KeyCorp

First Quarter 2020 Earnings Review

April 16, 2020

Beth E. Mooney
Chairman and
Chief Executive Officer

Chris Gorman
President and
Chief Operating Officer

Don Kimble
Vice Chairman and
Chief Financial Officer

FORWARD-LOOKING STATEMENTS AND ADDITIONAL INFORMATION

This communication contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, but not limited to, KeyCorp's expectations or predictions of future financial or business performance or conditions. Forward-looking statements are typically identified by words such as "believe," "seek," "expect," "anticipate," "intend," "target," "estimate," "continue," "positions," "plan," "predict," "project," "forecast," "guidance," "goal," "objective," "prospects," "possible," "potential," "strategy," "opportunities," or "trends," by future conditional verbs such as "assume," "will," "would," "should," "could" or "may", or by variations of such words or by similar expressions. These forward-looking statements are based on assumptions that involve risks and uncertainties, which are subject to change based on various important factors (some of which are beyond KeyCorp's control.) Actual results may differ materially from current projections.

Actual outcomes may differ materially from those expressed or implied as a result of the factors described under "Forward-looking Statements" and "Risk Factors" in KeyCorp's Annual Report on Form 10-K for the year ended December 31, 2019 ("Form 10-K") and in other filings of KeyCorp with the Securities and Exchange Commission (the "SEC"). In addition to the aforementioned factors, the COVID-19 global pandemic is adversely affecting us, our clients, and our third-party service providers, among others, and its impact may adversely affect our business and results of operations over a period of time. Such forward-looking statements speak only as of the date they are made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after that date or to reflect the occurrence of unanticipated events. For additional information regarding KeyCorp, please refer to our SEC filings available at www.key.com/ir.

Annualized, pro forma, projected and estimated numbers are used for illustrative purpose only, are not forecasts and may not reflect actual results. This presentation also includes certain non-GAAP financial measures related to "tangible common equity," "cash efficiency ratio," and certain financial measures excluding notable items. Notable items include certain revenue or expense items that may occur in a reporting period in which management does not consider indicative of ongoing financial performance. Management believes it is useful for the investment community to consider financial metrics with and without notable items in order to enable a better understanding of company results, facilitate comparability of period-to-period financial results, and to evaluate and forecast those results. Although Key has procedures in place to ensure that these measures are calculated using the appropriate GAAP or regulatory components, they have limitations as analytical tools and should not be considered in isolation, or as a substitute for analysis of results under GAAP. For more information on these calculations and to view the reconciliations to the most comparable GAAP measures, please refer to the appendix of this presentation, or page 80 of our Form 10-K dated December 31, 2019.

GAAP: Generally Accepted Accounting Principles

Key's Strong Response

Business Resiliency

- **Executed business resiliency plans:** operational effectiveness across the franchise
- **Dedicated team:** highly engaged workforce
  - **>11,000** team members working from home
  - **~85%** of branches remain open for drive-thru service and appointments
- **Client outreach and support:** playing a critical role in providing capital and assistance to clients
  - Offering forbearance options and temporary assistance loans for consumers
  - Processed over **38,000** applications for PPP small business loans
- **Distinctive strategy and business model:** positioned to perform through adverse environments and capitalize on opportunities through recovery phase

PPP= Paycheck Protection Program

Investor Themes

Financial

- **1Q20 earnings:** reflects the impact of the COVID-19 pandemic on reserves and market-based revenue
- **Balanced interest rate positioning:** hedging strategies began in 3Q18 to reduce exposure to declining rates
- **Strong balance sheet:** relationship-oriented lending franchise coupled with strong deposit base

Credit Quality

- **Moderate risk profile:** significant improvement to risk profile over the past decade
- **Strong credit discipline:** consistent underwriting standards and risk tolerances
- **Established pandemic watchlist:** monitoring clients potentially impacted by COVID-19
- **Implemented CECL:** reflects significant change to economic scenario due to pandemic

Capital and Liquidity

- **Strong capital and liquidity:** positioned to weather adverse operating environments
- **Stress scenarios:** government-mandated and internal stress tests demonstrate Key would remain well-capitalized through periods of significant stress
- **Significant liquidity and well-designed contingency funding plans:** contingent liquidity of over $50 billion (liquid assets + unused borrowing capacity) to support clients

Financial Review

Financial Highlights

Continuing operations, unless otherwise noted

		1Q20		4Q19		1Q19		LQ Δ		Y/Y Δ	
Profitability	EPS – assuming dilution	$ .12		$ .45		$ .38		(73)	%	(68)	%
	Cash efficiency ratio[(a)]	62.3	%	58.7	%	61.9	%	368	bps	48	bps
	Return on average tangible common equity[(a)]	3.8		14.1		13.7		N/A		(987)	
	Return on average total assets	.40		1.27		1.18		(87)		(78)	
	Net interest margin	3.01		2.98		3.13		3		(12)	
Capital	Common Equity Tier 1[(b)]	8.95	%	9.44	%	9.81	%	(49)	bps	(86)	bps
	Tier 1 risk-based capital[(b)]	10.31		10.86		10.94		(55)		(63)	
	Tangible common equity to tangible assets[(a)]	8.26		8.64		8.43		(38)		(17)	
Asset Quality	NCOs to average loans	.35	%	.42	%	.29	%	(7)	bps	6	bps
	NPLs to EOP portfolio loans	.61		.61		.61		-		-	
	Allowance for loan and lease losses to EOP loans	1.32		.95		.98		37		34	

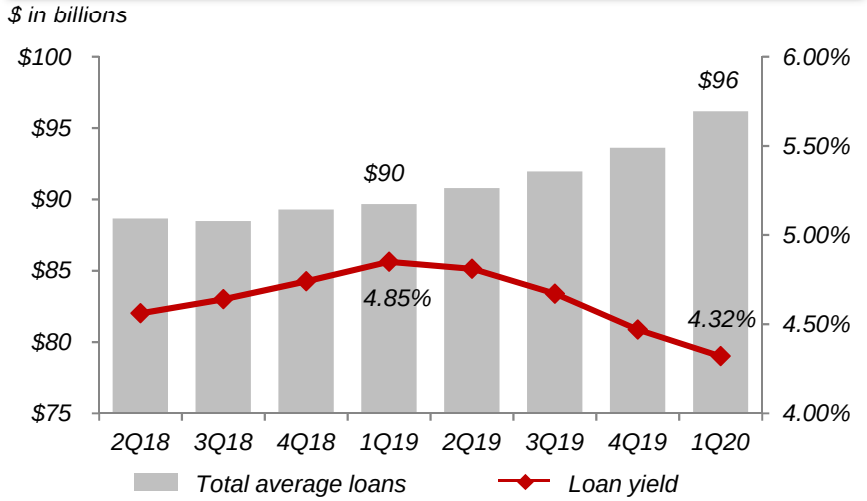
EOP = End of Period

(a) Non-GAAP measure: see Appendix for reconciliations

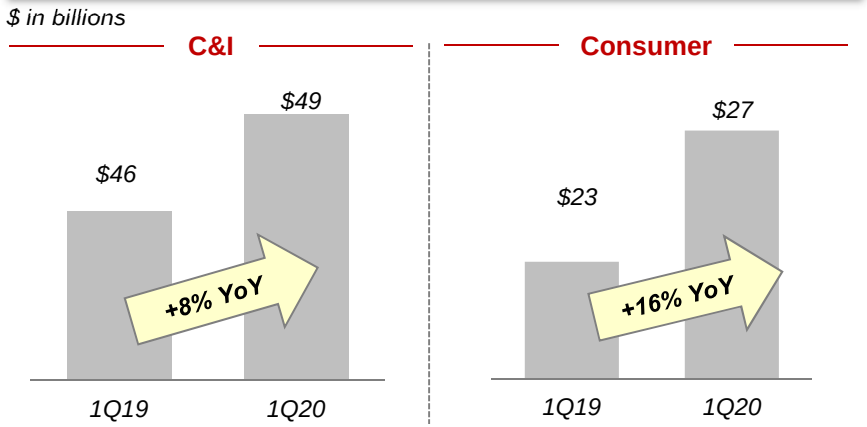
(b) 3/31/20 ratios are estimated

Loans

Total Average Loans



Portfolio Detail



Highlights

vs. Prior Year

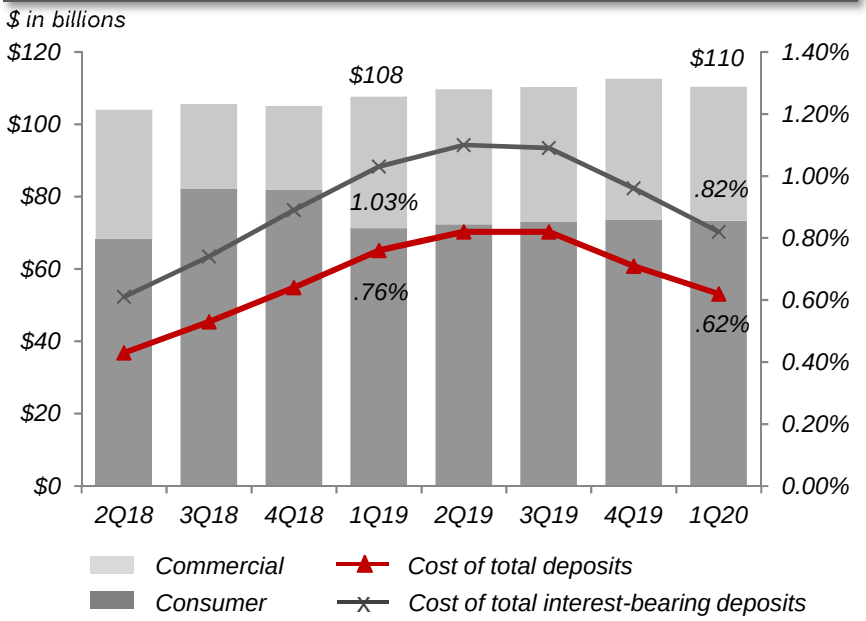
- **Average loans up 7% from 1Q19**
  - Commercial balances reflect strong C&I growth (+8%) driven by broad-based growth with middle-market clients, partially offset by a decline in commercial real estate
  - Consumer loan growth (+16%) driven by momentum from Laurel Road, residential mortgage, and indirect auto

vs. Prior Quarter

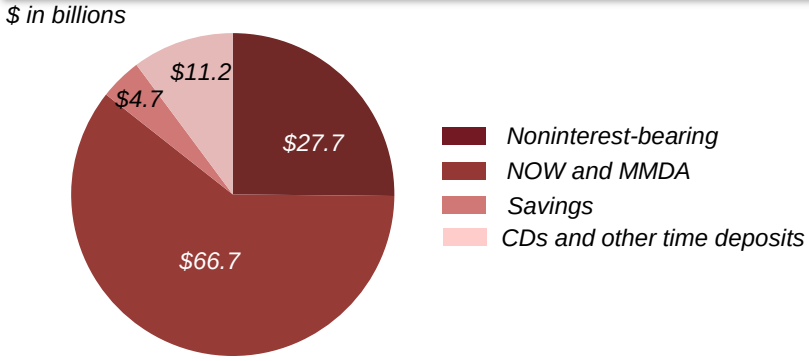
- **Average loans up 3% from 4Q19**
  - Driven by $7 B of commercial loan growth in March, reflecting the impact of the pandemic
  - Consumer loans up 4% reflecting:
    - $600 MM Laurel Road originations in 1Q20
    - Record $1.3 B funded residential mortgage volume

Deposits

Average Deposits



1Q20 Average Deposit Mix



Highlights

- **Interest-bearing deposit costs down 14 bps from 4Q19, reflecting impact of lower interest rates**
- **Strong and stable deposit base**
  - 25% noninterest-bearing[(a)]
  - ~65% stable retail and low-cost escrow
  - 92% loan to deposit ratio[(b)]

vs. Prior Year

- **Average deposits up 3% from 1Q19**
  - Growth from consumer and commercial relationships
  - Partially offset by decline in time deposits as a result of lower interest rates

vs. Prior Quarter

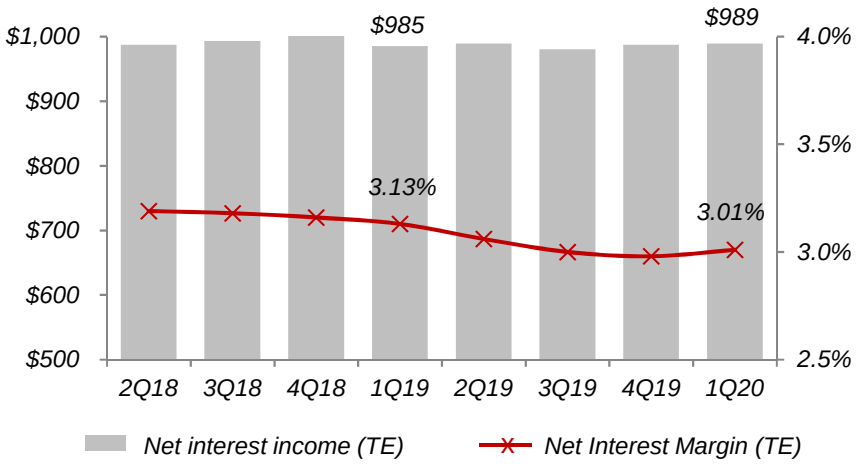
- **Average deposit balances down 2% from 4Q19**
  - Short-term and seasonal deposit outflows
  - Decline in time deposits as a result of lower interest rates
- **Since February, deposit growth has funded loan growth**

(a) Based on period-end balances
(b) Represents period-end consolidated total loans and loans held for sale divided by period-end consolidated total deposits

Net Interest Income and Margin

Net Interest Income & Net Interest Margin Trend (TE)

$ in millions; continuing operations



Highlights

vs. Prior Year

- **Net interest income up $4 MM (+.4%) from 1Q19**
  - Largely driven by higher earning asset balances
  - Partially offset by lower earning asset yields

vs. Prior Quarter

- **Net interest income up $2 MM (+.2%) from 4Q19**
  - Largely driven by higher earning asset balances
  - Partially offset by lower earning asset yields and one less day in the quarter

NIM Change vs. Prior Quarter	***4Q19:***	***2.98%***
Balance sheet mix		.06
Interest rates		(.03)
Total change		**.03**
	1Q20:	***3.01%***

TE = Taxable equivalent

Noninterest Income

Noninterest Income

$ in millions *up / (down)*	1Q20	vs. 1Q19	vs. 4Q19
Trust and investment services income	$ 133	$ 18	$ 13
Investment banking and debt placement fees	116	6	(65)
Service charges on deposit accounts	84	2	(2)
Operating lease income and other leasing gains	30	(7)	(9)
Corporate services income	62	7	(3)
Cards and payments income	66	-	(1)
Corporate-owned life insurance	36	4	(3)
Consumer mortgage income	20	9	(1)
Commercial mortgage servicing fees	18	-	(1)
Other income	(88)	(98)	(102)
Total noninterest income	**$ 477**	**$ (59)**	**$ (174)**

Highlights

vs. Prior Year

- **Noninterest income down $59 MM (-11%) from 1Q19**
  - Other income down (-$98 MM), largely driven by market-related valuation adjustments for customer derivatives and trading losses
  - Partially offset by increases in trust and investment services income (+$18 MM)
  - Continued strength in consumer mortgage income (+$9 MM)

vs. Prior Quarter

- **Noninterest income down $174 MM (-27%) from 4Q19**
  - Other income down (-$102 MM), largely driven by market-related valuation adjustments for customer derivatives and trading losses
  - Lower investment banking and debt placement fees (-$65 MM) related to seasonal flows and COVID-19 impacts
  - Partially offset by higher trust and investment services income (+$13 MM)

Noninterest Expense

Noninterest Expense

$ in millions *favorable / (unfavorable)*	1Q20	vs. 1Q19	vs. 4Q19
Personnel	$ 515	$ 48	$ 36
Net occupancy	76	(4)	-
Computer processing	55	(1)	(4)
Business services, professional fees	44	-	10
Equipment	24	-	1
Operating lease expense	36	(10)	(4)
Marketing	21	(2)	6
FDIC assessment	9	(2)	(1)
Intangible asset amortization	17	5	2
OREO expense, net	3	-	-
Other expense	131	(2)	3
Total noninterest expense	**$ 931**	**$ 32**	**$ 49**
Notable Items:			
Pension settlement charge	-	-	18
Professional fees related to fraud loss	-	-	4
Efficiency initiative expenses	-	26	-
Total noninterest expense, excl. notable items[(a)]	**$ 931**	**$ 6**	**$ 27**

Highlights

vs. Prior Year

- **Noninterest expense down $32 MM (-3%) from 1Q19**
  - Excluding notable items down $6 MM (-.6%)[(a)]
- **Reflects the successful implementation of expense initiatives, partially offset by expenses related to Key's acquisition of Laurel Road in April 2019**

vs. Prior Quarter

- **Noninterest expense down $49 MM (-5%) from 4Q19**
  - Excluding notable items down $27 MM (-3%)[(a)]
- **Decrease from prior quarter reflects:**
  - Lower incentive compensation related to operating results
  - Lower business services and professional fees and seasonally lower marketing expense

(a) Non-GAAP measure and excludes notable items: see Appendix for detail

Current Expected Credit Loss (CECL)

Day 1 Implementation

- **January 1, 2020 impact [a]:**
  - $204 MM (23%) increase of Allowance for Loan and Lease Losses (ALLL) from continuing operations
  - The overall increase in the ALLL is driven by our longer duration consumer portfolio
  - $57 MM increase in Reserve for Unfunded Loan Commitments (RULC)
  - All former purchased credit impaired (PCI) loans became purchased credit deteriorated (PCD) loans[b]
    - ➢ As a result of CECL, PCD loans that meet the definition of nonperforming are now included in nonperforming disclosures[b] ➔ resulted in $45 MM increase in NPLs in 1Q20
- **Regulatory Capital implications:**
  - Elected to delay the impact of the transition for 2 years (phased in over 3 years beginning in 2022)

Day 2

- **Provision exceeded net charge-offs by $275 MM**
- **Reasonable and supportable period: 2 years**

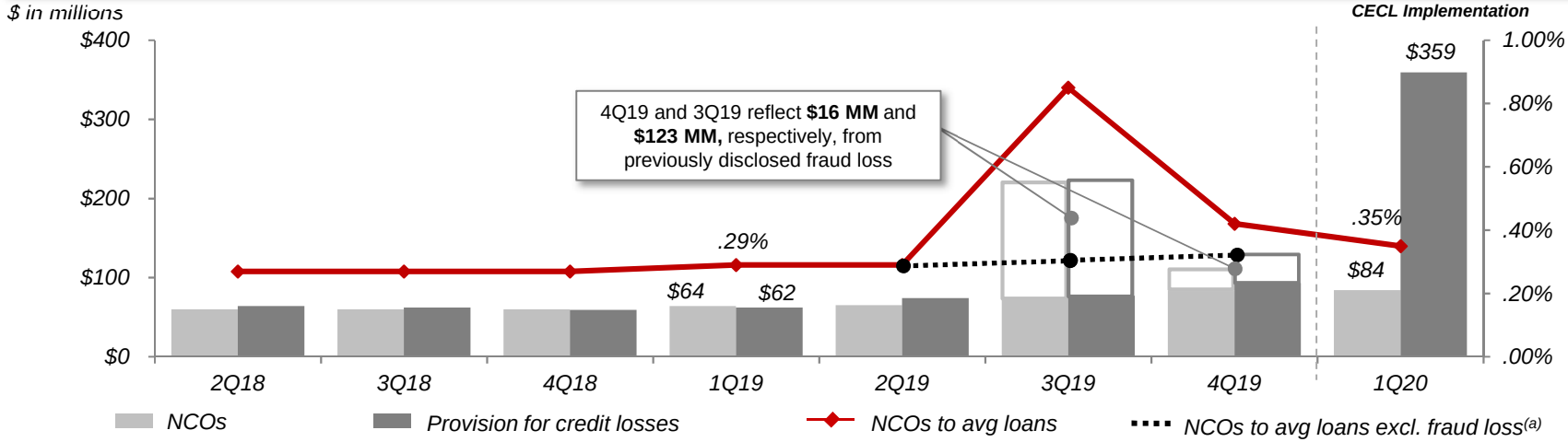
Qualitative Adjustment Methodology:

- **Base case assumptions adjusted to incorporate estimated impact from the pandemic, including:**
  - A severe downturn in economic activity, with a partial recovery later in the year
  - Increased reserves were provided for certain customers reflecting greater impact from the pandemic
  - Reserves reflected the impact of loan migration and growth through 3/31/20

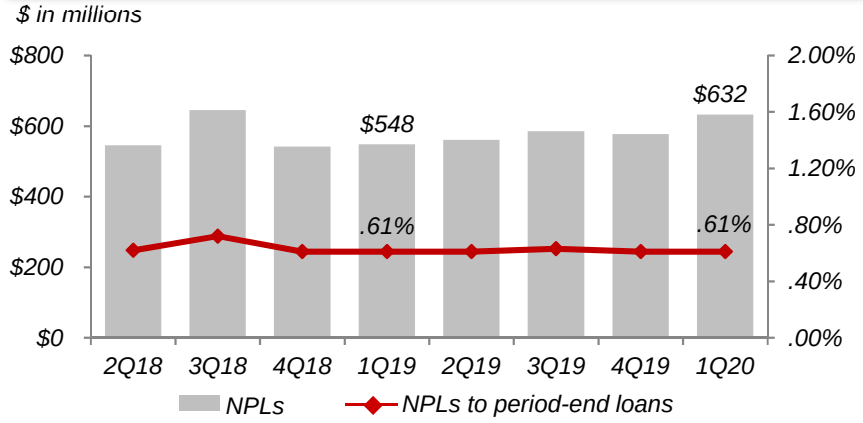
(a) Resulted in $230 MM decrease of retained earnings, net of deferred taxes ($71 MM)
(b) PCI loans and leases meeting nonperforming criteria were historically excluded from Key's nonperforming disclosures

Credit Quality

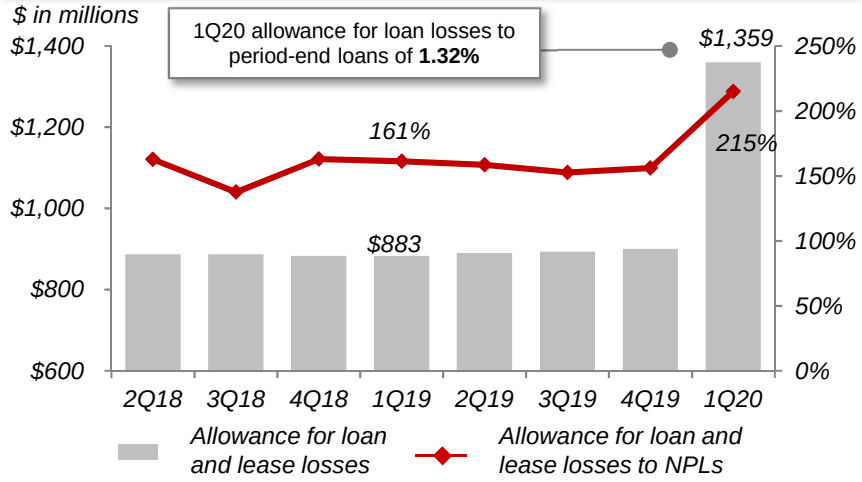
Net Charge-offs & Provision for Credit Losses



Nonperforming Loans(b)



Allowance for Loan and Lease Losses



NCO = Net charge-off

(a) Excludes fraud loss in 4Q19 and 3Q19; see reconciliation in Appendix

(b) Purchased credit impaired (PCI) loans and leases meeting nonperforming criteria were historically excluded from Key's nonperforming disclosures. As a result of CECL implementation on 1/1/20, PCI loans became purchased credit deteriorated (PCD) loans. PCD loans that meet the definition of nonperforming are now included in nonperforming disclosures, resulting in a $45 million increase in NPLs in 1Q20

Select Commercial Portfolio Focus Areas

Active Portfolio Surveillance

- Ongoing portfolio reviews
- Monitoring ratings migration
- Central reporting on enterprise-wide relief initiatives
- Established **pandemic watchlist** and ongoing review of commercial clients at risk
  - Evaluate business position as well as potential COVID implications
  - Deferral requests automatically added

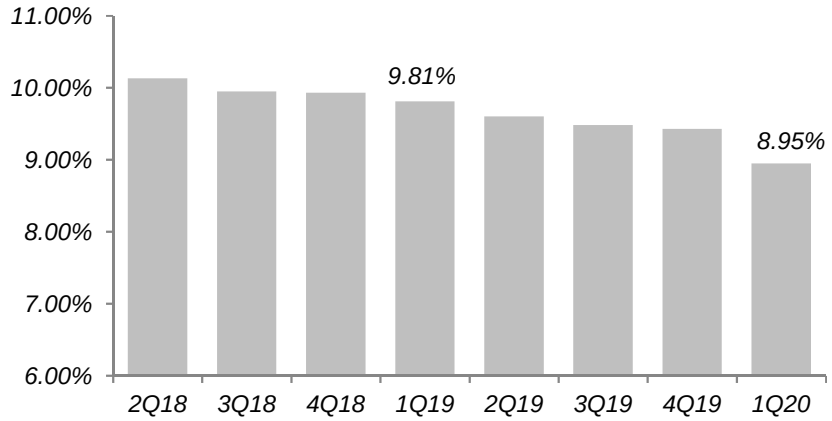
Portfolios in Focus

		Outstandings	*% Total Loans*
Consumer Behavior	• Restaurants ($480 MM), sports, entertainment/ leisure, services, education, etc.	***$5.3 B***	***5.1%***
Travel/ Tourism/	• Diversified portfolio including hotels, tours, air/ water/ rail leasing	***$3.1 B***	***3.0%***
Leveraged Lending	• All exposure has total debt/EBITDA > 4.0x or senior debt/EBITDA > 3.0x and meets the purpose test (the new debt finances a buyout, acquisition, or capital distribution) • Diversified portfolio in multiple industries	***$2.7 B***	***2.6%***
Oil & Gas	• Primarily focused upstream; reserve-based • Comprised of ½ oil, ½ gas • Stress-tested at various price points	***$2.7 B***	***2.6%***

Portfolios reviewed on a frequent and ongoing basis

Capital

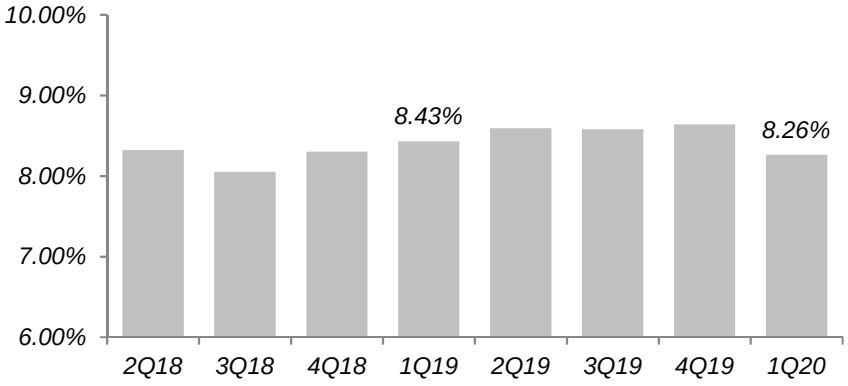
Common Equity Tier 1[a]



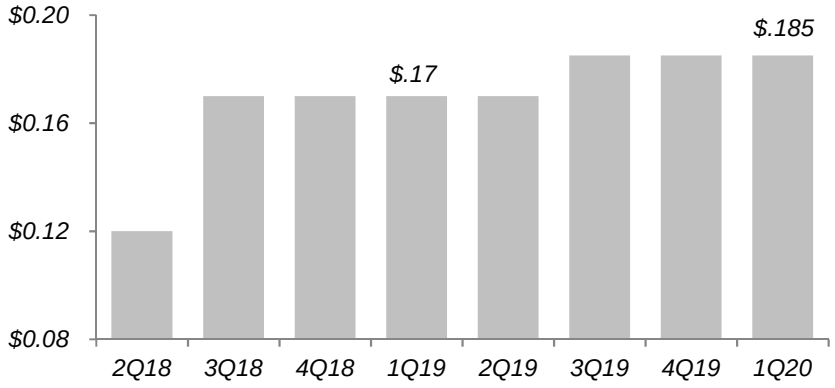
Highlights

- **Strong capital position: CET1 ratio of 8.95%[a] at 3/31/2020**
- **Capital positioned to weather adverse operating environments**
- **Disciplined capital management, including meaningful shareholder return in 1Q20:**
  - Quarterly common share dividend of $.185
  - Completed $120 MM[c] of common share repurchases

Tangible Common Equity to Tangible Assets[b]



Quarterly Common Share Dividend



(a) 3/31/20 ratio is estimated and reflects Key's election to adopt the CECL optional transition provision
(b) Non-GAAP measure: see Appendix for reconciliation
(c) Common share repurchase amount includes repurchases to offset issuances of common shares under our employee compensation plans

Second Quarter 2020 Trends & Long-term Targets

Second Quarter 2020 Trend (vs. First Quarter 2020)

- **Average Loans:** continued strong growth reflecting starting point (EOP balance) and PPP
- **Deposits:** up linked-quarter, supporting loan growth
- **Net interest income:** higher NII reflecting loan growth and lower NIM due to PPP
- **Noninterest income:**
  - No meaningful market-related valuation adjustments expected
  - Non-market related fee income should be down slightly, reflecting lower activity levels
  - Too early to predict market-related revenues
- **Noninterest expense:** relatively stable
- **Net charge-offs:** expected to be at the lower end of 40-60 bps range

Note: Given our inability to estimate the impact of COVID-19 on our business and operations in 2020, we are withdrawing the Company's financial outlook for full-year 2020 that was issued on January 23, 2020.

Long-term Targets

Positive operating leverage	***Moderate risk profile:*** *Net charge-offs to avg. loans targeted range of 40-60 bps*	***ROTCE:*** *16% - 19%*	***Cash efficiency ratio:*** *54% - 56%*

PPP= Paycheck Protection Program

Appendix

Loan Portfolio Detail, at 3/31/2020

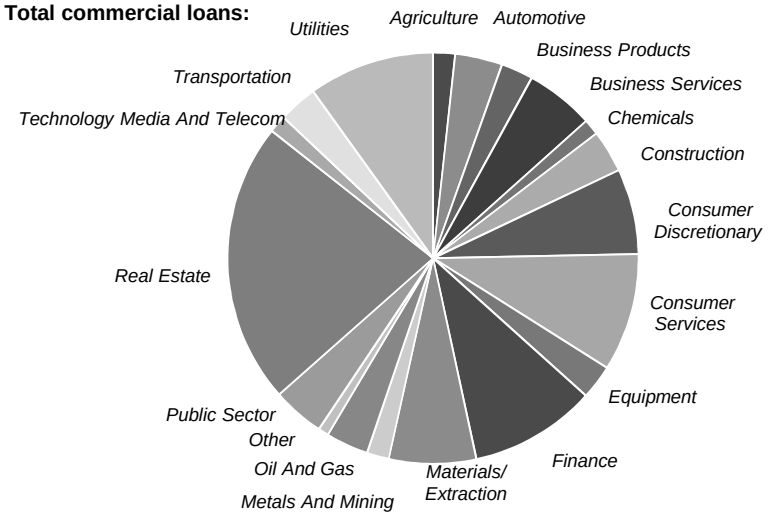
Total Loans

$ in billions	3/31/20	% of total loans
Commercial and industrial	$ 56.0	54
Commercial real estate	15.3	15
Commercial lease financing	4.7	5
Total Commercial	**$ 75.9**	**74%**
Residential mortgage	7.5	7
Home equity	10.1	10
Consumer direct	3.8	4
Credit card	1.0	1
Consumer indirect	4.8	5
Total Consumer	**$ 27.3**	**26%**

Commercial Loans

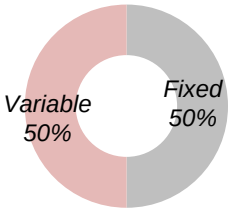
Diversified Portfolio by Industry

Total commercial loans:



Home Equity

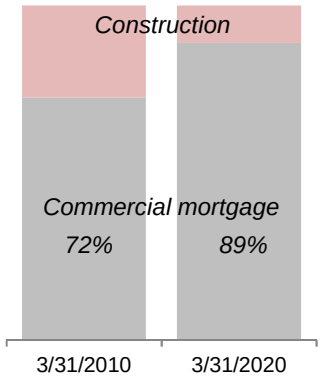
	Outstanding Balances		Average Loan Size	Average FICO	2008/ prior vintage
First lien	$ 6,218	62%	$ 72,368	776	13%
Second lien	3,885	38	46,123	776	24
Total home equity	**$ 10,103**				



- Combined weighted-average LTV at origination: 70%
- $557 million in lines outstanding (9% of the home equity lines) come to end of draw period by 1Q22

Commercial Real Estate

- Focused on relationships with CRE owners
- Aligned with targeted industry verticals
- Primarily commercial mortgage; selective approach to construction
- Criticized non-accruals: 0.6% of period-end balances[(a)]

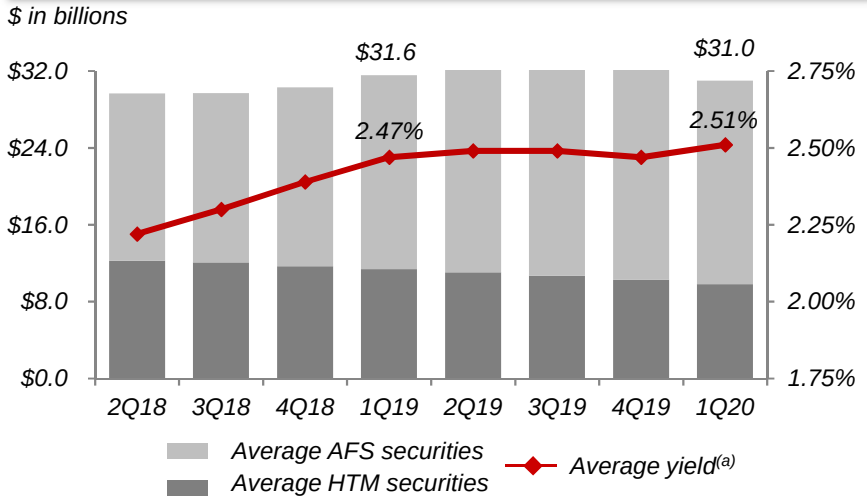


Tables may not foot due to rounding

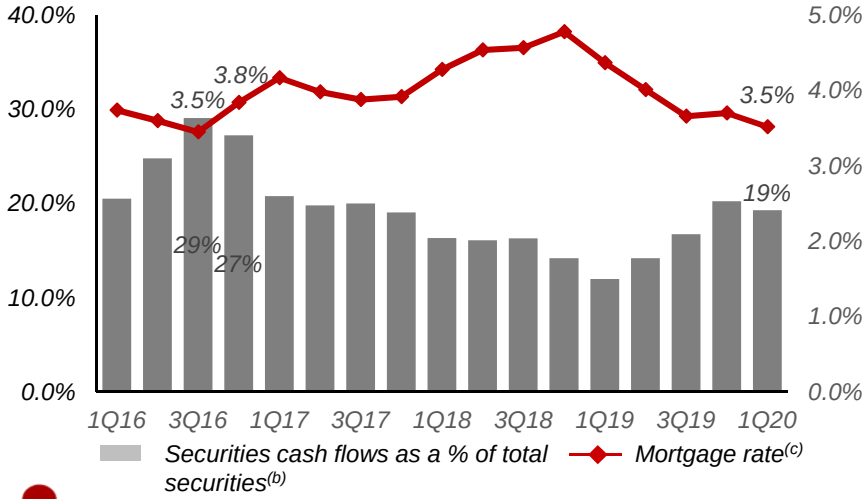
(a) Loan and lease outstandings

Investment Portfolio

Average Total Investment Securities



Securities Cash Flows (b) as a % of Total Securities



Highlights

- **Portfolio used for funding and liquidity management:**
  - Portfolio composed primarily of Fixed Rate GNMA and GSE-backed MBS and CMOs
  - GNMA 45% of 1Q20 average balance
  - Reinvestments continue to be in High Quality Liquid Assets
- **Mortgage securities cash flows were not reinvested in 1Q20, rather excess stored liquidity was used to fund loan growth**
  - Yields on current reinvestment opportunities would be ~100bps lower than runoff yields
- **Strategically positioned the portfolio to provide greater yield stability in a lower interest rate environment:**
  - Grew allocation to bullet-like or locked-out securities backed by commercial mortgages by ~15%
  - Focused on investing in securities backed by residential mortgage collateral with lower prepayment risks
  - Reduced exposure to net unamortized premiums on mortgage securities
  - Annualized cash flows ~10% lower compared to when mortgage rates were at similar levels in 2016
- **Portfolio average life of 4.2 years and duration of 3.6 years at 3/31/2020**

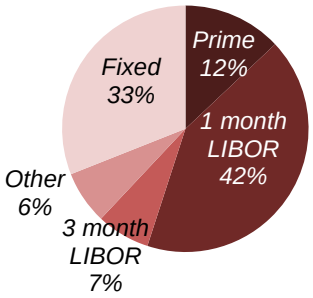
(a) Yield is calculated on the basis of amortized cost
(b) Quarterly cash flows annualized
(c) Average 30-year Freddie Mac fixed mortgage rate

Asset & Liability Management Positioning

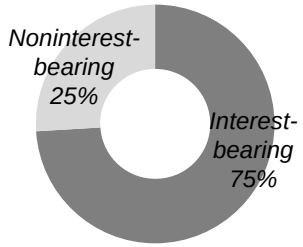
Active hedging moderates interest rate risk, protecting and enhancing net interest income

1Q20 Balance Sheet Highlights[(a)]

Loan Composition



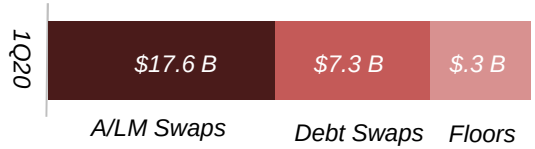
Deposit Mix



- **Attractive business model with relationship-oriented lending franchise**
  - Distinctive commercial capabilities drive C&I growth and ~67% floating-rate loan mix
  - Laurel Road and residential mortgage enhances fixed rate loan volumes with attractive client profile
- **Strong, low-cost deposit base**
  - ~65% stable retail and low-cost escrow
  - >85% from markets where Key maintains top-5 deposit or branch share
- **$30 B securities portfolio structured to provide greater yield stability in a lower rate environment**

Actively Managing Interest Rate Risk Position

- **Exposure to declining rates increased in 1Q20, driven by market dislocation and widening of LIBOR/ Fed Funds spread**
  - Elevated 1M LIBOR rate benefits near term earnings, while increasing forward declining rate risk when measured against unchanged rates
  - NII decline of ~4% for a ramped 100 bps decrease from current rates over 12 months (subject to 25 bps floor)
- **Total Hedge portfolio of $25.2 B at 3/31/2020**
  - Executed $1.0 B swaps in 1Q20
  - Terminated $4.2 B of swaps with 2020 maturities and $3.9 B of interest rate floors to lock in gains



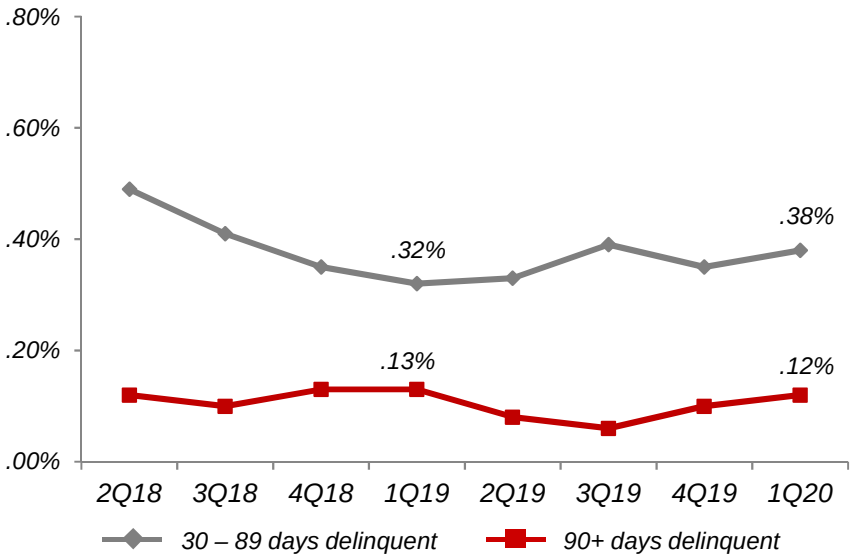
- **Hedging beginning in 3Q18 significantly reduced impact of recent rate movements (~$22 B in executions through 1Q20)**
- **Evaluating opportunities to protect and enhance NII through new hedging and/or modifying existing positions**
  - Current swap curve limits benefit of additional near term hedging
  - Zero floors on LIBOR in significant portions of floating rate loan book reduces exposure to negative short term rates

(a) Loan, deposit and securities portfolio statistics based on 3/31/2020 ending balances

Credit Quality Trends

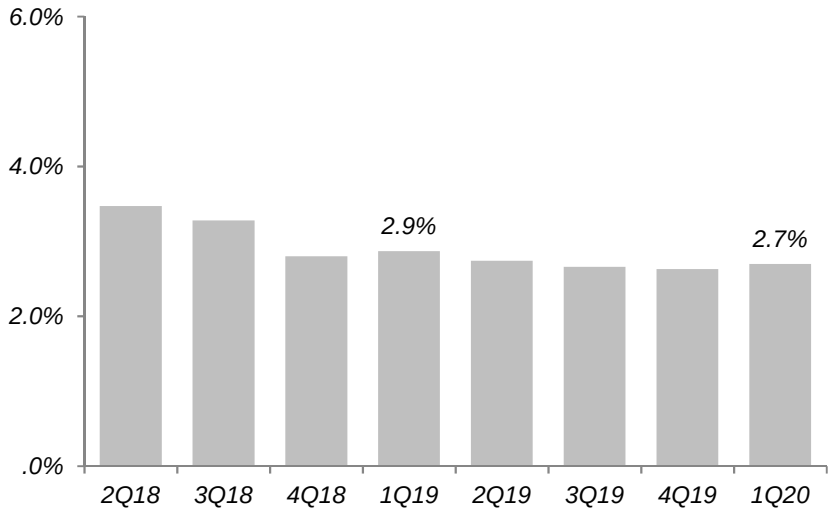
Delinquencies to Period-end Total Loans

Continuing operations



Criticized Outstandings[(a)] to Period-end Total Loans

Continuing operations



Metric[(b)]	1Q20		4Q19		3Q19		2Q19		1Q19	
Delinquencies to EOP total loans: 30-89 days	.38	%	.35	%	.39	%	.33	%	.32	%
Delinquencies to EOP total loans: 90+ days	.12		.10		.06		.08		.13	
NPLs to EOP portfolio loans	.61		.61		.63		.61		.61	
NPAs to EOP portfolio loans + OREO + Other NPAs	.82		.75		.77		.66		.66	
Allowance for loan losses to period-end loans	1.32		.95		.96		.97		.98	
Allowance for loan losses to NPLs	215.0		156.0		152.6		158.6		161.1	

(a) Loan and lease outstandings
(b) From continuing operations

Credit Quality

Credit Quality by Portfolio

$ in millions	Period-end loans	Average loans	Net loan charge-offs	Net loan charge-offs[(b)] / average loans (%)	Nonperforming loans	Ending allowance	Allowance / period-end loans (%)	Allowance / NPLs (%)
	3/31/20	1Q20	1Q20	1Q20	3/31/20	3/31/20	3/31/20	3/31/20
Commercial and industrial[(a)]	$ 55,983	$ 49,466	$ 55	.45%	$ 277	$ 542	.97%	195.67%
Commercial real estate:								
Commercial Mortgage	13,548	13,548	2	.06	87	207	1.53	237.93
Construction	1,710	1,666	-	-	2	25	1.46	N/M
Commercial lease financing[(c)]	4,677	4,565	2	.18	5	44	.94	880.00
Real estate – residential mortgage	7,498	7.215	-	-	89	89	1.19	100.00
Home equity	10,103	10,155	2	.08	143	184	1.82	128.67
Consumer direct loans	3,833	3,709	10	1.08	4	116	3.03	N/M
Credit cards	1,041	1,082	9	3.35	3	104	9.99	N/M
Consumer indirect loans	4,805	4,768	4	.34	22	48	1.00	218.18
Continuing total	**$ 103,198**	**$ 96,174**	**$ 84**	**.35%**	**$ 632**	**$ 1,359**	**1.32%**	**215.03%**
Discontinued operations	821	838	1	.48	7	43	5.24	614.29
Consolidated total	**$ 104,019**	**$ 97,012**	**$ 85**	**.35%**	**$ 639**	**$ 1,402**	**1.35%**	**219.41%**

N/M = Not meaningful

(a) Commercial and industrial ending loan balances include $143 million of commercial credit card balances at March 31, 2020; commercial and industrial average balances include $145 million of assets from commercial credit cards for the three months ended March 31, 2020
(b) Net loan charge-off amounts are annualized in calculation
(c) Commercial lease financing includes receivables held as collateral for a secured borrowing of $14 million at March 31, 2020. Principal reductions are based on the cash payments received from these related receivables

CECL Implementation

1Q20 CECL ALLL Impact by Portfolio

$ in millions	Pre-ASC 326 Adoption ALLL	Impact of ASC 326 Adoption	As Reported Under ASC 326 ALLL	Provision	Charge-offs	Recoveries	Ending ALLL March 31, 2020
	12/31/19	1/1/20	1/1/20	3/31/20	3/31/20	3/31/20	3/31/20
Commercial							
Commercial and industrial	$ 551	$ (141)	$ 410	$ 187	$ (60)	$ 5	$ 542
Real estate – commercial mortgage	143	16	159	50	(3)	1	207
Real estate – construction	22	(7)	15	10	-	-	25
Commercial lease financing	35	8	43	3	(2)	-	44
Total commercial loans	**$ 751**	**$ (124)**	**$ 627**	**$ 250**	**$ (65)**	**$ 6**	**$ 818**
Consumer							
Real estate – residential mortgage	7	77	84	5	-	-	89
Home equity loans	31	147	178	8	(4)	2	184
Consumer direct loans	34	63	97	29	(12)	2	116
Credit cards	47	35	82	31	(11)	2	104
Consumer indirect loans	30	6	36	16	(9)	5	48
Total consumer loans	**$ 149**	**$ 328**	**$ 477**	**$ 89**	**$ (36)**	**$ 11**	**$ 541**
Total ALLL – continuing operations	900	204	1,104	339	(101)	17	1,359
Discontinued operations	10	31	41	3	(2)	1	43
Total ALLL	**$ 910**	**$ 235**	**$ 1,145**	**$ 342**	**$ (103)**	**$ 18**	**$ 1,402**

Note: Tables may not foot due to rounding

GAAP to Non-GAAP Reconciliation

$ in millions	Three months ended 3/31/2020	12/31/2019	3/31/2019
Notable Items			
Provision for credit losses	-	$ (16)	-
Professional fees related to fraud loss	-	(4)	-
Efficiency initiative expenses	-	-	$ (26)
Pension settlement charge	-	(18)	-
Total notable items	-	$ (38)	$ (26)
Income taxes	-	(9)	(6)
Total notable items after tax	-	$ (29)	$ (20)
Tangible common equity to tangible assets at period end			
Key shareholders' equity (GAAP)	$ 17,411	$ 17,038	$ 15,924
Less: Intangible assets [(a)]	2,894	2,910	2,804
Preferred Stock [(b)]	1,856	1,856	1,421
Tangible common equity (non-GAAP)	$ 12,661	$ 12,272	$ 11,699
Total assets (GAAP)	$ 156,197	$ 144,988	$ 141,515
Less: Intangible assets [(a)]	2,894	2,910	2,804
Tangible assets (non-GAAP)	$ 153,303	$ 142,078	$ 138,711
Tangible common equity to tangible assets ratio (non-GAAP)	8.26%	8.64%	8.43%
Pre-provision net revenue			
Net interest income (GAAP)	$ 981	$ 979	$ 977
Plus: Taxable-equivalent adjustment	8	8	8
Noninterest income	477	651	536
Less: Noninterest expense	931	980	963
Pre-provision net revenue from continuing operations (non-GAAP)	$ 535	$ 658	$ 558
Average tangible common equity			
Average Key shareholders' equity (GAAP)	$ 17,216	$ 17,178	$ 15,702
Less: Intangible assets (average) [(c)]	2,902	2,919	2,813
Preferred Stock (average)	1,900	1,900	1,450
Average tangible common equity (non-GAAP)	$ 12,414	$ 12,359	$ 11,439
Return on average tangible common equity from continuing operations			
Net income (loss) from continuing operations attributable to Key common shareholders (GAAP)	$ 118	$ 439	$ 386
Plus: Notable items, after tax	-	29	20
Net income (loss) from continuing operations attributable to Key common shareholders excl. notable items	$ 118	$ 468	$ 406
Average tangible common equity (non-GAAP)	12,414	12,359	11,439
Return on average tangible common equity from continuing operations (non-GAAP)	3.82%	14.09%	13.69%
Return on average tangible common equity from continuing operations excl. notable items (non-GAAP)	3.82%	15.02%	14.39%

(a) For the three months ended March 31, 2020, December 31, 2019, and March 31, 2019, intangible assets exclude $6 million, $7 million, and $12 million, respectively, of period-end purchased credit card receivables

(b) Net of capital surplus

(c) For the three months ended March 31, 2020, December 31, 2019, and March 31, 2019, intangible assets exclude $7 million, $8 million, and $13 million, respectively, of average purchased credit card receivables

GAAP to Non-GAAP Reconciliation

$ in millions	Three months ended		
	3/31/2020	12/31/2019	3/31/2019
Net loan charge-offs to average total loans excluding notable items			
Net loan charge-offs (GAAP)	$ 84	$ 99	$ 64
Less: Notable items	-	16	-
Net loan charge-offs excluding notable items (non-GAAP)	$ 84	$ 83	$ 64
Average loans outstanding	$ 96,174	$ 93,607	$ 89,649
Net loan charge-offs to average loans excluding notable items (non-GAAP)	.35%	.35%	.29%
Provision for credit losses excluding notable items			
Provision for credit losses (GAAP)	$ 359	$ 109	$ 62
Less: Notable items	-	$ 16	-
Provision for credit losses excluding notable items (non-GAAP)	$ 359	$ 93	$ 62
Cash efficiency ratio			
Noninterest expense (GAAP)	$ 931	$ 980	$ 963
Less: Intangible asset amortization	17	19	22
Adjusted noninterest expense (non-GAAP)	$ 914	$ 961	$ 941
Less: Notable items	-	22	26
Adjusted noninterest expense (non-GAAP)	$ 914	$ 939	$ 915
Net interest income (GAAP)	$ 981	$ 979	$ 977
Plus: Taxable-equivalent adjustment	8	8	8
Noninterest income	477	651	536
Total taxable-equivalent revenue (non-GAAP)	$ 1,466	$ 1,638	$ 1,521
Cash efficiency ratio (non-GAAP)	62.3%	58.7%	61.9%
Cash efficiency ratio excluding notable items (non-GAAP)	62.3%	57.3%	60.2%