

BancAnalysts Association of Boston

# Key Corporate Bank

Strong, Focused and Building Momentum

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

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 may be found in KeyCorp's Annual Report on Form 10-K for the year ended December 31, 2010 and any Form 10-Q filings for the subsequent quarterly periods ended during 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.

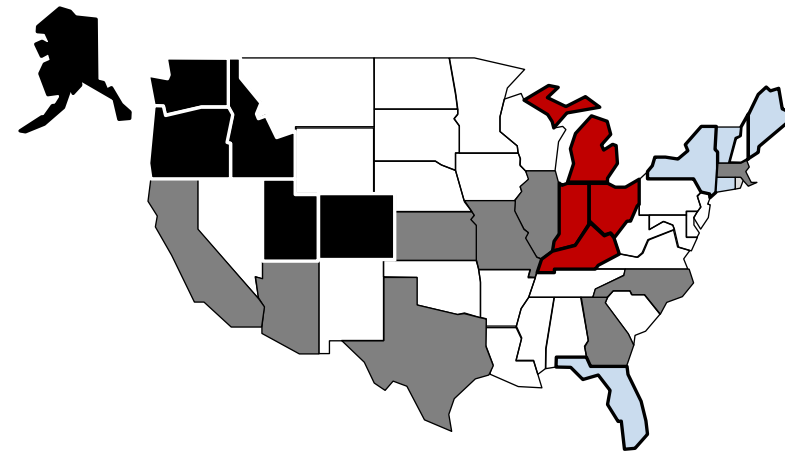


# Key – An Overview

## Key Facts

- The 14<sup>th</sup> largest U.S. bank-based financial services company
- Assets of approximately \$89 billion
- Market capitalization of \$6 billion
- 15,490 employees
- Unique and diverse geography
  - Building presence in higher-growth markets in Rocky Mountain and Northwest regions
  - Strong market share in Great Lakes and Northeast regions
  - Targeting specific industries in selected states outside branch footprint

## Diverse, Advantaged Geography



	Rocky Mountain & Northwest	Great Lakes	Northeast	Corporate Bank
Branches	403	354	306	Includes offices in these states and all Community Bank regions
ATMs	582	559	443	
Loans	\$10.1B	\$6.7B	\$5.3B	
Deposits	\$15.8B	\$15.3B	\$14.1B	

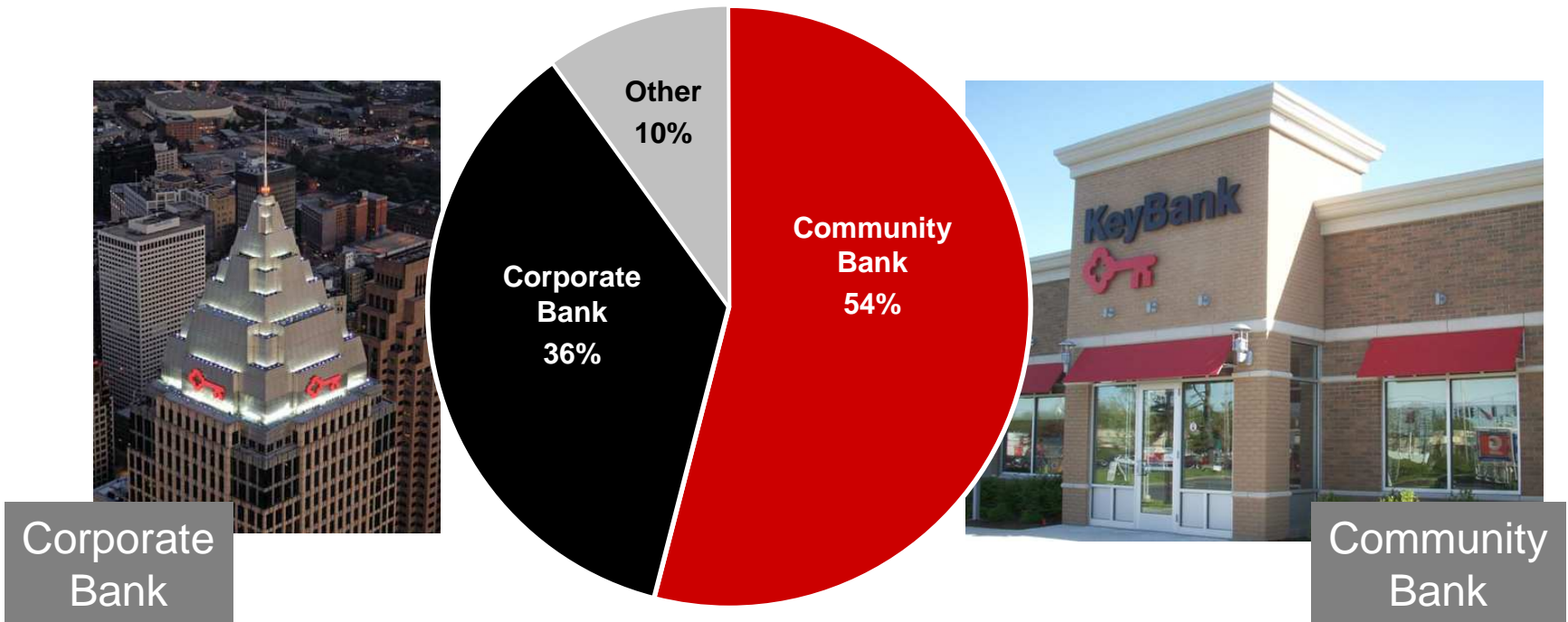
Provides combination of profitability and opportunities for growth



Note: All figures as of September 30, 2011

# Diverse and Balanced Business Mix

2011 YTD Revenue



Note: 2011 YTD Revenue from continuing operations; "Other" consists of corporate treasury, principal investing and exit portfolios

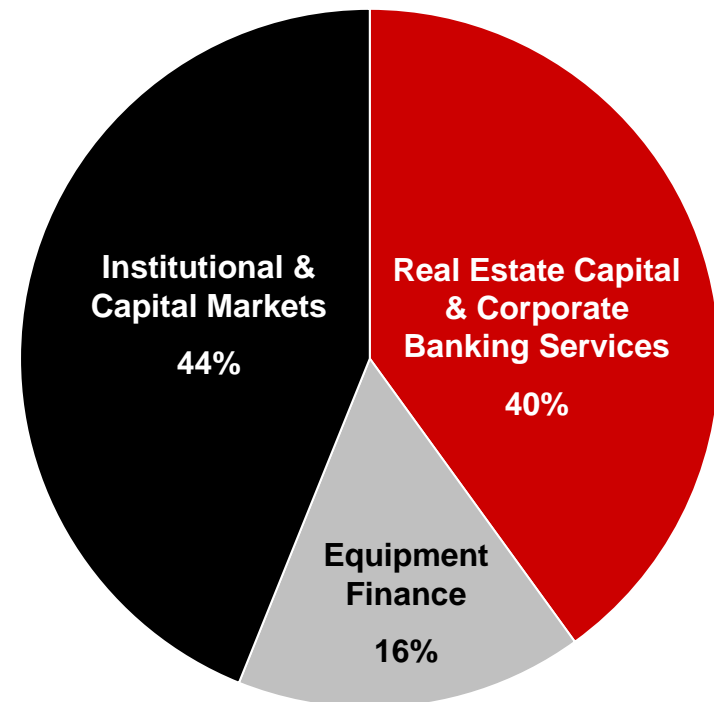
# Key Corporate Bank Segment

## Presentation Focus

- Presentation provides detail about Key Corporate Bank, which is comprised of the following business units:
  - Real Estate Capital & Corporate Banking Services (“REC”)
  - Institutional & Capital Markets (“ICM”)
  - Equipment Finance (“KEF”)
- Information shown in KeyCorp’s SEC filings is presented on a segment basis for:
  - Key Community Bank
  - Key Corporate Bank
- Presentation illustrates the levers that drive growth for Key Corporate Bank with details provided on its business units

## Corporate Bank LTM Revenue

As of 9/30/11



# Key Corporate Bank Overview

## Real Estate Capital & Corporate Banking Services

- National franchise focused on REITs, long-term real estate owners and healthcare clients
- Highly rated, scalable third-party commercial loan servicer
- Provides derivatives, foreign exchange and cash management solutions to clients across Key

## Institutional & Capital Markets

- Leading middle-market corporate and investment bank, focused on serving consumer, energy, healthcare, industrial, public sector and real estate clients
- Manages investment portfolios for a national client base through Victory Capital Management

## Key Equipment Finance

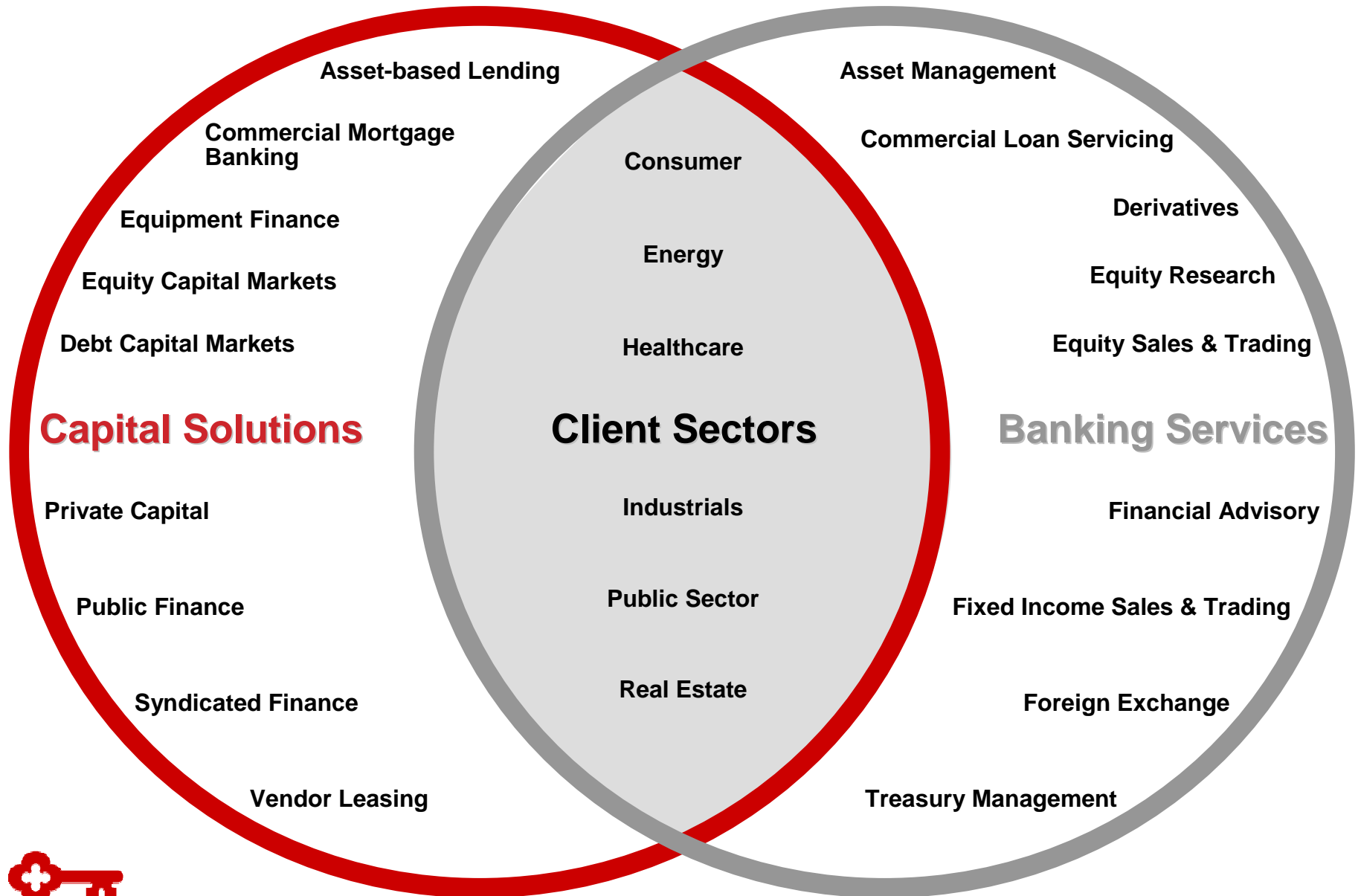
- 6th largest bank-owned equipment finance company (out of 46)
- Bank Channel supports franchise relationships
- Vendor Channel supports healthcare, software and technology manufacturers

	<u>LTM 3Q11</u>	<u>LTM 3Q11</u>	<u>LTM 3Q11</u>
Revenue	\$640mm	\$693mm	\$260mm
Fee Income <sup>(1)</sup> (%)	35%	71%	NM
PPNR	\$374mm	\$263mm	\$66mm
Net Income	\$418mm	\$189mm	\$92mm
Loans & Leases <sup>(2)</sup>	\$7.1B	\$5.6B	\$4.6B
Employees	904	779	518



- (1) Real Estate Capital fee income % adjusted downward 300bps to exclude \$18mm in Private Equity mark-to-market recoveries; Key Equipment Finance fee income % excluded as it is primarily an asset generation business
- (2) Loans & Leases are as of September 30, 2011

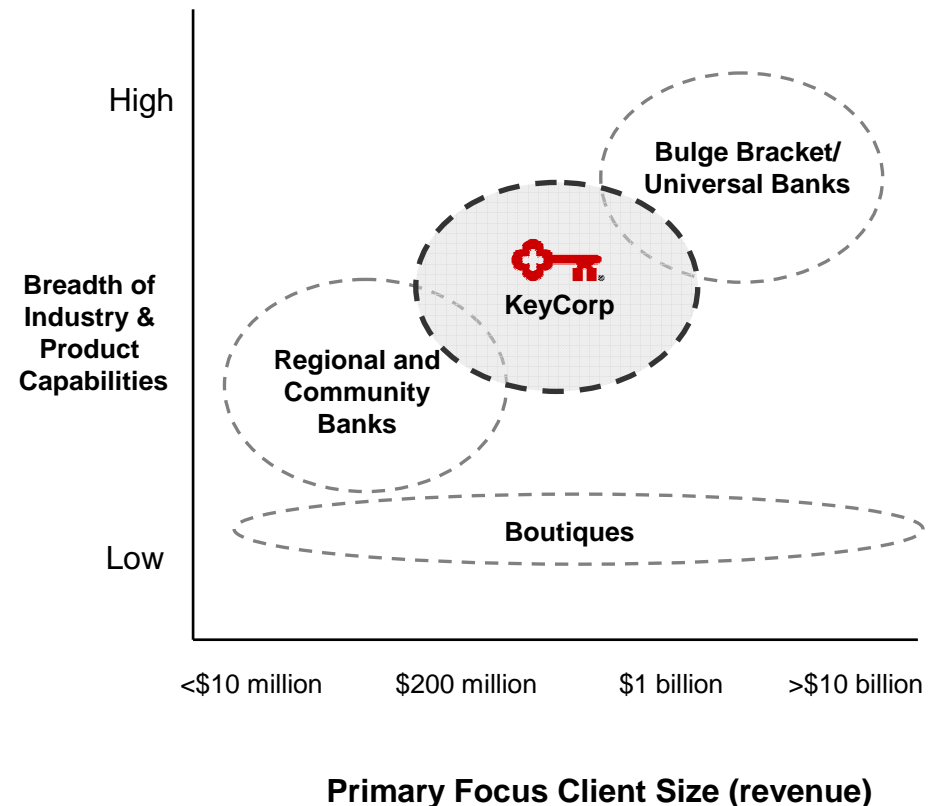
# Product Breadth with an Industry Focus



# Competitive Advantage

## Corporate and Community Bank Business Continuum

- Delivering more value to business clients by combining the local knowledge and service of a Community Bank with the specialized expertise and industry knowledge of a Corporate Bank
- Distinctive knowledge and capabilities in the middle market and targeted industries
- Unique go-to-market alignment of Community and Corporate Bank
- Broadest range of products and expertise delivered with local authority





# Aligned to Serve Our Clients

Key's integrated model is aligned to serve client needs

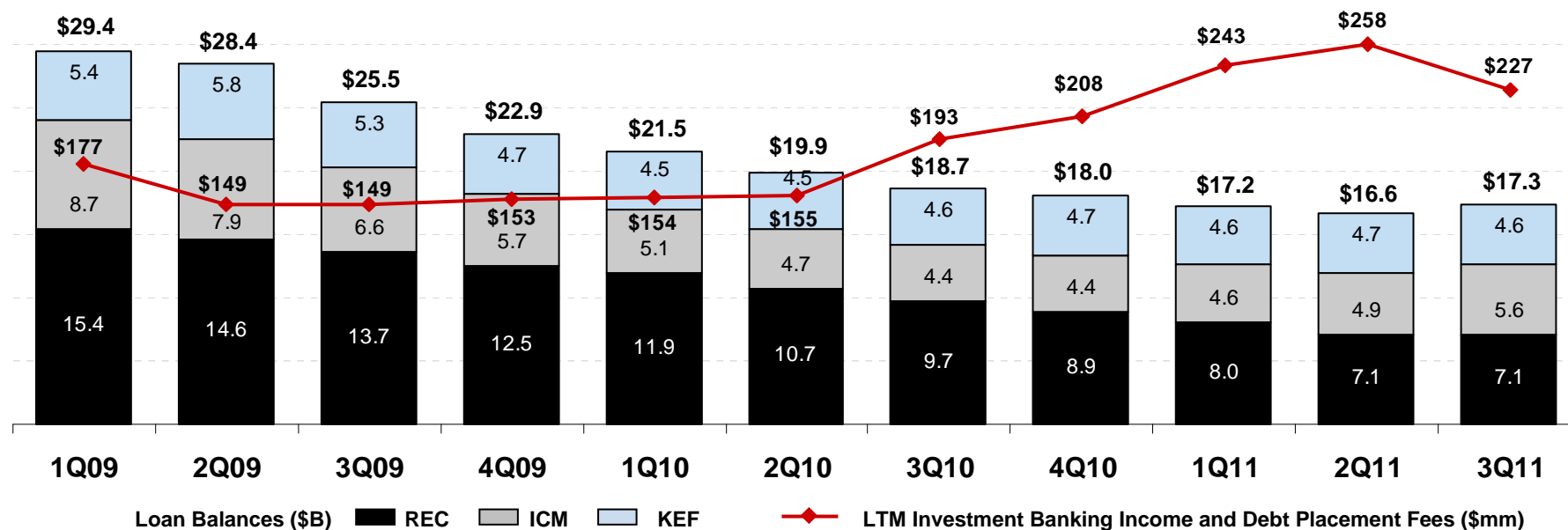
Activity	Results
<ul style="list-style-type: none"><li>• Tight coordination between Real Estate relationship managers and Capital Markets execution bankers</li></ul>	<ul style="list-style-type: none"><li>• \$106mm in LTM 3Q11 real estate Investment Banking Income and Debt Placement Fees <sup>(1)</sup></li><li>• #1 among domestic regional banks in equity capital markets fee revenue since 1Q10</li></ul>
<ul style="list-style-type: none"><li>• KEF product specialists are embedded in all districts to deepen relationships with colleagues and clients for tailored solutions</li></ul>	<ul style="list-style-type: none"><li>• \$497mm in Community Bank lease volume LTM 3Q11, up 40% YoY</li></ul>
<ul style="list-style-type: none"><li>• Commercial Banking-Investment Banking initiative leverages local relationships with industry/product expertise – a differentiator</li></ul>	<ul style="list-style-type: none"><li>• Industry and capital markets specialists complete 850 client calls with commercial bankers</li><li>• Regular, two-way referral activity between Key Corporate Bank and Key Community Bank</li></ul>
<ul style="list-style-type: none"><li>• Treasury Management, foreign exchange and derivatives teams provide solutions to clients across Key's franchise</li></ul>	<ul style="list-style-type: none"><li>• Treasury Management services provided to Community Bank clients with more than \$8B in deposits</li><li>• Provide foreign exchange and derivatives solutions to nearly 3,000 Community Bank clients</li></ul>



(1) Includes debt and equity capital markets underwriting, loan syndication, M&A advisory, and commercial mortgage banking private placement fees

# Past the Inflection Point

Ending Loan Balances (\$B) & LTM Investment Banking Income and Debt Placement Fees (\$mm)



- Period-end loan balances increase for the first time since October 2008
  - Loan balances in Institutional & Capital Markets up \$1.1B, or 25%, since trough in 4Q10 with eight consecutive months of increase
  - Period-end REC loans at 3Q11 show first QoQ increase since December 2008
- Originated or renewed \$15.2B of loan and lease commitments LTM 3Q11, up 49% YoY
  - More than 99% are to clients where we have or are actively developing franchise relationships

Note: REC denotes Real Estate Capital & Corporate Banking Services; ICM denotes Institutional & Capital Markets; KEF denotes Equipment Finance  
 The inflection point analysis provided above utilizes period-end loan balances as opposed to average quarterly loan balances, which we report in our Form 10-Q and Form 10-K filings with the Securities and Exchange Commission  
 Investment Banking Income and Debt Placement Fees is shown on a rolling trailing twelve month basis and includes debt and equity capital markets underwriting, loan syndication, M&A advisory, and commercial mortgage banking private placement fees



# Investing in Relationships and Capabilities

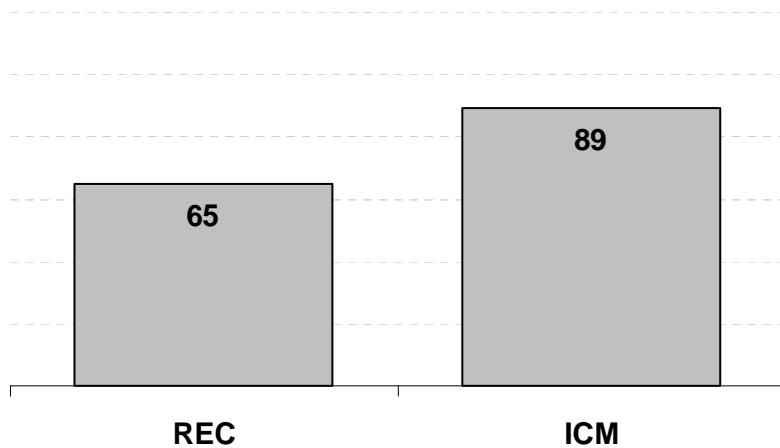
Key Corporate Bank has hired more than 100 senior professionals since 1Q10

	Areas of Strategic Hire	Results from Strategic Hires
<b>Real Estate Capital and Corporate Banking Services</b>	<ul style="list-style-type: none"><li>• Significant investment in commercial mortgage banking professionals</li><li>• Real estate private equity specialists</li></ul>	<ul style="list-style-type: none"><li>• \$700mm increase in annual commercial mortgage volume<ul style="list-style-type: none"><li>– Placement fees up 40%</li><li>– Strong pipeline</li></ul></li></ul>
<b>Institutional and Capital Markets</b>	<ul style="list-style-type: none"><li>• Industry coverage bankers in consumer, energy, industrial and real estate</li><li>• Product specialists in debt capital markets, equity research, loan syndications, M&amp;A and public finance</li></ul>	<ul style="list-style-type: none"><li>• \$12mm of closed investment banking fees with engaged backlog of \$20mm</li><li>• \$430mm of credit commitments with line utilization of 54%</li><li>• 45 new companies under research</li></ul>
<b>Equipment Finance</b>	<ul style="list-style-type: none"><li>• New heads of U.S. Vendor, Federal Finance and Healthcare Finance</li><li>• Deepened capabilities in healthcare and technology</li></ul>	<ul style="list-style-type: none"><li>• Three new strategic vendor programs YTD</li><li>• YoY healthcare volume up 22% LTM 3Q11</li></ul>



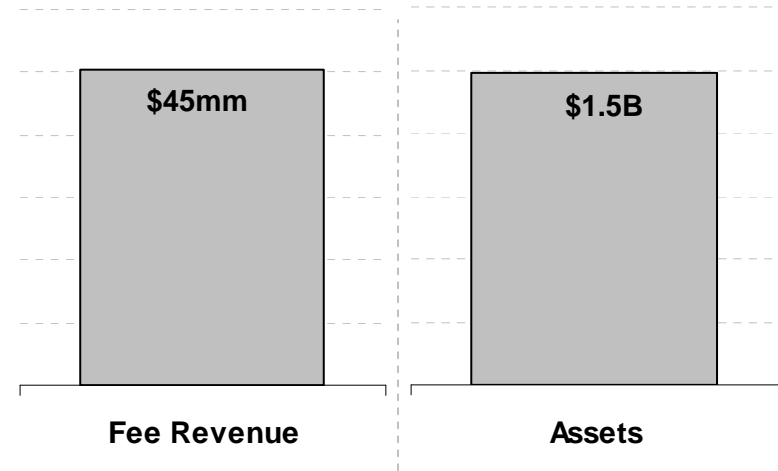
# Converting New Client Relationships

New Clients Since January 2011



- Tracking new client generation across the franchise
- Semi-annual prospect review sessions with sales team leaders
- Capital Markets pitch activity up 60% YoY

Financial Impact of New Clients



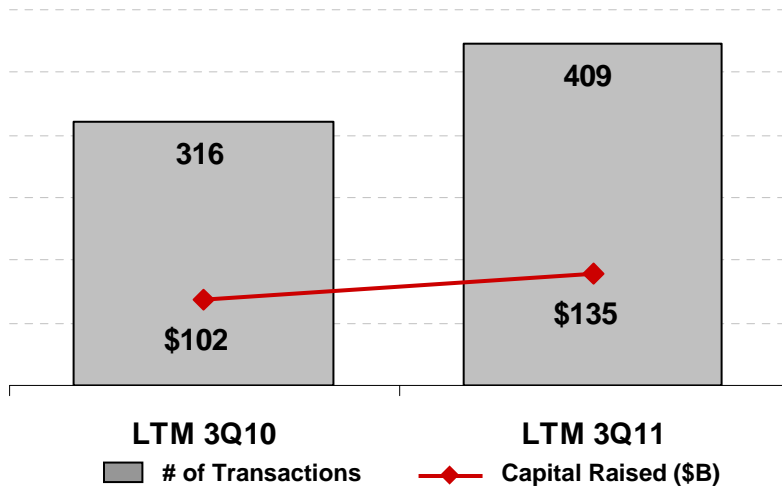
- New clients have significant financial impact
  - Average fee revenue from new clients is nearly \$0.3mm per client
  - New clients have superior line utilization vs. existing clients, on average
- Active effort to expand new client relationships through product cross-sell



Note: REC denotes Real Estate Capital & Corporate Banking Services; ICM denotes Institutional & Capital Markets  
New ICM and REC client counts exclude institutional investors, Victory Capital Management, public sector, Treasury Management and foreign exchange clients  
KEF is excluded from the above analysis

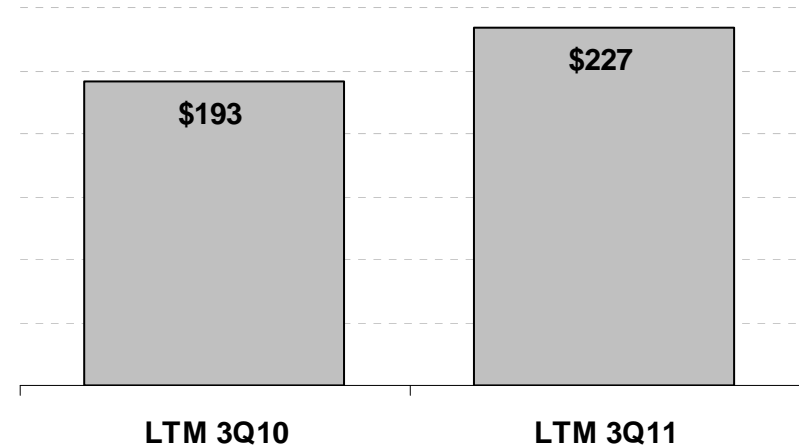
# Growing Capital Markets Presence

## Client Transactions & Capital Raised (\$B)



- Our capital markets businesses raised \$135B for clients through LTM 3Q11, up \$33B YoY
  - Growth driven by loan syndications
- Transaction volume up 29%
- LTM 3Q11, Key led 305 transactions (75%), vs. 191 transactions (60%) in LTM 3Q10

## Investment Banking Income and Debt Placement Fees (\$mm)



- Investment Banking Income and Debt Placement Fees increased \$34mm, or 17%, YoY for LTM 3Q11
  - Strong fee income growth in commercial mortgage banking private placements and loan syndications
  - Solid commercial mortgage banking pipeline



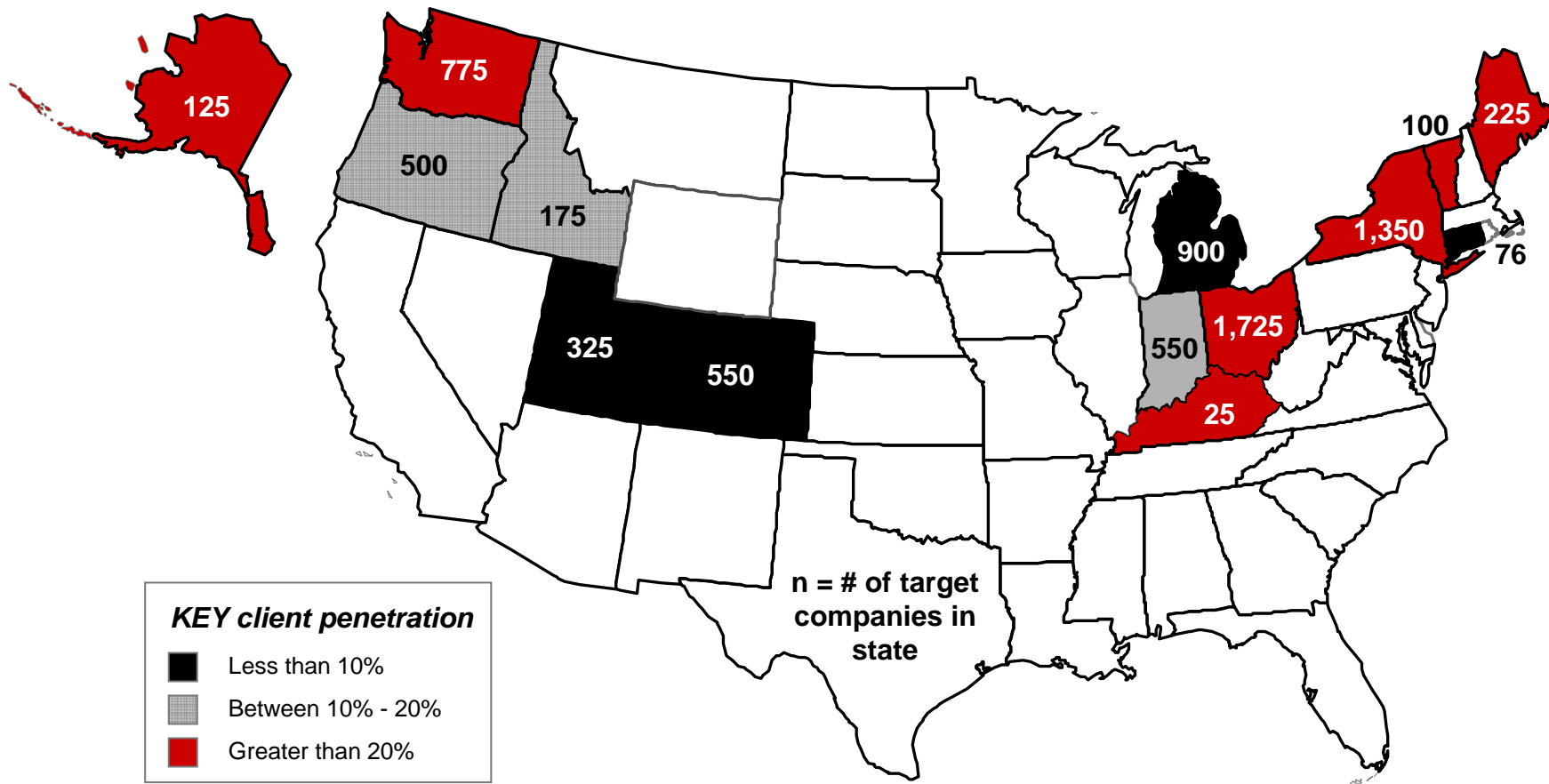
Note: Analysis excludes transactions where KeyCorp was the issuer as well as TARP-related issuances by other Bank Holding Companies  
 Investment Banking Income and Debt Placement Fees includes debt and equity capital markets underwriting, loan syndication, M&A advisory, and commercial mortgage banking private placement fees

Lead transaction includes Bookrun and Lead-Managed equity and debt capital markets transactions, Agented syndicated finance transactions and originated commercial mortgage banking transactions

# Targeted Collaboration for Growth

## Community and Corporate Bank

Our footprint contains more than 7,000 targets in our focus industry segments with revenue between \$25 million and \$1.5 billion -- 18% are clients



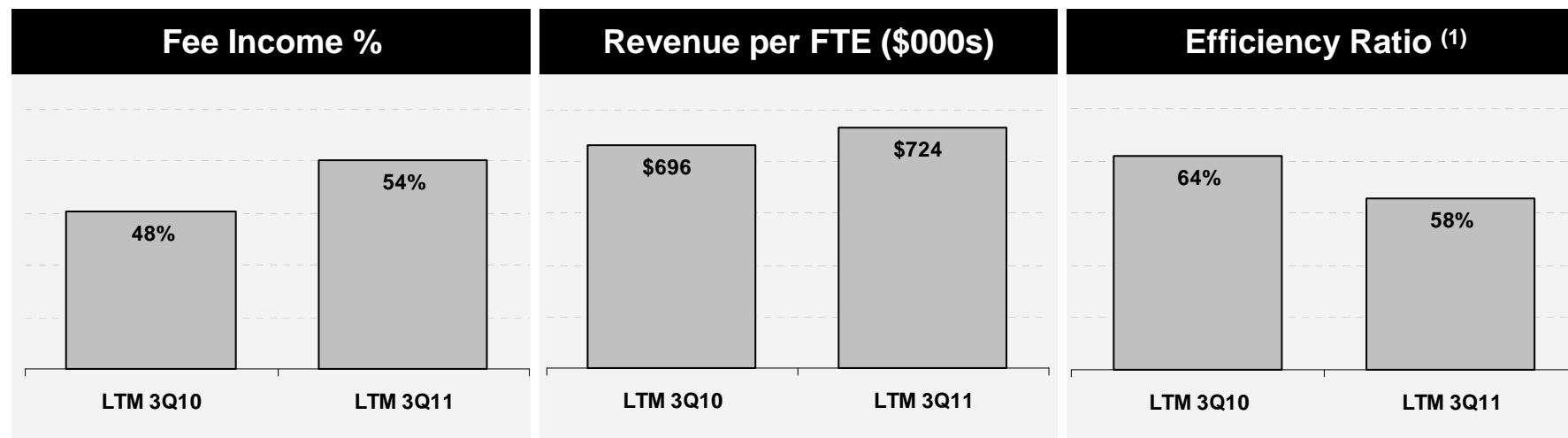
Source: Dun & Bradstreet, Capital IQ, Thomson Reuters

# Measuring Our Progress

We are aggressively pursuing client acquisition — and measuring the efficiency and effectiveness of our actions

- Created a series of programs structured around acquiring and broadening client relationships
- All Relationship Managers and business leaders participate in regular prospect review sessions

## Performance Metrics -- Key Corporate Bank



(1) Efficiency ratio is adjusted to exclude OREO, intangible asset amortization and provision for unfunded commitments. On an unadjusted basis, Key Corporate Bank's efficiency ratio is 68% and 56% for the twelve months ended 3Q10 and 3Q11, respectively

# Relationship Strategy in Action

Key helped a business client grow from a small enterprise with less than \$1mm in annual revenue to a \$1B national leader in its industry

Client Needs

• Financial Advisory Solutions

• Capital to Fund Strategic Acquisitions

• Capital to Fund PP&E

1983

1990

1998

2001

2005

2011

Key Solutions

<b>Business Bank Client</b> \$1,000,000 <i>Senior Credit Facility</i> Lead Bank 1983	<b>Middle Market Client</b> \$20,000,000 <i>Senior Credit Facility</i> Lead Bank 1990	<b>Capital Markets Client</b> Undisclosed <i>Sale of Company</i> Financial Advisor 1998	<b>Capital Markets Client</b> \$200,000,000 <i>Acquisition</i> Financial Advisor 2001	<b>Capital Markets Client</b> Undisclosed <i>Sale of Company</i> Financial Advisor 2005	<b>Capital Markets Client</b> \$500,000,000 <i>Senior Credit Facility</i> Bookrunner 2010	<b>Capital Markets Client</b> \$500,000,000 <i>Senior Credit Facility</i> Bookrunner 2010
		<b>Capital Markets Client</b> \$50,000,000 <i>Senior Credit Facility</i> Agent 1998	<b>Capital Markets Client</b> \$100,000,000 <i>Senior Credit Facility</i> Agent 2001	<b>Capital Markets Client</b> \$250,000,000 <i>Senior Credit Facility</i> Agent 2005		<b>Capital Markets Client</b> \$750,000,000 <i>Senior Credit Facility</i> Bookrunner 2011





# Appendix



# Building the Foundation for Growth

## Real Estate Capital

### Pre-Crisis

#### ***Fragmented, inefficient & high-risk***

- 1,000 real estate clients in all sectors and states (raw land to industry REITs)
- >50% construction loans
- Investing in junior debt and equity capital
- 1,100 employees

#### ***Credit-led sales strategy***

- \$149mm of fee income with \$23.9B of commitments
- Fee income 22% of revenue
- Limited collaboration with KeyBanc Capital Markets

### Today

#### ***Focused, efficient & de-risked***

- 500 real estate clients in three segments
- Emphasis on owners/operators
- 15% construction loans
- Exited higher risk business activities/credits
- 624 employees

#### ***Emphasis on fee revenue***

- \$151mm of fee income with \$10.2B of commitments
- Fee income 30% of revenue <sup>(1)</sup>
- \$106mm in LTM 3Q11 real estate Investment Banking Income and Debt Placement Fees
- Treasury Management penetration of Real Estate clients is 2x pre-crisis levels



Note: Information above is for Real Estate Capital only and excludes Corporate Banking Services  
Investment Banking Income and Debt Placement Fees includes debt and equity capital markets underwriting, loan syndication, M&A advisory and commercial mortgage banking private placement fees

(1) Real Estate Capital fee income % adjusted downward 300bps to exclude \$18mm in Private Equity mark-to-market recoveries


# Industry-Leading Real Estate Franchise

## Capabilities & Relationships


- Deep relationships with REITs and real estate operating companies
  - Key agents 78 REIT and real estate credits
  - Equity research coverage of 60 REITs
  - Helped REITs raise more than \$40B in debt and equity capital since 1Q10
- Full complement of financing alternatives, including balance sheet, mortgage banking, private placements and equity capital markets
- Highly-rated third-party servicing business with more than \$100B in assets under management

## YTD U.S. REIT League Tables (by # of deals)

### Senior Debt Bookrunner

Rank	Firm	# of Deals	Volume (\$MM)
1	Bank of America Merrill Lynch	59	\$13,954
2	JP Morgan	40	12,749
3	Wells Fargo & Company	43	8,090
4	<b>Key</b> 	<b>26</b>	<b>4,868</b>
5	PNC	14	2,545

### Equity Issuance (IPOs and Follow-ons)

Rank	Firm	# of Deals	Volume (\$MM)
1	Bank of America Merrill Lynch	27	\$2,589
2	Wells Fargo Securities	24	2,168
3	RBC Capital Markets	23	1,443
4	<b>Key</b> 	<b>18</b>	<b>1,287</b>
4	UBS	18	1,589

### Equity Issuance (IPOs only)

Rank	Firm	# of Deals	Volume (\$MM)
1	RBC Capital Markets	4	\$379
2	<b>Key</b> 	<b>3</b>	<b>370</b>
2	Bank of America Merrill Lynch	3	474
4	Wells Fargo Securities LLC	2	406
4	Deutsche Bank Securities Inc	2	198



Source: Thomson Reuters

# Building the Foundation for Growth

## Institutional & Capital Markets

### Pre-Crisis

#### ***Early stage of integrating 14 distinct business units***

- No explicit size focus
- \$455mm fee income and \$6.7B average loan and lease balances
- Credit-led, narrow sales approach

#### ***Gaps in industry coverage and product capability***

- No national financial sponsor effort
- No high-yield debt origination capability
- 262 companies under research coverage with market capitalization <\$5B

### Today

#### ***Refined relationship strategy***

- Narrowing focus to small and mid-size; target clients where we can matter
- \$488mm fee income with \$4.9B in average loan and lease balances
- Broadened advisory approach

#### ***Deepened industry coverage and enhanced product support through senior hires***

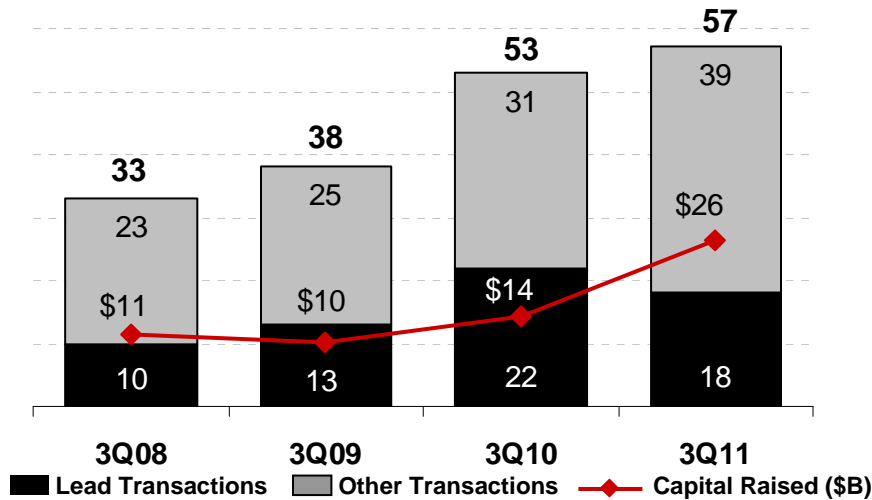
- Bolstered Industrial, Consumer, Energy, Public Sector and Financial Sponsor coverage groups
- Significant Debt Capital Markets investment
- Enhanced equity research platform and tightened alignment with small- and mid-cap strategy -- 369 companies under research coverage with market capitalization <\$5B



Note: Loan and lease balances are twelve month average figures

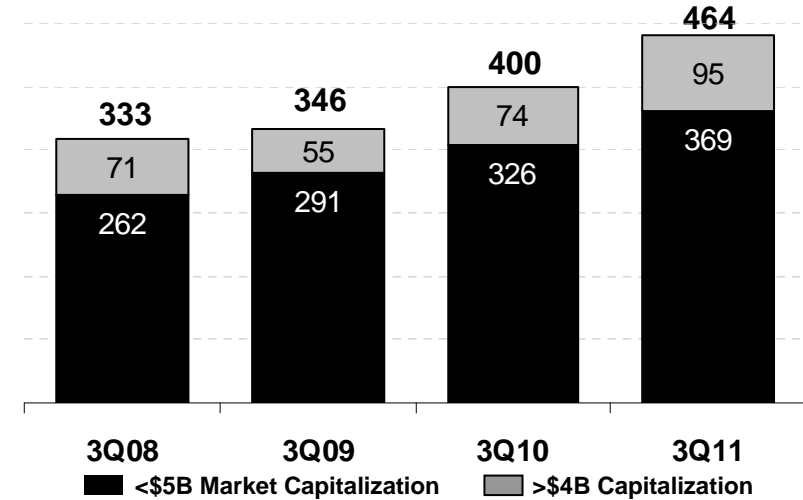
# Growing Equity Capital Markets Platform

Equity Capital Markets Activity (LTM figures)



- Executed 57 equity transactions raising more than \$26B in capital for our clients in LTM 3Q11
  - Completed 18 lead-managed transactions including 11 bookrun offerings
- Strong LTM performance in real estate
  - 27 equity transactions for REITs
  - Key ranks #2 in REIT IPOs (by number of transactions)

Equity Research Coverage (# of companies)



- Niche focus within industry segments: Basic Materials, Consumer, Energy, Industrial and Real Estate
- Focused on small- and mid-cap companies
  - Nearly 80% of research coverage has market capitalization < \$5B
  - Increased coverage of small- and mid-cap companies by 41% since 3Q08



Note: Analysis excludes transactions where KeyCorp was the issuer as well as TARP-related issuances by other Bank Holding Companies  
 Equity research coverage counts are at period-end  
 Source: Thomson Reuters

# Building the Foundation for Growth

## Key Equipment Finance

### Pre-Crisis

#### ***Lack of focus***

- Significant volume outside Key footprint
- Large, fragmented Vendor franchise
  - 3,000 Vendor clients in five major industry groups globally
  - Target size from small-ticket office equipment to large project finance
- Significant International operations
  - 126 employees
  - 18 country locations across Europe and Asia
- Many unprofitable clients

### Today

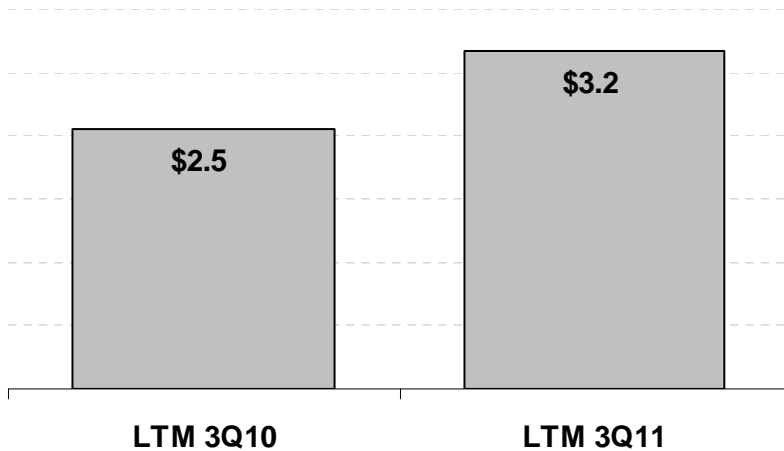
#### ***Narrowed operating focus***

- Tightened alignment between KEF and Key
  - \$497mm in Community Bank lease volume YTD 3Q11, up 40% YoY
- Highly focused Vendor franchise
  - 900 Vendor clients
  - Domestic focus in three industry segments: healthcare, technology equipment and software
  - Concentrate on programs with annual volume > \$50mm
- Limited International operations to support domestic Vendor relationships
  - 65 employees
  - Six country locations in Western Europe
- Exiting and re-pricing unprofitable clients and transaction types



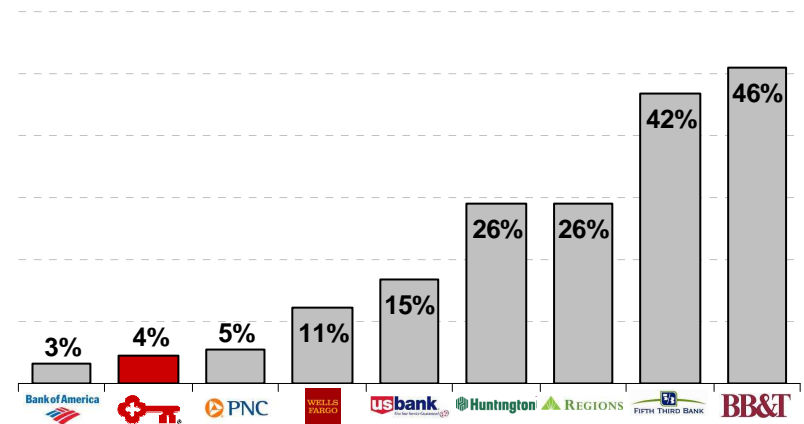
# Strong Equipment Finance Business

New Asset Origination (\$B)



- Originated \$3.2B in gross new business volume YTD 3Q11, up \$756mm or 31% YoY
- Growth driven by our focus on targeted segments
  - Bank Channel up 73% YoY
  - Technology up 39% YoY
  - Healthcare up 22% YoY

Buy-desk Activity as % of Originations <sup>(1)</sup>



- Key is achieving volume targets while remaining focused on our core client relationship strategy
  - Much less reliant than many bank-owned peers on third-party originated assets



(1) Source: 2011 Monitor 100; Data are for FY10