

KeyCorp

First Quarter 2015 Earnings Review

April 16, 2015

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FORWARD-LOOKING STATEMENTS AND ADDITIONAL INFORMATION DISCLOSURE

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements do not relate strictly to historical or current facts. Forward-looking statements usually can be identified by the use of words such as “goal,” “objective,” “plan,” “expect,” “assume,” “anticipate,” “intend,” “project,” “believe,” “estimate,” or other words of similar meaning. Forward-looking statements provide management’s current expectations or forecasts of future events, circumstances, results or aspirations. Forward-looking statements, by their nature, are subject to assumptions, risks, and uncertainties, many of which are outside of our control. Our actual results may differ materially from those set forth in our forward-looking statements.

There is no assurance that any list of risks and uncertainties or risk factors is complete. Factors that could cause actual results to differ from those described in forward-looking statements 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) our concentrated credit exposure in commercial, financial, and agricultural loans; (5) defaults by our loan counterparties or clients; (6) the extensive and increasing regulation of the U.S. financial services industry; (7) changes in accounting policies, standards, and interpretations; (8) increasing capital and liquidity standards under applicable regulatory rules; (9) 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; (10) our ability to receive dividends from our subsidiary, KeyBank; (11) downgrades in our credit ratings or those of KeyBank; (12) operational or risk management failures by us or critical third-parties; (13) breaches of security or failures of our technology systems due to technological or other factors and cybersecurity threats; (14) negative outcomes from claims or litigation; (15) the occurrence of natural or man-made disasters or conflicts or terrorist attacks; (16) a reversal of the U.S. economic recovery due to financial, political or other shocks; (17) our ability to anticipate interest rate changes and manage interest rate risk; (18) deterioration of economic conditions in the geographic regions where we operate; (19) the soundness of other financial institutions; (20) our ability to attract and retain talented executives and employees and to manage our reputational risks; (21) our ability to timely and effectively implement our strategic initiatives; (22) increased competitive pressure due to industry consolidation; (23) unanticipated adverse effects of strategic partnerships or acquisitions and dispositions of assets or businesses; and (24) 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 2014 Form 10-K and subsequent filings, which are available online at www.key.com/ir and www.sec.gov. Any forward-looking statements made by us or on our behalf speak only as of the date they are made, and Key does not undertake any obligation to update any forward-looking statement to reflect the impact of subsequent events or circumstances.

This presentation also includes certain Non-GAAP financial measures related to “tangible common equity,” “Common Equity Tier 1,” “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 98 of our 2014 Form 10-K.



Investor Highlights – 1Q15

Positive Operating Leverage

- **Revenue benefitted from growth in loans and certain core businesses**
 - Total average loans up 5% from prior year; CF&A balances up 12%
- **Expenses well-managed, reflecting focus on continuous improvement**
- **Reaffirming full-year guidance**

Strong Risk Management

- **Asset quality remains strong**
 - NCOs represented 20 bps of average loans in 1Q15, below targeted range
 - NPAs remain at a low level: 79 bps of period-end loans, OREO and other NPAs
- **Higher provision for credit losses exceeded net charge-offs**
- **Remaining disciplined with structure and relationship focus**

Disciplined Capital Management

- **Completed 2014 capital plan**
 - Repurchased \$208 million of common shares in 1Q15 ^(a)
- **No objection from Federal Reserve on 2015 capital plan**
 - Common share repurchases of up to \$725 million and, subject to Board approval, a 15% increase in the quarterly common share dividend
 - Total payout estimated to be among the highest in peer group for third consecutive year



(a) Common share repurchase amount includes repurchases to offset issuances of common shares under our employee compensation plans

Financial Review



Financial Highlights

	Metrics	1Q15	4Q14	3Q14	2Q14	1Q14
Financial Performance ^(a)	EPS – assuming dilution	\$.26	\$.28	\$.23	\$.27	\$.26
	Cash efficiency ratio ^(e)	65.1 %	64.4 %	69.7 %	65.6 %	65.1 %
	excl. continuous improvement and efficiency costs	64.4	63.4	66.2	63.2	64.1
	Net interest margin (TE)	2.91	2.94	2.96	2.98	3.00
	Return on average total assets	1.03	1.12	.92	1.14	1.13
Balance Sheet Growth ^{(a), (b)}	Total loans and leases	5 %	5 %	5 %	6 %	4 %
	CF&A loans	12	12	11	13	9
	Deposits (excl. foreign deposits)	5	2	4	2	4
Capital ^(c)	Common Equity Tier 1 ^{(d), (e)}	10.8 %	-	-	-	-
	Tier 1 common equity ^(e)	-	11.2 %	11.3 %	11.3 %	11.3 %
	Tier 1 risk-based capital ^(d)	11.2	11.9	12.0	12.0	12.0
	Tangible common equity to tangible assets ^(e)	9.9	9.9	10.3	10.2	10.1
Asset Quality ^(a)	NCOs to average loans	.20 %	.22 %	.22 %	.22 %	.15 %
	NPLs to EOP portfolio loans	.75	.73	.71	.71	.81
	Allowance for loan losses to EOP loans	1.37	1.38	1.43	1.46	1.50

TE = Taxable equivalent, EOP = End of Period

(a) From continuing operations

(b) Year-over-year average balance growth

(c) From consolidated operations

(d) 3-31-15 ratios are estimated

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



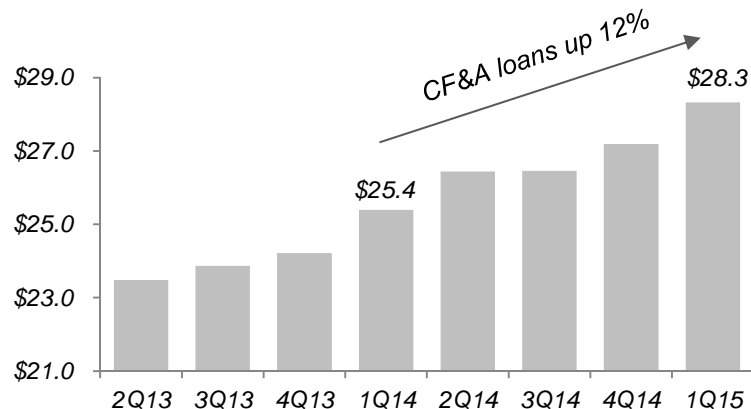
Loan Growth

Highlights

- Average total loans up 5% in 1Q15 from prior year, driven by CF&A up 12%
 - Average total loans up for 14 consecutive quarters; CF&A up for 17
- Loan growth from prior quarter driven primarily by CF&A loans
- Total commitments continue to grow with utilization relatively stable

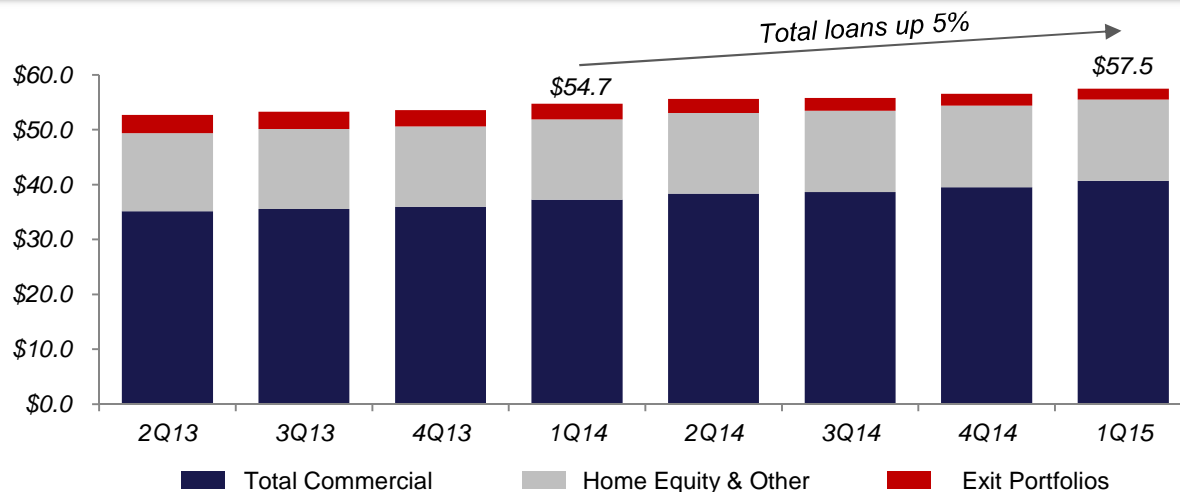
Average Commercial, Financial & Agricultural Loans

\$ in billions



Average Loans

\$ in billions

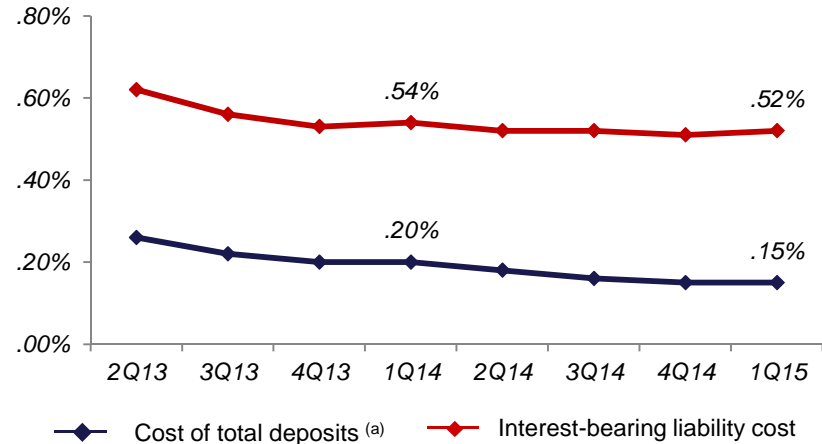


Improving Deposit Mix

Highlights

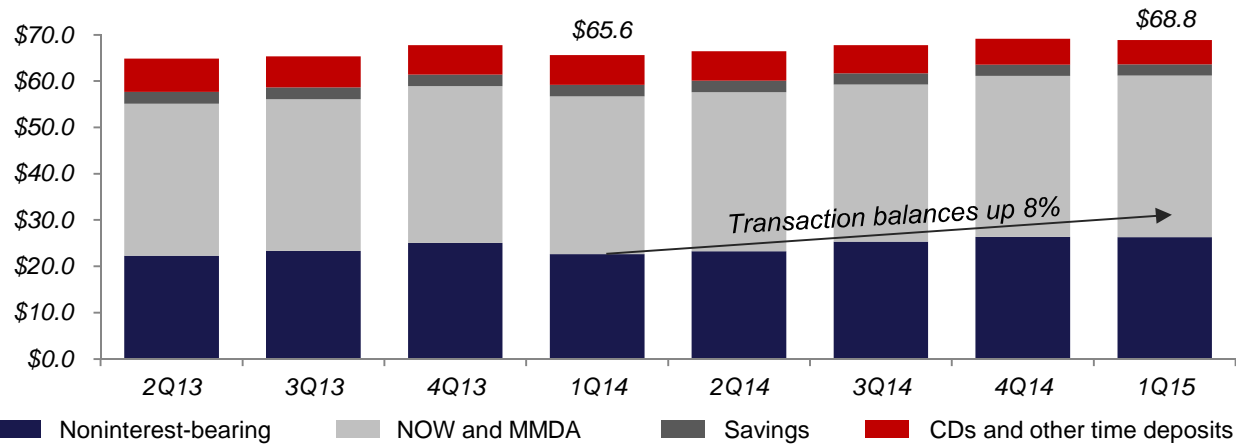
- Funding cost continues to improve compared to prior year
- Transaction deposit balances up 8% from 1Q14, partially offset by lower CD balances
- Deposit growth from prior year reflects strength in noninterest-bearing balances and inflows from commercial mortgage servicing
- Balances down slightly from 4Q14, primarily due to lower CD balances

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

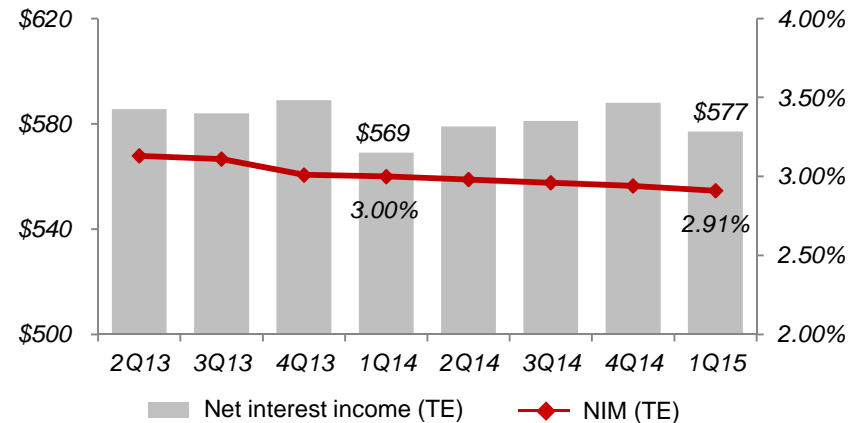
Net Interest Income and Margin

Highlights

- Net interest income up \$8 MM from the prior year, reflecting higher loan balances offset by lower earning asset yields
- NII down \$11 MM from the prior quarter, primarily due to fewer days in the first quarter of 2015
- The 3 basis point decline in net interest margin from 4Q14 reflects lower earning 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 3.5 years
 - Flexibility to quickly adjust interest rate risk position

Net Interest Income & Net Interest Margin Trend (TE)

\$ in millions; continuing operations



TE = Taxable equivalent

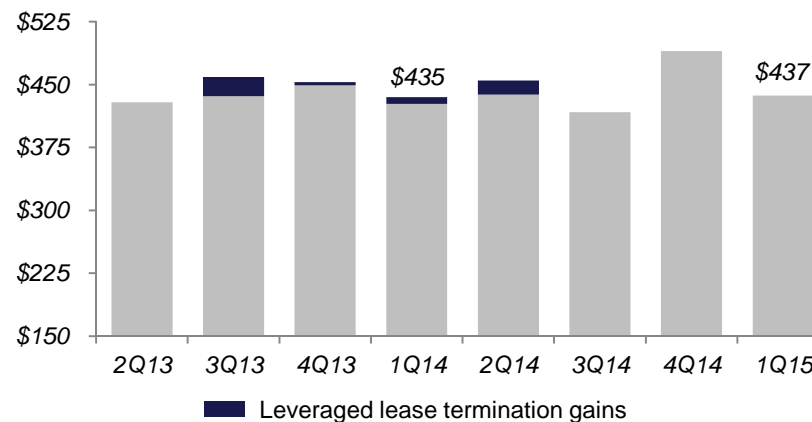
Noninterest Income

Highlights

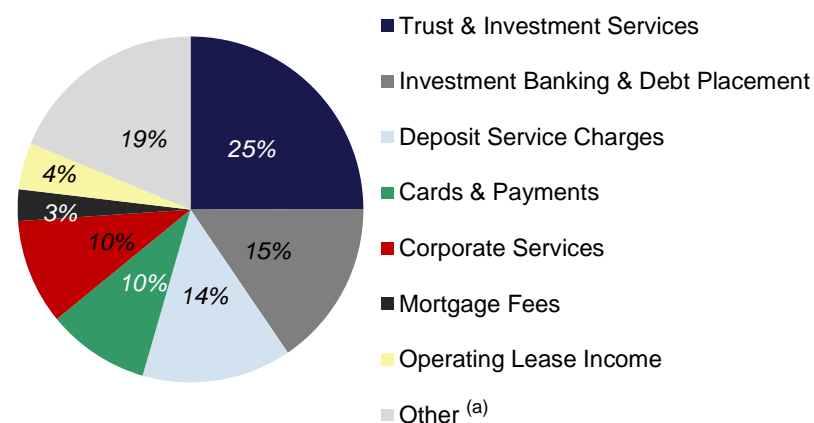
- **Noninterest income up slightly from prior year, driven by:**
 - Trust and investment services 11% higher
 - Cards and payments up 11%
 - Higher principal investing gains and corporate-owned life insurance
- **Growth from prior year offset by:**
 - Lower investment banking and debt placement (financial advisory fees)
 - Lower operating lease income and other leasing gains (leveraged lease termination in 1Q14)
- **Comparison to prior quarter reflects seasonality and variability in business model**
 - Investment banking and debt placement: lower revenue from loan syndications and financial advisory fees
 - Corporate-owned life insurance: seasonally higher in 4Q
 - Corporate services: strong activity in 4Q

Noninterest Income

\$ in millions; continuing operations



1Q15 Noninterest Income Diversity



TE = Taxable equivalent

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

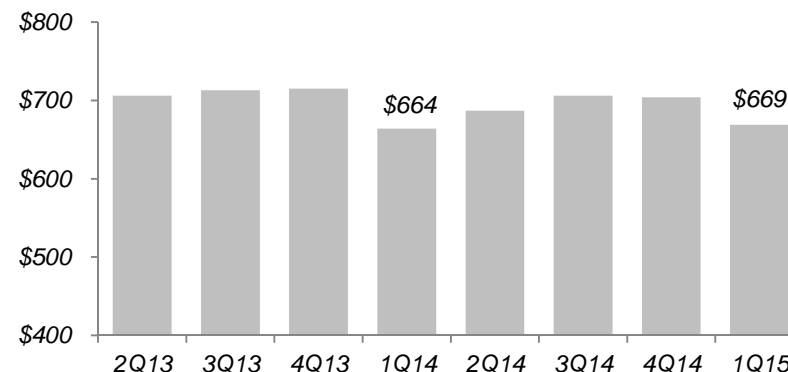
Focused Expense Management

Highlights

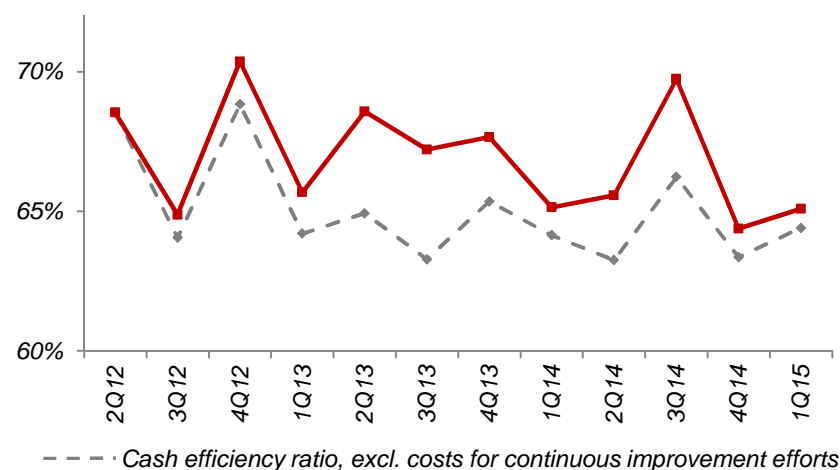
- Noninterest expense up 1% in 1Q15 from prior year
 - Growth related to the 3Q14 Pacific Crest acquisition and higher employee benefits cost more than offset savings from continuous improvement efforts
- 1Q15 included \$7 MM of costs associated with continuous improvement and efficiency efforts
- Compared to the prior quarter, expenses were down 5%
 - Incentive compensation down \$35 MM
 - Marketing expense \$8 MM lower
 - Salaries \$6 MM lower
 - Professional fees down by \$5 MM
 - Employee benefits cost up \$19 MM

Noninterest Expense

\$ in millions



Cash Efficiency Ratio (a), (b)



--- Cash efficiency ratio, excl. costs for continuous improvement efforts



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

(b) 3Q12 excludes one-time gains of \$54 million related to the redemption of trust preferred securities

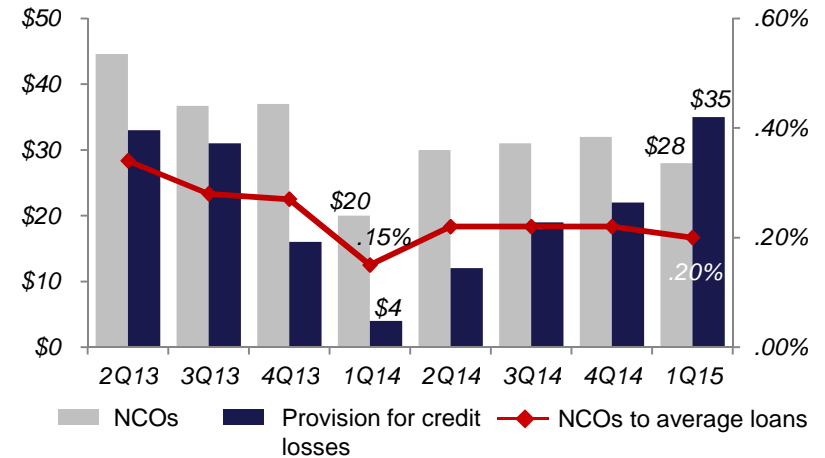
Strong Asset Quality

Highlights

- Net loan charge-offs remain below targeted range, at 20 basis points of average loans
- Total gross charge-offs down 18% from the prior year
- Higher provision for credit losses exceeded net charge-offs
- Nonperforming assets represented 79 basis points of period-end loans, OREO and other NPAs

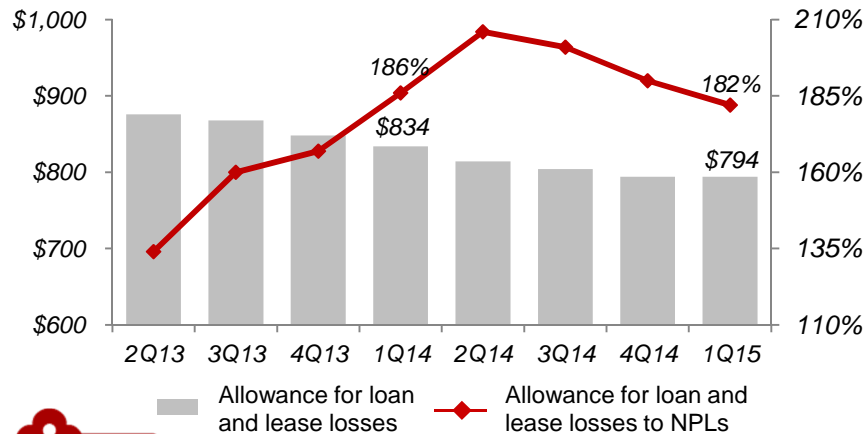
Net Charge-offs & Provision for Credit Losses

\$ in millions



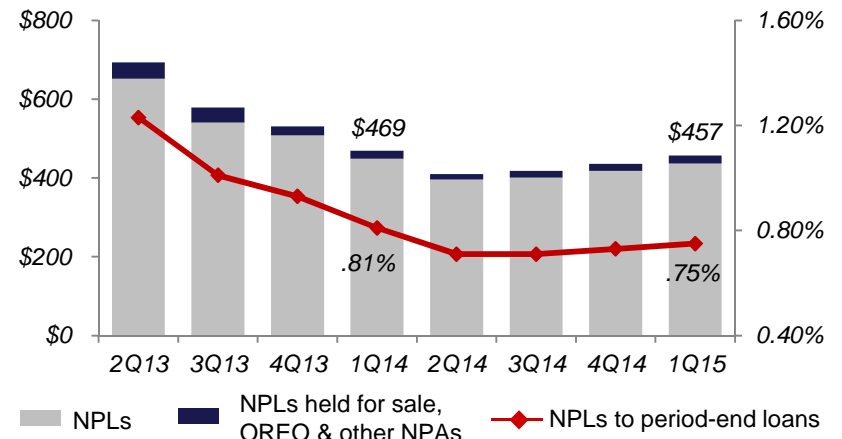
Allowance for Loan and Lease Losses

\$ in millions



Nonperforming Assets

\$ in millions

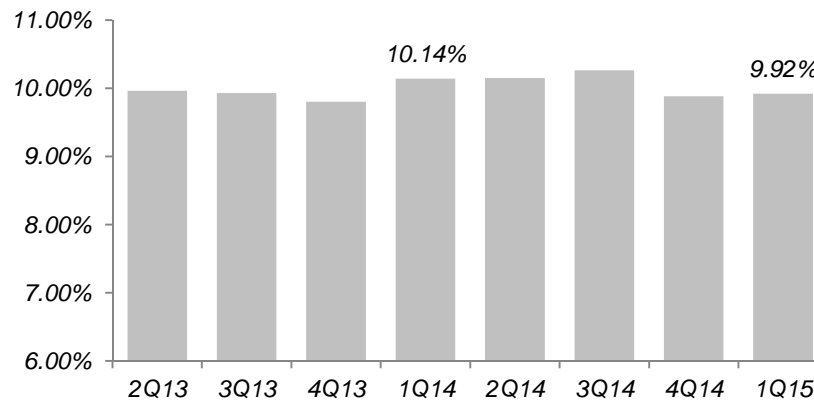


Strong Capital

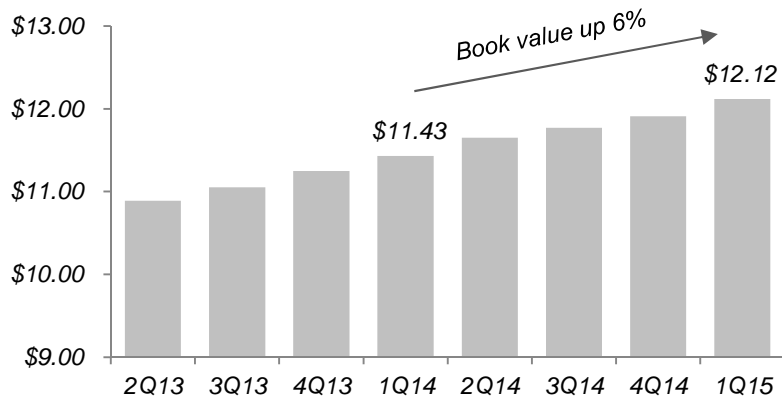
Highlights

- **Disciplined capital management**
 - Repurchased \$208 MM of common shares in 1Q15
- **No objection from Federal Reserve on 2015 capital plan, including:**
 - Share repurchase program of up to \$725 MM
 - 15% increase in quarterly common share dividend (subject to Board approval)
 - An additional increase in the quarterly common share dividend in 2016 (subject to Board approval)

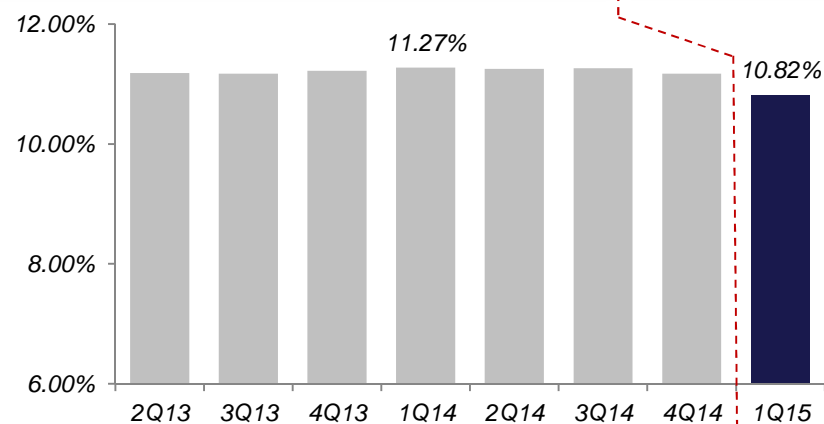
Tangible Common Equity to Tangible Assets (a)



Book Value per Share



Tier 1 Common Equity (a)



Note: Common share repurchase amounts include repurchases to offset issuances of common shares under our employee compensation plans

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

(b) 3-31-15 ratio is estimated

(c) The Regulatory Capital Rules, effective January 1, 2015 for Key, introduced a new capital measure, "Common Equity Tier 1"



Outlook and Expectations

	FY 2015
Average Loans	<ul style="list-style-type: none"> Mid-single digit growth vs. FY 2014
Net Interest Income	<ul style="list-style-type: none"> Up low-to-mid single digit percentage vs. FY 2014 (low single-digits without the benefit of higher rates) NIM stable-to-slightly higher later in the year
Noninterest Income	<ul style="list-style-type: none"> Mid-single digit growth compared to 2014, including full year impact of Pacific Crest
Expense	<ul style="list-style-type: none"> Relatively stable with 2014
Efficiency / Productivity	<ul style="list-style-type: none"> Positive operating leverage
Asset Quality	<ul style="list-style-type: none"> Net charge-offs to average loans below targeted range of 40 – 60 bps Provision expected to approximate net charge-offs
Capital	<ul style="list-style-type: none"> Disciplined management of capital 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)	1Q15	4Q14	Targets
Balance Sheet Efficiency	Loan to deposit ratio ^(b)	87%	85%	90% - 100%
Moderate Risk Profile	NCOs to average loans	.20%	.22%	40 - 60 bps
	Provision for credit losses to average loans	.25%	.15%	
High Quality, Diverse Revenue Streams	Net interest margin	2.91%	2.94%	LT: >3.50%
	Noninterest income to total revenue	43%	45%	>40%
Positive Operating Leverage	Cash efficiency ratio ^(c)	65.1%	64.4%	LT: <60%
Disciplined Capital Management	Return on average assets	1.03%	1.12%	1.00% - 1.25%



(a) Continuing operations, unless otherwise noted

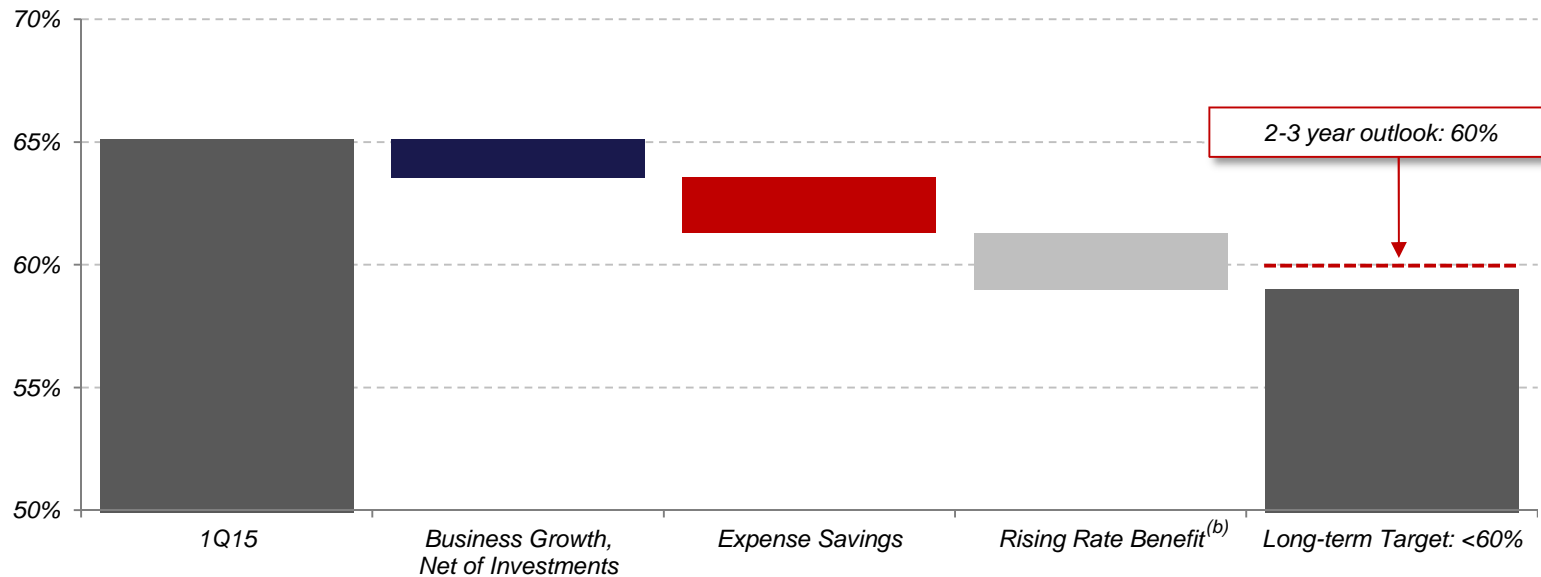
(b) Represents period-end consolidated total loans and loans held for sale divided by period-end consolidated total deposits (excluding deposits in foreign office)

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

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

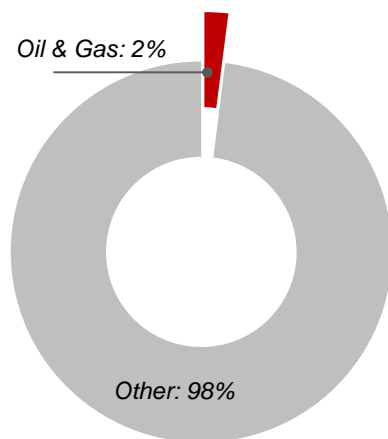
Oil & Gas

Longstanding history, expertise and relationships

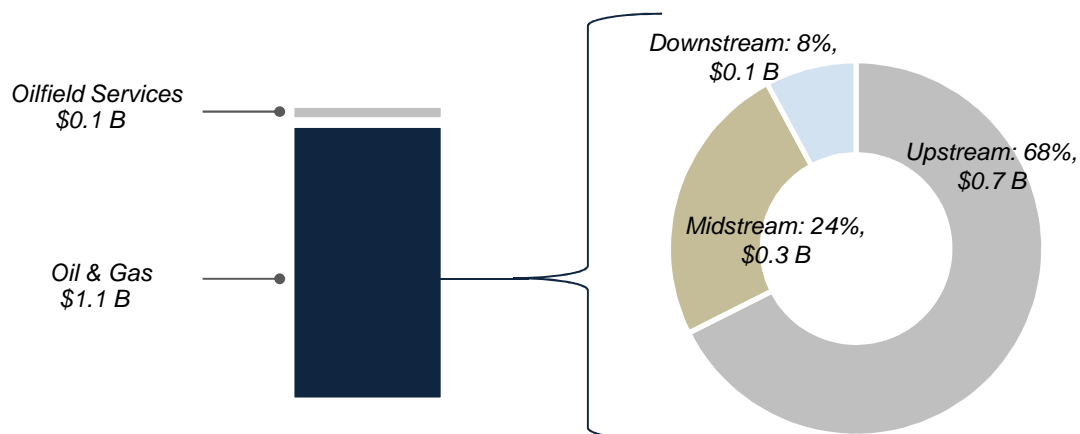
Strong Portfolio Characteristics

- >10 years of experience in energy lending with >20 specialists dedicated to oil & gas
- Focused on middle market companies, aligned with our relationship strategy
- Portfolio regularly stress tested
- Primarily secured by proven reserves
- >40% of clients' 2015 production is hedged
- Relationships contribute to noninterest income; ~5% of FY14 investment banking and debt placement fees
- Solid credit quality, with net charge-offs lower than overall portfolio
- Allowance reflects estimated impact of current oil prices

Total Loans Outstanding, 3/31/15



Oil & Gas Outstanding Balances, 3/31/15

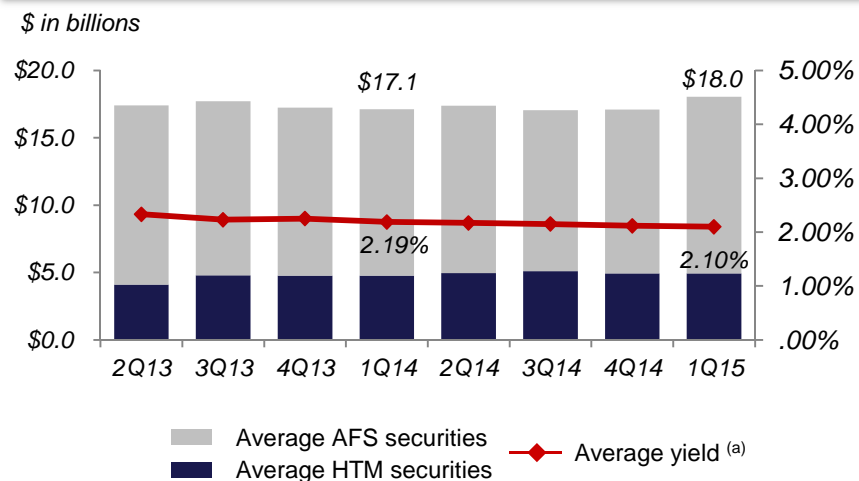


High Quality Investment Portfolio

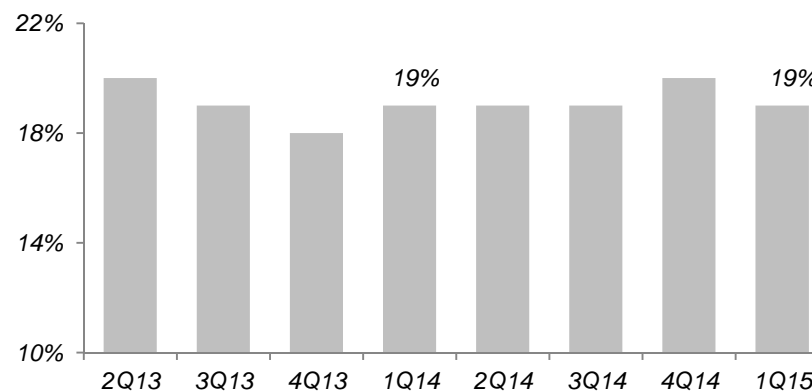
Highlights

- Portfolio composed primarily of GNMA and GSE-backed MBS and CMOs
- Continue to position portfolio for upcoming regulatory liquidity requirements:
 - 1Q15 average balance growth reflects actions taken at the end of 4Q14 to increase liquidity reserves
 - Growth and reinvestment of portfolio cash flows have been in GNMA securities (44% of total portfolio was GNMA at 3/31/15)
- Securities cash flows of \$1.0 billion in 1Q15, up slightly from \$.9 billion in 4Q14
- Average portfolio life at 3/31/15 of 3.5 years, compared to 3.6 years at 12/31/14

Average Total Investment Securities



Securities to Total Assets (b)

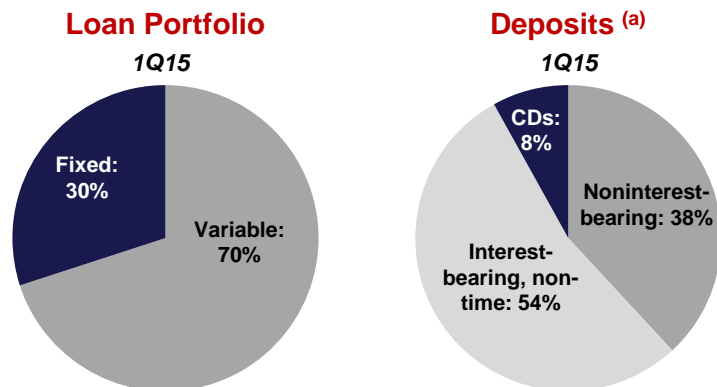


(a) Yield is calculated on the basis of amortized cost
 (b) Includes end of period held-to-maturity and available-for-sale securities

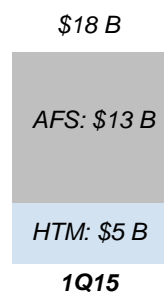
Interest Rate Risk Management

Actively managing a naturally asset sensitive balance sheet

Naturally Asset Sensitive Balance Sheet



Investment Portfolio



- High quality
- Fixed rate agency MBS and CMOs
- Average maturity: 3.5 years
- GNMA total 44% of total portfolio
- Reinvesting cash flows into GNMA

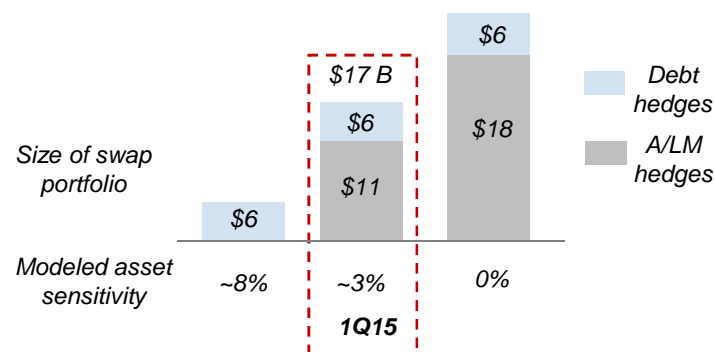
Balance sheet has relatively short duration and is more impacted by the short-end of the curve

Actively Managing Rate Risk

- Maintaining moderate asset sensitive position of ~3%^(b)
 - 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)	3/31/15 Notional Amt.	Wtd. Avg. Maturity (Yrs.)	Receive Rate	Pay Rate
A/L Management	\$ 10.5	2.0	.9%	.2%
Debt	6.1	3.8	2.2	.2
	\$ 16.6		1.4%	.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

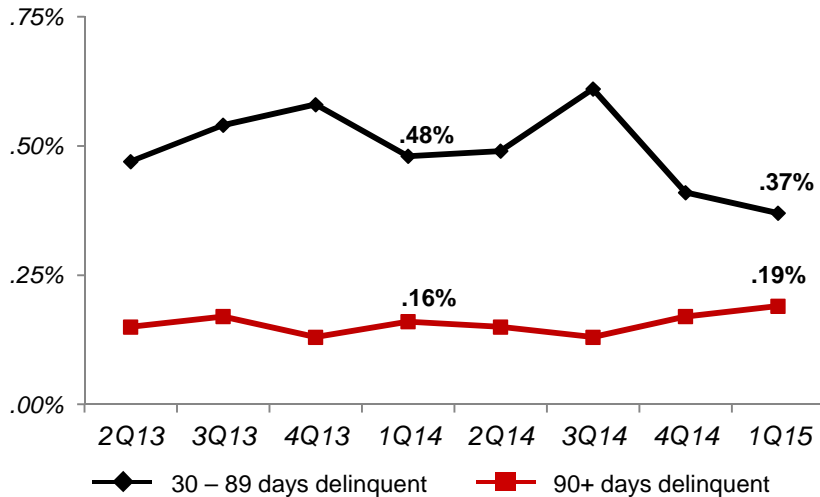


(a) Excludes deposits in foreign office
(b) Preliminary estimate

Asset Quality Trends

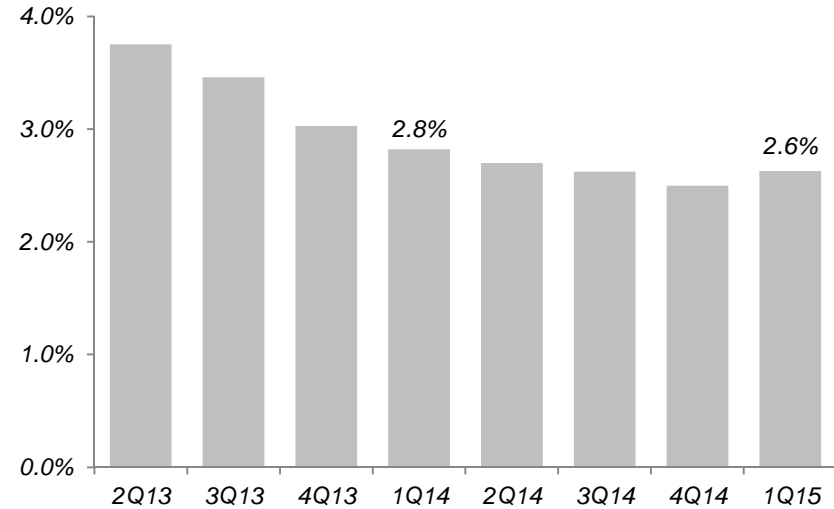
Delinquencies to Period-end Total Loans

Continuing operations



Criticized Outstandings^(a) to Period-end Total Loans

Continuing operations



Metric ^(b)	1Q15	4Q14	3Q14	2Q14	1Q14
Delinquencies to EOP total loans: 30-89 days	.37 %	.41 %	.61 %	.49 %	.48 %
Delinquencies to EOP total loans: 90+ days	.19	.17	.13	.15	.16
NPLs to EOP portfolio loans	.75	.73	.71	.71	.81
NPAs to EOP portfolio loans + OREO + Other NPAs	.79	.76	.74	.74	.85
Allowance for loan losses to period-end loans	1.37	1.38	1.43	1.46	1.50
Allowance for loan losses to NPLs	181.7	190.0	200.5	205.6	185.7



(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 (%)
	3/31/15	1Q15	1Q15	1Q15	3/31/15	3/31/15	3/31/15	3/31/15
Commercial, financial and agricultural ^(a)	\$ 28,783	\$ 28,321	\$ 7	.10	\$ 98	\$ 406	1.41	414.29
Commercial real estate:								
Commercial Mortgage	8,162	8,095	-	-	30	148	1.81	493.33
Construction	1,142	1,139	1	.36	12	28	2.45	233.33
Commercial lease financing	4,064	4,070	(2)	(.20)	20	55	1.35	275.00
Real estate – residential mortgage	2,231	2,229	2	.36	72	21	.94	29.17
Home equity	10,523	10,576	5	.19	191	62	.59	32.46
Credit cards	727	732	8	4.43	2	32	4.40	N/M
Consumer other – Key Community Bank	1,547	1,546	4	1.05	2	21	1.36	N/M
Consumer other – Exit Portfolio	774	804	3	1.51	10	21	2.71	210.00
Continuing total ^(e)	\$ 57,953	\$ 57,512	\$ 28	.20	\$ 437	\$ 794	1.37	181.69
Discontinued operations	2,219	2,249	6	1.08	8	25	1.13	312.50
Consolidated total	\$ 60,172	\$ 59,761	\$ 34	.23	\$ 445	\$ 819	1.36	184.04

N/M = Not meaningful

(a) 3-31-15 ending loan balance includes \$87 million of commercial credit card balances; 3-31-15 average loan balance includes \$87 million of assets from commercial credit cards

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

(c) 3-31-15 NPL amount excludes \$12 million of purchased credit impaired loans

(d) 3-31-15 allowance by portfolio is estimated

(e) 3-31-15 ending loan balance includes purchased loans of \$130 million, of which \$12 million were purchased credit impaired



Home Equity Portfolio

Highlights

- High quality portfolio
- Community bank loans and lines: 98% of total portfolio; branch-originated
 - 60% first lien position
 - Average FICO score of 770
 - Average LTV at origination: 71%
- \$4.0 billion of the total portfolio are fixed rate loans that require principal and interest payments; \$6.5 billion are lines
- \$1.4 billion in lines outstanding (13% 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 – 3/31/15

\$ 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	\$ 6,159	\$ 65,830	772	67 %	.5 %	53 %	5 %	3 %	3 %	36 %	
Second lien	4,111	53,239	766	76	3.6	35	5	3	3	54	
Community Bank	\$ 10,270	59,765	770	71	1.7	46	5	3	3	43	
Exit portfolio	253	17,084	729	80	31.9	-	-	-	-	100	
Total home equity portfolio	\$ 10,523										
Nonaccrual loans and lines											
First lien	\$ 105	\$ 65,713	721	73 %	1.1 %	10 %	3 %	2 %	5 %	80 %	
Second lien	77	48,942	711	80	2.0	4	2	2	4	88	
Community Bank	\$ 182	57,367	717	77	1.5	7	3	2	5	83	
Exit portfolio	9	22,867	699	75	27.0	-	-	-	-	100	
Total home equity nonaccruals	\$ 191										
First quarter net charge-offs (NCOs)											
Community Bank	\$ 5					4 %	-	3 %	1 %	92 %	
% of average loans	.19 %										
Exit Portfolio	-					-	-	-	-	-	
% of average loans	-										



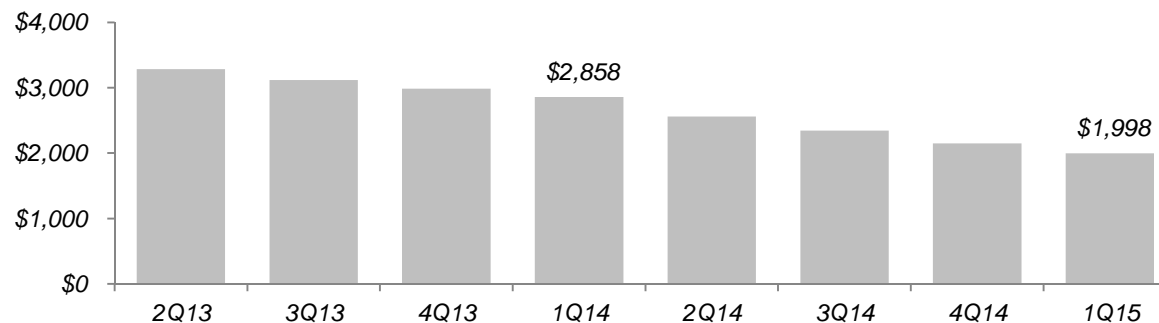
(a) Average LTVs are at origination; current average LTVs for Community Bank total home equity loans and lines is approximately 70%, which is unchanged from the fourth quarter of 2014

Exit Loan Portfolio

Exit Loan Portfolio

\$ in millions	Balance Outstanding		Change	Net Loan Charge-offs		Balance on Nonperforming Status	
	3-31-15	12-31-14		3-31-15 vs. 12-31-14	1Q15 ^(b)	4Q14 ^(b)	3-31-15
Residential properties – homebuilder	\$ 6	\$ 10	\$ (4)	\$ 1	-	\$ 8	\$ 9
Marine and RV floor plan	6	7	(1)	-	-	5	5
Commercial lease financing ^(a)	877	967	(90)	(1)	\$ 3	-	1
Total commercial loans	889	984	(95)	-	3	13	15
Home equity – Other	253	267	(14)	-	-	9	10
Marine	730	779	(49)	2	3	9	15
RV and other consumer	50	54	(4)	1	(1)	1	1
Total consumer loans	1,033	1,100	(67)	3	2	19	26
Total exit loans in loan portfolio	1,922	2,084	\$ (162)	\$ 3	\$ 5	\$ 32	\$ 41
Discontinued operations – education lending business (not included in exit loans above)	\$ 2,219	\$ 2,295	\$ (76)	\$ 6	\$ 8	\$ 8	\$ 11

\$ 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) Credit amounts indicate recoveries exceeded charge-offs



GAAP to Non-GAAP Reconciliation

\$ in millions	Three months ended				
	3-31-15	12-31-14	9-30-14	6-30-14	3-31-14
Tangible common equity to tangible assets at period end					
Key shareholders' equity (GAAP)	\$ 10,603	\$ 10,530	\$ 10,486	\$ 10,504	\$ 10,403
Less: Intangible assets ^(a)	1,088	1,090	1,105	1,008	1,012
Preferred Stock, Series A ^(b)	281	282	282	282	282
Tangible common equity (non-GAAP)	<u>\$ 9,234</u>	<u>\$ 9,158</u>	<u>\$ 9,099</u>	<u>\$ 9,214</u>	<u>\$ 9,109</u>
Total assets (GAAP)	\$ 94,206	\$ 93,821	\$ 89,784	\$ 91,798	\$ 90,802
Less: Intangible assets ^(a)	1,088	1,090	1,105	1,008	1,012
Tangible assets (non-GAAP)	<u>\$ 93,118</u>	<u>\$ 92,731</u>	<u>\$ 88,679</u>	<u>\$ 90,790</u>	<u>\$ 89,790</u>
Tangible common equity to tangible assets ratio (non-GAAP)	9.92 %	9.88 %	10.26 %	10.15 %	10.14 %
 Common Equity Tier 1 at period end					
Key shareholders' equity (GAAP)	\$ 10,603	-	-	-	-
Less: Preferred Stock, Series A ^(b)	281	-	-	-	-
Common Equity Tier 1 capital before adjustments and deductions	10,322	-	-	-	-
Less: Goodwill	1,057	-	-	-	-
Intangible assets, net of deferred tax liabilities	36	-	-	-	-
Deferred tax assets	12	-	-	-	-
Net unrealized gains (losses) on available-for-sale securities	52	-	-	-	-
Accumulated gain (loss) on cash flow hedges	(8)	-	-	-	-
Amounts recorded in accumulated other comprehensive income (loss) related to pension and postretirements benefits costs	(364)	-	-	-	-
Total Common Equity Tier 1 capital ^(c)	<u>\$ 9,537</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net risk-weighted assets (regulatory) ^(c)	\$ 88,123	-	-	-	-
Common Equity Tier 1 ratio (non-GAAP) ^(c)	10.82 %	-	-	-	-
 Tier 1 common equity at period end					
Key shareholders' equity (GAAP)	-	\$ 10,530	\$ 10,486	\$ 10,504	\$ 10,403
Qualifying capital securities	-	339	340	339	339
Less: Goodwill	-	1,057	1,051	979	979
Accumulated other comprehensive income (loss) ^(d)	-	(395)	(366)	(328)	(367)
Other assets ^(e)	-	83	110	86	84
Total Tier 1 capital (regulatory)	-	10,124	10,031	10,106	10,046
Less: Qualifying capital securities	-	339	340	339	339
Preferred Stock, Series A ^(b)	-	282	282	282	282
Total Tier 1 common equity (non-GAAP)	<u>-</u>	<u>\$ 9,503</u>	<u>\$ 9,409</u>	<u>\$ 9,485</u>	<u>\$ 9,425</u>
Net risk-weighted assets (regulatory)	-	\$ 85,100	\$ 83,547	\$ 84,287	\$ 83,637
Tier 1 common equity ratio (non-GAAP)	-	11.17 %	11.26 %	11.25 %	11.27 %

a) Three months ended 3/31/15, 12/31/14, 9/30/14, 6/30/14, and 3/31/14 exclude \$61 million, \$68 million, \$72 million, \$79 million, and \$84 million of period-end purchased credit card receivable intangible assets, respectively

b) Net of capital surplus

c) 3-31-15 amount is estimated

d) 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

e) 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 12/31/14, 9/30/14, 6/30/14, and 3/31/14



GAAP to Non-GAAP Reconciliation (continued)

\$ in millions

	Three months ended				
	3-31-15	12-31-14	9-30-14	6-30-14	3-31-14
Pre-provision net revenue					
Net interest income (GAAP)	\$ 571	\$ 582	\$ 575	\$ 573	\$ 563
Plus: Taxable-equivalent adjustment	6	6	6	6	6
Noninterest income (GAAP)	437	490	417	455	435
Less: Noninterest expense (GAAP)	669	704	706	687	664
Pre-provision net revenue from continuing operations (non-GAAP)	<u>\$ 345</u>	<u>\$ 374</u>	<u>\$ 292</u>	<u>\$ 343</u>	<u>\$ 340</u>
Average tangible common equity					
Average Key shareholders' equity (GAAP)	\$ 10,570	\$ 10,562	\$ 10,473	\$ 10,459	\$ 10,371
Less: Intangible assets (average) ^(a)	1,089	1,096	1,037	1,010	1,013
Preferred Stock, Series A (average)	290	291	291	291	291
Average tangible common equity (non-GAAP)	<u>\$ 9,191</u>	<u>\$ 9,175</u>	<u>\$ 9,145</u>	<u>\$ 9,158</u>	<u>\$ 9,067</u>
Return on average tangible common equity from continuing operations					
Net income (loss) from continuing operations attributable to Key common shareholders (GAAP)	\$ 222	\$ 246	\$ 197	\$ 242	\$ 232
Average tangible common equity (non-GAAP)	9,191	9,175	9,145	9,158	9,067
Return on average tangible common equity from continuing operations (non-GAAP)	9.80 %	10.64 %	8.55 %	10.60 %	10.38 %
Return on average tangible common equity consolidated					
Net income (loss) attributable to Key common shareholders (GAAP)	\$ 227	\$ 248	\$ 180	\$ 214	\$ 236
Average tangible common equity (non-GAAP)	9,191	9,175	9,145	9,158	9,067
Return on average tangible common equity consolidated (non-GAAP)	10.02 %	10.72 %	7.81 %	9.37 %	10.56 %
Cash efficiency ratio					
Noninterest expense (GAAP)	\$ 669	\$ 704	\$ 706	\$ 687	\$ 664
Less: Intangible asset amortization (GAAP)	9	10	10	9	10
Adjusted noninterest expense (non-GAAP)	<u>\$ 660</u>	<u>\$ 694</u>	<u>\$ 696</u>	<u>\$ 678</u>	<u>\$ 654</u>
Net interest income (GAAP)	\$ 571	\$ 582	\$ 575	\$ 573	\$ 563
Plus: Taxable-equivalent adjustment	6	6	6	6	6
Noninterest income (GAAP)	437	490	417	455	435
Total taxable-equivalent revenue (non-GAAP)	<u>\$ 1,014</u>	<u>\$ 1,078</u>	<u>\$ 998</u>	<u>\$ 1,034</u>	<u>\$ 1,004</u>
Cash efficiency ratio (non-GAAP)	65.1 %	64.4 %	69.7 %	65.6 %	65.1 %



(a) Three months ended 3/31/15, 12/31/14, 9/30/14, 6/30/14, and 3/31/14 exclude \$64 million, \$69 million, \$76 million, \$82 million, and \$89 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 March 31, 2015
Common Equity Tier 1 under current regulatory rules	\$ 9.5
Adjustments from current regulatory rules to the Regulatory Capital Rules:	
Deferred tax assets and other assets ^(b)	(.1)
Common Equity Tier 1 anticipated under the Regulatory Capital Rules ^(c)	\$ 9.5
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Net risk-weighted assets under current regulatory rules	\$ 88.1
Adjustments from current regulatory rules to the Regulatory Capital Rules:	
Mortgage servicing assets ^(d)	.5
Deferred tax assets ^(d)	.3
Significant investments ^(d)	.5
Total risk-weighted assets anticipated under the Regulatory Capital Rules ^(c)	\$ 89.5
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Common Equity Tier 1 under the Regulatory Capital Rules	10.6 %

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% under the fully implemented final rule

