

KeyCorp

Third Quarter 2012 Earnings Review

October 18, 2012

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Chairman and
Chief Executive Officer

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Chief Financial Officer



FORWARD-LOOKING STATEMENTS AND ADDITIONAL INFORMATION DISCLOSURE

This presentation contains and we may, from time to time, make 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, capital levels 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. Forward-looking statements usually can be identified by the use of words such as "goal," "objective," "plan," "expect," "anticipate," "intend," "project," "believe," "estimate" or other words of similar meaning.

Our forward-looking statements are subject to the following principal risks and uncertainties: the economic recovery may face challenges causing its momentum to falter or a further recession; the Dodd-Frank Wall Street Reform and Consumer Protection Act and other reforms will subject us to a variety of new and more stringent legal and regulatory requirements, including increased scrutiny from our regulators; changes in local, regional and international business, economic or political conditions in the regions where we operate or have significant assets; changes in trade, monetary and fiscal policies of various governmental bodies and central banks could affect the economic environment in which we operate; our ability to effectively deal with an economic slowdown or other economic or market difficulty; adverse changes in credit quality trends; our ability to determine accurate values of certain assets and liabilities; adverse behaviors in foreign exchange rates, securities, public debt, and capital markets, including changes in market liquidity and volatility; our ability to anticipate interest rate changes correctly and manage interest rate risk presented through unanticipated changes in our interest rate risk position and/or short- and long-term interest rates; unanticipated changes in our liquidity position, including but not limited to our ability to enter the financial markets to manage and respond to any changes to our liquidity position; adequacy of our risk management program; reduction of the credit ratings assigned to KeyCorp and KeyBank; increased competitive pressure due to industry consolidation; unanticipated adverse affects of acquisitions and dispositions of assets, business units or affiliates; and operational or risk management failures due to technological, cybersecurity threats or other factors.

We provide greater detail regarding some of these factors in our 2011 Form 10-K, including in Item 1A. Risk Factors and in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation under the heading "Risk Management," as well as in our subsequent SEC filings, all of which are accessible on our website at www.key.com/ir and on the SEC's website at www.sec.gov.

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. Actual results or future events could differ, possibly materially, from those anticipated in forward-looking statements, as well as from historical performance.

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

Web addresses referenced in this slide are inactive textual references only. Information on these websites is not part of this document.



Investor Highlights – Third Quarter 2012

Execution of Business Plan

- Net interest income up 6% from prior quarter
- Net interest margin up 17 bps from 2Q12 due to improved mix of earning assets and lower funding cost
- On track for expense reductions of \$150 million to \$200 million by December 2013

Growing the Franchise

- Continued growth in average loans driven by C&I
- Re-entered credit card business
- Closed on western NY branch acquisition

Disciplined Capital Management

- Repurchased 9.6 million common shares
- Redeemed \$707 million of trust preferred securities
- Maintained strong capital levels; positioned for Basel III

Execution of strategy and differentiated business model driving results



Positioned for Growth

Industry Challenges

- Slow growth economy
- Low rate environment
- Regulatory change

Key: Refocused and Realigned

- Improved balance sheet mix and risk profile
- Distinctive business model
- Targeted client segments
- Focused on core competencies

Key Focus Areas

Optimize and Grow Revenue

Improve Efficiency

Disciplined Capital Management

Achieve Targets for Success



Financial Review



Financial Summary – Third Quarter 2012

	Metrics	3Q12	2Q12	3Q11
Financial Performance ^(a)	Income from continuing operations attributable to Key common shareholders	\$.23	\$.23	\$.24
	Net interest margin (TE)	3.23%	3.06%	3.09%
	Return on average total assets	1.08	1.12	1.14
Capital ^(b)	Tier 1 common equity ^{(c), (d)}	11.4%	11.6%	11.3%
	Tier 1 risk-based capital ^(c)	12.2	12.5	13.5
	Tangible common equity to tangible assets ^(d)	10.4	10.4	9.8
	Book value per common share	\$10.64	\$10.43	\$10.09
Asset Quality ^(a)	Net loan charge-offs to average loans	.86%	.63%	.90%
	NPLs to EOP portfolio loans	1.27	1.32	1.64
	NPAs to EOP portfolio loans + OREO + Other NPAs	1.39	1.51	1.89
	Allowance for loan losses to period-end loans	1.73	1.79	2.35
	Allowance for loan losses to NPLs	136.0	135.2	143.5

TE = Taxable equivalent, EOP = End of Period

(a) From continuing operations

(b) From consolidated operations

(c) 9-30-12 ratios are estimated

(d) Non-GAAP measure: see slide 20 of Appendix for reconciliation

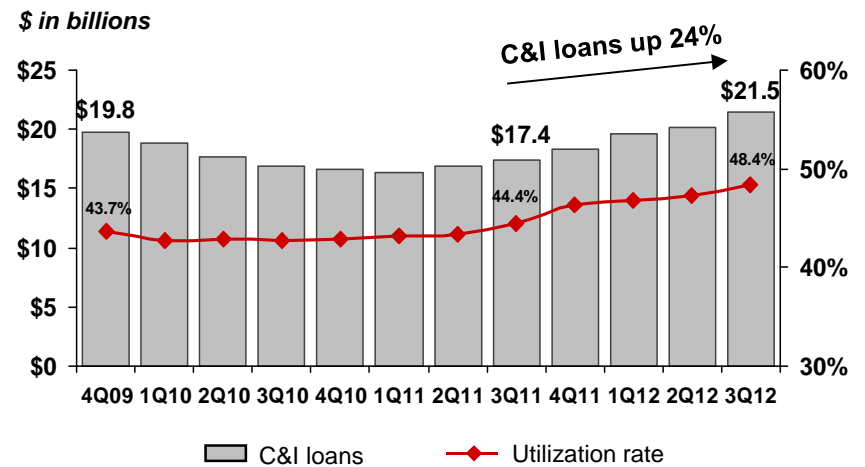


Loan Growth

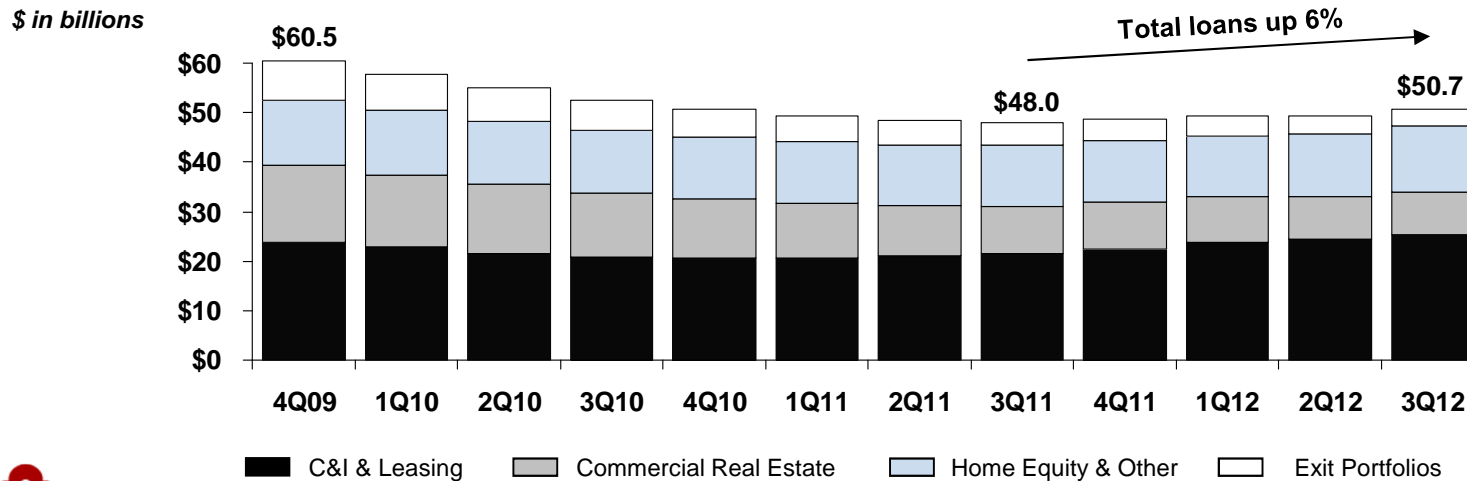
Highlights

- Average loan growth driven by C&I, while the exit portfolio continues to run-off
- Branch acquisition added \$223 million in mostly consumer loans to 3Q12
- Acquired credit card portfolio Aug. 1; added \$473 million to 3Q12 average loans
- Originated \$9 billion in new or renewed lending commitments during 3Q12

Average Commercial & Industrial Loans



Average Loans

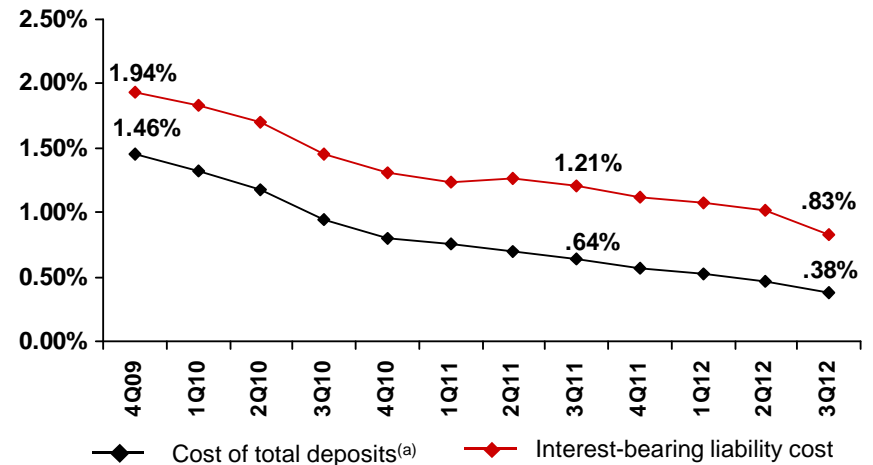


Improving Deposit Mix

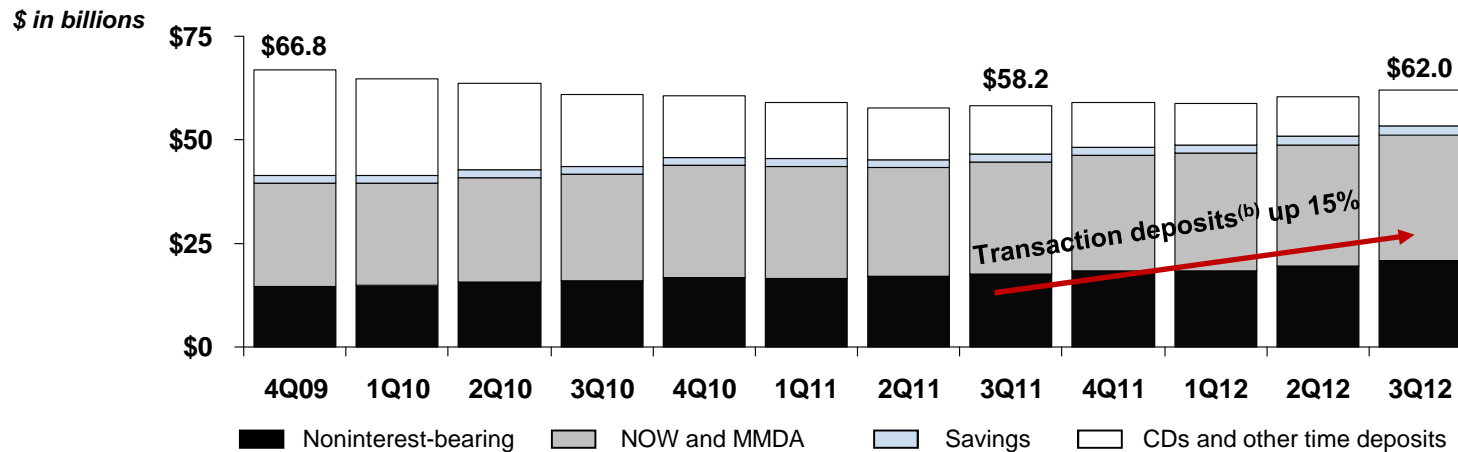
Highlights

- Overall funding cost continues to improve, with total deposit cost declining 26 bps from 3Q11
- Western NY branch acquisition added \$1.6 billion of mostly non-time consumer deposits to 3Q12 average balances
- Total CD maturities and average cost
 - 2012 Q4: \$2.1 billion at 1.50%
 - 2013: \$3.9 billion at 1.49%
 - 2014 & beyond: \$2.2 billion at 3.03%

Funding Cost



Average Deposits^(a)



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

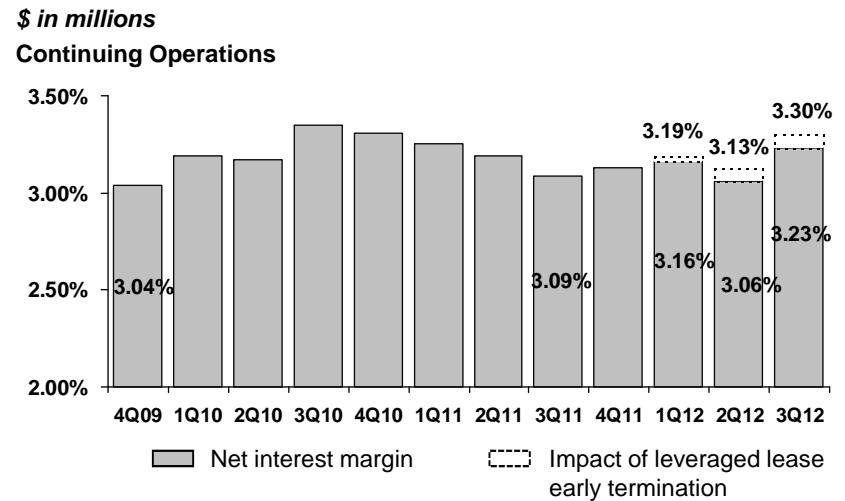
Total Revenue

Highlights

- Net interest income improved, with net interest margin up 17 bps from 2Q12 benefiting from:
 - Asset and funding mix improvement
 - Continued growth in C&I loans
 - Redemption of trust preferred securities
 - Maturities of higher cost CDs and debt

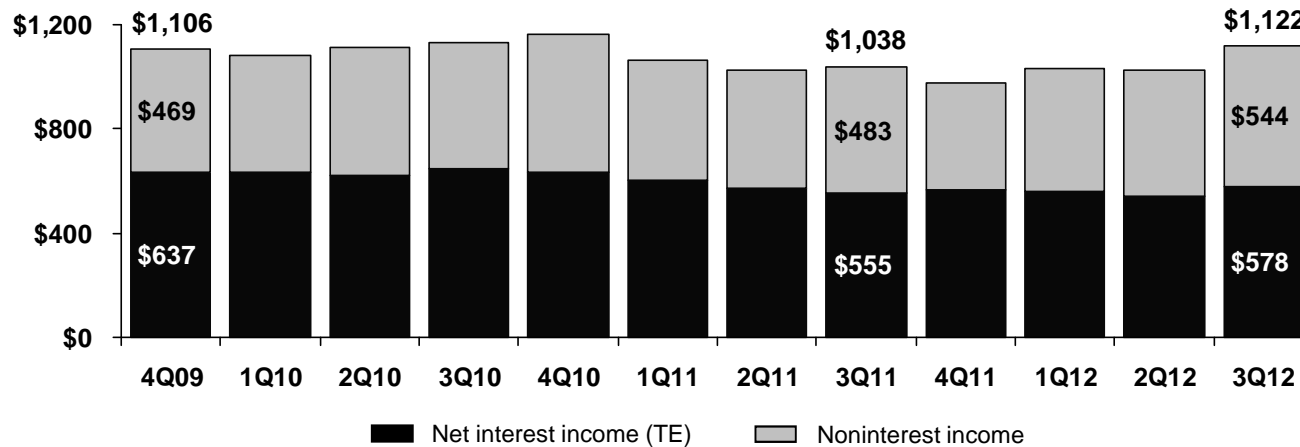
- Higher noninterest income driven by leveraged lease terminations and the redemption of trust preferred securities

Net Interest Margin (TE) Trend



Total Revenue Mix

\$ in millions



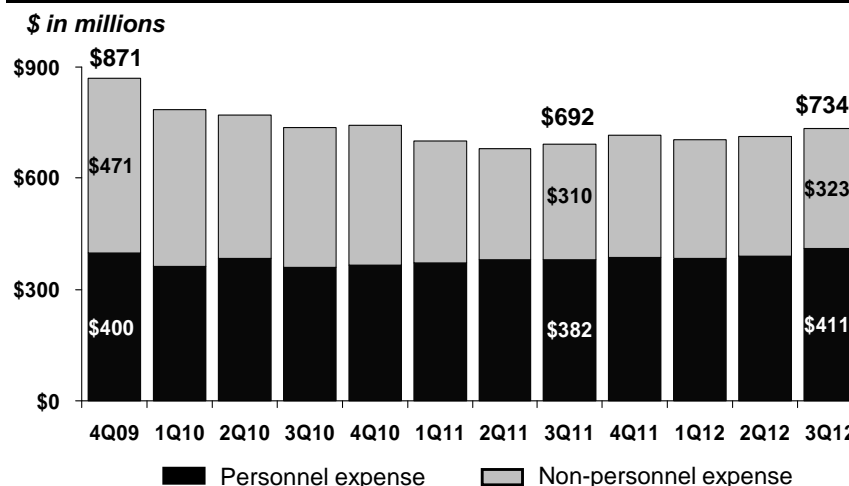
TE = Taxable equivalent

Focused Expense Management

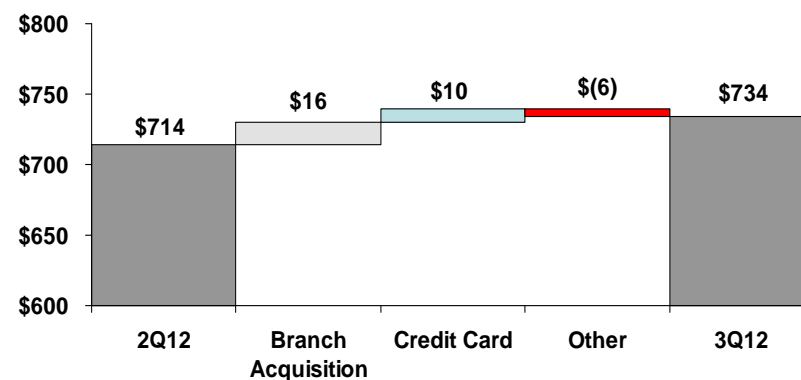
Highlights

- Noninterest expense increased \$20 million from 2Q12
 - Elevated expenses from the acquisition of branches and the credit card portfolio
 - Onetime expenses of \$8 million
 - Intangible asset amortization of \$8 million
 - Hiring of client-facing personnel
- Focused on improving operating leverage
 - Targeting \$150 million to \$200 million in expense reductions by December 2013, with full-year impact expected in 2014
 - 16 branch closures in 3Q12; 3 additional planned for 4Q12
 - Consolidation of KEF operations
 - Headcount reduction
 - Strategic sourcing

Noninterest Expense



Q-o-Q Change in Noninterest Expense^(a)



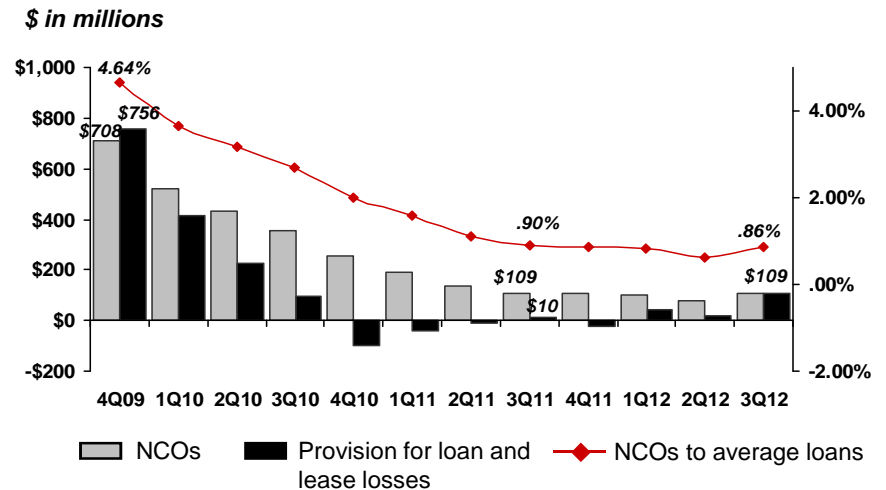
(a) Includes ongoing, onetime and amortization expenses

Continued Improvement in Asset Quality

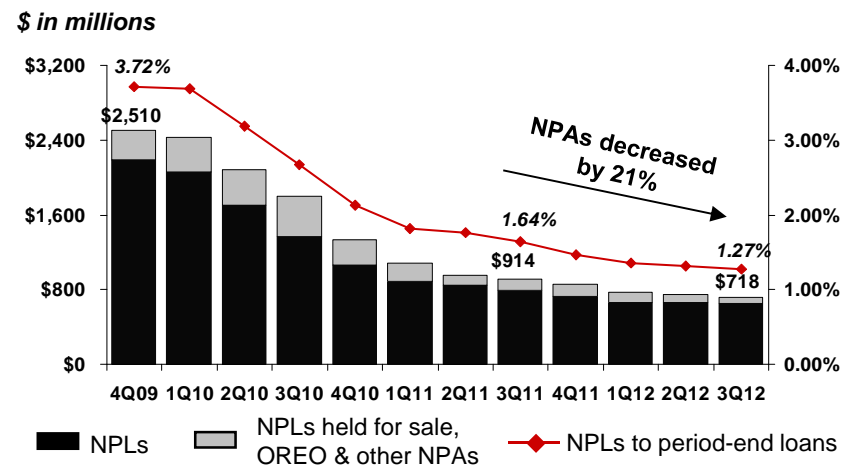
Highlights

- Underlying credit trends continue to improve
- Provision increased, primarily due to:
 - Acquisition of credit card portfolios and branch loans (+\$32 MM)
 - Updated regulatory guidance on consumer loans (+\$45 MM)
- Net loan charge-offs increased \$32 million from prior quarter due to regulatory guidance
 - Impact on net charge-offs: \$45 million or 35 bps of average loans
 - NCO ratio of 51 bps excluding impact of regulatory guidance
- Nonperforming assets continued to decline including the impact of new guidance

Net Charge-offs & Provision for Loan and Lease Losses



Nonperforming Assets

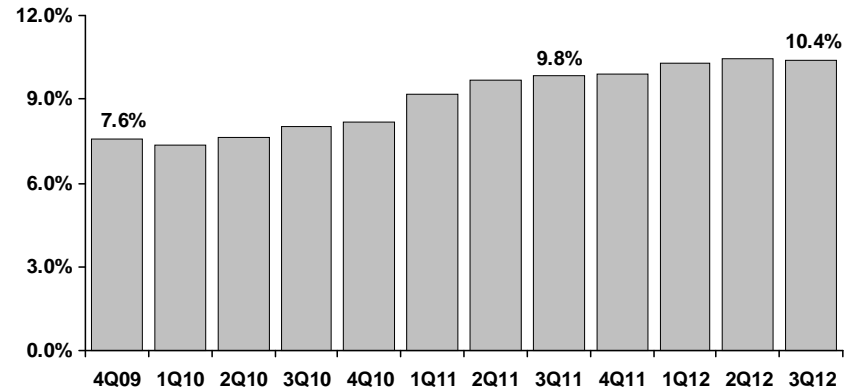


Strong Capital Ratios

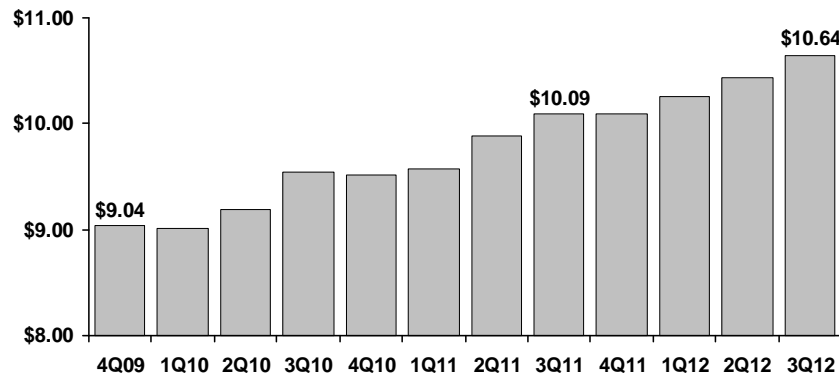
Highlights

- Strong capital position supports growth
- Disciplined capital management process
 - Repurchased 9.6 million common shares in 3Q12
 - Redeemed \$707 million in trust preferred securities during 3Q12 with a \$54 million gain from early swap termination
- Estimated Basel III tier 1 common equity ratio of 10.5%^(a)

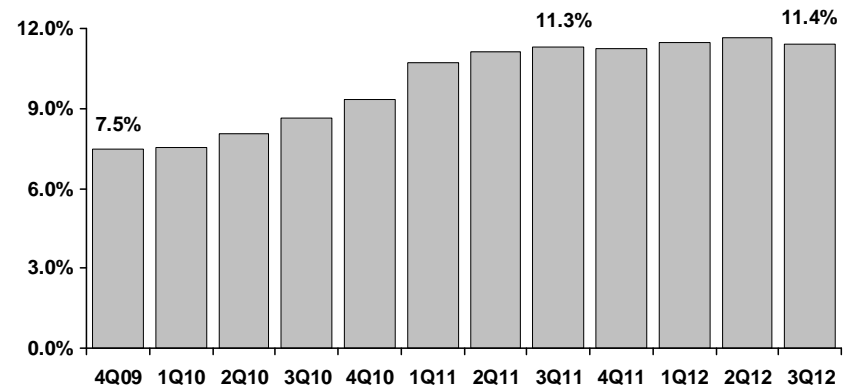
Tangible Common Equity to Tangible Assets ^(b)



Book Value per Share



Tier 1 Common Equity ^{(b), (c)}



(a) Based upon September 30, 2012 pro forma analysis; see slide 22 of Appendix for further detail
 (b) Non-GAAP measure: see slide 20 of Appendix for reconciliation
 (c) 9-30-12 ratio is estimated

Appendix



Progress on Targets for Success

KEY Business Model	KEY Metrics ^(a)	KEY 3Q12	KEY 2Q12	Targets	Action Plans
Core funded	Loan to deposit ratio ^(b)	86%	86%	90-100%	<ul style="list-style-type: none"> ▪ Leverage integrated model to grow relationships and loans ▪ Improve deposit mix
Returning to a moderate risk profile	NCOs to average loans	.86%	.63%	40-50 bps	<ul style="list-style-type: none"> ▪ Focus on relationship clients ▪ Exit noncore portfolios ▪ Limit concentrations ▪ Focus on risk-adjusted returns
Growing high quality, diverse revenue streams	Net interest margin	3.23%	3.06%	>3.50%	<ul style="list-style-type: none"> ▪ Improve funding mix ▪ Focus on risk-adjusted returns ▪ Grow client relationships ▪ Leverage Key's total client solutions and cross-selling capabilities
	Noninterest income to total revenue	48%	47%	>40%	
Creating positive operating leverage	Efficiency ratio	65%	69%	60-65%	<ul style="list-style-type: none"> ▪ Improve efficiency and effectiveness ▪ Leverage technology ▪ Change cost base to more variable from fixed
Executing our strategies	Return on average assets	1.08%	1.12%	1.00-1.25%	<ul style="list-style-type: none"> ▪ Execute our client insight-driven relationship model ▪ Focus on operating leverage ▪ Improved funding mix with lower cost core deposits

(a) Continuing operations, unless otherwise noted

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

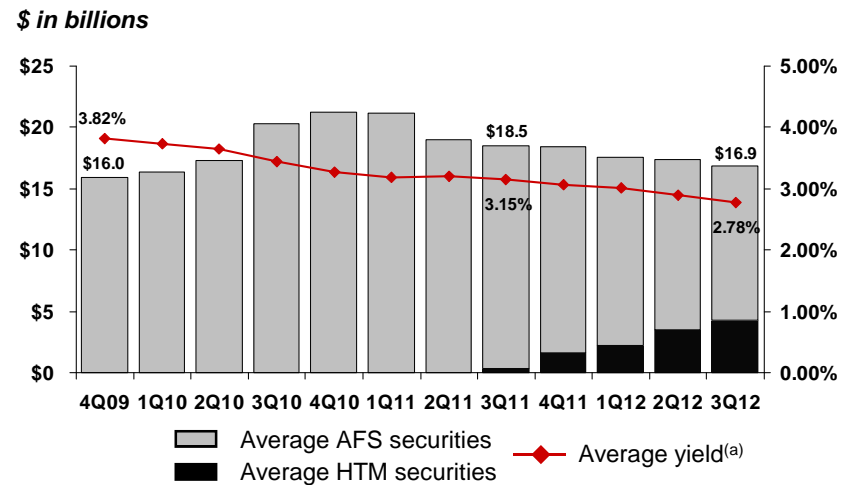


High Quality Investment Portfolio

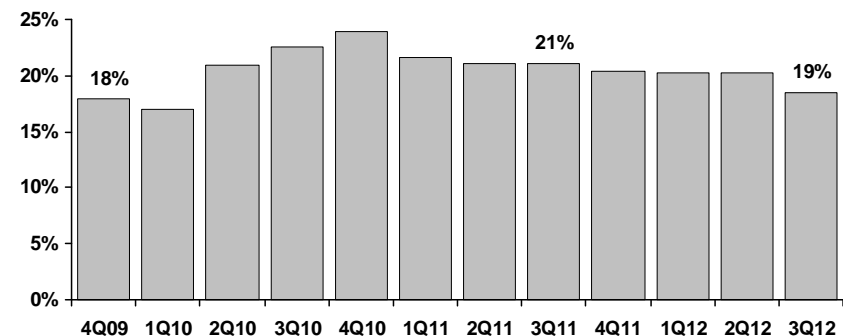
Highlights

- Portfolio composed of Agency or GSE backed: GNMA, Fannie & Freddie
 - No private label MBS or financial paper
- Average portfolio life at 9/30/12: 2.3 years
- Unrealized net gain of \$393 million on available-for-sale securities portfolio at 9/30/12
- Mortgage paydowns of \$1.6 billion in 3Q12 and \$1.5 billion in 2Q12
- Investment securities declined as paydowns were reinvested for loan growth and acquired assets

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

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		Ending allowance ^(c)	Allowance / period-end loans ^(c)	Allowance / NPLs
	9/30/12	3Q12	3Q12	2Q12	3Q12	2Q12	9/30/12	6/30/12	9/30/12	9/30/12	9/30/12
Commercial, financial and agricultural^(a)	\$21,979	\$21,473	\$7	\$3	.13 %	.06 %	\$132	\$141	\$318	1.45 %	240.91 %
Commercial real estate:											
Commercial mortgage	7,529	7,463	21	9	1.12	.48	134	172	221	2.94	164.93
Construction	1,067	1,116	2	4	.71	1.32	53	68	48	4.50	90.57
Commercial lease financing	4,960	5,026	(8)	10	(.63)	.77	18	18	66	1.33	366.67
Real estate - residential mortgage	2,138	2,092	6	6	1.14	1.21	83	78	25	1.17	30.12
Home equity:											
Key Community Bank	9,768	9,734	62	21	2.53	.90	171	141	89	.91	52.05
Other	409	468	5	7	4.25	5.71	18	17	24	5.87	133.33
Consumer other— Key Community Bank	1,313	1,297	7	8	2.15	2.58	3	2	32	2.44	N/M
Credit cards	710	432	2	-	1.84	N/M	8	-	25	3.52	312.50
Consumer other:											
Marine	1,448	1,493	6	7	1.60	1.77	31	19	36	2.49	116.13
Other	98	101	(1)	2	(3.94)	7.96	2	1	4	4.08	200.00
Continuing total	\$51,419	\$50,695	\$109	\$77	.86 %	.63 %	\$653	\$657	\$888	1.73 %	135.99 %
Discontinued operations - education lending business	5,328	5,403	12	12	1.67	1.64	22	18	66	2.34	300.00
Consolidated total	\$56,747	\$56,098	\$121	\$89	.90 %	.68 %	\$675	\$675	\$954	1.76 %	141.33 %

N/M = Not Meaningful

- (a) Ending and average loans for third quarter 2012 include commercial credit card balances of \$88 million and \$54 million, respectively
- (b) Net loan charge-off amounts are annualized in calculation. NCO ratios for discontinued operations and consolidated Key exclude education loans in the securitization trusts since valued at fair-market value
- (c) 9-30-12 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



Home Equity Loans – 9/30/12

Community Bank – Home Equity

\$ in millions, except average loan size	Loan Balances	Average Loan Size (\$)	Average FICO	Average LTV(a)	% of Loans LTV>90%	Vintage (% of Loans)				
						2011 and later	2010	2009	2008	2007 and prior
Home equity loans and lines										
First lien	\$ 5,293	\$ 62,873	757	66 %	.6 %	29 %	6 %	7 %	9 %	49 %
Second lien	4,475	46,561	755	75	3.0	19	5	6	16	54
Total home equity loans and lines	\$ 9,768	\$ 54,177	756	71	1.8	25	6	6	12	51
Nonaccrual loans										
First lien	\$ 89	\$ 55,358	715	72 %	1.1 %	2 %	3 %	6 %	4 %	85 %
Second lien	82	36,397	709	79	2.9	1	1	3	16	79
Total home equity nonaccrual loans	\$ 171	\$ 44,338	712	75	1.9	2	2	5	9	82
Community Bank - Home Equity										
Third quarter net charge-offs	\$ 62					1 %	1 %	2 %	21 %	75 %
Net loan charge-offs to average loans	2.53 %									

Exit Portfolio – Home Equity

\$ in millions, except average loan size	Loan Balances	Average Loan Size (\$)	Average FICO	Average LTV(a)	% of Loans LTV>90%	Vintage (% of Loans)				
						2011 and later	2010	2009	2008	2007 and prior
Home equity loans and lines										
First lien	\$ 18	\$ 22,571	745	34 %	.4 %	-	-	2 %	1 %	97 %
Second lien	391	23,782	730	82	32.3	-	-	-	2	98
Total home equity loans and lines	\$ 409	\$ 23,725	731	80	30.8	-	-	-	2	98
Nonaccrual loans										
First lien	\$ 1	\$ 19,932	729	37 %	3 %	-	-	-	-	100 %
Second lien	17	19,259	704	83	36.1	-	-	-	2 %	98
Total home equity nonaccrual loans	\$ 18	\$ 19,288	705	82	34.7	-	-	-	2	98
Exit Portfolio - Home Equity										
Third quarter net charge-offs	\$ 5					-	-	-	1 %	99 %
Net loan charge-offs to average loans	4.25 %									



(a) Average LTVs are at origination. Current average LTVs for Community Bank total home equity loans and lines is approximately 79%, which compares to 79% at the end of the second quarter 2012.

Exit Loan Portfolio

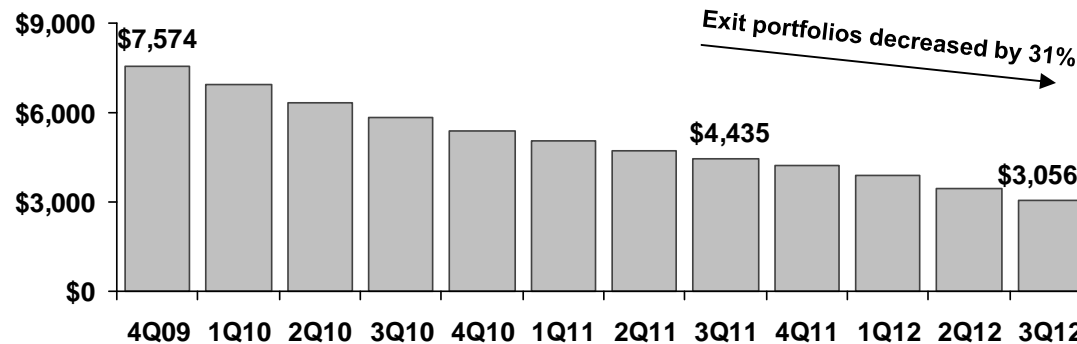
Exit Loan Portfolio

\$ in millions

	Balance Outstanding		Change 9-30-12 vs. 6-30-12	Net Loan Charge-offs		Balance on Nonperforming Status	
	9-30-12	6-30-12		3Q12 ^(c)	2Q12	9-30-12	6-30-12
Residential properties – homebuilder	\$31	\$33	\$(2)	-	-	\$6	\$14
Marine and RV floor plan	35	39	(4)	\$(1)	\$2	12	15
Commercial lease financing ^(a)	1,035	1,237	(202)	(3)	1	8	9
Total commercial loans	1,101	1,309	(208)	(4)	3	26	38
Home equity – Other	409	479	(70)	5	7	18	17
Marine	1,448	1,542	(94)	6	7	31	19
RV and other consumer	98	101	(3)	(1)	2	2	1
Total consumer loans	1,955	2,122	(167)	10	16	51	37
Total exit loans in loan portfolio	<u>\$3,056</u>	<u>\$3,431</u>	<u>\$(375)</u>	<u>\$6</u>	<u>\$19</u>	<u>\$77</u>	<u>\$75</u>
Discontinued operations - education lending business (not included in exit loans above) ^(b)	\$5,328	\$5,483	\$(155)	\$12	\$12	\$22	\$18

Exit Loan Portfolio Trend (Excluding Discontinued Operations)

\$ in millions

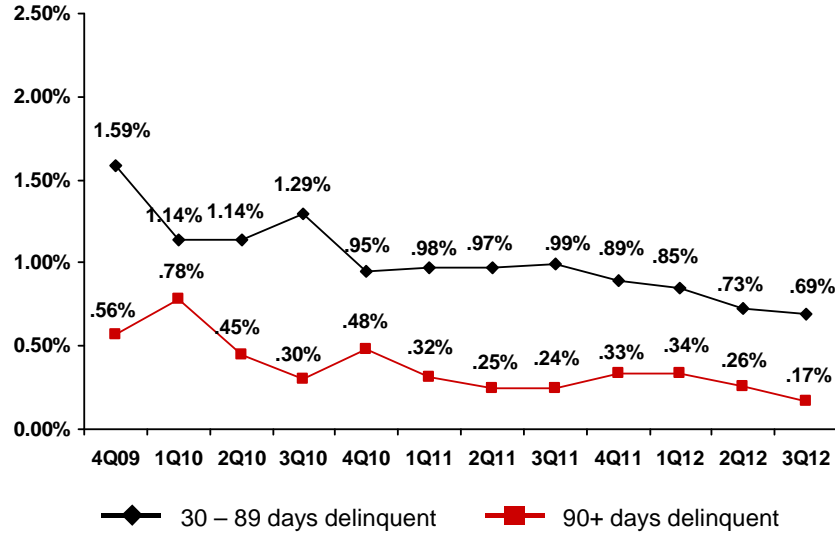


- (a) Includes (1) the business aviation, commercial vehicle, office products, construction and industrial leases; (2) Canadian lease financing portfolios; and (3) all remaining balances related to lease in, lease out; sale in, lease out; service contract leases; and qualified technological equipment leases
- (b) Includes loans in Key's consolidated education loan securitization trusts
- (c) Credit amounts indicate recoveries exceeded charge-offs

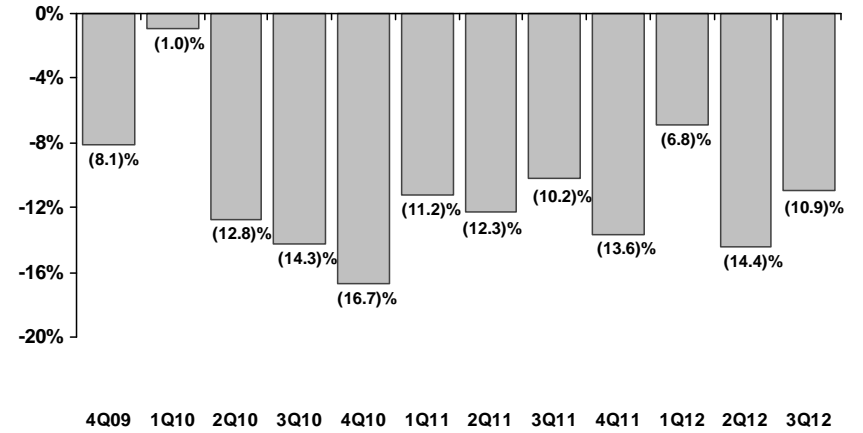


Credit Quality Trends

Delinquencies to Period-end Total Loans



Quarterly Change in Criticized Outstandings (a)



(a) Loan and Lease Outstandings



GAAP to Non-GAAP Reconciliation

\$ in millions

	Three months ended		
	9-30-12	6-30-12	9-30-11
Tangible common equity to tangible assets at period end			
Key shareholders' equity (GAAP)	\$ 10,251	\$ 10,155	\$ 9,901
Less: Intangible assets ^(a)	1,031	932	935
Preferred Stock, Series A	291	291	291
Tangible common equity (non-GAAP)	<u>\$ 8,929</u>	<u>\$ 8,932</u>	<u>\$ 8,675</u>
Total assets (GAAP)	\$ 86,950	\$ 86,523	\$ 89,262
Less: Intangible assets ^(a)	1,031	932	935
Tangible assets (non-GAAP)	<u>\$ 85,919</u>	<u>\$ 85,591</u>	<u>\$ 88,327</u>
Tangible common equity to tangible assets ratio (non-GAAP)	10.39 %	10.44 %	9.82 %
Tier 1 common equity at period end			
Key shareholders' equity (GAAP)	\$ 10,251	\$ 10,155	\$ 9,901
Qualifying capital securities	339	339	1,377
Less: Goodwill	979	917	917
Accumulated other comprehensive income (loss) ^(b)	(109)	(109)	88
Other assets ^(c)	121	71	72
Total Tier 1 capital (regulatory)	<u>9,599</u>	<u>9,615</u>	<u>10,201</u>
Less: Qualifying capital securities	339	339	1,377
Preferred Stock, Series A	291	291	291
Total Tier 1 common equity (non-GAAP)	<u>\$ 8,969</u>	<u>\$ 8,985</u>	<u>\$ 8,533</u>
Net risk-weighted assets (regulatory) ^{(c), (d)}	\$ 78,447	\$ 77,236	\$ 75,643
Tier 1 common equity ratio (non-GAAP) ^(d)	11.43 %	11.63 %	11.28 %
Pre-provision net revenue			
Net interest income (GAAP)	\$ 572	\$ 538	\$ 549
Plus: Taxable-equivalent adjustment	6	6	6
Noninterest income	544	485	483
Less: Noninterest expense	734	714	692
Pre-provision net revenue from continuing operations (non-GAAP)	<u>\$ 388</u>	<u>\$ 315</u>	<u>\$ 346</u>

(a) September 30, 2012 number excludes \$130 million of purchased credit card receivable intangible assets that are not fully excludable for capital purposes.

(b) 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 December 31, 2006, adoption and subsequent application of the applicable accounting guidance for defined benefit and other postretirement plans.

(c) 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, 2012, June 30, 2012, and September 30, 2011.

(d) 9-30-12 amount is estimated.



GAAP to Non-GAAP Reconciliation (continued)

\$ in millions

	Three months ended		
	9-30-12	6-30-12	9-30-11
Return on tangible common equity from continuing operations			
Net income (loss) from continuing operations attributable to Key common shareholders	\$ 214	\$ 221	\$ 229
Tangible common equity (non-GAAP)	8,929	8,932	8,675
Return on tangible common equity from continuing operations (non-GAAP)	9.53 %	9.95 %	10.47 %
Return on tangible common equity consolidated			
Net income (loss) attributable to Key common shareholders	\$ 214	\$ 231	\$ 212
Tangible common equity (non-GAAP)	8,929	8,932	8,675
Return on tangible common equity consolidated (non-GAAP)	9.53 %	10.40 %	9.70 %
Cash efficiency ratio			
Noninterest expense (GAAP)	\$ 734	\$ 714	\$ 692
Less: Intangible asset amortization on credit cards	6	—	—
Other intangible asset amortization	3	1	1
Adjusted noninterest expense (non-GAAP)	<u>\$ 725</u>	<u>\$ 713</u>	<u>\$ 691</u>
Net interest income (GAAP)	\$ 572	\$ 538	\$ 549
Plus: Taxable-equivalent adjustment	6	6	6
Noninterest income	544	485	483
Total taxable-equivalent revenue (non-GAAP)	<u>\$ 1,122</u>	<u>\$ 1,029</u>	<u>\$ 1,038</u>
Cash efficiency ratio (non-GAAP)	64.62 %	69.29 %	66.57 %



Tier 1 Common Equity under Basel III (estimated)

KeyCorp & Subsidiaries

TIER 1 COMMON EQUITY UNDER BASEL III (ESTIMATES) ⁽¹⁾	
<i>(\$'s in billions)</i>	Quarter ended Sept 30, 2012
Tier 1 Common Equity under Basel I	\$9.0
Adjustments from Basel I to Basel III:	
Cumulative Other Comprehensive Income ⁽²⁾	(0.1)
Deferred Tax Assets ⁽³⁾	(0.1)
Tier 1 common equity anticipated under Basel III ⁽⁴⁾	\$8.8
Total risk-weighted assets under Basel I	\$78.4
Adjustments from Basel I to Basel III:	
Market Risk Impact	0.6
Loan Commitments < 1 Year	1.1
Residential Mortgage Loans & Home Equity	1.9
Other	1.1
Total risk-weighted assets under Basel III	\$83.1
Tier 1 common equity to total risk-weighted assets anticipated under Basel III	10.5%

(1) Tier 1 common equity 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 Tier 1 common equity along with other measures of capital as part of its financial analyses.

(2) Includes AFS mark-to-market, cash flow hedges on items recognized at fair value on the balance sheet, and defined benefit pension liability.

(3) Deferred tax asset subject to future taxable income for realization, primarily tax credit carryforwards.

(4) The amount of regulatory capital and risk-weighted assets estimated under Basel III (as fully phased-in on January 1, 2019) is based upon the federal banking agencies' notices of proposed rulemaking, which implement Basel III and the Standardized Approach.

