
Second Quarter 2010 Review

July 22, 2010

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Jeff Weeden



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

This earnings release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about Key's financial condition, results of operations, earnings outlook, asset quality trends and profitability. Forward-looking statements are not historical facts but instead represent only management's current expectations and forecasts regarding future events, many of which, by their nature, are inherently uncertain and outside of Key's control. Key's actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Factors that could cause Key's actual results to differ materially from those described in the forward-looking statements can be found in Key's Annual Report on Form 10-K for the year ended December 31, 2009 and Quarterly Report on Form 10-Q for the period ended March 31, 2010, which have been filed with the Securities and Exchange Commission and are available on Key's website (www.key.com) and on the Securities and Exchange Commission's website (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.



2Q10 Strategic Update

- **Returned to profitability in second quarter 2010**
- **Continued improvement in credit quality**
- **Strong capital and reserves**
- **Investing in core relationship businesses**



Financial Summary – Second Quarter 2010

Income from continuing operations attributable to Key common shareholders	\$.06
---------------------------------------------------------------------------	--------

Performance – from continuing operations

Net interest margin (TE)	3.17%
Return on average total assets	.44

Capital

Tier 1 common equity ^(a)	8.01%
Tier 1 risk-based capital ^(a)	13.55
Total risk-based capital ^(a)	17.58
Tangible common equity to tangible assets	7.65

Asset quality – from continuing operations

Allowance for loan losses to period-end loans	4.16%
Allowance for credit losses to period-end loans	4.36
Net loan charge-offs to average loans	3.18
NPLs to EOP portfolio loans	3.19
NPAs to EOP portfolio loans + OREO + Other NPAs	3.88

TE = Taxable Equivalent, EOP = End of Period

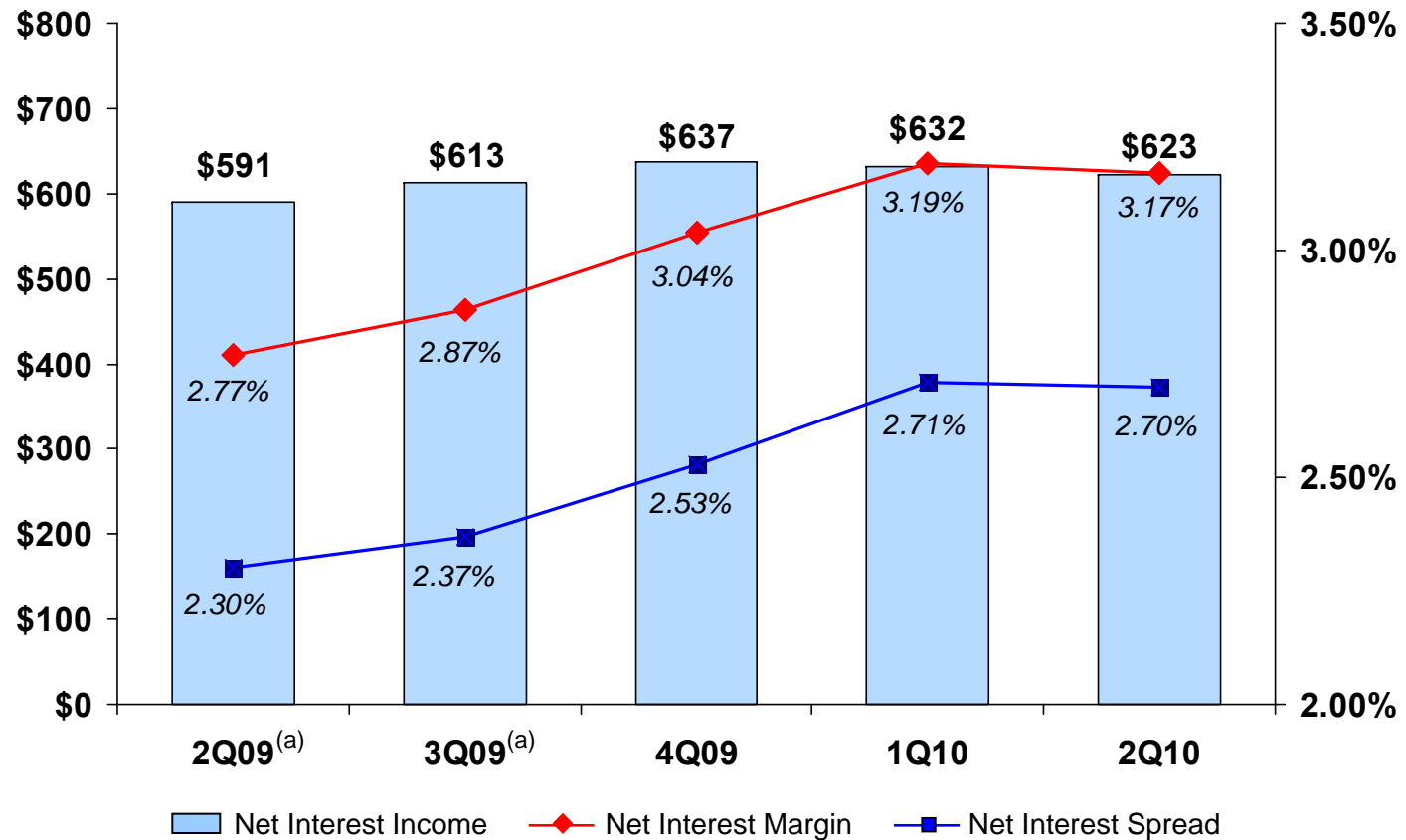
(a) Ratios are estimated.



Net Interest Margin (TE)

\$ in millions

Continuing Operations



TE = Taxable Equivalent

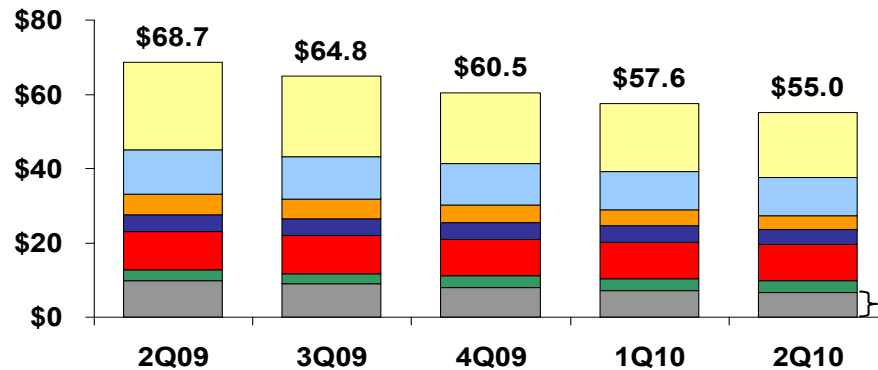
(a) The information shown in this table has been adjusted to exclude the impact of certain leveraged lease terminations, which reduced taxable equivalent net interest income by \$16 million and \$14 million in 2Q09 and 3Q09, respectively.



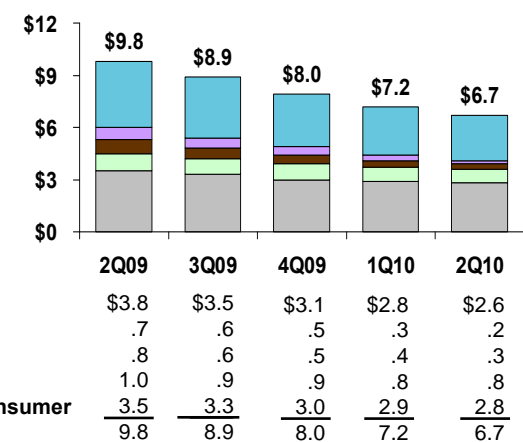
Average Loans

\$ in billions

Continuing Operations



Exit Portfolios – Average Balances



CF&A	\$23.7	\$21.5	\$19.3	\$18.4	\$17.4
CRE - Comm'l Mtg	11.9	11.5	10.9	10.4	10.4
CRE - Construction	5.5	5.3	4.8	4.2	3.5
Leasing	4.6	4.6	4.5	4.4	4.2
Home Equity	10.3	10.2	10.0	10.0	9.8
Other Consumer	2.9	2.8	3.0	3.0	3.0
Exit Portfolios	9.8	8.9	8.0	7.2	6.7
Total Loans	68.7	64.8	60.5	57.6	55.0
Loans Held for Sale	.6	.7	.6	.4	.5
Total Loans and Loans Held for Sale	\$69.3	\$65.5	\$61.1	\$58.0	\$55.5

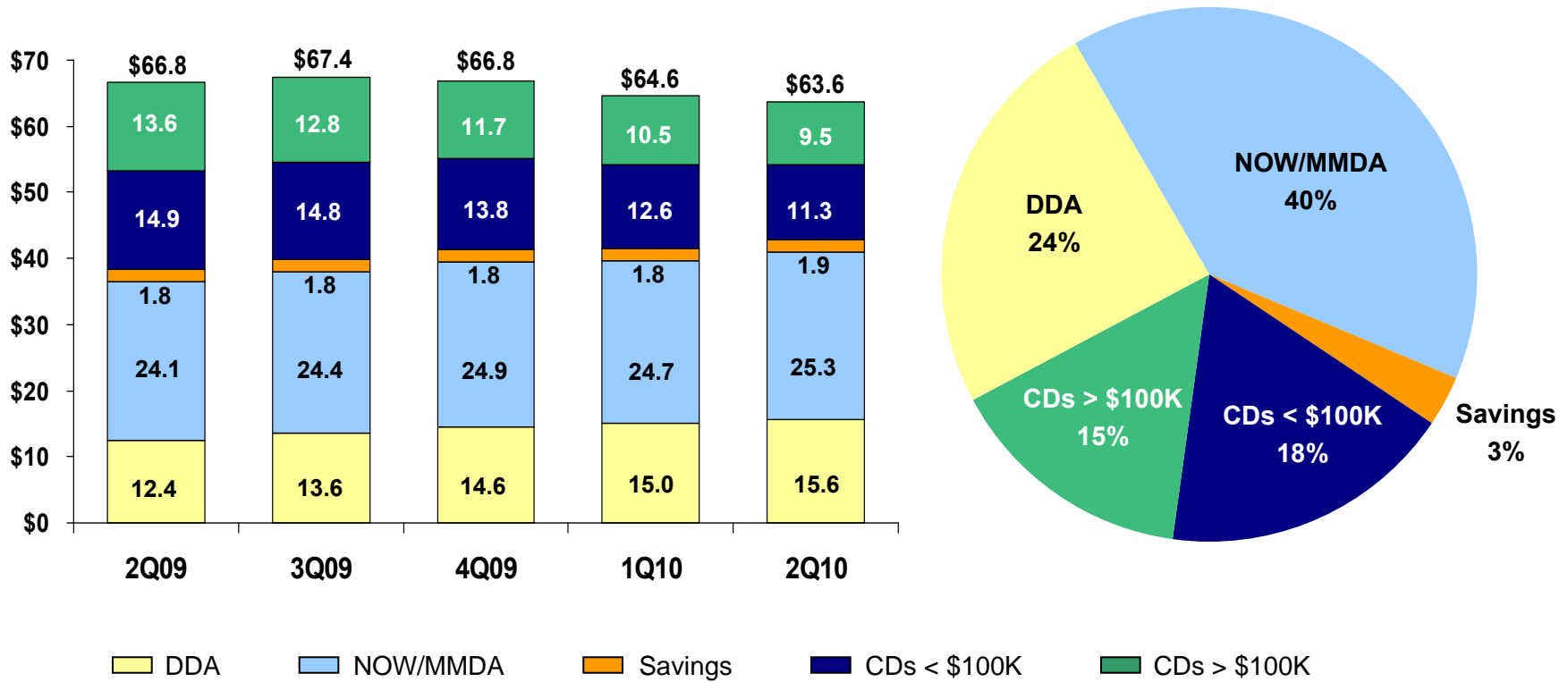
Leasing	\$3.8	\$3.5	\$3.1	\$2.8	\$2.6
CRE - Homebuilder	.7	.6	.5	.3	.2
Marine/RV Floor Plan	.8	.6	.5	.4	.3
Home Equity - Other	1.0	.9	.9	.8	.8
Marine/RV & Other Consumer	3.5	3.3	3.0	2.9	2.8
Total Exit Portfolios	9.8	8.9	8.0	7.2	6.7
Discontinued Operations - Education Lending Business (a)	\$4.1	\$3.8	\$3.9	\$6.7	\$6.3

(a) Includes loans in Key's education loan securitization trusts consolidated upon the adoption of new consolidation accounting guidance on January 1, 2010.



Average Deposits (a)

\$ in billions

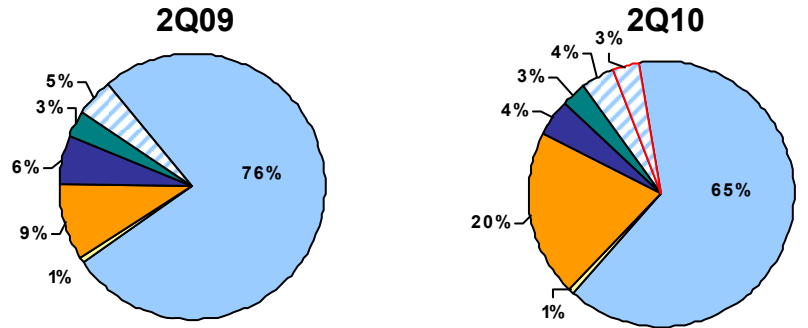


(a) Excludes foreign office deposits.



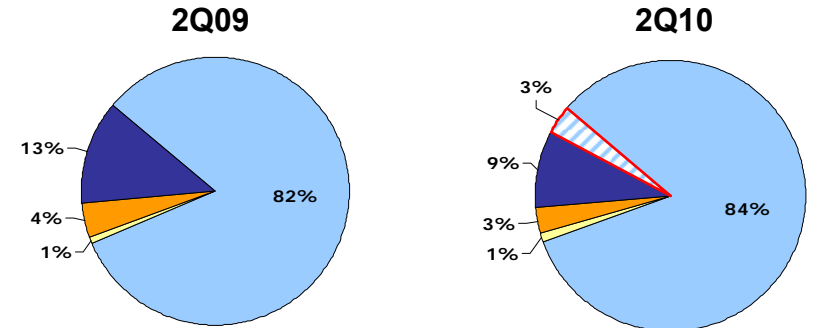
Strong Liquidity Position

Average Earning Assets



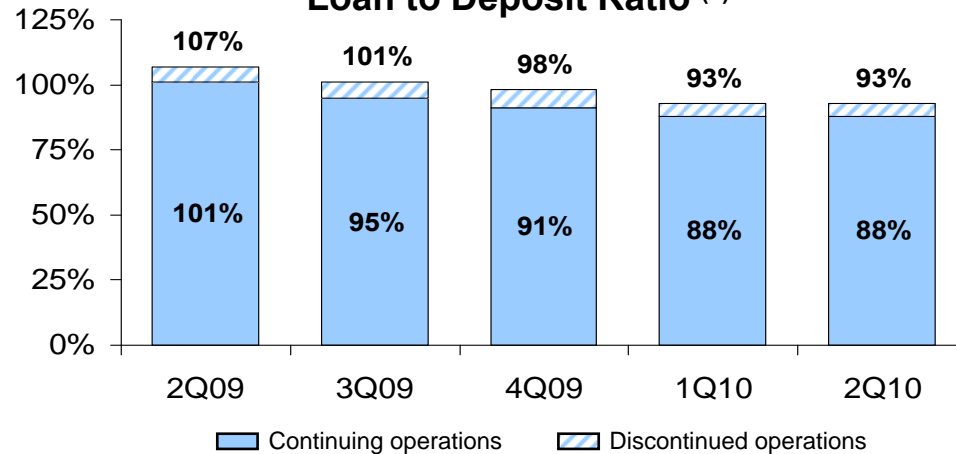
- Total loans
- Investment securities
- Other investments
- Education loan securitization trusts
- Loans held for sale
- Short-term investments
- Education lending business

Average Deposit & Funding Sources



- Core deposits
- Short-term borrowings
- Education lending business
- Deposits in foreign offices
- Long-term debt
- Education loan securitization trusts

Loan to Deposit Ratio (a)



(a) Ending balances; loans & loans held for sale (excluding securitized loans) to deposits (excluding foreign branch).

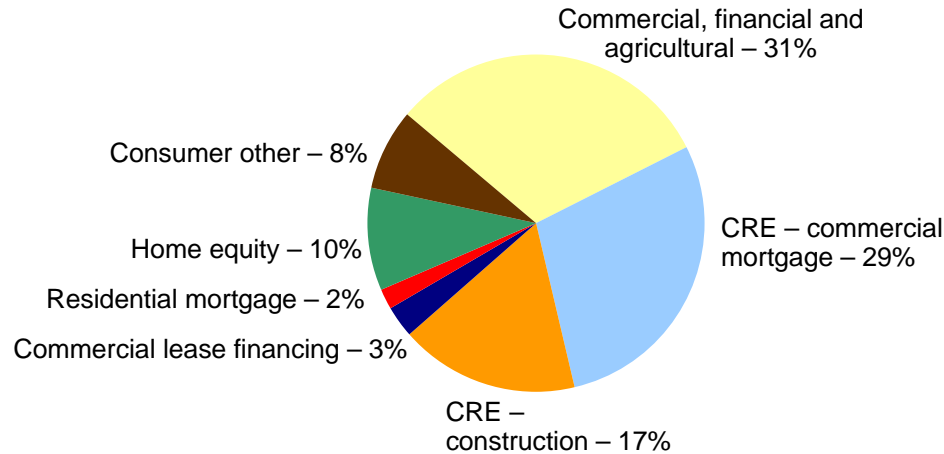


Net Loan Charge-offs

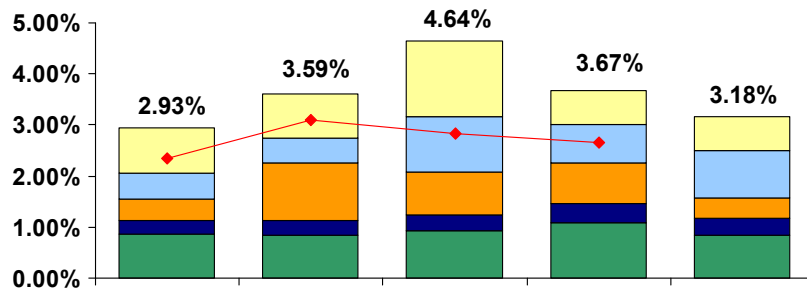
\$ in millions

Continuing Operations

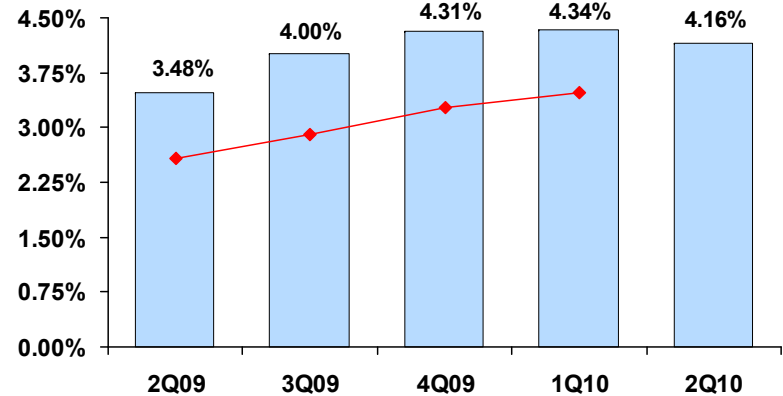
2Q10 Net Loan Charge-offs = \$435 million



Net Loan Charge-Offs to Average Loans



Allowance to Period-End Loans



Net Charge-Offs
\$ in millions

	2Q09	3Q09	4Q09	1Q10	2Q10
CF&A & Leasing	\$153	\$140	\$224	\$97	\$92
CRE - Comm'l Mtg	87	80	165	106	126
CRE - Construction	71	184	128	113	55
Consumer	43	46	50	53	48
Exit Portfolios	148	137	141	153	114
Total	\$502	\$587	\$708	\$522	\$435

—◆— Peer Median

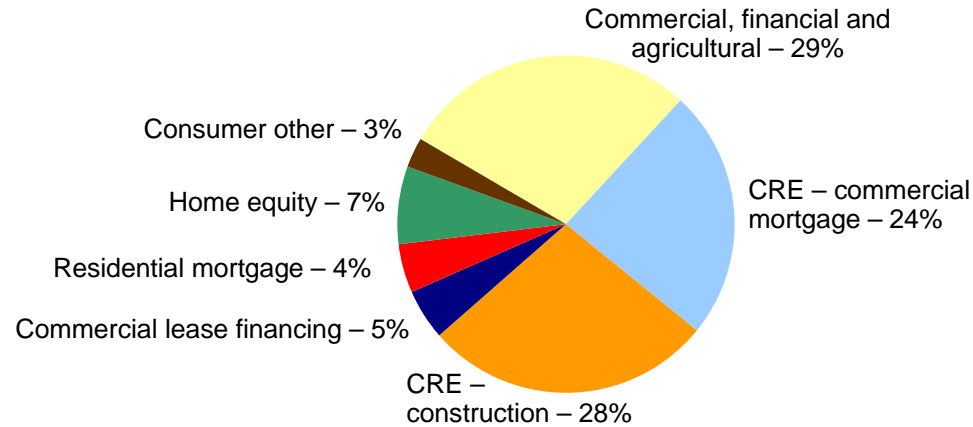


Nonperforming Assets

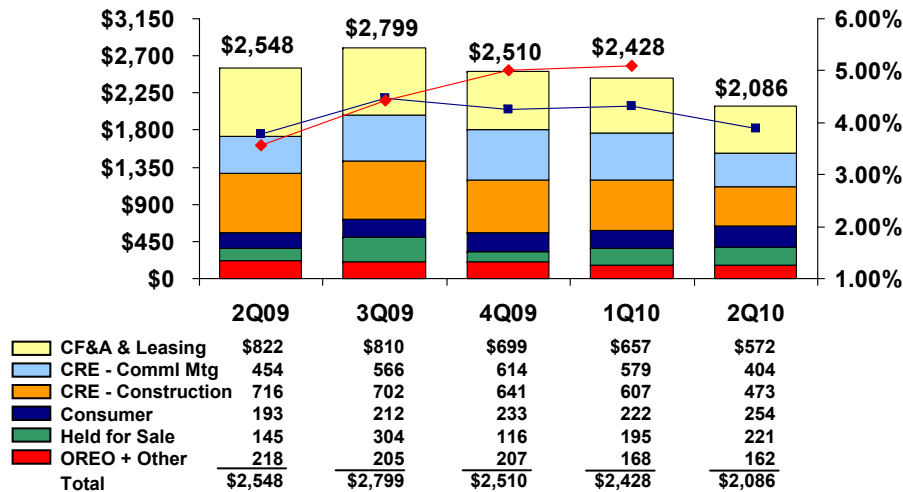
\$ in millions

Continuing Operations

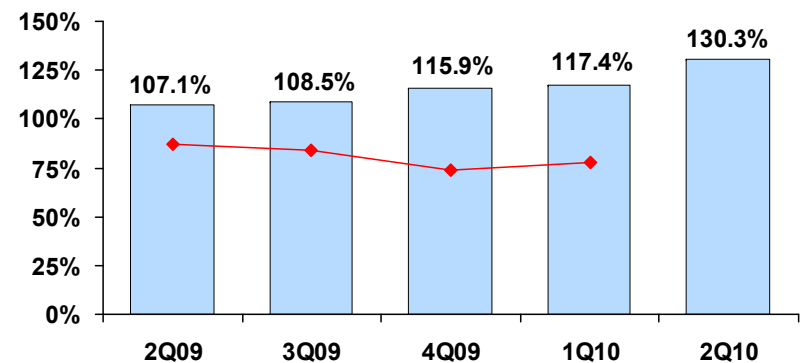
2Q10 Nonperforming Loans = \$1,703 million



Nonperforming Asset Trends



Allowance to NPLs

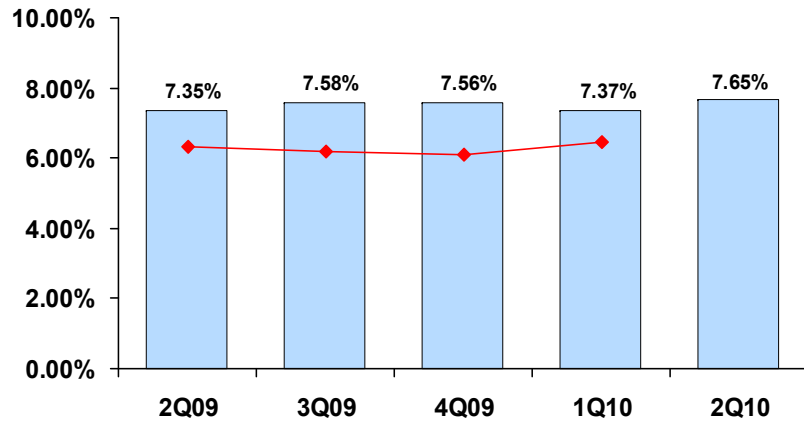


◆ Peer Median ■ NPA to Loans + OREO

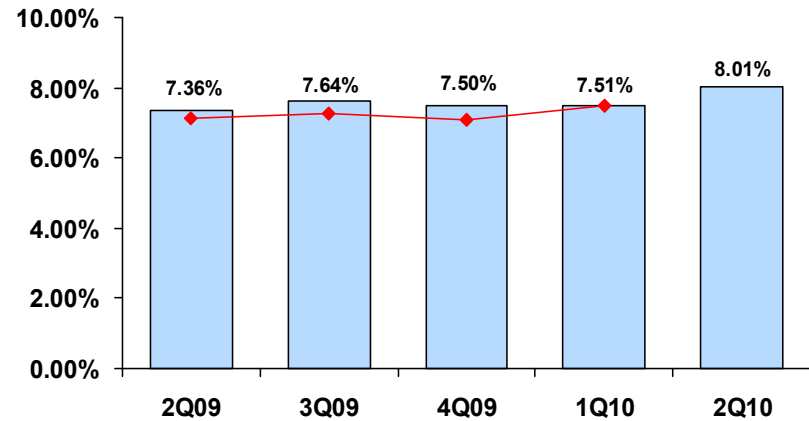


Capital Ratios

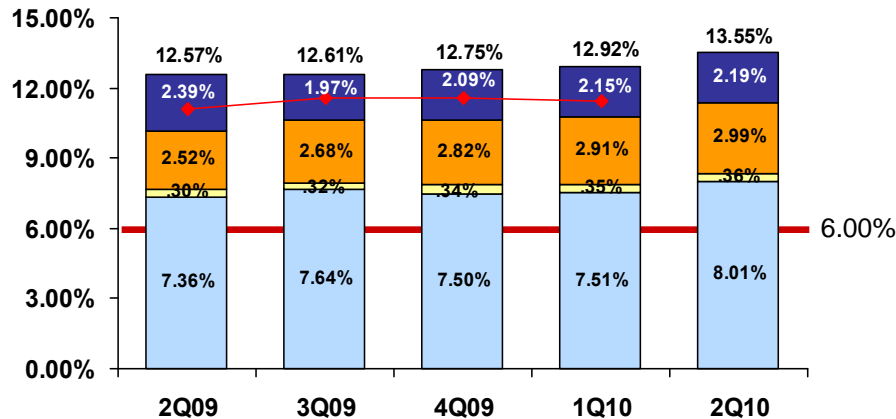
Tangible Common Equity to Tangible Assets



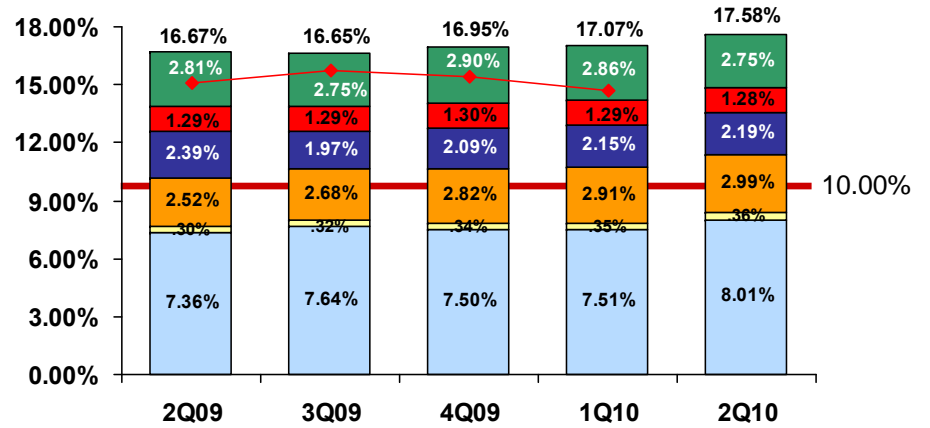
Tier 1 Common Equity (a)



Tier 1 Risk-Based Capital (a)



Total Risk-Based Capital (a)



■ Qualifying Common ■ Convertible Preferred ■ Capital Purchase Program
■ Capital Securities ■ Qualifying ALLL/Unfunded Comm. ■ Qualifying LTD

◆ Peer Median

— Fed-defined minimum for a "well capitalized" bank

(a) 6-30-10 ratio is estimated.



Key's Targets for Success (a)

KEY Business Model	KEY Metrics	KEY 2Q10	Targets	Action Plans
Core funded	Loan to deposit ratio ^{(b) (c)}	93%	90-100%	<ul style="list-style-type: none"> Improve risk profile of loan portfolio Improve deposit mix and grow deposit base
Returning to a moderate risk profile	NCOs to average loans	3.18%	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	3.17%	>3.50%	<ul style="list-style-type: none"> Improve funding mix Focus on risk-adjusted returns
	Noninterest income to total revenue	44.1%	>40%	<ul style="list-style-type: none"> Leverage Key's total client solutions and cross-selling capabilities
Creating positive operating leverage	Keyvolution cost savings	\$197 million implemented	\$300-\$375 million	<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	.44%	1.00-1.25%	<ul style="list-style-type: none"> Execute our client insight-driven relationship model Improved funding mix with lower cost core deposits Keyvolution savings

(a) Continuing operations, unless otherwise noted.

(b) Loans & loans HFS (excluding securitized loans) to deposits (excluding foreign branch).

(c) Consolidated operations.



Appendix



Credit Quality by Portfolio

\$ in millions

	Period-end loans	Average loans	Net loan charge-offs		Net loan charge-offs ^(a) / average loans		Nonperforming loans		Ending allowance	Allowance / period-end loans	Allowance / NPLs
	6/30/10	2Q10	2Q10	1Q10	2Q10	1Q10	6/30/10	3/31/10	6/30/10	6/30/10	6/30/10
Commercial, financial and agricultural	\$17,113	\$17,725	\$136	\$126	3.08 %	2.72 %	\$489	\$558	\$745	4.35 %	152.4 %
Commercial real estate:											
Commercial mortgage	9,971	10,354	126	106	4.88	4.12	404	579	542	5.44	134.2
Construction	3,430	3,773	75	157	7.97	14.03	473	607	307	8.95	64.9
Commercial lease financing	6,620	6,759	14	21	.83	1.18	83	99	234	3.53	281.9
Real estate - residential mortgage	1,846	1,829	10	7	2.19	1.57	77	72	37	2.00	48.1
Home equity:											
Community Banking	9,775	9,837	25	30	1.02	1.22	112	111	123	1.26	109.8
Other	753	773	16	17	8.30	8.45	17	18	63	8.37	370.6
Consumer — Community Banking	1,147	1,145	13	16	4.55	5.58	5	4	58	5.06	1160.0
Consumer other:											
Marine	2,491	2,563	19	38	2.97	5.68	41	16	98	3.93	239.0
Other	188	195	1	4	2.06	7.76	2	1	12	6.38	600.0
Continuing total	\$53,334	\$54,953	\$435	\$522	3.18 %	3.67 %	\$1,703	\$2,065	\$2,219	4.16 %	130.3 %
Discontinued operations - education lending business	6,594	6,055	31	36	2.05	2.36	40	43	129	1.96	322.5
Consolidated total ^(b)	\$59,928	\$61,008	\$466	\$558	3.06 %	3.55 %	\$1,743	\$2,108	\$2,348	3.92 %	134.7 %

(a) Net charge-off amounts are annualized in calculation.

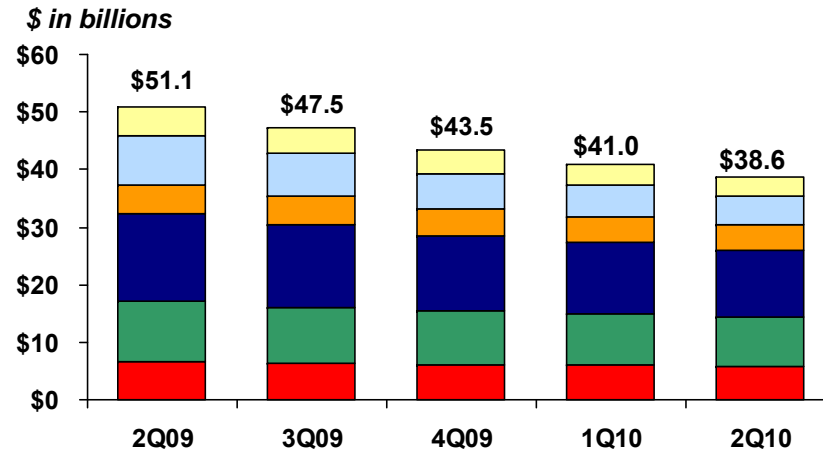
(b) Average loans exclude securitized trust balances.

N/M = Not Meaningful

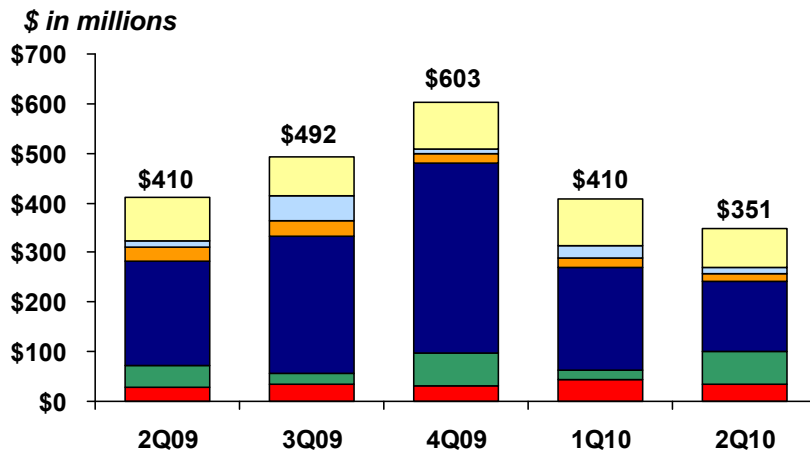


Commercial Portfolio – Line of Business

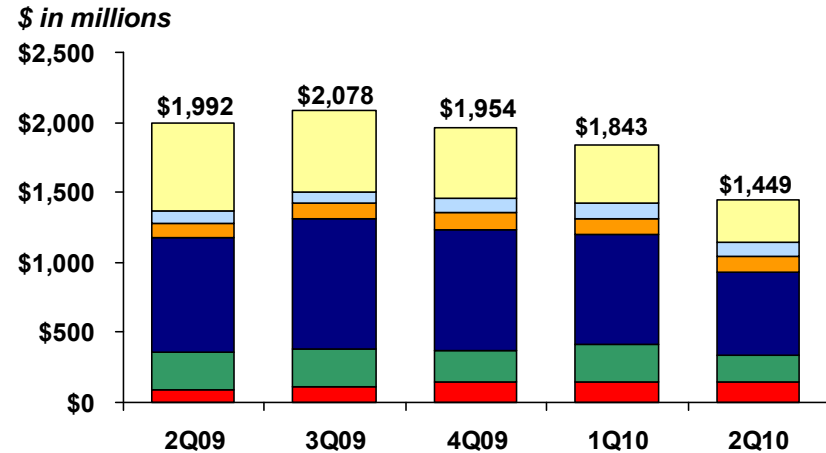
Quarterly Average Loan Balances



Net Charge-Offs



Nonperforming Loans



- Other Segments
- Institutional & Capital Markets
- Equipment Finance
- Real Estate Capital & Corporate Banking Services
- Regional Banking
- Regional Banking



Commercial Portfolio – Continuing Ops.

Average Loans, NCOs and NPLs

\$ in millions

Second Quarter 2010

Average Loans

	Regional Banking	Commercial Banking	Real Estate Capital & Corp. Bank Svcs.	Equipment Finance	Institutional & Capital Markets	Other Segments	Total
Commercial, financial and agricultural	\$2,979	\$5,651	\$2,471	\$883	\$4,651	\$1,090	\$17,725
Commercial real estate	2,574	2,478	8,624	–	114	337	14,127
Commercial lease financing	186	650	368	3,595	239	1,721	6,759
Total commercial loans	\$5,739	\$8,779	\$11,463	\$4,478	\$5,004	\$3,148	\$38,611

Net Charge-Offs

Commercial, financial and agricultural	\$23	\$29	\$16	\$6	\$13	\$49	\$136
Commercial real estate	11	36	126	–	–	28	201
Commercial lease financing	–	–	–	11	–	3	14
Total commercial loan NCOs	\$34	\$65	\$142	\$17	\$13	\$80	\$351

Nonperforming Loans

Commercial, financial and agricultural	\$54	\$108	\$12	\$46	\$109	\$160	\$489
Commercial real estate	92	78	582	–	–	125	877
Commercial lease financing	1	7	–	57	1	17	83
Total commercial NPLs	\$147	\$193	\$594	\$103	\$110	\$302	\$1,449

First Quarter 2010

Average Loans

Commercial, financial and agricultural	\$3,080	\$5,697	\$2,742	\$741	\$5,200	\$1,336	\$18,796
Commercial real estate	2,712	2,585	9,194	–	61	415	14,967
Commercial lease financing	194	689	400	3,832	265	1,815	7,195
Total commercial loans	\$5,986	\$8,971	\$12,336	\$4,573	\$5,526	\$3,566	\$40,958

Net Charge-Offs

Commercial, financial and agricultural	\$23	\$13	\$5	\$7	\$26	\$52	\$126
Commercial real estate	20	5	202	–	–	36	263
Commercial lease financing	2	1	–	11	–	7	21
Total commercial loan NCOs	\$45	\$19	\$207	\$18	\$26	\$95	\$410

Nonperforming Loans

Commercial, financial and agricultural	\$58	\$135	\$15	\$18	\$106	\$226	\$558
Commercial real estate	85	122	781	–	–	198	1,186
Commercial lease financing	1	8	–	90	–	–	99
Total commercial NPLs	\$144	\$265	\$796	\$108	\$106	\$424	\$1,843



Commercial Real Estate

\$ in millions

	Period-end loans		Nonperforming loans		Net loan charge-offs	
	6-30-10	3-31-10	6-30-10	3-31-10	2Q10	1Q10
Retail properties	\$2,377	\$2,504	\$168	\$227	\$23	\$32
Multifamily properties	2,202	2,442	138	162	29	48
Health facilities	1,182	1,220	39	64	5	15
Office buildings	1,155	1,319	52	64	26	-
Residential properties	752	938	234	322	48	81
Land and development ^(a)	361	399	53	78	12	45
Other CRE	1,304	1,405	71	93	11	21
Total nonowner-occupied	9,333	10,227	755	1,010	154	242
Owner-occupied	4,068	4,230	122	176	47	21
Total	<u>\$13,401</u>	<u>\$14,457</u>	<u>\$877</u>	<u>\$1,186</u>	<u>\$201</u>	<u>\$263</u>

(a) Nonresidential land and development loans.



Commercial Real Estate Loans

June 30, 2010

\$ in millions

	Geographic Region						Total	% of Total CRE	Commercial	
	West	Southwest	Central	Midwest	Southeast	Northeast			Mortgage	Construction
Nonowner-occupied:										
Retail properties	\$390	\$237	\$267	\$682	\$575	\$226	\$2,377	17.7 %	\$1,574	\$803
Multifamily properties	293	309	495	222	553	330	2,202	16.4	1,396	806
Health facilities	324	41	201	258	123	235	1,182	8.8	1,084	98
Office buildings	255	82	255	155	101	307	1,155	8.6	828	327
Residential properties	152	64	115	86	170	165	752	5.6	165	587
Warehouses	164	-	58	50	111	105	488	3.7	419	69
Land and development	46	22	56	42	88	107	361	2.7	96	265
Hotels/Motels	55	-	47	15	154	39	310	2.3	250	60
Manufacturing facilities	3	-	3	10	-	12	28	.2	27	1
Other	97	3	19	61	163	135	478	3.6	413	65
Total nonowner-occupied	1,779	758	1,516	1,581	2,038	1,661	9,333	69.6	6,252	3,081
Owner-occupied	1,585	65	377	1,000	138	903	4,068	30.4	3,719	349
Total	\$3,364	\$823	\$1,893	\$2,581	\$2,176	\$2,564	\$13,401	100.0 %	\$9,971	\$3,430
Nonowner-occupied: June 30, 2010										
Nonperforming loans	\$90	\$194	\$72	\$79	\$210	\$110	\$755	N/M	\$301	\$454
90+ days past due	42	16	5	20	-	18	101	N/M	23	78
30-89 days past due	56	17	45	4	-	26	148	N/M	9	139
Nonowner-occupied: March 31, 2010										
Nonperforming loans	\$147	\$185	\$169	\$68	\$286	\$155	\$1,010	N/M	\$419	\$591
90+ days past due	71	58	25	16	25	32	227	N/M	120	107
30-89 days past due	26	13	26	44	14	18	141	N/M	87	54

(a) Nonresidential land and development loans.

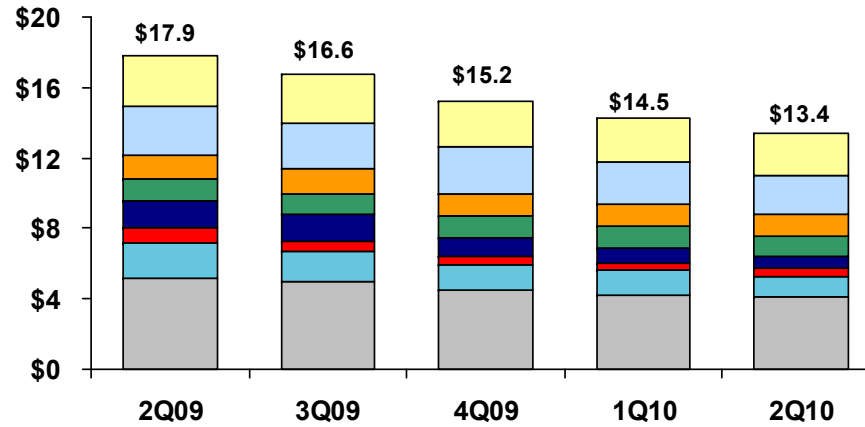
N/M = Not Meaningful



Commercial Real Estate

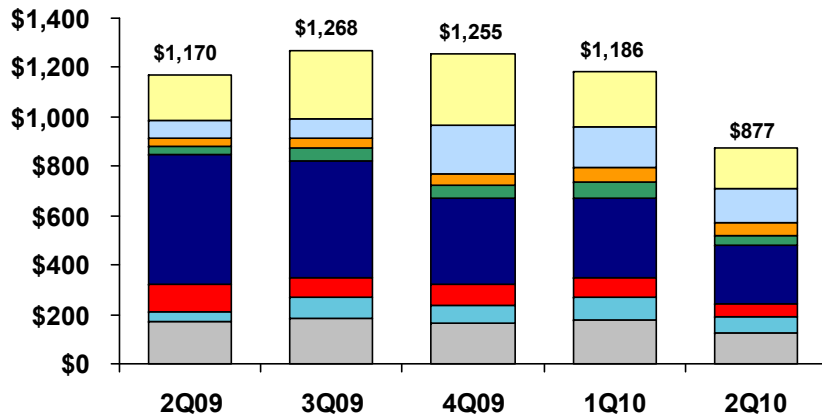
Period-end Loan Balances

\$ in billions



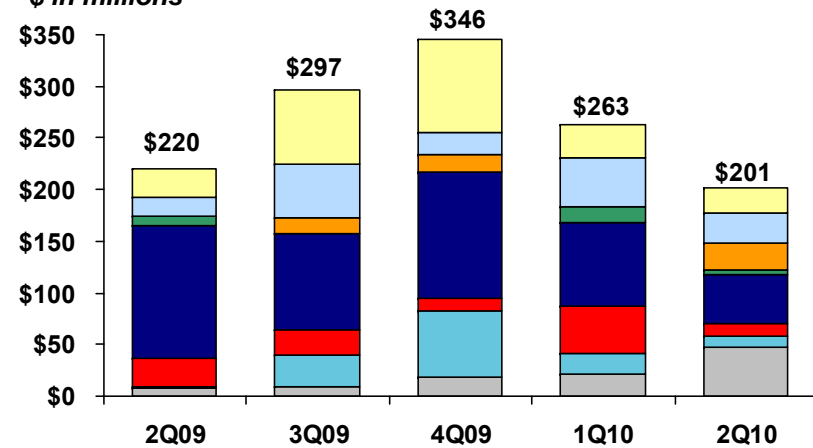
Nonperforming Loans

\$ in millions



Net Charge-Offs

\$ in millions



- Retail properties
- Multifamily properties
- Office buildings
- Health facilities
- Residential properties
- Land and development
- Other CRE
- Owner occupied

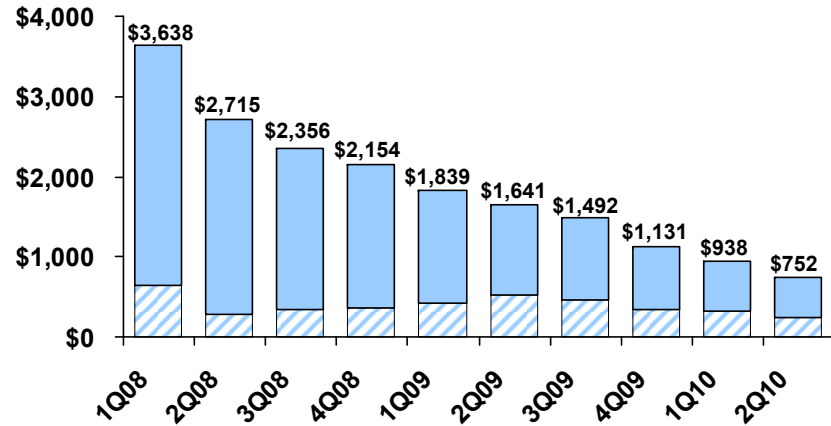


Reducing Risk – CRE Residential Properties (a)

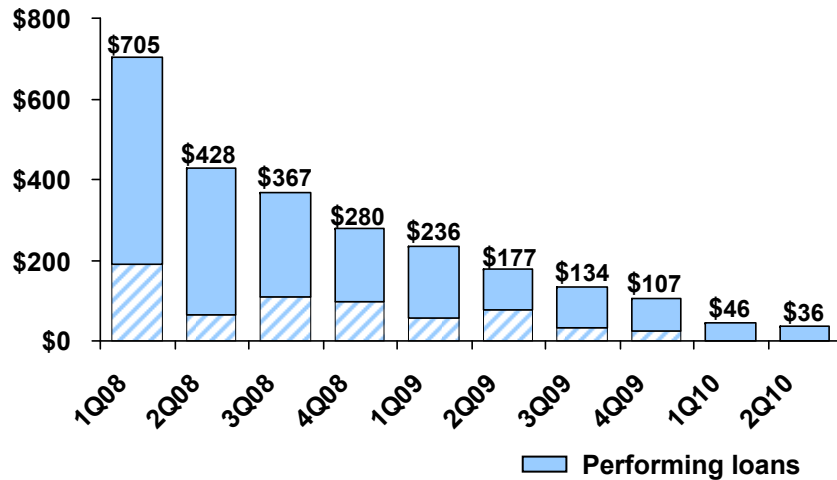
\$ in millions

- Reduced the Residential Properties (Homebuilder) portfolio by 79% since 1Q08
- Initiated process in 2Q08 to aggressively sell at-risk homebuilder loans
- Reduced exposure to the California market by 95% and the Florida market by 86% since 1Q08

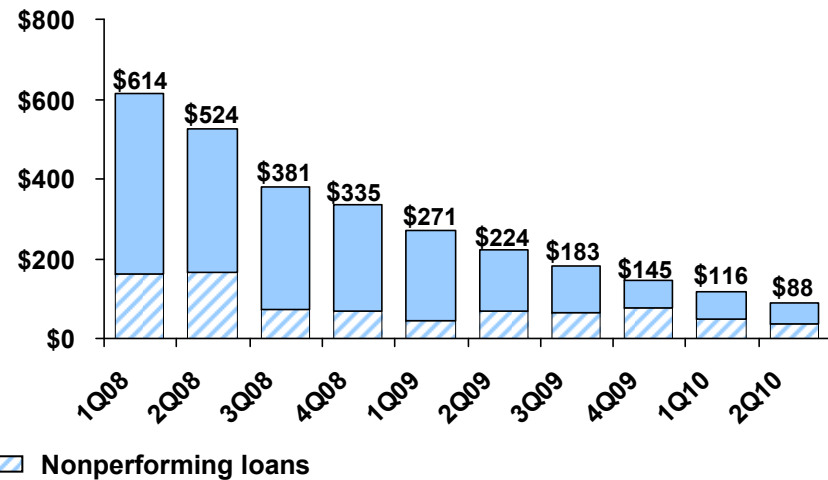
Total Period-end Loans



California



Florida



(a) Non-owner occupied



Home Equity Loans

June 30, 2010

\$ in millions, except average loan size

	Loan Balances	Average Loan Size (\$)	Average FICO	Average LTV	% of Loans LTV>90%	Vintage (% of Loans)				
						2010 and 2009	2008	2007	2006	2005 and prior
Community Banking										
Home Equity loans and lines										
First Lien	\$ 5,129	\$ 57,045	749	66 %	.5 %	18 %	13 %	9 %	9 %	51 %
Second Lien	4,646	43,304	747	75	2.9	14	19	19	12	36
Total Home Equity loans and lines	\$ 9,775	\$ 49,570	748	70	1.7	16	16	14	10	44
Nonaccrual Loans										
First Lien	\$ 60	\$ 86,918	709	74 %	-	2 %	2 %	16 %	10 %	70 %
Second Lien	52	58,672	706	76	3.2 %	3	9	26	22	40
Total Home Equity nonaccrual loans	\$ 112	\$ 70,971	707	75	1.5	2	6	20	16	56
Second quarter net charge-offs	\$ 25					-	17 %	45 %	14 %	24 %
Net loan charge-offs to average loans	1.02 %									
Other - Exit										
Home Equity Loans										
First Lien	\$ 32	\$ 23,262	749	32 %	.5 %	-	1 %	25 %	15 %	59 %
Second Lien	721	26,546	731	82	32.9	-	2	40	27	31
Total Home Equity loans	\$ 753	\$ 26,387	732	80	31.5	-	1	40	27	32
Nonaccrual Loans										
First Lien	\$ 1	\$ 20,444	682	32 %	-	-	3 %	4 %	7 %	86 %
Second Lien	16	28,969	705	85	43.3 %	-	2	40	29	29
Total Home Equity nonaccrual loans	\$ 17	\$ 28,482	704	83	41.6	-	2	38	28	32
Second quarter net charge-offs	\$ 16					-	1 %	42 %	37 %	20 %
Net loan charge-offs to average loans	8.30 %									

(a) Average LTVs are at origination. Current average LTVs for Community Banking total home equity loans and lines is approximately 76%, which compares to 77% at the end of the first quarter of 2010.



Exit Loan Portfolio

\$ in millions

	Balance Outstanding		Change 6-30-10 vs. 3-31-10	Net Loan Charge-offs		Balance on Nonperforming Status	
	6-30-10	3-31-10		2Q10	1Q10	6-30-10	3-31-10
Residential properties – homebuilder	\$195	\$269	\$(74)	\$20	\$44	\$109	\$167
Residential properties – held for sale	25	40	(15)	–	–	25	40
Total residential properties	<u>220</u>	<u>309</u>	<u>(89)</u>	<u>20</u>	<u>44</u>	<u>134</u>	<u>207</u>
Marine and RV floor plan	268	339	(71)	14	28	59	66
Commercial lease financing ^(a)	2,437	2,685	(248)	44	22	133	191
Total commercial loans	<u>2,925</u>	<u>3,333</u>	<u>(408)</u>	<u>78</u>	<u>94</u>	<u>326</u>	<u>464</u>
Home equity – Other	753	795	(42)	16	17	17	18
Marine	2,491	2,636	(145)	19	38	41	16
RV and other consumer	188	201	(13)	1	4	1	1
Total consumer loans	<u>3,432</u>	<u>3,632</u>	<u>(200)</u>	<u>36</u>	<u>59</u>	<u>59</u>	<u>35</u>
Total loans in exit portfolio	<u>\$6,357</u>	<u>\$6,965</u>	<u>\$(608)</u>	<u>\$114</u>	<u>\$153</u>	<u>\$385</u>	<u>\$499</u>
Discontinued operations - education lending business (not included in exit loans above) ^(b)	\$6,686	\$6,268	\$418	\$31	\$36	\$40	\$42

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

(b) Includes loans in Key's education loan securitization trusts consolidated upon the adoption of new consolidation accounting guidance on January 1, 2010.



Net Charge-offs to Average Loans

Continuing Operations

	<u>2Q10</u>	<u>1Q10</u>	<u>4Q09</u>	<u>3Q09</u>	<u>2Q09</u>
Commercial, financial and agricultural	3.08 %	2.72 %	4.36 %	3.02 %	2.75 %
Real estate — commercial mortgage	4.88	4.12	6.03	2.79	2.93
Real estate — construction	7.97	14.03	13.69	14.69	8.52
Commercial lease financing	.83	1.18	2.04	1.33	1.05
Total commercial loans	<u>3.65</u>	<u>4.06</u>	<u>5.50</u>	<u>4.11</u>	<u>3.22</u>
Real estate — residential mortgage	2.19	1.57	1.78	.91	.92
Home equity:					
Community Banking	1.02	1.22	1.06	.97	.94
Other	<u>8.30</u>	<u>8.45</u>	<u>8.79</u>	<u>8.64</u>	<u>7.41</u>
Total home equity	1.55	1.77	1.66	1.61	1.50
Consumer other — Community Banking	4.55	5.58	5.02	5.67	4.98
Consumer other:					
Marine	2.97	5.68	4.57	3.29	3.66
Other	<u>2.06</u>	<u>7.76</u>	<u>5.31</u>	<u>6.67</u>	<u>3.13</u>
Total consumer other	2.91	5.83	4.62	3.53	3.62
Total consumer	<u>2.06</u>	<u>2.72</u>	<u>2.45</u>	<u>2.18</u>	<u>2.09</u>
Net loan charge-offs to average loans	<u><u>3.18 %</u></u>	<u><u>3.67 %</u></u>	<u><u>4.64 %</u></u>	<u><u>3.59 %</u></u>	<u><u>2.93 %</u></u>



Nonperforming Loans to Period-end Loans

Continuing Operations

	<u>2Q10</u>	<u>1Q10</u>	<u>4Q09</u>	<u>3Q09</u>	<u>2Q09</u>
Commercial, financial and agricultural	2.86 %	3.10 %	3.04 %	3.30 %	2.97 %
Real estate — commercial mortgage	4.05	5.53	5.87	5.07	3.86
Real estate — construction	13.79	15.21	13.53	12.83	11.70
Commercial lease financing	<u>1.25</u>	<u>1.42</u>	<u>1.51</u>	<u>1.68</u>	<u>1.48</u>
Total commercial loans	3.90	4.67	4.66	4.61	4.01
Real estate — residential mortgage	4.17	3.97	4.06	3.86	2.62
Home equity:					
Community Banking	1.15	1.12	1.06	1.01	.99
Other	<u>2.26</u>	<u>2.26</u>	<u>2.51</u>	<u>2.39</u>	<u>2.13</u>
Total home equity	1.23	1.21	1.18	1.12	1.08
Consumer other — Community Banking	.44	.35	.34	.34	.42
Consumer other:					
Marine	1.65	.61	.93	.51	.61
Other	<u>1.06</u>	<u>.50</u>	<u>.93</u>	<u>.43</u>	<u>.82</u>
Total consumer other	1.61	.60	.93	.50	.63
Total consumer	<u>1.57</u>	<u>1.35</u>	<u>1.38</u>	<u>1.24</u>	<u>1.10</u>
Nonperforming loans to period-end loans	<u><u>3.19 %</u></u>	<u><u>3.69 %</u></u>	<u><u>3.72 %</u></u>	<u><u>3.68 %</u></u>	<u><u>3.25 %</u></u>

