

# **Lehman Brothers Financial Services Conference**

**September 13, 2005**

Thomas W. Bunn  
Vice Chairman, KeyCorp  
President, Key Corporate and Investment Banking

Jeffrey B. Weeden  
Senior Executive Vice President  
Chief Financial Officer



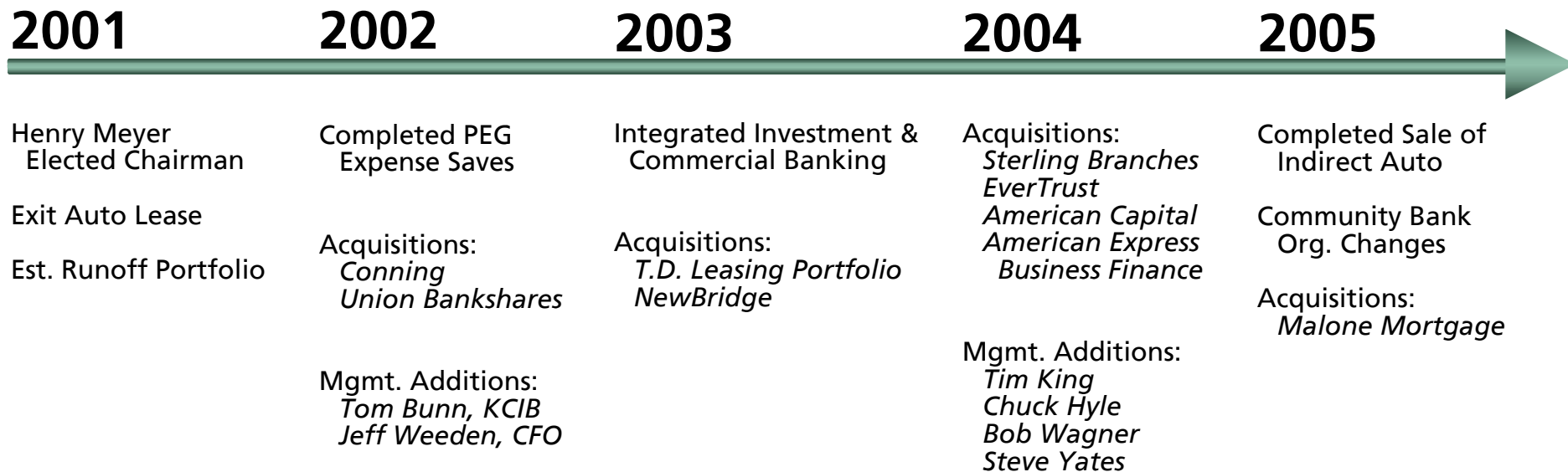
# PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

## FORWARD-LOOKING STATEMENT DISCLOSURE

This presentation and discussion, including related questions and answers, and presentation materials, contain forward-looking statements about issues such as anticipated third quarter and full-year 2005 earnings, anticipated levels of net loan charge-offs and nonperforming assets, and anticipated improvement in the profitability of KeyCorp. Forward-looking statements by their nature are subject to assumptions, risks and uncertainties. Actual results could differ materially from those contained in or implied by such forward-looking statements for a variety of factors including: (1) changes in interest rates; (2) failure of the economy to continue to improve, which could materially impact credit quality trends and our ability to generate loans; (3) increased competitive pressure among financial services companies; (4) inability to successfully execute strategic initiatives designed to grow revenues and/or manage expenses; (5) consummation of significant business combinations or divestitures; (6) operational or risk management failures due to technological or other factors; (7) new legal obligations or restrictions or unfavorable resolution of litigation; (8) disruption in the economy and general business climate as a result of terrorist activities or military actions; and (9) changes in accounting, tax or regulatory practices or requirements.



# Key's Transformation



# Organizational Chart

Chairman of the Board and Chief Executive Officer

**Henry L. Meyer III**

**Vice Chairman KeyCorp  
President – KeyBank**

*Open*

Community Banking (*G. Emmons*)  
McDonald Financial Group (*Y. Heisler*)  
Retail Group (*T. King*)

**Vice Chairman KeyCorp  
President – Key Corporate and  
Investment Banking**

*Tom Bunn*

Institutional Banking (*C. Gorman*)  
Key Equipment Finance (*P. Larkins*)  
National Consumer Finance (*M. Butler*)  
Real Estate Capital (*EJ Burke*)  
Victory Capital Management (*B. Wagner*)

**Vice Chairman KeyCorp  
Chief Administrative Officer**

*Tom Stevens*

**Chief Financial Officer**

*Jeff Weeden*

**Chief Risk Officer**

*Chuck Hyle*



# Key Messages

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- **Stronger financial performance**
- **Improved business mix**
  - Executing on relationship strategy
  - Strengthened credit risk profile
- **Better shareholder returns**



# Progress on Strategic Priorities

## STRATEGIC PRIORITIES

## RESULTS

Profitably grow revenue

Revenue (TE) up 6% from 2Q04

Avg. commercial loans up 2% from 1Q05

Improve asset quality and risk management

NPLs down for 11<sup>th</sup> consecutive quarter

Net charge-off ratio lowest since 4Q95

Strengthened risk organization

Improve shareholder returns

YTD Total Return: Key 1% vs. Peers (6)%



# Financial Overview

**Period Ended June 30, 2005**

*\$ in millions except for EPS*

			Percent change vs. 2004	
	<u>Quarter</u>	<u>YTD</u>	<u>Quarter</u>	<u>YTD</u>
Net Income	\$291	\$555	21.8%	13.5%
EPS (diluted)	\$0.70	\$1.34	20.7%	14.5%
ROA	1.30%	1.24%	—	—
ROE	16.15%	15.63%	—	—



# Asset Quality

<i>\$ in millions</i>	<u>2Q05</u>	<u>1Q05</u>	<u>2Q04</u>	<u>Change 2Q05 vs.</u>	
				<u>1Q05</u>	<u>2Q04</u>
Net C/O to Average Loans	\$ 48 .29%	\$ 54 .32%	\$ 104 .67%	\$ (6)	\$ (56)
Nonperforming Loans to EOP Loans	\$ 293 .43%	\$ 305 .45%	\$ 454 .72%	\$ (12)	\$ (161)
Nonperforming Assets to EOP Loans + OREO	\$ 338 .50%	\$ 371 .55%	\$ 540 .85%	\$ (33)	\$ (202)
Allowance to Total Loans	\$1,100 1.62%	\$1,128 1.67%	\$1,276 2.01%	\$ (28)	\$ (176)
to Nonperforming Loans	375%	370%	281%		



# Financial Outlook and Long-Term Goals

## EPS Ranges

3Q05: \$0.64 to \$0.68

2005 F.Y.: \$2.60 to \$2.70

## Long-Term Goals

EPS: 8% to 10% Growth

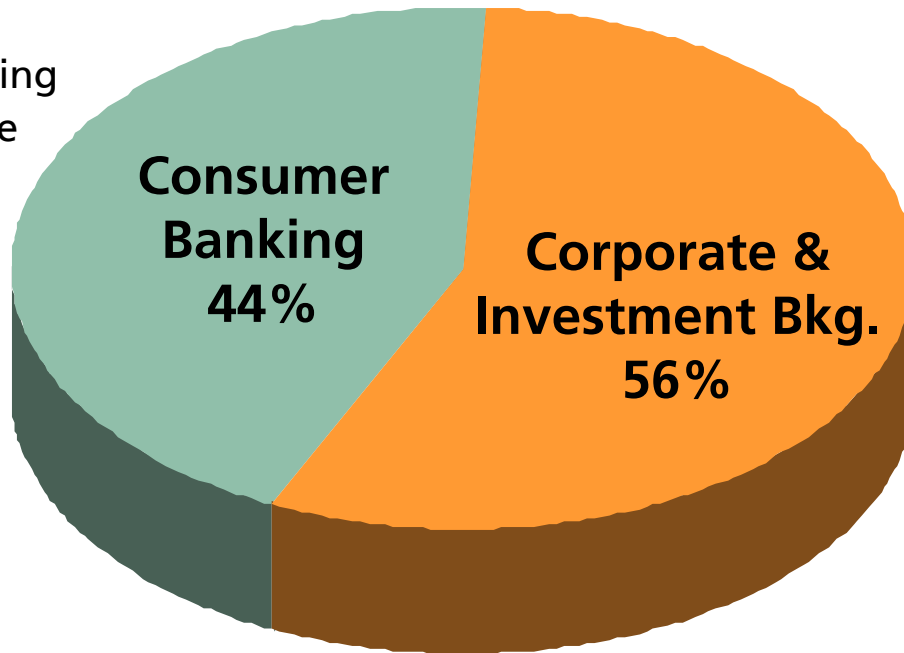
ROE: 16% to 18%



# Net Income by Line of Business

## Net Income – 2Q05

- Community Banking
- Consumer Finance



- Corporate Banking
- KeyBank Real Estate Capital
- Key Equipment Finance



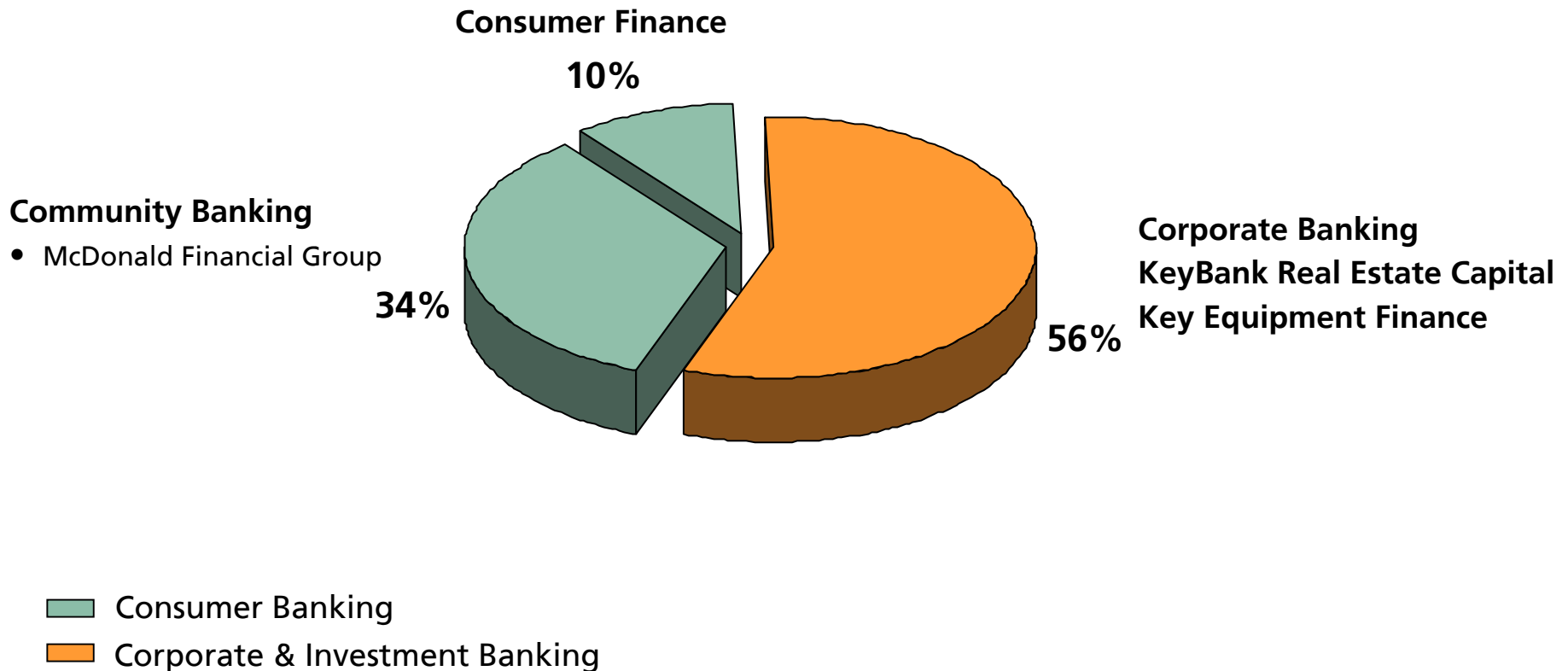


# Consumer Banking



# Consumer Banking

## Net Income by Line of Business – 2Q05



# Consumer Banking

## Business Scale

945 KeyCenters – 2,205 ATMs

One of the largest marine and education lenders

On-line households: 595,000 (47% penetration)

## Revenue Drivers

- Improve cross-sell ratio (currently 3.36 Retail and 3.52 Small Business accounts per customer)
- Focus on deposit growth
- Improve market share positions
- Grow home equity and small business



# Consumer Banking

## Realigning business mix around relationship strategy:

- **Exited lower return Consumer Finance businesses**
  - Indirect auto
  - Brokered home equity
- **Coordinated delivery of products/services through KeyCenters**
- **Strengthened accountability in local markets**
- **Moved from teaser rates to relationship pricing**



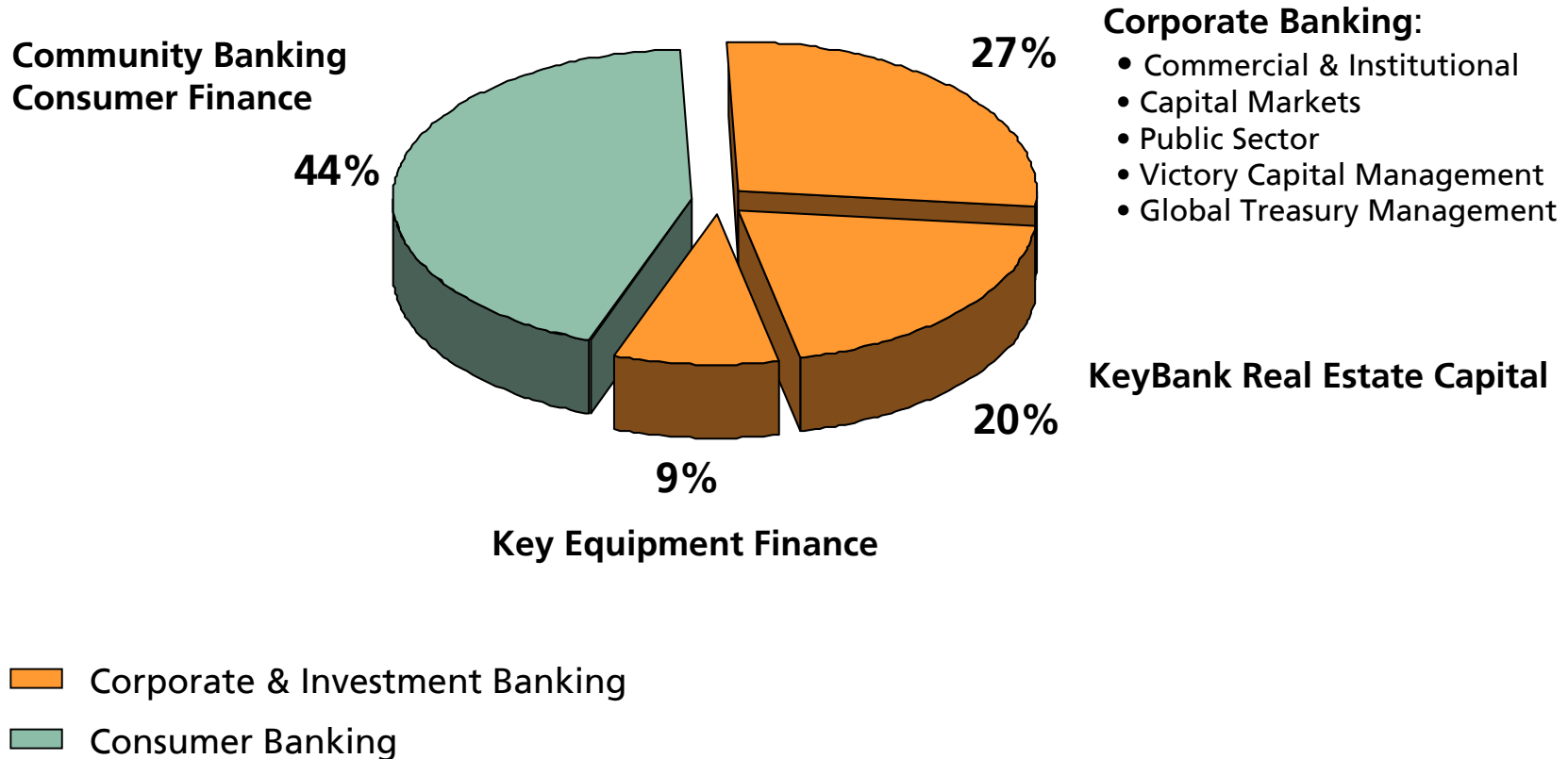


# **Corporate & Investment Banking**



# Corporate & Investment Banking

## Net Income by Line of Business – 2Q05



# Corporate & Investment Banking

## Aligning products and ideas around relationship strategy:

- **Created single client-focused entity—KCIB**
  - Focused on targeted segments
  - One point of contact for clients
- **Expanded national businesses—Key Equipment Finance and KeyBank Real Estate Capital**
  - Integrated AEBF into leasing platform
  - Acquired Malone Mortgage



# Corporate & Investment Banking

## Alignment of products and people around clients

### Origination Groups

- Key Institutional Bank
- Key Equipment Finance
- KeyBank Real Estate Capital
- KeyBank Commercial Bank

### Product Set

- Core Bank Products
- Equipment Leasing
- Portfolio Management
- Treasury Management
- Syndicated Finance
- Derivatives and Foreign Exchange
- Mergers & Acquisitions
- Equity Capital Markets
- Private Debt Placement
- Fixed Income
- Asset Management



# KCIB—Competitive Ranking

## Key Equipment Finance:

- # 3 in originations among bank lessors
- # 4 in assets among bank lessors

## Real Estate Capital:

- # 3 direct real estate lender
- # 6 in CMBS Master/Primary Servicer ranking
- # 3 multifamily commercial real estate lender

## Syndicated Finance:

- # 9 YTD U.S. lead arranger
- # 4 real estate lead arranger



# KCIB—Competitive Momentum

## Key Equipment Finance:

- Acquisitions: American Express Business Finance
- Lead with Leasing program

## Real Estate Capital:

- Acquisitions: five completed in last five years
- High growth/Sunbelt expansion
- Strength across all business segments

## Commercial Banking:

- Asset growth for last five quarters
- Improved cross-sell ratios
- All five geographic regions growing



# KCIB Strategic Overview

- **Focus**
  - Clients, prospects, products
- **Alignment**
  - People and products to our clients
- **Accountability**
  - To our clients
  - To our shareholders
  - To ourselves

