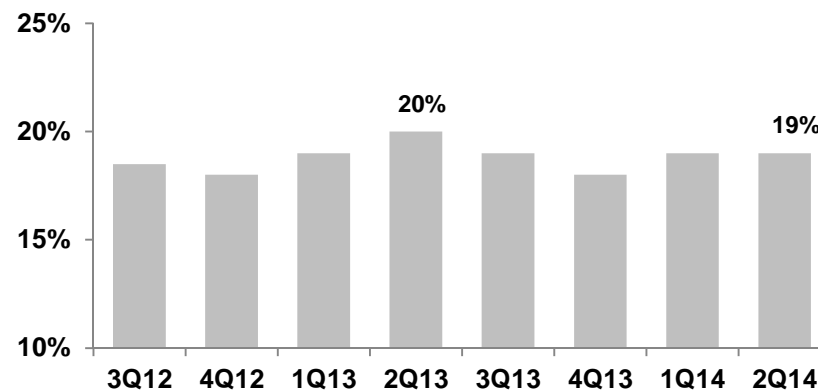
## Highlights

- Portfolio composed of Agency-backed CMOs: Fannie, Freddie & GNMA
  - No private label MBS or financial paper
- Currently reinvesting cash flows into GNMA securities, for Basel III liquidity (LCR)
  - 31% of total portfolio was GNMA at 6/30/14
- Securities cash flows of \$.9 billion in 2Q14 and \$.8 billion in 1Q14
- Average portfolio life at 6/30/14 of 3.6 years, unchanged from 3/31/14

## Average Total Investment Securities



## Securities to Total Assets (b)



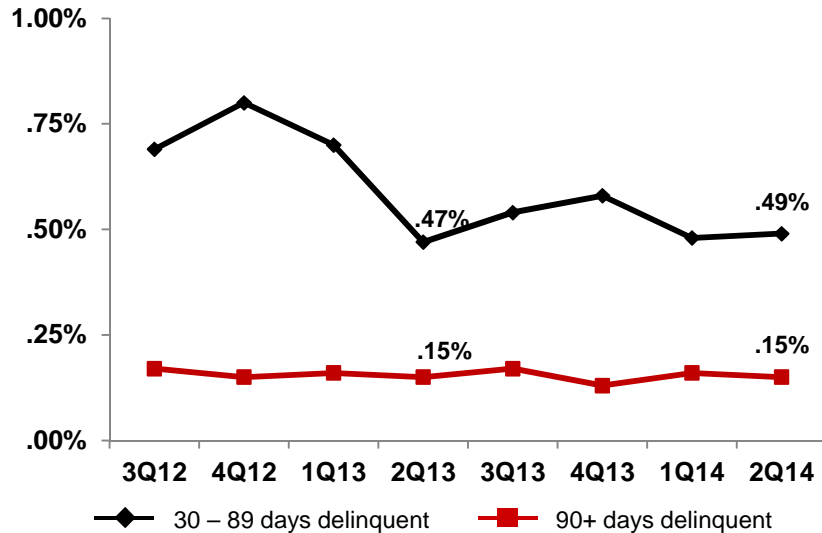
(a) Yield is calculated on the basis of amortized cost

(b) Includes end of period held-to-maturity and available-for-sale securities

# Asset Quality Trends

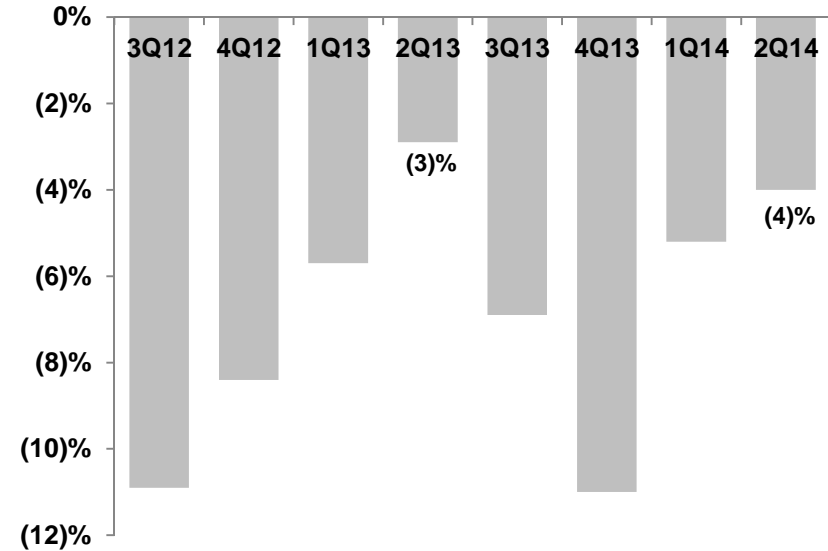
## Delinquencies to Period-end Total Loans

Continuing Operations



## Quarterly Change in Criticized Outstandings <sup>(a)</sup>

Continuing Operations



Metric <sup>(b)</sup>	2Q14		1Q14		4Q13		3Q13		2Q13	
Delinquencies to EOP total loans: 30-89 days	.49	%	.48	%	.58	%	.54	%	.47	%
Delinquencies to EOP total loans: 90+ days	.15		.16		.13		.17		.15	
NPLs to EOP portfolio loans	.71		.81		.93		1.01		1.23	
NPAs to EOP portfolio loans + OREO + Other NPAs	.74		.85		.97		1.08		1.30	
Allowance for loan losses to period-end loans	1.46		1.50		1.56		1.62		1.65	
Allowance for loan losses to NPLs	205.6		185.7		166.9		160.4		134.4	



(a) Loan and lease outstandings  
(b) From continuing operations

# Credit Quality

## Credit Quality by Portfolio

\$ in millions	Period-end loans	Average loans	Net loan charge-offs	Net loan charge-offs <sup>(b)</sup> / average loans (%)	Nonperforming loans <sup>(c)</sup>	Ending allowance <sup>(d)</sup>	Allowance / period-end loans <sup>(d)</sup> (%)	Allowance / NPLs (%)
	6/30/14	2Q14	2Q14	2Q14	6/30/14	6/30/14	6/30/14	6/30/14
Commercial, financial and agricultural <sup>(a)</sup>	\$ 26,327	\$ 26,444	-	-	\$ 37	\$ 373	1.42	N/M
Commercial real estate:								
Commercial Mortgage	7,946	7,880	-	-	38	159	2.00	418.42
Construction	1,047	1,049	\$ (1)	(.38)	9	34	3.25	377.78
Commercial lease financing	4,241	4,257	(2)	(.19)	15	60	1.41	400.00
Real estate – residential mortgage	2,189	2,189	1	.18	89	25	1.14	28.09
Home equity	10,679	10,627	10	.38	189	86	.81	45.50
Credit cards	718	702	11	6.29	1	30	4.18	N/M
Consumer other – Key Community Bank	1,514	1,479	7	1.90	2	24	1.59	N/M
Consumer other – Exit Portfolio	939	984	4	1.63	16	23	2.45	143.75
<b>Continuing total <sup>(e)</sup></b>	<b>\$ 55,600</b>	<b>\$ 55,611</b>	<b>\$ 30</b>	<b>.22</b>	<b>\$ 396</b>	<b>\$ 814</b>	<b>1.46</b>	<b>205.56</b>
Discontinued operations	4,162	4,273	7	1.16	19	32	1.31	168.42
<b>Consolidated total</b>	<b>\$ 59,762</b>	<b>\$ 59,884</b>	<b>\$ 37</b>	<b>.26</b>	<b>\$ 415</b>	<b>\$ 846</b>	<b>1.46</b>	<b>203.86</b>

N/M = Not meaningful

- (a) 6-30-14 ending loan balances include \$94 million of commercial credit card balances; 6-30-14 average loan balances include \$95 million of assets from commercial credit cards
- (b) Net loan charge-off amounts are annualized in calculation. NCO ratios for discontinued operations and consolidated Key exclude education loans in the securitization trusts since valued at fair-market value
- (c) 6-30-14 NPL amount excludes \$15 million of purchased credit impaired loans
- (d) 6-30-14 allowance by portfolio is estimated. Allowance/period loans ratios for discontinued operations and consolidated Key exclude education loans in the securitization trusts since valued at fair-market value
- (e) 6-30-14 ending loan balances include purchased loans of \$151 million, of which \$15 million were purchased credit impaired



# Home Equity Portfolio

## Highlights

- High quality portfolio
- Community bank loans and lines: 97% of total portfolio; branch-originated
  - 59% first lien position
  - Average FICO score of 765
  - Average LTV at origination: 71%
- \$4.0 billion of the total portfolio are fixed rate loans that require principal and interest payments; \$6.7 billion are lines
- \$1.5 billion in lines outstanding (14% of the total portfolio) come to end of draw period in the next four years
  - Proactive communication and client outreach initiated near end of draw period

## Home Equity Portfolio – 6/30/14

\$ in millions, except average loan size

	Loan Balances	Average Loan Size (\$)	Average FICO	Average LTV <sup>(a)</sup>	% of Loans LTV>90%	Vintage (% of Loans)				
						2012 and later	2011	2010	2009	2008 and prior
<b>Loans and lines</b>										
First lien	\$ 6,103	\$ 69,452	767	67%	.6%	47%	5%	3%	4%	41%
Second lien	4,276	47,292	762	76	3.3	31	5	3	4	57
Community Bank	\$ 10,379	58,214	765	71	1.7	40	5	4	4	47
Exit portfolio	300	22,330	729	80	2.5	-	-	-	-	100
<b>Total home equity portfolio</b>	<b>\$ 10,679</b>									
<b>Nonaccrual loans and lines</b>										
First lien	\$ 91	\$ 62,046	713	72%	.6%	4%	3%	3%	5%	85%
Second lien	87	48,713	711	78	2.2	1	2	2	3	92
Community Bank	\$ 178	54,748	712	75	1.4	3	3	2	4	88
Exit portfolio	11	24,570	701	77	2.8	-	-	-	-	100
<b>Total home equity nonaccruals</b>	<b>\$ 189</b>									
<b>Second quarter net charge-offs (NCOs)</b>										
Community Bank	\$ 9					2%	1%	2%	2%	93%
% of average loans	.35%									
Exit Portfolio	\$ 1					-	-	-	-	100
% of average loans	1.31%									



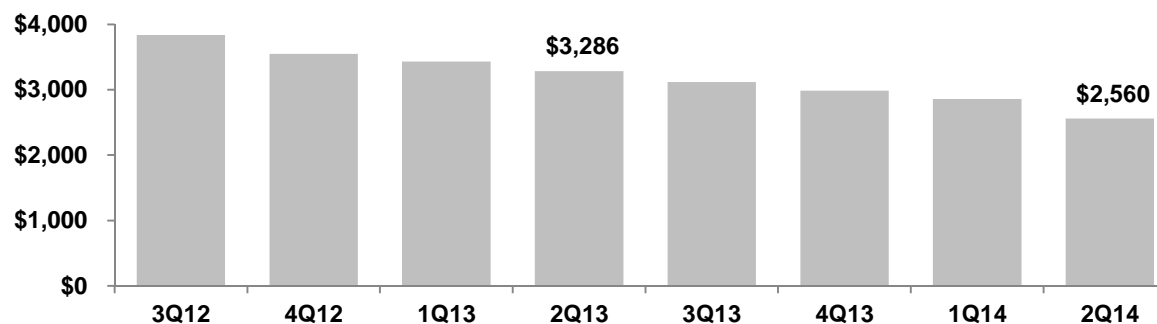
(a) Average LTVs are at origination. Current average LTVs for Community Bank total home equity loans and lines is approximately 71%, which compares to 71% at the end of the first quarter of 2014.

# Exit Loan Portfolio

## Exit Loan Portfolio

\$ in millions	Balance Outstanding		Change	Net Loan Charge-offs		Balance on Nonperforming Status	
	6-30-14	3-31-14		6-30-14 vs. 3-31-14	2Q14 <sup>(c)</sup>	1Q14 <sup>(c)</sup>	6-30-14
Residential properties – homebuilder	\$ 19	\$ 20	\$ (1)	-	\$ (1)	\$ 7	\$ 7
Marine and RV floor plan	23	23	-	-	-	6	6
Commercial lease financing <sup>(a)</sup>	1,154	1,381	(227)	\$ (5)	(2)	3	3
Total commercial loans	1,196	1,424	(228)	(5)	(3)	16	16
Home equity – Other	300	315	(15)	1	2	11	11
Marine	888	965	(77)	5	4	15	15
RV and other consumer	61	66	(5)	(1)	1	1	1
Total consumer loans	1,249	1,346	(97)	\$ 5	7	27	27
<b>Total exit loans in loan portfolio</b>	<b>\$ 2,445</b>	<b>\$ 2,770</b>	<b>\$ (325)</b>	<b>-</b>	<b>\$ 4</b>	<b>\$ 43</b>	<b>\$ 43</b>
Discontinued operations – education lending business (not included in exit loans above) <sup>(b)</sup>	\$ 4,162	\$ 4,354	\$ (192)	\$ 7	\$ 9	\$ 19	\$ 20

Average balances, \$ in millions



(a) Includes (1) the business aviation, commercial vehicle, office products, construction and industrial leases; (2) Canadian lease financing portfolios; (3) European lease financing portfolios; and (4) all remaining balances related to lease in, lease out; sale in, lease out; service contract leases; and qualified technological equipment leases.

(b) Includes loans in Key's consolidated education loan securitization trusts

(c) Credit amounts indicate recoveries exceeded charge-offs



# GAAP to Non-GAAP Reconciliation

\$ in millions

	Three months ended				
	6-30-14	3-31-14	12-31-13	9-30-13	6-30-13
<b>Tangible common equity to tangible assets at period end</b>					
Key shareholders' equity (GAAP)	\$ 10,504	\$ 10,403	\$ 10,303	\$ 10,206	\$ 10,229
Less: Intangible assets <sup>(a)</sup>	1,008	1,012	1,014	1,017	1,021
Preferred Stock, Series A <sup>(b)</sup>	282	282	282	282	282
Tangible common equity (non-GAAP)	<u>\$ 9,214</u>	<u>\$ 9,109</u>	<u>\$ 9,007</u>	<u>\$ 8,907</u>	<u>\$ 8,926</u>
Total assets (GAAP)	\$ 91,798	\$ 90,802	\$ 92,934	\$ 90,708	\$ 90,639
Less: Intangible assets <sup>(a)</sup>	1,008	1,012	1,014	1,017	1,021
Tangible assets (non-GAAP)	<u>\$ 90,790</u>	<u>\$ 89,790</u>	<u>\$ 91,920</u>	<u>\$ 89,691</u>	<u>\$ 89,618</u>
Tangible common equity to tangible assets ratio (non-GAAP)	10.15 %	10.14 %	9.80 %	9.93 %	9.96 %
<b>Tier 1 common equity at period end</b>					
Key shareholders' equity (GAAP)	\$ 10,504	\$ 10,403	\$ 10,303	\$ 10,206	\$ 10,229
Qualifying capital securities	339	339	339	340	339
Less: Goodwill	979	979	979	979	979
Accumulated other comprehensive income (loss) <sup>(c)</sup>	(328)	(367)	(394)	(409)	(359)
Other assets <sup>(d)</sup>	86	84	89	96	101
Total Tier 1 capital (regulatory)	10,106	10,046	9,968	9,880	9,847
Less: Qualifying capital securities	339	339	339	340	339
Preferred Stock, Series A <sup>(b)</sup>	282	282	282	282	282
Total Tier 1 common equity (non-GAAP)	<u>\$ 9,485</u>	<u>\$ 9,425</u>	<u>\$ 9,347</u>	<u>\$ 9,258</u>	<u>\$ 9,226</u>
Net risk-weighted assets (regulatory)	\$ 84,287	\$ 83,637	\$ 83,328	\$ 82,913	\$ 82,528
Tier 1 common equity ratio (non-GAAP)	11.25 %	11.27 %	11.22 %	11.17 %	11.18 %
<b>Pre-provision net revenue</b>					
Net interest income (GAAP)	\$ 573	\$ 563	\$ 583	\$ 578	\$ 581
Plus: Taxable-equivalent adjustment	6	6	6	6	5
Noninterest income (GAAP)	455	435	453	459	429
Less: Noninterest expense (GAAP)	689	662	712	716	711
Pre-provision net revenue from continuing operations (non-GAAP)	<u>\$ 345</u>	<u>\$ 342</u>	<u>\$ 330</u>	<u>\$ 327</u>	<u>\$ 304</u>

- a) Three months ended June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013, and June 30, 2013, exclude \$79 million, \$84 million, \$92 million, \$99 million, and \$107 million of period-end purchased credit card receivable intangible assets, respectively
- b) Net of capital surplus for the three months ended June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013, and June 30, 2013
- c) Includes net unrealized gains or losses on securities available for sale (except for net unrealized losses on marketable equity securities), net gains or losses on cash flow hedges, and amounts resulting from the application of the applicable accounting guidance for defined benefit and other postretirement plans
- d) Other assets deducted from Tier 1 capital and net risk-weighted assets consist of disallowed intangible assets (excluding goodwill) and deductible portions of nonfinancial equity investments. There were no disallowed deferred tax assets at June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013, and June 30, 2013



# GAAP to Non-GAAP Reconciliation (continued)

\$ in millions

	Three months ended				
	6-30-14	3-31-14	12-31-13	9-30-13	6-30-13
<b>Average tangible common equity</b>					
Average Key shareholders' equity (GAAP)	\$ 10,459	\$ 10,371	\$ 10,272	\$ 10,237	\$ 10,314
Less: Intangible assets (average) <sup>(a)</sup>	1,010	1,013	1,016	1,019	1,023
Preferred Stock, Series A (average)	291	291	291	291	291
Average tangible common equity (non-GAAP)	<u>\$ 9,158</u>	<u>\$ 9,067</u>	<u>\$ 8,965</u>	<u>\$ 8,927</u>	<u>\$ 9,000</u>
<b>Return on average tangible common equity from continuing operations</b>					
Net income (loss) from continuing operations attributable to Key common shareholders (GAAP)	\$ 242	\$ 232	\$ 229	\$ 229	\$ 193
Average tangible common equity (non-GAAP)	9,158	9,067	8,965	8,927	9,000
Return on average tangible common equity from continuing operations (non-GAAP)	10.60 %	10.38 %	10.13 %	10.18 %	8.60 %
<b>Return on average tangible common equity consolidated</b>					
Net income (loss) attributable to Key common shareholders (GAAP)	\$ 214	\$ 236	\$ 224	\$ 266	\$ 198
Average tangible common equity (non-GAAP)	9,158	9,067	8,965	8,927	9,000
Return on average tangible common equity consolidated (non-GAAP)	9.37 %	10.56 %	9.91 %	11.82 %	8.82 %
<b>Cash efficiency ratio</b>					
Noninterest expense (GAAP)	\$ 689	\$ 662	\$ 712	\$ 716	\$ 711
Less: Intangible asset amortization (GAAP)	9	10	10	12	10
Adjusted noninterest expense (non-GAAP)	<u>\$ 680</u>	<u>\$ 652</u>	<u>\$ 702</u>	<u>\$ 704</u>	<u>\$ 701</u>
Net interest income (GAAP)	\$ 573	\$ 563	\$ 583	\$ 578	\$ 581
Plus: Taxable-equivalent adjustment	6	6	6	6	5
Noninterest income (GAAP)	455	435	453	459	429
Total taxable-equivalent revenue (non-GAAP)	<u>\$ 1,034</u>	<u>\$ 1,004</u>	<u>\$ 1,042</u>	<u>\$ 1,043</u>	<u>\$ 1,015</u>
Cash efficiency ratio (non-GAAP)	65.8 %	64.9 %	67.4 %	67.5 %	69.1 %



(a) Three months ended June 30, 2014, March 31, 2014, December 31, 2013, September 30, 2013, and June 30, 2013 exclude \$82 million, \$89 million, \$96 million, \$103 million, and \$110 million of average purchased credit card receivable intangible assets, respectively

# Common Equity Tier 1 Under the Regulatory Capital Rules (estimated) (a)

KeyCorp & Subsidiaries

<i>\$ in billions</i>	Quarter ended June 30, 2014
Tier 1 common equity under current regulatory rules	\$ 9.5
Adjustments from current regulatory rules to the Regulatory Capital Rules:	
Deferred tax assets and PCCRs <sup>(b)</sup>	(.1)
Common Equity Tier 1 anticipated under the Regulatory Capital Rules <sup>(c)</sup>	\$ 9.4
Total risk-weighted assets under current regulatory rules	\$ 84.3
Adjustments from current regulatory rules to the Regulatory Capital Rules:	
Loan commitments <1 year	1.0
Past Due Loans	.1
Mortgage servicing assets <sup>(d)</sup>	.5
Deferred tax assets <sup>(d)</sup>	.2
Other	1.5
Total risk-weighted assets anticipated under the Regulatory Capital Rules <sup>(c)</sup>	\$ 87.6
<b>Common Equity Tier 1 ratio under the Regulatory Capital Rules</b>	<b>10.7 %</b>

Table may not foot due to rounding

- (a) Common equity Tier 1 capital is a non-generally accepted accounting principle (GAAP) financial measure that is used by investors, analysts and bank regulatory agencies to assess the capital position of financial services companies. Management reviews Common Equity Tier 1 along with other measures of capital as part of its financial analyses
- (b) Includes the deferred tax asset subject to future taxable income for realization, primarily tax credit carryforwards, as well as the deductible portion of purchased credit card receivables
- (c) The anticipated amount of regulatory capital and risk-weighted assets is based upon the federal banking agencies' Regulatory Capital Rules (as fully phased-in on January 1, 2019); Key is subject to the Regulatory Capital Rules under the "standardized approach"
- (d) Item is included in the 10%/15% exceptions bucket calculation and is risk-weighted at 250%

