



**KEYCORP REPORTS THIRD QUARTER 2019 NET INCOME OF \$383 MILLION,  
OR \$.38 PER DILUTED COMMON SHARE**

**Diluted earnings per common share of \$.48<sup>(a)</sup>, excluding \$.10 per diluted common share  
from a previously disclosed fraud loss**

**Reached targeted cash efficiency ratio range: 56.0%<sup>(a)</sup> in 3Q19**

**Positive operating leverage compared to the prior year and prior quarter**

**Revenue momentum continues: solid balance sheet growth and strength in fee income**

CLEVELAND, October 17, 2019 - KeyCorp (NYSE: KEY) today announced net income from continuing operations attributable to Key common shareholders of \$383 million, or \$.38 per diluted common share for the third quarter of 2019, compared to \$403 million, or \$.40 per diluted common share, for the second quarter of 2019 and \$468 million, or \$.45 per diluted common share, for the third quarter of 2018. Key's third quarter 2019 diluted earnings per share was \$.48<sup>(a)</sup>, excluding \$.10 per diluted common share related to a previously disclosed fraud loss. Key's results in the second quarter of 2019 included notable items; additional detail can be found on page 24 of this release.

*Our results this quarter reflect positive revenue momentum and strong expense management that drove our cash efficiency ratio to its lowest level in over a decade. This places us within our targeted cash efficiency ratio range of 54% to 56% and reflects the successful execution of our cost initiatives and ongoing commitment to continuous improvement. While expenses declined 3% from the year-ago period, we have continued to invest a portion of our cost savings back in to the business to drive future growth.*

*We generated positive operating leverage compared to the prior year and previous quarter, supported by strong balance sheet growth, as well as continued momentum in our fee-based businesses, including record third quarter investment banking and debt placement fees. We produced another quarter of strong, broad-based growth in commercial and industrial loans and saw higher consumer loan balances, driven by Laurel Road and residential mortgage lending.*

*We have remained disciplined with credit underwriting and managing our strong capital position. In the third quarter, we increased our quarterly common stock dividend by 9% – from \$.17 to \$.185. We remain committed to delivering results for our shareholders, while maintaining our moderate risk profile as we move through different parts of the business cycle.*

**- Beth Mooney, Chairman and CEO**

(a) Non-GAAP measure; please refer to page 14 of this release for additional detail and reconciliation

## Selected Financial Highlights

dollars in millions, except per share data

|                                                                                                                       | 3Q19     | 2Q19     | 3Q18     | Change 3Q19 vs.<br>2Q19 3Q18 |         |
|-----------------------------------------------------------------------------------------------------------------------|----------|----------|----------|------------------------------|---------|
| Income (loss) from continuing operations attributable to Key common shareholders                                      | \$ 383   | \$ 403   | \$ 468   | (5.0)%                       | (18.2)% |
| Income (loss) from continuing operations attributable to Key common shareholders per common share — assuming dilution | .38      | .40      | .45      | (5.0)                        | (15.6)  |
| Return on average tangible common equity from continuing operations <sup>(a)</sup>                                    | 12.38%   | 13.69%   | 16.81%   | N/A                          | N/A     |
| Return on average total assets from continuing operations                                                             | 1.14     | 1.19     | 1.40     | N/A                          | N/A     |
| Common Equity Tier 1 ratio <sup>(b)</sup>                                                                             | 9.52     | 9.57     | 9.95     | N/A                          | N/A     |
| Book value at period end                                                                                              | \$ 15.44 | \$ 15.07 | \$ 13.33 | 2.5 %                        | 15.8 %  |
| Net interest margin (TE) from continuing operations                                                                   | 3.00%    | 3.06%    | 3.18%    | N/A                          | N/A     |

(a) The table entitled "GAAP to Non-GAAP Reconciliations" in the attached financial supplement presents the computations of certain financial measures related to "Return on average tangible common equity from continuing operations." The table reconciles the GAAP performance measures to the corresponding non-GAAP measures, which provides a basis for period-to-period comparisons.

(b) 9/30/19 ratio is estimated.

TE = Taxable Equivalent, N/A = Not Applicable

## INCOME STATEMENT HIGHLIGHTS

### Revenue

dollars in millions

|                          | 3Q19     | 2Q19     | 3Q18     | Change 3Q19 vs.<br>2Q19 3Q18 |        |
|--------------------------|----------|----------|----------|------------------------------|--------|
| Net interest income (TE) | \$ 980   | \$ 989   | \$ 993   | (.9)%                        | (1.3)% |
| Noninterest income       | 650      | 622      | 609      | 4.5                          | 6.7    |
| Total revenue            | \$ 1,630 | \$ 1,611 | \$ 1,602 | 1.2 %                        | 1.7 %  |

TE = Taxable Equivalent

Taxable-equivalent net interest income was \$980 million for the third quarter of 2019, compared to taxable-equivalent net interest income of \$993 million for the third quarter of 2018. The decrease in net interest income reflects a lower net interest margin, driven by higher interest-bearing deposit costs, and lower loan fees. Additionally, purchase accounting accretion declined \$9 million. These declines were partially offset by higher earning asset balances.

Compared to the second quarter of 2019, taxable-equivalent net interest income decreased by \$9 million. The decrease was driven by a lower net interest margin, resulting from a decline in interest rates, and lower loan fees. These declines were partially offset by higher earning asset balances, driven by solid consumer and commercial loan growth, and one additional day in the quarter.

### Noninterest Income

dollars in millions

|                                                | 3Q19   | 2Q19   | 3Q18   | Change 3Q19 vs.<br>2Q19 3Q18 |       |
|------------------------------------------------|--------|--------|--------|------------------------------|-------|
| Trust and investment services income           | \$ 118 | \$ 122 | \$ 117 | (3.3)%                       | .9%   |
| Investment banking and debt placement fees     | 176    | 163    | 166    | 8.0                          | 6.0   |
| Service charges on deposit accounts            | 86     | 83     | 85     | 3.6                          | 1.2   |
| Operating lease income and other leasing gains | 42     | 44     | 35     | (4.5)                        | 20.0  |
| Corporate services income                      | 63     | 53     | 52     | 18.9                         | 21.2  |
| Cards and payments income                      | 69     | 73     | 69     | (5.5)                        | —     |
| Corporate-owned life insurance income          | 32     | 33     | 34     | (3.0)                        | (5.9) |
| Consumer mortgage income                       | 14     | 10     | 9      | 40.0                         | 55.6  |
| Mortgage servicing fees                        | 23     | 24     | 19     | (4.2)                        | 21.1  |
| Other income                                   | 27     | 17     | 23     | 58.8                         | 17.4  |
| Total noninterest income                       | \$ 650 | \$ 622 | \$ 609 | 4.5 %                        | 6.7%  |

Key's noninterest income was \$650 million for the third quarter of 2019, compared to \$609 million for the year-ago quarter. The increase reflects growth in investment banking and debt placement fees, which reached a record third quarter level, as well as growth in corporate services income, due to higher derivatives income. Investments made in Key's mortgage business continue to drive consumer mortgage income and mortgage servicing fees.

Compared to the second quarter of 2019, noninterest income increased by \$28 million, due to growth in investment banking and debt placement fees and corporate services income, due to higher derivatives income, as well as consumer mortgage income.

## Noninterest Expense

| <i>dollars in millions</i> |               |                 |               |                      |               |
|----------------------------|---------------|-----------------|---------------|----------------------|---------------|
|                            | 3Q19          | 2Q19            | 3Q18          | Change 3Q19 vs. 2Q19 | 3Q18          |
| Personnel expense          | \$ 547        | \$ 589          | \$ 553        | (7.1)%               | (1.1)%        |
| Nonpersonnel expense       | 392           | 430             | 411           | (8.8 )               | (4.6)         |
| Total noninterest expense  | <u>\$ 939</u> | <u>\$ 1,019</u> | <u>\$ 964</u> | <u>(7.9)%</u>        | <u>(2.6)%</u> |

Key's noninterest expense was \$939 million for the third quarter of 2019, compared to \$964 million in the year-ago quarter and \$1.0 billion in the prior quarter. The prior quarter included notable items of \$52 million, primarily efficiency-related expenses, while no notable items were reported in the current quarter or the year-ago period.

Noninterest expense decreased by \$25 million from the year-ago period, reflecting the successful implementation of Key's expense initiatives and the elimination of the FDIC surcharge. These expenses were partially offset by Laurel Road acquisition expenses.

Excluding notable items, noninterest expense decreased \$28 million from the prior quarter, reflecting the successful implementation of Key's expense initiatives, which drove lower salaries and declines across most non-personnel expenses.

## BALANCE SHEET HIGHLIGHTS

### Average Loans

| <i>dollars in millions</i>               |                  |                  |                  |                      |             |
|------------------------------------------|------------------|------------------|------------------|----------------------|-------------|
|                                          | 3Q19             | 2Q19             | 3Q18             | Change 3Q19 vs. 2Q19 | 3Q18        |
| Commercial and industrial <sup>(a)</sup> | \$ 48,322        | \$ 47,227        | \$ 44,749        | 2.3%                 | 8.0%        |
| Other commercial loans                   | 19,016           | 19,765           | 20,471           | (3.8)                | (7.1)       |
| Total consumer loans                     | 24,618           | 23,793           | 23,247           | 3.5                  | 5.9         |
| Total loans                              | <u>\$ 91,956</u> | <u>\$ 90,785</u> | <u>\$ 88,467</u> | <u>1.3%</u>          | <u>3.9%</u> |

(a) Commercial and industrial average loan balances include \$144 million, \$141 million, and \$128 million of assets from commercial credit cards at September 30, 2019, June 30, 2019, and September 30, 2018, respectively.

Average loans were \$92.0 billion for the third quarter of 2019, an increase of \$3.5 billion compared to the third quarter of 2018. Commercial loans increased \$2.1 billion, reflecting broad-based growth in commercial and industrial loans, partially offset by declines in commercial mortgage and construction loans. Consumer loans increased \$1.4 billion, driven by solid growth from Laurel Road, residential mortgage loans, and indirect auto lending. Home equity loans declined \$927 million, largely the result of continued paydowns in home equity lines of credit.

Compared to the second quarter of 2019, average loans increased by \$1.2 billion, driven by solid growth in commercial and industrial loans, partially offset by a decline in commercial mortgage loans. Consumer loans increased \$825 million from the prior quarter, as growth from Laurel Road, residential

mortgage, and indirect auto more than offset the decline in home equity loans. Laurel Road originations were \$500 million in the current quarter.

## Average Deposits

| <i>dollars in millions</i>                  |                   |                   |                   |                 |       |
|---------------------------------------------|-------------------|-------------------|-------------------|-----------------|-------|
|                                             | 3Q19              | 2Q19              | 3Q18              | Change 3Q19 vs. |       |
|                                             |                   |                   |                   | 2Q19            | 3Q18  |
| Non-time deposits                           | \$ 97,205         | \$ 95,885         | \$ 92,414         | 1.4%            | 5.2%  |
| Certificates of deposit (\$100,000 or more) | 7,625             | 8,147             | 8,186             | (6.4)           | (6.9) |
| Other time deposits                         | 5,449             | 5,569             | 5,026             | (2.2)           | 8.4   |
| Total deposits                              | <u>\$ 110,279</u> | <u>\$ 109,601</u> | <u>\$ 105,626</u> | .6%             | 4.4%  |
| Cost of total deposits                      | .82%              | .82%              | .53%              | N/A             | N/A   |

N/A = Not Applicable

Average deposits totaled \$110.3 billion for the third quarter of 2019, an increase of \$4.7 billion compared to the year-ago quarter, reflecting growth from consumer and commercial relationships.

Compared to the second quarter of 2019, average deposits increased by \$678 million, primarily driven by continued growth from consumer relationships, as well as short-term commercial deposits.

## ASSET QUALITY

| <i>dollars in millions</i>                                                |        |        |        |                 |        |
|---------------------------------------------------------------------------|--------|--------|--------|-----------------|--------|
|                                                                           | 3Q19   | 2Q19   | 3Q18   | Change 3Q19 vs. |        |
|                                                                           |        |        |        | 2Q19            | 3Q18   |
| Net loan charge-offs                                                      | \$ 196 | \$ 65  | \$ 60  | 201.5%          | 226.7% |
| Net loan charge-offs to average total loans                               | .85%   | .29%   | .27%   | N/A             | N/A    |
| Nonperforming loans at period end <sup>(a)</sup>                          | \$ 585 | \$ 561 | \$ 645 | 4.3             | (9.3)  |
| Nonperforming assets at period end <sup>(a)</sup>                         | 711    | 608    | 674    | 16.9            | 5.5    |
| Allowance for loan and lease losses                                       | 893    | 890    | 887    | .3              | .7     |
| Allowance for loan and lease losses to nonperforming loans <sup>(a)</sup> | 152.6% | 158.6% | 137.5% | N/A             | N/A    |
| Provision for credit losses                                               | \$ 200 | \$ 74  | \$ 62  | 170.3%          | 222.6% |

(a) Nonperforming loan balances exclude \$497 million, \$518 million, and \$606 million of purchased credit impaired loans at September 30, 2019, June 30, 2019, and September 30, 2018, respectively.

N/A = Not Applicable

In the third quarter of 2019, Key realized a \$123 million pre-tax loss related to a previously disclosed fraud incident. Excluding the fraud loss, Key's provision for credit losses was \$77 million for the third quarter of 2019, compared to \$62 million for the third quarter of 2018 and \$74 million for the second quarter of 2019. Key's allowance for loan and lease losses was \$893 million, or .96% of total period-end loans at September 30, 2019, compared to .99% at September 30, 2018, and .97% at June 30, 2019.

Excluding the fraud loss, net loan charge-offs for the third quarter of 2019 totaled \$73 million, or .31% of average total loans. These results compare to \$60 million, or .27%, for the third quarter of 2018, and \$65 million, or .29%, for the second quarter of 2019.

At September 30, 2019, Key's nonperforming loans totaled \$585 million, which represented .63% of period-end portfolio loans. These results compare to .72% at September 30, 2018, and .61% at June 30, 2019. Nonperforming assets at September 30, 2019, totaled \$711 million, and represented .77% of period-end portfolio loans and OREO and other nonperforming assets. These results compare to .75% at September 30, 2018, and .66% at June 30, 2019.

## CAPITAL

Key's estimated risk-based capital ratios included in the following table continued to exceed all "well-capitalized" regulatory benchmarks at September 30, 2019.

## Capital Ratios

|                                                          | 9/30/2019 | 6/30/2019 | 9/30/2018 |
|----------------------------------------------------------|-----------|-----------|-----------|
| Common Equity Tier 1 <sup>(a)</sup>                      | 9.52%     | 9.57%     | 9.95%     |
| Tier 1 risk-based capital <sup>(a)</sup>                 | 10.96     | 11.01     | 11.11     |
| Total risk based capital <sup>(a)</sup>                  | 12.96     | 13.03     | 12.99     |
| Tangible common equity to tangible assets <sup>(b)</sup> | 8.58      | 8.59      | 8.05      |
| Leverage <sup>(a)</sup>                                  | 9.92      | 10.00     | 10.03     |

(a) 9/30/2019 ratio is estimated.

(b) The table entitled "GAAP to Non-GAAP Reconciliations" in the attached financial supplement presents the computations of certain financial measures related to "tangible common equity." The table reconciles the GAAP performance measures to the corresponding non-GAAP measures, which provides a basis for period-to-period comparisons. See below for further information on the Regulatory Capital Rules.

Key's capital position remained strong in the third quarter of 2019. As shown in the preceding table, at September 30, 2019, Key's estimated Common Equity Tier 1 and Tier 1 risk-based capital ratios stood at 9.52% and 10.96%, respectively. Key's tangible common equity ratio was 8.58% at September 30, 2019.

As a "standardized approach" banking organization, Key's mandatory compliance with the final Basel III capital framework for U.S. banking organizations (the "Regulatory Capital Rules") began on January 1, 2015, subject to transitional provisions. Key's estimated Common Equity Tier 1 ratio as calculated under the fully phased-in Regulatory Capital Rules was 9.44% at September 30, 2019. This estimate exceeds the fully phased-in required minimum Common Equity Tier 1 and Capital Conservation Buffer of 7.00%.

## Summary of Changes in Common Shares Outstanding

| <i>in thousands</i>                                                            | 3Q19      | 2Q19      | 3Q18      | Change 3Q19 vs. |        |
|--------------------------------------------------------------------------------|-----------|-----------|-----------|-----------------|--------|
|                                                                                |           |           |           | 2Q19            | 3Q18   |
| Shares outstanding at beginning of period                                      | 1,003,114 | 1,013,186 | 1,058,944 | (1.0)%          | (5.3)% |
| Open market repurchases and return of shares under employee compensation plans | (15,076)  | (10,412)  | (25,418)  | 44.8            | (40.7) |
| Shares issued under employee compensation plans (net of cancellations)         | 500       | 340       | 761       | 47.1            | (34.3) |
| Shares outstanding at end of period                                            | 988,538   | 1,003,114 | 1,034,287 | (1.5)%          | (4.4)% |

Consistent with Key's 2019 Capital Plan, during the third quarter of 2019, Key declared a dividend of \$.185 per common share, representing a 9% increase from the prior quarter. Key also completed \$248 million of common share repurchases during the quarter.

## 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. For more detailed financial information pertaining to each business segment, see the tables at the end of this release.

## Major Business Segments

| dollars in millions                                                 |                 |                 |                 |                              |         |
|---------------------------------------------------------------------|-----------------|-----------------|-----------------|------------------------------|---------|
|                                                                     | 3Q19            | 2Q19            | 3Q18            | Change 3Q19 vs.<br>2Q19 3Q18 |         |
| <u>Revenue from continuing operations (TE)</u>                      |                 |                 |                 |                              |         |
| Consumer Bank                                                       | \$ 833          | \$ 825          | \$ 809          | 1.0 %                        | 3.0 %   |
| Commercial Bank                                                     | 779             | 760             | 753             | 2.5                          | 3.5     |
| Other <sup>(a)</sup>                                                | 18              | 26              | 40              | (30.8)                       | (55.0)% |
| Total                                                               | <u>\$ 1,630</u> | <u>\$ 1,611</u> | <u>\$ 1,602</u> | 1.2 %                        | 1.7 %   |
| <u>Income (loss) from continuing operations attributable to Key</u> |                 |                 |                 |                              |         |
| Consumer Bank                                                       | \$ 194          | \$ 177          | \$ 168          | 9.6 %                        | 15.5 %  |
| Commercial Bank                                                     | 304             | 277             | 274             | 9.7                          | 10.9    |
| Other <sup>(a), (b)</sup>                                           | (82)            | (29)            | 40              | N/M                          | N/M     |
| Total                                                               | <u>\$ 416</u>   | <u>\$ 425</u>   | <u>\$ 482</u>   | (2.1)%                       | (13.7)% |

(a) Other includes other segments that consists of corporate treasury, our principal investing unit, and various exit portfolios as well as reconciling items which primarily represents the unallocated portion of nonearning assets of corporate support functions. Charges related to the funding of these assets are part of net interest income and are allocated to the business segments through noninterest expense. Reconciling items also includes intercompany eliminations and certain items that are not allocated to the business segments because they do not reflect their normal operations.

(b) Other segments included \$94 million, after tax, of notable items related to a previously disclosed fraud loss for the third quarter of 2019; additional detail can be found on page 24 of this release.

TE = Taxable Equivalent, N/M = Not Meaningful

## Consumer Bank

| <i>dollars in millions</i>                          |           |           |           | Change 3Q19 vs. |        |
|-----------------------------------------------------|-----------|-----------|-----------|-----------------|--------|
|                                                     | 3Q19      | 2Q19      | 3Q18      | 2Q19            | 3Q18   |
| <b>Summary of operations</b>                        |           |           |           |                 |        |
| Net interest income (TE)                            | \$ 595    | \$ 594    | \$ 583    | .2 %            | 2.1 %  |
| Noninterest income                                  | 238       | 231       | 226       | 3.0             | 5.3    |
| Total revenue (TE)                                  | 833       | 825       | 809       | 1.0             | 3.0    |
| Provision for credit losses                         | 48        | 40        | 32        | 20.0            | 50.0   |
| Noninterest expense                                 | 531       | 552       | 557       | (3.8)           | (4.7)  |
| Income (loss) before income taxes (TE)              | 254       | 233       | 220       | 9.0             | 15.5   |
| Allocated income taxes (benefit) and TE adjustments | 60        | 56        | 52        | 7.1             | 15.4   |
| Net income (loss) attributable to Key               | \$ 194    | \$ 177    | \$ 168    | 9.6 %           | 15.5 % |
| <b>Average balances</b>                             |           |           |           |                 |        |
| Loans and leases                                    | \$ 32,760 | \$ 31,881 | \$ 31,172 | 2.8 %           | 5.1 %  |
| Total assets                                        | 36,417    | 35,469    | 34,368    | 2.7             | 6.0    |
| Deposits                                            | 72,995    | 72,303    | 69,124    | 1.0             | 5.6    |
| <b>Assets under management at period end</b>        | \$ 39,416 | \$ 38,942 | \$ 40,575 | 1.2 %           | (2.9)% |

TE = Taxable Equivalent

## Additional Consumer Bank Data

| dollars in millions                                                    | 3Q19      | 2Q19      | 3Q18      | Change 3Q19 vs.<br>2Q19 | 3Q18  |
|------------------------------------------------------------------------|-----------|-----------|-----------|-------------------------|-------|
| Noninterest income                                                     |           |           |           |                         |       |
| Trust and investment services income                                   | \$ 90     | \$ 91     | \$ 89     | (1.1)%                  | 1.1   |
| Service charges on deposit accounts                                    | 58        | 56        | 57        | 3.6                     | 1.8%  |
| Cards and payments income                                              | 52        | 54        | 52        | (3.7)                   | .0    |
| Other noninterest income                                               | 38        | 30        | 28        | 26.7                    | 35.7  |
| Total noninterest income                                               | \$ 238    | \$ 231    | \$ 226    | 3.0 %                   | 5.3%  |
| Average deposit balances                                               |           |           |           |                         |       |
| NOW and money market deposit accounts                                  | \$ 43,638 | \$ 42,800 | \$ 40,540 | 2.0 %                   | 7.6%  |
| Savings deposits                                                       | 4,406     | 4,506     | 4,749     | (2.2)                   | (7.2) |
| Certificates of deposit (\$100,000 or more)                            | 6,488     | 6,644     | 5,384     | (2.3)                   | 20.5  |
| Other time deposits                                                    | 5,430     | 5,549     | 5,014     | (2.1)                   | 8.3   |
| Noninterest-bearing deposits                                           | 13,033    | 12,804    | 13,437    | 1.8                     | (3.0) |
| Total deposits                                                         | \$ 72,995 | \$ 72,303 | \$ 69,124 | 1.0 %                   | 5.6%  |
| Home equity loans                                                      |           |           |           |                         |       |
| Average balance                                                        | \$ 10,413 | \$ 10,618 | \$ 11,317 |                         |       |
| Combined weighted-average loan-to-value ratio (at date of origination) | 70%       | 70%       | 70%       |                         |       |
| Percent first lien positions                                           | 60        | 60        | 60        |                         |       |
| Other data                                                             |           |           |           |                         |       |
| Branches                                                               | 1,101     | 1,102     | 1,166     |                         |       |
| Automated teller machines                                              | 1,422     | 1,430     | 1,518     |                         |       |

## Consumer Bank Summary of Operations (3Q19 vs. 3Q18)

- Net income attributable to Key of \$194 million for the third quarter of 2019, compared to \$168 million for the year-ago quarter
- Taxable equivalent net interest income increased by \$12 million, or 2.1%, from the third quarter of 2018. The increase in net interest income was primarily driven by balance sheet growth
- Average loans and leases increased \$1.6 billion, or 5.1%. This was driven by Laurel Road along with strength in residential mortgage and indirect auto lending. This growth was partially offset by a \$904 million, or 8.0%, decrease in home equity balances
- Average deposits increased \$3.9 billion, or 5.6%, from the third quarter of 2018. This was driven by growth in money market and certificates of deposit, reflecting Key's relationship strategy
- Provision for credit losses increased \$16 million compared to the third quarter of 2018, driven by balance sheet growth. Credit quality remained stable to the year-ago quarter
- Noninterest income increased \$12 million, or 5.3%, from the year ago quarter. This was primarily driven by growth in consumer mortgage income which increased \$5 million, or 55.6%
- Noninterest expense decreased \$26 million, or 4.7%, from the year ago quarter. The decline reflects the benefit of efficiency initiatives, strong expense discipline, and the elimination of the FDIC quarterly surcharge. The decline in expense was partially offset by expenses related to the acquisition of Laurel Road

## Commercial Bank

| <i>dollars in millions</i>                |           |           |           |                 |        |
|-------------------------------------------|-----------|-----------|-----------|-----------------|--------|
|                                           | 3Q19      | 2Q19      | 3Q18      | Change 3Q19 vs. |        |
|                                           |           |           |           | 2Q19            | 3Q18   |
| <b>Summary of operations</b>              |           |           |           |                 |        |
| Net interest income (TE)                  | \$ 399    | \$ 405    | \$ 415    | (1.5)%          | (3.9)% |
| Noninterest income                        | 380       | 355       | 338       | 7.0             | 12.4   |
| Total revenue (TE)                        | 779       | 760       | 753       | 2.5             | 3.5    |
| Provision for credit losses               | 32        | 33        | 31        | (3.0)           | 3.2    |
| Noninterest expense                       | 372       | 389       | 385       | (4.4)           | (3.4)  |
| Income (loss) before income taxes (TE)    | 375       | 338       | 337       | 10.9            | 11.3   |
| Allocated income taxes and TE adjustments | 71        | 61        | 63        | 16.4            | 12.7   |
| Net income (loss) attributable to Key     | \$ 304    | \$ 277    | \$ 274    | 9.7 %           | 10.9 % |
| <b>Average balances</b>                   |           |           |           |                 |        |
| Loans and leases                          | \$ 58,215 | \$ 57,918 | \$ 56,096 | .5 %            | 3.8 %  |
| Loans held for sale                       | 1,325     | 1,168     | 1,042     | 13.4            | 27.2   |
| Total assets                              | 66,549    | 65,901    | 63,488    | 1.0             | 4.8    |
| Deposits                                  | 36,204    | 35,960    | 33,603    | 0.7 %           | 7.7 %  |

TE = Taxable Equivalent, N/M = Not Meaningful

## Additional Commercial Bank Data

| <i>dollars in millions</i>                     |        |        |        |                 |       |
|------------------------------------------------|--------|--------|--------|-----------------|-------|
|                                                | 3Q19   | 2Q19   | 3Q18   | Change 3Q19 vs. |       |
|                                                |        |        |        | 2Q19            | 3Q18  |
| <b>Noninterest income</b>                      |        |        |        |                 |       |
| Trust and investment services income           | \$ 28  | \$ 31  | \$ 28  | (9.7)%          | —%    |
| Investment banking and debt placement fees     | 176    | 163    | 165    | 8.0             | 6.7   |
| Operating lease income and other leasing gains | 40     | 43     | 36     | (7.0)           | 11.1  |
| Corporate services income                      | 56     | 50     | 46     | 12.0            | 21.7  |
| Service charges on deposit accounts            | 27     | 27     | 28     | —               | (3.6) |
| Cards and payments income                      | 16     | 17     | 17     | (5.9)           | (5.9) |
| Payments and services income                   | 99     | 94     | 91     | 5.3             | 8.8   |
| Mortgage servicing fees                        | 20     | 20     | 15     | —               | 33.3  |
| Other noninterest income                       | 17     | 4      | 3      | 325.0           | 466.7 |
| Total noninterest income                       | \$ 380 | \$ 355 | \$ 338 | 7.0 %           | 12.4% |

N/M = Not Meaningful

## Commercial Bank Summary of Operations (3Q19 vs. 3Q18)

- Net income attributable to Key of \$304 million for the third quarter of 2019, compared to \$274 million for the year-ago quarter
- Taxable-equivalent net interest income decreased by \$16 million, or 3.9%, compared to the third quarter of 2018, driven by lower purchase accounting accretion and loan spread compression
- Average loan and lease balances increased \$2.1 billion, or 3.8%, compared to the third quarter of 2018 driven by broad-based growth in commercial and industrial loans
- Average deposit balances increased \$2.6 billion, or 7.7%, compared to the third quarter of 2018, driven by growth in core deposits
- Provision for credit losses increased \$1 million compared to the third quarter of 2018. Credit quality remained relatively stable compared to the third quarter of 2018
- Noninterest income increased \$42 million, or 12.4%, from the prior year. Investment banking and debt placement fees increased \$11 million, or 6.7%, from the prior year, primarily related to strength in commercial mortgage fees. Corporate services income increased \$10 million, or 21.7%, driven by increased client activity related to derivatives

- Noninterest expense decreased by \$13 million, or 3.4%, from the third quarter of 2018. The decline reflects the benefit of efficiency initiatives, strong expense discipline, and the elimination of the FDIC quarterly surcharge

\*\*\*\*\*

KeyCorp's roots trace back 190 years to Albany, New York. Headquartered in Cleveland, Ohio, Key is one of the nation's largest bank-based financial services companies, with assets of approximately \$146.7 billion at September 30, 2019.

Key provides deposit, lending, cash management, and investment services to individuals and businesses in 15 states under the name KeyBank National Association through a network of over 1,100 branches and more than 1,400 ATMs. 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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**INVESTOR RELATIONS:**

**[www.key.com/ir](http://www.key.com/ir)**

**KEY MEDIA NEWSROOM:**

**[www.key.com/newsroom](http://www.key.com/newsroom)**

*This earnings release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements do not relate strictly to historical or current facts. Forward-looking statements usually can be identified by the use of words such as "goal," "objective," "plan," "expect," "assume," "anticipate," "intend," "project," "believe," "estimate," or other words of similar meaning. Forward-looking statements provide our current expectations or forecasts of future events, circumstances, results, or aspirations. Forward-looking statements, by their nature, are subject to assumptions, risks and uncertainties, many of which are outside of our control. Our actual results may differ materially from those set forth in our forward-looking statements. There is no assurance that any list of risks and uncertainties or risk factors is complete. Factors that could cause Key's actual results to differ from those described in the forward-looking statements can be found in KeyCorp's Form 10-K for the year ended December 31, 2018, as well as in KeyCorp's subsequent SEC filings, all of which have been or will be filed with the Securities and Exchange Commission (the "SEC") and are or will be available on Key's website ([www.key.com/ir](http://www.key.com/ir)) and on the SEC's website ([www.sec.gov](http://www.sec.gov)). These factors may include, among others: deterioration of commercial real estate market fundamentals, adverse changes in credit quality trends, declining asset prices, a reversal of the U.S. economic recovery due to financial, political, or other shocks, and the extensive regulation of the U.S. financial services industry. Any forward-looking statements made by us or on our behalf speak only as of the date they are made and we do not undertake any obligation to update any forward-looking statement to reflect the impact of subsequent events or circumstances.*

**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, October 17, 2019. An audio replay of the call will be available through October 27, 2019.

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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## KeyCorp Third Quarter 2019 Financial Supplement

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

|                                                                                                            | Three months ended |           |           |
|------------------------------------------------------------------------------------------------------------|--------------------|-----------|-----------|
|                                                                                                            | 9/30/2019          | 6/30/2019 | 9/30/2018 |
| <b>Summary of operations</b>                                                                               |                    |           |           |
| Net interest income (TE)                                                                                   | \$ 980             | \$ 989    | \$ 993    |
| Noninterest income                                                                                         | 650                | 622       | 609       |
| Total revenue (TE)                                                                                         | 1,630              | 1,611     | 1,602     |
| Provision for credit losses                                                                                | 200                | 74        | 62        |
| Noninterest expense                                                                                        | 939                | 1,019     | 964       |
| Income (loss) from continuing operations attributable to Key                                               | 413                | 423       | 482       |
| Income (loss) from discontinued operations, net of taxes                                                   | 3                  | 2         | —         |
| Net income (loss) attributable to Key                                                                      | 416                | 425       | 482       |
| Income (loss) from continuing operations attributable to Key common shareholders                           | 383                | 403       | 468       |
| Income (loss) from discontinued operations, net of taxes                                                   | 3                  | 2         | —         |
| Net income (loss) attributable to Key common shareholders                                                  | 386                | 405       | 468       |
| <b>Per common share</b>                                                                                    |                    |           |           |
| Income (loss) from continuing operations attributable to Key common shareholders                           | \$ .39             | \$ .40    | \$ .45    |
| Income (loss) from discontinued operations, net of taxes                                                   | —                  | —         | —         |
| Net income (loss) attributable to Key common shareholders <sup>(a)</sup>                                   | .39                | .40       | .45       |
| Income (loss) from continuing operations attributable to Key common shareholders — assuming dilution       | .38                | .40       | .45       |
| Income (loss) from discontinued operations, net of taxes — assuming dilution                               | —                  | —         | —         |
| Net income (loss) attributable to Key common shareholders — assuming dilution <sup>(a)</sup>               | .39                | .40       | .45       |
| Cash dividends declared                                                                                    | .185               | .17       | .17       |
| Book value at period end                                                                                   | 15.44              | 15.07     | 13.33     |
| Tangible book value at period end                                                                          | 12.48              | 12.12     | 10.59     |
| Market price at period end                                                                                 | 17.84              | 17.75     | 19.89     |
| <b>Performance ratios</b>                                                                                  |                    |           |           |
| <b>From continuing operations:</b>                                                                         |                    |           |           |
| Return on average total assets                                                                             | 1.14%              | 1.19%     | 1.40%     |
| Return on average common equity                                                                            | 9.99               | 10.94     | 13.36     |
| Return on average tangible common equity <sup>(b)</sup>                                                    | 12.38              | 13.69     | 16.81     |
| Net interest margin (TE)                                                                                   | 3.00               | 3.06      | 3.18      |
| Cash efficiency ratio <sup>(b)</sup>                                                                       | 56.0               | 61.9      | 58.7      |
| <b>From consolidated operations:</b>                                                                       |                    |           |           |
| Return on average total assets                                                                             | 1.14%              | 1.19%     | 1.39%     |
| Return on average common equity                                                                            | 10.07              | 11.00     | 13.36     |
| Return on average tangible common equity <sup>(b)</sup>                                                    | 12.48              | 13.75     | 16.81     |
| Net interest margin (TE)                                                                                   | 2.98               | 3.05      | 3.16      |
| Loan to deposit <sup>(c)</sup>                                                                             | 85.3               | 86.1      | 87.0      |
| <b>Capital ratios at period end</b>                                                                        |                    |           |           |
| Key shareholders' equity to assets                                                                         | 11.67%             | 11.74%    | 10.96%    |
| Key common shareholders' equity to assets                                                                  | 10.40              | 10.46     | 9.93      |
| Tangible common equity to tangible assets <sup>(b)</sup>                                                   | 8.58               | 8.59      | 8.05      |
| Common Equity Tier 1 <sup>(d)</sup>                                                                        | 9.52               | 9.57      | 9.95      |
| Tier 1 risk-based capital <sup>(d)</sup>                                                                   | 10.96              | 11.01     | 11.11     |
| Total risk-based capital <sup>(d)</sup>                                                                    | 12.96              | 13.03     | 12.99     |
| Leverage <sup>(d)</sup>                                                                                    | 9.92               | 10.00     | 10.03     |
| <b>Asset quality — from continuing operations</b>                                                          |                    |           |           |
| Net loan charge-offs                                                                                       | \$ 196             | \$ 65     | \$ 60     |
| Net loan charge-offs to average loans                                                                      | .85%               | .29%      | .27%      |
| Allowance for loan and lease losses                                                                        | \$ 893             | \$ 890    | \$ 887    |
| Allowance for credit losses                                                                                | 958                | 954       | 947       |
| Allowance for loan and lease losses to period-end loans                                                    | .96%               | .97%      | 0.99%     |
| Allowance for credit losses to period-end loans                                                            | 1.03               | 1.04      | 1.06      |
| Allowance for loan and lease losses to nonperforming loans <sup>(e)</sup>                                  | 152.6              | 158.6     | 137.5     |
| Allowance for credit losses to nonperforming loans <sup>(e)</sup>                                          | 163.8              | 170.1     | 146.8     |
| Nonperforming loans at period-end <sup>(e)</sup>                                                           | \$ 585             | \$ 561    | \$ 645    |
| Nonperforming assets at period-end <sup>(e)</sup>                                                          | 711                | 608       | 674       |
| Nonperforming loans to period-end portfolio loans <sup>(e)</sup>                                           | .63%               | .61%      | .72%      |
| Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets <sup>(e)</sup> | .77                | .66       | .75       |
| <b>Trust assets</b>                                                                                        |                    |           |           |
| Assets under management                                                                                    | \$ 39,416          | \$ 38,942 | \$ 40,575 |
| <b>Other data</b>                                                                                          |                    |           |           |
| Average full-time equivalent employees                                                                     | 16,898             | 17,206    | 18,150    |
| Branches                                                                                                   | 1,101              | 1,102     | 1,166     |
| Taxable-equivalent adjustment                                                                              | \$ 8               | \$ 8      | \$ 7      |

**Financial Highlights (continued)**

(dollars in millions, except per share amounts)

|                                                                                                      | Nine months ended |           |
|------------------------------------------------------------------------------------------------------|-------------------|-----------|
|                                                                                                      | 9/30/2019         | 9/30/2018 |
| <b>Summary of operations</b>                                                                         |                   |           |
| Net interest income (TE)                                                                             | \$ 2,954          | \$ 2,932  |
| Noninterest income                                                                                   | 1,808             | 1,870     |
| Total revenue (TE)                                                                                   | 4,762             | 4,802     |
| Provision for credit losses                                                                          | 336               | 187       |
| Noninterest expense                                                                                  | 2,921             | 2,963     |
| Income (loss) from continuing operations attributable to Key                                         | 1,242             | 1,377     |
| Income (loss) from discontinued operations, net of taxes                                             | 6                 | 5         |
| Net income (loss) attributable to Key                                                                | 1,248             | 1,382     |
| Income (loss) from continuing operations attributable to Key common shareholders                     | \$ 1,172          | \$ 1,334  |
| Income (loss) from discontinued operations, net of taxes                                             | 6                 | 5         |
| Net income (loss) attributable to Key common shareholders                                            | 1,178             | 1,339     |
| <b>Per common share</b>                                                                              |                   |           |
| Income (loss) from continuing operations attributable to Key common shareholders                     | \$ 1.17           | \$ 1.27   |
| Income (loss) from discontinued operations, net of taxes                                             | .01               | .01       |
| Net income (loss) attributable to Key common shareholders <sup>(a)</sup>                             | 1.18              | 1.28      |
| Income (loss) from continuing operations attributable to Key common shareholders — assuming dilution | 1.16              | 1.26      |
| Income (loss) from discontinued operations, net of taxes — assuming dilution                         | .01               | .01       |
| Net income (loss) attributable to Key common shareholders — assuming dilution <sup>(a)</sup>         | 1.17              | 1.26      |
| Cash dividends paid                                                                                  | .525              | .395      |
| <b>Performance ratios</b>                                                                            |                   |           |
| From continuing operations:                                                                          |                   |           |
| Return on average total assets                                                                       | 1.17%             | 1.35%     |
| Return on average common equity                                                                      | 10.62             | 12.81     |
| Return on average tangible common equity <sup>(b)</sup>                                              | 13.23             | 16.16     |
| Net interest margin (TE)                                                                             | 3.06              | 3.17      |
| Cash efficiency ratio <sup>(b)</sup>                                                                 | 59.9              | 60.1      |
| From consolidated operations:                                                                        |                   |           |
| Return on average total assets                                                                       | 1.16%             | 1.35%     |
| Return on average common equity                                                                      | 10.68             | 12.86     |
| Return on average tangible common equity <sup>(b)</sup>                                              | 13.30             | 16.22     |
| Net interest margin (TE)                                                                             | 3.05              | 3.15      |
| <b>Asset quality — from continuing operations</b>                                                    |                   |           |
| Net loan charge-offs                                                                                 | \$ 325            | \$ 174    |
| Net loan charge-offs to average total loans                                                          | .48%              | .26%      |
| <b>Other data</b>                                                                                    |                   |           |
| Average full-time equivalent employees                                                               | 17,217            | 18,354    |
| Taxable-equivalent adjustment                                                                        | 24                | 23        |

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

(b) The following table entitled "GAAP to Non-GAAP Reconciliations" presents the computations of certain financial measures related to "tangible common equity" and "cash efficiency." The table reconciles the GAAP performance measures to the corresponding non-GAAP measures, which provides a basis for period-to-period comparisons. For further information on the Regulatory Capital Rules, see the "Capital" section of this release.

(c) Represents period-end consolidated total loans and loans held for sale divided by period-end consolidated total deposits.

(d) September 30, 2019, ratio is estimated.

(e) Nonperforming loan balances exclude \$497 million, \$518 million, and \$606 million of purchased credit impaired loans at September 30, 2019, June 30, 2019, and September 30, 2018, respectively.

**GAAP to Non-GAAP Reconciliations**

(dollars in millions)

The table below presents certain non-GAAP financial measures related to "tangible common equity," "return on average tangible common equity," "Common Equity Tier 1," "pre-provision net revenue," "cash efficiency ratio," "earnings per common share excluding notable items," "net loan charge-offs to average loans excluding notable items," and "provision for credit losses excluding notable items."

Notable items include certain revenue or expense items that may occur in a reporting period which management does not consider indicative of ongoing financial performance. Management believes it is useful to consider certain financial metrics with and without notable items, in order to enable a better understanding of company results, increase comparability of period-to-period results, and to evaluate and forecast those results.

The tangible common equity ratio and the return on average tangible common equity ratio have been a focus for some investors, and management believes these ratios 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. In October 2013, the federal banking regulators published the final Basel III capital framework for U.S. banking organizations (the "Regulatory Capital Rules"). The Regulatory Capital Rules require higher and better-quality capital and introduced a new capital measure, "Common Equity Tier 1," a non-GAAP financial measure. The mandatory compliance date for Key as a "standardized approach" banking organization began on January 1, 2015, subject to transitional provisions.

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 credit losses makes it easier to analyze the results by presenting them on a more comparable basis.

The cash efficiency ratio is a ratio of two non-GAAP performance measures. As such, there is no directly comparable GAAP performance measure. The cash efficiency ratio performance measure removes the impact of Key's intangible asset amortization from the calculation. Management believes this ratio provide greater consistency and comparability between Key's results and those of its peer banks. Additionally, this ratio is used by analysts and investors as they develop earnings forecasts and peer bank analysis.

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 |            |            | Nine months ended |           |
|-------------------------------------------------------------------------------------------------------------------------------|--------------------|------------|------------|-------------------|-----------|
|                                                                                                                               | 9/30/2019          | 6/30/2019  | 9/30/2018  | 9/30/2019         | 9/30/2018 |
| <b>Tangible common equity to tangible assets at period-end</b>                                                                |                    |            |            |                   |           |
| Key shareholders' equity (GAAP)                                                                                               | \$ 17,116          | \$ 16,969  | \$ 15,208  |                   |           |
| Less: Intangible assets <sup>(a)</sup>                                                                                        | 2,928              | 2,952      | 2,838      |                   |           |
| Preferred Stock <sup>(b)</sup>                                                                                                | 1,856              | 1,856      | 1,421      |                   |           |
| Tangible common equity (non-GAAP)                                                                                             | \$ 12,332          | \$ 12,161  | \$ 10,949  |                   |           |
| Total assets (GAAP)                                                                                                           | \$ 146,691         | \$ 144,545 | \$ 138,805 |                   |           |
| Less: Intangible assets <sup>(a)</sup>                                                                                        | 2,928              | 2,952      | 2,838      |                   |           |
| Tangible assets (non-GAAP)                                                                                                    | \$ 143,763         | \$ 141,593 | \$ 135,967 |                   |           |
| Tangible common equity to tangible assets ratio (non-GAAP)                                                                    | 8.58%              | 8.59%      | 8.05%      |                   |           |
| <b>Earnings per common share (EPS) excluding notable items</b>                                                                |                    |            |            |                   |           |
| EPS from continuing operations attributable to Key common shareholders — assuming dilution (GAAP)                             | \$ .38             | \$ .40     | \$ .45     |                   |           |
| Plus: EPS impact of notable items                                                                                             | .10                | .04        | —          |                   |           |
| EPS from continuing operations attributable to Key common shareholders — assuming dilution excluding notable items (non-GAAP) | \$ .48             | \$ .44     | \$ .45     |                   |           |
| <b>Pre-provision net revenue</b>                                                                                              |                    |            |            |                   |           |
| Net interest income (GAAP)                                                                                                    | \$ 972             | \$ 981     | \$ 986     | \$ 2,930          | \$ 2,909  |
| Plus: Taxable-equivalent adjustment                                                                                           | 8                  | 8          | 7          | 24                | 23        |
| Noninterest income                                                                                                            | 650                | 622        | 609        | 1,808             | 1,870     |
| Less: Noninterest expense                                                                                                     | 939                | 1,019      | 964        | 2,921             | 2,963     |
| Pre-provision net revenue from continuing operations (non-GAAP)                                                               | \$ 691             | \$ 592     | \$ 638     | \$ 1,841          | \$ 1,839  |
| <b>Average tangible common equity</b>                                                                                         |                    |            |            |                   |           |
| Average Key shareholders' equity (GAAP)                                                                                       | \$ 17,113          | \$ 16,531  | \$ 15,210  | \$ 16,454         | \$ 15,045 |
| Less: Intangible assets (average) <sup>(c)</sup>                                                                              | 2,942              | 2,959      | 2,848      | 2,905             | 2,882     |
| Preferred stock (average)                                                                                                     | 1,900              | 1,762      | 1,316      | 1,705             | 1,123     |
| Average tangible common equity (non-GAAP)                                                                                     | \$ 12,271          | \$ 11,810  | \$ 11,046  | \$ 11,844         | \$ 11,040 |
| <b>Return on average tangible common equity from continuing operations</b>                                                    |                    |            |            |                   |           |
| Net income (loss) from continuing operations attributable to Key common shareholders (GAAP)                                   | \$ 383             | \$ 403     | \$ 468     | \$ 1,172          | \$ 1,334  |
| Average tangible common equity (non-GAAP)                                                                                     | 12,271             | 11,810     | 11,046     | 11,844            | 11,040    |
| Return on average tangible common equity from continuing operations (non-GAAP)                                                | 12.38%             | 13.69%     | 16.81%     | 13.23%            | 16.16%    |
| <b>Return on average tangible common equity consolidated</b>                                                                  |                    |            |            |                   |           |
| Net income (loss) attributable to Key common shareholders (GAAP)                                                              | \$ 386             | \$ 405     | \$ 468     | \$ 1,178          | \$ 1,339  |
| Average tangible common equity (non-GAAP)                                                                                     | 12,271             | 11,810     | 11,046     | 11,844            | 11,040    |
| Return on average tangible common equity consolidated (non-GAAP)                                                              | 12.48%             | 13.75%     | 16.81%     | 13.30%            | 16.22%    |

**GAAP to Non-GAAP Reconciliations (continued)**

(dollars in millions)

|                                                                                | Three months ended |           |           | Nine months ended |           |
|--------------------------------------------------------------------------------|--------------------|-----------|-----------|-------------------|-----------|
|                                                                                | 9/30/2019          | 6/30/2019 | 9/30/2018 | 9/30/2019         | 9/30/2018 |
| <b>Cash efficiency ratio</b>                                                   |                    |           |           |                   |           |
| Noninterest expense (GAAP)                                                     | \$ 939             | \$ 1,019  | \$ 964    | \$ 2,921          | \$ 2,963  |
| Less: Intangible asset amortization                                            | 26                 | 22        | 23        | 70                | 77        |
| Adjusted noninterest expense (non-GAAP)                                        | \$ 913             | \$ 997    | \$ 941    | \$ 2,851          | \$ 2,886  |
| Net interest income (GAAP)                                                     | \$ 972             | \$ 981    | \$ 986    | \$ 2,930          | \$ 2,909  |
| Plus: Taxable-equivalent adjustment                                            | 8                  | 8         | 7         | 24                | 23        |
| Noninterest income                                                             | 650                | 622       | 609       | 1,808             | 1,870     |
| Total taxable-equivalent revenue (non-GAAP)                                    | \$ 1,630           | \$ 1,611  | \$ 1,602  | \$ 4,762          | \$ 4,802  |
| Cash efficiency ratio (non-GAAP)                                               | 56.0%              | 61.9%     | 58.7%     | 59.9%             | 60.1%     |
| <b>Net loan charge-offs to average total loans excluding notable items</b>     |                    |           |           |                   |           |
| Net loan charge-offs (GAAP)                                                    | \$ 196             | \$ 65     | \$ 60     | \$ 325            | \$ 174    |
| Less: Notable items                                                            | 123                | —         | —         | 123               | —         |
| Net loan charge-offs excluding notable items (non-GAAP)                        | \$ 73              | \$ 65     | \$ 60     | \$ 202            | \$ 174    |
| Average loans outstanding                                                      | \$ 91,956          | \$ 90,785 | \$ 88,467 | \$ 90,805         | \$ 88,018 |
| Net loan charge-offs to average total loans excluding notable items (non-GAAP) | .31%               | .29%      | .27%      | .30%              | .26%      |
| <b>Provision for credit losses excluding notable items</b>                     |                    |           |           |                   |           |
| Provision for credit losses (GAAP)                                             | \$ 200             | \$ 74     | \$ 62     | \$ 336            | \$ 187    |
| Less: Notable Items                                                            | 123                | —         | —         | 123               | —         |
| Provision for credit losses excluding notable items (non-GAAP)                 | \$ 77              | \$ 74     | \$ 62     | \$ 213            | \$ 187    |

|                                                                                     | Three months ended |
|-------------------------------------------------------------------------------------|--------------------|
|                                                                                     | 9/30/2019          |
| <b>Common Equity Tier 1 under the Regulatory Capital Rules ("RCR") (estimates)</b>  |                    |
| Common Equity Tier 1 under current RCR                                              | \$ 12,288          |
| Adjustments from current RCR to the fully phased-in RCR:                            |                    |
| Deferred tax assets and other intangible assets <sup>(e)</sup>                      | —                  |
| Common Equity Tier 1 anticipated under the fully phased-in RCR <sup>(f)</sup>       | \$ 12,288          |
| Net risk-weighted assets under current RCR                                          | \$ 129,099         |
| Adjustments from current RCR to the fully phased-in RCR:                            |                    |
| Mortgage servicing assets <sup>(g)</sup>                                            | 838                |
| Deferred tax assets                                                                 | 201                |
| All other assets                                                                    | —                  |
| Total risk-weighted assets anticipated under the fully phased-in RCR <sup>(f)</sup> | \$ 130,138         |
| Common Equity Tier 1 ratio under the fully phased-in RCR <sup>(f)</sup>             | 9.44%              |

- (a) For the three months ended September 30, 2019, June 30, 2019, and September 30, 2018, intangible assets exclude \$9 million, \$10 million, and \$17 million, respectively, of period-end purchased credit card receivables.
- (b) Net of capital surplus.
- (c) For the three months ended September 30, 2019, June 30, 2019, and September 30, 2018, average intangible assets exclude \$9 million, \$11 million, and \$18 million, respectively, of average purchased credit card receivables. For the nine months ended September 30, 2019, and September 30, 2018, average intangible assets exclude \$11 million and \$21 million, respectively, of average purchase credit card receivables.
- (d) Additional detail provided in Notable Items table on page 24 of this release.
- (e) Includes the deferred tax assets subject to future taxable income for realization, primarily tax credit carryforwards, as well as intangible assets (other than goodwill and mortgage servicing assets) subject to the transition provisions of the final rule.
- (f) The anticipated amount of regulatory capital and risk-weighted assets is based upon the federal banking agencies' Regulatory Capital Rules (fully phased-in); Key is subject to the Regulatory Capital Rules under the "standardized approach."
- (g) Item is included in the 25% exceptions bucket calculation and is risk-weighted at 250%.
- GAAP = U.S. generally accepted accounting principles

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

|                                                                         | 9/30/2019         | 6/30/2019         | 9/30/2018         |
|-------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| <b>Assets</b>                                                           |                   |                   |                   |
| Loans                                                                   | \$ 92,760         | \$ 91,937         | \$ 89,268         |
| Loans held for sale                                                     | 1,598             | 1,790             | 1,618             |
| Securities available for sale                                           | 22,378            | 21,528            | 18,341            |
| Held-to-maturity securities                                             | 10,490            | 10,878            | 11,869            |
| Trading account assets                                                  | 963               | 1,005             | 958               |
| Short-term investments                                                  | 3,351             | 2,443             | 2,272             |
| Other investments                                                       | 620               | 632               | 681               |
| Total earning assets                                                    | 132,160           | 130,213           | 125,007           |
| Allowance for loan and lease losses                                     | (893)             | (890)             | (887)             |
| Cash and due from banks                                                 | 636               | 607               | 319               |
| Premises and equipment                                                  | 815               | 829               | 891               |
| Goodwill                                                                | 2,664             | 2,664             | 2,516             |
| Other intangible assets                                                 | 272               | 298               | 338               |
| Corporate-owned life insurance                                          | 4,216             | 4,201             | 4,156             |
| Accrued income and other assets                                         | 5,881             | 5,633             | 5,308             |
| Discontinued assets                                                     | 940               | 990               | 1,157             |
| <b>Total assets</b>                                                     | <b>\$ 146,691</b> | <b>144,545</b>    | <b>138,805</b>    |
| <b>Liabilities</b>                                                      |                   |                   |                   |
| Deposits in domestic offices:                                           |                   |                   |                   |
| NOW and money market deposit accounts                                   | \$ 65,604         | \$ 63,619         | \$ 57,219         |
| Savings deposits                                                        | 4,668             | 4,747             | 4,948             |
| Certificates of deposit (\$100,000 or more)                             | 7,194             | 8,084             | 8,453             |
| Other time deposits                                                     | 5,300             | 5,524             | 5,130             |
| Total interest-bearing deposits                                         | 82,766            | 81,974            | 75,750            |
| Noninterest-bearing deposits                                            | 28,883            | 27,972            | 30,030            |
| Total deposits                                                          | 111,649           | 109,946           | 105,780           |
| Federal funds purchased and securities sold under repurchase agreements | 182               | 161               | 1,285             |
| Bank notes and other short-term borrowings                              | 700               | 720               | 637               |
| Accrued expense and other liabilities                                   | 2,574             | 2,435             | 2,044             |
| Long-term debt                                                          | 14,470            | 14,312            | 13,849            |
| <b>Total liabilities</b>                                                | <b>129,575</b>    | <b>127,574</b>    | <b>123,595</b>    |
| <b>Equity</b>                                                           |                   |                   |                   |
| Preferred stock                                                         | 1,900             | 1,900             | 1,450             |
| Common shares                                                           | 1,257             | 1,257             | 1,257             |
| Capital surplus                                                         | 6,287             | 6,266             | 6,315             |
| Retained earnings                                                       | 12,209            | 12,005            | 11,262            |
| Treasury stock, at cost                                                 | (4,696)           | (4,457)           | (3,910)           |
| Accumulated other comprehensive income (loss)                           | 159               | (2)               | (1,166)           |
| Key shareholders' equity                                                | 17,116            | 16,969            | 15,208            |
| Noncontrolling interests                                                | —                 | 2                 | 2                 |
| <b>Total equity</b>                                                     | <b>17,116</b>     | <b>16,971</b>     | <b>15,210</b>     |
| <b>Total liabilities and equity</b>                                     | <b>\$ 146,691</b> | <b>\$ 144,545</b> | <b>\$ 138,805</b> |
| Common shares outstanding (000)                                         | 988,538           | 1,003,114         | 1,034,287         |

**Consolidated Statements of Income**

(dollars in millions, except per share amounts)

|                                                                                             | Three months ended |           |           | Nine months ended |           |
|---------------------------------------------------------------------------------------------|--------------------|-----------|-----------|-------------------|-----------|
|                                                                                             | 9/30/2019          | 6/30/2019 | 9/30/2018 | 9/30/2019         | 9/30/2018 |
| <b>Interest income</b>                                                                      |                    |           |           |                   |           |
| Loans                                                                                       | \$ 1,073           | \$ 1,082  | \$ 1,025  | \$ 3,221          | \$ 2,965  |
| Loans held for sale                                                                         | 18                 | 15        | 12        | 46                | 40        |
| Securities available for sale                                                               | 136                | 135       | 102       | 400               | 294       |
| Held-to-maturity securities                                                                 | 64                 | 67        | 72        | 199               | 213       |
| Trading account assets                                                                      | 7                  | 9         | 7         | 24                | 21        |
| Short-term investments                                                                      | 16                 | 17        | 15        | 49                | 31        |
| Other investments                                                                           | 3                  | 4         | 6         | 11                | 17        |
| Total interest income                                                                       | 1,317              | 1,329     | 1,239     | 3,950             | 3,581     |
| <b>Interest expense</b>                                                                     |                    |           |           |                   |           |
| Deposits                                                                                    | 227                | 223       | 140       | 652               | 343       |
| Federal funds purchased and securities sold under repurchase agreements                     | —                  | —         | 1         | 1                 | 10        |
| Bank notes and other short-term borrowings                                                  | 4                  | 5         | 4         | 13                | 17        |
| Long-term debt                                                                              | 114                | 120       | 108       | 354               | 302       |
| Total interest expense                                                                      | 345                | 348       | 253       | 1,020             | 672       |
| Net interest income                                                                         | 972                | 981       | 986       | 2,930             | 2,909     |
| Provision for credit losses                                                                 | 200                | 74        | 62        | 336               | 187       |
| Net interest income after provision for credit losses                                       | 772                | 907       | 924       | 2,594             | 2,722     |
| <b>Noninterest income</b>                                                                   |                    |           |           |                   |           |
| Trust and investment services income                                                        | 118                | 122       | 117       | 355               | 378       |
| Investment banking and debt placement fees                                                  | 176                | 163       | 166       | 449               | 464       |
| Service charges on deposit accounts                                                         | 86                 | 83        | 85        | 251               | 265       |
| Operating lease income and other leasing gains                                              | 42                 | 44        | 35        | 123               | 61        |
| Corporate services income                                                                   | 63                 | 53        | 52        | 171               | 175       |
| Cards and payments income                                                                   | 69                 | 73        | 69        | 208               | 202       |
| Corporate-owned life insurance income                                                       | 32                 | 33        | 34        | 97                | 98        |
| Consumer mortgage income                                                                    | 14                 | 10        | 9         | 32                | 23        |
| Mortgage servicing fees                                                                     | 23                 | 24        | 19        | 68                | 61        |
| Other income <sup>(a)</sup>                                                                 | 27                 | 17        | 23        | 54                | 143       |
| Total noninterest income                                                                    | 650                | 622       | 609       | 1,808             | 1,870     |
| <b>Noninterest expense</b>                                                                  |                    |           |           |                   |           |
| Personnel                                                                                   | 547                | 589       | 553       | 1,699             | 1,733     |
| Net occupancy                                                                               | 72                 | 73        | 76        | 217               | 233       |
| Computer processing                                                                         | 53                 | 56        | 52        | 163               | 155       |
| Business services and professional fees                                                     | 43                 | 45        | 43        | 132               | 135       |
| Equipment                                                                                   | 27                 | 24        | 27        | 75                | 79        |
| Operating lease expense                                                                     | 33                 | 32        | 31        | 91                | 88        |
| Marketing                                                                                   | 26                 | 24        | 26        | 69                | 77        |
| FDIC assessment                                                                             | 7                  | 9         | 21        | 23                | 63        |
| Intangible asset amortization                                                               | 26                 | 22        | 23        | 70                | 77        |
| OREO expense, net                                                                           | 3                  | 4         | 3         | 10                | 5         |
| Other expense                                                                               | 102                | 141       | 109       | 372               | 318       |
| Total noninterest expense                                                                   | 939                | 1,019     | 964       | 2,921             | 2,963     |
| Income (loss) from continuing operations before income taxes                                | 483                | 510       | 569       | 1,481             | 1,629     |
| Income taxes                                                                                | 70                 | 87        | 87        | 239               | 252       |
| Income (loss) from continuing operations                                                    | 413                | 423       | 482       | 1,242             | 1,377     |
| Income (loss) from discontinued operations, net of taxes                                    | 3                  | 2         | —         | 6                 | 5         |
| Net income (loss)                                                                           | 416                | 425       | 482       | 1,248             | 1,382     |
| Less: Net income (loss) attributable to noncontrolling interests                            | —                  | —         | —         | —                 | —         |
| Net income (loss) attributable to Key                                                       | \$ 416             | \$ 425    | \$ 482    | \$ 1,248          | \$ 1,382  |
| Income (loss) from continuing operations attributable to Key common shareholders            | \$ 383             | \$ 403    | \$ 468    | \$ 1,172          | \$ 1,334  |
| Net income (loss) attributable to Key common shareholders                                   | 386                | 405       | 468       | 1,178             | 1,339     |
| <b>Per common share</b>                                                                     |                    |           |           |                   |           |
| Income (loss) from continuing operations attributable to Key common shareholders            | \$ .39             | \$ .40    | \$ .45    | \$ 1.17           | \$ 1.27   |
| Income (loss) from discontinued operations, net of taxes                                    | —                  | —         | —         | .01               | .01       |
| Net income (loss) attributable to Key common shareholders <sup>(b)</sup>                    | .39                | .40       | .45       | 1.18              | 1.28      |
| <b>Per common share — assuming dilution</b>                                                 |                    |           |           |                   |           |
| Income (loss) from continuing operations attributable to Key common shareholders            | \$ .38             | \$ .40    | \$ .45    | \$ 1.16           | \$ 1.26   |
| Income (loss) from discontinued operations, net of taxes                                    | —                  | —         | —         | .01               | .01       |
| Net income (loss) attributable to Key common shareholders <sup>(b)</sup>                    | .39                | .40       | .45       | 1.17              | 1.26      |
| Cash dividends declared per common share                                                    | \$ .185            | \$ .17    | \$ .17    | \$ .525           | \$ .395   |
| Weighted-average common shares outstanding (000)                                            | 988,319            | 999,163   | 1,036,479 | 998,268           | 1,048,397 |
| Effect of common share options and other stock awards                                       | 10,009             | 8,801     | 13,497    | 9,632             | 14,419    |
| Weighted-average common shares and potential common shares outstanding (000) <sup>(c)</sup> | 998,328            | 1,007,964 | 1,049,976 | 1,007,900         | 1,062,816 |

(a) For the three and nine months ended September 30, 2019, net securities gains (losses) totaled \$15 million. For the three months ended June 30, 2019, and September 30, 2018, and the nine months ended September 30, 2018, net securities gains (losses) totaled less than \$1 million. For the three months ended September 30, 2019, June 30, 2019, and September 30, 2018, and the nine months ended September 30, 2019 and September 30, 2018, Key did not have any impairment losses related to securities.

(b) Earnings per share may not foot due to rounding. (c) Assumes conversion of common share options and other stock awards, as applicable.

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

(dollars in millions)

|                                                                         | Third Quarter 2019 |                         |                           | Second Quarter 2019 |                         |                           | Third Quarter 2018 |                         |                           |
|-------------------------------------------------------------------------|--------------------|-------------------------|---------------------------|---------------------|-------------------------|---------------------------|--------------------|-------------------------|---------------------------|
|                                                                         | Average Balance    | Interest <sup>(a)</sup> | Yield/Rate <sup>(a)</sup> | Average Balance     | Interest <sup>(a)</sup> | Yield/Rate <sup>(a)</sup> | Average Balance    | Interest <sup>(a)</sup> | Yield/Rate <sup>(a)</sup> |
| <b>Assets</b>                                                           |                    |                         |                           |                     |                         |                           |                    |                         |                           |
| Loans: <sup>(b), (c)</sup>                                              |                    |                         |                           |                     |                         |                           |                    |                         |                           |
| Commercial and industrial <sup>(d)</sup>                                | \$ 48,322          | \$ 543                  | 4.46 %                    | \$ 47,227           | \$ 547                  | 4.65 %                    | \$ 44,749          | \$ 495                  | 4.39 %                    |
| Real estate — commercial mortgage                                       | 13,056             | 163                     | 4.95                      | 13,866              | 175                     | 5.06                      | 14,268             | 176                     | 4.89                      |
| Real estate — construction                                              | 1,463              | 19                      | 5.22                      | 1,423               | 20                      | 5.41                      | 1,759              | 22                      | 5.05                      |
| Commercial lease financing                                              | 4,497              | 42                      | 3.68                      | 4,476               | 41                      | 3.65                      | 4,444              | 43                      | 3.88                      |
| Total commercial loans                                                  | 67,338             | 767                     | 4.52                      | 66,992              | 783                     | 4.69                      | 65,220             | 736                     | 4.49                      |
| Real estate — residential mortgage                                      | 6,256              | 62                      | 3.97                      | 5,790               | 58                      | 4.03                      | 5,466              | 55                      | 3.99                      |
| Home equity loans                                                       | 10,488             | 132                     | 4.97                      | 10,701              | 135                     | 5.05                      | 11,415             | 137                     | 4.80                      |
| Consumer direct loans                                                   | 2,548              | 45                      | 6.99                      | 2,352               | 43                      | 7.39                      | 1,789              | 35                      | 7.71                      |
| Credit cards                                                            | 1,100              | 32                      | 11.59                     | 1,091               | 31                      | 11.26                     | 1,095              | 32                      | 11.43                     |
| Consumer indirect loans                                                 | 4,226              | 43                      | 4.10                      | 3,859               | 40                      | 4.15                      | 3,482              | 37                      | 4.25                      |
| Total consumer loans                                                    | 24,618             | 314                     | 5.07                      | 23,793              | 307                     | 5.17                      | 23,247             | 296                     | 5.06                      |
| Total loans                                                             | 91,956             | 1,081                   | 4.67                      | 90,785              | 1,090                   | 4.81                      | 88,467             | 1,032                   | 4.64                      |
| Loans held for sale                                                     | 1,558              | 18                      | 4.65                      | 1,302               | 15                      | 4.56                      | 1,117              | 12                      | 4.59                      |
| Securities available for sale <sup>(b), (e)</sup>                       | 21,867             | 136                     | 2.52                      | 21,086              | 135                     | 2.54                      | 17,631             | 102                     | 2.22                      |
| Held-to-maturity securities <sup>(b)</sup>                              | 10,684             | 64                      | 2.41                      | 11,058              | 67                      | 2.41                      | 12,065             | 72                      | 2.40                      |
| Trading account assets                                                  | 884                | 7                       | 3.00                      | 1,124               | 9                       | 3.28                      | 787                | 7                       | 3.37                      |
| Short-term investments                                                  | 2,861              | 16                      | 2.19                      | 3,200               | 17                      | 2.23                      | 2,928              | 15                      | 1.93                      |
| Other investments <sup>(e)</sup>                                        | 624                | 3                       | 1.82                      | 640                 | 4                       | 2.00                      | 685                | 6                       | 3.27                      |
| Total earning assets                                                    | 130,434            | 1,325                   | 4.05                      | 129,195             | 1,337                   | 4.14                      | 123,680            | 1,246                   | 3.98                      |
| Allowance for loan and lease losses                                     | (881)              |                         |                           | (881)               |                         |                           | (886)              |                         |                           |
| Accrued income and other assets                                         | 14,605             |                         |                           | 14,321              |                         |                           | 13,935             |                         |                           |
| Discontinued assets                                                     | 957                |                         |                           | 1,009               |                         |                           | 1,186              |                         |                           |
| <b>Total assets</b>                                                     | <b>\$ 145,115</b>  |                         |                           | <b>\$ 143,644</b>   |                         |                           | <b>\$ 137,915</b>  |                         |                           |
| <b>Liabilities</b>                                                      |                    |                         |                           |                     |                         |                           |                    |                         |                           |
| NOW and money market deposit accounts                                   | \$ 64,595          | 154                     | .94                       | \$ 63,071           | 147                     | .93                       | \$ 56,391          | 82                      | .58                       |
| Savings deposits                                                        | 4,709              | 1                       | .10                       | 4,781               | 1                       | .09                       | 5,413              | 3                       | .20                       |
| Certificates of deposit (\$100,000 or more)                             | 7,625              | 45                      | 2.37                      | 8,147               | 48                      | 2.37                      | 8,186              | 38                      | 1.86                      |
| Other time deposits                                                     | 5,449              | 27                      | 1.96                      | 5,569               | 27                      | 1.93                      | 5,026              | 17                      | 1.40                      |
| Total interest-bearing deposits                                         | 82,378             | 227                     | 1.09                      | 81,568              | 223                     | 1.10                      | 75,016             | 140                     | .74                       |
| Federal funds purchased and securities sold under repurchase agreements | 187                | —                       | .50                       | 194                 | —                       | .20                       | 552                | 1                       | 1.00                      |
| Bank notes and other short-term borrowings                              | 626                | 4                       | 2.04                      | 842                 | 5                       | 2.46                      | 596                | 4                       | 2.76                      |
| Long-term debt <sup>(f), (g)</sup>                                      | 13,347             | 114                     | 3.51                      | 13,213              | 120                     | 3.67                      | 12,678             | 108                     | 3.34                      |
| Total interest-bearing liabilities                                      | 96,538             | 345                     | 1.42                      | 95,817              | 348                     | 1.46                      | 88,842             | 253                     | 1.13                      |
| Noninterest-bearing deposits                                            | 27,901             |                         |                           | 28,033              |                         |                           | 30,610             |                         |                           |
| Accrued expense and other liabilities                                   | 2,605              |                         |                           | 2,253               |                         |                           | 2,065              |                         |                           |
| Discontinued liabilities <sup>(g)</sup>                                 | 957                |                         |                           | 1,009               |                         |                           | 1,186              |                         |                           |
| <b>Total liabilities</b>                                                | <b>128,001</b>     |                         |                           | <b>127,112</b>      |                         |                           | <b>122,703</b>     |                         |                           |
| <b>Equity</b>                                                           |                    |                         |                           |                     |                         |                           |                    |                         |                           |
| Key shareholders' equity                                                | 17,113             |                         |                           | 16,531              |                         |                           | 15,210             |                         |                           |
| Noncontrolling interests                                                | 1                  |                         |                           | 1                   |                         |                           | 2                  |                         |                           |
| <b>Total equity</b>                                                     | <b>17,114</b>      |                         |                           | <b>16,532</b>       |                         |                           | <b>15,212</b>      |                         |                           |
| <b>Total liabilities and equity</b>                                     | <b>\$ 145,115</b>  |                         |                           | <b>\$ 143,644</b>   |                         |                           | <b>\$ 137,915</b>  |                         |                           |
| Interest rate spread (TE)                                               |                    |                         | 2.63 %                    |                     |                         | 2.68 %                    |                    |                         | 2.85 %                    |
| Net interest income (TE) and net interest margin (TE)                   |                    | 980                     | 3.00 %                    |                     | 989                     | 3.06 %                    |                    | 993                     | 3.18 %                    |
| TE adjustment <sup>(b)</sup>                                            |                    | 8                       |                           |                     | 8                       |                           |                    | 7                       |                           |
| Net interest income, GAAP basis                                         |                    | \$ 972                  |                           |                     | \$ 981                  |                           |                    | \$ 986                  |                           |

- (a) Results are from continuing operations. Interest excludes the interest associated with the liabilities referred to in (g) 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 21% for the three months ended September 30, 2019, June 30, 2019, and September 30, 2018.
- (c) For purposes of these computations, nonaccrual loans are included in average loan balances.
- (d) Commercial and industrial average balances include \$144 million, \$141 million, and \$128 million of assets from commercial credit cards for the three months ended September 30, 2019, June 30, 2019, and September 30, 2018, respectively.
- (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 Key's matched funds transfer pricing methodology to discontinued operations.

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

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

(dollars in millions)

|                                                                         | Nine months ended September 30, 2019 |                         |                           | Nine months ended September 30, 2018 |                         |                           |
|-------------------------------------------------------------------------|--------------------------------------|-------------------------|---------------------------|--------------------------------------|-------------------------|---------------------------|
|                                                                         | Average Balance                      | Interest <sup>(a)</sup> | Yield/Rate <sup>(a)</sup> | Average Balance                      | Interest <sup>(a)</sup> | Yield/Rate <sup>(a)</sup> |
| <b>Assets</b>                                                           |                                      |                         |                           |                                      |                         |                           |
| Loans: <sup>(b), (c)</sup>                                              |                                      |                         |                           |                                      |                         |                           |
| Commercial and industrial <sup>(d)</sup>                                | \$ 47,191                            | \$ 1,622                | 4.59 %                    | \$ 44,178                            | \$ 1,414                | 4.28 %                    |
| Real estate — commercial mortgage                                       | 13,744                               | 517                     | 5.03                      | 14,137                               | 513                     | 4.85                      |
| Real estate — construction                                              | 1,482                                | 60                      | 5.37                      | 1,834                                | 67                      | 4.88                      |
| Commercial lease financing                                              | 4,490                                | 124                     | 3.66                      | 4,552                                | 125                     | 3.67                      |
| Total commercial loans                                                  | 66,907                               | 2,323                   | 4.64                      | 64,701                               | 2,119                   | 4.38                      |
| Real estate — residential mortgage                                      | 5,866                                | 176                     | 4.00                      | 5,466                                | 163                     | 3.97                      |
| Home equity loans                                                       | 10,726                               | 404                     | 5.03                      | 11,629                               | 406                     | 4.67                      |
| Consumer direct loans                                                   | 2,256                                | 125                     | 7.42                      | 1,774                                | 101                     | 7.59                      |
| Credit cards                                                            | 1,099                                | 95                      | 11.55                     | 1,085                                | 92                      | 11.32                     |
| Consumer indirect loans                                                 | 3,951                                | 122                     | 4.13                      | 3,363                                | 107                     | 4.27                      |
| Total consumer loans                                                    | 23,898                               | 922                     | 5.15                      | 23,317                               | 869                     | 4.98                      |
| Total loans                                                             | 90,805                               | 3,245                   | 4.77                      | 88,018                               | 2,988                   | 4.54                      |
| Loans held for sale                                                     | 1,329                                | 46                      | 4.64                      | 1,226                                | 40                      | 4.40                      |
| Securities available for sale <sup>(b), (e)</sup>                       | 21,059                               | 400                     | 2.52                      | 17,653                               | 294                     | 2.14                      |
| Held-to-maturity securities <sup>(b)</sup>                              | 11,035                               | 199                     | 2.41                      | 12,111                               | 213                     | 2.35                      |
| Trading account assets                                                  | 988                                  | 24                      | 3.22                      | 879                                  | 21                      | 3.19                      |
| Short-term investments                                                  | 2,930                                | 49                      | 2.23                      | 2,334                                | 31                      | 1.76                      |
| Other investments <sup>(a)</sup>                                        | 639                                  | 11                      | 2.18                      | 706                                  | 17                      | 3.10                      |
| Total earning assets                                                    | 128,785                              | 3,974                   | 4.12                      | 122,927                              | 3,604                   | 3.90                      |
| Allowance for loan and lease losses                                     | (880)                                |                         |                           | (879)                                |                         |                           |
| Accrued income and other assets                                         | 14,414                               |                         |                           | 13,966                               |                         |                           |
| Discontinued assets                                                     | 1,010                                |                         |                           | 1,243                                |                         |                           |
| <b>Total assets</b>                                                     | <b>\$ 143,329</b>                    |                         |                           | <b>\$ 137,257</b>                    |                         |                           |
| <b>Liabilities</b>                                                      |                                      |                         |                           |                                      |                         |                           |
| NOW and money market deposit accounts                                   | \$ 62,827                            | 431                     | .92                       | \$ 54,891                            | 187                     | .46                       |
| Savings deposits                                                        | 4,767                                | 3                       | .09                       | 5,971                                | 13                      | .28                       |
| Certificates of deposit (\$100,000 or more)                             | 8,046                                | 140                     | 2.33                      | 7,563                                | 97                      | 1.72                      |
| Other time deposits                                                     | 5,506                                | 78                      | 1.90                      | 4,947                                | 46                      | 1.25                      |
| Total interest-bearing deposits                                         | 81,146                               | 652                     | 1.07                      | 73,372                               | 343                     | .63                       |
| Federal funds purchased and securities sold under repurchase agreements | 262                                  | 1                       | .63                       | 1,146                                | 10                      | 1.22                      |
| Bank notes and other short-term borrowings                              | 706                                  | 13                      | 2.43                      | 1,015                                | 17                      | 2.19                      |
| Long-term debt <sup>(f), (g)</sup>                                      | 13,241                               | 354                     | 3.62                      | 12,631                               | 302                     | 3.17                      |
| Total interest-bearing liabilities                                      | 95,355                               | 1,020                   | 1.43                      | 88,164                               | 672                     | 1.02                      |
| Noninterest-bearing deposits                                            | 28,016                               |                         |                           | 30,701                               |                         |                           |
| Accrued expense and other liabilities                                   | 2,493                                |                         |                           | 2,102                                |                         |                           |
| Discontinued liabilities <sup>(a)</sup>                                 | 1,010                                |                         |                           | 1,243                                |                         |                           |
| <b>Total liabilities</b>                                                | <b>126,874</b>                       |                         |                           | <b>122,210</b>                       |                         |                           |
| <b>Equity</b>                                                           |                                      |                         |                           |                                      |                         |                           |
| Key shareholders' equity                                                | 16,454                               |                         |                           | 15,045                               |                         |                           |
| Noncontrolling interests                                                | 1                                    |                         |                           | 2                                    |                         |                           |
| <b>Total equity</b>                                                     | <b>16,455</b>                        |                         |                           | <b>15,047</b>                        |                         |                           |
| <b>Total liabilities and equity</b>                                     | <b>\$ 143,329</b>                    |                         |                           | <b>\$ 137,257</b>                    |                         |                           |
| Interest rate spread (TE)                                               |                                      |                         | 2.69 %                    |                                      |                         | 2.88 %                    |
| Net interest income (TE) and net interest margin (TE)                   |                                      | 2,954                   | 3.06 %                    |                                      | 2,932                   | 3.17 %                    |
| TE adjustment <sup>(b)</sup>                                            |                                      | 24                      |                           |                                      | 23                      |                           |
| Net interest income, GAAP basis                                         |                                      | \$ 2,930                |                           |                                      | \$ 2,909                |                           |

- (a) Results are from continuing operations. Interest excludes the interest associated with the liabilities referred to in (g) 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 21% and 35% for the nine months ended September 30, 2019, and September 30, 2018, respectively.
- (c) For purposes of these computations, nonaccrual loans are included in average loan balances.
- (d) Commercial and industrial average balances include \$139 million and \$125 million of assets from commercial credit cards for the nine months ended September 30, 2019, and September 30, 2018, respectively.
- (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 Key's matched funds transfer pricing methodology to discontinued operations.

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

### Noninterest Expense

(dollars in millions)

|                                                       | Three months ended |           |           | Nine months ended |           |
|-------------------------------------------------------|--------------------|-----------|-----------|-------------------|-----------|
|                                                       | 9/30/2019          | 6/30/2019 | 9/30/2018 | 9/30/2019         | 9/30/2018 |
| Personnel <sup>(a)</sup>                              | \$ 547             | \$ 589    | \$ 553    | \$ 1,699          | \$ 1,733  |
| Net occupancy                                         | 72                 | 73        | 76        | 217               | 233       |
| Computer processing                                   | 53                 | 56        | 52        | 163               | 155       |
| Business services and professional fees               | 43                 | 45        | 43        | 132               | 135       |
| Equipment                                             | 27                 | 24        | 27        | 75                | 79        |
| Operating lease expense                               | 33                 | 32        | 31        | 91                | 88        |
| Marketing                                             | 26                 | 24        | 26        | 69                | 77        |
| FDIC assessment                                       | 7                  | 9         | 21        | 23                | 63        |
| Intangible asset amortization                         | 26                 | 22        | 23        | 70                | 77        |
| OREO expense, net                                     | 3                  | 4         | 3         | 10                | 5         |
| Other expense                                         | 102                | 141       | 109       | 372               | 318       |
| Total noninterest expense                             | \$ 939             | \$ 1,019  | \$ 964    | \$ 2,921          | \$ 2,963  |
| Average full-time equivalent employees <sup>(b)</sup> | 16,898             | 17,206    | 18,150    | 17,217            | 18,354    |

(a) Additional detail provided in Personnel Expense 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 |           |           | Nine months ended |           |
|----------------------------------------|--------------------|-----------|-----------|-------------------|-----------|
|                                        | 9/30/2019          | 6/30/2019 | 9/30/2018 | 9/30/2019         | 9/30/2018 |
| Salaries and contract labor            | \$ 314             | \$ 322    | \$ 335    | \$ 956            | \$ 1,015  |
| Incentive and stock-based compensation | 143                | 155       | 138       | 430               | 430       |
| Employee benefits                      | 87                 | 83        | 79        | 263               | 266       |
| Severance                              | 3                  | 29        | 1         | 50                | 22        |
| Total personnel expense                | \$ 547             | \$ 589    | \$ 553    | \$ 1,699          | \$ 1,733  |

### Loan Composition

(dollars in millions)

|                                           | 9/30/2019 | 6/30/2019 | 9/30/2018 | Percent change 9/30/2019 vs |           |
|-------------------------------------------|-----------|-----------|-----------|-----------------------------|-----------|
|                                           |           |           |           | 6/30/2019                   | 9/30/2018 |
| Commercial and industrial <sup>(a)</sup>  | \$ 48,362 | \$ 48,544 | \$ 45,023 | (.4)%                       | 7.4 %     |
| Commercial real estate:                   |           |           |           |                             |           |
| Commercial mortgage                       | 13,167    | 13,299    | 14,716    | (1.0 )                      | (10.5 )   |
| Construction                              | 1,480     | 1,439     | 1,763     | 2.8                         | (16.1 )   |
| Total commercial real estate loans        | 14,647    | 14,738    | 16,479    | (.6 )                       | (11.1 )   |
| Commercial lease financing <sup>(b)</sup> | 4,470     | 4,578     | 4,470     | (2.4 )                      | —         |
| Total commercial loans                    | 67,479    | 67,860    | 65,972    | (.6 )                       | 2.3       |
| Residential — prime loans:                |           |           |           |                             |           |
| Real estate — residential mortgage        | 6,527     | 6,053     | 5,497     | 7.8                         | 18.7      |
| Home equity loans                         | 10,456    | 10,575    | 11,339    | (1.1 )                      | (7.8 )    |
| Total residential — prime loans           | 16,983    | 16,628    | 16,836    | 2.1                         | .9        |
| Consumer direct loans                     | 2,789     | 2,350     | 1,807     | 18.7                        | 54.3      |
| Credit cards                              | 1,105     | 1,096     | 1,098     | .8                          | .6        |
| Consumer indirect loans                   | 4,404     | 4,003     | 3,555     | 10.0                        | 23.9      |
| Total consumer loans                      | 25,281    | 24,077    | 23,296    | 5.0                         | 8.5       |
| Total loans <sup>(c)</sup>                | \$ 92,760 | \$ 91,937 | \$ 89,268 | .9 %                        | 3.9 %     |

(a) Loan balances include \$147 million, \$143 million, and \$128 million of commercial credit card balances at September 30, 2019, June 30, 2019, and September 30, 2018, respectively.

(b) Commercial lease financing includes receivables held as collateral for a secured borrowing of \$10 million, \$11 million, and \$12 million at September 30, 2019, June 30, 2019, and September 30, 2018, respectively. Principal reductions are based on the cash payments received from these related receivables.

(c) Total loans exclude loans of \$915 million at September 30, 2019, \$964 million at June 30, 2019, and \$1.1 billion at September 30, 2018, related to the discontinued operations of the education lending business.

### Loans Held for Sale Composition

(dollars in millions)

|                                          | 9/30/2019 | 6/30/2019 | 9/30/2018 | Percent change 9/30/2019 vs |           |
|------------------------------------------|-----------|-----------|-----------|-----------------------------|-----------|
|                                          |           |           |           | 6/30/2019                   | 9/30/2018 |
| Commercial and industrial                | \$ 195    | \$ 255    | \$ 97     | (23.5)%                     | 101.0 %   |
| Real estate — commercial mortgage        | 1,123     | 1,123     | 1,433     | —                           | (21.6)    |
| Commercial lease financing               | 100       | —         | 1         | N/M                         | N/M       |
| Real estate — residential mortgage       | 120       | 164       | 87        | (26.8)                      | 37.9      |
| Consumer direct loans                    | 60        | 248       | —         | (75.8)                      | N/M       |
| Total loans held for sale <sup>(a)</sup> | \$ 1,598  | \$ 1,790  | \$ 1,618  | (10.7)%                     | (1.2)%    |

(a) Total loans held for sale include Real estate — residential mortgage loans held for sale at fair value of \$120 million at September 30, 2019, \$164 million at June 30, 2019, and \$87 million at September 30, 2018.

### Summary of Changes in Loans Held for Sale

(in millions)

|                                           | 3Q19     | 2Q19     | 1Q19     | 4Q18     | 3Q18     |
|-------------------------------------------|----------|----------|----------|----------|----------|
| Balance at beginning of period            | \$ 1,790 | \$ 894   | \$ 1,227 | \$ 1,618 | \$ 1,418 |
| New originations                          | 3,222    | 3,218    | 1,676    | 5,057    | 2,976    |
| Transfers from (to) held to maturity, net | 237      | 42       | 6        | 24       | 4        |
| Loan sales                                | (3,602)  | (2,358)  | (2,017)  | (5,448)  | (2,491)  |
| Loan draws (payments), net                | (49)     | (6)      | 2        | (24)     | (289)    |
| Balance at end of period <sup>(a)</sup>   | \$ 1,598 | \$ 1,790 | \$ 894   | \$ 1,227 | \$ 1,618 |

(a) Total loans held for sale include Real estate — residential mortgage loans held for sale at fair value of \$120 million at September 30, 2019, \$164 million at June 30, 2019, \$71 million at March 31, 2019, \$54 million at December 31, 2018, and \$87 million at September 30, 2018.

Summary of Loan and Lease Loss Experience From Continuing Operations  
(dollars in millions)

|                                                                                            | Three months ended |           |           | Nine months ended |           |
|--------------------------------------------------------------------------------------------|--------------------|-----------|-----------|-------------------|-----------|
|                                                                                            | 9/30/2019          | 6/30/2019 | 9/30/2018 | 9/30/2019         | 9/30/2018 |
| Average loans outstanding                                                                  | \$ 91,956          | \$ 90,785 | \$ 88,467 | \$ 90,805         | \$ 88,018 |
| Allowance for loan and lease losses at beginning of period                                 | \$ 890             | \$ 883    | \$ 887    | \$ 883            | \$ 877    |
| Loans charged off:                                                                         |                    |           |           |                   |           |
| Commercial and industrial                                                                  | 176                | 30        | 38        | 242               | 114       |
| Real estate — commercial mortgage                                                          | —                  | 1         | 6         | 6                 | 9         |
| Real estate — construction                                                                 | —                  | —         | —         | 4                 | —         |
| Total commercial real estate loans                                                         | —                  | 1         | 6         | 10                | 9         |
| Commercial lease financing                                                                 | 1                  | 16        | 4         | 25                | 9         |
| Total commercial loans                                                                     | 177                | 47        | 48        | 277               | 132       |
| Real estate — residential mortgage                                                         | 1                  | 1         | 2         | 3                 | 3         |
| Home equity loans                                                                          | 6                  | 6         | 4         | 16                | 14        |
| Consumer direct loans                                                                      | 10                 | 10        | 10        | 30                | 27        |
| Credit cards                                                                               | 11                 | 12        | 10        | 34                | 34        |
| Consumer indirect loans                                                                    | 8                  | 8         | 7         | 24                | 22        |
| Total consumer loans                                                                       | 36                 | 37        | 33        | 107               | 100       |
| Total loans charged off                                                                    | 213                | 84        | 81        | 384               | 232       |
| Recoveries:                                                                                |                    |           |           |                   |           |
| Commercial and industrial                                                                  | 6                  | 6         | 5         | 22                | 18        |
| Real estate — commercial mortgage                                                          | —                  | 1         | 1         | 2                 | 2         |
| Real estate — construction                                                                 | —                  | —         | —         | —                 | 1         |
| Total commercial real estate loans                                                         | —                  | 1         | 1         | 2                 | 3         |
| Commercial lease financing                                                                 | 1                  | 2         | 3         | 4                 | 4         |
| Total commercial loans                                                                     | 7                  | 9         | 9         | 28                | 25        |
| Real estate — residential mortgage                                                         | —                  | —         | 2         | 1                 | 2         |
| Home equity loans                                                                          | 2                  | 2         | 3         | 6                 | 9         |
| Consumer direct loans                                                                      | 2                  | 2         | 1         | 5                 | 5         |
| Credit cards                                                                               | 2                  | 2         | 2         | 6                 | 5         |
| Consumer indirect loans                                                                    | 4                  | 4         | 4         | 13                | 12        |
| Total consumer loans                                                                       | 10                 | 10        | 12        | 31                | 33        |
| Total recoveries                                                                           | 17                 | 19        | 21        | 59                | 58        |
| Net loan charge-offs                                                                       | (196)              | (65)      | (60)      | (325)             | (174)     |
| Provision (credit) for loan and lease losses                                               | 199                | 72        | 60        | 335               | 184       |
| Allowance for loan and lease losses at end of period                                       | \$ 893             | \$ 890    | \$ 887    | \$ 893            | \$ 887    |
| Liability for credit losses on lending-related commitments at beginning of period          | \$ 64              | \$ 62     | \$ 58     | \$ 64             | \$ 57     |
| Provision (credit) for losses on lending-related commitments                               | 1                  | 2         | 2         | 1                 | 3         |
| Liability for credit losses on lending-related commitments at end of period <sup>(a)</sup> | \$ 65              | \$ 64     | \$ 60     | \$ 65             | \$ 60     |
| Total allowance for credit losses at end of period                                         | \$ 958             | \$ 954    | \$ 947    | \$ 958            | \$ 947    |
| Net loan charge-offs to average total loans                                                | .85%               | .29%      | .27%      | .48%              | .26%      |
| Allowance for loan and lease losses to period-end loans                                    | .96                | .97       | .99       | .96               | .99       |
| Allowance for credit losses to period-end loans                                            | 1.03               | 1.04      | 1.06      | 1.03              | 1.06      |
| Allowance for loan and lease losses to nonperforming loans                                 | 152.6              | 158.6     | 137.5     | 152.6             | 137.5     |
| Allowance for credit losses to nonperforming loans                                         | 163.8              | 170.1     | 146.8     | 163.8             | 146.8     |
| Discontinued operations — education lending business:                                      |                    |           |           |                   |           |
| Loans charged off                                                                          | \$ 1               | \$ 4      | \$ 4      | \$ 9              | \$ 11     |
| Recoveries                                                                                 | 1                  | 1         | 1         | 3                 | 4         |
| Net loan charge-offs                                                                       | —                  | \$ (3)    | \$ (3)    | \$ (6)            | \$ (7)    |

(a) Included in "Accrued expense and other liabilities" on the balance sheet.

**Asset Quality Statistics From Continuing Operations**

(dollars in millions)

|                                                                                                            | 3Q19   | 2Q19   | 1Q19   | 4Q18   | 3Q18   |
|------------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|--------|
| Net loan charge-offs                                                                                       | \$ 196 | \$ 65  | \$ 64  | \$ 60  | \$ 60  |
| Net loan charge-offs to average total loans                                                                | .85%   | .29%   | .29%   | .27%   | .27%   |
| Allowance for loan and lease losses                                                                        | \$ 893 | \$ 890 | \$ 883 | \$ 883 | \$ 887 |
| Allowance for credit losses <sup>(a)</sup>                                                                 | 958    | 954    | 945    | 946    | 947    |
| Allowance for loan and lease losses to period-end loans                                                    | .96%   | .97%   | .98%   | .99%   | .99%   |
| Allowance for credit losses to period-end loans                                                            | 1.03   | 1.04   | 1.05   | 1.06   | 1.06   |
| Allowance for loan and lease losses to nonperforming loans <sup>(b)</sup>                                  | 152.6  | 158.6  | 161.1  | 162.9  | 137.5  |
| Allowance for credit losses to nonperforming loans <sup>(b)</sup>                                          | 163.8  | 170.1  | 172.4  | 174.5  | 146.8  |
| Nonperforming loans at period end <sup>(b)</sup>                                                           | \$ 585 | \$ 561 | \$ 548 | \$ 542 | \$ 645 |
| Nonperforming assets at period end <sup>(b)</sup>                                                          | 711    | 608    | 597    | 577    | 674    |
| Nonperforming loans to period-end portfolio loans <sup>(b)</sup>                                           | .63%   | .61%   | .61%   | .61%   | .72%   |
| Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets <sup>(b)</sup> | .77    | .66    | .66    | .64    | .75    |

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

(b) Nonperforming loan balances exclude \$497 million, \$518 million, \$551 million, \$575 million, and \$606 million of purchased credit impaired loans at September 30, 2019, June 30, 2019, March 31, 2019, December 31, 2018, and September 30, 2018, respectively.

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

(dollars in millions)

|                                                                                                            | 9/30/2019 | 6/30/2019 | 3/31/2019 | 12/31/2018 | 9/30/2018 |
|------------------------------------------------------------------------------------------------------------|-----------|-----------|-----------|------------|-----------|
| Commercial and industrial                                                                                  | \$ 238    | \$ 189    | \$ 170    | \$ 152     | \$ 227    |
| Real estate — commercial mortgage                                                                          | 92        | 85        | 82        | 81         | 98        |
| Real estate — construction                                                                                 | 2         | 2         | 2         | 2          | 2         |
| Total commercial real estate loans                                                                         | 94        | 87        | 84        | 83         | 100       |
| Commercial lease financing                                                                                 | 7         | 7         | 9         | 9          | 10        |
| Total commercial loans                                                                                     | 339       | 283       | 263       | 244        | 337       |
| Real estate — residential mortgage                                                                         | 42        | 62        | 64        | 62         | 62        |
| Home equity loans                                                                                          | 179       | 191       | 195       | 210        | 221       |
| Consumer direct loans                                                                                      | 3         | 3         | 3         | 4          | 4         |
| Credit cards                                                                                               | 2         | 2         | 3         | 2          | 2         |
| Consumer indirect loans                                                                                    | 20        | 20        | 20        | 20         | 19        |
| Total consumer loans                                                                                       | 246       | 278       | 285       | 298        | 308       |
| Total nonperforming loans <sup>(a)</sup>                                                                   | 585       | 561       | 548       | 542        | 645       |
| OREO                                                                                                       | 39        | 38        | 40        | 35         | 28        |
| Nonperforming loans held for sale                                                                          | 78        | —         | —         | —          | —         |
| Other nonperforming assets                                                                                 | 9         | 9         | 9         | —          | 1         |
| Total nonperforming assets <sup>(a)</sup>                                                                  | \$ 711    | \$ 608    | \$ 597    | \$ 577     | \$ 674    |
| Accruing loans past due 90 days or more                                                                    | 54        | 74        | 118       | 112        | 87        |
| Accruing loans past due 30 through 89 days                                                                 | 366       | 299       | 290       | 312        | 368       |
| Restructured loans — accruing and nonaccruing <sup>(b)</sup>                                               | 347       | 395       | 365       | 399        | 366       |
| Restructured loans included in nonperforming loans <sup>(b)</sup>                                          | 176       | 228       | 198       | 247        | 211       |
| Nonperforming assets from discontinued operations — education lending business                             | 7         | 7         | 7         | 8          | 6         |
| Nonperforming loans to period-end portfolio loans <sup>(a)</sup>                                           | .63%      | .61%      | .61%      | .61%       | .72%      |
| Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets <sup>(a)</sup> | .77       | .66       | .66       | .64        | .75       |

(a) Nonperforming loan balances exclude \$497 million, \$518 million, \$551 million, \$575 million, and \$606 million of purchased credit impaired loans at September 30, 2019, June 30, 2019, March 31, 2019, December 31, 2018, and September 30, 2018, respectively.

(b) Restructured loans (i.e., troubled debt restructuring) 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)

|                                                | 3Q19   | 2Q19   | 1Q19   | 4Q18   | 3Q18   |
|------------------------------------------------|--------|--------|--------|--------|--------|
| Balance at beginning of period                 | \$ 561 | \$ 548 | \$ 542 | \$ 645 | \$ 545 |
| Loans placed on nonaccrual status              | 271    | 189    | 196    | 103    | 263    |
| Charge-offs                                    | (91)   | (84)   | (91)   | (92)   | (81)   |
| Loans sold                                     | —      | (38)   | (18)   | (16)   | —      |
| Payments                                       | (37)   | (23)   | (22)   | (53)   | (57)   |
| Transfers to OREO                              | (4)    | (4)    | (8)    | (10)   | (5)    |
| Transfers to nonperforming loans held for sale | (78)   | —      | —      | —      | —      |
| Transfers to other nonperforming assets        | —      | —      | (13)   | —      | —      |
| Loans returned to accrual status               | (37)   | (27)   | (38)   | (35)   | (20)   |
| Balance at end of period <sup>(a)</sup>        | \$ 585 | \$ 561 | \$ 548 | \$ 542 | \$ 645 |

(a) Nonperforming loan balances exclude \$497 million, \$518 million, \$551 million, \$575 million, and \$606 million of purchased credit impaired loans at September 30, 2019, June 30, 2019, March 31, 2019, December 31, 2018, and September 30, 2018, respectively.

**Line of Business Results**

(dollars in millions)

|                                             | 3Q19   | 2Q19   | 1Q19   | 4Q18   | 3Q18   | Percentage change 3Q19 vs. |       |
|---------------------------------------------|--------|--------|--------|--------|--------|----------------------------|-------|
|                                             |        |        |        |        |        | 2Q19                       | 3Q18  |
| <b>Consumer Bank</b>                        |        |        |        |        |        |                            |       |
| <b>Summary of operations</b>                |        |        |        |        |        |                            |       |
| Total revenue (TE)                          | \$ 833 | \$ 825 | \$ 805 | \$ 829 | \$ 809 | 1.0 %                      | 3.0 % |
| Provision for credit losses                 | 48     | 40     | 45     | 43     | 32     | 20.0                       | 50.0  |
| Noninterest expense                         | 531    | 552    | 540    | 554    | 557    | (3.8)                      | (4.7) |
| Net income (loss) attributable to Key       | 194    | 177    | 168    | 177    | 168    | 9.6                        | 15.5  |
| Average loans and leases                    | 32,760 | 31,881 | 31,321 | 31,241 | 31,172 | 2.8                        | 5.1   |
| Average deposits                            | 72,995 | 72,303 | 71,288 | 70,426 | 69,124 | 1.0                        | 5.6   |
| Net loan charge-offs                        | 40     | 40     | 34     | 40     | 36     | —                          | 11.1  |
| Net loan charge-offs to average total loans | .48%   | .50%   | .44%   | .51%   | .46%   | N/A                        | N/A   |
| Nonperforming assets at period end          | \$ 354 | \$ 366 | \$ 365 | \$ 364 | \$ 380 | (3.3)                      | (6.8) |
| Return on average allocated equity          | 22.82% | 21.75% | 21.27% | 21.51% | 20.38% | N/A                        | N/A   |

**Commercial Bank**

|                                             |        |        |        |        |        |       |       |
|---------------------------------------------|--------|--------|--------|--------|--------|-------|-------|
| <b>Summary of operations</b>                |        |        |        |        |        |       |       |
| Total revenue (TE)                          | \$ 779 | \$ 760 | \$ 702 | \$ 771 | \$ 753 | 2.5 % | 3.5 % |
| Provision for credit losses                 | 32     | 33     | 16     | 17     | 31     | (3.0) | 3.2   |
| Noninterest expense                         | 372    | 389    | 373    | 401    | 385    | (4.4) | (3.4) |
| Net income (loss) attributable to Key       | 304    | 277    | 250    | 302    | 274    | 9.7   | 10.9  |
| Average loans and leases                    | 58,215 | 57,918 | 57,267 | 56,884 | 56,096 | .5    | 3.8   |
| Average loans held for sale                 | 1,325  | 1,168  | 1,066  | 2,250  | 1,042  | 13.4  | 27.2  |
| Average deposits                            | 36,204 | 35,960 | 34,417 | 35,113 | 33,603 | .7    | 7.7   |
| Net loan charge-offs                        | 35     | 23     | 30     | 19     | 26     | 52.2  | 34.6  |
| Net loan charge-offs to average total loans | .24%   | .16%   | .21%   | .13%   | .18%   | N/A   | N/A   |
| Nonperforming assets at period end          | \$ 351 | \$ 235 | \$ 225 | \$ 205 | \$ 280 | 49.4  | 25.4  |
| Return on average allocated equity          | 26.37% | 24.09% | 22.60% | 26.64% | 24.46% | N/A   | N/A   |

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

**Notable Items**

(in millions)

|                                                                     | Three months ended |           |           | Nine months ended |           |
|---------------------------------------------------------------------|--------------------|-----------|-----------|-------------------|-----------|
|                                                                     | 9/30/2019          | 6/30/2019 | 9/30/2018 | 9/30/2019         | 9/30/2018 |
| Provision for credit losses                                         | \$ (123)           | —         | —         | \$ (123)          | —         |
| Gain on sale of Key Insurance and Benefits Services                 | —                  | —         | —         | —                 | \$ 78     |
| Expenses related to the sale of Key Insurance and Benefits Services | —                  | —         | —         | —                 | 5         |
| Net gain on sale of Key Insurance and Benefits Services             | —                  | —         | —         | —                 | 73        |
| Efficiency initiative expenses                                      | —                  | \$ (50)   | —         | (76)              | (22)      |
| Laurel Road acquisition expenses                                    | —                  | (2)       | —         | (2)               | —         |
| Lease residual loss                                                 | —                  | —         | —         | —                 | (42)      |
| Total notable items                                                 | \$ (123)           | \$ (52)   | —         | \$ (201)          | \$ 9      |
| Income taxes                                                        | (29)               | (12)      | —         | (47)              | 7         |
| Total notable items, after tax                                      | \$ (94)            | \$ (40)   | —         | \$ (154)          | \$ 2      |