

2014 Dodd-Frank Mid-Cycle Stress Test (MCST) Results
KeyCorp Severely Adverse Scenario

KeyCorp

September 16, 2014



Important Considerations

The 2014 Mid-Cycle Dodd-Frank Act Stress Test (“DFAST”) Results present certain projected financial measures for KeyCorp 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. Our future financial results and conditions will be influenced by actual economic and financial conditions and other factors described in our Annual Report on 10-K for the year ended December 31, 2013 and in subsequent quarterly reports filed with the Securities and Exchange Commission (“SEC”) and available at <http://www.sec.gov>.

The regulations establishing DFAST require us to disclose certain projected financial measures that have not been prepared under U.S. generally accepted accounting principles (“GAAP”). KeyCorp’s actual financial information, prepared under GAAP, is available in reports filed with the SEC.

Each bank holding company subject to 2014 Mid-Cycle DFAST is responsible for developing its internal process. Therefore, our 2014 Mid-Cycle DFAST results may not be directly comparable to those of other bank holding companies.

Important Terms Used in this Disclosure

“BHC” means bank holding company.

“DFAST” means the Dodd-Frank Act Stress Test.

“GAAP” means U.S. generally accepted accounting principals.

“Regulatory Capital Rules” mean the final capital rules published by federal banking regulators in 2013.



KeyCorp Disclosure

Mid-Cycle Company-Run Stress Test Results and Process

- Per the Dodd-Frank Act, Key is required to consider the results of its 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 2Q14 and ending in 2Q16.
- Under the Dodd-Frank Act, the only capital actions included in the Company-run stress test are quarterly common dividend payments equal to KeyCorp's trailing four quarter average as of March 31, 2014 and no share repurchase activity following the first planning quarter.
- Capital actions referred to in this disclosure are not the Company's planned capital actions.
- 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 tier 1 common ratio and other capital ratios
 3. Types of risks included in Company run stress test
 4. Description of stress test methodologies
- 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.



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)	\$2.071	2.5%
Other revenue/(expense) ^(d)	.015	0.0%
<i>Less</i>		
Provision	3.398	4.0%
Realized gains/(losses) on securities - AFS/HTM	(.001)	–
Trading and counterparty losses ^(e)	–	–
Other losses/gains ^(f)	–	–
<i>Equals</i>		
Net income before taxes	(1.328)	(1.6)%
Memo items		
Other comprehensive income ^(g)	–	–
<i>Other effects on capital</i>	Q2 2015	Q2 2016
AOCI included in capital (billions of dollars) ^(g)	–	–

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

(b) Average assets are nine-quarter average assets.

(c) Pre-provision net revenue includes losses from operational-risk events and other real estate owned (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 losses include mark-to-market and credit valuation adjustments (CVA) losses and losses arising from the counterparty default scenario component applied to derivatives, securities lending, and repurchase agreement activities.

(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.

(g) For purposes of this stress test, Key chose to opt-out of including AOCI in regulatory capital calculations.



KeyCorp Severely Adverse Results^(a) – Loan Losses

Projected Loan Losses by Type of Loans (\$ in Billions)	Cumulative Hypothetical Results Over 9 Quarter	Portfolio Loss Rates ^(b)
Loan losses	\$2.318	4.2%
First lien mortgages, domestic	.104	2.3%
Junior liens and HELOCs, domestic	.199	2.7%
Commercial and industrial ^(c)	.795	3.9%
Commercial real estate, domestic	.527	6.7%
Credit cards	.130	19.4%
Other consumers ^(d)	.259	6.2%
Other loans ^(e)	.306	3.1%

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

(b) Average loan balances used to calculate portfolio loss rates exclude loans held for sale and loans held for investment under the fair-value option, and are calculated over nine quarters.

(c) Commercial and industrial loans include small and medium enterprise loans and corporate credit cards.

(d) Other consumer loans include student loans and automobile loans.

(e) Other loans include leases, loans to depositories and other financial institutions, agricultural loans, loans for purchasing or carrying securities, international real estate loans and loans secured by farmland.

Note: Numbers above may not foot due to rounding.



KeyCorp Severely Adverse Results^(a) – Capital Ratios and Risk-Weighted Assets

Projected Stressed Capital Ratios ^(b)	Actual	Stressed Capital Ratios ^(c)	
	Q1 2014	Q2 2016	Minimum ^(d)
Tier 1 common ratio (%)	11.3	10.9	9.7
Common equity tier 1 capital ratio (%) ^(e)	N/A	11.0	9.9
Tier 1 risk-based capital ratio (%) ^(f)	12.0	11.2	10.2
Total risk-based capital ratio (%) ^(f)	14.2	13.6	12.5
Tier 1 leverage ratio (%) ^(f)	11.3	10.7	10.4

Actual Q1 2014 and Projected Q2 2016 Risk-Weighted Assets (\$ in billions)	Actual	Projected Q2 2016	
	Q1 2014 General Approach (Basel I)	General Approach (Basel I)	Regulatory Capital Rules Standardized Approach (Basel III)
Risk-weighted assets ^(g)	\$83.6	\$71.5	\$74.5

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

(b) Projected stressed capital ratios incorporate DFAST capital actions, which 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.

(c) The capital ratios are calculated using capital action assumptions provided within the DFAST rule. These projections represent hypothetical estimates that involve an economic outcome that is more adverse than expected. These estimates are not forecasts of expected losses, revenues, net income before taxes, or capital ratios.

(d) Represents the lowest value over the forecast horizon.

(e) As a "standardized approach" BHC, KeyCorp will be required to begin calculating and reporting common equity tier 1 ratio beginning January 1, 2015

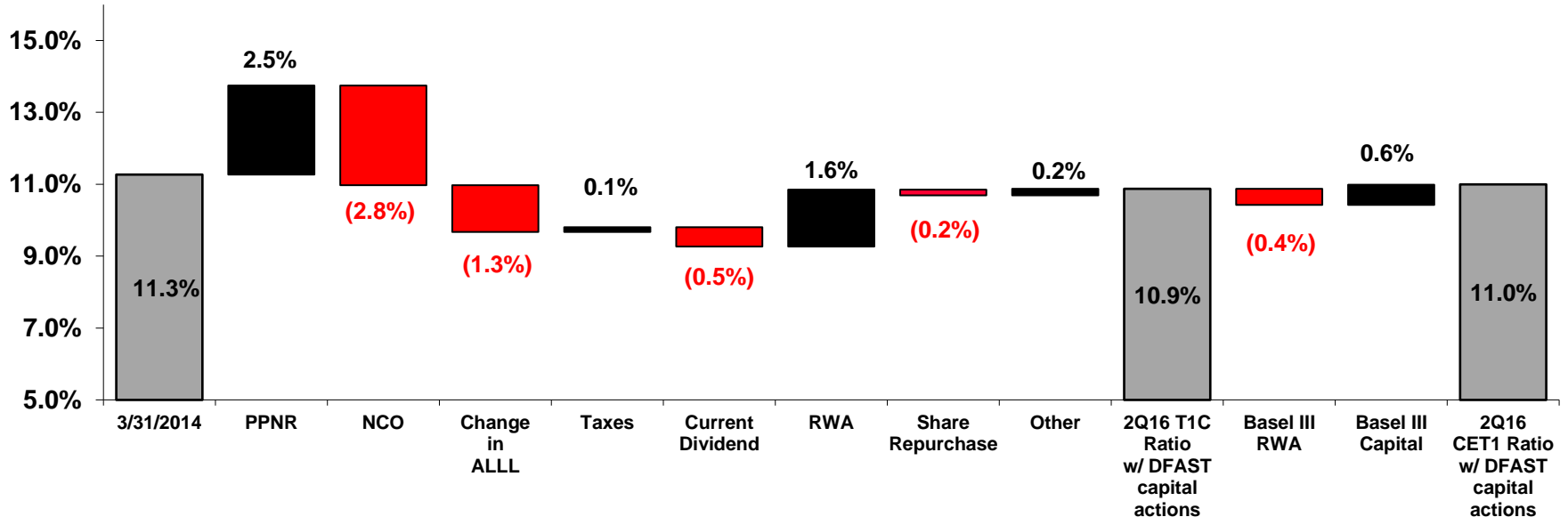
(f) From Q1 2014 to Q4 2014, the capital ratios are calculated using the general risk-based capital rules under current regulatory rules. From Q1 2015 to Q2 2016, the capital ratios are calculated under the Regulatory Capital Rules' risk-based "standardized approach" utilizing transition provisions where applicable.

(g) Historically, Key's risk-weighted assets decline in a severely adverse economic scenario due to elevated credit losses combined with a generally more challenging lending environment.



Most Significant Causes for Changes in KeyCorp Capital Ratios

Tier 1 Common Equity Ratio and Common Equity Tier 1 Ratio (1Q14 – 2Q16)



The Common Equity Tier 1 (CET1) ratio is initially higher than the Tier 1 Common (T1C) ratio due to the transition provisions outlined in the July 2013 Revised Capital Rule. This benefit will phase out as the rule becomes fully implemented.

(a) DFAST capital actions include common dividend payments equal to KeyCorp's trailing four quarter average as of March 31, 2014 and no share repurchase activity following the first planning quarter, as required by the Dodd-Frank Act.

Note: Numbers above may not foot due to rounding



Risks Included in Company Run Stress Test^(a)

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

● — Risks Included — ●

Credit Risk

- Key originates loans and extends credit, both of which expose Key to credit risk. The failure of Key's borrowers and counterparties to meet their obligations, which becomes more likely in a stressed economy, increases 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 and widening credit spreads affects the carrying value of Key's assets held at or subject to fair market valuation.

Liquidity Risk

- Liquidity risk is 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. 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.

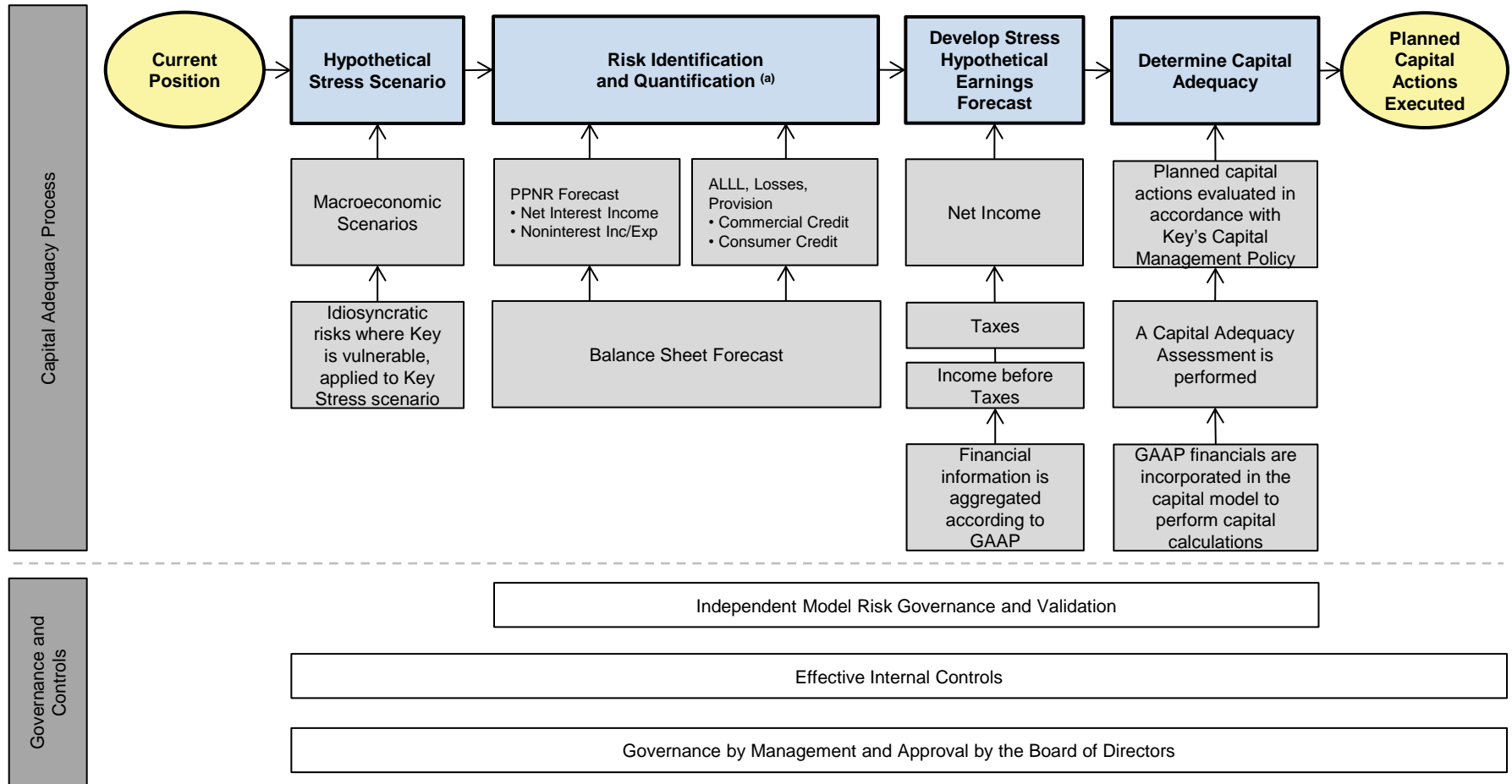
Other Risks

- Operational risk is the risk of adverse economic impact resulting from internal human error or malfeasance, failed internal processes or systems, or external events.
- Compliance risk is the risk of legal or regulatory sanctions, financial loss or reputational damage due to a failure to comply with laws and regulations in the ever evolving legal and regulatory environment.
- Strategic risk is the impact on earnings or value arising from adverse business decisions, improper implementation of business decisions, or responsiveness to industry changes.
- Reputation risk is the risk arising from negative opinion as viewed from the perspective of Key's stakeholders.
- Model risk is the risk to KeyCorp's earnings, capital or reputation due to the misuse or failure of a model.

(a) The identified impact arising from risks embedded in KeyCorp's traditional banking business are unique to the Severely Adverse 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

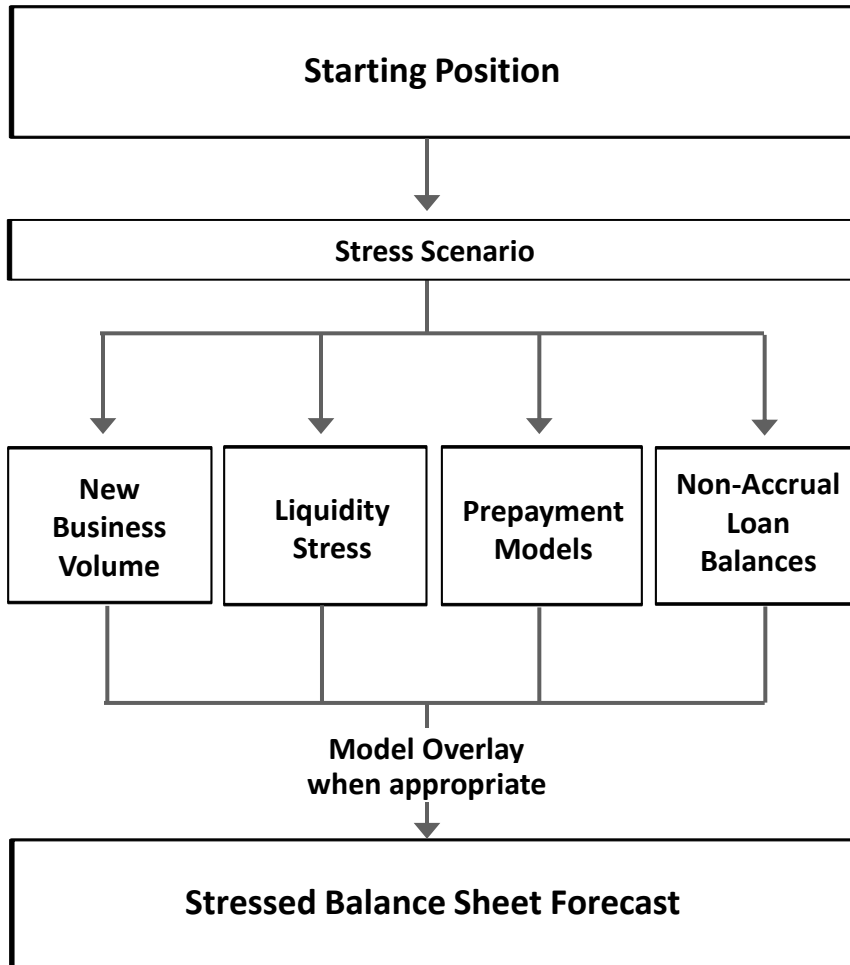


(a) Risk Quantification involves quantitative and qualitative approaches:

- Quantitative Approach - Modeled risk quantification
- Qualitative Approach - Judgment utilized where quantitative models do not fully capture risk



Methodology - Balance Sheet

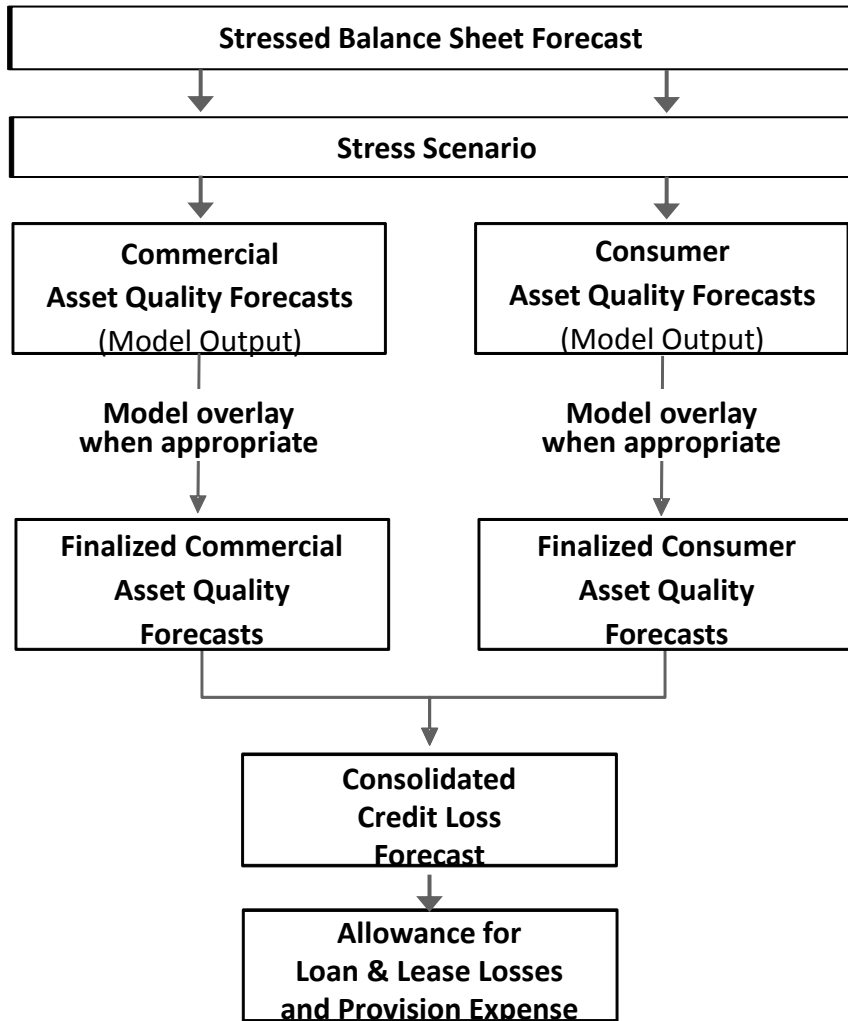


Balance Sheet

- Forecast takes into account contractual maturity information, forecasted prepayments based on interest rate forecasts, and non-accrual loan balances.
- Model overlays are applied to results to adjust modeled balance sheet projections for aspects of the scenarios not captured by the macroeconomic variables driving modeled results.
- 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 model overlays are considered and subject to review and approval by Senior Management and the Board of Directors based upon the magnitude of overlay.



Methodology - Credit Losses & Provision Expense



Credit Losses

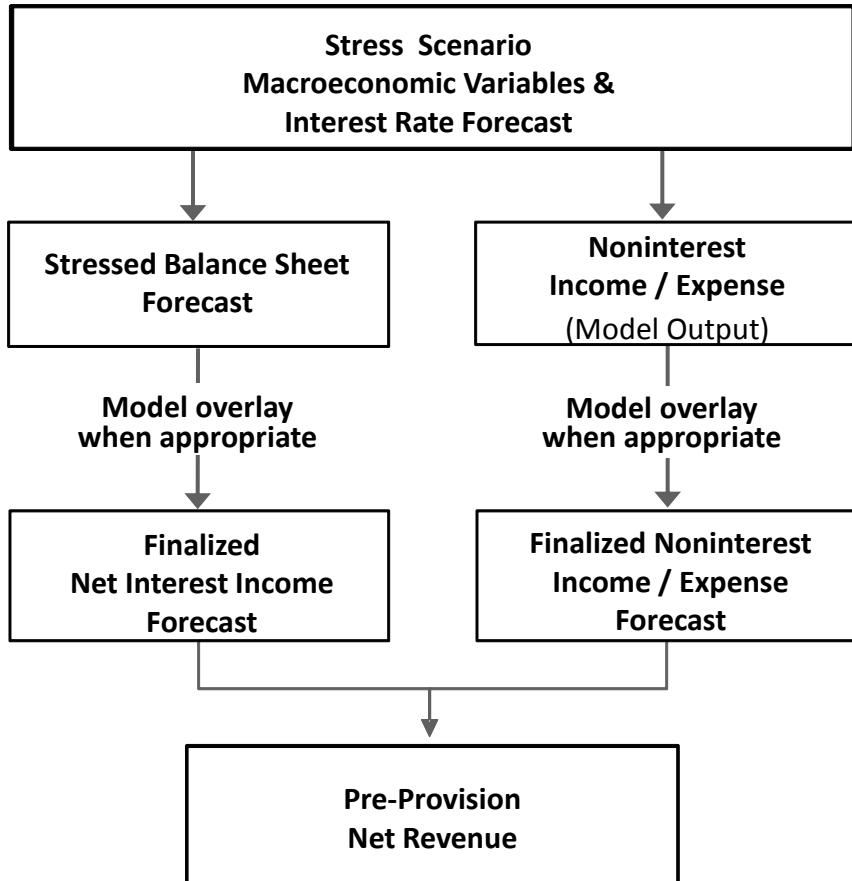
- Stressed credit loss forecasts are driven by quantitative and qualitative estimates that utilize note-level characteristics.
- Both Commercial and Consumer Credit forecasts follow a Probability of Default / Loss Given Default framework.
- Commercial and Consumer Credit forecasts are consolidated for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

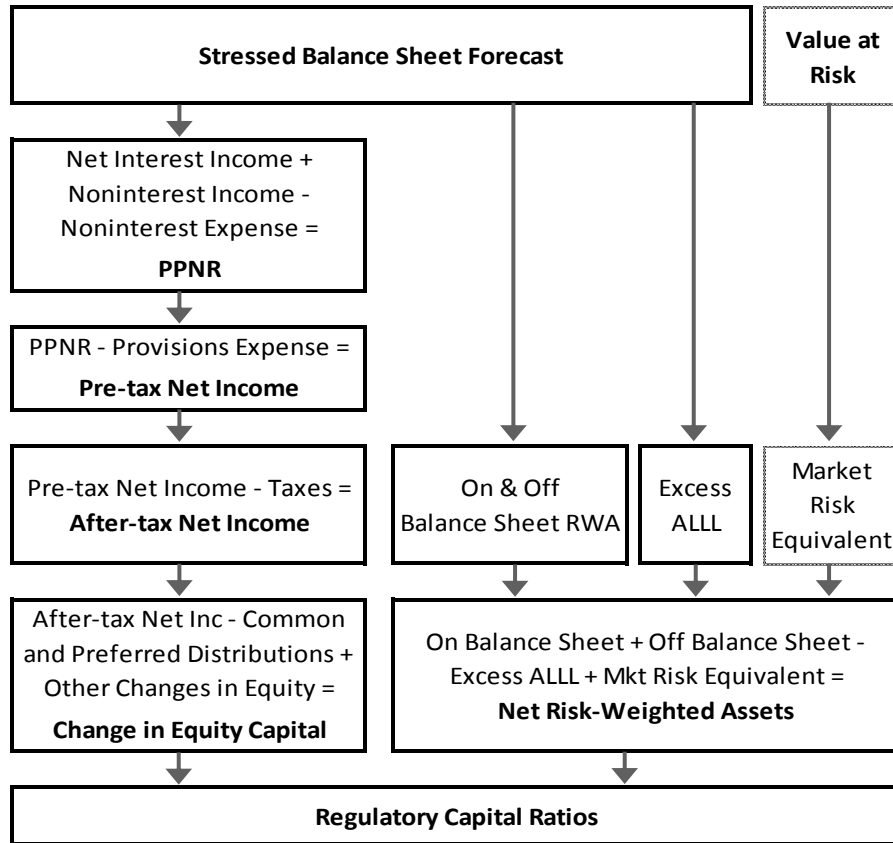
- Inputs, assumptions, and qualitative assessments are drawn from line of business forecasting processes.

Noninterest Income & Expense

- Noninterest income and expense forecasts, including the impact of operational risk events, are primarily developed using quantitative modeling.
- Where appropriate, expert-driven model overlays are made to modeled outputs to ensure consideration for known strategic initiatives, pricing actions, regulatory changes, or model limitations.
- 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 Independent Validation

- As part of Enterprise Risk Management (ERM), models are being used 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 independent 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 recommend all capital matters requiring final approval by the Board of Directors.

