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# Deutsche Bank

## Global Financial Services Investor Conference

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*June 8, 2011*

**Beth E. Mooney**

*Chairman and Chief Executive Officer*

**Jeffrey B. Weeden**

*Senior Executive Vice President  
Chief Financial Officer*



# PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 FORWARD-LOOKING STATEMENT DISCLOSURE

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This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about Key's financial condition, results of operations, earnings outlook, asset quality trends and profitability. Forward-looking statements are not historical facts but instead represent only management's current expectations and forecasts regarding future events, many of which, by their nature, are inherently uncertain and outside of Key's control. Key's actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Factors that could cause Key's actual results to differ materially from those described in the forward-looking statements can be found in KeyCorp's Annual Report on Form 10-K for the year ended December 31, 2010 and Form 10-Q for the quarterly period ended March 31, 2011, which have been filed with the Securities and Exchange Commission and are available on Key's website ([www.key.com/ir](http://www.key.com/ir)) and on the Securities and Exchange Commission's website ([www.sec.gov](http://www.sec.gov)). Forward-looking statements are not guarantees of future performance and should not be relied upon as representing management's views as of any subsequent date. Key does not undertake any obligation to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements.



# Presentation Highlights

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## Key Messages

**Key has turned the corner and is well positioned**

**Distinctive business model levered to the improving economy**

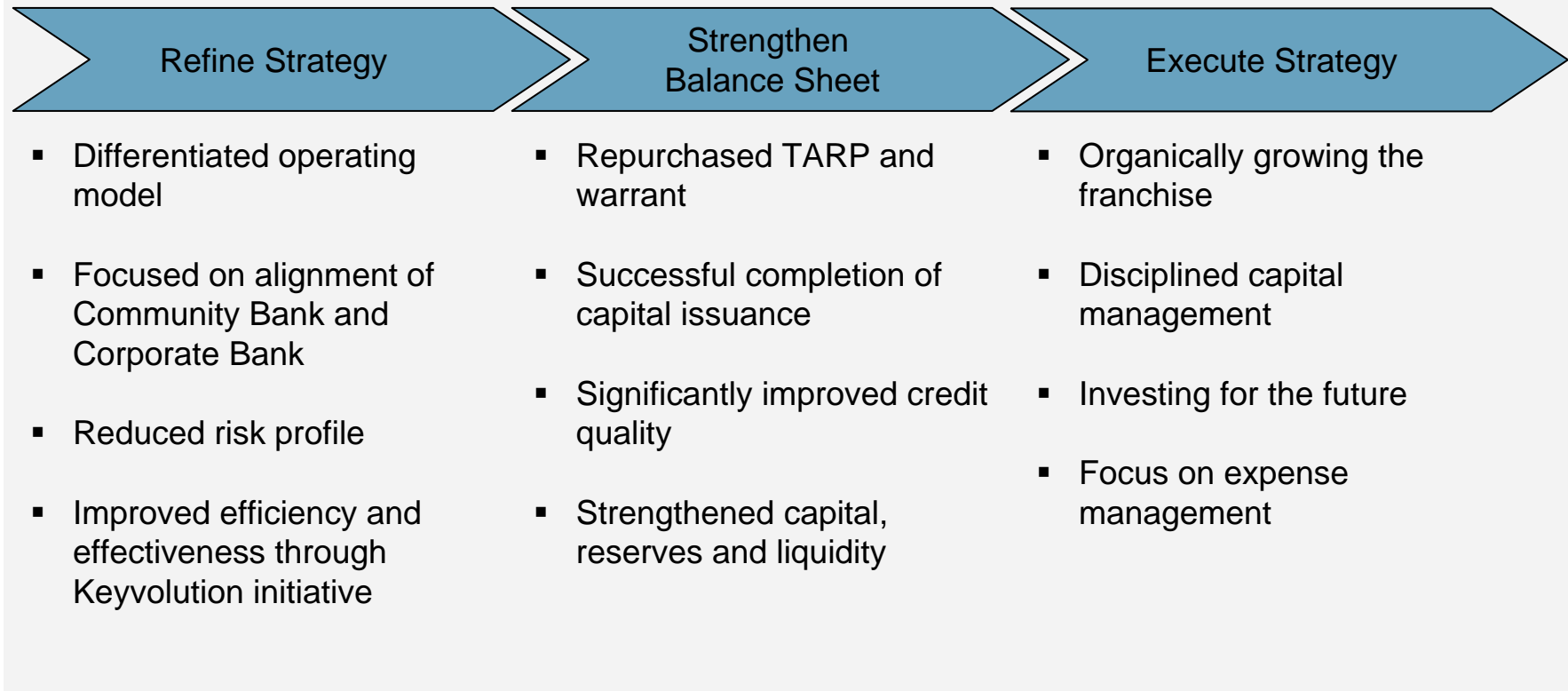
**Key is winning with its clients**

**Consistent execution of strategy will improve returns  
and deliver shareholder value**



# Key is Well Positioned

Key is a strong company that is well positioned to leverage its distinctive strengths



# Key's Distinctive Business Model

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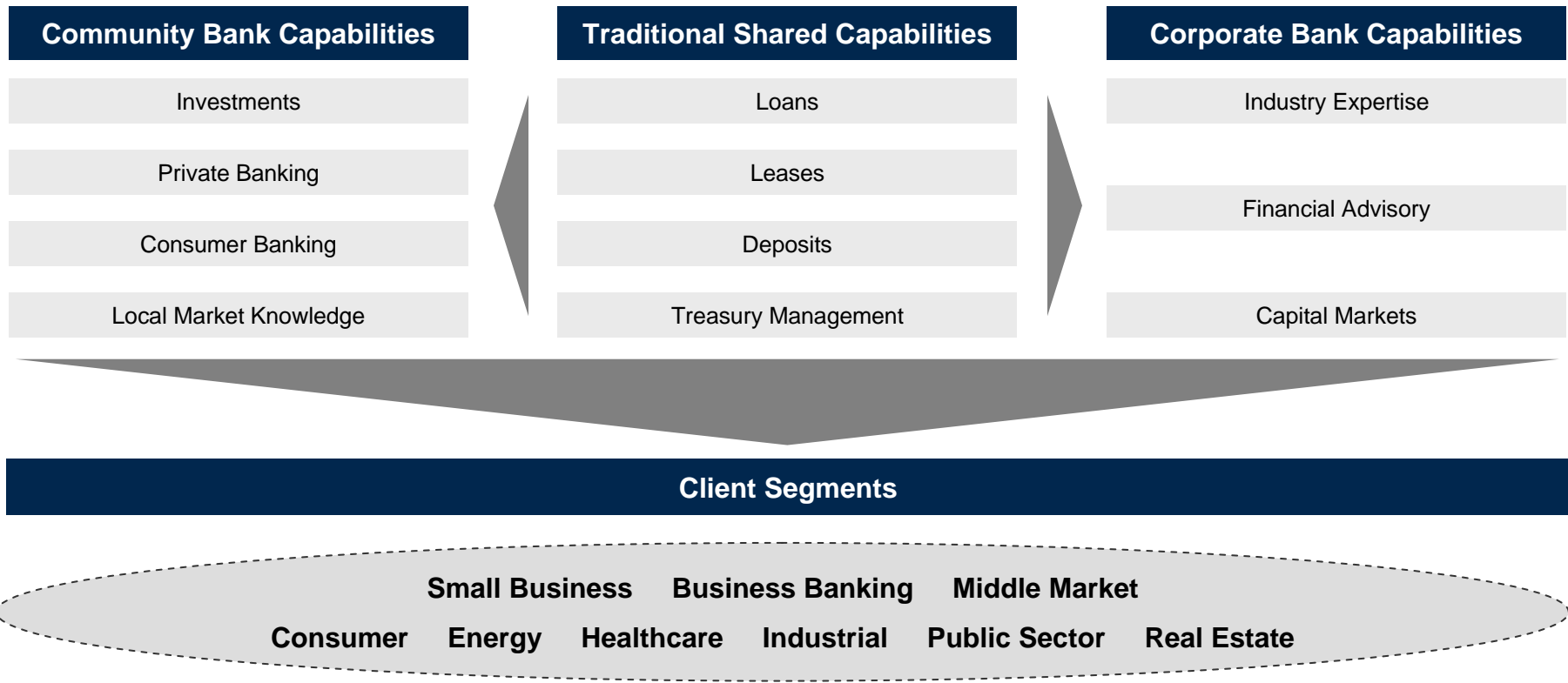
**Strategic statement: Key builds enduring relationships through client-focused solutions and extraordinary service**

- **Focused on building customer relationships and growing high quality, diverse revenue streams**
- **Alignment of Community and Corporate Bank**
- **Differentiating through service quality**
- **Investing in people, infrastructure and technology**
- **Maintaining a moderate risk profile**
- **Creating positive operating leverage**



# Community Bank and Corporate Bank

## Winning with Clients by Delivering the Whole Bank



# What You Can Expect From Key

**Strategic statement: Key builds enduring relationships through client-focused solutions and extraordinary service**

**Execution of  
Business  
Plan**

**Organic  
Growth  
of the  
Franchise**

**Disciplined  
Capital  
Management**

**Maximize  
Shareholder  
Value**

**Consistent execution of strategy will improve returns and deliver shareholder value**



# Key's Targets for Success (a)

KEY Business Model	KEY Metrics	KEY 1Q11	Targets	Action Plans
Core funded	Loan to deposit ratio <sup>(b)</sup> <sup>(c)</sup>	91%	90-100%	<ul style="list-style-type: none"> <li>▪ Improve risk profile of loan portfolio and grow relationships</li> <li>▪ Improve deposit mix and grow deposit base</li> </ul>
Returning to a moderate risk profile	NCOs to average loans	1.59%	40-50 bps	<ul style="list-style-type: none"> <li>▪ Focus on relationship clients</li> <li>▪ Exit noncore portfolios</li> <li>▪ Limit concentrations</li> <li>▪ Focus on risk-adjusted returns</li> </ul>
Growing high quality, diverse revenue streams	Net interest margin	3.25%	>3.50%	<ul style="list-style-type: none"> <li>▪ Improve funding mix</li> <li>▪ Focus on risk-adjusted returns</li> <li>▪ Grow client relationships</li> <li>▪ Leverage Key's total client solutions and cross-selling capabilities</li> </ul>
	Noninterest income to total revenue	43%	>40%	
Creating positive operating leverage	Keyvolution cost savings	\$317 million implemented	\$300-\$375 million	<ul style="list-style-type: none"> <li>▪ Improve efficiency and effectiveness</li> <li>▪ Leverage technology</li> <li>▪ Change cost base to more variable from fixed</li> </ul>
Executing our strategies	Return on average assets	1.32%	1.00-1.25%	<ul style="list-style-type: none"> <li>▪ Execute our client insight-driven relationship model</li> <li>▪ Lower credit costs</li> <li>▪ Improved funding mix with lower cost core deposits</li> <li>▪ Keyvolution savings</li> </ul>

(a) Continuing operations, unless otherwise noted.

(b) Ending balances; loans & loans held for sale (excluding education loans in the securitization trusts) to deposits (excluding deposits in foreign office).

(c) Consolidated operations.





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# Financial Review



# Financial Summary – First Quarter 2011

	Metrics	1Q11	4Q10	1Q10
<b>Financial Performance</b> <sup>(a)</sup>	Income (loss) from continuing operations attributable to Key common shareholders	\$ .21	\$ .33	\$ (.11)
	Net interest margin (TE)	3.25%	3.31%	3.19%
	Return on average total assets	1.32	1.53	(.26)
<b>Capital</b> <sup>(b)</sup>	Tier 1 common equity	10.74%	9.34%	7.51%
	Tier 1 risk-based capital	13.48	15.16	12.92
	Tangible common equity to tangible assets	9.16	8.19	7.37
	Book value per common share	\$9.58	\$9.52	\$9.01
<b>Asset Quality</b> <sup>(a)</sup>	Net loan charge-offs to average loans	1.59%	2.00%	3.67%
	NPLs to EOP portfolio loans	1.82	2.13	3.69
	NPAs to EOP portfolio loans + OREO + Other NPAs	2.23	2.66	4.31
	Allowance for loan losses to period-end loans	2.83	3.20	4.34
	Allowance for loan losses to NPLs	155.03	150.19	117.43

TE = Taxable equivalent, EOP = End of Period

(a) From continuing operations.

(b) From consolidated operations.

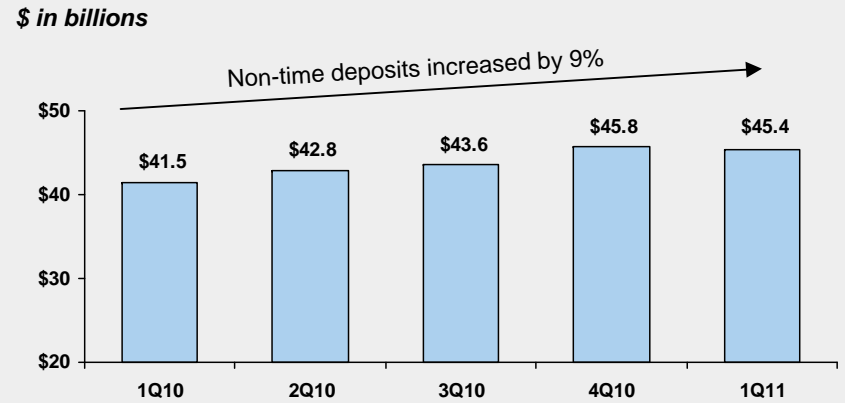


# Core Funded and Focused on Relationship Businesses

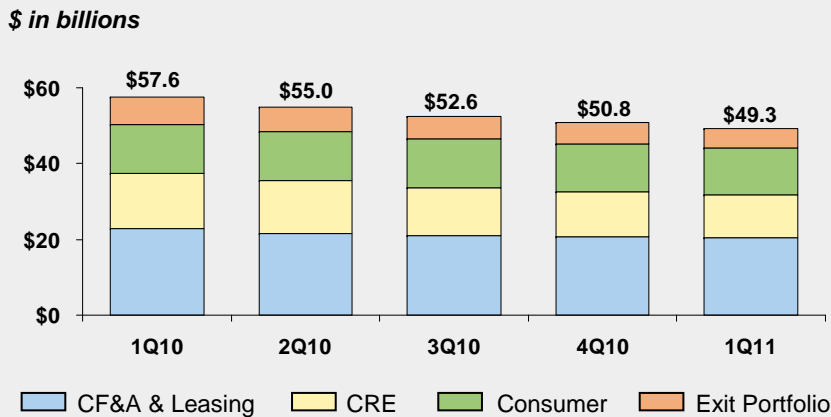
## Highlights

- Key's loan to deposit ratio at March 31, 2011 was 91% (a)
- Commercial Banking: 4% annualized loan growth in 1Q11 versus 4Q10
- Improving deposit mix
  - High cost CDs maturing
  - Growth in non-time deposits

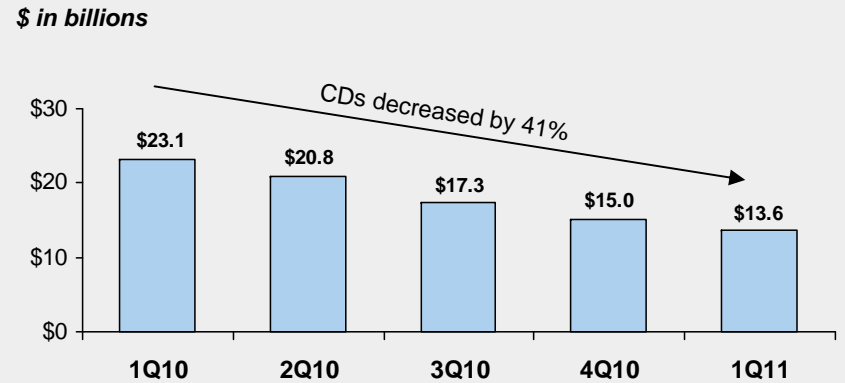
## Non-time Deposits (b)



## Average Loans



## Average CD Balances

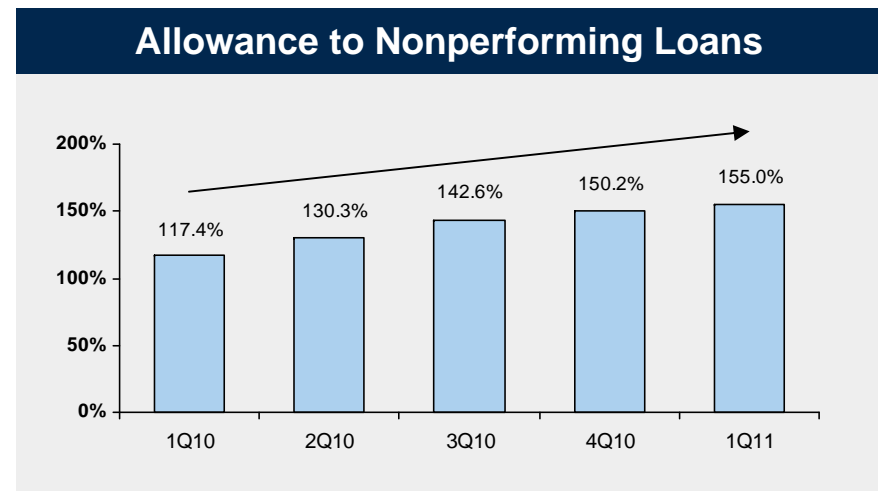
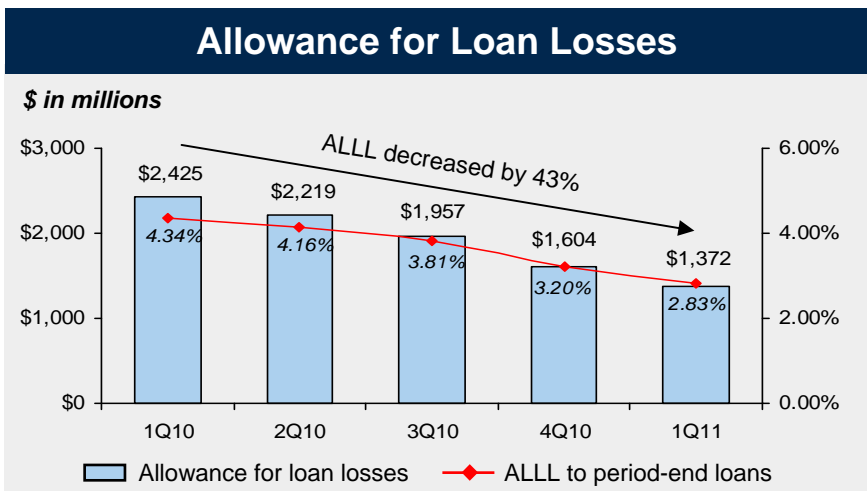
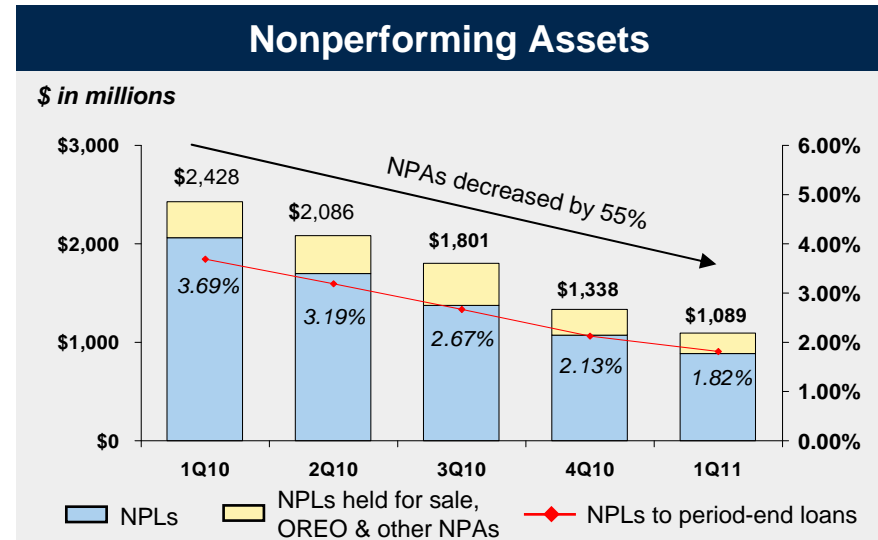
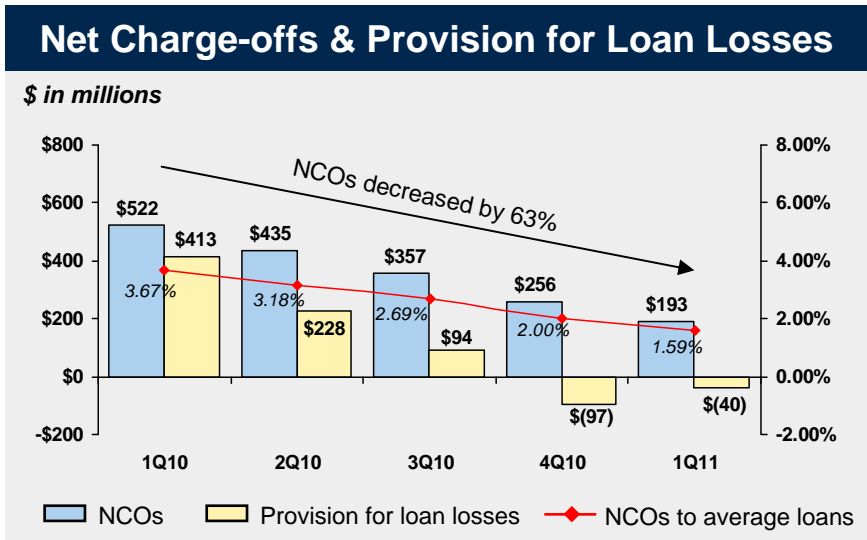


(a) Ending balances; loans & loans held for sale (excluding education loans in the securitization trusts) to deposits (excluding deposits in foreign office)

(b) Average balances, excludes time deposits and deposits in foreign office



# Significant Improvement in Asset Quality



**Key expects NCOs and NPAs to continue to decline in 2011**



# Total Revenue

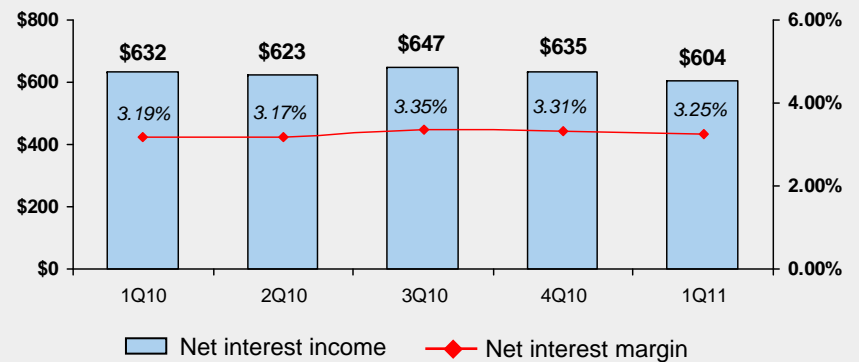
## Highlights

- Improved funding mix has reduced cost of deposits and benefits net interest margin
- Positioned to benefit from rising rates
- Targeting specific high-opportunity client segments in our Community Bank and Corporate Bank
- Improving alignment of products and services across organization

## Net Interest Margin (TE) Trend

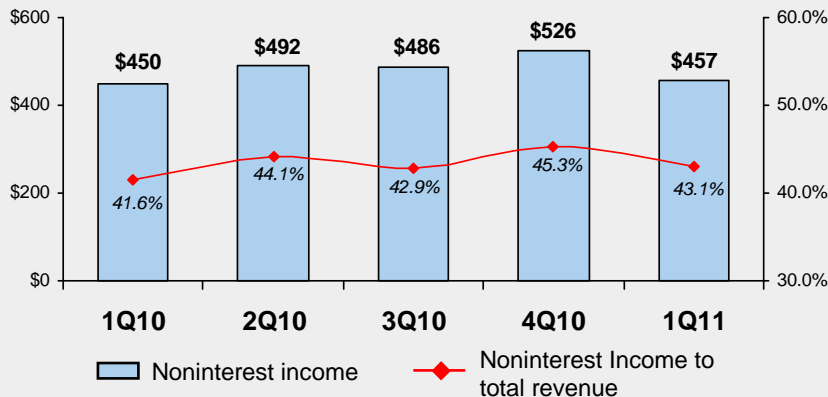
\$ in millions

Continuing Operations

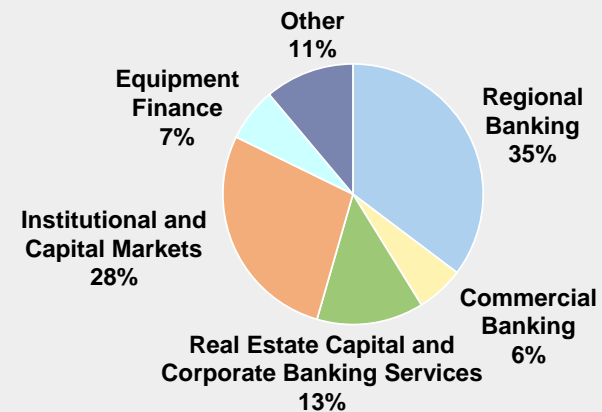


## Noninterest Income and % of Total Revenue

\$ in millions



## Diverse Noninterest Income – 1Q11



TE = Taxable equivalent

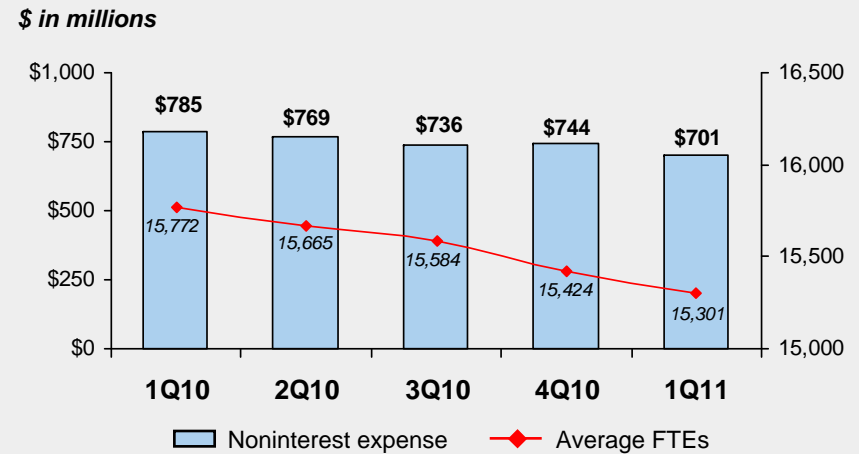


# Focused Expense Management

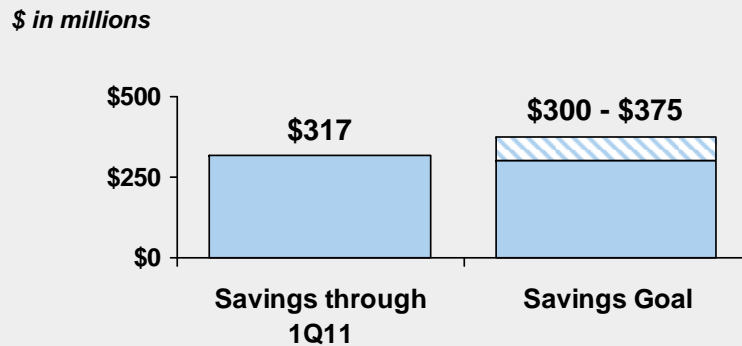
## Highlights

- Keyvolution annual run rate savings achieved from 4Q08 through 1Q11 were \$317 million
  - Personnel costs were reduced by \$205 million related to headcount reductions
  - Non-personnel expense declined by \$112 million – occupancy, communications & travel
- FDIC assessment expense estimated to decline by \$30 - \$60 million in 2011

## Noninterest Expense and Average FTEs



## Keyvolution Cost Savings (a)



## Lowering Noninterest Expense Base

*\$ in millions*

	Full-year noninterest expense <sup>(b)</sup>	Qtr. Average noninterest expense
2009	\$3,246	\$812
2010	3,082	771
2011	2,800 - 2,900	700 - 725

**Focused on creating positive operating leverage**

(a) Before one-time costs and investments

(b) Noninterest expense excludes provision (credit) for losses on lending-related commitments and intangible asset impairment



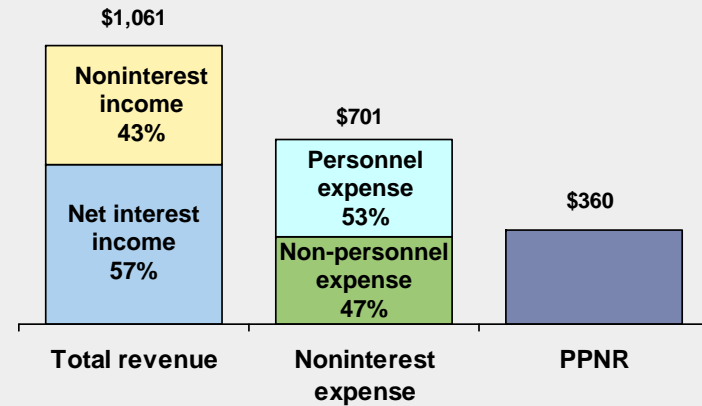
# Pre-Provision Net Revenue (a) and ROAA (b)

## Highlights

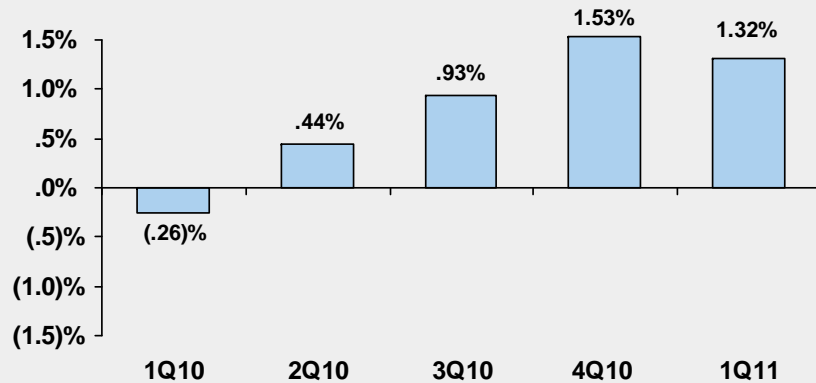
- ROA target: 1.00% to 1.25%
- Expenses well controlled
- Provision for loan losses expected to normalize over time
- Focused on generating positive operating leverage

## 1Q11 Pre-Provision Net Revenue

\$ in millions

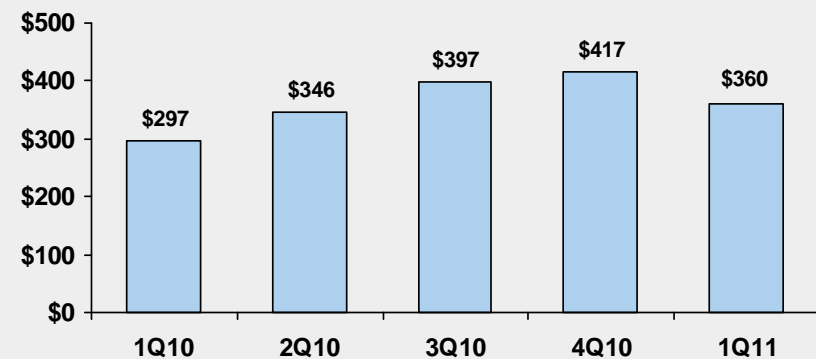


## Return on Average Assets



## Pre-Provision Net Revenue Trend

\$ in millions



(a) Net interest income plus taxable-equivalent adjustment and noninterest income less noninterest expense.

(b) From continuing operations.

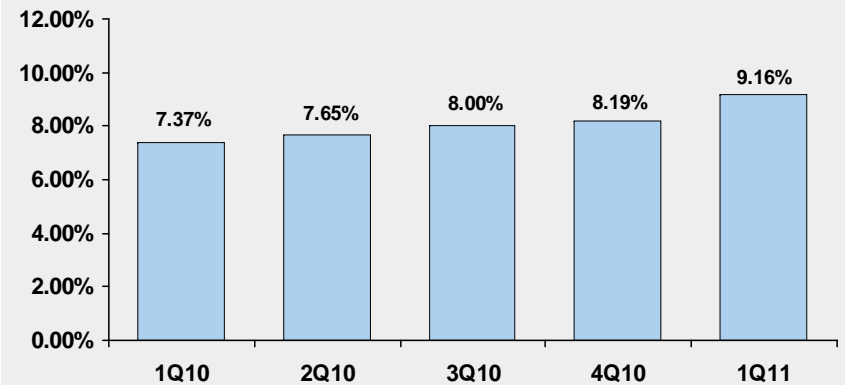


# Strong Capital Ratios

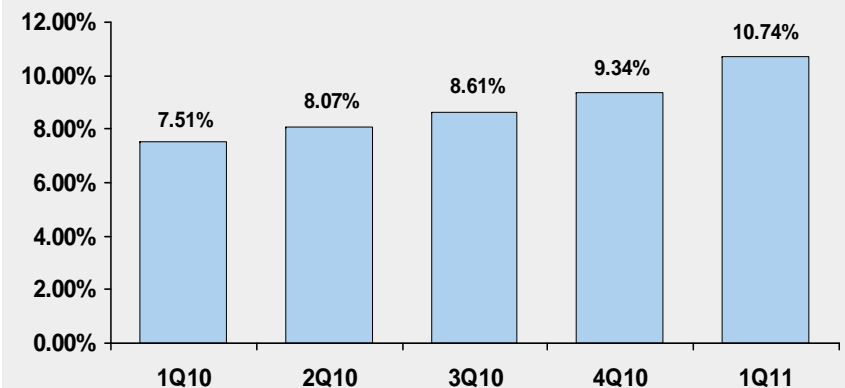
## Highlights

- Peer leading capital position supports growth
- Positioned for successful transition to Basel III
- Continued capital generation through execution of strategy
- Continued focus on disciplined capital management

## Tangible Common Equity to Tangible Assets



## Tier 1 Common Equity





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# Appendix



# Winning with Clients

Community Bank	<b>Regional Banking</b>	<ul style="list-style-type: none"> <li>Branch-based financial services provided to retail, private bank and small business clients</li> </ul>	<ul style="list-style-type: none"> <li>Acquiring new clients: (since January 2010)               <ul style="list-style-type: none"> <li>Consumer: 310,000 new DDA accounts</li> <li>Business Banking: 1,200 new clients</li> <li>Private Banking: 500 new clients</li> </ul> </li> </ul>
	<b>Commercial Banking</b>	<ul style="list-style-type: none"> <li>Serves mid-size business clients (annual revenues of \$10 mill. to \$250 mill.)</li> </ul>	<ul style="list-style-type: none"> <li>4% annualized loan growth in 1Q11 vs. 4Q10</li> <li>Commercial pipeline continues to strengthen</li> </ul>
Corporate Bank	<b>Real Estate Capital and Corporate Banking Services</b>	<ul style="list-style-type: none"> <li>Focused on REITs &amp; long-term CRE owners</li> <li>One of the largest commercial mortgage servicers</li> </ul>	<ul style="list-style-type: none"> <li>Ranked #1 in REIT IPOs and total REIT equity issuance (by # of deals – 1Q11)</li> <li>Acquired \$3.7 bill. in commercial loan servicing during 2010</li> </ul>
	<b>Institutional and Capital Markets</b>	<ul style="list-style-type: none"> <li>Provides corporate and investment banking services to middle market clients (annual revenues of \$250 mill. to \$1.0 bill.)</li> <li>Investment advisory: AUM \$35 bill.</li> </ul>	<ul style="list-style-type: none"> <li>82 transactions raising \$46 bill. for clients - 1Q11</li> <li>20 equity capital markets transactions - record quarter 1Q11</li> </ul>
	<b>Equipment Finance</b>	<ul style="list-style-type: none"> <li>4<sup>th</sup> largest bank-owned equipment finance company</li> <li>Serves franchise clients and vendor channels</li> </ul>	<ul style="list-style-type: none"> <li>Strong origination volume and pipeline</li> <li>Partnership with Community Bank generated \$590 mill. in lease volume – LTM ended 1Q11</li> </ul>



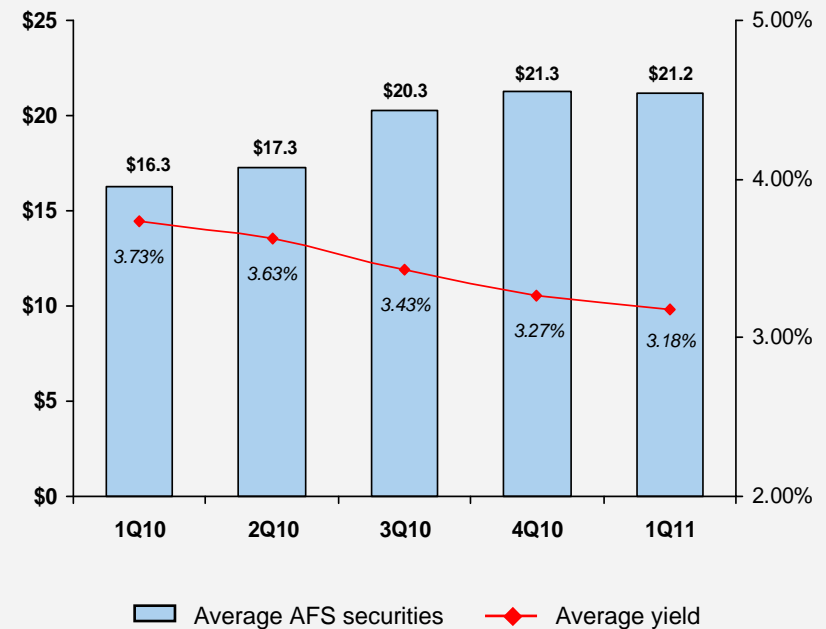
# High Quality Investment Portfolio

## Highlights

- Portfolio composed of Agency or GSE backed: GNMA, Fannie & Freddie
  - No private label MBS or financial paper
- Average portfolio maturity at March 31, 2011: 3.2 years
- Unrealized net gain of \$366 million on available-for-sale securities portfolio at 3/31/11
- March CMO sale of \$1.5 billion in connection with loss of CRE escrow deposits (brings quarter-end total down to \$19.4 billion)

## Available for Sale Securities

\$ in billions



# Credit Quality

## Credit Quality by Portfolio

\$ in millions

	Period-end loans	Average loans	Net loan charge-offs		Net loan charge-offs <sup>(a)</sup> / average loans		Nonperforming loans		Ending allowance <sup>(b)</sup>	Allowance / period-end loans	Allowance / NPLs
	3/31/11	1Q11	1Q11	4Q10	1Q11	4Q10	3/31/11	12/31/10	3/31/11	3/31/11	3/31/11
<b>Commercial, financial and agricultural</b>	\$16,440	\$16,311	\$32	\$80	.80 %	1.92 %	\$221	\$242	\$419	2.55 %	189.59 %
<b>Commercial real estate:</b>											
Commercial mortgage	8,806	9,238	43	52	1.89	2.17	245	255	386	4.38	157.55
Construction	1,845	2,031	30	28	5.99	4.39	146	241	117	6.34	80.14
<b>Commercial lease financing</b>	6,207	6,335	11	12	.70	.73	42	64	132	2.13	314.29
<b>Real estate - residential mortgage</b>	1,803	1,810	9	11	2.02	2.38	84	98	40	2.22	47.62
<b>Home equity:</b>											
Community Bank	9,421	9,453	24	26	1.03	1.08	99	102	111	1.18	112.12
Exit	627	647	14	13	8.78	7.52	13	18	45	7.18	346.15
<b>Consumer — Community Bank</b>	1,141	1,157	10	14	3.51	4.75	3	4	50	4.38	N/M
<b>Consumer other:</b>											
Marine	2,112	2,174	19	17	3.54	2.94	31	42	68	3.22	219.35
Other	150	156	1	3	2.60	7.13	1	2	4	2.67	400.00
<b>Continuing total</b>	<b>\$48,552</b>	<b>\$49,312</b>	<b>\$193</b>	<b>\$256</b>	<b>1.59 %</b>	<b>2.00 %</b>	<b>\$885</b>	<b>\$1,068</b>	<b>\$1,372</b>	<b>2.83 %</b>	<b>155.03 %</b>
Discontinued operations - education lending business	6,304	6,377	35	32	4.33	3.78	22	40	111	3.43	N/M
<b>Consolidated total</b>	<b>\$54,856</b>	<b>\$55,689</b>	<b>\$228</b>	<b>\$288</b>	<b>1.76 %</b>	<b>2.11 %</b>	<b>\$907</b>	<b>\$1,108</b>	<b>\$1,483</b>	<b>2.86 %</b>	<b>163.51 %</b>

N/M = Not Meaningful

- (a) Net 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.
- (b) 3-31-11 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.



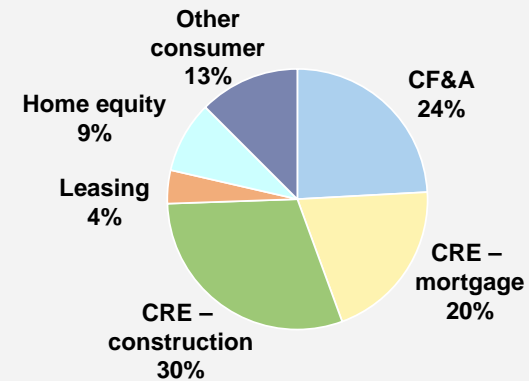
# Substantial Reduction in Net Charge-offs

## Net Charge-offs by Loan Type

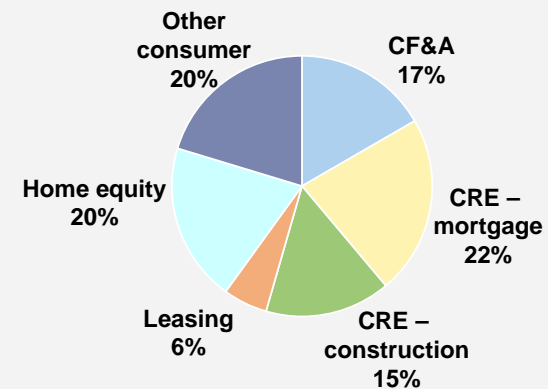
*\$ in millions*

				\$ Change	
	<u>1Q11</u>	<u>4Q10</u>	<u>1Q10</u>	<u>4Q10</u>	<u>1Q10</u>
CF&A	\$32	\$80	\$126	\$(48)	\$(94)
CRE - mortgage	43	52	106	(9)	(63)
CRE - construction	30	28	157	2	(127)
Leasing	11	12	21	(1)	(10)
Total commercial	116	172	410	(56)	(294)
Home equity	38	39	47	(1)	(9)
Other consumer	39	45	65	(6)	(26)
Total consumer	77	84	112	(7)	(35)
Total	<u>\$193</u>	<u>\$256</u>	<u>\$522</u>	<u>\$(63)</u>	<u>\$(329)</u>
NCOs to avg. loans	1.59%	2.00%	3.67%		
Exit portfolio <sup>(a)</sup>	\$41	\$81	\$153	\$(40)	\$(112)
Exit portfolio NCOs as a % of total NCOs	21.2%	31.6%	29.3%		

## Net Charge-offs 1Q10 = \$522 million



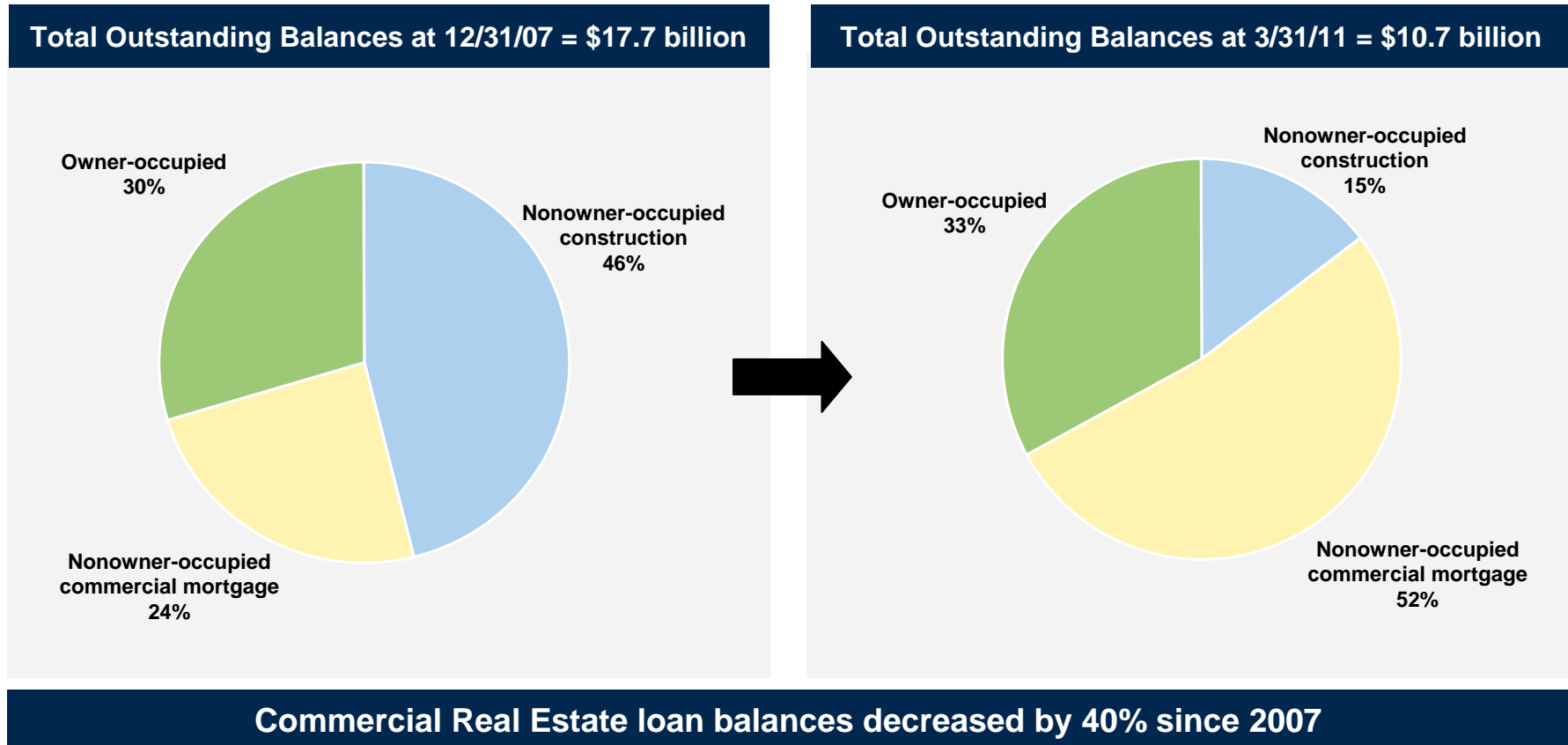
## Net Charge-offs 1Q11 = \$193 million



(a) Exit portfolio NCOs are included in the individual loan types listed above



# Commercial Real Estate Transformation



# Commercial Real Estate Loans – 3/31/11

## Commercial Real Estate by Property Type and Geography

*\$ in millions*

	Geographic Region						Total	% of Total CRE	Commercial	
	West	Southwest	Central	Midwest	Southeast	Northeast			Mortgage	Construction
Nonowner-occupied:										
Retail properties	\$360	\$193	\$238	\$362	\$536	\$218	\$1,907	17.9 %	\$1,557	\$350
Multifamily properties	178	179	365	196	391	209	1,518	14.2	1,054	464
Health facilities	300	-	145	219	217	175	1,056	9.9	993	63
Office buildings	142	74	132	134	72	311	865	8.1	714	151
Warehouses	208	-	49	79	74	88	498	4.7	480	18
Residential properties	96	26	76	75	77	75	425	4.0	112	313
Hotels/motels	75	-	43	5	147	37	307	2.9	247	60
Land and development <sup>(a)</sup>	21	17	41	9	50	71	209	2.0	67	142
Manufacturing facilities	2	-	5	8	-	11	26	.2	24	2
Other	83	2	13	51	82	98	329	3.1	311	18
<b>Total nonowner-occupied</b>	<b>\$1,465</b>	<b>\$491</b>	<b>1,107</b>	<b>1,138</b>	<b>1,646</b>	<b>1,293</b>	<b>7,140</b>	<b>67.0</b>	<b>5,559</b>	<b>1,581</b>
Owner-occupied	1,408	60	334	762	150	797	3,511	33.0	3,247	264
<b>Total</b>	<b>\$2,873</b>	<b>\$551</b>	<b>\$1,441</b>	<b>\$1,900</b>	<b>\$1,796</b>	<b>\$2,090</b>	<b>\$10,651</b>	<b>100.0 %</b>	<b>\$8,806</b>	<b>\$1,845</b>
Nonowner-occupied: March 31, 2011										
Nonperforming loans	\$68	\$27	\$49	\$40	\$64	\$54	\$302	N/M	\$166	\$136
90+ days past due	6	-	10	2	-	29	47	N/M	24	23
30-89 days past due	30	-	28	9	18	11	96	N/M	53	43
Nonowner-occupied: December 31, 2010										
Nonperforming loans	\$99	\$47	\$58	\$44	\$115	\$45	\$408	N/M	\$182	\$226
90+ days past due	3	21	11	20	16	3	74	N/M	37	37
30-89 days past due	11	23	10	4	-	14	62	N/M	32	30

(a) Nonresidential land and development loans.

N/M = Not Meaningful



# Home Equity Loans – 3/31/11

## Community Bank – Home Equity

\$ 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)				
						2010 and 2011	2009	2008	2007	2006 and prior
Home equity loans and lines										
First lien	\$ 4,969	\$ 57,717	750	66 %	.5 %	14 %	11 %	12 %	8 %	55 %
Second lien	4,452	44,240	748	75	3.6	10	9	19	17	45
Total home equity loans and lines	\$ 9,421	\$ 50,452	749	70	1.9	12	10	15	13	50
Nonaccrual loans										
First lien	\$ 53	\$ 70,888	709	73 %	.4 %	1 %	3 %	4 %	13 %	79 %
Second lien	46	54,738	707	79	5.0	-	2	15	23	60
Total home equity nonaccrual loans	\$ 99	\$ 62,381	708	75	2.4	-	3	9	18	70
First quarter net charge-offs	\$ 24					-	1 %	16 %	31 %	52 %
Net loan charge-offs to average loans	1.03 %									

## Exit Portfolio – Home Equity

\$ 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)				
						2010 and 2011	2009	2008	2007	2006 and prior
Home equity loans										
First lien	\$ 27	\$ 22,946	748	32 %	.5 %	-	-	1 %	24 %	75 %
Second lien	600	25,657	731	82	32.8	-	-	2	40	58
Total home equity loans	\$ 627	\$ 25,527	731	80	31.4	-	-	1	40	59
Nonaccrual loans										
First lien	\$ 1	\$ 19,002	692	39 %	-	-	-	-	7 %	93 %
Second lien	12	28,648	702	84	35.6 %	-	-	2 %	39	59
Total home equity nonaccrual loans	\$ 13	\$ 28,039	701	83	34.1	-	-	2	37	61
First quarter net charge-offs	\$ 14					-	-	-	49 %	51 %
Net loan charge-offs to average loans	8.78 %									

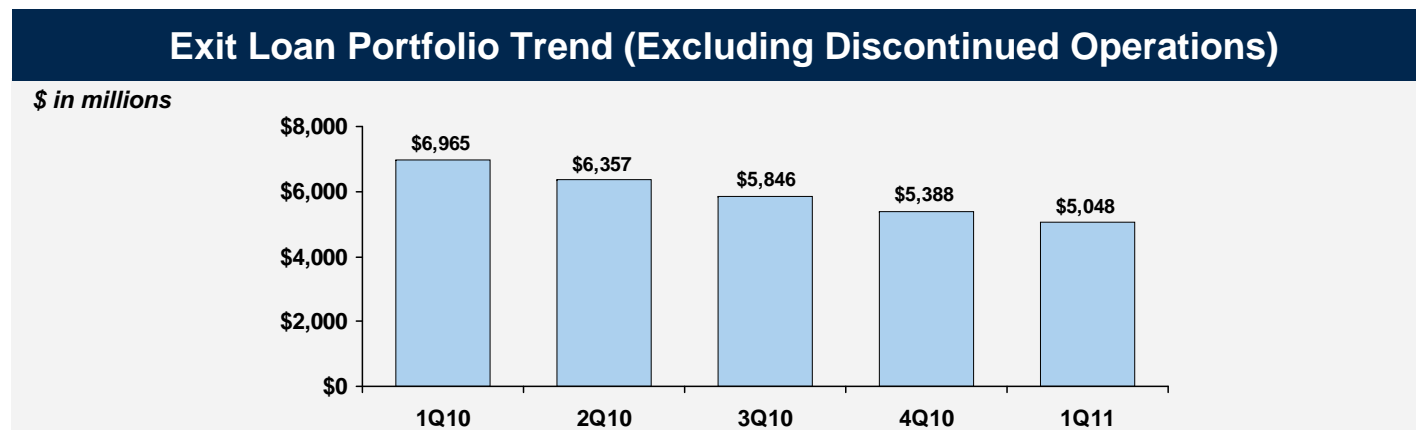
(a) Average LTVs are at origination. Current average LTVs for Community Bank total home equity loans and lines is approximately 79%, which compares to 76% at the end of the fourth quarter of 2010.





# Exit Loan Portfolio

Exit Loan Portfolio							
<i>\$ in millions</i>							
	Balance Outstanding		Change 3-31-11 vs. 12-31-10	Net Loan Charge-offs		Balance on Nonperforming Status	
	3-31-11	12-31-10		1Q11	4Q10	3-31-11	12-31-10
Residential properties – homebuilder	\$87	\$113	\$(26)	\$2	\$16	\$44	\$66
Marine and RV floor plan	150	166	(16)	3	12	35	37
Commercial lease financing <sup>(a)</sup>	1,922	2,047	(125)	2	20	21	46
Total commercial loans	2,159	2,326	(167)	7	48	100	149
Home equity – Other	627	666	(39)	14	13	13	18
Marine	2,112	2,234	(122)	19	17	31	42
RV and other consumer	150	162	(12)	1	3	1	1
Total consumer loans	2,889	3,062	(173)	34	33	45	61
Total exit loans in loan portfolio	\$5,048	\$5,388	\$(340)	\$41	\$81	\$145	\$210
Discontinued operations - education lending business (not included in exit loans above) <sup>(b)</sup>	\$6,318	\$6,466	\$(148)	\$35	\$32	\$22	\$39



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

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

