

Morgan Stanley Financials Conference  
June 11, 2013

# KeyCorp

## Focused Forward

**Beth E. Mooney**

Chairman and  
Chief Executive Officer

**Christopher M. Gorman**

President,  
Key Corporate Bank

**Donald R. Kimble**

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: continued strain on the global financial markets as a result of economic slowdowns and concerns; the slow progress of the U.S. economic recovery; changes in trade, monetary and fiscal policies of various governmental bodies and central banks in the economies in which we operate; 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; changes in local, regional and international business, economic or political conditions in the regions where we operate or have significant assets; current regulatory initiatives in the U.S., including the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as amended, subjecting us to a variety of new and more stringent legal and regulatory requirements and increased scrutiny from our regulators; the deterioration of unemployment or real estate asset values or their failure to recover for an extended period of time; adverse changes in credit quality trends; our ability to determine accurate values of certain assets and liabilities; adverse behaviors in securities, public debt, and capital markets, including changes in market liquidity and volatility; 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; the soundness of other financial institutions; our ability to satisfy new capital and liquidity standards such as those imposed by the Dodd-Frank Act and those adopted by the Basel Committee; our ability to receive dividends from our subsidiary, KeyBank; reductions of the credit ratings assigned to KeyCorp and KeyBank; unexpected or prolonged changes in the level or cost of liquidity; our ability to secure alternative funding sources under stressed liquidity conditions; our ability to timely and effectively implement our strategic initiatives; operational or risk management failures; breaches of security or failures of our technology systems due to technological, cybersecurity threats or other factors; the occurrence of natural or man-made disasters or conflicts or terrorist attacks disrupting the economy or our ability to operate; the adequacy of our risk management programs; adverse judicial proceedings; increased competitive pressure due to consolidation; our ability to attract and/or retain talented executives and employees; our ability to effectively sell additional products or services to new or existing customers; our ability to manage our reputational risks; unanticipated adverse effects of acquisitions and dispositions of assets, business units or affiliates.

We provide greater detail regarding some of these factors in our 2012 Form 10-K, including in the section "Supervision and Regulation" in Item 1. Business, 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](http://www.key.com/ir) and on the SEC's website at [www.sec.gov](http://www.sec.gov).

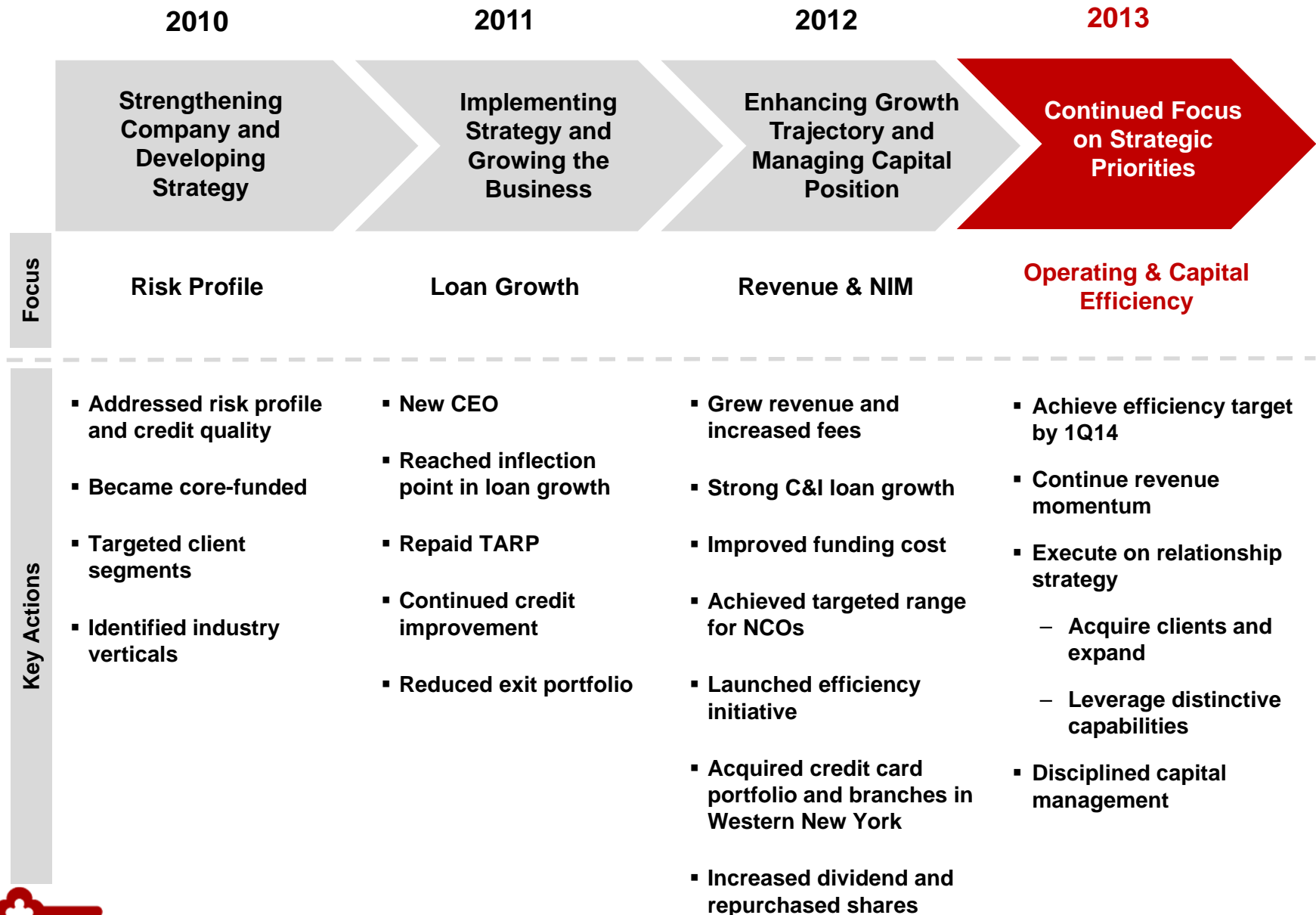
Key does not undertake any obligation to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements. Actual results or future events could differ, possibly materially, from those anticipated in forward-looking 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](http://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.

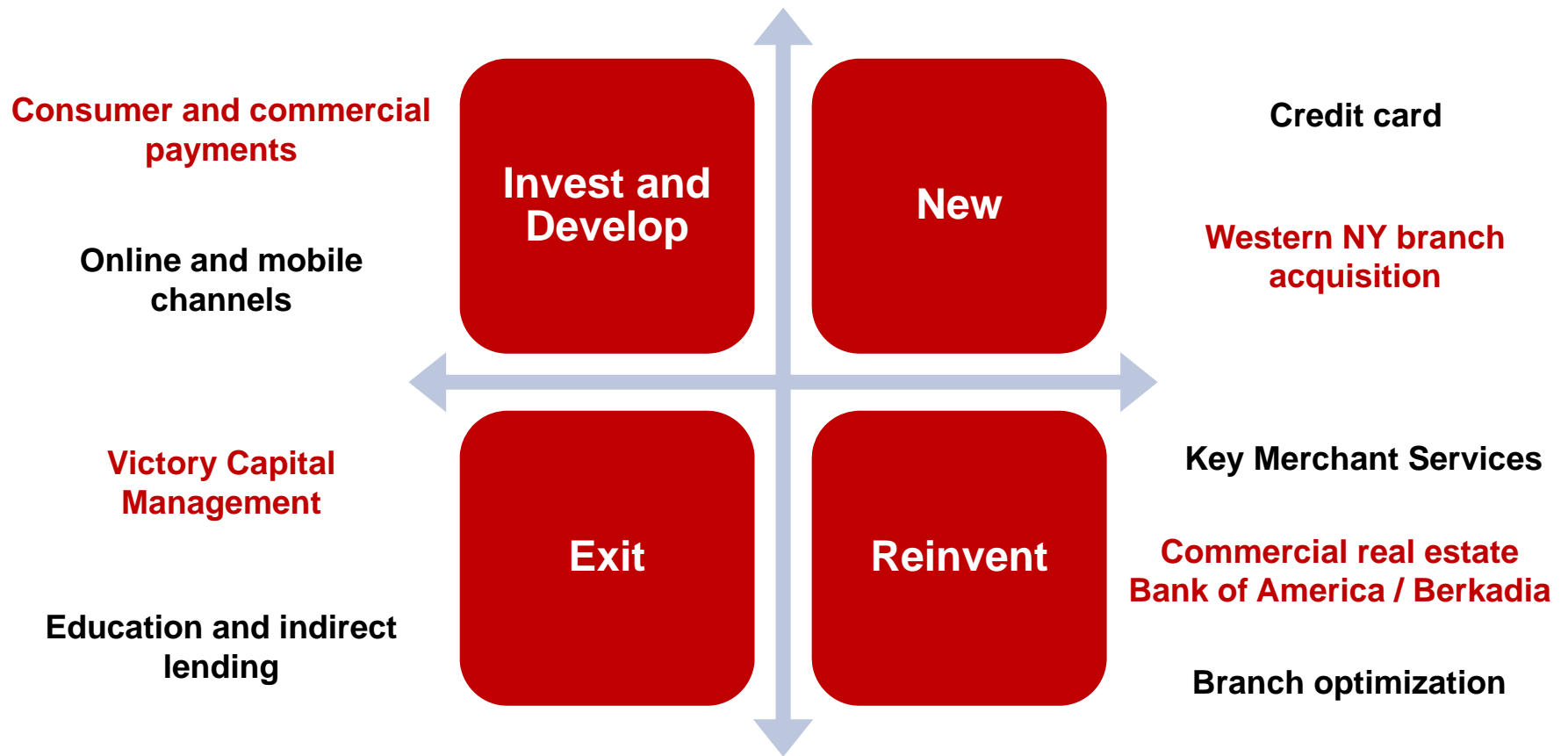


# Delivering Results, Focused Forward



# Actively Managing Businesses

Key evaluates all of its businesses to maximize long-term value, aligning core businesses with core competencies



# Significant Commercial Capabilities

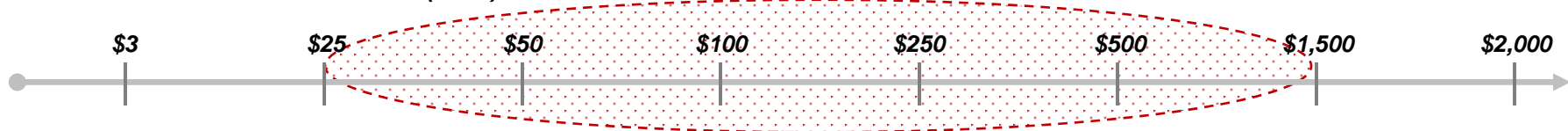
Key has broad and deep commercial capabilities that serve targeted middle market clients across our franchise

- Delivered through local Relationship Managers in Key Community Bank and national industry specialists in Key Corporate Bank
- 300+ capital markets bankers provide product capability to enhance our client coverage and deepen relationships -- Key delivers 'big bank' capabilities to middle market clients

Traditional Bank Products		Capital Markets Capabilities			
Loans	Deposits & treasury management	Commercial mortgage banking	Derivatives & foreign exchange	Equity capital markets	Equity research
Equipment finance	Wealth management & private banking	M&A / financial sponsors / leveraged finance	Investment grade & high-yield debt	Loan syndications	Public finance

## Key's Competitive Advantage

Commercial Client Revenue Size (\$MM)



# Positioning to Win

We are investing in senior relationship managers with expertise and existing relationships who can help us add clients to better leverage our platform

## Commercial Client RM Coverage

### Key Community Bank Generalists

*Business  
Banking*

*Commercial Banking*

### Key Corporate Bank Industry Specialists

*Consumer*

*Energy*

*Healthcare*

*Industrial*

*Public sector*

*Real estate*

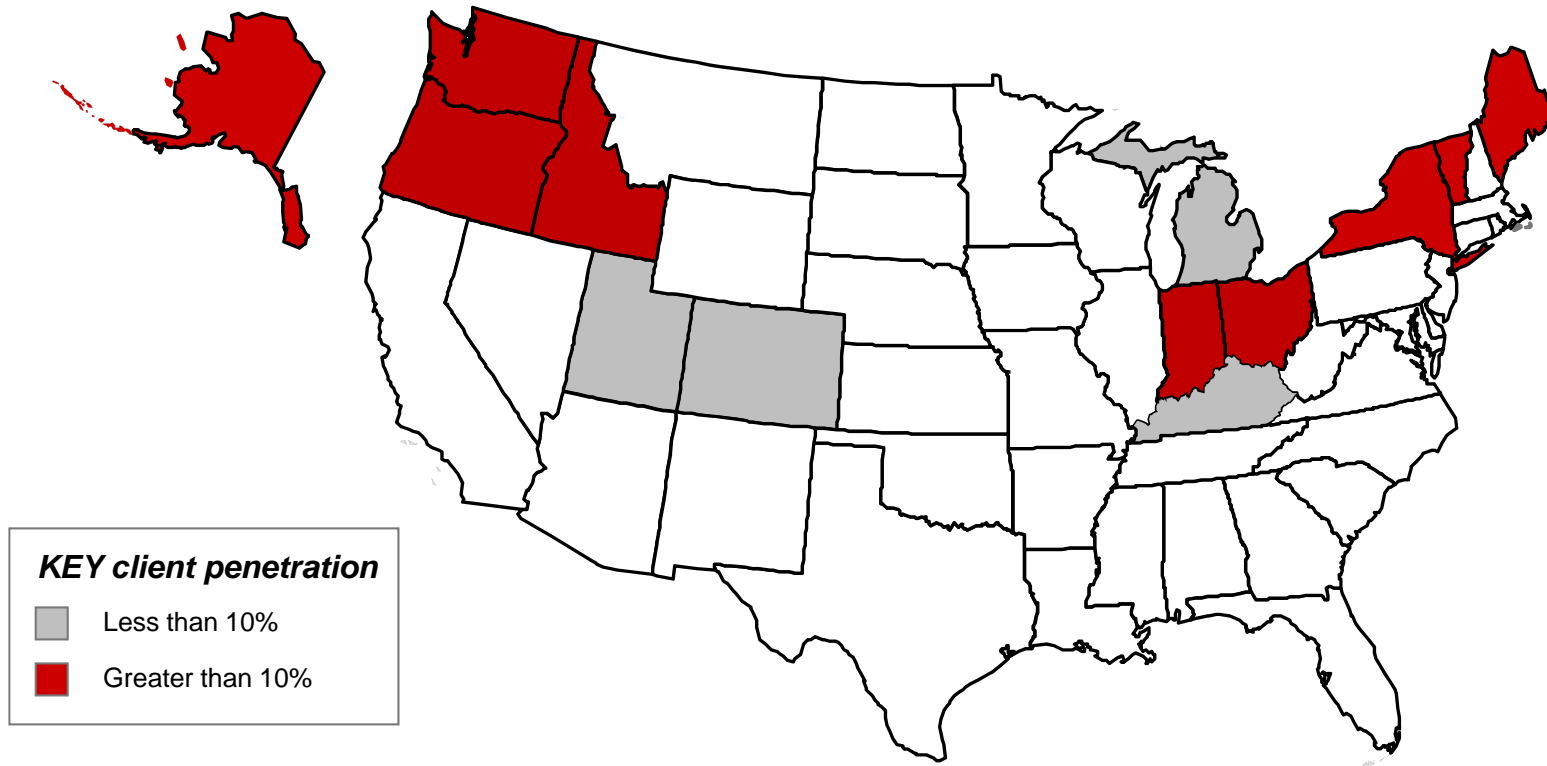
- *More than 100 senior bankers hired in Key Corporate Bank since 1Q10*
- *Over \$270 million in revenue and more than \$1.5 billion in loans from newly hired relationship managers*
- *Supporting existing relationship manager staff with enhanced capabilities*



# Sizing the Opportunity

Committed to realizing the significant opportunity presented by leveraging our platform for meaningful, profitable growth

Our footprint contains more than 10,000 targets in our focus industry segments with revenue between \$25 million and \$1.5 billion — less than 2,000 are clients



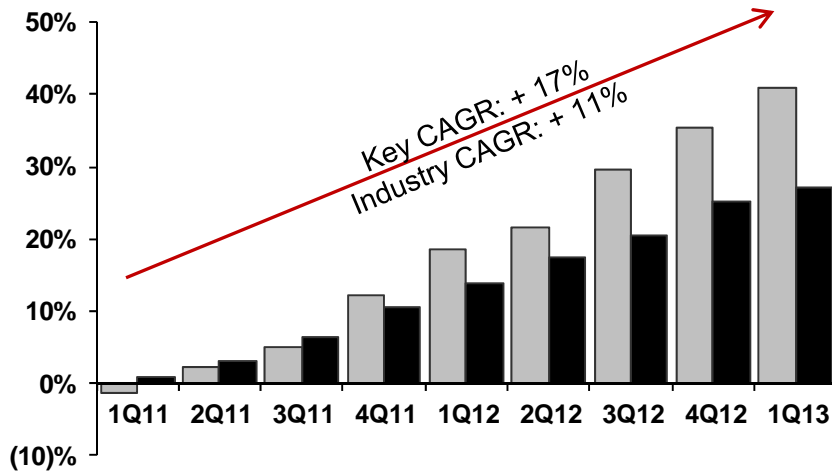
Source: Dun & Bradstreet, Capital IQ, Thomson Reuters

# Measuring Our Progress

Gaining commercial client share and providing more value to our clients

## Commercial & Industrial Loans

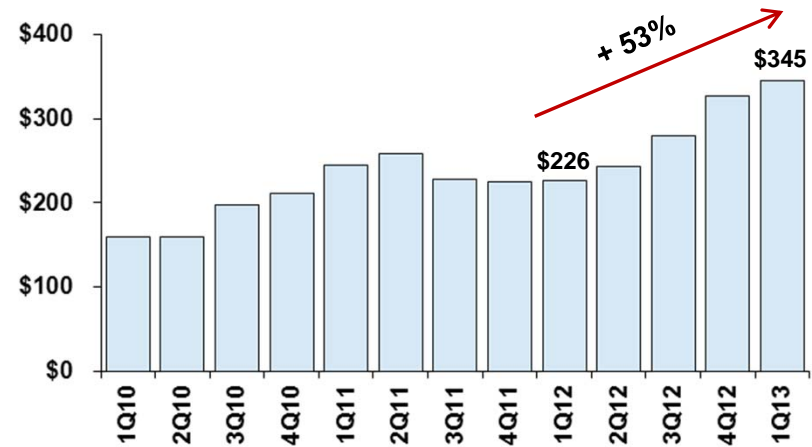
Ending Balance; Cumulative % Change from 4Q10



Key U.S. Commercial Banks (a)

## Investment Banking & Debt Placement Fees

Trailing Twelve Months (\$MM)



(a) Source: Federal Reserve H8; industry data are not seasonally adjusted



# Transforming the Community Bank

Changing Environment and Client Preferences Require Adaptability

Slow-growth Economy and Low Interest Rates

Regulatory Changes

Highly Competitive Environment and New Entrants

Changes in Client Preferences

- **Macro-economic growth outlook lacks major catalysts**
- **Regulatory changes require increased resources and impact fee revenue**
- **Stagnant demand has made lending environment highly competitive**
- **Niche players and non-bank competitors aggressively engaging, particularly in payments**
- **Clients requiring access to information across multiple channels**
- **Online and mobile usage on the rise**
  - **2 million mobile log-ins in March, doubled prior year**

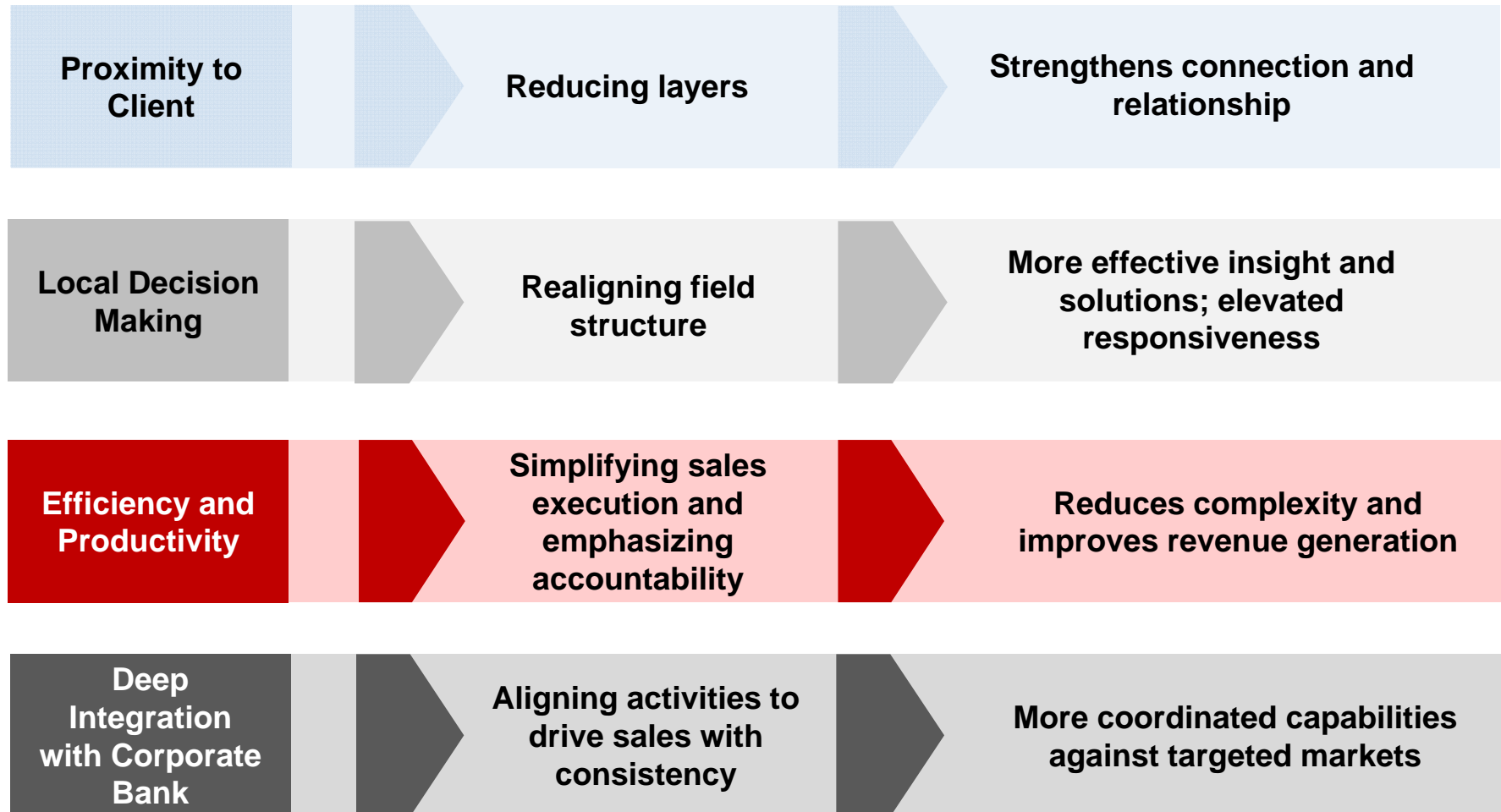


# Transforming the Community Bank

## Critical Aspects of the Model

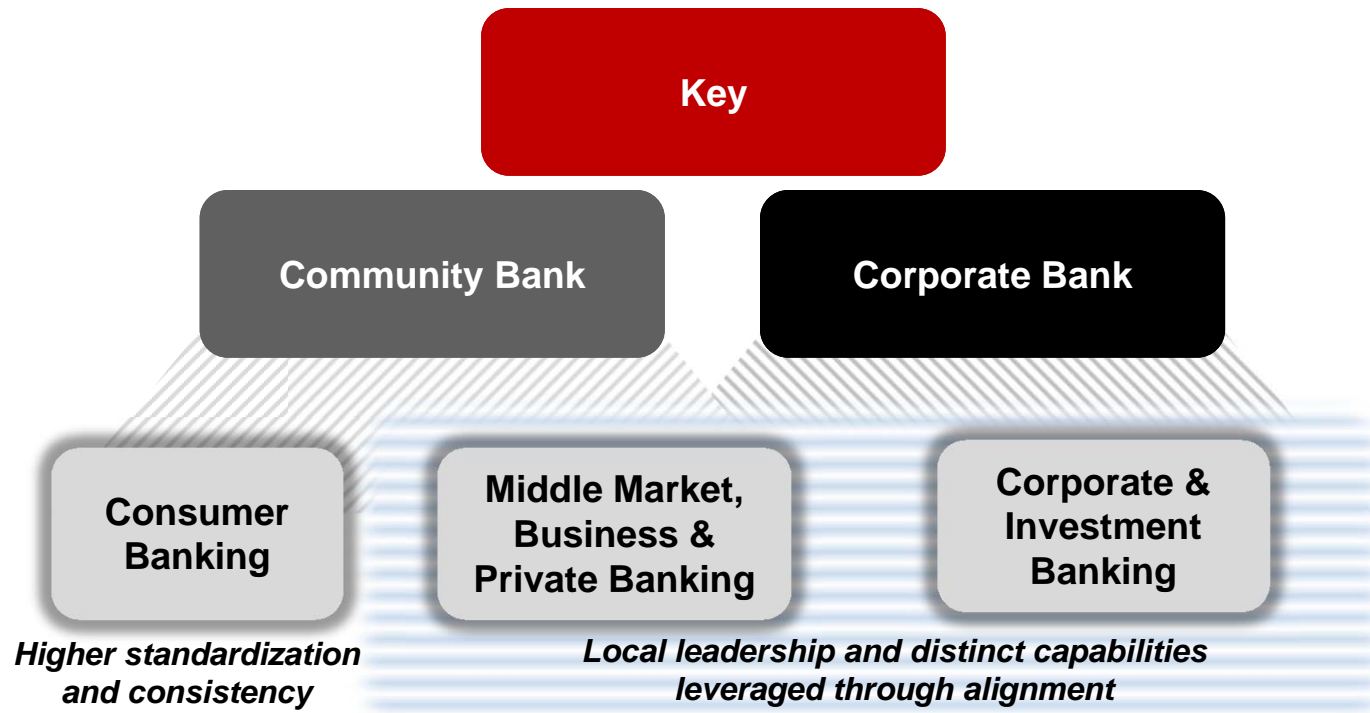
## Actions

## Result



# Transforming the Community Bank

Adapting and Repositioning to Drive Results



***Enables more effective execution of our client-focused strategies***



# Transforming the Community Bank

## Optimizing our Franchise: Adapting and Repositioning our Presence

### Market Analysis Criteria

Potential

Performance

Competition

Scale

### Classification

Invest

Maintain

Optimize

Exit

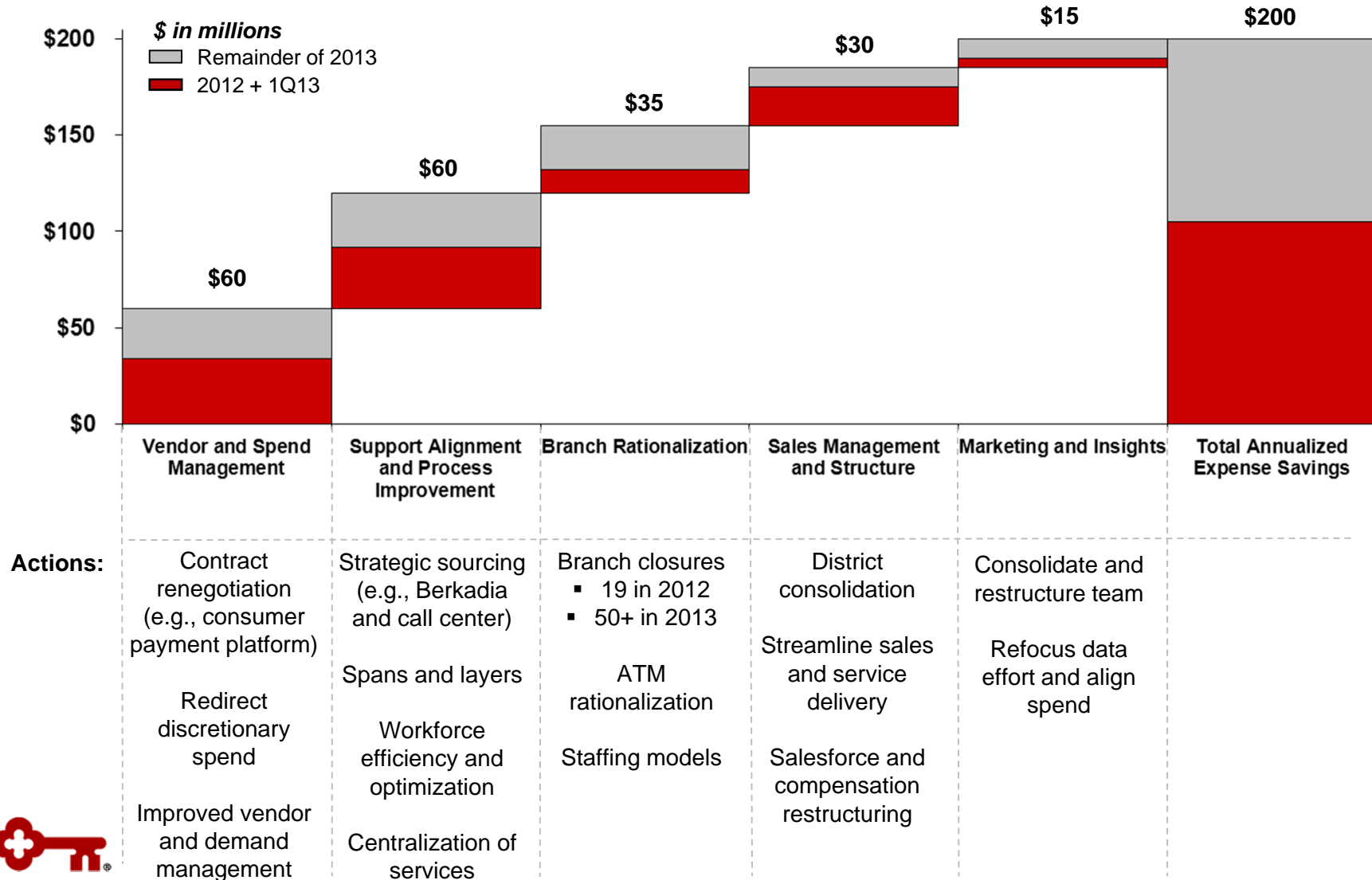
- Executing branch and ATM rationalization plans
  - Consolidating 70 branches during 2012 and 2013
  - Removing 200+ terminals in 2013
- Investing in complementary channels
  - Key Mobile Deposit
  - New tablet applications
  - Enhanced Bill Pay and cash flow management capabilities

## Opportunity to Redefine Density and Convenience



# Progress on Cost Reductions

Key achieved \$105 million in annualized expense savings through 1Q13, on target to realize the goal of \$200 million in annualized savings by December 2013



## Committed to Efficiency

Committed to reaching our near  
term efficiency ratio target of

**60% to 65%**

by 1Q14

... and identifying ways to further improve the efficiency ratio  
beyond 1Q14



# Disciplined Capital Management

Disciplined capital management allows Key to execute on its strategic priorities and maximize shareholder value

## Capital Priorities

### 1. Organic Growth

- Investing in our franchise
- Focused execution of our strategy

### 2. Dividends

- 10% increase in common share dividend in 2Q13

### 3. Share Repurchases

- Initiated new share repurchase program of up to \$426 million
- Additional share repurchases related to sale of Victory

### 4. Opportunistic Growth

- Acquisition of commercial servicing business
- 2012 acquisitions: credit card and Western NY branches

Total payout ratio over the next four quarters estimated to be highest among peers



Note: Payout ratio calculation based upon 2013 CCAR submissions and generally available industry data

# Delivering Shareholder Value





# Appendix



# Progress on Targets for Success

KEY Business Model	KEY Metrics <sup>(a)</sup>	KEY 1Q13	KEY 4Q12	Targets	Action Plans
Core funded	Loan to deposit ratio <sup>(b)</sup>	87%	86%	90-100%	<ul style="list-style-type: none"> <li>Use integrated model to grow relationships and loans</li> <li>Improve deposit mix</li> </ul>
Maintaining a moderate risk profile	NCOs to average loans	.38%	.44%	40-60 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>
	Provision to average loans	.42%	.44%		
Growing high quality, diverse revenue streams	Net interest margin	3.24%	3.37%	>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>Capitalize on Key's total client solutions and cross-selling capabilities</li> </ul>
	Noninterest income to total revenue	42%	42%	>40%	
Creating positive operating leverage	Cash efficiency ratio <sup>(c)</sup>	66%	69%	60-65%	<ul style="list-style-type: none"> <li>Improve efficiency and effectiveness</li> <li>Better utilize technology</li> <li>Change cost base to more variable from fixed</li> </ul>
Executing our strategies	Return on average assets	.99%	.96%	1.00-1.25%	<ul style="list-style-type: none"> <li>Execute our client insight-driven relationship model</li> <li>Focus on operating leverage</li> <li>Improved funding mix with lower cost core deposits</li> </ul>

(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)

(c) Excludes intangible asset amortization; Non-GAAP measure: see slides 31-32 for reconciliation



# Financial Summary – First Quarter 2013

	Metrics	1Q13	4Q12	1Q12
<b>Financial Performance</b> <sup>(a)</sup>	Income from continuing operations attributable to Key common shareholders – assuming dilution	\$ .21	\$ .20	\$ .20
	Net interest margin (TE)	3.24%	3.37%	3.16%
	Return on average total assets	.99	.96	1.01
<b>Capital</b> <sup>(b)</sup>	Tier 1 common equity <sup>(c)</sup>	11.4%	11.4%	11.5%
	Tier 1 risk-based capital	12.2	12.2	13.3
	Tangible common equity to tangible assets <sup>(c)</sup>	10.2	10.2	10.3
	Book value per common share	\$10.89	\$10.78	\$10.26
<b>Asset Quality</b> <sup>(a)</sup>	Net loan charge-offs to average loans	.38%	.44%	.82%
	NPLs to EOP portfolio loans	1.24	1.28	1.35
	NPAs to EOP portfolio loans + OREO + Other NPAs	1.34	1.39	1.55
	Allowance for loan losses to period-end loans	1.70	1.68	1.92
	Allowance for loan losses to NPLs	137.4	131.8	141.7

TE = Taxable equivalent, EOP = End of Period

(a) From continuing operations

(b) From consolidated operations

(c) Non-GAAP measure: see slides 31-32 for reconciliation

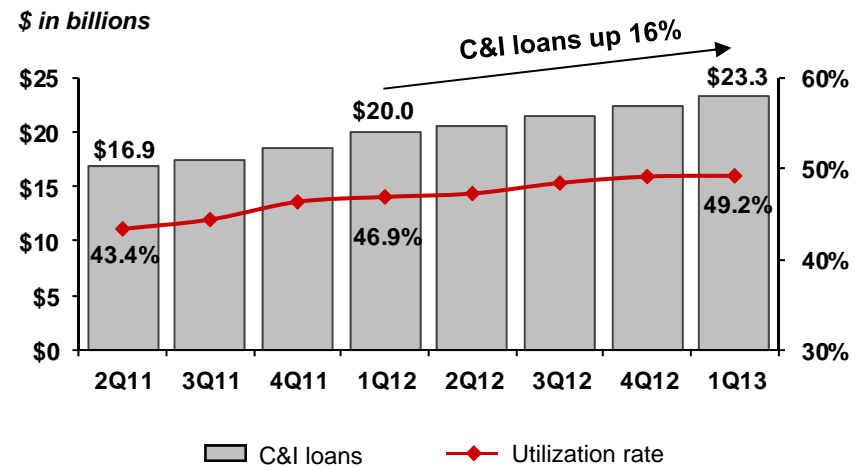


# Loan Growth

## Highlights

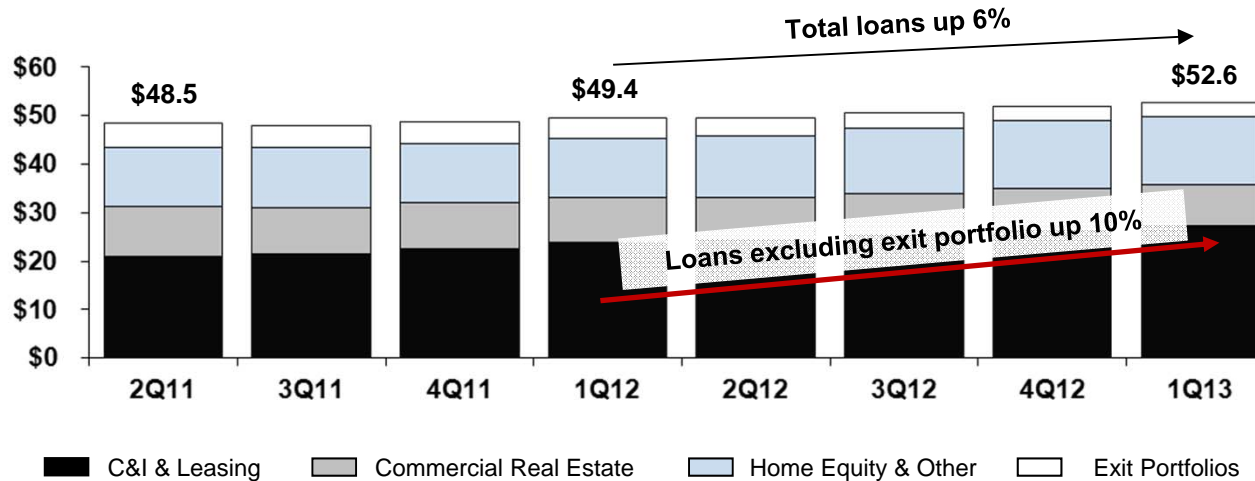
- Average loan growth driven by C&I, while the exit portfolio continues to run-off
- Originated \$8.5 billion in new or renewed lending commitments during 1Q13
- C&I commitment utilization increased to 49.2%
- Clients remained cautious in their borrowing following a strong 4Q12

## Average Commercial & Industrial Loans



## Average Loans

*\$ in billions*

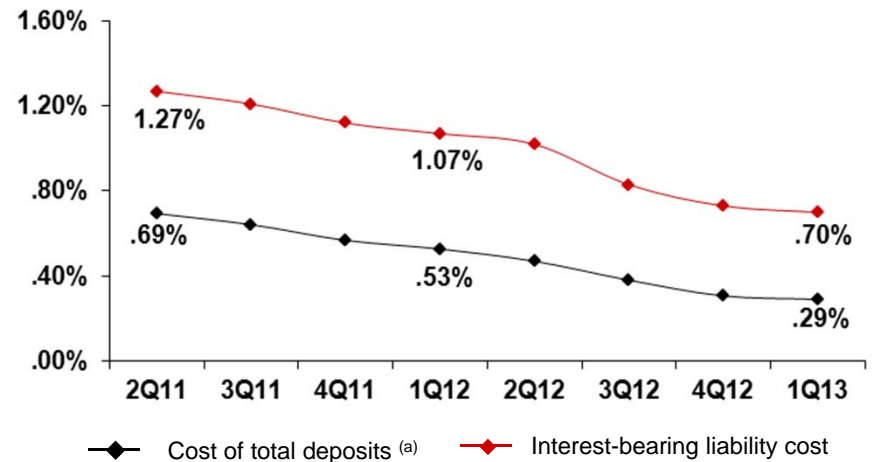


# Improving Deposit Mix

## Highlights

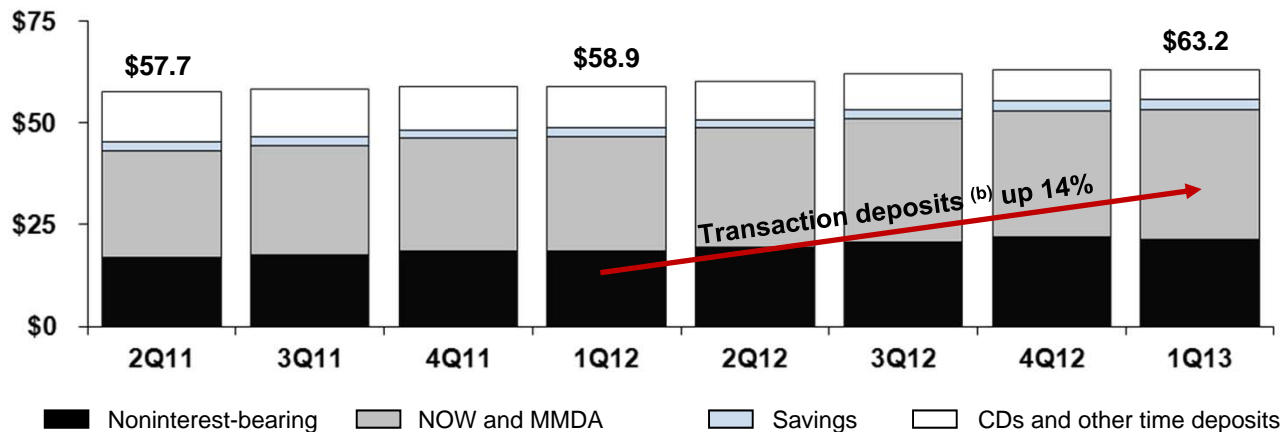
- Overall funding cost continues to improve, with total deposit cost declining to 29 bps
- Transaction deposit balances up 14% from 1Q12
- Total CD maturities and average cost
  - 2013 Q2: \$2.0 billion at 0.85%
  - 2013 Q3: \$1.3 billion at 1.30%
  - 2013 Q4: \$0.8 billion at 1.37%
  - 2014: \$2.2 billion at 1.97%
  - 2015 & beyond: \$1.1 billion at 2.60%

## Funding Cost



## Average Deposits (a)

\$ in billions



Noninterest-bearing
  NOW and MMDA
  Savings
  CDs and other time deposits

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



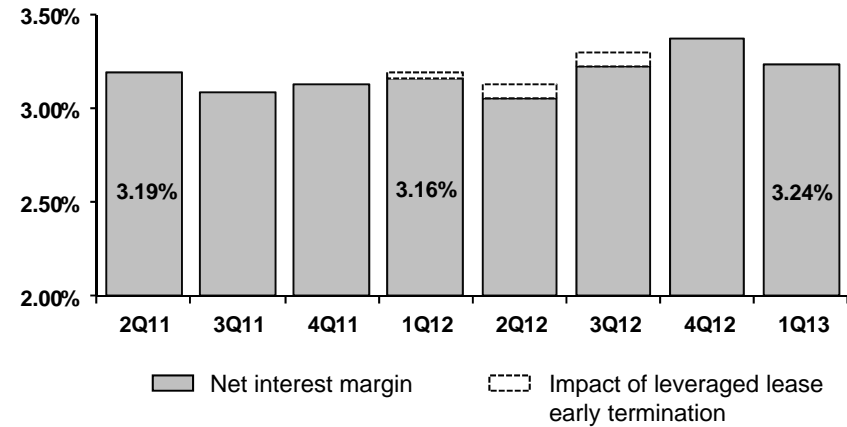
# Total Revenue

## Highlights

- Net interest income increased 5% from prior year, with net interest margin up 8 basis points
- Net interest margin compared to prior quarter impacted by lower asset yields and higher liquidity
- Noninterest income reflects seasonal change from strong 4Q12

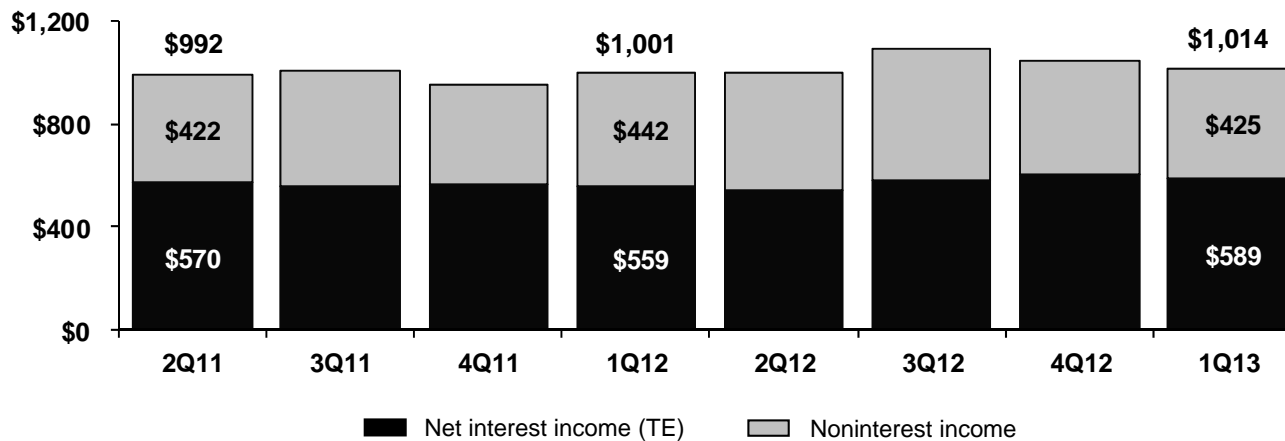
## Net Interest Margin (TE) Trend

### Continuing Operations



## Total Revenue Mix

\$ in millions



TE = Taxable equivalent

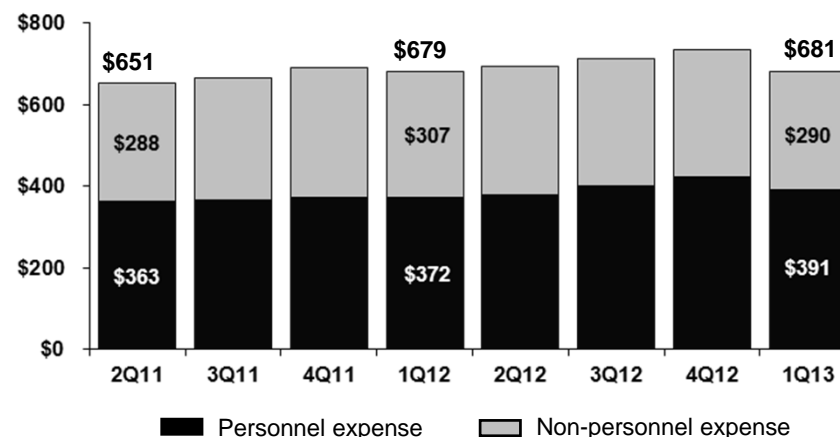
# Focused Expense Management

## Highlights

- **Significant progress made on efficiency initiative**
  - Achieved \$105 million in annualized expense savings through 1Q13
  - On target for \$200 million in expense savings by December 2013, with full-year impact expected in 2014
  
- **1Q13 expense included \$15 million related to efficiency initiative**
  
- **Focused on disciplined expense management with variability in 2013 anticipated from:**
  - Technology investments
  - Costs related to efficiency initiative

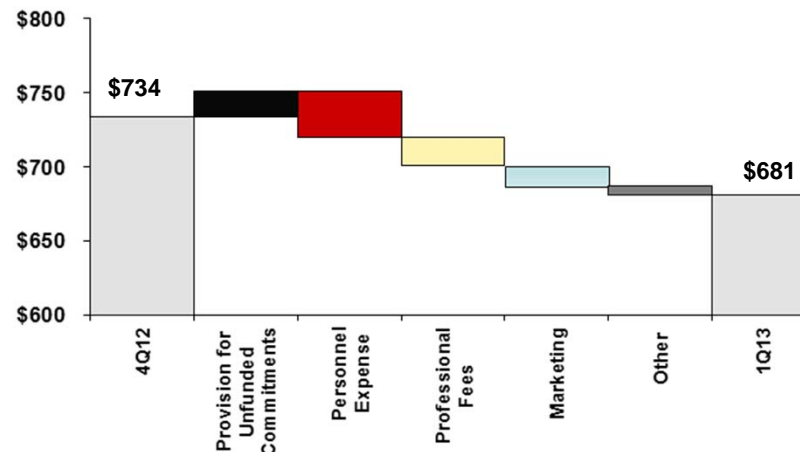
## Noninterest Expense

\$ in millions



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

\$ in millions



(a) Includes ongoing, one-time and amortization expenses

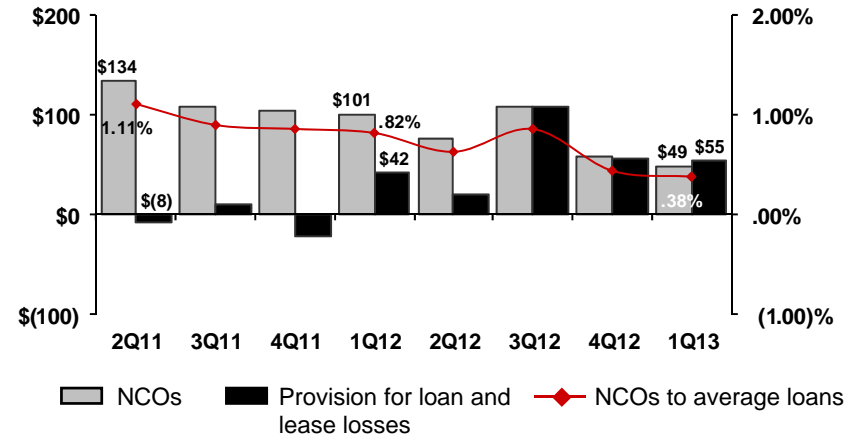
# Continued Improvement in Asset Quality

## Highlights

- Net loan charge-offs decreased 51% from 1Q12 to \$49 million, or 38 bps of average loans
- 1Q13 commercial loan net charge-offs were \$5 million or 6 bps
- Asset quality reaching normalized levels, with net charge-offs expected to be within targeted range

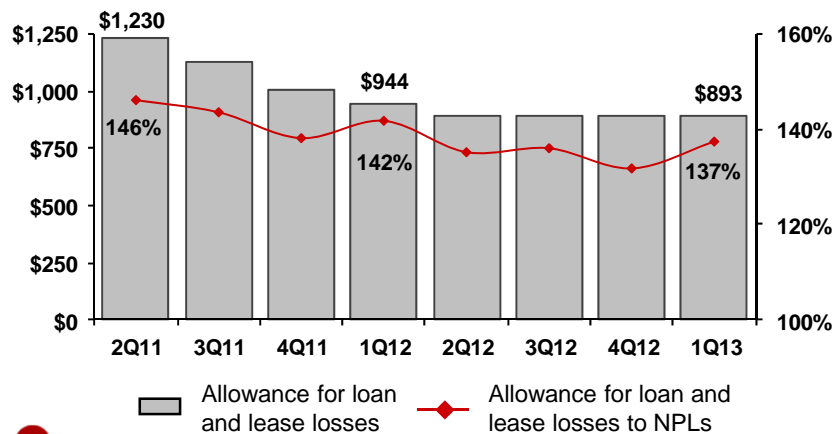
## Net Charge-offs & Provision for Loan and Lease Losses

\$ in millions



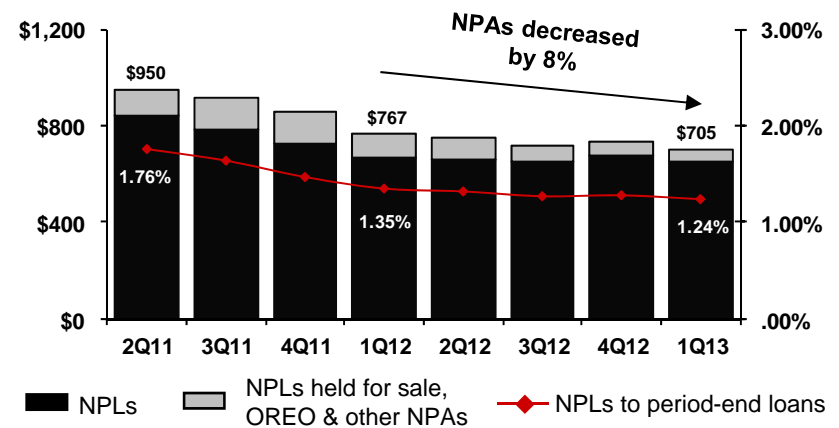
## Allowance for Loan and Lease Losses

\$ in millions



## Nonperforming Assets

\$ in millions



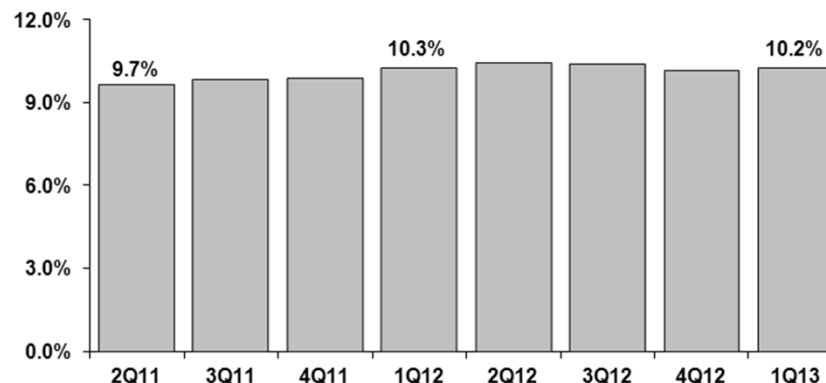


# Strong Capital Ratios

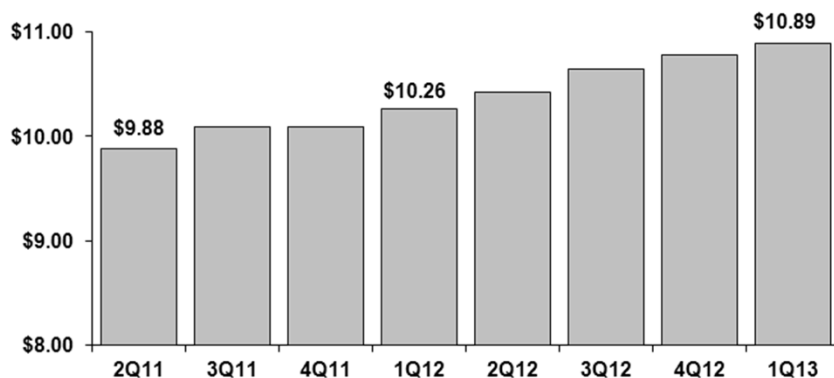
## Highlights

- No objection from Federal Reserve on capital plan
  - Board authorized share repurchase program of up to \$426 million
  - 10% increase in common share dividend
- Disciplined capital management process
  - Repurchased \$65 million in common shares during 1Q13, pursuant to 2012 capital plan
- Estimated Basel III Tier 1 common equity ratio of 10.4%<sup>(a), (b)</sup>

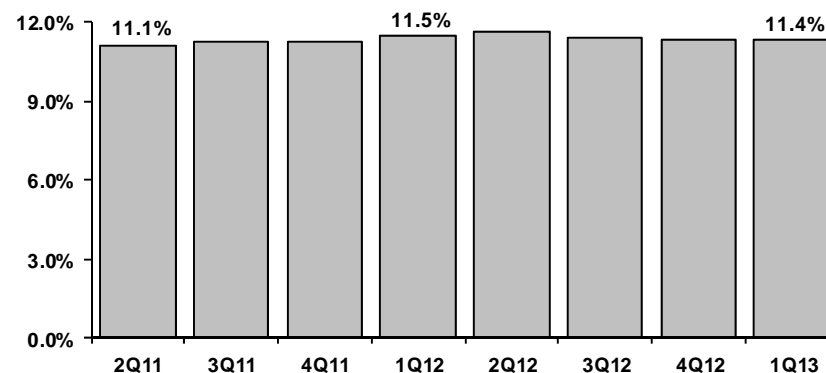
## Tangible Common Equity to Tangible Assets <sup>(b)</sup>



## Book Value per Share



## Tier 1 Common Equity <sup>(b)</sup>



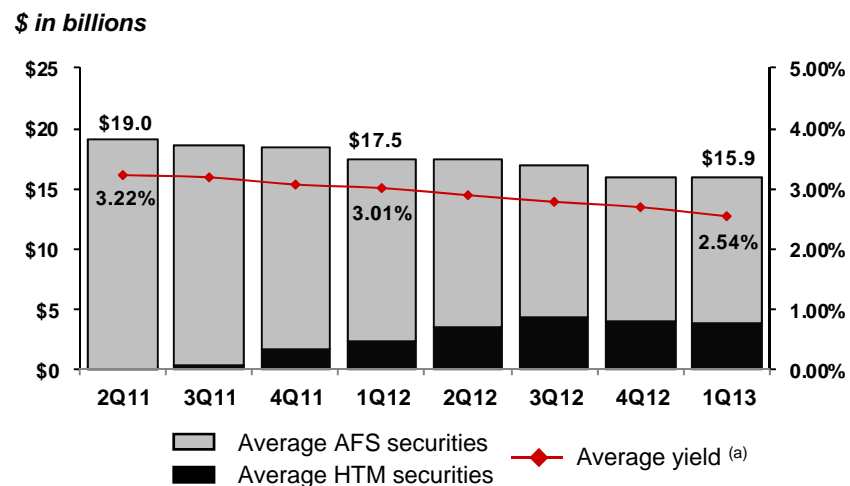
(a) Based upon March 31, 2013 pro forma analysis; see slide 33 for further detail  
 (b) Non-GAAP measure: see slides 31-33 for reconciliations

# High Quality Investment Portfolio

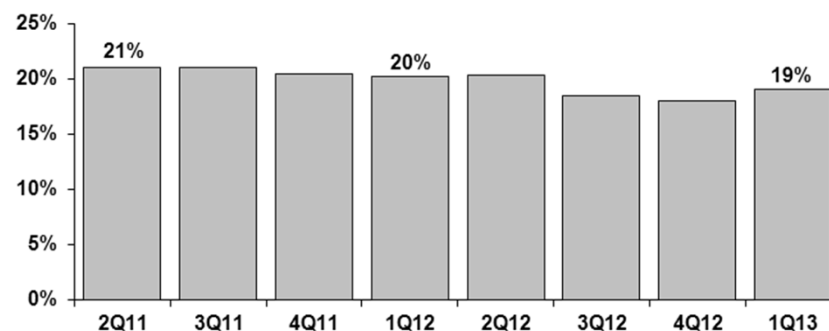
## Highlights

- Portfolio composed of Agency or GSE backed: GNMA, Fannie & Freddie
  - No private label MBS or financial paper
- Average portfolio life at 3/31/13: 2.8 years
- Unrealized net gain of \$330 million on available-for-sale securities portfolio at 3/31/13
- Mortgage cash flows of \$1.5 billion in 1Q13 and \$1.6 billion in 4Q12
- Deployment of increased liquidity expected to elevate portfolio size in 2Q13
- Yields on reinvestments are approximately 150 bps lower than maturities

## 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 <sup>(b)</sup> / average loans		Nonperforming loans <sup>(c)</sup>		Ending allowance <sup>(d)</sup>	Allowance / period-end loans <sup>(d)</sup>	Allowance / NPLs
	3/31/13	1Q13	1Q13	4Q12	1Q13	4Q12	3/31/13	12/31/12	3/31/13	3/31/13	3/31/13
<b>Commercial, financial and agricultural <sup>(a)</sup></b>	\$23,412	\$23,317	\$2	(\$8)	.03 %	(.14) %	\$142	\$99	\$338	1.44 %	238.03 %
<b>Commercial real estate:</b>											
Commercial mortgage	7,544	7,616	8	28	.43	1.47	114	120	193	2.56	169.30
Construction	1,057	1,034	(7)	3	(2.75)	1.12	27	56	35	3.31	129.63
<b>Commercial lease financing</b>	4,796	4,843	2	3	.17	.25	12	16	62	1.29	516.67
<b>Real estate — residential mortgage</b>	2,176	2,173	6	7	1.12	1.29	96	103	34	1.56	35.42
<b>Home equity:</b>											
Key Community Bank	9,809	9,787	16	(18)	.66	(.73)	199	210	106	1.08	53.27
Other	401	413	4	11	3.93	10.65	18	21	18	4.49	100.00
<b>Consumer other — Key Community Bank</b>	1,353	1,343	7	8	2.11	2.38	3	2	33	2.44	N/M
<b>Credit cards</b>	693	704	8	9	4.61	5.01	13	11	32	4.62	246.15
<b>Consumer other:</b>											
Marine	1,254	1,311	3	14	.93	3.97	25	34	38	3.03	152.00
Other	79	85	-	1	-	4.37	1	2	4	5.06	400.00
<b>Continuing total <sup>(e)</sup></b>	<b>\$52,574</b>	<b>\$52,626</b>	<b>\$49</b>	<b>\$58</b>	<b>.38 %</b>	<b>.44 %</b>	<b>\$650</b>	<b>\$674</b>	<b>\$893</b>	<b>1.70 %</b>	<b>137.38 %</b>
Discontinued operations	5,086	5,135	12	15	1.75	2.12	15	20	49	.96	326.67
<b>Consolidated total</b>	<b>\$57,660</b>	<b>\$57,761</b>	<b>\$61</b>	<b>\$73</b>	<b>.45 %</b>	<b>.53 %</b>	<b>\$665</b>	<b>\$694</b>	<b>\$942</b>	<b>1.63 %</b>	<b>141.65 %</b>

N/M = Not Meaningful

- (a) 3-31-13 ending loan balances include \$93 million of commercial credit card balances.
- (a) 3-31-13 and 12-31-12 average loan balances include \$91 million and \$90 million, respectively, of assets from commercial credit cards.
- (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) 3-31-13 and 12-31-12 NPL amounts exclude \$22 million and \$23 million, respectively, of purchased credit impaired loans acquired in July 2012
- (d) Allowance/period loans ratios for discontinued operations and consolidated Key exclude education loans in the securitization trusts since valued at fair-market value
- (e) 3-31-13 ending loan balances include purchased loans of \$204 million of which \$22 million were purchased credit impaired.



# Home Equity Loans – 3/31/13

## 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)				
						2012 and later	2011	2010	2009	2008 and prior
Home equity loans and lines										
First lien	\$ 5,429	\$ 64,520	759	66 %	.6 %	28 %	8 %	5 %	5 %	54 %
Second lien	4,380	47,314	757	76	3.0	18	7	5	5	65
Total home equity loans and lines	\$ 9,809	\$ 55,507	758	70	1.8	24	7	5	5	59
Nonaccrual loans										
First lien	\$ 100	\$ 58,275	711	74 %	.8 %	1 %	4 %	3 %	5 %	87 %
Second lien	99	47,369	714	78	2.8	1	1	1	3	94
Total home equity nonaccrual loans	\$ 199	\$ 52,292	712	76	1.6	1	2	2	4	91
Community Bank - Home Equity										
First quarter net charge-offs	\$ 16					-	1 %	2 %	2 %	95 %
Net loan charge-offs to average loans		.66 %								

## 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)				
						2012 and later	2011	2010	2009	2008 and prior
Home equity loans and lines										
First lien	\$ 18	\$ 22,800	745	34 %	.3 %	-	-	-	2 %	98 %
Second lien	383	23,549	729	82	32.2	-	-	-	-	100
Total home equity loans and lines	\$ 401	\$ 23,514	730	80	30.8	-	-	-	-	100
Nonaccrual loans										
First lien	\$ 1	\$ 19,503	714	33 %	-	-	-	-	-	100 %
Second lien	17	25,239	709	82	31.2 %	-	-	-	-	100
Total home equity nonaccrual loans	\$ 18	\$ 24,999	709	80	30.2	-	-	-	-	100
Exit Portfolio - Home Equity										
First quarter net charge-offs	\$ 4					-	-	-	-	100 %
Net loan charge-offs to average loans		3.93 %								



(a) Average LTVs are at origination. Current average LTVs for Community Bank total home equity loans and lines is approximately 78%, which compares to 77% at the end of the fourth quarter 2012.

# Exit Loan Portfolio

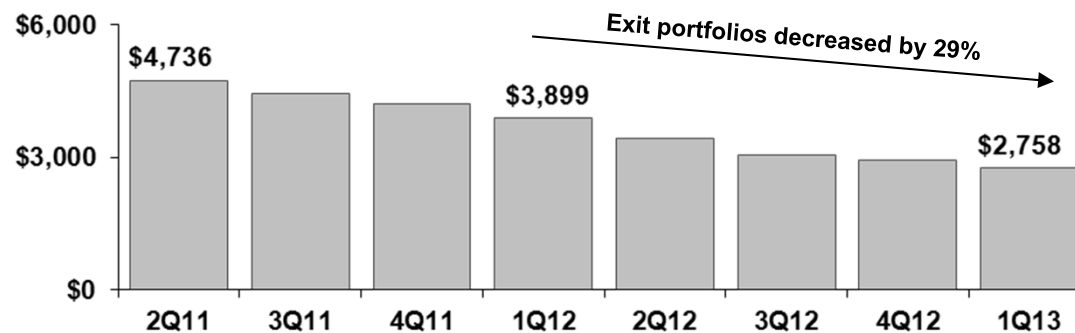
## Exit Loan Portfolio

\$ in millions

	Balance Outstanding		Change 3-31-13 vs. 12-31-12	Net Loan Charge-offs		Balance on Nonperforming Status	
	3-31-13	12-31-12		1Q13 <sup>(c)</sup>	4Q12	3-31-13	12-31-12
	Residential properties – homebuilder	\$29	\$29	-	-	\$1	\$10
Marine and RV floor plan	29	33	\$(4)	\$(3)	-	6	10
Commercial lease financing <sup>(a)</sup>	966	997	(31)	(5)	-	6	6
Total commercial loans	1,024	1,059	(35)	(8)	1	22	26
Home equity – Other	401	423	(22)	4	11	18	21
Marine	1,254	1,358	(104)	3	14	26	34
RV and other consumer	79	93	(14)	-	1	-	2
Total consumer loans	1,734	1,874	(140)	7	26	44	57
Total exit loans in loan portfolio	\$2,758	\$2,933	\$(175)	\$(1)	\$27	\$66	\$83
Discontinued operations - education lending business (not included in exit loans above) <sup>(b)</sup>	\$5,086	\$5,201	\$(115)	\$12	\$15	\$15	\$20

## Exit Loan Portfolio Trend (Excluding Discontinued Operations)

\$ in millions

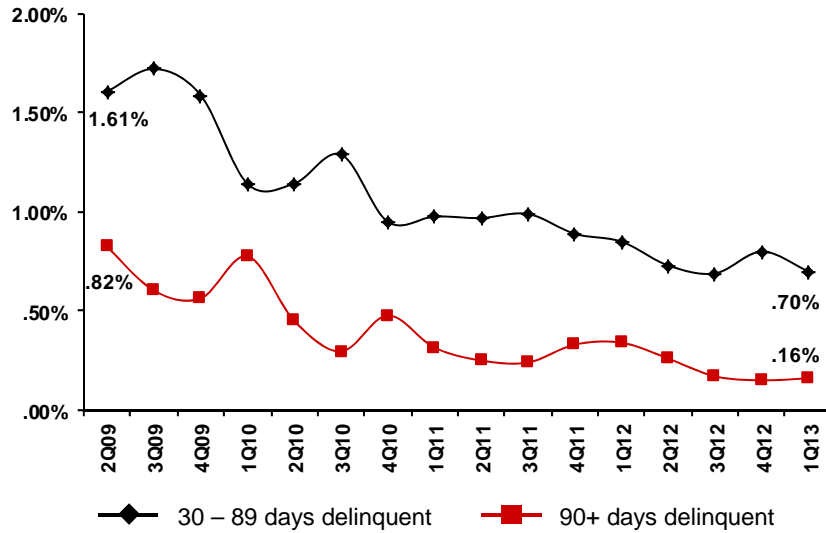


- (a) Includes (1) the business aviation, commercial vehicle, office products, construction and industrial leases; (2) Canadian lease financing portfolios; and (3) all remaining balances related to lease in, lease out; sale in, lease out; service contract leases; and qualified technological equipment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

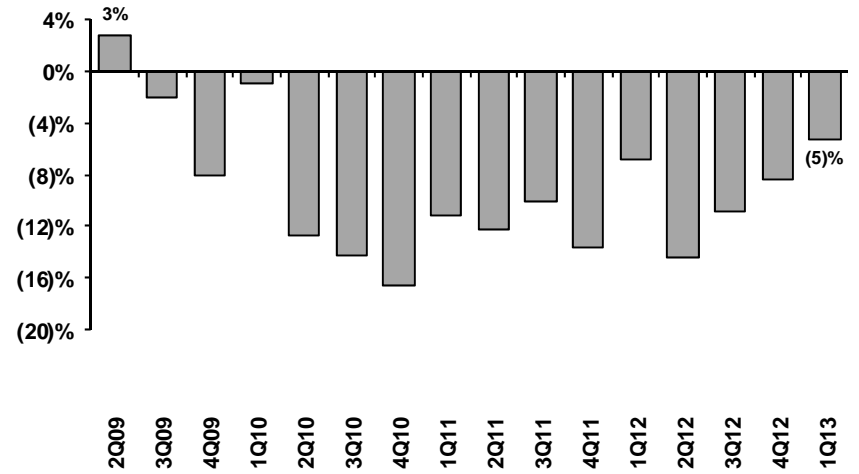


# Credit Quality Trends

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		
	3-31-2013	12-31-2012	3-31-2012
<b>Tangible common equity to tangible assets at period end</b>			
Key shareholders' equity (GAAP)	\$ 10,340	\$ 10,271	\$ 10,099
Less: Intangible assets <sup>(a)</sup>	1,024	1,027	932
Preferred Stock, Series A	291	291	291
Tangible common equity (non-GAAP)	<u>\$ 9,025</u>	<u>\$ 8,953</u>	<u>\$ 8,876</u>
Total assets (GAAP)	\$ 89,198	\$ 89,236	\$ 87,431
Less: Intangible assets <sup>(a)</sup>	1,024	1,027	932
Tangible assets (non-GAAP)	<u>\$ 88,174</u>	<u>\$ 88,209</u>	<u>\$ 86,499</u>
Tangible common equity to tangible assets ratio (non-GAAP)	10.24 %	10.15 %	10.26 %
<b>Tier 1 common equity at period end</b>			
Key shareholders' equity (GAAP)	\$ 10,340	\$ 10,271	\$ 10,099
Qualifying capital securities	339	339	1,046
Less: Goodwill	979	979	917
Accumulated other comprehensive income (loss) <sup>(b)</sup>	(204)	(172)	(70)
Other assets <sup>(c)</sup>	106	114	69
Total Tier 1 capital (regulatory)	9,798	9,689	10,229
Less: Qualifying capital securities	339	339	1,046
Preferred Stock, Series A	291	291	291
Total Tier 1 common equity (non-GAAP) <sup>(d)</sup>	<u>\$ 9,168</u>	<u>\$ 9,059</u>	<u>\$ 8,892</u>
Net risk-weighted assets (regulatory) <sup>(c)</sup>	\$ 80,400	\$ 79,734	\$ 76,956
Tier 1 common equity ratio (non-GAAP) <sup>(d)</sup>	11.40 %	11.36 %	11.55 %
<b>Pre-provision net revenue</b>			
Net interest income (GAAP)	\$ 583	\$ 601	\$ 553
Plus: Taxable-equivalent adjustment	6	6	6
Noninterest income (GAAP)	425	439	442
Less: Noninterest expense	681	734	679
Pre-provision net revenue from continuing operations (non-GAAP)	<u>\$ 333</u>	<u>\$ 312</u>	<u>\$ 322</u>

- (a) Three months ended March 31, 2013 and December 31, 2012 exclude \$114 million and \$123 million, respectively, of period end purchased credit card receivable intangible assets. Three months ended March 31, 2013 and December 31, 2012 exclude \$118 million and \$126 million, respectively, of average ending purchased credit card receivable intangible assets.
- (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 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 March 31, 2013, December 31, 2012, and March 31, 2012.
- (d) Tier 1 common equity is a non-GAAP financial measure that is used by investors, analysts and bank regulatory agencies to assess the capital position of financial services companies. We review Tier 1 common equity along with other measures of capital as part of our financial analyses.



# GAAP to Non-GAAP Reconciliation (continued)

\$ in millions

	Three months ended		
	3-31-2013	12-31-2012	3-31-2012
<b>Average tangible common equity</b>			
Average Key shareholders' equity (GAAP)	\$ 10,279	\$ 10,261	\$ 9,992
Less: Intangible assets (average <sup>(a)</sup> )	1,027	1,030	932
Preferred Stock, Series A (average)	291	291	291
Tangible common equity (non-GAAP)	<u>\$ 8,961</u>	<u>\$ 8,940</u>	<u>\$ 8,769</u>
<b>Return on average tangible common equity from continuing operations</b>			
Net income (loss) from continuing operations attributable to Key common shareholders (GAAP)	\$ 196	\$ 190	\$ 195
Average tangible common equity (non-GAAP)	8,961	8,940	8,769
Return on average tangible common equity from continuing operations (non-GAAP)	8.87 %	8.45 %	8.94 %
<b>Return on average tangible common equity consolidated</b>			
Net income (loss) attributable to Key common shareholders (GAAP)	\$ 199	\$ 197	\$ 194
Average tangible common equity (non-GAAP)	8,961	8,940	8,769
Return on average tangible common equity consolidated (non-GAAP)	9.01 %	8.77 %	8.90 %
<b>Cash efficiency ratio</b>			
Noninterest expense (GAAP)	\$ 681	\$ 734	\$ 679
Less: Intangible asset amortization on credit cards	8	8	-
Other intangible asset amortization	4	4	1
Adjusted noninterest expense (non-GAAP)	<u>\$ 669</u>	<u>\$ 722</u>	<u>\$ 678</u>
Net interest income (GAAP)	\$ 583	\$ 601	\$ 553
Plus: Taxable-equivalent adjustment	6	6	6
Noninterest income (GAAP)	425	439	442
Total taxable-equivalent revenue (non-GAAP)	<u>\$ 1,014</u>	<u>\$ 1,046</u>	<u>\$ 1,001</u>
Cash efficiency ratio (non-GAAP)	65.98 %	69.02 %	67.73 %



(a) Three months ended March 31, 2013 and December 31, 2012 exclude \$114 million and \$123 million, respectively, of period end purchased credit card receivable intangible assets. Three months ended March 31, 2013 and December 31, 2012 exclude \$118 million and \$126 million, respectively, of average ending purchased credit card receivable intangible assets.



# Tier 1 Common Equity under Basel III (estimated)

KeyCorp & Subsidiaries

<b>TIER 1 COMMON EQUITY UNDER BASEL III (ESTIMATES) <sup>(a)</sup></b>	
<i>(\$'s in billions)</i>	Quarter ended Mar 31, 2013
Tier 1 Common Equity under current regulatory rules	\$9.2
Adjustments from current rules to Basel III:	
Cumulative Other Comprehensive Income <sup>(b)</sup>	(0.2)
Deferred Tax Assets and Other <sup>(c)</sup>	(0.1)
Tier 1 common equity anticipated under Basel III <sup>(d)</sup>	\$8.9
Total risk-weighted assets under current rules	\$80.4
Adjustments from current regulatory rules to Basel III:	
Loan Commitments < 1 Year	0.8
Residential Mortgage Loans & Home Equity	3.1
Other	1.3
Total risk-weighted assets under Basel III	\$85.6
Tier 1 common equity to total risk-weighted assets anticipated under Basel III	10.4%

(a) 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. We review Tier 1 common equity along with other measures of capital as part of our financial analyses.

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

(c) Includes the deferred tax asset subject to future taxable income for realization, primarily tax credit carryforwards, and the deductible portion of mortgage servicing assets.

(d) 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' proposed rules to implement Basel III and the Standardized Approach.

