

KeyCorp

Third Quarter 2014 Earnings Review

October 15, 2014

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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,” “assume,” “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 and 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 and to page 99 of our 2013 Form 10-K.



Investor Highlights – 3Q14

Positive Operating Leverage

- **Core revenue trends stable**
 - Lower gains from principal investing and leveraged lease terminations
- **Total average loans up 5% from prior year**
 - Linked quarter average impacted by seasonality, capital markets and strategic exits
- **Positive trends in several fee-based businesses**
- **Expenses well-controlled**
 - Down from prior year and previous quarter (excl. Pacific Crest and pension charges)

Strong Risk Management

- **Asset quality remains strong, with NCOs below targeted range**
- **NPAs down 28% from prior year**
- **New business originations are higher quality than overall book**
- **Remaining disciplined with structure and relationship focus**

Disciplined Capital Management

- **Committed to capital priorities: organic growth, dividends, repurchases, opportunistic growth**
- **Continuing to invest in and grow our businesses**
 - Completed acquisition of Pacific Crest Securities, within 60 days of announcement
- **Repurchased \$119 million in common shares in 3Q14**



Financial Review



Financial Highlights

	Metrics	3Q14	2Q14	1Q14	4Q13	3Q13
Financial Performance ^(a)	EPS – assuming dilution	\$.23	\$.27	\$.26	\$.26	\$.25
	Cash efficiency ratio ^(e)	69.5 %	65.8 %	64.9 %	67.4 %	67.5 %
	excl. efficiency and pension charges	66.0	63.4	63.9	65.1	63.6
	Net interest margin (TE)	2.96	2.98	3.00	3.01	3.11
	Return on average total assets	.92	1.14	1.13	1.08	1.12
Balance Sheet Growth ^{(a), (b)}	Total loans and leases	5 %	6 %	4 %	3 %	5 %
	CF&A loans	11	13	9	8	11
	Deposits (excl. foreign deposits)	4	2	4	8	5
Capital ^(c)	Tier 1 common equity ^{(d), (e)}	11.3 %	11.3 %	11.3 %	11.2 %	11.2 %
	Tier 1 risk-based capital ^(d)	12.0	12.0	12.0	12.0	11.9
	Tangible common equity to tangible assets ^(e)	10.3	10.2	10.1	9.8	9.9
Asset Quality ^(a)	NCOs to average loans	.22 %	.22 %	.15 %	.27 %	.28 %
	NPLs to EOP portfolio loans	.71	.71	.81	.93	1.01
	Allowance for loan losses to EOP loans	1.43	1.46	1.50	1.56	1.62

TE = Taxable equivalent, EOP = End of Period

(a) From continuing operations

(b) Year-over-year average balance growth

(c) From consolidated operations

(d) 9-30-14 ratios are estimated

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



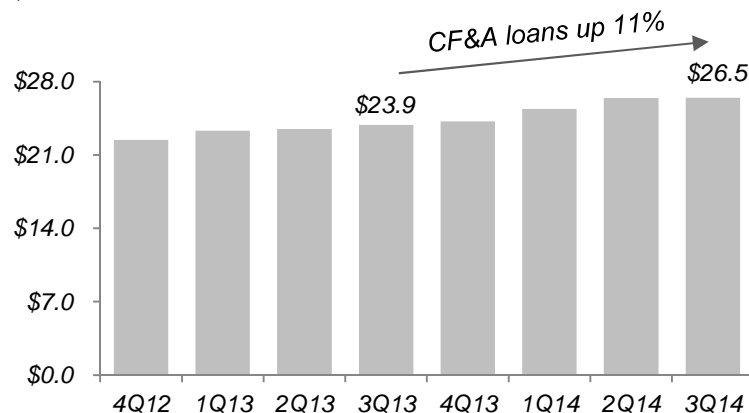
Loan Growth

Highlights

- Average total loans up 5% from prior year, driven by CF&A up 11%
- Linked quarter average balances impacted by seasonality, capital markets and strategic exits
- Total commitments continue to grow with utilization relatively stable
- High quality new loan originations: consistent with moderate risk profile

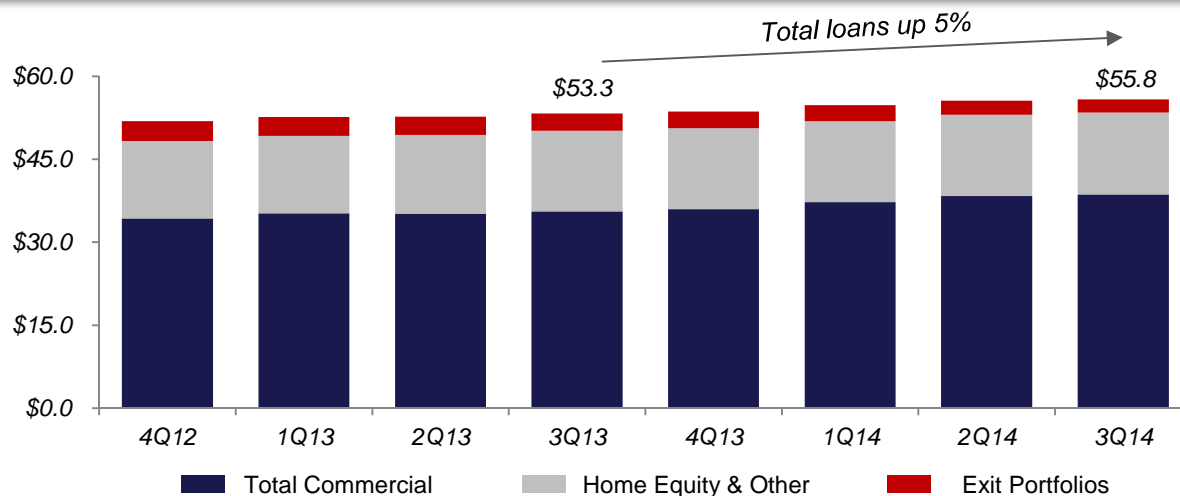
Average Commercial, Financial & Agricultural Loans

\$ in billions



Average Loans

\$ in billions

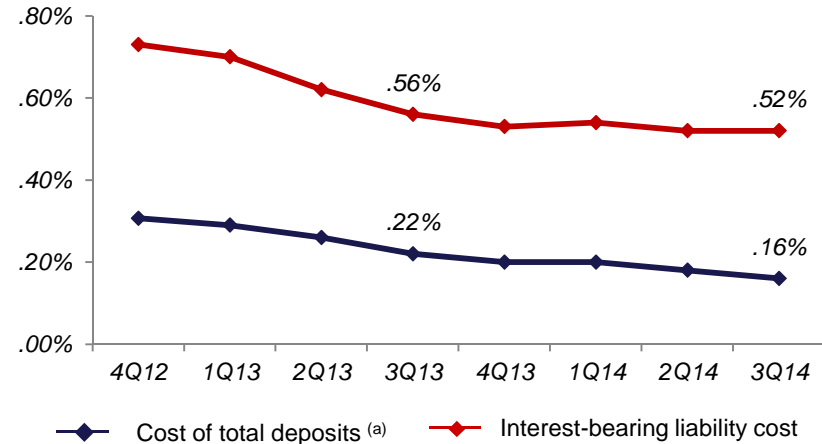


Improving Deposit Mix

Highlights

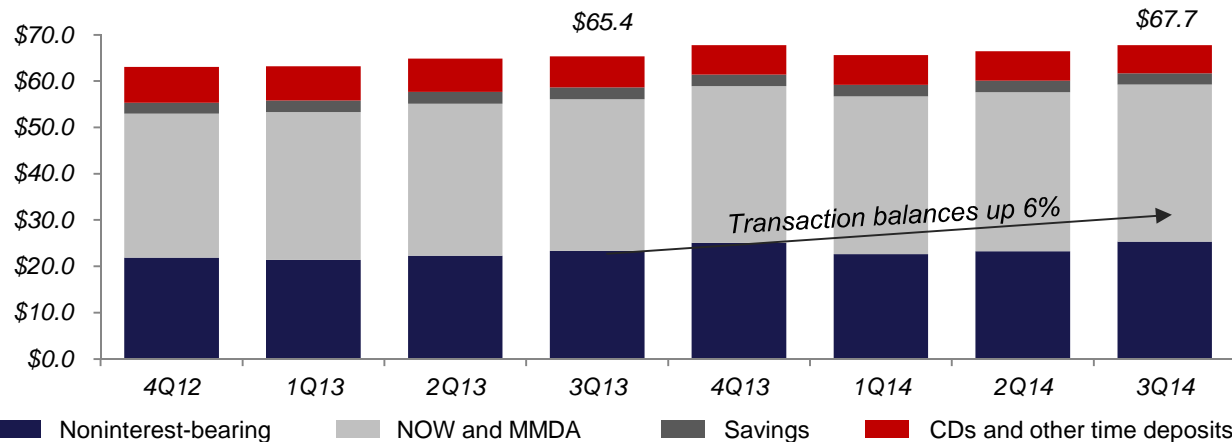
- Funding cost continues to improve
- Transaction deposit balances up 6% from 3Q13
- Growth from prior year reflects inflows from commercial clients as well as commercial mortgage servicing
- Total CD maturities and average cost
 - 2014 Q4: \$1.5 billion at .46%
 - 2015: \$2.3 billion at .73%
 - 2016 and beyond: \$2.1 billion at 1.47%

Funding Cost



Average Deposits (a)

\$ in billions



Note: Transaction deposits include noninterest-bearing, as well as NOW and MMDA

(a) Excludes deposits in foreign office

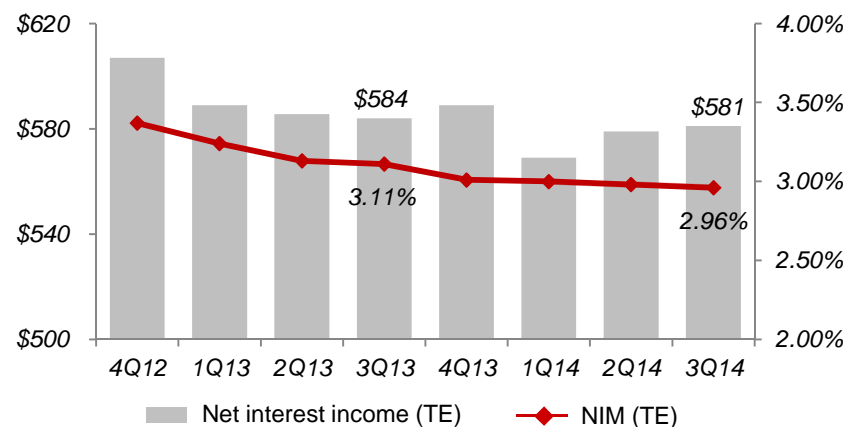
Net Interest Income and Margin

Highlights

- Net interest income down 1% from prior year, primarily due to lower asset yields
- Modest growth from prior quarter reflects asset growth, higher loan fees, improved funding cost and more days in the quarter, which all offset lower asset yields
- 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 & Net Interest Margin Trend (TE)

\$ in millions; continuing operations



NIM Change (bps):	vs. 2Q14
Earnings asset mix / higher levels of liquidity	(.02)
Loan yield	(.02)
CD maturities / repricing	.02
Total Change	(.02)

Noninterest Income

Highlights

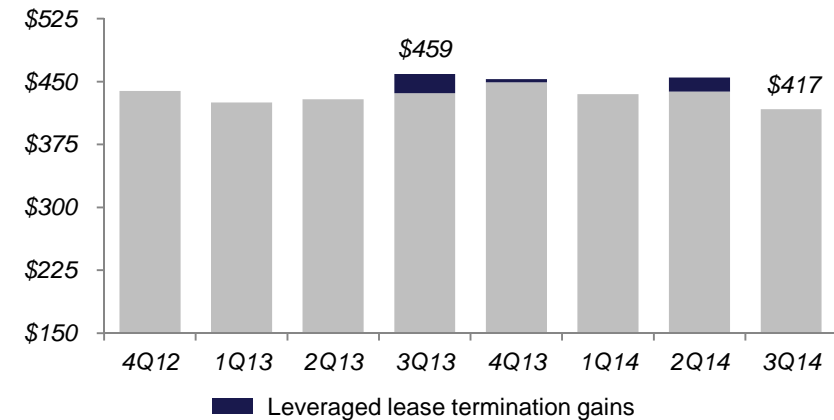
- **Noninterest income down \$42 MM from prior year:**
 - Gains from leveraged lease termination and principal investing \$31 MM higher in 3Q13
 - Special servicing fees \$6 MM lower
 - Posting order change in 4Q13 reduced service charges by ~\$5 MM vs. one year ago

- **Positive trends in several fee-based businesses**
 - Trust and investment services and deposit service charges up vs. 2Q14

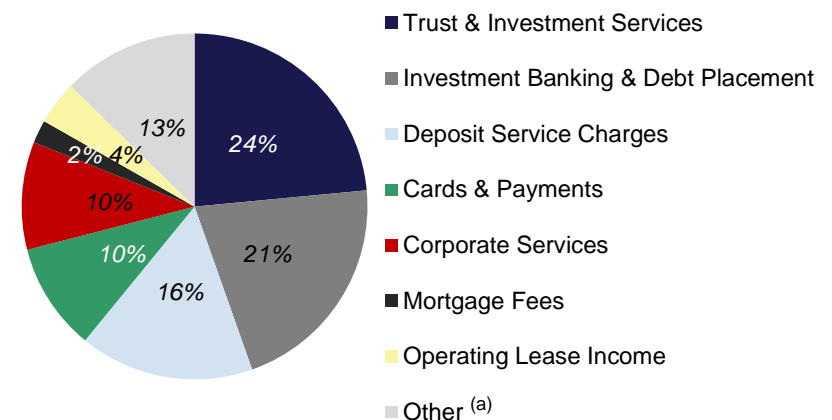
- **Change from prior quarter (down \$38 MM) reflects:**
 - Gains from leveraged lease termination and principal investing \$35 MM higher in 2Q14

Noninterest Income

\$ in millions; continuing operations



3Q14 Noninterest Income Diversity



TE = Taxable equivalent

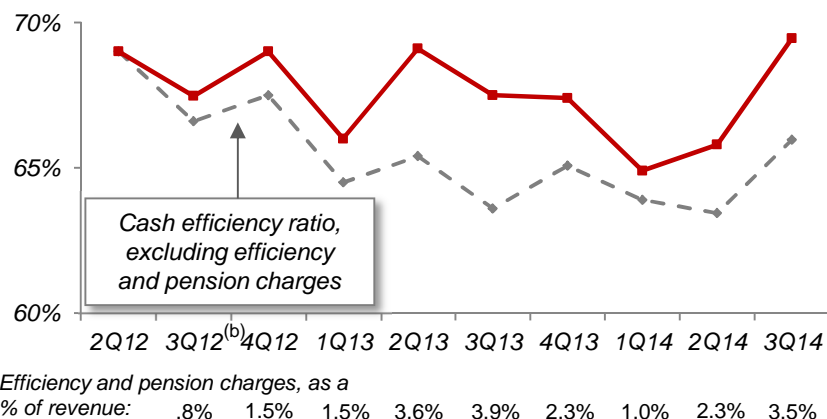
(a) Other includes corporate-owned life insurance, principal investing, etc.

Focused Expense Management

Highlights

- Expenses down 2% from prior year, benefitting from continuous improvement efforts
- Increase from prior quarter reflects:
 - Pension settlement charge and expenses related to Pacific Crest Securities
- FY 2014 expenses expected to be down a low-to-mid single digit percentage from 2013
- Focused on improving efficiency by growing revenue and continuing to control expenses

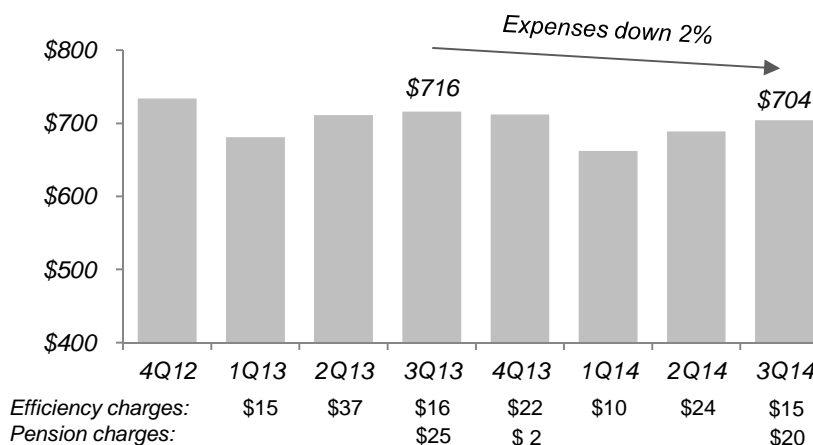
Cash Efficiency Ratio (a)



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

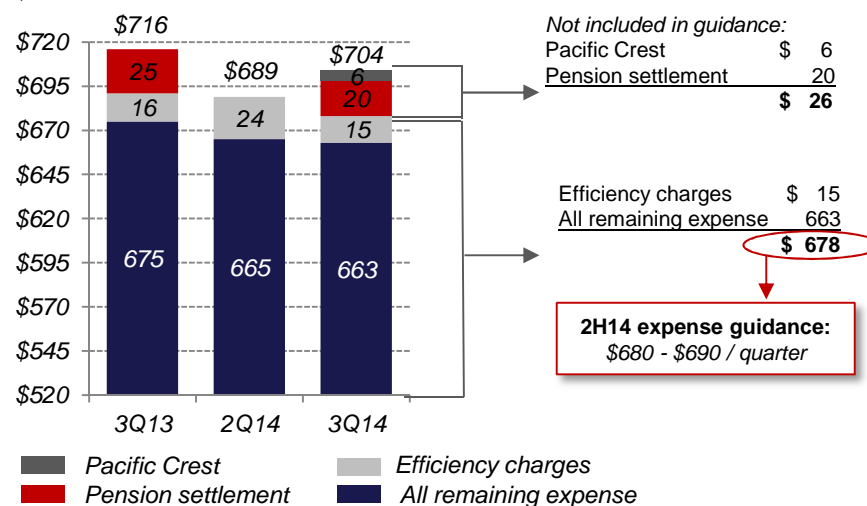
Noninterest Expense

\$ in millions



3Q14 Expense Detail

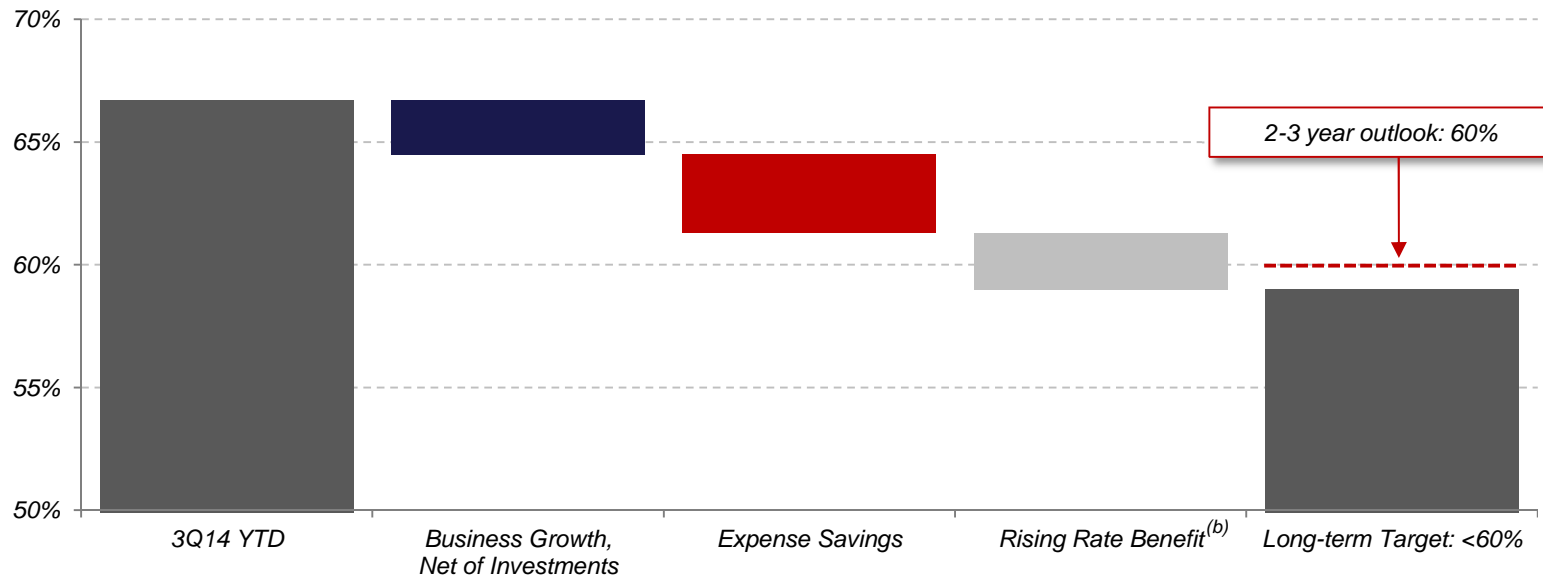
\$ in millions



Efficiency Ratio: Driving to 60% and Below

Business plans and macroeconomic environment provide path to an efficiency ratio below 60%

Cash Efficiency Ratio^(a) Outlook



Long-term, committed to moving below 60%



(a) Non-GAAP measure: see Appendix for reconciliation
(b) Assumes implied forward curve

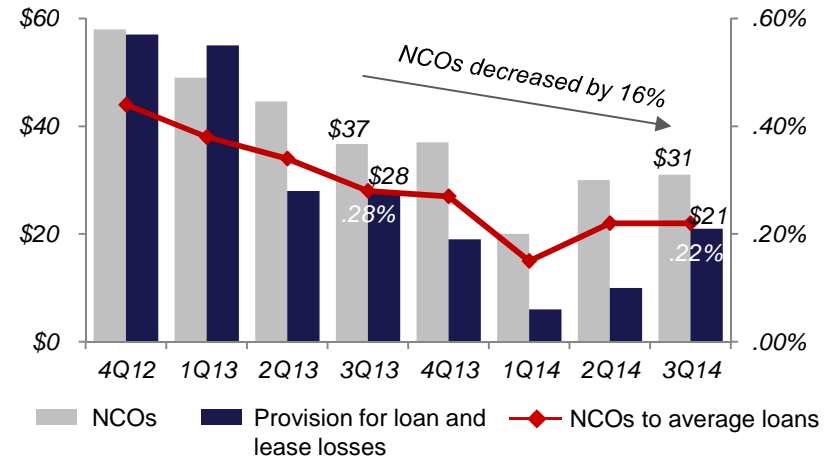
Continued Improvement in Asset Quality

Highlights

- Net loan charge-offs decreased 16% from 3Q13 to \$31 MM, or 22 bps of average loans
- Total gross charge-offs down 37% from 3Q13 and down 13% from 2Q14
- Nonperforming assets down 28% from prior year
- Net charge-offs expected to continue below the targeted range for the remainder of the year

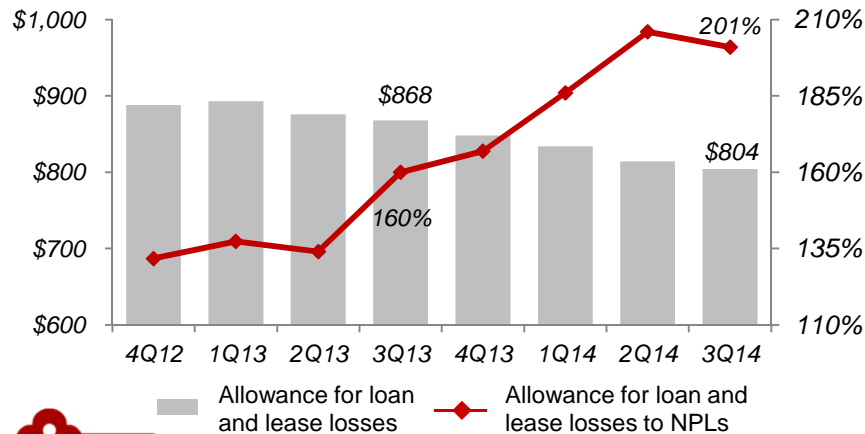
Net Charge-offs & Provision for Loan and Lease Losses

\$ in millions



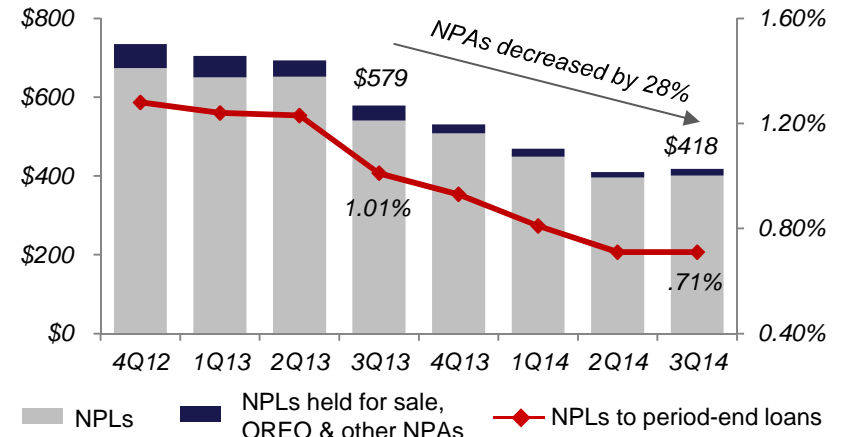
Allowance for Loan and Lease Losses

\$ in millions



Nonperforming Assets

\$ in millions

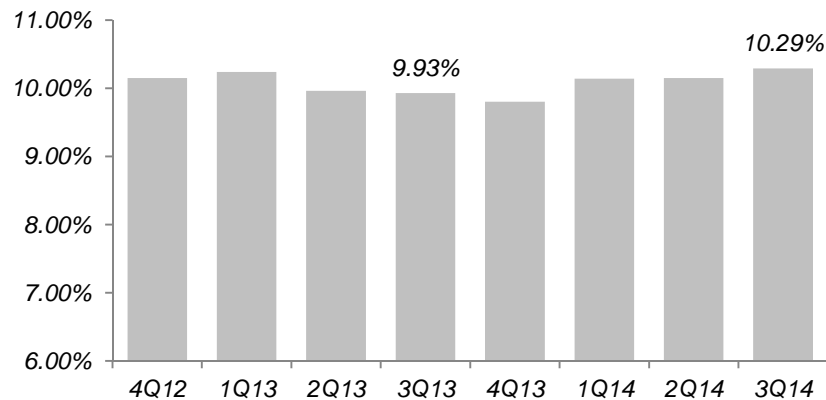


Strong Capital

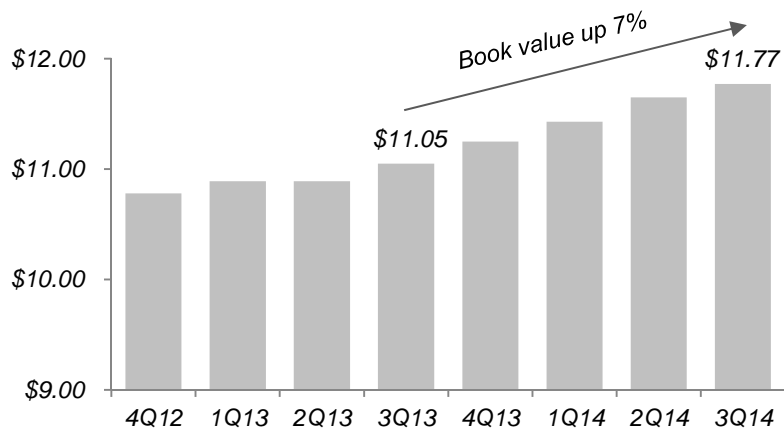
Highlights

- **Disciplined capital management**
 - Continuing to invest in and grow businesses
 - Repurchased \$119 MM in common shares
- **Ratios reflect the acquisition of Pacific Crest Securities and the sale of residual interests in education loan securitization trusts**

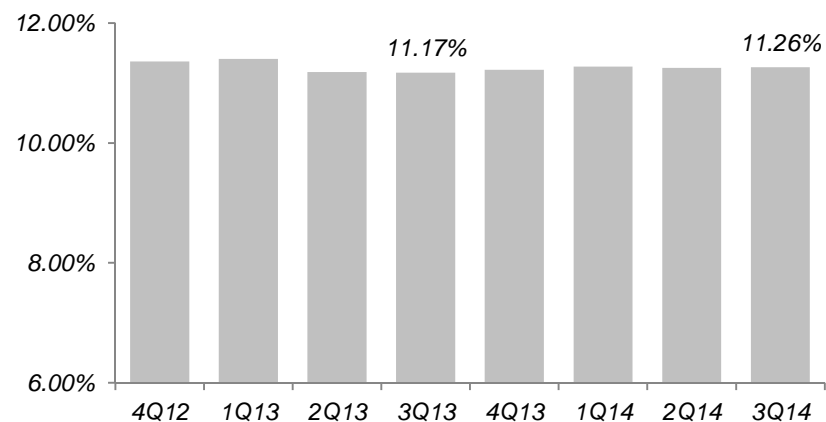
Tangible Common Equity to Tangible Assets (a)



Book Value per Share



Tier 1 Common Equity (a), (b)



(a) Non-GAAP measure: see Appendix for reconciliations
 (b) 9-30-14 ratio is estimated

2014 Outlook and Expectations

	4Q14	FY 2014
Average Loans	<ul style="list-style-type: none"> LQA: mid-single digit growth, driven by commercial loans 	<ul style="list-style-type: none"> Mid-single digit growth vs. FY 2013
Net Interest Income	<ul style="list-style-type: none"> Relatively stable with 3Q14 	<ul style="list-style-type: none"> Relatively stable from 2013, with slight downward pressure from competitive environment
Noninterest Income	<ul style="list-style-type: none"> Low double-digit percentage growth from 3Q14, supported by stronger market-related revenue and a full quarter of Pacific Crest 	<ul style="list-style-type: none"> Low single-digit growth compared to prior year
Expense	<ul style="list-style-type: none"> Relatively stable with 3Q14 reported, including Pacific Crest, pension, seasonality and efficiency charges 	<ul style="list-style-type: none"> Low to mid-single digit percentage decline from 2013
Efficiency / Productivity	<ul style="list-style-type: none"> Positive operating leverage 	<ul style="list-style-type: none"> Positive operating leverage
Asset Quality	<ul style="list-style-type: none"> Continued strong credit quality trends, consistent with 3Q14 levels 	<ul style="list-style-type: none"> Net charge-offs to average loans below targeted range of 40 – 60 bps
Capital	<ul style="list-style-type: none"> Continued execution of capital plan 	<ul style="list-style-type: none"> Disciplined execution of 2014 capital plan, including dividends and share repurchases



Guidance ranges: relatively stable: +/- 2%; low single-digit: <5%; mid-single digit: 4% - 6%; low double-digit: 10% - 13%

Appendix



Progress on Targets for Success

	Metrics ^(a)	3Q14	2Q14	Targets
Balance Sheet Efficiency	Loan to deposit ratio ^(b)	87%	87%	90% - 100%
Moderate Risk Profile	NCOs to average loans	.22%	.22%	40 - 60 bps
	Provision to average loans	.15%	.07%	
High Quality, Diverse Revenue Streams	Net interest margin	2.96%	2.98%	LT: >3.50%
	Noninterest income to total revenue	42%	44%	>40%
Positive Operating Leverage	Cash efficiency ratio ^(c)	69.5%	65.8%	LT: <60%
Disciplined Capital Management	Return on average assets	.92%	1.14%	1.00% - 1.25%



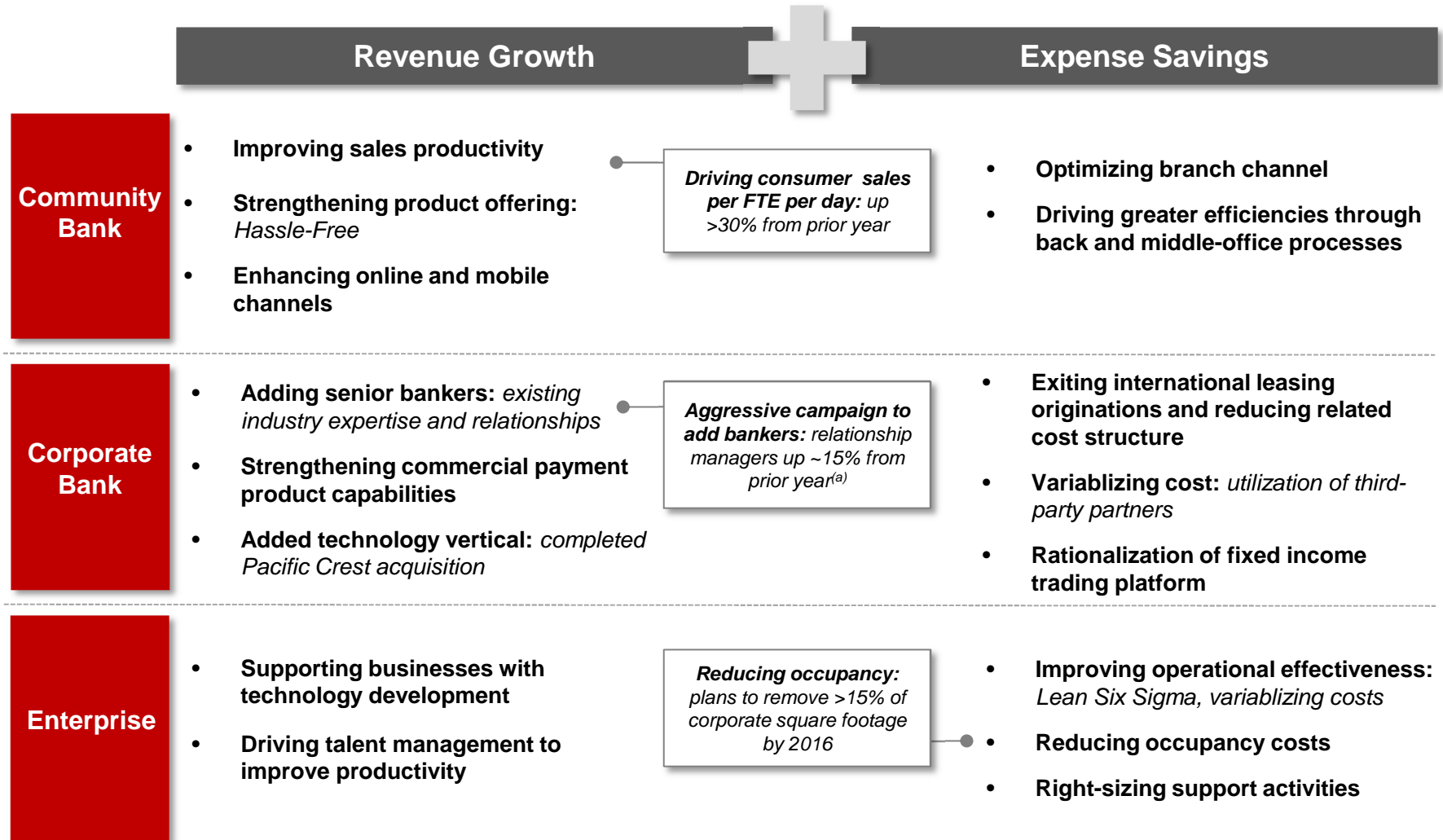
(a) Continuing operations, unless otherwise noted

(b) Represents period-end consolidated total loans and loans held for sale (excluding education loans in the securitization trusts for periods prior to third quarter of 2014) divided by period-end consolidated total deposits (excluding deposits in foreign office)

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

Focused on Driving Positive Operating Leverage

Executing action plans across our organization

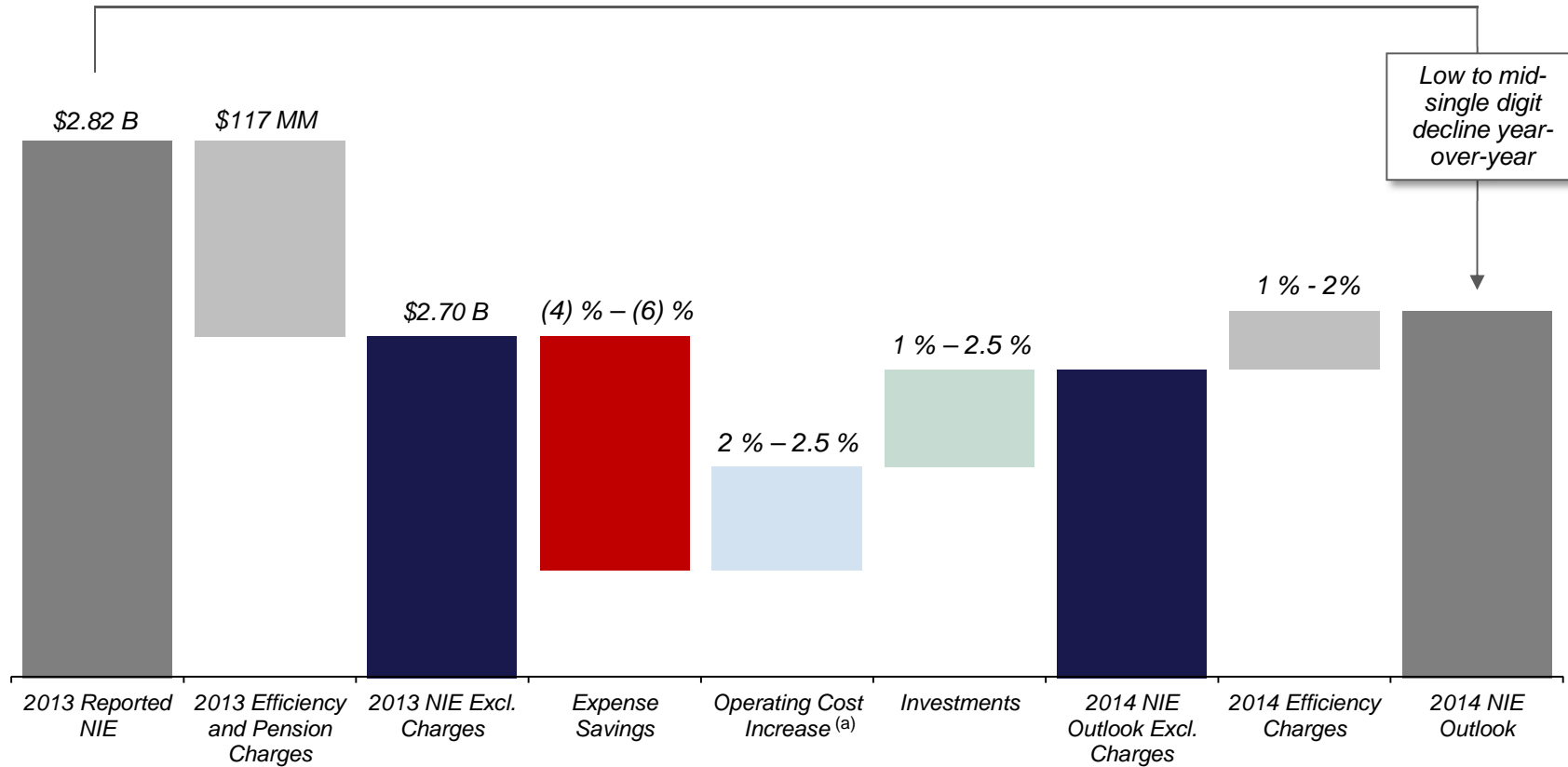


Data as of 3Q14 unless otherwise noted

(a) Includes impact of the acquisition of Pacific Crest Securities

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

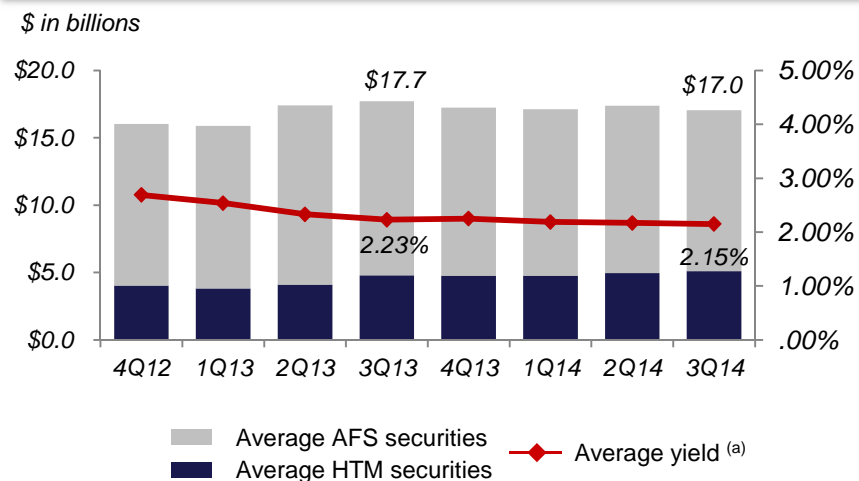
(a) Operating cost increase includes inflationary adjustments, annual merit increases, etc.

High Quality Investment Portfolio

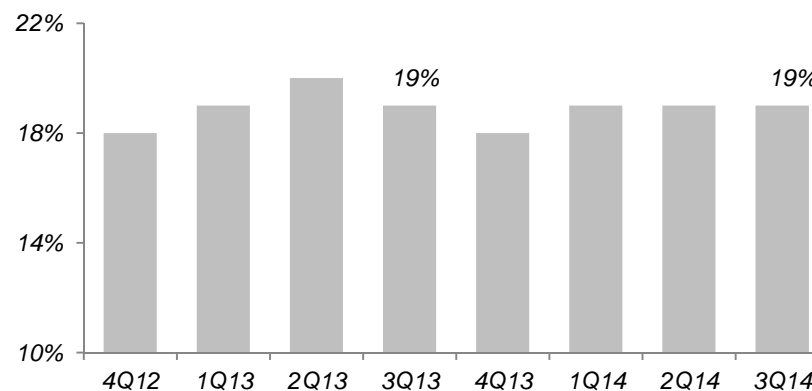
Highlights

- Portfolio composed primarily of GNMA and GSE-backed MBS and CMOs
 - No private label MBS or financial paper
- Currently reinvesting cash flows into GNMA securities in preparation for upcoming regulatory liquidity requirements
 - 35% of total portfolio was GNMA at 9/30/14
- Securities cash flows of \$.9 billion in both 3Q14 and 2Q14
- Average portfolio life at 9/30/14 of 3.6 years, unchanged from 6/30/14

Average Total Investment Securities



Securities to Total Assets (b)



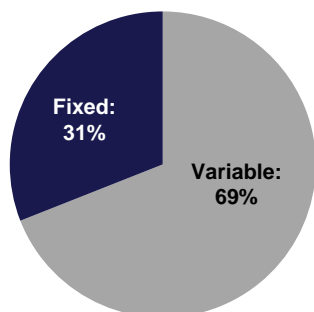
(a) Yield is calculated on the basis of amortized cost
 (b) Includes end of period held-to-maturity and available-for-sale securities

Interest Rate Risk Management

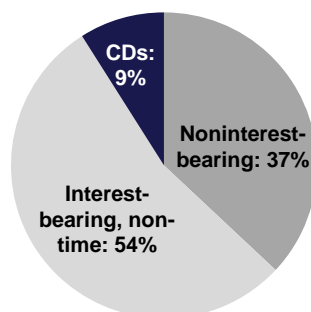
Actively managing a naturally asset sensitive balance sheet

Naturally Asset Sensitive Balance Sheet

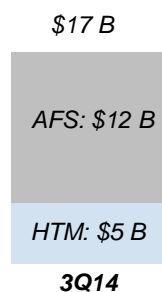
Loan Portfolio



Deposits



Investment Portfolio



- High quality
- Fixed rate agency MBS and CMOs
- Average maturity: 3.6 years
- GNMA total 35% of total portfolio
- Reinvesting cash flows into GNMA

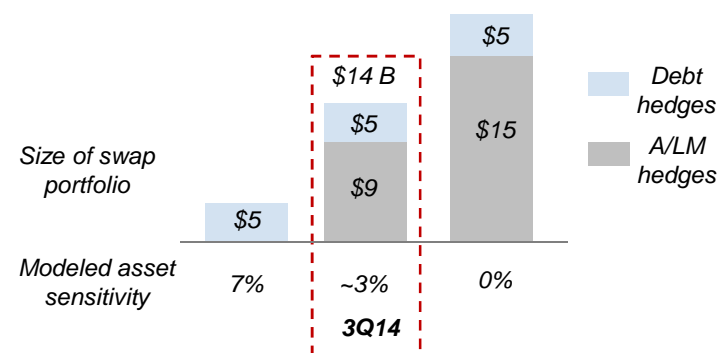
Balance sheet has relatively short duration and is more impacted by the short-end of the curve

Actively Managing Rate Risk

- Maintaining moderate asset sensitive position of ~3% ^(a)
 - Assumes 200 basis point increase in short-term rates over a 12-month period
- Utilize swaps for debt hedging and asset liability management
 - Fairly even pace of A/LM swap maturities

Swaps (\$ in B)	9/30/14 Notional Amt.	Wtd. Avg. Maturity (Yrs.)	Receive Rate	Pay Rate
A/L Management	\$ 9.3	1.8	.8%	.2%
Debt	4.5	4.0	2.5	.2
	\$ 13.8		1.3%	.2%

Flexibility to Adjust Rate Sensitivity with Swaps



Flexibility to adjust rate sensitivity for changes in balance sheet growth/mix as well as interest rate outlook

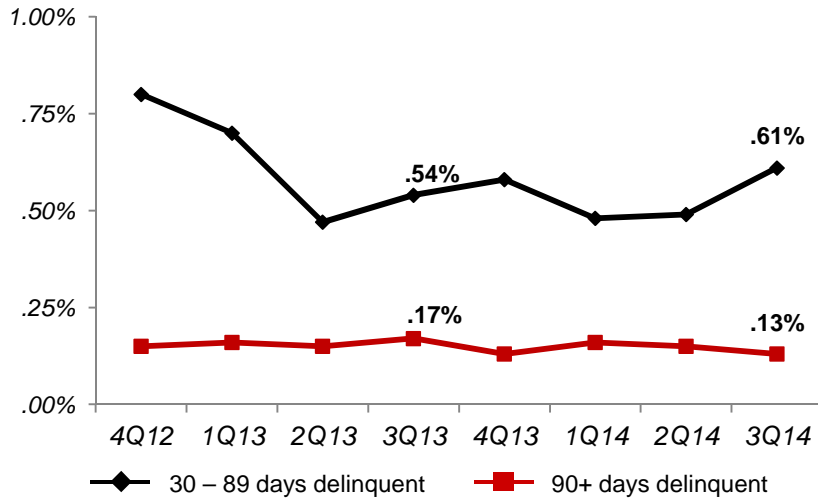


(a) Preliminary estimate

Asset Quality Trends

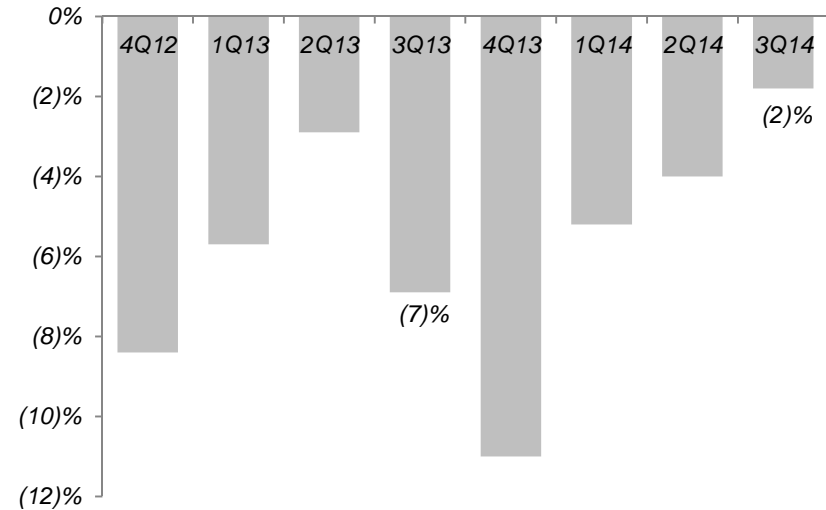
Delinquencies to Period-end Total Loans

Continuing operations



Quarterly Change in Criticized Outstandings (a)

Continuing operations



Metric (b)	3Q14	2Q14	1Q14	4Q13	3Q13
Delinquencies to EOP total loans: 30-89 days	.61 %	.49 %	.48 %	.58 %	.54 %
Delinquencies to EOP total loans: 90+ days	.13	.15	.16	.13	.17
NPLs to EOP portfolio loans	.71	.71	.81	.93	1.01
NPAs to EOP portfolio loans + OREO + Other NPAs	.74	.74	.85	.97	1.08
Allowance for loan losses to period-end loans	1.43	1.46	1.50	1.56	1.62
Allowance for loan losses to NPLs	200.5	205.6	185.7	166.9	160.4



(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 ^(b) / average loans (%)	Nonperforming loans ^(c)	Ending allowance ^(d)	Allowance / period-end loans ^(d) (%)	Allowance / NPLs (%)
	9/30/14	3Q14	3Q14	3Q14	9/30/14	9/30/14	9/30/14	9/30/14
Commercial, financial and agricultural ^(a)	\$ 26,683	\$ 26,456	\$ 6	.09	\$ 47	\$ 385	1.44	819.15
Commercial real estate:								
Commercial Mortgage	8,276	8,142	(2)	(.10)	41	159	1.92	387.80
Construction	1,036	1,030	1	.39	14	28	2.70	200.00
Commercial lease financing	4,135	4,145	(1)	(.10)	14	55	1.33	392.86
Real estate – residential mortgage	2,213	2,204	2	.36	81	22	.99	27.16
Home equity	10,663	10,658	7	.26	184	78	.73	42.39
Credit cards	724	716	9	4.99	1	32	4.42	N/M
Consumer other – Key Community Bank	1,546	1,534	6	1.55	2	24	1.55	N/M
Consumer other – Exit Portfolio	879	911	3	1.31	17	21	2.39	123.53
Continuing total ^(e)	\$ 56,155	\$ 55,796	\$ 31	.22	\$ 401	\$ 804	1.43	200.50
Discontinued operations	2,375	4,080	7	1.15	9	31	1.31	344.44
Consolidated total	\$ 58,530	\$ 59,876	\$ 38	.26	\$ 410	\$ 836	1.43	203.90

N/M = Not meaningful

(a) 9-30-14 ending loan balances include \$90 million of commercial credit card balances; 9-30-14 average loan balances include \$92 million of assets from commercial credit cards

(b) Net loan charge-off amounts are annualized in calculation

(c) 9-30-14 NPL amount excludes \$14 million of purchased credit impaired loans

(d) 9-30-14 allowance by portfolio is estimated

(e) 9-30-14 ending loan balances include purchased loans of \$143 million, of which \$14 million were purchased credit impaired



Home Equity Portfolio

Highlights

- High quality portfolio
- Community bank loans and lines: 97% of total portfolio; branch-originated
 - 60% first lien position
 - Average FICO score of 770
 - Average LTV at origination: 70%
- \$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 – 9/30/14

\$ in millions, except average loan size

	Loan Balances	Average Loan Size (\$)	Average FICO	Average LTV ^(a)	% of Loans LTV>90%	Vintage (% of Loans)				
						2012 and later	2011	2010	2009	2008 and prior
Loans and lines										
First lien	\$ 6,180	\$ 65,817	772	67 %	.6 %	50 %	5 %	3 %	3 %	39 %
Second lien	4,200	54,759	766	76	3.7	33	5	3	4	55
Community Bank	\$ 10,380	60,443	770	70	1.8	43	5	3	4	45
Exit portfolio	283	17,253	729	80	31.6	1	-	-	-	99
Total home equity portfolio	\$ 10,663									
Nonaccrual loans and lines										
First lien	\$ 94	\$ 61,645	720	73 %	1.0 %	5 %	4 %	3 %	5 %	83 %
Second lien	81	48,222	711	80	2.1	2	2	2	4	90
Community Bank	\$ 175	54,590	716	77	1.5	4	3	2	5	86
Exit portfolio	10	23,844	700	77	29.2	-	-	-	-	100
Total home equity nonaccruals	\$ 185									
Third quarter net charge-offs (NCOs)										
Community Bank	\$ 6					3 %	2 %	4 %	2 %	89 %
% of average loans	.23 %									
Exit Portfolio	\$ 1					-	-	-	-	100
% of average loans	1.37 %									



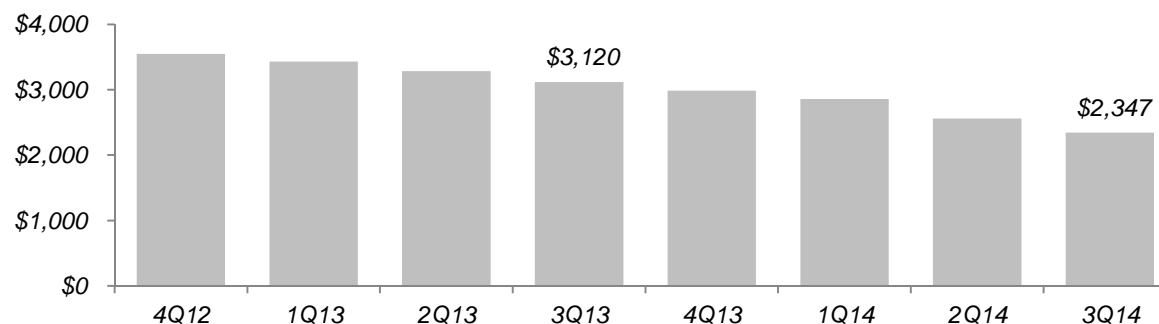
(a) Average LTVs are at origination. Current average LTVs for Community Bank total home equity loans and lines is approximately 71%, which compares to 71% at the end of the second quarter of 2014.

Exit Loan Portfolio

Exit Loan Portfolio

\$ in millions	Balance Outstanding		Change	Net Loan Charge-offs		Balance on Nonperforming Status	
	9-30-14	6-30-14		9-30-14 vs. 6-30-14	3Q14 ^(c)	2Q14 ^(c)	9-30-14
Residential properties – homebuilder	\$ 11	\$ 19	\$ (8)	\$ 1	-	\$ 10	\$ 7
Marine and RV floor plan	7	23	(16)	-	-	5	6
Commercial lease financing ^(a)	1,046	1,154	(108)	(1)	\$ (5)	1	3
Total commercial loans	1,064	1,196	(132)	-	(5)	16	16
Home equity – Other	283	300	(17)	1	1	10	11
Marine	828	888	(60)	2	5	16	15
RV and other consumer	57	61	(4)	1	(1)	1	1
Total consumer loans	1,168	1,249	(81)	4	\$ 5	27	27
Total exit loans in loan portfolio	\$ 2,232	\$ 2,445	\$ (213)	\$ 4	-	\$ 43	\$ 43
Discontinued operations – education lending business (not included in exit loans above) ^(b)	\$ 2,375	\$ 4,162	\$ (1,787)	\$ 7	\$ 7	\$ 9	\$ 19

\$ in millions; average balances



(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) June 30, 2014 balance 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				
	9-30-14	6-30-14	3-31-14	12-31-13	9-30-13
Tangible common equity to tangible assets at period end					
Key shareholders' equity (GAAP)	\$ 10,509	\$ 10,504	\$ 10,403	\$ 10,303	\$ 10,206
Less: Intangible assets ^(a)	1,105	1,008	1,012	1,014	1,017
Preferred Stock, Series A ^(b)	282	282	282	282	282
Tangible common equity (non-GAAP)	<u>\$ 9,122</u>	<u>\$ 9,214</u>	<u>\$ 9,109</u>	<u>\$ 9,007</u>	<u>\$ 8,907</u>
Total assets (GAAP)	\$ 89,770	\$ 91,798	\$ 90,802	\$ 92,934	\$ 90,708
Less: Intangible assets ^(a)	1,105	1,008	1,012	1,014	1,017
Tangible assets (non-GAAP)	<u>\$ 88,665</u>	<u>\$ 90,790</u>	<u>\$ 89,790</u>	<u>\$ 91,920</u>	<u>\$ 89,691</u>
Tangible common equity to tangible assets ratio (non-GAAP)	10.29 %	10.15 %	10.14 %	9.80 %	9.93 %
Tier 1 common equity at period end					
Key shareholders' equity (GAAP)	\$ 10,509	\$ 10,504	\$ 10,403	\$ 10,303	\$ 10,206
Qualifying capital securities	340	339	339	339	340
Less: Goodwill	1,051	979	979	979	979
Accumulated other comprehensive income (loss) ^(c)	(366)	(328)	(367)	(394)	(409)
Other assets ^(d)	110	86	84	89	96
Total Tier 1 capital (regulatory)	10,054	10,106	10,046	9,968	9,880
Less: Qualifying capital securities	340	339	339	339	340
Preferred Stock, Series A ^(b)	282	282	282	282	282
Total Tier 1 common equity (non-GAAP)	<u>\$ 9,432</u>	<u>\$ 9,485</u>	<u>\$ 9,425</u>	<u>\$ 9,347</u>	<u>\$ 9,258</u>
Net risk-weighted assets (regulatory) ^(e)	\$ 83,787	\$ 84,287	\$ 83,637	\$ 83,328	\$ 82,913
Tier 1 common equity ratio (non-GAAP) ^(e)	11.26 %	11.25 %	11.27 %	11.22 %	11.17 %
Pre-provision net revenue					
Net interest income (GAAP)	\$ 575	\$ 573	\$ 563	\$ 583	\$ 578
Plus: Taxable-equivalent adjustment	6	6	6	6	6
Noninterest income (GAAP)	417	455	435	453	459
Less: Noninterest expense (GAAP)	704	689	662	712	716
Pre-provision net revenue from continuing operations (non-GAAP)	<u>\$ 294</u>	<u>\$ 345</u>	<u>\$ 342</u>	<u>\$ 330</u>	<u>\$ 327</u>

a) Three months ended September 30, 2014, June 30, 2014, March 31, 2014, December 31, 2013, and September 30, 2013 exclude \$72 million, \$79 million, \$84 million, \$92 million, and \$99 million of period-end purchased credit card receivable intangible assets, respectively

b) Net of capital surplus

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 September 30, 2014, June 30, 2014, March 31, 2014, December 31, 2013, and September 30, 2013

e) 9-30-14 amount is estimated



GAAP to Non-GAAP Reconciliation (continued)

\$ in millions

	Three months ended				
	9-30-14	6-30-14	3-31-14	12-31-13	9-30-13
Average tangible common equity					
Average Key shareholders' equity (GAAP)	\$ 10,473	\$ 10,459	\$ 10,371	\$ 10,272	\$ 10,237
Less: Intangible assets (average) ^(a)	1,037	1,010	1,013	1,016	1,019
Preferred Stock, Series A (average)	291	291	291	291	291
Average tangible common equity (non-GAAP)	<u>\$ 9,145</u>	<u>\$ 9,158</u>	<u>\$ 9,067</u>	<u>\$ 8,965</u>	<u>\$ 8,927</u>
Return on average tangible common equity from continuing operations					
Net income (loss) from continuing operations attributable to Key common shareholders (GAAP)	\$ 197	\$ 242	\$ 232	\$ 229	\$ 229
Average tangible common equity (non-GAAP)	9,145	9,158	9,067	8,965	8,927
Return on average tangible common equity from continuing operations (non-GAAP)	8.55 %	10.60 %	10.38 %	10.13 %	10.18 %
Return on average tangible common equity consolidated					
Net income (loss) attributable to Key common shareholders (GAAP)	\$ 204	\$ 214	\$ 236	\$ 224	\$ 266
Average tangible common equity (non-GAAP)	9,145	9,158	9,067	8,965	8,927
Return on average tangible common equity consolidated (non-GAAP)	8.85 %	9.37 %	10.56 %	9.91 %	11.82 %
Cash efficiency ratio					
Noninterest expense (GAAP)	\$ 704	\$ 689	\$ 662	\$ 712	\$ 716
Less: Intangible asset amortization (GAAP)	10	9	10	10	12
Adjusted noninterest expense (non-GAAP)	<u>\$ 694</u>	<u>\$ 680</u>	<u>\$ 652</u>	<u>\$ 702</u>	<u>\$ 704</u>
Net interest income (GAAP)	\$ 575	\$ 573	\$ 563	\$ 583	\$ 578
Plus: Taxable-equivalent adjustment	6	6	6	6	6
Noninterest income (GAAP)	417	455	435	453	459
Total taxable-equivalent revenue (non-GAAP)	<u>\$ 998</u>	<u>\$ 1,034</u>	<u>\$ 1,004</u>	<u>\$ 1,042</u>	<u>\$ 1,043</u>
Cash efficiency ratio (non-GAAP)	69.5 %	65.8 %	64.9 %	67.4 %	67.5 %



(a) Three months ended September 30, 2014, June 30, 2014, March 31, 2014, December 31, 2013, and September 30, 2013 exclude \$76 million, \$82 million, \$89 million, \$96 million, and \$103 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 September 30, 2014
Tier 1 common equity under current regulatory rules	\$ 9.4
Adjustments from current regulatory rules to the Regulatory Capital Rules:	
Deferred tax assets and PCCRs ^(b)	(.1)
Common equity Tier 1 anticipated under the Regulatory Capital Rules ^(c)	\$ 9.3
Total risk-weighted assets under current regulatory rules	
	\$ 83.8
Adjustments from current regulatory rules to the Regulatory Capital Rules:	
Loan commitments <1 year	1.0
Past Due Loans	.1
Mortgage servicing assets ^(d)	.5
Deferred tax assets ^(d)	.3
Other	1.5
Total risk-weighted assets anticipated under the Regulatory Capital Rules	\$ 87.2
Common Equity Tier 1 ratio under the Regulatory Capital Rules	10.7 %

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%

