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# Section 1: 8-K (8-K)

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## UNITED STATES
## SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 8-K

## CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the**
**Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): April 19, 2012**

KeyCorp

**(Exact name of registrant as specified in its charter)**

| | | |
|---|---|---|
| **Ohio** | **1-11302** | **34-6542451** |
| (State or other jurisdiction of incorporation) | Commission File Number | (I.R.S. Employer Identification No.) |
| **127 Public Square, Cleveland, Ohio** | | **44114-1306** |

(Address of principal executive offices) (Zip Code)

**(216) 689-3000**
**Registrant's telephone number, including area code:**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Section 2 – Financial Information**

**Item 2.02Results of Operations and Financial Condition.**

**Item 7.01Regulation FD Disclosure.**

On April 19, 2012, KeyCorp issued a press release announcing its financial results for the three-month period ended March 31, 2012 (the "Press Release") and posted on its website its first quarter 2012 Supplemental Information Package (the "Supplemental Information Package"). The Press Release and Supplemental Information Package are attached hereto as Exhibit 99.1 and Exhibit 99.2, respectively, and are each incorporated by reference.

The information in the preceding paragraph, as well as Exhibit 99.1 and Exhibit 99.2 referenced therein, shall not be deemed "filed" for purposes of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall it be incorporated by reference in any filing under the Securities Act of 1933, as amended (the "Securities Act").

KeyCorp's Consolidated Balance Sheets and Consolidated Statements of Income (the "Financial Statements"), included as part of the Press Release, are attached as Exhibit 99.3 to this report and incorporated by reference herein. Exhibit 99.3 is "filed" for purposes of Section 18 of the Exchange Act and, therefore, may be incorporated by reference in filings under the Securities Act.

On April 19, 2012, KeyCorp intends to hold a live conference call that will also be available by webcast to facilitate a discussion of its financial condition at March 31, 2012, and its financial results for the three-month period ended March 31, 2012, including the Press Release and the Supplemental Information Package.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

The following exhibits are furnished, or filed in the case of Exhibit 99.3, herewith:

99.1 Press Release, dated April 19, 2012, announcing financial results for the three-month period ended March 31, 2012.

99.2 Supplemental Information Package reviewed during the conference call and webcast.

99.3 Financial Statements.

* * *

***Forward-Looking Statements*** *This filing contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about KeyCorp's financial condition, results of operations, earnings outlook, asset quality trends and profitability. Forward-looking statements are not historical facts but instead represent management's current expectations and forecasts regarding future events, many of which, by their nature, are inherently uncertain and outside of KeyCorp's control. KeyCorp'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 KeyCorp's actual results to differ materially from those described in the forward-looking statements can be found in KeyCorp's Annual Report on Form 10-K for the year ended December 31, 2011, which has been filed with the Securities and Exchange Commission and is available on our website (www.key.com/ir) 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. KeyCorp 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.*

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, KeyCorp has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KEYCORP
(Registrant)

Date: April 19, 2012

/s/ Robert L. Morris
By: Robert L. Morris
Executive Vice President and Chief Accounting Officer

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# Section 2: EX-99.1 (EX-99.1)

**Exhibit 99.1**

**News**

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**KEY MEDIA NEWSROOM: www.key.com/newsroom**

**FOR IMMEDIATE RELEASE**

## KEYCORP REPORTS FIRST QUARTER 2012 NET INCOME OF $199 MILLION, OR $.21 PER COMMON SHARE

- Net income from continuing operations of $199 million, or $.21 per common share for the first quarter of 2012
- Net interest margin of 3.16%, up three basis points from the fourth quarter of 2011
- Average total loans increased $766 million, or 6% annualized from the fourth quarter of 2011
- Net charge-offs declined to $101 million, or .82% of average loan balances for the first quarter of 2012
- Nonperforming loans declined to $666 million, or 1.35% of period-end loans, and nonperforming assets decreased to $767 million at March 31, 2012
- Loan loss reserve at 1.92% of total period-end loans and 141.7% of nonperforming loans at March 31, 2012
- Received no objection from the Federal Reserve to Key's capital plan, which included a common stock repurchase program and a plan to evaluate a dividend increase
- Tier 1 common equity and Tier 1 risk-based capital ratios estimated at 11.5% and 13.3%, respectively, at March 31, 2012

CLEVELAND, April 19, 2012 – KeyCorp (NYSE: KEY) today announced first quarter net income from continuing operations attributable to Key common shareholders of $199 million, or $.21 per common share. This result compares to $184 million, or $.21 per common share for the first quarter of 2011, which included a deemed dividend of $49 million, or $.06 per diluted common share related to the accelerated amortization of the discount on the repurchased preferred shares from the U.S. Treasury. First quarter 2012 net income attributable to Key common shareholders was $194 million compared to net income attributable to Key common shareholders of $173 million for the same quarter one year ago.

During the first quarter of 2012, the Company continued to benefit from improved asset quality. Nonperforming loans decreased by $219 million and nonperforming assets declined by



$322 million from the year-ago quarter to $666 million and $767 million, respectively. Net charge-offs declined to $101 million, or .82% of average loan balances for the first quarter of 2012, compared to $193 million, or 1.59% of average loan balances for the same period one year ago.

"Key's first quarter results demonstrate continued positive momentum as we execute on our relationship strategy, strengthen our balance sheet and maintain disciplined expense control," said Chairman and Chief Executive Officer Beth Mooney. "Asset quality improved again this quarter, and we were pleased to see growth in our commercial, financial and agricultural loan portfolio. Key remains committed to meeting the credit needs of its customers and communities."

Key originated approximately $8.3 billion in new or renewed lending commitments to consumers and businesses during the first quarter of 2012, which is up from $6.9 billion for the same period one year ago.

Mooney added that she was particularly pleased that Key received several industry honors and recognition in the first quarter. Corporate Insight's *Bank Monitor* commended Key for service excellence in categories including online bill pay, online account opening, alerts and fund transfers. Greenwich Associates' 2011 national banking survey recognized Key as a national and regional winner of three excellence awards for its small business banking and middle market banking.

At March 31, 2012, Key's estimated Tier 1 common equity and Tier 1 risk-based capital ratios were 11.5% and 13.3%, compared to 11.3% and 13.0%, respectively, at December 31, 2011.

Mooney continued: "As previously announced, our Board of Directors has authorized a common stock repurchase program of up to $344 million to begin in the second quarter of this year through the first quarter of 2013. Our Board will also evaluate an increase in our quarterly common stock dividend from $.03 per share up to $.05 per share next month at its regular meeting. These actions, which are a part of our 2012 capital plan submitted to the Federal Reserve and to which the Federal Reserve had no objection, represent an opportunity for Key to return capital to our shareholders while still maintaining our peer leading capital to support organic growth."

As previously reported, on January 11, 2012, Key signed a purchase and assumption agreement to acquire 37 retail banking branches in Buffalo and Rochester, NY. The deposits associated with these branches total approximately $2.4 billion, while loans total approximately $400 million. The transaction is expected to close early third quarter of 2012, subject to customary closing conditions, including regulatory approval of the acquisition.



The following table shows Key's continuing and discontinued operating results for the three-month periods ended March 31, 2012, December 31, 2011 and March 31, 2011.

**Results of Operations**

| | Three months ended | | |
|---|---|---|---|
| *in millions, except per share amounts* | **3-31-12** | **12-31-11** | **3-31-11** |
| **Summary of operations** | | | |

| | | | |
|---|---|---|---|
| Income (loss) from continuing operations attributable to Key | $ 205 | $ 207 | $ 274 |
| Income (loss) from discontinued operations, net of taxes [a] | (5) | (7) | (11) |
| Net income (loss) attributable to Key | $ 200 | $ 200 | $ 263 |
| Income (loss) from continuing operations attributable to Key | $ 205 | $ 207 | $ 274 |
| Less: Dividends on Series A Preferred Stock | 6 | 6 | 6 |
| Cash dividends on Series B Preferred Stock | — | — | 31 |
| Amortization of discount on Series B Preferred Stock [b] | — | — | 53 |
| Income (loss) from continuing operations attributable to Key common shareholders | 199 | 201 | 184 |
| Income (loss) from discontinued operations, net of taxes [a] | (5) | (7) | (11) |
| Net income (loss) attributable to Key common shareholders | $ 194 | $ 194 | $ 173 |
| **Per common share — assuming dilution** | | | |
| Income (loss) from continuing operations attributable to Key common shareholders | $ .21 | $ .21 | $ .21 |
| Income (loss) from discontinued operations, net of taxes [a] | (.01) | (.01) | (.01) |
| Net income (loss) attributable to Key common shareholders [c] | $ .20 | $ .20 | $ .19 |

(a) In April 2009, management decided to wind down the operations of Austin Capital Management, Ltd., a subsidiary that specialized in managing hedge fund investments for institutional customers. In September 2009, management decided to discontinue the education lending business conducted through Key Education Resources, the education payment and financing unit of KeyBank National Association. As a result of these decisions, Key has accounted for these businesses as discontinued operations. The loss from discontinued operations for the three-months ended March 31, 2012, was primarily attributable to fair value adjustments related to the education lending securitization trusts.

(b) March 31, 2011 includes a $49 million deemed dividend related to the repurchase of the $2.5 billion Fixed-Rate Perpetual Preferred Stock, Series B (“Series B Preferred Stock”).

(c) Earnings per share may not foot due to rounding.

## SUMMARY OF CONTINUING OPERATIONS

Taxable-equivalent net interest income was $559 million for the first quarter of 2012, and the net interest margin was 3.16%. These results compare to taxable-equivalent net interest income of $604 million and a net interest margin of 3.25% for the first quarter of 2011. The decrease in net interest income is attributed to a decline in both the net interest margin and earning assets. The net interest margin has been under pressure as a result of the continuation of the low-rate environment contracting the spread between lending rates and funding costs.

Compared to the fourth quarter of 2011, taxable-equivalent net interest income decreased by $4 million, and the net interest margin improved by three basis points. The slight decrease in net interest income is primarily due to the write-off of $6 million of capitalized loan origination costs resulting from the early termination of a leveraged lease in the first quarter of 2012. The improvement in the net interest margin resulted from a decrease in the balance of lower yielding short-term investments during the first quarter of 2012 and a continued decline in funding costs.

Key’s noninterest income was $472 million for the first quarter of 2012, compared to $457 million for the year-ago quarter. Gains on leased equipment increased $23 million, primarily due to a $20 million gain related to the early termination of a leveraged lease, compared to the same period one year ago. Other income also increased $16 million from the year-ago quarter. These increases in noninterest income were partially offset by a $13 million decrease in operating lease income and a $13 million decline in electronic banking fees as a result of new government pricing controls on debit transactions that went into effect October 1, 2011.



The major components of Key's noninterest income for the past five quarters are shown in the following table.

**Noninterest Income – Major Components**

| *in millions* | 1Q12 | 4Q11 | 3Q11 | 2Q11 | 1Q11 |
|---|---|---|---|---|---|
| Trust and investment services income | $109 | $104 | $107 | $113 | $110 |
| Service charges on deposit accounts | 68 | 70 | 74 | 69 | 68 |
| Operating lease income | 22 | 25 | 30 | 32 | 35 |
| Letter of credit and loan fees | 54 | 56 | 55 | 47 | 55 |
| Corporate-owned life insurance income | 30 | 35 | 31 | 28 | 27 |
| Electronic banking fees | 17 | 18 | 33 | 33 | 30 |
| Gains on leased equipment | 27 | 9 | 7 | 5 | 4 |
| Insurance income | 12 | 11 | 13 | 14 | 15 |
| Net gains (losses) from loan sales | 22 | 27 | 18 | 11 | 19 |
| Net gains (losses) from principal investing | 35 | (8) | 34 | 17 | 35 |
| Investment banking and capital markets income (loss) | 43 | 24 | 25 | 42 | 43 |

Compared to the fourth quarter of 2011, noninterest income increased by $58 million. Net gains (losses) from principal investing (including results attributable to noncontrolling interests) increased $43 million, and investment banking and capital markets income increased $19 million compared to the fourth quarter of 2011. Key's fourth quarter investment banking and capital markets income included a $24 million charge related to funding Visa's litigation escrow liability account. Gains on leased equipment increased $18 million resulting from the early termination of a leveraged lease in the first quarter of 2012. These increases in noninterest income were partially offset by declines in corporate-owned life insurance of $5 million, net gains (losses) from loan sales of $5 million and other income of $10 million.

Key's noninterest expense was $703 million for the first quarter of 2012, compared to $701 million for the same period last year. Personnel expense increased $14 million due to increased salaries and stock-based compensation expenses, partially offset by a decrease in incentive compensation. Nonpersonnel expense decreased $12 million compared to the same period one year ago with declines in operating lease expense, FDIC assessments and other real estate owned ("OREO") expense being offset by increases in marketing, the provision (credit) for losses on lending-related commitments and other expense.

Compared to the fourth quarter of 2011, noninterest expense decreased by $14 million. Business services and professional fees decreased $19 million and marketing expense declined $11 million. These decreases in noninterest expense from the fourth quarter of 2011 were partially offset by increases of $11 million in the provision (credit) for losses on lending-related commitments and $8 million in other expenses.

## ASSET QUALITY

Key's provision for loan and lease losses was a charge of $42 million for the first quarter of 2012, compared to a credit of $40 million for the year-ago quarter and a credit of $22 million for the fourth quarter of 2011. Key's allowance for loan and lease losses was $944 million, or 1.92% of total period-end loans at March 31, 2012, compared to 2.03% at December 31, 2011, and 2.83% at March 31, 2011.

Selected asset quality statistics for Key for each of the past five quarters are presented in the following table.

**Selected Asset Quality Statistics from Continuing Operations**

| *dollars in millions* | 1Q12 | 4Q11 | 3Q11 | 2Q11 | 1Q11 |
|---|---|---|---|---|---|
| Net loan charge-offs | $ 101 | $ 105 | $ 109 | $ 134 | $ 193 |
| Net loan charge-offs to average loans | .82 % | .86 % | .90 % | 1.11 % | 1.59 % |
| Allowance for loan and lease losses to annualized net loan charge-offs | 232.39 | 241.01 | 261.54 | 228.85 | 175.29 |
| Allowance for loan and lease losses | $ 944 | $ 1,004 | $ 1,131 | $ 1,230 | $ 1,372 |
| Allowance for credit losses [(a)] | 989 | 1,049 | 1,187 | 1,287 | 1,441 |
| Allowance for loan and lease losses to period-end loans | 1.92 % | 2.03 % | 2.35 % | 2.57 % | 2.83 % |
| Allowance for credit losses to period-end loans | 2.01 | 2.12 | 2.46 | 2.69 | 2.97 |
| Allowance for loan and lease losses to nonperforming loans | 141.74 | 138.10 | 143.53 | 146.08 | 155.03 |
| Allowance for credit losses to nonperforming loans | 148.50 | 144.29 | 150.63 | 152.85 | 162.82 |
| Nonperforming loans at period end | $ 666 | $ 727 | $ 788 | $ 842 | $ 885 |
| Nonperforming assets at period end | 767 | 859 | 914 | 950 | 1,089 |
| Nonperforming loans to period-end portfolio loans | 1.35 % | 1.47 % | 1.64 % | 1.76 % | 1.82 % |
| Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets | 1.55 | 1.73 | 1.89 | 1.98 | 2.23 |

(a) Includes the allowance for loan and lease losses plus the liability for credit losses on lending-related commitments.

Net loan charge-offs for the first quarter of 2012 totaled $101 million, or .82% of average loans. These results compare to $193 million, or 1.59% for the same period last year and $105 million, or .86% for the fourth quarter of 2011.

Key's net loan charge-offs by loan type for each of the past five quarters are shown in the following table.

**Net Loan Charge-offs from Continuing Operations**

| *dollars in millions* | 1Q12 | 4Q11 | 3Q11 | 2Q11 | 1Q11 |
|---|---|---|---|---|---|
| Commercial, financial and agricultural | $ 15 | $ 28 | $ 23 | $ 36 | $ 32 |
| Real estate — commercial mortgage | 21 | 23 | 25 | 12 | 43 |
| Real estate — construction [(a)] | 10 | (6) | 8 | 24 | 30 |
| Commercial lease financing | — | — | 2 | 4 | 11 |
| Total commercial loans | 46 | 45 | 58 | 76 | 116 |
| Home equity — Key Community Bank | 23 | 20 | 18 | 27 | 24 |
| Home equity — Other | 7 | 9 | 8 | 10 | 14 |
| Marine | 10 | 14 | 11 | 4 | 19 |
| Other | 15 | 17 | 14 | 17 | 20 |
| Total consumer loans | 55 | 60 | 51 | 58 | 77 |
| Total net loan charge-offs | $ 101 | $ 105 | $ 109 | $ 134 | $ 193 |

| | | | | | |
|---|---|---|---|---|---|
| Net loan charge-offs to average loans from continuing operations | .82 % | .86 % | .90 % | 1.11 % | 1.59 % |
| Net loan charge-offs from discontinued operations — education lending business | $ 19 | $ 25 | $ 31 | $ 32 | $ 35 |

(a) Credit amount indicates recoveries exceeded charge-offs.

Compared to the fourth quarter of 2011, net loan charge-offs in the commercial loan portfolio increased by $1 million and net loan charge-offs in the consumer loan portfolio decreased by $5 million. As shown in the table on page 6, Key's exit loan portfolio accounted for $26 million, or 25.74% of Key's total net loan charge-offs for the first quarter of 2012. Net loan charge-offs in the exit loan portfolio increased by $4 million from the fourth quarter of 2011 due to increases in net loan charge-offs in the commercial loan portfolios.

At March 31, 2012, Key's nonperforming loans totaled $666 million and represented 1.35% of period-end portfolio loans, compared to 1.47% at December 31, 2011, and 1.82% at March 31, 2011. Nonperforming assets at March 31, 2012, totaled $767 million and represented 1.55% of portfolio loans and OREO and other nonperforming assets, compared to



1.73% at December 31, 2011, and 2.23% at March 31, 2011. The following table illustrates the trend in Key's nonperforming assets by loan type over the past five quarters.

**Nonperforming Assets from Continuing Operations**

| *dollars in millions* | 1Q12 | 4Q11 | 3Q11 | 2Q11 | 1Q11 |
|---|---|---|---|---|---|
| Commercial, financial and agricultural | $ 168 | $ 188 | $ 188 | $ 213 | $ 221 |
| Real estate — commercial mortgage | 175 | 218 | 237 | 230 | 245 |
| Real estate — construction | 66 | 54 | 93 | 131 | 146 |
| Commercial lease financing | 22 | 27 | 31 | 41 | 42 |
| Total consumer loans | 235 | 240 | 239 | 227 | 231 |
| Total nonperforming loans | 666 | 727 | 788 | 842 | 885 |
| Nonperforming loans held for sale | 24 | 46 | 42 | 42 | 86 |
| OREO and other nonperforming assets | 77 | 86 | 84 | 66 | 118 |
| Total nonperforming assets | $ 767 | $ 859 | $ 914 | $ 950 | $1,089 |
| Restructured loans — accruing and nonaccruing [(a)] | $ 293 | $ 276 | $ 277 | $ 252 | $ 242 |
| Restructured loans included in nonperforming loans [(a)] | 184 | 191 | 178 | 144 | 136 |
| Nonperforming assets from discontinued operations — education lending business | 19 | 23 | 22 | 21 | 22 |
| Nonperforming loans to period-end portfolio loans | 1.35 % | 1.47 % | 1.64 % | 1.76 % | 1.82 % |
| Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets | 1.55 | 1.73 | 1.89 | 1.98 | 2.23 |

(a) Restructured loans (i.e. troubled debt restructurings) are those for which Key, for reasons related to a borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. These concessions are made to improve the collectability of the loan and generally take the form of a reduction of the interest rate, extension of the maturity date or reduction in the principal balance.

Nonperforming assets continued to decrease during the first quarter of 2012, representing the tenth consecutive quarterly decline. As shown in the following table, Key's exit loan portfolio accounted for $103 million, or 13.43% of Key's total nonperforming assets at March 31, 2012.

The following table shows the composition of Key's exit loan portfolio at March 31, 2012, and December 31, 2011, the net charge-offs recorded on this portfolio for the first quarter of 2012 and fourth quarter of 2011, and the nonperforming status of these loans at March 31, 2012, and December 31, 2011.

**Exit Loan Portfolio from Continuing Operations**

| *in millions* | Balance Outstanding 3-31-12 | Balance Outstanding 12-31-11 | Change 3-31-12 vs. 12-31-11 | Net Loan Charge-offs 1Q12[(c)] | Net Loan Charge-offs 4Q11[(c)] | Balance on Nonperforming Status 3-31-12 | Balance on Nonperforming Status 12-31-11 |
|---|---|---|---|---|---|---|---|
| Residential properties — homebuilder | $ 34 | $ 41 | $ (7) | $ 2 | $ (2) | $ 17 | $ 23 |
| Marine and RV floor plan | 59 | 81 | (22) | 7 | 2 | 32 | 45 |
| Commercial lease financing [(a)] | 1,534 | 1,669 | (135) | (1) | (2) | 11 | 7 |
| Total commercial loans | 1,627 | 1,791 | (164) | 8 | (2) | 60 | 75 |
| Home equity — Other | 507 | 535 | (28) | 7 | 9 | 12 | 12 |
| Marine | 1,654 | 1,766 | (112) | 10 | 14 | 31 | 31 |
| RV and other consumer | 111 | 125 | (14) | 1 | 1 | — | 1 |
| Total consumer loans | 2,272 | 2,426 | (154) | 18 | 24 | 43 | 44 |
| Total exit loans in loan portfolio | $3,899 | $4,217 | $ (318) | $ 26 | $ 22 | $ 103 | $ 119 |
| Discontinued operations — education lending business (not included in exit loans above) [(b)] | $5,715 | $5,812 | $ (97) | $ 19 | $ 25 | $ 19 | $ 23 |

(a) Includes the business aviation, commercial vehicle, office products, construction and industrial leases, and 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 consolidated education loan securitization trusts.
(c) Credit amounts indicate recoveries exceeded charge-offs.



## CAPITAL

Key's estimated risk-based capital ratios included in the following table continued to exceed all "well-capitalized" regulatory benchmarks at March 31, 2012.

**Capital Ratios**

| | 3-31-12 | 12-31-11 | 9-30-11 | 6-30-11 | 3-31-11 |
|---|---|---|---|---|---|
| Tier 1 common equity [(a), (b)] | 11.55 % | 11.26 % | 11.28 % | 11.14 % | 10.74 % |
| Tier 1 risk-based capital [(a)] | 13.29 | 12.99 | 13.49 | 13.93 | 13.48 |
| Total risk-based capital [(a)] | 16.68 | 16.51 | 17.05 | 17.88 | 17.38 |
| Tangible common equity to tangible assets [(b)] | 10.26 | 9.88 | 9.82 | 9.67 | 9.16 |

(a) 3-31-12 ratio is estimated.
(b) The table entitled "GAAP to Non-GAAP Reconciliations" presents the computations of certain financial measures related to "tangible common equity" and "Tier 1 common equity." The table reconciles the GAAP performance measures to the corresponding non-GAAP measures, which provides a basis for period-to-period comparisons.

As shown in the preceding table, at March 31, 2012, Key's estimated Tier 1 common equity and Tier 1 risk-based capital ratios stood at 11.5% and 13.3%, respectively. In addition, the tangible common equity ratio was 10.3% at March 31, 2012.

The changes in Key's outstanding common shares over the past five quarters are summarized in the following table.

**Summary of Changes in Common Shares Outstanding**

| *in thousands* | 1Q12 | 4Q11 | 3Q11 | 2Q11 | 1Q11 |
|---|---|---|---|---|---|
| **Shares outstanding at beginning of period** | 953,008 | 952,808 | 953,822 | 953,926 | 880,608 |
| Common shares issued | — | — | — | — | 70,621 |
| Shares reissued (returned) under employee benefit plans | 3,094 | 200 | (1,014) | (104) | 2,697 |
| **Shares outstanding at end of period** | 956,102 | 953,008 | 952,808 | 953,822 | 953,926 |

During the first quarter of 2011, Key successfully completed a $625 million common equity offering and a $1 billion debt offering. The proceeds from these offerings, along with other available funds, were used to repurchase the $2.5 billion of Series B Preferred Stock issued to the U.S. Treasury Department as a result of Key's participation in the U.S. Treasury's Capital Purchase Program.

## LINE OF BUSINESS RESULTS

The following table shows the contribution made by each major business segment to Key's taxable-equivalent revenue from continuing operations and income (loss) from continuing operations attributable to Key for the periods presented. Each of the major business lines is described under the heading "Line of Business Descriptions." For more detailed financial information pertaining to each business segment, see the tables at the end of this release.



**Major Business Segments**

| | | | | Percent change 1Q12 vs. | |
|---|---|---|---|---|---|
| *dollars in millions* | 1Q12 | 4Q11 | 1Q11 | 4Q11 | 1Q11 |
| **Revenue from continuing operations (TE)** | | | | | |
| Key Community Bank | $ 528 | $ 546 | $ 565 | (3.3)% | (6.5)% |
| Key Corporate Bank | 401 | 413 | 406 | (2.9) | (1.2) |
| Other Segments | 105 | 44 | 93 | 138.6 | 12.9 |
| Total Segments | 1,034 | 1,003 | 1,064 | 3.1 | (2.8) |
| Reconciling Items | (3) | (26) | (3) | N/M | — |
| Total | $1,031 | $ 977 | $1,061 | 5.5 % | (2.8)% |
| **Income (loss) from continuing operations attributable to Key** | | | | | |
| Key Community Bank | $ 57 | $ 40 | $ 81 | 42.5 % | (29.6)% |
| Key Corporate Bank | 100 | 157 | 126 | (36.3) | (20.6) |
| Other Segments | 45 | 22 | 58 | 104.5 | (22.4) |
| Total Segments | 202 | 219 | 265 | (7.8) | (23.8) |
| Reconciling Items | 3 | (12) | 9 | N/M | (66.7) |
| Total | $ 205 | $ 207 | $ 274 | (1.0)% | (25.2)% |

TE = Taxable Equivalent, N/M = Not Meaningful

**Key Community Bank**

| | | | | Percent change 1Q12 vs. | |
|---|---|---|---|---|---|
| *dollars in millions* | 1Q12 | 4Q11 | 1Q11 | 4Q11 | 1Q11 |
| **Summary of operations** | | | | | |
| Net interest income (TE) | $ 353 | $ 365 | $ 378 | (3.3)% | (6.6)% |

| | | | | | |
|---|---|---|---|---|---|
| Noninterest income | 175 | 181 | 187 | (3.3) | (6.4) |
| Total revenue (TE) | 528 | 546 | 565 | (3.3) | (6.5) |
| Provision (credit) for loan and lease losses | 2 | 30 | 11 | (93.3) | (81.8) |
| Noninterest expense | 456 | 477 | 447 | (4.4) | 2.0 |
| Income (loss) before income taxes (TE) | 70 | 39 | 107 | 79.5 | (34.6) |
| Allocated income taxes and TE adjustments | 13 | (1) | 26 | N/M | (50.0) |
| Net income (loss) attributable to Key | $ 57 | $ 40 | $ 81 | 42.5 % | (29.6)% |
| **Average balances** | | | | | |
| Loans and leases | $26,617 | $26,406 | $26,312 | .8 % | 1.2 % |
| Total assets | 30,194 | 29,867 | 29,739 | 1.1 | 1.5 |
| Deposits | 47,768 | 48,076 | 48,108 | (.6) | (.7) |
| **Assets under management at period end** | $21,939 | $17,938 | $20,057 | 22.3 % | 9.4 % |

TE = Taxable Equivalent, N/M = Not Meaningful

**Additional Key Community Bank Data**

| *dollars in millions* | 1Q12 | 4Q11 | 1Q11 | Percent change 1Q12 vs. 4Q11 | Percent change 1Q12 vs. 1Q11 |
|---|---|---|---|---|---|
| **Noninterest income** | | | | | |
| Trust and investment services income | $ 48 | $ 45 | $ 46 | 6.7 % | 4.3 % |
| Service charges on deposit accounts | 56 | 59 | 55 | (5.1) | 1.8 |
| Electronic banking fees | 17 | 18 | 30 | (5.6) | (43.3) |
| Other noninterest income | 54 | 59 | 56 | (8.5) | (3.6) |
| Total noninterest income | $ 175 | $ 181 | $ 187 | (3.3)% | (6.4)% |
| **Average deposit balances** | | | | | |
| NOW and money market deposit accounts | $23,161 | $22,524 | $21,482 | 2.8 % | 7.8 % |
| Savings deposits | 1,992 | 1,959 | 1,901 | 1.7 | 4.8 |
| Certificates of deposit ($100,000 or more) | 3,447 | 3,639 | 4,513 | (5.3) | (23.6) |
| Other time deposits | 6,023 | 6,491 | 7,959 | (7.2) | (24.3) |
| Deposits in foreign office | 370 | 393 | 398 | (5.9) | (7.0) |
| Noninterest-bearing deposits | 12,775 | 13,070 | 11,855 | (2.3) | 7.8 |
| Total deposits | $47,768 | $48,076 | $48,108 | (.6)% | (.7)% |
| **Home equity loans** | | | | | |
| Average balance | $ 9,173 | $ 9,280 | $ 9,454 | | |
| Weighted-average loan-to-value ratio (at date of origination) | 70 % | 70 % | 70 % | | |
| Percent first lien positions | 53 | 53 | 53 | | |
| **Other data** | | | | | |
| Branches | 1,059 | 1,058 | 1,040 | | |
| Automated teller machines | 1,572 | 1,579 | 1,547 | | |



**Key Community Bank Summary of Operations**

Key Community Bank recorded net income attributable to Key of $57 million for the first quarter of 2012, compared to net income attributable to Key of $81 million for the year-ago quarter.

Taxable-equivalent net interest income declined by $25 million, or 7% from the first quarter of 2011. Average loans and leases grew 1% while average deposits declined 1% from one year ago. Given the continued low-rate environment, the value derived from deposits was less in the current period.

Noninterest income decreased by $12 million, or 6% from the year-ago quarter, primarily due to a $13 million decline in electronic banking fees resulting from new government pricing controls on debit transactions that went into effect October 1, 2011.

The provision for loan and lease losses declined by $9 million, or 82% compared to the first quarter of 2011 due to lower net loan charge-offs from the same period one year ago. Net loan charge-offs were $49 million for the first quarter of 2012, down $27 million from the $76 million incurred in the same period one year ago.

Noninterest expense increased by $9 million, or 2% from the year-ago quarter. An increase in internally allocated costs and the provision (credit) for losses on lending-related commitments was partially offset by a reduction in FDIC deposit insurance assessments and a decline in personnel expense from one year ago.

**Key Corporate Bank**

| | | | | Percent change 1Q12 vs. | |
|---|---|---|---|---|---|
| *dollars in millions* | **1Q12** | **4Q11** | **1Q11** | **4Q11** | **1Q11** |
| **Summary of operations** | | | | | |
| Net interest income (TE) | $ 187 | $ 177 | $ 187 | 5.6 % | — |
| Noninterest income | 214 | 236 | 219 | (9.3) | (2.3)% |
| Total revenue (TE) | 401 | 413 | 406 | (2.9) | (1.2) |
| Provision (credit) for loan and lease losses | 13 | (61) | (21) | N/M | N/M |
| Noninterest expense | 231 | 228 | 228 | 1.3 | 1.3 |
| Income (loss) before income taxes (TE) | 157 | 246 | 199 | (36.2) | (21.1) |
| Allocated income taxes and TE adjustments | 57 | 90 | 73 | (36.7) | (21.9) |
| Net income (loss) | 100 | 156 | 126 | (35.9) | (20.6) |
| Less: Net income (loss) attributable to noncontrolling interests | — | (1) | — | N/M | N/M |
| Net income (loss) attributable to Key | $ 100 | $ 157 | $ 126 | (36.3)% | (20.6)% |
| **Average balances** | | | | | |
| Loans and leases | $18,584 | $17,783 | $17,677 | 4.5 % | 5.1 % |
| Loans held for sale | 509 | 356 | 275 | 43.0 | 85.1 |
| Total assets | 22,863 | 21,811 | 21,747 | 4.8 | 5.1 |
| Deposits | 11,556 | 11,162 | 11,282 | 3.5 | 2.4 |
| **Assets under management at period end** | $30,694 | $33,794 | $41,461 | (9.2)% | (26.0)% |

TE = Taxable Equivalent, N/M = Not Meaningful

**Key Corporate Bank Summary of Operations**

Key Corporate Bank recorded net income attributable to Key of $100 million for the first quarter of 2012, compared to net income attributable to Key of $126 million for the same period one year ago.

Taxable-equivalent net interest income was flat compared to the first quarter of 2011 as the decreased value derived from deposits was offset by an increase in average earning assets. Although average deposits increased $274 million, or 2%, the deposit spread decreased $11 million due to the prolonged low-rate environment. Average earning assets increased $869



million, or 4% from the year-ago quarter, and combined with lower levels of nonperforming assets, led to a $12 million increase in earning asset spread.

Noninterest income declined by $5 million, or 2% from the first quarter of 2011. A decrease in operating lease income and trust and investment services income was partially offset by an increase in net gains (losses) from loan sales compared to the year-ago quarter.

The provision for loan and lease losses in the first quarter of 2012 was a charge of $13 million compared to a credit of $21 million for the same period one year ago. The charge in the first quarter of 2012 related to the increase in loans and leases, partially offset by continued improvement in the portfolio's asset quality for the tenth consecutive quarter. Net loan charge-offs in the first quarter of 2012 were $25 million compared to $75 million for the same period one year ago.

Noninterest expense increased by $3 million, or 1% from the first quarter of 2011. A decrease in operating lease expense was partially offset by increases in other operating expenses.

**Other Segments**

Other Segments consist of Corporate Treasury, Key's Principal Investing unit and various exit portfolios. Other Segments generated net income attributable to Key of $45 million for the first quarter of 2012, compared to net income attributable to Key of $58 million for the same period last year. These results were primarily attributable to an increase in the provision for loan and lease losses of $52 million in the exit portfolio. This increase was partially offset by a $14 million net gain resulting from the early termination of a leveraged lease in the first quarter of 2012 ($20 million gain on leased equipment less a $6 million charge for the write-off of capitalized loan origination costs).

## Line of Business Descriptions

**Key Community Bank**

Key Community Bank serves individuals and small to mid-sized businesses through its 14-state branch network.

Individuals are provided branch-based deposit and investment products, personal finance services and loans, including residential mortgages, home equity and various types of installment loans. In addition, financial, estate and retirement planning, and asset management services are offered to assist high-net-worth clients with their banking, trust, portfolio management, insurance, charitable giving and related needs.

Small businesses are provided deposit, investment and credit products, and business advisory services. Mid-sized businesses are provided products and services that include commercial lending, cash management, equipment leasing, investment and employee benefit programs, succession planning, access to capital markets, derivatives and foreign exchange.

**Key Corporate Bank**

***Real Estate Capital and Corporate Banking Services*** consists of two business units, Real Estate Capital and Corporate Banking Services.

Real Estate Capital is a national business that provides construction and interim lending, permanent debt placements and servicing, equity and investment banking, and other commercial banking products and services to developers, brokers and owner-investors. This unit deals primarily with nonowner-occupied properties (i.e., generally properties in which at least 50% of the debt service is provided by rental income from nonaffiliated third parties). Real Estate Capital emphasizes providing clients with finance solutions through access to the capital markets.

Corporate Banking Services provides cash management, interest rate derivatives, and foreign exchange products and services to clients served by both the Key Community Bank and Key Corporate Bank groups. Through its Public Sector and Financial Institutions businesses, Corporate Banking Services also provides a full array of commercial banking products and services to government and not-for-profit entities and community banks. A variety of commercial payment products are provided through the Enterprise Commercial Payments Group.

***Equipment Finance*** meets the equipment leasing needs of companies worldwide and provides equipment manufacturers, distributors and resellers with financing options for their clients. Lease financing receivables and related revenues are assigned to other lines of business (primarily Institutional and Capital Markets and Commercial Banking) if those businesses are principally responsible for maintaining the relationship with the client.

***Institutional and Capital Markets,*** through its KeyBanc Capital Markets unit, provides commercial lending, treasury management, investment banking, derivatives, foreign exchange, equity and debt underwriting and trading, and syndicated finance products and services to large corporations and middle-market companies.

Institutional and Capital Markets, through its Victory Capital Management unit, also manages or offers advice regarding investment portfolios for a national client base, including corporations, labor unions, not-for-profit organizations, governments and individuals. These portfolios may be managed in separate accounts, common funds or the Victory family of mutual funds.

Key traces its history back more than 160 years and is headquartered in Cleveland, Ohio. One of the nation's largest bank-based financial services companies, Key has assets of approximately $87 billion at March 31, 2012.

Key provides deposit, lending, cash management and investment services to individuals and small businesses through its 14-state branch network under the name KeyBank National Association. Key also provides a broad range of sophisticated corporate and investment banking products, such as merger and acquisition advice, public and private debt and equity, syndications and derivatives to middle market companies in selected industries throughout the United States under the KeyBanc Capital Markets trade name.

For more information, visit https://www.key.com/. KeyBank is Member FDIC.

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*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 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 KeyCorp's Annual*

*Report on Form 10-K for the year ended December 31, 2011, which has been filed with the Securities and Exchange Commission and is available on Key's website (www.key.com/ir) 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.*

***Notes to Editors:***

*A live Internet broadcast of KeyCorp's conference call to discuss quarterly results and currently anticipated earnings trends and to answer analysts' questions can be accessed through the Investor Relations section at **https://www.key.com/ir** at 9:00 a.m. ET, on Thursday, April 19, 2012. An audio replay of the call will be available through April 26, 2012.*

*For up-to-date company information, media contacts and facts and figures about Key's lines of business, visit our Media Newsroom at **https://www.key.com/newsroom**.*

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**Financial Highlights**
(dollars in millions, except per share amounts)

| | Three months ended 3-31-12 | 12-31-11 | 3-31-11 |
|---|---|---|---|
| **Summary of operations** | | | |
| Net interest income (TE) | $ 559 | $ 563 | $ 604 |
| Noninterest income | 472 | 414 | 457 |
| Total revenue (TE) | 1,031 | 977 | 1,061 |
| Provision (credit) for loan and lease losses | 42 | (22) | (40) |
| Noninterest expense | 703 | 717 | 701 |
| Income (loss) from continuing operations attributable to Key | 205 | 207 | 274 |
| Income (loss) from discontinued operations, net of taxes [(b)] | (5) | (7) | (11) |
| Net income (loss) attributable to Key | 200 | 200 | 263 |
| Income (loss) from continuing operations attributable to Key common shareholders | $ 199 | $ 201 | $ 184 |
| Income (loss) from discontinued operations, net of taxes [(b)] | (5) | (7) | (11) |
| Net income (loss) attributable to Key common shareholders | 194 | 194 | 173 |
| **Per common share** | | | |
| Income (loss) from continuing operations attributable to Key common shareholders | $ .21 | $ .21 | $ .21 |
| Income (loss) from discontinued operations, net of taxes [(b)] | (.01) | (.01) | (.01) |
| Net income (loss) attributable to Key common shareholders | .20 | .20 | .20 |
| Income (loss) from continuing operations attributable to Key common shareholders — assuming dilution | .21 | .21 | .21 |
| Income (loss) from discontinued operations, net of taxes — assuming dilution [(b)] | (.01) | (.01) | (.01) |
| Net income (loss) attributable to Key common shareholders — assuming dilution [(e)] | .20 | .20 | .19 |
| Cash dividends paid | .03 | .03 | .01 |

| | | | |
|---|---|---|---|
| Book value at period end | 10.26 | 10.09 | 9.58 |
| Tangible book value at period end | 9.28 | 9.11 | 8.59 |
| Market price at period end | 8.50 | 7.69 | 8.88 |
| **Performance ratios** | | | |
| **From continuing operations:** | | | |
| Return on average total assets | 1.02 % | 1.01 % | 1.32 % |
| Return on average common equity | 8.25 | 8.26 | 8.75 |
| Net interest margin (TE) | 3.16 | 3.13 | 3.25 |
| **From consolidated operations:** | | | |
| Return on average total assets | .93 % | .91 % | 1.18 % |
| Return on average common equity | 8.04 | 7.97 | 8.23 |
| Net interest margin (TE) | 3.08 | 3.04 | 3.16 |
| Loan to deposit [(d)] | 86.97 | 87.00 | 90.76 |
| **Capital ratios at period end** | | | |
| Key shareholders' equity to assets | 11.55 % | 11.16 % | 10.42 % |
| Tangible Key shareholders' equity to tangible assets | 10.60 | 10.21 | 9.48 |
| Tangible common equity to tangible assets [(a)] | 10.26 | 9.88 | 9.16 |
| Tier 1 common equity [(a), (c)] | 11.55 | 11.26 | 10.74 |
| Tier 1 risk-based capital [(c)] | 13.29 | 12.99 | 13.48 |
| Total risk-based capital [(c)] | 16.68 | 16.51 | 17.38 |
| Leverage [(c)] | 12.09 | 11.79 | 11.56 |
| **Asset quality — from continuing operations** | | | |
| Net loan charge-offs | $ 101 | $ 105 | $ 193 |
| Net loan charge-offs to average loans | .82 % | .86 % | 1.59 % |
| Allowance for loan and lease losses to annualized net loan charge-offs | 232.39 | 241.01 | 175.29 |
| Allowance for loan and lease losses | $ 944 | $ 1,004 | $ 1,372 |
| Allowance for credit losses | 989 | 1,049 | 1,441 |
| Allowance for loan and lease losses to period-end loans | 1.92 % | 2.03 % | 2.83 % |
| Allowance for credit losses to period-end loans | 2.01 | 2.12 | 2.97 |
| Allowance for loan and lease losses to nonperforming loans | 141.74 | 138.10 | 155.03 |
| Allowance for credit losses to nonperforming loans | 148.50 | 144.29 | 162.82 |
| Nonperforming loans at period end | $ 666 | $ 727 | $ 885 |
| Nonperforming assets at period end | 767 | 859 | 1,089 |
| Nonperforming loans to period-end portfolio loans | 1.35 % | 1.47 % | 1.82 % |
| Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets | 1.55 | 1.73 | 2.23 |
| **Trust and brokerage assets** | | | |
| Assets under management | $52,633 | $51,732 | $61,518 |
| Nonmanaged and brokerage assets | 33,021 | 30,639 | 29,024 |
| **Other data** | | | |
| Average full-time equivalent employees | 15,404 | 15,381 | 15,301 |
| Branches | 1,059 | 1,058 | 1,040 |
| Taxable-equivalent adjustment | $ 6 | $ 6 | $ 7 |

(a) The following table entitled "GAAP to Non-GAAP Reconciliations" presents the computations of certain financial measures related to "tangible common equity" and "Tier 1 common equity." The table reconciles the GAAP performance measures to the corresponding non-GAAP measures, which provides a basis for period-to-period comparisons.

(b) In April 2009, management decided to wind down the operations of Austin Capital Management, Ltd., a subsidiary that specialized in managing hedge fund investments for institutional customers. In September 2009, management decided to discontinue the education lending business conducted through Key Education Resources, the education payment and financing unit of KeyBank National Association. As a result of these decisions, Key has accounted for these businesses as discontinued operations.

(c) 3-31-12 ratio is estimated.

(d) 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).

(e) Earnings per share may not foot due to rounding.

TE = Taxable Equivalent, GAAP = U.S. generally accepted accounting principles



## GAAP to Non-GAAP Reconciliations

(dollars in millions, except per share amounts)

The table below presents certain non-GAAP financial measures related to "tangible common equity," "Tier 1 common equity" and "pre-provision net revenue."

The tangible common equity ratio has been a focus for some investors, and management believes this ratio may assist investors in analyzing Key's capital position without regard to the effects of intangible assets and preferred stock. Traditionally, the banking regulators have assessed bank and bank holding company capital adequacy based on both the amount and the composition of capital, the calculation of which is prescribed in federal banking regulations. Since the commencement of the Comprehensive Capital Analysis and Review process in early 2009, the Federal Reserve has focused its assessment of capital adequacy on a component of Tier 1 risk-based capital known as Tier 1 common equity, a non-GAAP financial measure. Because the Federal Reserve has long indicated that voting common shareholders' equity (essentially Tier 1 risk-based capital less preferred stock, qualifying capital securities and noncontrolling interests in subsidiaries) generally should be the dominant element in Tier 1 risk-based capital, this focus on Tier 1 common equity is consistent with existing capital adequacy categories.

Tier 1 common equity is neither formally defined by GAAP nor prescribed in amount by federal banking regulations; this measure is considered to be a non-GAAP financial measure. Since analysts and banking regulators may assess Key's capital adequacy using tangible common equity and Tier 1 common equity, management believes it is useful to enable investors to assess Key's capital adequacy on these same bases. The table also reconciles the GAAP performance measures to the corresponding non-GAAP measures.

The table also shows the computation for pre-provision net revenue, which is not formally defined by GAAP. Management believes that eliminating the effects of the provision for loan and lease losses makes it easier to analyze the results by presenting them on a more comparable basis.

Non-GAAP financial measures have inherent limitations, are not required to be uniformly applied and are not audited. Although these non-GAAP financial measures are frequently used by investors to evaluate a company, they have limitations as analytical tools, and should not be considered in isolation, or as a substitute for analyses of results as reported under GAAP.

| | Three months ended | | |
|---|---|---|---|
| | 3-31-12 | 12-31-11 | 3-31-11 |
| **Tangible common equity to tangible assets at period end** | | | |
| Key shareholders' equity (GAAP) | $10,099 | $ 9,905 | $ 9,425 |
| Less: Intangible assets | 932 | 934 | 937 |
| Preferred Stock, Series A | 291 | 291 | 291 |
| Tangible common equity (non-GAAP) | $ 8,876 | $ 8,680 | $ 8,197 |

| | | | |
|---|---|---|---|
| Total assets (GAAP) | $87,431 | $88,785 | $90,438 |
| Less: Intangible assets | 932 | 934 | 937 |
| Tangible assets (non-GAAP) | $86,499 | $87,851 | $89,501 |
| Tangible common equity to tangible assets ratio (non-GAAP) | 10.26 % | 9.88 % | 9.16 % |
| **Tier 1 common equity at period end** | | | |
| Key shareholders' equity (GAAP) | $10,099 | $ 9,905 | $ 9,425 |
| Qualifying capital securities | 1,046 | 1,046 | 1,791 |
| Less: Goodwill | 917 | 917 | 917 |
| Accumulated other comprehensive income (loss) [(a)] | (70) | (72) | (93) |
| Other assets [(b)] | 69 | 72 | 130 |
| Total Tier 1 capital (regulatory) | 10,229 | 10,034 | 10,262 |
| Less: Qualifying capital securities | 1,046 | 1,046 | 1,791 |
| Preferred Stock, Series A | 291 | 291 | 291 |
| Total Tier 1 common equity (non-GAAP) | $ 8,892 | $ 8,697 | $ 8,180 |
| Net risk-weighted assets (regulatory) [(b), (c)] | $76,979 | $77,214 | $76,129 |
| Tier 1 common equity ratio (non-GAAP) [(c)] | 11.55 % | 11.26 % | 10.74 % |
| **Pre-provision net revenue** | | | |
| Net interest income (GAAP) | $ 553 | $ 557 | $ 597 |
| Plus: Taxable-equivalent adjustment | 6 | 6 | 7 |
| Noninterest income | 472 | 414 | 457 |
| Less: Noninterest expense | 703 | 717 | 701 |
| Pre-provision net revenue from continuing operations (non-GAAP) | $ 328 | $ 260 | $ 360 |

(a) 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.
(b) Other assets deducted from Tier 1 capital and net risk-weighted assets consist of disallowed deferred tax assets of $47 million at March 31, 2011, disallowed intangible assets (excluding goodwill) and deductible portions of nonfinancial equity investments. There were no disallowed deferred tax assets at March 31, 2012 and December 31, 2011.
(c) 3-31-12 amount is estimated.
GAAP = U.S. generally accepted accounting principles



## Consolidated Balance Sheets
(dollars in millions)

| | 3-31-12 | 12-31-11 | 3-31-11 |
|---|---|---|---|
| **Assets** | | | |
| Loans | $ 49,226 | $ 49,575 | $ 48,552 |
| Loans held for sale | 511 | 728 | 426 |
| Securities available for sale | 14,633 | 16,012 | 19,448 |
| Held-to-maturity securities | 3,019 | 2,109 | 19 |
| Trading account assets | 614 | 623 | 1,041 |
| Short-term investments | 3,605 | 3,519 | 3,705 |
| Other investments | 1,188 | 1,163 | 1,402 |
| Total earning assets | 72,796 | 73,729 | 74,593 |

| | | | |
|---|---|---|---|
| Allowance for loan and lease losses | (944) | (1,004) | (1,372) |
| Cash and due from banks | 416 | 694 | 540 |
| Premises and equipment | 937 | 944 | 906 |
| Operating lease assets | 335 | 350 | 491 |
| Goodwill | 917 | 917 | 917 |
| Other intangible assets | 15 | 17 | 20 |
| Corporate-owned life insurance | 3,270 | 3,256 | 3,187 |
| Derivative assets | 830 | 945 | 1,005 |
| Accrued income and other assets | 3,091 | 3,077 | 3,758 |
| Discontinued assets | 5,768 | 5,860 | 6,393 |
| **Total assets** | $ 87,431 | $ 88,785 | $ 90,438 |
| **Liabilities** | | | |
| Deposits in domestic offices: | | | |
| NOW and money market deposit accounts | $ 29,124 | $ 27,954 | $ 26,177 |
| Savings deposits | 2,075 | 1,962 | 1,964 |
| Certificates of deposit ($100,000 or more) | 3,984 | 4,111 | 5,314 |
| Other time deposits | 5,848 | 6,243 | 7,597 |
| Total interest-bearing deposits | 41,031 | 40,270 | 41,052 |
| Noninterest-bearing deposits | 19,606 | 21,098 | 16,495 |
| Deposits in foreign office — interest-bearing | 857 | 588 | 3,263 |
| Total deposits | 61,494 | 61,956 | 60,810 |
| Federal funds purchased and securities sold under repurchase agreements | 1,846 | 1,711 | 2,232 |
| Bank notes and other short-term borrowings | 324 | 337 | 685 |
| Derivative liabilities | 754 | 1,026 | 1,106 |
| Accrued expense and other liabilities | 1,450 | 1,763 | 1,931 |
| Long-term debt | 8,898 | 9,520 | 11,048 |
| Discontinued liabilities | 2,549 | 2,550 | 2,929 |
| **Total liabilities** | 77,315 | 78,863 | 80,741 |
| **Equity** | | | |
| Preferred stock, Series A | 291 | 291 | 291 |
| Common shares | 1,017 | 1,017 | 1,017 |
| Common stock warrant | — | — | 87 |
| Capital surplus | 4,116 | 4,194 | 4,167 |
| Retained earnings | 6,411 | 6,246 | 5,721 |
| Treasury stock, at cost | (1,717) | (1,815) | (1,823) |
| Accumulated other comprehensive income (loss) | (19) | (28) | (35) |
| Key shareholders' equity | 10,099 | 9,905 | 9,425 |
| Noncontrolling interests | 17 | 17 | 272 |
| **Total equity** | 10,116 | 9,922 | 9,697 |
| **Total liabilities and equity** | $ 87,431 | $ 88,785 | $ 90,438 |
| Common shares outstanding (000) | 956,102 | 953,008 | 953,926 |



## Consolidated Statements of Income

(dollars in millions, except per share amounts)

| | Three months ended | | |
|---|---|---|---|
| | **3-31-12** | **12-31-11** | **3-31-11** |
| **Interest income** | | | |

| | | | |
|---|---|---|---|
| Loans | $ 536 | $ 542 | $ 570 |
| Loans held for sale | 5 | 4 | 4 |
| Securities available for sale | 116 | 128 | 166 |
| Held-to-maturity securities | 12 | 9 | — |
| Trading account assets | 6 | 5 | 7 |
| Short-term investments | 1 | 1 | 1 |
| Other investments | 8 | 9 | 12 |
| Total interest income | 684 | 698 | 760 |
| **Interest expense** | | | |
| Deposits | 77 | 85 | 110 |
| Federal funds purchased and securities sold under repurchase agreements | 1 | 1 | 1 |
| Bank notes and other short-term borrowings | 2 | 2 | 3 |
| Long-term debt | 51 | 53 | 49 |
| Total interest expense | 131 | 141 | 163 |
| **Net interest income** | 553 | 557 | 597 |
| Provision (credit) for loan and lease losses | 42 | (22) | (40) |
| Net interest income (expense) after provision for loan and lease losses | 511 | 579 | 637 |
| **Noninterest income** | | | |
| Trust and investment services income | 109 | 104 | 110 |
| Service charges on deposit accounts | 68 | 70 | 68 |
| Operating lease income | 22 | 25 | 35 |
| Letter of credit and loan fees | 54 | 56 | 55 |
| Corporate-owned life insurance income | 30 | 35 | 27 |
| Net securities gains (losses) [(a)] | — | — | (1) |
| Electronic banking fees | 17 | 18 | 30 |
| Gains on leased equipment | 27 | 9 | 4 |
| Insurance income | 12 | 11 | 15 |
| Net gains (losses) from loan sales | 22 | 27 | 19 |
| Net gains (losses) from principal investing | 35 | (8) | 35 |
| Investment banking and capital markets income (loss) | 43 | 24 | 43 |
| Other income | 33 | 43 | 17 |
| Total noninterest income | 472 | 414 | 457 |
| **Noninterest expense** | | | |
| Personnel | 385 | 387 | 371 |
| Net occupancy | 64 | 66 | 65 |
| Operating lease expense | 17 | 18 | 28 |
| Computer processing | 41 | 42 | 42 |
| Business services and professional fees | 38 | 57 | 38 |
| FDIC assessment | 8 | 7 | 29 |
| OREO expense, net | 6 | 5 | 10 |
| Equipment | 26 | 25 | 26 |
| Marketing | 13 | 24 | 10 |
| Provision (credit) for losses on lending-related commitments | — | (11) | (4) |
| Other expense | 105 | 97 | 86 |
| Total noninterest expense | 703 | 717 | 701 |
| **Income (loss) from continuing operations before income taxes** | 280 | 276 | 393 |
| Income taxes | 75 | 69 | 111 |
| **Income (loss) from continuing operations** | 205 | 207 | 282 |

| | | | |
|---|---|---|---|
| Income (loss) from discontinued operations, net of taxes | (5) | (7) | (11) |
| **Net income (loss)** | 200 | 200 | 271 |
| Less: Net income (loss) attributable to noncontrolling interests | — | — | 8 |
| **Net income (loss) attributable to Key** | $ 200 | $ 200 | $ 263 |
| Income (loss) from continuing operations attributable to Key common shareholders | $ 199 | $ 201 | $ 184 |
| Net income (loss) attributable to Key common shareholders | 194 | 194 | 173 |
| Per common share | | | |
| Income (loss) from continuing operations attributable to Key common shareholders | $ .21 | $ .21 | $ .21 |
| Income (loss) from discontinued operations, net of taxes | (.01) | (.01) | (.01) |
| Net income (loss) attributable to Key common shareholders | .20 | .20 | .20 |
| Per common share — assuming dilution | | | |
| Income (loss) from continuing operations attributable to Key common shareholders | $ .21 | $ .21 | $ .21 |
| Income (loss) from discontinued operations, net of taxes | (.01) | (.01) | (.01) |
| Net income (loss) attributable to Key common shareholders [c] | .20 | .20 | .19 |
| Cash dividends declared per common share | $ .03 | $ .03 | $ .01 |
| Weighted-average common shares outstanding (000) | 949,342 | 948,658 | 881,894 |
| Weighted-average common shares and potential common shares outstanding (000) [b] | 953,971 | 951,684 | 887,836 |

(a) For the three months ended March 31, 2012, December 31, 2011, and March 31, 2011, Key did not have any impairment losses related to securities.
(b) Assumes conversion of stock options and/or Preferred Series A shares, as applicable.
(c) Earnings per share may not foot due to rounding.



## Consolidated Average Balance Sheets, and Net Interest Income and Yields/Rates From Continuing Operations

(dollars in millions)

| | First Quarter 2012 | | | Fourth Quarter 2011 | | | First Quarter 2011 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Average Balance | Interest [a] | Yield/Rate [a] | Average Balance | Interest [a] | Yield/Rate [a] | Average Balance | Interest [a] | Yield/Rate [a] |
| **Assets** | | | | | | | | | |
| Loans: [b], [c] | | | | | | | | | |
| Commercial, financial and agricultural | $ 19,638 | $ 194 | 3.98% | $ 18,323 | $ 179 | 3.88% | $ 16,311 | $ 174 | 4.33% |
| Real estate — commercial mortgage | 7,993 | 89 | 4.48 | 8,090 | 92 | 4.48 | 9,238 | 104 | 4.58 |
| Real estate — construction | 1,284 | 16 | 4.86 | 1,380 | 16 | 4.68 | 2,031 | 20 | 3.99 |
| Commercial lease financing | 5,846 | 58 | 3.97 | 5,982 | 69 | 4.62 | 6,335 | 80 | 5.03 |
| Total commercial loans | 34,761 | 357 | 4.12 | 33,775 | 356 | 4.19 | 33,915 | 378 | 4.51 |
| Real estate — residential mortgage | 1,950 | 25 | 5.04 | 1,918 | 24 | 5.15 | 1,810 | 24 | 5.32 |
| Home equity: | | | | | | | | | |
| Key Community Bank | 9,173 | 93 | 4.08 | 9,280 | 96 | 4.10 | 9,453 | 97 | 4.14 |
| Other | 521 | 10 | 7.68 | 553 | 11 | 7.68 | 647 | 12 | 7.60 |
| Total home equity loans | 9,694 | 103 | 4.27 | 9,833 | 107 | 4.30 | 10,100 | 109 | 4.36 |
| Consumer other — Key Community | 1,193 | 28 | 9.61 | 1,191 | 30 | 9.62 | 1,157 | 28 | 9.89 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Bank | | | | | | | | | |
| Consumer other: | | | | | | | | | |
| Marine | 1,714 | 27 | 6.28 | 1,820 | 29 | 6.35 | 2,174 | 34 | 6.26 |
| Other | 118 | 2 | 7.79 | 127 | 2 | 7.87 | 156 | 3 | 7.91 |
| Total consumer other | 1,832 | 29 | 6.38 | 1,947 | 31 | 6.44 | 2,330 | 37 | 6.37 |
| Total consumer loans | 14,669 | 185 | 5.07 | 14,889 | 192 | 5.12 | 15,397 | 198 | 5.20 |
| Total loans | 49,430 | 542 | 4.41 | 48,664 | 548 | 4.47 | 49,312 | 576 | 4.72 |
| Loans held for sale | 581 | 5 | 3.62 | 440 | 4 | 3.36 | 390 | 4 | 3.52 |
| Securities available for sale [(b), (e)] | 15,259 | 116 | 3.15 | 16,790 | 128 | 3.16 | 21,159 | 166 | 3.18 |
| Held-to-maturity securities [(b)] | 2,251 | 12 | 2.08 | 1,648 | 9 | 2.12 | 19 | 1 | 11.54 |
| Trading account assets | 808 | 6 | 2.72 | 736 | 5 | 2.72 | 1,018 | 7 | 2.75 |
| Short-term investments | 1,898 | 1 | .29 | 2,929 | 1 | .26 | 1,963 | 1 | .24 |
| Other investments [(e)] | 1,169 | 8 | 2.78 | 1,181 | 9 | 2.98 | 1,360 | 12 | 3.33 |
| Total earning assets | 71,396 | 690 | 3.91 | 72,388 | 704 | 3.90 | 75,221 | 767 | 4.12 |
| Allowance for loan and lease losses | (968) | | | (1,057) | | | (1,494) | | |
| Accrued income and other assets | 10,038 | | | 9,942 | | | 10,568 | | |
| Discontinued assets — education lending business | 5,757 | | | 5,912 | | | 6,479 | | |
| **Total assets** | $ 86,223 | | | $ 87,185 | | | $ 90,774 | | |
| **Liabilities** | | | | | | | | | |
| NOW and money market deposit accounts | $ 28,328 | 15 | .21 | $ 27,722 | 15 | .22 | $ 27,004 | 19 | .29 |
| Savings deposits | 1,997 | — | .06 | 1,964 | — | .06 | 1,907 | — | .06 |
| Certificates of deposit ($100,000 or more) [(f)] | 4,036 | 29 | 2.91 | 4,275 | 32 | 2.97 | 5,628 | 43 | 3.05 |
| Other time deposits | 6,035 | 33 | 2.19 | 6,505 | 37 | 2.24 | 7,982 | 47 | 2.39 |
| Deposits in foreign office | 769 | — | .25 | 650 | 1 | .25 | 1,040 | 1 | .31 |
| Total interest-bearing deposits | 41,165 | 77 | .76 | 41,116 | 85 | .82 | 43,561 | 110 | 1.02 |
| Federal funds purchased and securities sold under repurchase agreements | 1,850 | 1 | .21 | 1,747 | 1 | .25 | 2,375 | 1 | .27 |
| Bank notes and other short-term borrowings | 490 | 2 | 1.53 | 471 | 2 | 1.87 | 738 | 3 | 1.71 |
| Long-term debt [(f), (g)] | 6,161 | 51 | 3.61 | 7,020 | 53 | 3.21 | 6,792 | 49 | 3.09 |
| Total interest-bearing liabilities | 49,666 | 131 | 1.07 | 50,354 | 141 | 1.12 | 53,466 | 163 | 1.24 |
| Noninterest-bearing deposits | 18,466 | | | 18,464 | | | 16,479 | | |
| Accrued expense and other liabilities | 2,325 | | | 2,496 | | | 2,878 | | |
| Discontinued liabilities — education lending business [(d), (g)] | 5,757 | | | 5,912 | | | 6,479 | | |
| Total liabilities | 76,214 | | | 77,226 | | | 79,302 | | |
| **Equity** | | | | | | | | | |
| Key shareholders' equity | 9,992 | | | 9,943 | | | 11,214 | | |
| Noncontrolling interests | 17 | | | 16 | | | 258 | | |
| Total equity | 10,009 | | | 9,959 | | | 11,472 | | |
| **Total liabilities and equity** | $ 86,223 | | | $ 87,185 | | | $ 90,774 | | |
| Interest rate spread (TE) | | | 2.84% | | | 2.78% | | | 2.88% |
| Net interest income (TE) and net interest margin (TE) | | 559 | 3.16% | | 563 | 3.13% | | 604 | 3.25% |
| TE adjustment [(b)] | | 6 | | | 6 | | | 7 | |
| Net interest income, GAAP basis | | $ 553 | | | $ 557 | | | $ 597 | |

(a) Results are from continuing operations. Interest excludes the interest associated with the liabilities referred to in (d) below, calculated using a matched funds transfer pricing methodology.

(b) Interest income on tax-exempt securities and loans has been adjusted to a taxable-equivalent basis using the statutory federal income tax rate of 35%.

(c) For purposes of these computations, nonaccrual loans are included in average loan balances.

(d) Discontinued liabilities include the liabilities of the education lending business and the dollar amount of any additional liabilities assumed necessary to support the assets associated with this business.

(e) Yield is calculated on the basis of amortized cost.
(f) Rate calculation excludes basis adjustments related to fair value hedges.
(g) A portion of long-term debt and the related interest expense is allocated to discontinued liabilities as a result of applying our matched funds transfer pricing methodology to discontinued operations.
TE = Taxable Equivalent, GAAP = U.S. generally accepted accounting principles



## Noninterest Income
(in millions)

| | Three months ended | | |
|---|---|---|---|
| | 3-31-12 | 12-31-11 | 3-31-11 |
| Trust and investment services income [a] | $ 109 | $ 104 | $ 110 |
| Service charges on deposit accounts | 68 | 70 | 68 |
| Operating lease income | 22 | 25 | 35 |
| Letter of credit and loan fees | 54 | 56 | 55 |
| Corporate-owned life insurance income | 30 | 35 | 27 |
| Net securities gains (losses) | — | — | (1) |
| Electronic banking fees | 17 | 18 | 30 |
| Gains on leased equipment | 27 | 9 | 4 |
| Insurance income | 12 | 11 | 15 |
| Net gains (losses) from loan sales | 22 | 27 | 19 |
| Net gains (losses) from principal investing | 35 | (8) | 35 |
| Investment banking and capital markets income (loss) [a] | 43 | 24 | 43 |
| Other income | 33 | 43 | 17 |
| Total noninterest income | $ 472 | $ 414 | $ 457 |

(a) Additional detail provided in tables below.

## Trust and Investment Services Income
(in millions)

| | Three months ended | | |
|---|---|---|---|
| | 3-31-12 | 12-31-11 | 3-31-11 |
| Brokerage commissions and fee income | $ 36 | $ 33 | $ 32 |
| Personal asset management and custody fees | 39 | 38 | 38 |
| Institutional asset management and custody fees | 34 | 33 | 40 |
| Total trust and investment services income | $ 109 | $ 104 | $ 110 |

## Investment Banking and Capital Markets Income (Loss)
(in millions)

| | Three months ended | | |
|---|---|---|---|
| | 3-31-12 | 12-31-11 | 3-31-11 |
| Investment banking income | $ 20 | $ 25 | $ 26 |
| Income (loss) from other investments | 5 | 3 | 2 |
| Dealer trading and derivatives income (loss), proprietary [a], [b] | (3) | (6) | (2) |
| Dealer trading and derivatives income (loss), non-proprietary [b] | 12 | (9) | 6 |

| | | | |
|---|---|---|---|
| Total dealer trading and derivatives income (loss) | 9 | (15) | 4 |
| Foreign exchange income | 9 | 11 | 11 |
| Total investment banking and capital markets income (loss) | $ 43 | $ 24 | $ 43 |

(a) For the quarters ended March 31, 2012, December 31, 2011 and March 31, 2011, fixed income and equity securities trading comprised the vast majority of this amount. In these quarters, income related to foreign exchange and interest rate derivative trading was less than $1 million and was offset by losses from Key's credit portfolio management activities.

(b) The allocation between proprietary and non-proprietary is made based upon whether the trade is conducted for the benefit of Key or Key's clients rather than based upon the proposed rulemakings under the Volcker Rule. The prohibitions and restrictions on proprietary trading activities contemplated by the Volcker Rule and the rules proposed thereunder are not yet final. Therefore, the ultimate impact of the rules proposed under the Volcker Rule is not yet known.



**Noninterest Expense**
(dollars in millions)

| | Three months ended | | |
|---|---|---|---|
| | 3-31-12 | 12-31-11 | 3-31-11 |
| Personnel [a] | $ 385 | $ 387 | $ 371 |
| Net occupancy | 64 | 66 | 65 |
| Operating lease expense | 17 | 18 | 28 |
| Computer processing | 41 | 42 | 42 |
| Business services and professional fees | 38 | 57 | 38 |
| FDIC assessment | 8 | 7 | 29 |
| OREO expense, net | 6 | 5 | 10 |
| Equipment | 26 | 25 | 26 |
| Marketing | 13 | 24 | 10 |
| Provision (credit) for losses on lending-related commitments | — | (11) | (4) |
| Other expense | 105 | 97 | 86 |
| Total noninterest expense | $ 703 | $ 717 | $ 701 |
| Average full-time equivalent employees [b] | 15,404 | 15,381 | 15,301 |

(a) Additional detail provided in table below.

(b) The number of average full-time equivalent employees has not been adjusted for discontinued operations.

**Personnel Expense**
(in millions)

| | Three months ended | | |
|---|---|---|---|
| | 3-31-12 | 12-31-11 | 3-31-11 |
| Salaries | $ 236 | $ 234 | $ 224 |
| Incentive compensation | 66 | 82 | 73 |
| Employee benefits | 65 | 55 | 62 |
| Stock-based compensation | 14 | 13 | 5 |
| Severance | 4 | 3 | 7 |

| | | | |
|---|---|---|---|
| Total personnel expense | $ 385 | $ 387 | $ 371 |



## Loan Composition
(dollars in millions)

| | 3-31-12 | 12-31-11 | 3-31-11 | Percent change 3-31-12 vs. 12-31-11 | Percent change 3-31-12 vs. 3-31-11 |
|---|---|---|---|---|---|
| Commercial, financial and agricultural | $19,787 | $19,378 | $16,440 | 2.1 % | 20.4 % |
| Commercial real estate: | | | | | |
| Commercial mortgage | 7,807 | 8,037 | 8,806 | (2.9) | (11.3) |
| Construction | 1,273 | 1,312 | 1,845 | (3.0) | (31.0) |
| Total commercial real estate loans | 9,080 | 9,349 | 10,651 | (2.9) | (14.7) |
| Commercial lease financing | 5,755 | 6,055 | 6,207 | (5.0) | (7.3) |
| Total commercial loans | 34,622 | 34,782 | 33,298 | (.5) | 4.0 |
| Residential — prime loans: | | | | | |
| Real estate — residential mortgage | 1,967 | 1,946 | 1,803 | 1.1 | 9.1 |
| Home equity: | | | | | |
| Key Community Bank | 9,153 | 9,229 | 9,421 | (.8) | (2.8) |
| Other | 507 | 535 | 627 | (5.2) | (19.1) |
| Total home equity loans | 9,660 | 9,764 | 10,048 | (1.1) | (3.9) |
| Total residential — prime loans | 11,627 | 11,710 | 11,851 | (.7) | (1.9) |
| Consumer other — Key Community Bank | 1,212 | 1,192 | 1,141 | 1.7 | 6.2 |
| Consumer other: | | | | | |
| Marine | 1,654 | 1,766 | 2,112 | (6.3) | (21.7) |
| Other | 111 | 125 | 150 | (11.2) | (26.0) |
| Total consumer — indirect loans | 1,765 | 1,891 | 2,262 | (6.7) | (22.0) |
| Total consumer loans | 14,604 | 14,793 | 15,254 | (1.3) | (4.3) |
| Total loans [(a)] | $49,226 | $49,575 | $48,552 | (.7)% | 1.4 % |

## Loans Held for Sale Composition
(dollars in millions)

| | 3-31-12 | 12-31-11 | 3-31-11 | Percent change 3-31-12 vs. 12-31-11 | Percent change 3-31-12 vs. 3-31-11 |
|---|---|---|---|---|---|
| Commercial, financial and agricultural | $ 28 | $ 19 | $ 19 | 47.4 % | 47.4 % |
| Real estate — commercial mortgage | 362 | 567 | 287 | (36.2) | 26.1 |
| Real estate — construction | 15 | 35 | 61 | (57.1) | (75.4) |
| Commercial lease financing | 30 | 12 | 7 | 150.0 | 328.6 |
| Real estate — residential mortgage | 76 | 95 | 52 | (20.0) | 46.2 |
| Total loans held for sale [(b)] | $ 511 | $ 728 | $ 426 | (29.8)% | 20.0 % |

## Summary of Changes in Loans Held for Sale
(dollars in millions)

| | 1Q12 | 4Q11 | 3Q11 | 2Q11 | 1Q11 |
|---|---|---|---|---|---|
| Balance at beginning of period | $ 728 | $ 479 | $ 381 | $ 426 | $ 467 |
| New originations | 935 | 1,235 | 853 | 914 | 980 |
| Transfers from held to maturity, net | 19 | 19 | 23 | 16 | 32 |
| Loan sales | (1,168) | (932) | (759) | (1,039) | (991) |
| Loan draws (payments), net | (3) | (72) | 1 | 73 | (62) |
| Transfers to OREO / valuation adjustments | — | (1) | (20) | (9) | — |
| Balance at end of period | $ 511 | $ 728 | $ 479 | $ 381 | $ 426 |

(a) Excluded at March 31, 2012, December 31, 2011, and March 31, 2011, are loans in the amount of $5.7 billion, $5.8 billion, and $6.3 billion, respectively, related to the discontinued operations of the education lending business.

(b) Excluded at March 31, 2011, are loans held for sale in the amount of $14 million related to the discontinued operations of the education lending business. There were no loans held for sale in the discontinued operations of the education lending business at March 31, 2012, and December 31, 2011.



## Summary of Loan and Lease Loss Experience from Continuing Operations

(dollars in millions)

| | Three months ended | | |
|---|---|---|---|
| | 3-31-12 | 12-31-11 | 3-31-11 |
| Average loans outstanding | $49,430 | $48,664 | $49,312 |
| Allowance for loan and lease losses at beginning of period | $ 1,004 | $ 1,131 | $ 1,604 |
| Loans charged off: | | | |
| Commercial, financial and agricultural | 26 | 45 | 42 |
| Real estate — commercial mortgage | 23 | 24 | 46 |
| Real estate — construction | 11 | 2 | 35 |
| Total commercial real estate loans | 34 | 26 | 81 |
| Commercial lease financing | 4 | 6 | 17 |
| Total commercial loans | 64 | 77 | 140 |
| Real estate — residential mortgage | 6 | 7 | 10 |
| Home equity: | | | |
| Key Community Bank | 25 | 22 | 25 |
| Other | 8 | 10 | 15 |
| Total home equity loans | 33 | 32 | 40 |
| Consumer other — Key Community Bank | 10 | 11 | 12 |
| Consumer other: | | | |
| Marine | 17 | 20 | 27 |
| Other | 2 | 2 | 3 |
| Total consumer other | 19 | 22 | 30 |
| Total consumer loans | 68 | 72 | 92 |
| Total loans charged off | 132 | 149 | 232 |
| Recoveries: | | | |
| Commercial, financial and agricultural | 11 | 17 | 10 |
| Real estate — commercial mortgage | 2 | 1 | 3 |
| Real estate — construction | 1 | 8 | 5 |
| Total commercial real estate loans | 3 | 9 | 8 |
| Commercial lease financing | 4 | 6 | 6 |
| Total commercial loans | 18 | 32 | 24 |

| | | | |
|---|---|---|---|
| Real estate — residential mortgage | 1 | — | 1 |
| Home equity: | | | |
| Key Community Bank | 2 | 2 | 1 |
| Other | 1 | 1 | 1 |
| Total home equity loans | 3 | 3 | 2 |
| Consumer other — Key Community Bank | 1 | 2 | 2 |
| Consumer other: | | | |
| Marine | 7 | 6 | 8 |
| Other | 1 | 1 | 2 |
| Total consumer other | 8 | 7 | 10 |
| Total consumer loans | 13 | 12 | 15 |
| Total recoveries | 31 | 44 | 39 |
| Net loan charge-offs | (101) | (105) | (193) |
| Provision (credit) for loan and lease losses | 42 | (22) | (40) |
| Foreign currency translation adjustment | (1) | — | 1 |
| Allowance for loan and lease losses at end of period | $ 944 | $ 1,004 | $ 1,372 |
| Liability for credit losses on lending-related commitments at beginning of period | $ 45 | $ 56 | $ 73 |
| Provision (credit) for losses on lending-related commitments | — | (11) | (4) |
| Liability for credit losses on lending-related commitments at end of period [(a)] | $ 45 | $ 45 | $ 69 |
| Total allowance for credit losses at end of period | $ 989 | $ 1,049 | $ 1,441 |
| Net loan charge-offs to average loans | .82 % | .86 % | 1.59 % |
| Allowance for loan and lease losses to annualized net loan charge-offs | 232.39 | 241.01 | 175.29 |
| Allowance for loan and lease losses to period-end loans | 1.92 | 2.03 | 2.83 |
| Allowance for credit losses to period-end loans | 2.01 | 2.12 | 2.97 |
| Allowance for loan and lease losses to nonperforming loans | 141.74 | 138.10 | 155.03 |
| Allowance for credit losses to nonperforming loans | 148.50 | 144.29 | 162.82 |
| Discontinued operations — education lending business: | | | |
| Loans charged off | $ 23 | $ 31 | $ 38 |
| Recoveries | 4 | 6 | 3 |
| Net loan charge-offs | $ (19) | $ (25) | $ (35) |

(a) Included in “accrued expense and other liabilities” on the balance sheet.



## Summary of Nonperforming Assets and Past Due Loans From Continuing Operations

(dollars in millions)

| | 3-31-12 | 12-31-11 | 9-30-11 | 6-30-11 | 3-31-11 |
|---|---|---|---|---|---|
| Commercial, financial and agricultural | $ 168 | $ 188 | $ 188 | $ 213 | $ 221 |
| Real estate — commercial mortgage | 175 | 218 | 237 | 230 | 245 |
| Real estate — construction | 66 | 54 | 93 | 131 | 146 |
| Total commercial real estate loans | 241 | 272 | 330 | 361 | 391 |
| Commercial lease financing | 22 | 27 | 31 | 41 | 42 |
| Total commercial loans | 431 | 487 | 549 | 615 | 654 |

| | | | | | |
|---|---|---|---|---|---|
| Real estate — residential mortgage | 82 | 87 | 88 | 79 | 84 |
| Home equity: | | | | | |
| Key Community Bank | 109 | 108 | 102 | 101 | 99 |
| Other | 12 | 12 | 12 | 11 | 13 |
| Total home equity loans | 121 | 120 | 114 | 112 | 112 |
| Consumer other — Key Community Bank | 1 | 1 | 4 | 3 | 3 |
| Consumer other: | | | | | |
| Marine | 30 | 31 | 32 | 32 | 31 |
| Other | 1 | 1 | 1 | 1 | 1 |
| Total consumer other | 31 | 32 | 33 | 33 | 32 |
| Total consumer loans | 235 | 240 | 239 | 227 | 231 |
| Total nonperforming loans | 666 | 727 | 788 | 842 | 885 |
| Nonperforming loans held for sale | 24 | 46 | 42 | 42 | 86 |
| OREO | 61 | 65 | 63 | 52 | 97 |
| Other nonperforming assets | 16 | 21 | 21 | 14 | 21 |
| Total nonperforming assets | $ 767 | $ 859 | $ 914 | $ 950 | $1,089 |
| Accruing loans past due 90 days or more | $ 169 | $ 164 | $ 118 | $ 118 | $ 153 |
| Accruing loans past due 30 through 89 days | 420 | 441 | 478 | 465 | 474 |
| Restructured loans — accruing and nonaccruing [(a)] | 293 | 276 | 277 | 252 | 242 |
| Restructured loans included in nonperforming loans [(a)] | 184 | 191 | 178 | 144 | 136 |
| Nonperforming assets from discontinued operations — education lending business | 19 | 23 | 22 | 21 | 22 |
| Nonperforming loans to period-end portfolio loans | 1.35 % | 1.47% | 1.64 % | 1.76 % | 1.82 % |
| Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets | 1.55 | 1.73 | 1.89 | 1.98 | 2.23 |

(a) Restructured loans (i.e. troubled debt restructurings) are those for which Key, for reasons related to a borrower's financial difficulties, grants a concession to the borrower that it would not otherwise consider. These concessions are made to improve the collectability of the loan and generally take the form of a reduction of the interest rate, extension of the maturity date or reduction in the principal balance.



### Summary of Changes in Nonperforming Loans From Continuing Operations
(in millions)

| | 1Q12 | 4Q11 | 3Q11 | 2Q11 | 1Q11 |
|---|---|---|---|---|---|
| Balance at beginning of period | $ 727 | $ 788 | $ 842 | $ 885 | $1,068 |
| Loans placed on nonaccrual status | 214 | 230 | 292 | 410 | 335 |
| Charge-offs | (132) | (149) | (157) | (177) | (232) |
| Loans sold | (27) | (28) | (16) | (11) | (74) |
| Payments | (65) | (70) | (125) | (156) | (114) |
| Transfers to OREO | (15) | (12) | (11) | (6) | (12) |
| Transfers to nonperforming loans held for sale | — | (19) | (24) | (15) | (39) |
| Transfers to other nonperforming assets | — | (4) | (3) | — | (2) |
| Loans returned to accrual status | (36) | (9) | (10) | (88) | (45) |
| Balance at end of period | $ 666 | $ 727 | $ 788 | $ 842 | $ 885 |

### Summary of Changes in Nonperforming Loans Held For Sale From Continuing Operations

(in millions)

| | 1Q12 | 4Q11 | 3Q11 | 2Q11 | 1Q11 |
|---|---|---|---|---|---|
| Balance at beginning of period | $ 46 | $ 42 | $ 42 | $ 86 | $106 |
| Transfers in | — | 19 | 24 | 15 | 39 |
| Net advances / (payments) | (1) | (3) | (5) | (13) | (20) |
| Loans sold | (1) | (11) | (5) | (37) | (38) |
| Transfers to OREO | — | (1) | (19) | (5) | — |
| Valuation adjustments | (1) | — | (1) | (4) | (1) |
| Loans returned to accrual status / other | (19) | — | 6 | — | — |
| Balance at end of period | $ 24 | $ 46 | $ 42 | $ 42 | $ 86 |

**Summary of Changes in Other Real Estate Owned, Net of Allowance, From Continuing Operations**
(in millions)

| | 1Q12 | 4Q11 | 3Q11 | 2Q11 | 1Q11 |
|---|---|---|---|---|---|
| Balance at beginning of period | $ 65 | $ 63 | $ 52 | $ 97 | $129 |
| Properties acquired — nonperforming loans | 15 | 13 | 30 | 11 | 12 |
| Valuation adjustments | (7) | (4) | (3) | (7) | (11) |
| Properties sold | (12) | (7) | (16) | (49) | (33) |
| Balance at end of period | $ 61 | $ 65 | $ 63 | $ 52 | $ 97 |



**Line of Business Results**
(dollars in millions)

| | 1Q12 | 4Q11 | 3Q11 | 2Q11 | 1Q11 | Percent change 1Q12 vs. 4Q11 | Percent change 1Q12 vs. 1Q11 |
|---|---|---|---|---|---|---|---|
| **Key Community Bank** | | | | | | | |
| **Summary of operations** | | | | | | | |
| Total revenue (TE) | $ 528 | $ 546 | $ 565 | $ 559 | $ 565 | (3.3)% | (6.5)% |
| Provision (credit) for loan and lease losses | 2 | 30 | 39 | 79 | 11 | (93.3) | (81.8) |
| Noninterest expense | 456 | 477 | 457 | 447 | 447 | (4.4) | 2.0 |
| Net income (loss) attributable to Key | 57 | 40 | 57 | 34 | 81 | 42.5 | (29.6) |
| Average loans and leases | 26,617 | 26,406 | 26,270 | 26,242 | 26,312 | .8 | 1.2 |
| Average deposits | 47,768 | 48,076 | 47,672 | 47,719 | 48,108 | (.6) | (.7) |
| Net loan charge-offs | 49 | 71 | 60 | 79 | 76 | (31.0) | (35.5) |
| Net loan charge-offs to average loans | .74% | 1.07% | .91% | 1.21% | 1.17% | N/A | N/A |
| Nonperforming assets at period end | $ 402 | $ 415 | $ 439 | $ 455 | $ 475 | (3.1) | (15.4) |
| Return on average allocated equity | 7.74% | 5.07% | 7.19% | 4.22% | 9.97% | N/A | N/A |
| Average full-time equivalent employees | 8,719 | 8,633 | 8,641 | 8,504 | 8,378 | 1.0 | 4.1 |
| **Key Corporate Bank** | | | | | | | |
| **Summary of operations** | | | | | | | |
| Total revenue (TE) | $ 401 | $ 413 | $ 370 | $ 391 | $ 406 | (2.9)% | (1.2)% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Provision (credit) for loan and lease losses | 13 | (61) | (40) | (76) | (21) | N/M | N/M |
| Noninterest expense | 231 | 228 | 216 | 207 | 228 | 1.3 | 1.3 |
| Net income (loss) attributable to Key | 100 | 157 | 123 | 164 | 126 | (36.3) | (20.6) |
| Average loans and leases | 18,584 | 17,783 | 16,985 | 17,168 | 17,677 | 4.5 | 5.1 |
| Average loans held for sale | 509 | 356 | 273 | 302 | 275 | 43.0 | 85.1 |
| Average deposits | 11,556 | 11,162 | 10,544 | 10,195 | 11,282 | 3.5 | 2.4 |
| Net loan charge-offs | 25 | 12 | 22 | 29 | 75 | 108.3 | (66.7) |
| Net loan charge-offs to average loans | .54% | .27% | .51% | .68% | 1.72% | N/A | N/A |
| Nonperforming assets at period end | $ 237 | $ 294 | $ 326 | $ 339 | $ 427 | (19.4) | (44.5) |
| Return on average allocated equity | 21.07% | 30.02% | 22.52% | 28.26% | 19.71% | N/A | N/A |
| Average full-time equivalent employees | 2,254 | 2,286 | 2,288 | 2,191 | 2,155 | (1.4) | 4.6 |
| **Key Corporate Bank supplementary information (lines of business)** | | | | | | | |
| *Real Estate Capital and Corporate Banking Services* | | | | | | | |
| Total revenue (TE) | $ 161 | $ 176 | $ 147 | $ 156 | $ 168 | (8.5)% | (4.2)% |
| Provision (credit) for loan and lease losses | — | (31) | (38) | (49) | 9 | N/M | N/M |
| Noninterest expense | 59 | 62 | 65 | 50 | 69 | (4.8) | (14.5) |
| Net income (loss) attributable to Key | 64 | 92 | 76 | 97 | 57 | (30.4) | 12.3 |
| Average loans and leases | 7,699 | 7,445 | 7,088 | 7,713 | 8,583 | 3.4 | (10.3) |
| Average loans held for sale | 291 | 216 | 173 | 229 | 140 | 34.7 | 107.9 |
| Average deposits | 8,221 | 7,643 | 7,286 | 7,371 | 8,611 | 7.6 | (4.5) |
| Net loan charge-offs | 16 | 10 | 19 | 26 | 65 | 60.0 | (75.4) |
| Net loan charge-offs to average loans | .84% | .53% | 1.06% | 1.35% | 3.07% | N/A | N/A |
| Nonperforming assets at period end | $ 173 | $ 209 | $ 240 | $ 245 | $ 334 | (17.2) | (48.2) |
| Return on average allocated equity | 27.56% | 35.13% | 26.83% | 31.13% | 15.56% | N/A | N/A |
| Average full-time equivalent employees | 951 | 953 | 942 | 902 | 882 | (.2) | 7.8 |
| *Equipment Finance* | | | | | | | |
| Total revenue (TE) | $ 64 | $ 62 | $ 68 | $ 63 | $ 63 | 3.2% | 1.6% |
| Provision (credit) for loan and lease losses | (2) | (15) | (8) | (30) | (26) | N/M | N/M |
| Noninterest expense | 37 | 48 | 45 | 45 | 52 | (22.9) | (28.8) |
| Net income (loss) attributable to Key | 18 | 18 | 19 | 30 | 23 | — | (21.7) |
| Average loans and leases | 4,779 | 4,680 | 4,619 | 4,545 | 4,621 | 2.1 | 3.4 |
| Average loans held for sale | 24 | 10 | 7 | — | 4 | 140.0 | 500.0 |
| Average deposits | 8 | 9 | 11 | 12 | 6 | (11.1) | 33.3 |
| Net loan charge-offs | 5 | (1) | (1) | 2 | 10 | N/M | (50.0) |
| Net loan charge-offs to average loans | .42% | (.08)% | (.09)% | .18% | .88% | N/A | N/A |
| Nonperforming assets at period end | $ 28 | $ 41 | $ 31 | $ 39 | $ 44 | (31.7) | (36.4) |
| Return on average allocated equity | 26.71% | 23.19% | 23.05% | 35.81% | 27.04% | N/A | N/A |
| Average full-time equivalent employees | 469 | 517 | 511 | 511 | 521 | (9.3) | (10.0) |
| *Institutional and Capital Markets* | | | | | | | |
| Total revenue (TE) | $ 176 | $ 175 | $ 155 | $ 172 | $ 175 | .6% | .6% |
| Provision (credit) for loan and lease losses | 15 | (15) | 6 | 3 | (4) | N/M | N/M |
| Noninterest expense | 135 | 118 | 106 | 112 | 107 | 14.4 | 26.2 |
| Net income (loss) attributable to Key | 18 | 47 | 28 | 37 | 46 | (61.7) | (60.9) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Average loans and leases | 6,106 | 5,658 | 5,278 | 4,910 | 4,473 | 7.9 | 36.5 |
| Average loans held for sale | 194 | 130 | 93 | 73 | 131 | 49.2 | 48.1 |
| Average deposits | 3,327 | 3,510 | 3,247 | 2,812 | 2,665 | (5.2) | 24.8 |
| Net loan charge-offs | 4 | 3 | 4 | 1 | — | 33.3 | N/M |
| Net loan charge-offs to average loans | .26% | .21% | .30% | .08% | — | N/A | N/A |
| Nonperforming assets at period end | $ 36 | $ 44 | $ 55 | $ 55 | $ 49 | (18.2) | (26.5) |
| Return on average allocated equity | 10.28% | 25.61% | 15.51% | 20.00% | 24.51% | N/A | N/A |
| Average full-time equivalent employees | 834 | 816 | 835 | 778 | 752 | 2.2 | 10.9 |

TE = Taxable Equivalent, N/A = Not Applicable, N/M = Not Meaningful

(Back To Top)

## Section 3: EX-99.2 (EX-99.2)

# KeyCorp

First Quarter 2012 Earnings Review

April 19, 2012

**Beth E. Mooney**

Chairman and

Chief Executive Officer

**Jeffrey B. Weeden**

Chief Financial Officer

**Exhibit 99.2**

2

# FORWARD-LOOKING STATEMENTS AND ADD INFORMATION DISCLOSURE

This presentation contains and we may, from time to time, make forward-looking statements within the meaning of the 1995, including statements about Key's financial condition, results of operations, earnings outlook, asset quality trends looking statements are not historical facts but instead represent only management's current expectations and forecasts their nature, are inherently uncertain and outside of Key's control. Forward-looking statements usually can be identifie

“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 m
falter or a further recession; the Dodd-Frank Wall Street Reform and Consumer Protection Act and other reforms will s
stringent legal and regulatory requirements, including increased scrutiny from our regulators; changes in local, regiona
political conditions in the regions where we operate or have significant assets; changes in trade, monetary and fiscal p
central banks could affect the economic environment in which we operate; our ability to effectively deal with an econon
difficulty; adverse changes in credit quality trends; our ability to determine accurate values of certain assets and liabiliti
rates, securities, public debt, and capital markets, including changes in market liquidity and volatility;  our ability to antic
manage interest rate risk presented through unanticipated changes in our interest rate risk position and/or short- and lo
changes in our liquidity position, including but not limited to our ability to enter the financial markets to manage and res
position;  adequacy of our risk management program; reduction of the credit ratings assigned to KeyCorp and KeyBan
industry consolidation; unanticipated adverse affects of acquisitions and dispositions of assets, business units or affilia
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 ar
Analysis of Financial Condition and Results of Operation under the heading “Risk Management,” as well as in our subs
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
the forward-looking statements.  Actual results or future events could differ, possibly materially, from those anticipated
from historical performance.
This presentation also includes certain Non-GAAP financial measures related to “tangible common equity, “Tier 1 com
revenue.”  Management believes these ratios may assist investors, analysts and regulators in analyzing Key’s financia
ensure that these measures are calculated using the appropriate GAAP or regulatory components, they have limitation
considered in isolation, or as a substitute for analysis of results under GAAP.  For more information on these calculatio
most comparable GAAP measures, please refer to the Appendix to this presentation or our most recent earnings press
www.key.com/ir.
Web addresses referenced in this slide are inactive textual references only.  Information on these websites is not part

3

Delivering sustainable profitability

Continued improvement in credit quality

Disciplined expense management

Growth in average loans driven by CF&A

Growth in engaged clients

Continued investment to drive future growth

**No objection from Federal Reserve on capital plan**
**Board authorized common stock repurchase program**
**Maintaining peer leading capital levels**
**Positioned to meet Basel III requirements**

# Investor Highlights – First Quarter 2012

## Disciplined Capital Management

4

(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)

# Executing Business Plan: Progress on Target

KEY Metrics
(a)
KEY
1Q12
KEY
4Q11
Targets
Action Plans
Core funded
Loan to deposit ratio
(b)
87%
87%
90-100%
Leverage integrated model to grow
relationships and loans
Improve deposit mix
Returning to a
moderate risk
profile
NCOs to average loans
.82%
.86%
40-50 bps
Focus on relationship clients
Exit noncore portfolios
Limit concentrations
Focus on risk-adjusted returns
Growing high
quality, diverse
revenue streams
Net interest margin
3.16%
3.13%
>3.50%
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
46%
42%
>40%
Creating positive
operating
leverage
Efficiency ratio
68%

73%
60-65%
Improve efficiency and effectiveness
Leverage technology
Change cost base to more variable from fixed

Executing our strategies

Return on average assets

1.02%
1.01%
1.00-1.25%

Execute our client insight-driven relationship model
Focus on operating leverage
Improved funding mix with lower cost core deposits

5

# Financial Review

6

# Financial Summary – First Quarter 2012

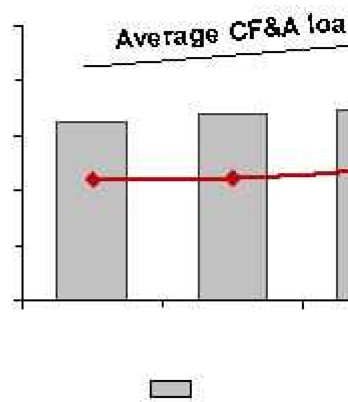
**Asset Quality**

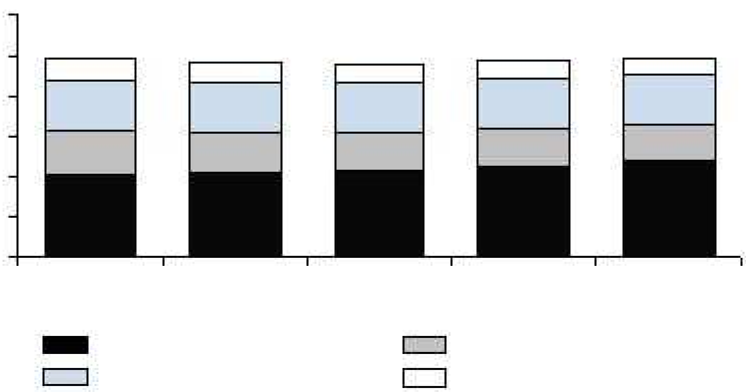
(a)

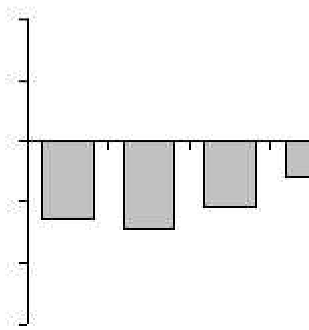
TE = Taxable equivalent, EOP = End of Period
(a)
From continuing operations
(b)
From consolidated operations
(c)
3-31-12 ratios are estimated
(d)
Non-GAAP measure:  see slide 20 of Appendix for reconciliation.

**Income from continuing operations attributable to Key**
**$.21**
**$.21**
**$.21**
**common shareholders**
**Net interest margin (TE)**
**3.16%**
**3.13%**
**3.25%**
**Return on average total assets**
**1.02**
**1.01**
**1.32**
**Tier 1 common equity**
**(c), (d)**
**11.5%**
**11.3%**
**10.7%**
**Tier 1 risk-based capital**
**(c)**
**13.3**
**13.0**
**13.5**
**Tangible common equity to tangible assets**
**(d)**
**10.3**
**9.9**
**9.2**
**Book value per common share**
**$10.26**
**$10.09**
**$9.58**
**Net loan charge-offs to average loans**
**.82%**
**.86%**
**1.59%**
**NPLs to EOP portfolio loans**

**1.35**
**1.47**
**1.82**
**NPAs to EOP portfolio loans + OREO + Other NPAs**
**1.55**
**1.73**
**2.23**
**Allowance for loan losses to period-end loans**
**1.92**
**2.03**
**2.83**
**Allowance for loan losses to NPLs**
**141.7**
**138.1**
**155.0**







Average  balances grew for the second consecutive quarter, driven by strong growth in CF&A loans

Loan commitments increased 20% to $8.3 billion in 1Q12 from $6.9 billion in 1Q11

Positioned to continue to grow loans by leveraging integrated business model and

**focusing on targeted segments**
**$0**
**$10**
**$20**
**$30**
**$40**
**$50**
**$60**
**1Q11**
**2Q11**
**3Q11**
**4Q11**
**1Q12**

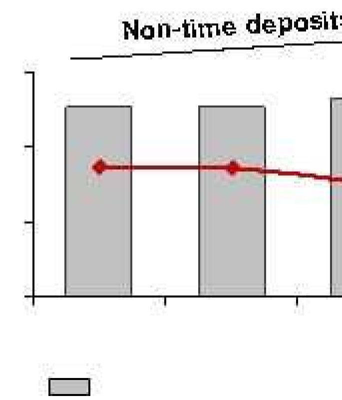
# Loan Growth

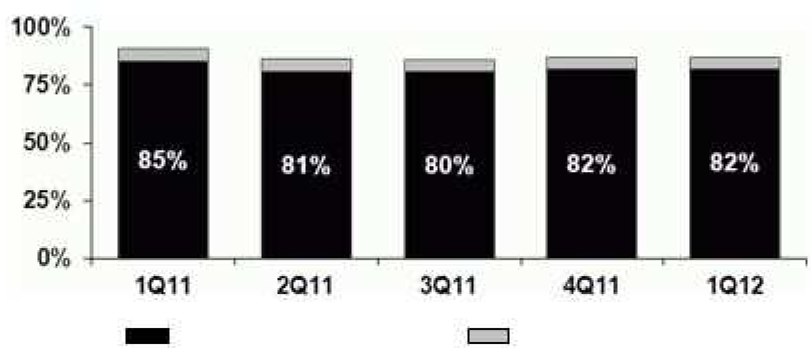
***$ in billions***

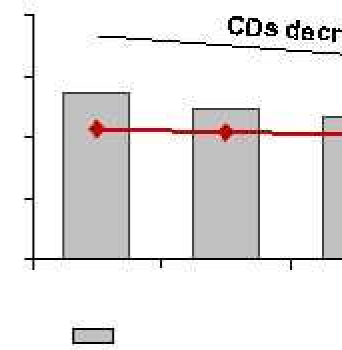
CF&A loans
Utilization rate

Exit Portfolios
Home Equity & Other
CF&A & Leasing
Commercial Real Estate
***$ in billions***
**$49.3**
**$48.5**
**$19.6**
**$18.3**
**$17.4**
**$16.9**
**$16.3**
***46.9%***
***46.3%***
***44.4%***
***43.4%***
***43.2%***
**$0**
**$5**
**$10**
**$15**
**$20**
**$25**
**1Q11**
**2Q11**
**3Q11**
**4Q11**
**1Q12**
**30%**
**40%**
**50%**
**60%**
**(5.2)%**
**(5.7)%**
**(4.4)%**
**(2.3)%**
**(1.5)%**

2.7%
5.4%
7.2%
3.7%
(12.0)%
(8.0)%
(4.0)%
.0%
4.0%
8.0%
1Q10
2Q10
3Q10
4Q10
1Q11
2Q11
3Q11
4Q11
1Q12
$48.0
$48.7
$49.4






**$10.1**
**$10.8**
**$11.7**
**$12.4**
**$13.6**
***2.60%***
***2.59%***
***2.66%***

*2.53%*
*2.48%*
$0
$5
$10
$15
$20
1Q11
2Q11
3Q11
4Q11
1Q12
.00%
1.00%
2.00%
3.00%
4.00%
5.00%
$45.4
$45.3
$46.5
$48.2
$48.8
*.12%*
*.13%*
*.18%*
*.15%*
*.17%*
$20
$30
$40
$50
1Q11
2Q11
3Q11
4Q11
1Q12
.00%
.10%
.20%
.30%

# Improving Deposit Mix

**Higher cost CDs continue to decline, while lower cost deposits have remained strong**
**Improved funding mix has reduced the cost of total deposits, which is down 4 bps from 4Q11**
**Total CD maturities and average cost**
–
**2012 Q2: $2.5 billion at 1.54%**
–

**2012 Q3: $1.9 billion at 2.92%**

**–**

**2012 Q4: $1.1 billion at 2.64%**

**–**

**2013 & beyond: $4.4 billion at 2.70%**

***$ in billions***

***$ in billions***

(a) Excludes time deposits and deposits in foreign office

(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)

Continuing operations

Discontinued operations

**91%**

Cost of non-time deposits

Non-time deposits

Average rate on CDs

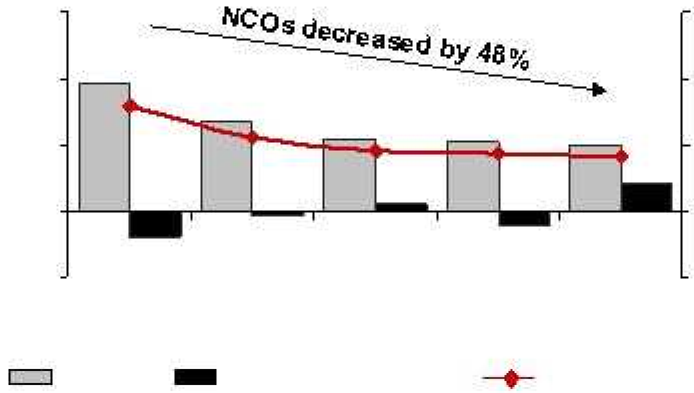
Total average CDs

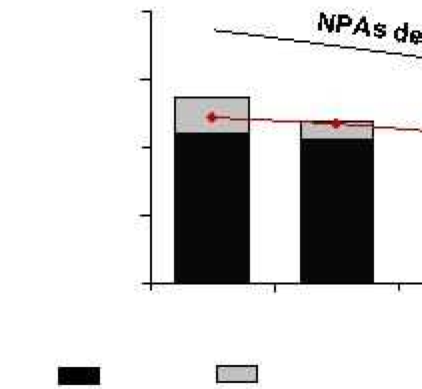
**86%**

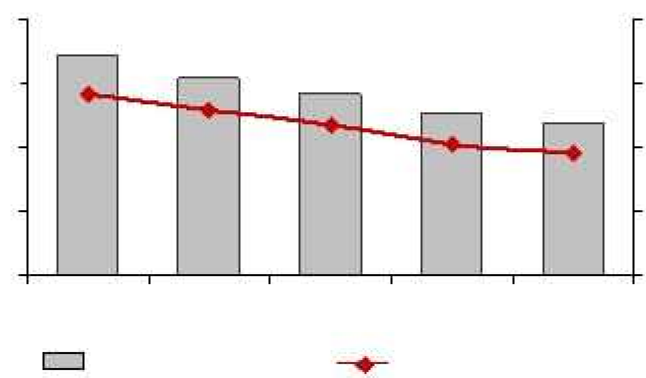
**86%**

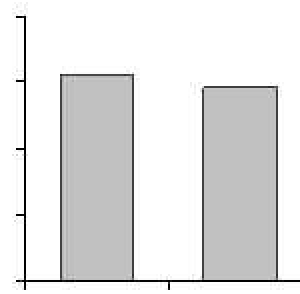
**87%**

**87%**









$767
$859
$914
$950
$1,089

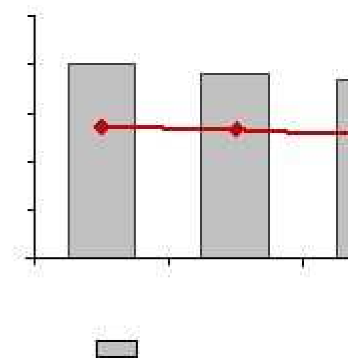
**$0**
**$400**
**$800**
**$1,200**
**$1,600**
**1Q11**
**2Q11**
**3Q11**
**4Q11**
**1Q12**
**0.00%**
**1.00%**
**2.00%**
**3.00%**
**$944**
**$1,004**
**$1,131**
**$1,230**
**$1,372**
***2.57%***
***2.35%***
***2.83%***
***2.03%***
***1.92%***
**$0**
**$400**
**$800**
**$1,200**
**$1,600**
**1Q11**
**2Q11**
**3Q11**
**4Q11**
**1Q12**
**0.00%**
**1.00%**
**2.00%**
**3.00%**
**4.00%**
**141.7%**
**138.1%**
**143.5%**
**146.1%**
**155.0%**
**0%**
**50%**
**100%**
**150%**
**200%**
**1Q11**
**2Q11**
**3Q11**
**4Q11**
**1Q12**
**$193**
**$134**
**$109**
**$105**

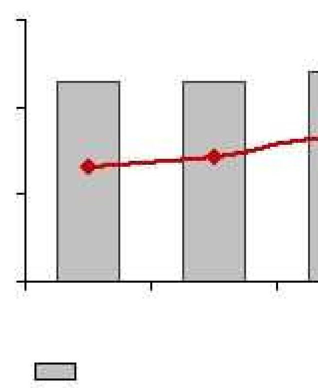
**$101**
**$42**
**$(22)**
**$10**
**$(8)**
**$(40)**
***1.59%***
***1.11%***
***.86%***
***.***
***82%***
***.90%***
**-$100**
**$0**
**$100**
**$200**
**$300**
**1Q11**
**2Q11**
**3Q11**
**4Q11**
**1Q12**
**-1.00%**
**.00%**
**1.00%**
**2.00%**
**3.00%**

NPLs
NPLs to period-end loans
NCOs
Provision for loan and
lease losses
NCOs to average loans

Allowance for loan
and lease losses
ALLL to period-end loans
***$ in millions***
***$ in millions***
***$ in millions***
NPLs held for sale,
OREO & other NPAs

# Continued Improvement in Asset Qualit







# Total Revenue

TE = Taxable equivalent

***$ in millions***

**Continuing Operations**

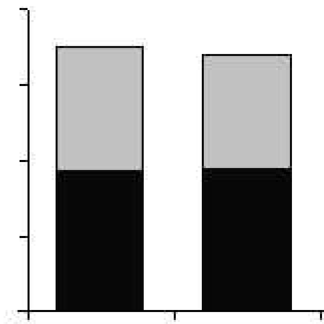
Net interest margin

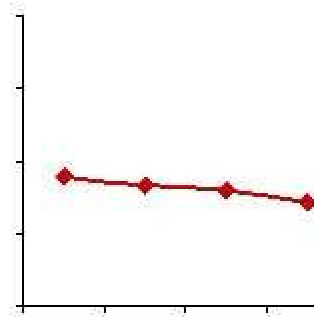
Net interest income

**Net interest margin increased 3 bps from 4Q11, a result of improved funding costs and a decrease in lower-yielding short-term investments**
**Higher noninterest income primarily driven by principal investing income and a gain from the termination of a  leveraged lease**
**New client acquisition and execution of relationship-based model provide opportunities to grow noninterest income**

Noninterest income
Noninterest income to total revenue
***$ in millions***
**$559**
**$563**
**$555**
**$570**
**$604**
***3.19%***
***3.09%***
***3.25%***
***3.13%***
***3.16%***
**$0**
**$150**
**$300**
**$450**
**$600**
**$750**
**1Q11**
**2Q11**
**3Q11**
**4Q11**
**1Q12**
**0.00%**
**2.00%**
**4.00%**
**6.00%**
**$457**
**$454**
**$483**
**$414**
**$472**
***45.8%***
***42.4%***
***43.1%***
***46.5%***
***44.3%***
**$0**
**$200**
**$400**
**$600**
**1Q11**
**2Q11**
**3Q11**

**4Q11**
**1Q12**
**30.0%**
**40.0%**
**50.0%**
**60.0%**





$330
$300
$310
$330
$318
$0
$200
$400
$600
$800
1Q11
2Q11
3Q11
4Q11
1Q12

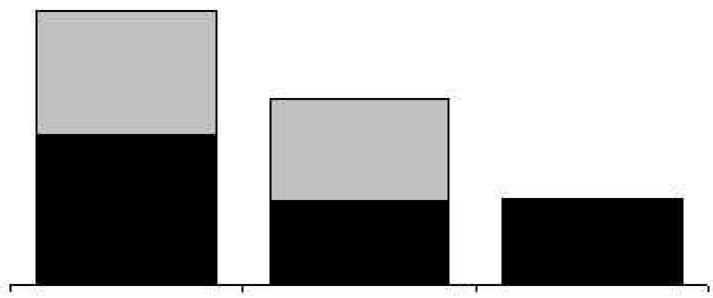
# Focused Expense Management

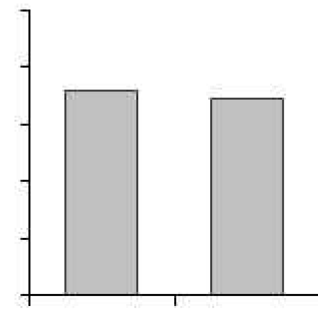
Personnel expense
***$ in millions***

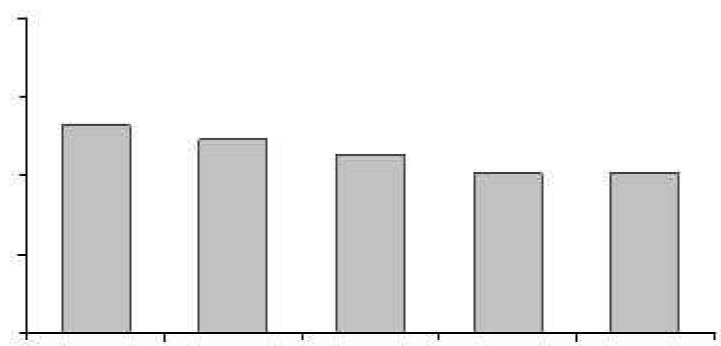
**Noninterest expense declined $14 million from 4Q11, with improvement in both personnel and non-personnel expense**
**Key remains focused on operating leverage**
**–**
**Shifting FTE mix towards client-facing positions**
**–**
**Leveraging continuous improvement practices**
**–**
**Strengthening processes, alignment and accountability across the organization**

Non-personnel expense
$680
$701
15,665
15,381
15,584
15,772
15,424
15,301
15,349
15,490
15,404
14,000

**15,000**
**16,000**
**17,000**
**18,000**
**1Q10**
**2Q10**
**3Q10**
**4Q10**
**1Q11**
**2Q11**
**3Q11**
**4Q11**
**1Q12**
**$692**
**$717**
**$703**









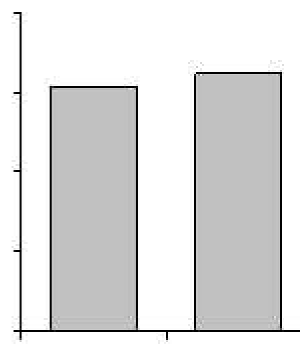
**$1,031**
**$703**
**$328**
**Total revenue**
**Noninterest expense**
**PPNR**

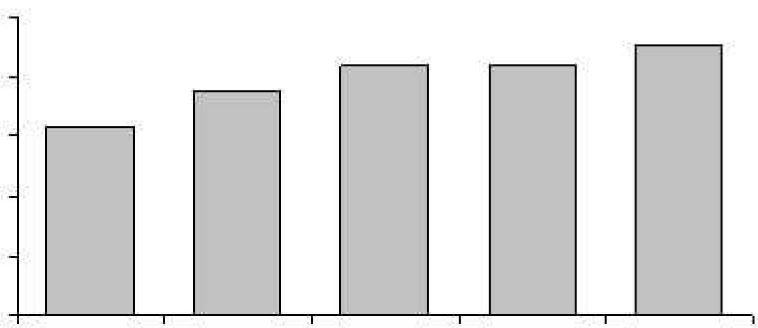
# Pre-Provision Net Revenue
## (a), (b)
# and ROAA
## (c)

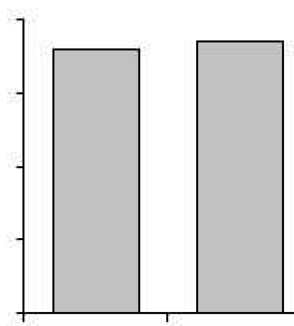
(a)
Net interest income plus taxable-equivalent adjustment and noninterest income less noninterest expense
(b)
Non-GAAP measure: see slide 20 of Appendix for reconciliation.
(c)
From continuing operations

***$ in millions***
***$ in millions***
**Noninterest income**
**46%**
**Personnel expense**
**55%**
**$360**
**$344**
**$346**
**$260**
**$328**
**$0**
**$100**
**$200**
**$300**
**$400**
**$500**
**1Q11**
**2Q11**
**3Q11**
**4Q11**
**1Q12**
**1.02%**
**1.01%**
**1.14%**
**1.23%**
**1.32%**
**.00%**
**.50%**
**1.00%**
**1.50%**
**2.00%**
**1Q11**
**2Q11**
**3Q11**
**4Q11**

1Q12







No objection from Federal Reserve on capital plan
–
Board authorized stock repurchase program
–
Dividend increase will be evaluated at May
Board meeting
Peer leading capital position supports growth
Disciplined approach to capital management
Positioned for successful transition to Basel III

# Strong Capital Ratios

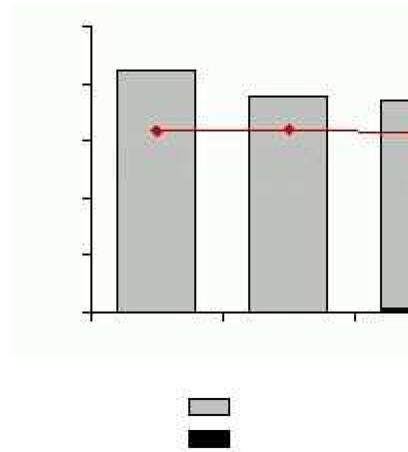
10.3%
9.9%
9.2%
9.7%
9.8%
0.00%
3.00%
6.00%
9.00%
12.00%
1Q11
2Q11
3Q11
4Q11
1Q12
$10.26
$10.09
$9.58
$9.88
$10.09
$8.00
$8.50
$9.00
$9.50
$10.00
$10.50
1Q11
2Q11
3Q11
4Q11
1Q12
11.5%
11.3%
10.7%
11.1%
11.3%

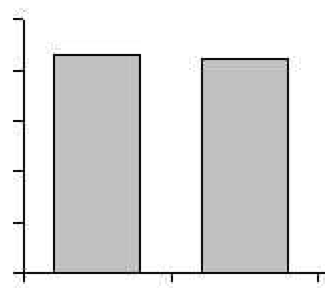
**0.00%**
**3.00%**
**6.00%**
**9.00%**
**12.00%**
**1Q11**
**2Q11**
**3Q11**
**4Q11**
**1Q12**

(a)
3-31-12 ratio is estimated

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

# Appendix







Average AFS securities
***$ in billions***

# High Quality Investment Portfolio

**Portfolio composed of Agency or GSE backed:**

**GNMA, Fannie & Freddie**
**–**
**No private label MBS or financial paper**
**Average portfolio life at 3/31/12: 2.4 years**
**Unrealized net gain of $505 million on available-for-sale securities portfolio at 3/31/12**
**Mortgage paydowns in 4Q11 and 1Q12 were $1.5 billion**
**Yield decline in 1Q12 from paydowns of higher yielding mortgage investments and purchases of lower yielding investments**

(a) Includes end of period held-to-maturity and available-for-sale securities

**20.2%**
**20.4%**
**21.6%**
**21.1%**
**21.0%**
**0%**
**5%**
**10%**
**15%**
**20%**
**25%**
**1Q11**
**2Q11**
**3Q11**
**4Q11**
**1Q12**
Average yield
Average HTM securities
**$17.5**
**$18.4**
**$18.5**
**$19.0**
**$21.2**
***3.01%***
***3.07%***
***3.15%***
***3.20%***
***3.19%***
**$0**
**$5**
**$10**
**$15**
**$20**
**$25**
**1Q11**
**2Q11**
**3Q11**
**4Q11**
**1Q12**

0.00%
1.00%
2.00%
3.00%
4.00%
5.00%

N/M = Not Meaningful
(a)
Net loan charge-off amounts are annualized in calculation. NCO ratios for discontinued operations and consolidated Key exclude ed
loans in the securitization trusts since valued at fair-market value
(b)
3-31-12 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

# Credit Quality

***$ in millions***
**Allowance / period-end loans**
**(b)**
**Allowance / NPLs**
**Net loan charge-offs**
**Net loan charge-offs**
**(a)**
**/**
**average loans**
**Nonperforming loans**
**Ending allowance**
**(b)**
**Period-end loans**
**Average loans**
**3/31/12**
**1Q12**
**1Q12**
**4Q11**
**1Q12**
**4Q11**
**3/31/12**
**12/31/11**
**3/31/12**
**3/31/12**
**3/31/12**
**Allowance / period-end loans**
**(b)**
**Allowance / NPLs**
**Net loan charge-offs**
**Net loan charge-offs**
**(a)**
**/**
**average loans**
**Nonperforming loans**
**Ending allowance**

(b)
**Commercial, financial and agricultural**
$19,787
$19,638
$15
$28
*.31*
*%*
*.61*
*%*
$168
$188
$316
*1.60*
*%*
*188.10*
*%*
**Commercial real estate:**
Commercial mortgage
7,807
7,993
21
23
*1.06*
*1.13*
175
218
263
*3.37*
*150.29*
Construction
1,273
1,284
10
(6)
*3.13*
*(1.72)*
66
54
56
*4.40*
*84.85*
**Commercial lease financing**
5,755
5,846
-
-
-
-
22
27
68
*1.18*
*309.09*
**Real estate - residential mortgage**
1,967
1,950
5
7
*1.03*
*1.45*
82

87
36
*1.83*
*43.90*
**Home equity:**
Key Community Bank
9,153
9,173
23
20
*1.01*
*.86*
109
108
94
*1.03*
*86.24*
Other
507
521
7
9
*5.40*
*6.46*
12
12
28
*5.52*
*233.33*
**Consumer other— Key Community Bank**
1,212
1,193
9
9
*3.03*
*3.00*
1
1
37
*3.05*
*N/M*
**Consumer other:**
Marine
1,654
1,714
10
14
*2.35*
*3.05*
30
31
45
*2.72*
*150.00*
Other
111
118
1
1
*3.41*
*3.12*
1

1
1
*.90*
*100.00*
**Continuing total**
**$49,226**
**$49,430**
**$101**
**$105**
***.82***
*%*
***.86***
*%*
**$666**
**$727**
**$944**
***1.92***
*%*
***141.74***
*%*
Discontinued operations - education
lending business
5,715
5,745
19
25
*2.51*
*3.19*
19
23
90
*3.00*
*473.68*
**Consolidated total**
**$54,941**
**$55,175**
**$120**
**$130**
***.92***
*%*
***1.00***
*%*
**$685**
**$750**
**$1,034**
***1.98***
*%*
***150.95***
*%*

| *$ in millions, except average loan size* | Loan Balances | Average Loan Size ($) | Average FICO | Average LTV(a) | % of Loans LTV>90% | 2011 and later |
|---|---|---|---|---|---|---|
| Home equity loans and lines | | | | | | |
| First lien | $ 4,859 | $ 58,851 | 752 | 67 % | .6 % | 16 % |
| Second lien | 4,294 | 45,683 | 751 | 75 | 3.2 | 11 |
| Total home equity loans and lines | $ 9,153 | $ 51,841 | 752 | 70 | 1.9 | 14 |
| Nonaccrual loans | | | | | | |
| First lien | $ 60 | $ 62,813 | 718 | 73 % | 1.1 % | 1 % |
| Second lien | 49 | 50,059 | 712 | 78 | 4.7 | 1 |
| Total home equity nonaccrual loans | $ 109 | $ 56,315 | 715 | 75 | 2.6 | 1 |
| Community Bank - Home Equity | | | | | | |
| First quarter net charge-offs | $ 23 | | | | | - |
| Net loan charge-offs to average loans | 1.01 % | | | | | |



***$ in millions, except average loan size***

(a)

# Home Equity Loans – 3/31/12

Vintage (% of Loans)
Loan Balances
Average Loan
Size ($)
Average
FICO
Average
LTV
% of Loans
LTV>90%
2011 and
later
2010
2009
2008
2007 and
prior
Home equity loans and lines
First lien
22
$
22,785
$
746
33

%
.4

%
-

-

-

2

%
98

%
Second lien
486

24,570

730
82

32.5

-

-

-

2

98

Total home equity loans and lines
509
$
24,485
$
731
80

31.1

-

-

-

1

99

Nonaccrual loans
First lien
1
$
20,525
$
735
25

%
-

-

-

-

-

100

%
Second lien
11

27,989

705
83

33.9

%
-

-

-

1

%
99

Total home equity nonaccrual loans
12
$
27,423
$
706
81

32.0

-

-

-

1

99

Exit Portfolio - Home Equity
First quarter net charge-offs
7
$
-

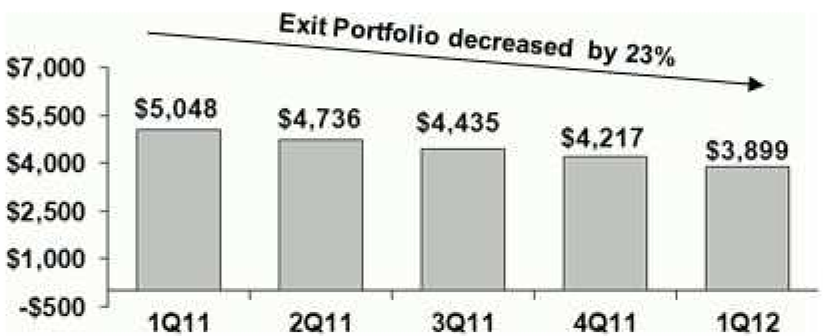
-

-

4

%
96

%
Net loan charge-offs to average loans
5.40
%
(a)  Average LTVs are at origination. Current average LTVs for Community Bank total home equity loans and lines is approximately
which compares to 78% at the end of the fourth quarter 2011.






*$ in millions*

# Exit Loan Portfolio

**Change**
**3-31-12 vs.**
**3-31-12**

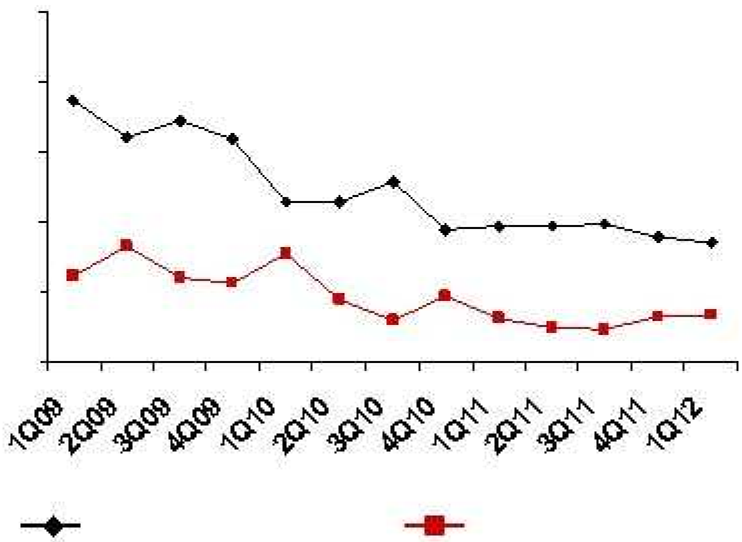
**12-31-11**
**12-31-11**
**1Q12**
(c)
**4Q11**
(c)
**3-31-12**
**12-31-11**
Residential properties –
homebuilder
$34
$41
$(7)
$2
$(2)
$17
$23
Marine and RV floor plan
59
81
(22)
7
2
32
45
Commercial lease financing
(a)
1,534
1,669
(135)
(1)
(2)
11
7
Total commercial loans
1,627
1,791
(164)
8
(2)
60
75
Home equity –
Other
507
535
(28)
7
9
12
12
Marine
1,654
1,766
(112)
10
14
31
31
RV and other consumer
111
125
(14)
1
1
-

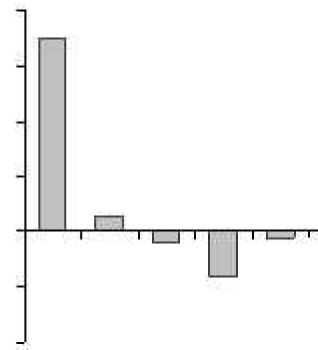
1
Total consumer loans
2,272
2,426
(154)
18
24
43
44
Total exit loans in loan portfolio
$3,899
$4,217
$(318)
$26
$22
$103
$119
Discontinued operations -
education
lending business (not included in exit loans above)
(b)
$5,715
$5,812
$(97)
$19
$25
$19
$23
**Balance on**
**Nonperforming**
**Status**
**Balance**
**Outstanding**
**Charge-offs**
**Net Loan**
***$ in millions***

(a) Includes the business aviation, commercial vehicle, office products, construction and industrial leases, and Canadia
and all remaining balances related to lease in, lease out; sale in, sale out; service contract leases; and qualified tec

(b) Includes loans in Key’s consolidated education loan securitization trusts

(c) Credit amounts indicate recoveries exceeded charge-offs





# Credit Quality Trends

(a)
Loan and Lease Outstandings
**.85%**

.89%
.99%
.97%
.98%
.95%
1.29%
1.14%
1.14%
1.59%
1.72%
1.61%
1.87%
.34%
.33%
.24%
.25%
.32%
.48%
.30%
.45%
.78%
.56%
.60%
.82%
.62%
0.00%
0.50%
1.00%
1.50%
2.00%
2.50%
30 –
89 days delinquent
90+ days delinquent
(6.8)%
(13.6)%
(10.2)%
(12.3)%
(11.2)%
(16.7)%
(14.3)%
(12.8)%
(1.0)%
(8.1)%
(2.0)%
2.8%
35.1%
-20%
-10%
0%
10%
20%
30%
40%
1Q09
2Q09
3Q09
4Q09
1Q10
2Q10
3Q10
4Q10
1Q11
2Q11
3Q11
4Q11
1Q12

| *$ in millions, except per share amounts* | | Three m |
|---|---|---|
| | 3-31-12 | 12 |
| **Tangible common equity to tangible assets at period end** | | |
| Key shareholders' equity (GAAP) | $ 10,099 | $ |
| Less: Intangible assets | 932 | |
| Preferred Stock, Series A | 291 | |
| Tangible common equity (non-GAAP) | $ 8,876 | $ |
| Total assets (GAAP) | $ 87,431 | $ |
| Less: Intangible assets | 932 | |
| Tangible assets (non-GAAP) | $ 86,499 | $ |
| Tangible common equity to tangible assets ratio (non-GAAP) | 10.26 % | |
| **Tier 1 common equity at period end** | | |
| Key shareholders' equity (GAAP) | $ 10,099 | $ |
| Qualifying capital securities | 1,046 | |
| Less: Goodwill | 917 | |
| Accumulated other comprehensive income (loss) [a] | (70) | |
| Other assets [b] | 69 | |
| Total Tier 1 capital (regulatory) | 10,229 | |
| Less: Qualifying capital securities | 1,046 | |
| Preferred Stock, Series A | 291 | |
| Total Tier 1 common equity (non-GAAP) | $ 8,892 | $ |
| Net risk-weighted assets (regulatory) [b], [c] | $ 76,979 | $ |
| Tier 1 common equity ratio (non-GAAP) [c] | 11.55 % | |
| **Pre-provision net revenue** | | |
| Net interest income (GAAP) | $ 553 | $ |
| Plus: Taxable-equivalent adjustment | 6 | |
| Noninterest income | 472 | |
| Less: Noninterest expense | 703 | |
| Pre-provision net revenue from continuing operations (non-GAAP) | $ 328 | $ |

# GAAP to Non-GAAP Reconciliation

(a)
Includes net unrealized gains or losses on securities available for sale (except for net unrealized losses on marketable equity securities), net gains or losses o flow hedges, and amounts resulting from the December 31, 2006, adoption and subsequent application of the applicable accounting guidance for defined ben other postretirement plans.

(b)
Other assets deducted from Tier 1 capital and net risk-weighted assets consist of disallowed deferred tax assets of $47 million at March 31, 2011, disallowed intangible assets (excluding goodwill) and deductible portions of nonfinancial equity investments. There were no disallowed deferred tax assets at March 31,

and December 31, 2011.
(c)
3-31-12 amount is estimated.



(Back To Top)

# Section 4: EX-99.3 (EX-99.3)

**Exhibit 99.3**

**Consolidated Balance Sheets**
(dollars in millions)

| | 3-31-12 | 12-31-11 | 3-31-11 |
|---|---|---|---|
| **Assets** | | | |
| Loans | $ 49,226 | $ 49,575 | $ 48,552 |
| Loans held for sale | 511 | 728 | 426 |
| Securities available for sale | 14,633 | 16,012 | 19,448 |
| Held-to-maturity securities | 3,019 | 2,109 | 19 |
| Trading account assets | 614 | 623 | 1,041 |
| Short-term investments | 3,605 | 3,519 | 3,705 |
| Other investments | 1,188 | 1,163 | 1,402 |
| Total earning assets | 72,796 | 73,729 | 74,593 |
| Allowance for loan and lease losses | (944) | (1,004) | (1,372) |
| Cash and due from banks | 416 | 694 | 540 |
| Premises and equipment | 937 | 944 | 906 |
| Operating lease assets | 335 | 350 | 491 |
| Goodwill | 917 | 917 | 917 |
| Other intangible assets | 15 | 17 | 20 |
| Corporate-owned life insurance | 3,270 | 3,256 | 3,187 |
| Derivative assets | 830 | 945 | 1,005 |
| Accrued income and other assets | 3,091 | 3,077 | 3,758 |
| Discontinued assets | 5,768 | 5,860 | 6,393 |
| **Total assets** | $ 87,431 | $ 88,785 | $ 90,438 |
| **Liabilities** | | | |
| Deposits in domestic offices: | | | |
| NOW and money market deposit accounts | $ 29,124 | $ 27,954 | $ 26,177 |
| Savings deposits | 2,075 | 1,962 | 1,964 |
| Certificates of deposit ($100,000 or more) | 3,984 | 4,111 | 5,314 |
| Other time deposits | 5,848 | 6,243 | 7,597 |
| Total interest-bearing deposits | 41,031 | 40,270 | 41,052 |
| Noninterest-bearing deposits | 19,606 | 21,098 | 16,495 |
| Deposits in foreign office — interest-bearing | 857 | 588 | 3,263 |
| Total deposits | 61,494 | 61,956 | 60,810 |
| Federal funds purchased and securities sold under repurchase agreements | 1,846 | 1,711 | 2,232 |
| Bank notes and other short-term borrowings | 324 | 337 | 685 |
| Derivative liabilities | 754 | 1,026 | 1,106 |
| Accrued expense and other liabilities | 1,450 | 1,763 | 1,931 |
| Long-term debt | 8,898 | 9,520 | 11,048 |
| Discontinued liabilities | 2,549 | 2,550 | 2,929 |
| **Total liabilities** | 77,315 | 78,863 | 80,741 |

| | | | |
|---|---|---|---|
| **Equity** | | | |
| Preferred stock, Series A | 291 | 291 | 291 |
| Common shares | 1,017 | 1,017 | 1,017 |
| Common stock warrant | — | — | 87 |
| Capital surplus | 4,116 | 4,194 | 4,167 |
| Retained earnings | 6,411 | 6,246 | 5,721 |
| Treasury stock, at cost | (1,717) | (1,815) | (1,823) |
| Accumulated other comprehensive income (loss) | (19) | (28) | (35) |
| Key shareholders' equity | 10,099 | 9,905 | 9,425 |
| Noncontrolling interests | 17 | 17 | 272 |
| **Total equity** | 10,116 | 9,922 | 9,697 |
| **Total liabilities and equity** | $ 87,431 | $ 88,785 | $ 90,438 |
| Common shares outstanding (000) | 956,102 | 953,008 | 953,926 |

**Consolidated Statements of Income**
(dollars in millions, except per share amounts)

| | Three months ended | | |
|---|---|---|---|
| | **3-31-12** | **12-31-11** | **3-31-11** |
| **Interest income** | | | |
| Loans | $ 536 | $ 542 | $ 570 |
| Loans held for sale | 5 | 4 | 4 |
| Securities available for sale | 116 | 128 | 166 |
| Held-to-maturity securities | 12 | 9 | — |
| Trading account assets | 6 | 5 | 7 |
| Short-term investments | 1 | 1 | 1 |
| Other investments | 8 | 9 | 12 |
| Total interest income | 684 | 698 | 760 |
| **Interest expense** | | | |
| Deposits | 77 | 85 | 110 |
| Federal funds purchased and securities sold under repurchase agreements | 1 | 1 | 1 |
| Bank notes and other short-term borrowings | 2 | 2 | 3 |
| Long-term debt | 51 | 53 | 49 |
| Total interest expense | 131 | 141 | 163 |
| **Net interest income** | 553 | 557 | 597 |
| Provision (credit) for loan and lease losses | 42 | (22) | (40) |
| Net interest income (expense) after provision for loan and lease losses | 511 | 579 | 637 |
| **Noninterest income** | | | |
| Trust and investment services income | 109 | 104 | 110 |
| Service charges on deposit accounts | 68 | 70 | 68 |
| Operating lease income | 22 | 25 | 35 |
| Letter of credit and loan fees | 54 | 56 | 55 |
| Corporate-owned life insurance income | 30 | 35 | 27 |
| Net securities gains (losses) [(a)] | — | — | (1) |
| Electronic banking fees | 17 | 18 | 30 |
| Gains on leased equipment | 27 | 9 | 4 |
| Insurance income | 12 | 11 | 15 |
| Net gains (losses) from loan sales | 22 | 27 | 19 |
| Net gains (losses) from principal investing | 35 | (8) | 35 |

| | | | |
|---|---|---|---|
| Investment banking and capital markets income (loss) | 43 | 24 | 43 |
| Other income | 33 | 43 | 17 |
| Total noninterest income | 472 | 414 | 457 |
| **Noninterest expense** | | | |
| Personnel | 385 | 387 | 371 |
| Net occupancy | 64 | 66 | 65 |
| Operating lease expense | 17 | 18 | 28 |
| Computer processing | 41 | 42 | 42 |
| Business services and professional fees | 38 | 57 | 38 |
| FDIC assessment | 8 | 7 | 29 |
| OREO expense, net | 6 | 5 | 10 |
| Equipment | 26 | 25 | 26 |
| Marketing | 13 | 24 | 10 |
| Provision (credit) for losses on lending-related commitments | — | (11) | (4) |
| Other expense | 105 | 97 | 86 |
| Total noninterest expense | 703 | 717 | 701 |
| **Income (loss) from continuing operations before income taxes** | 280 | 276 | 393 |
| Income taxes | 75 | 69 | 111 |
| **Income (loss) from continuing operations** | 205 | 207 | 282 |
| Income (loss) from discontinued operations, net of taxes | (5) | (7) | (11) |
| **Net income (loss)** | 200 | 200 | 271 |
| Less: Net income (loss) attributable to noncontrolling interests | — | — | 8 |
| **Net income (loss) attributable to Key** | $ 200 | $ 200 | $ 263 |
| Income (loss) from continuing operations attributable to Key common shareholders | $ 199 | $ 201 | $ 184 |
| Net income (loss) attributable to Key common shareholders | 194 | 194 | 173 |
| Per common share | | | |
| Income (loss) from continuing operations attributable to Key common shareholders | $ .21 | $ .21 | $ .21 |
| Income (loss) from discontinued operations, net of taxes | (.01) | (.01) | (.01) |
| Net income (loss) attributable to Key common shareholders | .20 | .20 | .20 |
| Per common share — assuming dilution | | | |
| Income (loss) from continuing operations attributable to Key common shareholders | $ .21 | $ .21 | $ .21 |
| Income (loss) from discontinued operations, net of taxes | (.01) | (.01) | (.01) |
| Net income (loss) attributable to Key common shareholders (c) | .20 | .20 | .19 |
| Cash dividends declared per common share | $ .03 | $ .03 | $ .01 |
| Weighted-average common shares outstanding (000) | 949,342 | 948,658 | 881,894 |
| Weighted-average common shares and potential common shares outstanding (000) (b) | 953,971 | 951,684 | 887,836 |

(a) For the three months ended March 31, 2012, December 31, 2011, and March 31, 2011 Key did not have any impairment losses related to securities.
(b) Assumes conversion of stock options and/or Preferred Series A shares, as applicable.
(c) Earnings per share may not foot due to rounding.

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