KEYCORP REPORTS SECOND QUARTER 2020 NET INCOME OF $159 MILLION, OR $.16 PER DILUTED COMMON SHARE

Results reflect provision for credit losses of $482 million, which exceeded net charge-offs by $386 million, or $.34 per share

Positive operating leverage relative to prior year with record pre-provision net revenue

Record revenue up 17% from prior quarter, driven by strength in fees: positive momentum in capital markets businesses, payments and consumer mortgage

Continued to support clients with over $8 billion of Paycheck Protection Program funding

Committed to maintaining strong risk management practices: net charge-offs to average loans of 36 basis points

Strong capital position: Common Equity Tier 1 of 9.1%, within targeted range

CLEVELAND, July 22, 2020 - KeyCorp (NYSE: KEY) today announced net income from continuing operations attributable to Key common shareholders of $159 million, or $.16 per diluted common share for the second quarter of 2020, compared to $118 million, or $.12 per diluted common share, for the first quarter of 2020 and $403 million, or $.40 per diluted common share, for the second quarter of 2019. Key's results in the first and second quarters of 2020 reflect the Current Expected Credit Losses ("CECL") accounting methodology, as well as the impact of the COVID-19 pandemic.

"We are pleased with Key's second quarter results, which demonstrated the resiliency of our team and business, the strength of our balance sheet, and our strong risk management practices. Our results also reflected a significant build in our allowance for loan and lease losses, with our provision for credit losses exceeding net charge-offs by $386 million.

Importantly, we generated positive operating leverage versus the year-ago quarter and a record level of pre-provision net revenue. Our results included strong balance sheet trends, with double-digit growth in both loans and deposits. Our fee businesses also benefitted from broad-based growth, driven by strength in capital markets related income, cards and payments and consumer mortgage. Expenses this quarter reflected higher production-related variable costs, expenses related to our payments business, and COVID-19 related expenses, including steps that we continue to take to ensure the health and safety of our teammates.

We have also supported our clients by offering payment deferrals, hardship support, borrower assistance programs, and forbearance options to help provide a bridge for individuals and businesses through these uncertain times. We were very active in the Paycheck Protection Program, processing more than 40,000 loans, and providing over $8 billion of funding to help our clients.

We have positioned the company to perform through various operating environments and play a role in helping to revitalize our economy. Key remains well-capitalized, highly liquid, and committed to maintaining our moderate risk profile. I remain confident about the future of our company and our ability to create value for all our stakeholders."

- Chris Gorman, Chairman and CEO

Selected Financial Highlights

dollars in millions, except per share data	2Q20	1Q20	2Q19	Change 2Q20 vs. 1Q20	Change 2Q20 vs. 2Q19
Income (loss) from continuing operations attributable to Key common shareholders	**$ 159**	$ 118	$ 403	34.7%	(60.5)%
Income (loss) from continuing operations attributable to Key common shareholders per common share — assuming dilution	**.16**	.12	.40	33.3	(60.0)
Return on average tangible common equity from continuing operations [(a)]	**4.96%**	3.82%	13.69%	N/A	N/A
Return on average total assets from continuing operations	**.45**	.40	1.19	N/A	N/A
Common Equity Tier 1 ratio [(b)]	**9.1**	8.9	9.6	N/A	N/A
Book value at period end	**$ 16.07**	$ 15.95	$ 15.07	.8%	6.6 %
Net interest margin (TE) from continuing operations	**2.76%**	3.01%	3.06%	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) 6/30/20 ratio is estimated.
TE = Taxable Equivalent, N/A = Not Applicable

INCOME STATEMENT HIGHLIGHTS

Revenue

dollars in millions	2Q20	1Q20	2Q19	Change 2Q20 vs. 1Q20	Change 2Q20 vs. 2Q19
Net interest income (TE)	**$ 1,025**	$ 989	$ 989	3.6%	3.6%
Noninterest income	**692**	477	622	45.1	11.3
Total revenue	**$ 1,717**	$ 1,466	$ 1,611	17.1%	6.6%

TE = Taxable Equivalent

Taxable-equivalent net interest income was $1.0 billion for the second quarter of 2020, compared to taxable-equivalent net interest income of $989 million for the second quarter of 2019. The increase in net interest income reflects higher earning asset balances partially offset by a lower net interest margin. The net interest margin was impacted by lower interest rates, a lag in deposit pricing as interest rates declined, and a change in balance sheet mix, including elevated levels of liquidity and Key's participation in the Paycheck Protection Program.

Compared to the first quarter of 2020, taxable-equivalent net interest income increased by $36 million, reflecting higher earning asset balances, partially offset by a lower net interest margin. The lower net interest margin reflects elevated levels of liquidity, the impact of lower interest rates, and Key's participation in the Paycheck Protection Program.

Noninterest Income

dollars in millions	2Q20	1Q20	2Q19	Change 2Q20 vs. 1Q20	Change 2Q20 vs. 2Q19
Trust and investment services income	**$ 123**	$ 133	$ 122	(7.5)%	.8 %
Investment banking and debt placement fees	**156**	116	163	34.5	(4.3)
Service charges on deposit accounts	**68**	84	83	(19.0)	(18.1)
Operating lease income and other leasing gains	**60**	30	44	100.0	36.4
Corporate services income	**52**	62	53	(16.1)	(1.9)
Cards and payments income	**91**	66	73	37.9	24.7
Corporate-owned life insurance income	**35**	36	33	(2.8)	6.1
Consumer mortgage income	**62**	20	15	210.0	313.3
Commercial mortgage servicing fees	**12**	18	19	(33.3)	(36.8)
Other income	**33**	(88)	17	N/M	94.1
Total noninterest income	**$ 692**	$ 477	$ 622	45.1 %	11.3 %

Compared to the second quarter of 2019, noninterest income increased by $70 million, primarily driven by a $47 million increase in consumer mortgage income, driven by a record level of loan originations and related fees in the second quarter of 2020. Additionally, cards and payments income increased $18 million related to prepaid card activity and operating lease income increased $16 million driven by gains from the sale of leveraged leases. These benefits were partially offset by a decline of $15 million in service charges on deposit accounts.

Compared to the first quarter of 2020, noninterest income increased by $215 million. The largest driver of the quarterly increase was a $121 million improvement in other income, primarily driven by $92 million of market-related valuation adjustments in the first quarter of 2020. Other significant drivers for the quarter-over-quarter increase include $42 million of higher consumer mortgage income, and a $40 million increase in investment banking and debt placement fees related to strong commercial mortgage and debt capital markets activity. Operating lease income and cards and payments income also increased, $30 million and $25 million, respectively.

Noninterest Expense

dollars in millions	2Q20	1Q20	2Q19	Change 2Q20 vs. 1Q20	Change 2Q20 vs. 2Q19
Personnel expense	**$ 572**	$ 515	$ 589	11.1%	(2.9)%
Nonpersonnel expense	**441**	416	430	6.0	2.6
Total noninterest expense	**$ 1,013**	$ 931	$ 1,019	8.8%	(.6)%

Key's noninterest expense was $1.0 billion for the second quarter of 2020, a decrease of $6 million from the year-ago period. The second quarter of 2019 included notable items of $52 million, primarily personnel-related from Key's efficiency initiatives. Excluding notable items in the year-ago period, expenses increased $46 million. The increase is primarily related to higher other expense, from $25 million of payments-related expenses incurred in the current period, as well as COVID-19-related costs related to steps that the company has taken to ensure the health and safety of teammates.

Compared to the first quarter of 2020, noninterest expense increased $82 million. The increase was largely due to higher incentive and stock-based compensation from strong revenue production in Key's investment banking and consumer mortgage businesses. Other drivers for the linked quarter increase include $25 million of payments-related costs (in other expense), as well as other COVID-19 related expenses.

BALANCE SHEET HIGHLIGHTS

Average Loans

dollars in millions	2Q20	1Q20	2Q19	Change 2Q20 vs. 1Q20	Change 2Q20 vs. 2Q19
Commercial and industrial [(a)]	**$ 60,480**	$ 49,466	$ 47,227	22.3%	28.1%
Other commercial loans	**19,850**	19,779	19,765	.4	.4
Total consumer loans	**27,611**	26,929	23,793	2.5	16.0
Total loans	**$ 107,941**	$ 96,174	$ 90,785	12.2%	18.9%

(a) Commercial and industrial average loan balances include $135 million, $145 million, and $141 million of assets from commercial credit cards at June 30, 2020, March 31, 2020, and June 30, 2019, respectively.

Average loans were $107.9 billion for the second quarter of 2020, an increase of $17.2 billion compared to the second quarter of 2019. Commercial loans increased $13.3 billion, reflecting growth from participation in the Paycheck Protection Program during the current quarter, as well as core broad-based growth in commercial and industrial loans and increased utilization versus the year-ago period. Consumer loans increased $3.8 billion, driven by strength from Laurel Road and Key's consumer mortgage business.

Compared to the first quarter of 2020, average loans increased by $11.8 billion. The second quarter of 2020 included over $8 billion of loans related to the Paycheck Protection Program, which, in addition to the

increase in commercial and industrial utilization rates in March 2020, drove the majority of commercial loan growth from the prior quarter. Consumer loan growth continued to be driven by strength from Laurel Road, as well as a record quarter in Key's consumer mortgage business.

Average Deposits

dollars in millions	2Q20	1Q20	2Q19	Change 2Q20 vs. 1Q20	Change 2Q20 vs. 2Q19
Non-time deposits	**$ 118,694**	$ 99,117	$ 95,885	19.8 %	23.8%
Certificates of deposit ($100,000 or more)	**4,950**	6,310	8,147	(21.6)	(39.2)
Other time deposits	**4,333**	4,901	5,569	(11.6)	(22.2)
Total deposits	**$ 127,977**	$ 110,328	$ 109,601	16.0 %	16.8%
Cost of total deposits	**.30%**	.62%	.82%	N/A	N/A

N/A = Not Applicable

Average deposits totaled $128.0 billion for the second quarter of 2020, an increase of $18.4 billion compared to the year-ago quarter, reflecting growth from consumer and commercial relationships, partially offset by a decline in time deposits.

Compared to the first quarter of 2020, average deposits increased by $17.6 billion, primarily driven by broad-based commercial growth as well as growth from consumer stimulus payments and lower consumer spending. This growth was offset by a decline in time deposits, primarily related to lower interest rates.

ASSET QUALITY

dollars in millions	2Q20	1Q20	2Q19	Change 2Q20 vs. 1Q20	Change 2Q20 vs. 2Q19
Net loan charge-offs	**$ 96**	$ 84	$ 65	14.3 %	47.7%
Net loan charge-offs to average total loans	**.36%**	.35%	.29%	N/A	N/A
Nonperforming loans at period end	**$ 760**	$ 632	$ 561	20.3	35.5
Nonperforming assets at period end	**951**	844	608	12.7	56.4
Allowance for loan and lease losses	**1,708**	1,359	890	25.7	91.9
Allowance for loan and lease losses to nonperforming loans	**224.7%**	215.0%	158.6%	N/A	N/A
Provision for credit losses	**$ 482**	$ 359	$ 74	34.3 %	551.4%

N/A = Not Applicable

Key’s provision for credit losses was $482 million for the second quarter of 2020, compared to $74 million for the second quarter of 2019, and $359 million for the first quarter of 2020. The provision for credit losses reflects the adoption of a new accounting standard, often referred to as Current Expected Credit Losses ("CECL"), beginning in the first quarter of 2020. This framework requires that management estimate credit losses over the full remaining expected life and consider expected future changes in macroeconomic conditions.

The provision for credit losses exceeded net charge-offs by $386 million. Net loan charge-offs for the second quarter of 2020 totaled $96 million, or .36% of average total loans. These results compare to $65 million, or .29%, for the second quarter of 2019, and $84 million, or .35%, for the first quarter of 2020. Key’s allowance for loan and lease losses was $1.7 billion, or 1.61% of total period-end loans at June 30, 2020, compared to .97% at June 30, 2019, and 1.32% at March 31, 2020.

At June 30, 2020, Key’s nonperforming loans totaled $760 million, which represented .72% of period-end portfolio loans. These results compare to .61% at June 30, 2019, and .61% at March 31, 2020. Nonperforming assets at June 30, 2020, totaled $951 million, and represented .89% of period-end portfolio loans and OREO and other nonperforming assets. These results compare to .66% at June 30, 2019, and .82% at March 31, 2020.

CAPITAL

Key's estimated risk-based capital ratios included in the following table continued to exceed all "well-capitalized" regulatory benchmarks at June 30, 2020.

Capital Ratios

	6/30/2020	3/31/2020	6/30/2019
Common Equity Tier 1 [(a)]	**9.1%**	8.9%	9.6%
Tier 1 risk-based capital [(a)]	**10.4**	10.2	11.0
Total risk based capital [(a)]	**12.8**	12.2	13.0
Tangible common equity to tangible assets [(b)]	**7.6**	8.3	8.6
Leverage [(a)]	**8.8**	9.8	10.0

(a) 6/30/2020 ratio is estimated and reflects Key's election to adopt the CECL optional transition provision.
(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.

Key's capital position remained strong in the second quarter of 2020. As shown in the preceding table, at June 30, 2020, Key's estimated Common Equity Tier 1 and Tier 1 risk-based capital ratios stood at 9.1% and 10.4%, respectively. Key's tangible common equity ratio was 7.6% at June 30, 2020.

Key has elected the CECL phase-in option provided by regulatory guidance which delays for two years the estimated impact of CECL on regulatory capital and phases it in over three years beginning in 2022. On a fully phased-in basis, Key's Common Equity Tier 1 ratio would be reduced by 29 basis points.

Summary of Changes in Common Shares Outstanding

in thousands				Change 2Q20 vs.	
	2Q20	1Q20	2Q19	1Q20	2Q19
Shares outstanding at beginning of period	**975,319**	977,189	1,013,186	(.2)%	(3.7)%
Open market repurchases and return of shares under employee compensation plans	**(19)**	(7,862)	(10,412)	(99.8)	(99.8)
Shares issued under employee compensation plans (net of cancellations)	**647**	5,992	340	(89.2)	90.3
Shares outstanding at end of period	**975,947**	975,319	1,003,114	.1 %	(2.7)%

Consistent with Key's 2019 Capital Plan, during the second quarter of 2020, Key declared a dividend of $.185 per common share. Per Key's announcement on March 17, 2020, share repurchase activity has been temporarily suspended in response to the COVID-19 pandemic.

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	2Q20	1Q20	2Q19	Change 2Q20 vs. 1Q20	Change 2Q20 vs. 2Q19
Revenue from continuing operations (TE)					
Consumer Bank	**$ 841**	$ 820	$ 825	2.6 %	1.9 %
Commercial Bank	**847**	629	760	34.7	11.4
Other [(a)]	**29**	17	26	70.6	11.5
Total	**$ 1,717**	$ 1,466	$ 1,611	17.1 %	6.6 %
Income (loss) from continuing operations attributable to Key					
Consumer Bank	**$ 91**	$ 105	$ 177	(13.3)%	(48.6)%
Commercial Bank	**120**	70	277	71.4	(56.7)
Other [(a)]	**(24)**	(29)	(29)	N/M	N/M
Total	**$ 187**	$ 146	$ 425	28.1 %	(56.0)%

(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.

TE = Taxable Equivalent, N/M = Not Meaningful

Consumer Bank

dollars in millions	2Q20	1Q20	2Q19	Change 2Q20 vs. 1Q20	Change 2Q20 vs. 2Q19
Summary of operations					
Net interest income (TE)	**$ 594**	$ 590	$ 594	.7 %	—
Noninterest income	**247**	230	231	7.4	6.9 %
Total revenue (TE)	**841**	820	825	2.6	1.9
Provision for credit losses	**167**	140	40	19.3	317.5
Noninterest expense	**555**	543	552	2.2	.5
Income (loss) before income taxes (TE)	**119**	137	233	(13.1)	(48.9)
Allocated income taxes (benefit) and TE adjustments	**28**	32	56	(12.5)	(50.0)
Net income (loss) attributable to Key	**$ 91**	$ 105	$ 177	(13.3)%	(48.6)%
Average balances					
Loans and leases	**$ 39,197**	$ 35,197	$ 31,881	11.4 %	22.9 %
Total assets	**44,106**	38,460	35,469	14.7	24.4
Deposits	**79,502**	73,320	72,303	8.4	10.0
Assets under management at period end	**$ 39,722**	$ 36,189	$ 38,942	9.8 %	2.0 %

TE = Taxable Equivalent

Additional Consumer Bank Data

dollars in millions	2Q20	1Q20	2Q19	Change 2Q20 vs. 1Q20	Change 2Q20 vs. 2Q19
Noninterest income					
Trust and investment services income	**$ 87**	$ 93	$ 91	(6.5)%	(4.4)%
Service charges on deposit accounts	**38**	55	56	(30.9)	(32.1)
Cards and payments income	**46**	49	54	(6.1)	(14.8)
Other noninterest income	**76**	33	30	130.3	153.3
Total noninterest income	**$ 247**	$ 230	$ 231	7.4 %	6.9 %
Average deposit balances					
NOW and money market deposit accounts	**$ 49,152**	$ 45,583	$ 42,800	7.8 %	14.8 %
Savings deposits	**4,817**	4,345	4,506	10.9	6.9
Certificates of deposit ($100,000 or more)	**4,520**	5,587	6,644	(19.1)	(32.0)
Other time deposits	**4,296**	4,869	5,549	(11.8)	(22.6)
Noninterest-bearing deposits	**16,717**	12,936	12,804	29.2	30.6
Total deposits	**$ 79,502**	$ 73,320	$ 72,303	8.4 %	10.0 %
Home equity loans					
Average balance	**$ 9,893**	$ 10,093	$ 10,618		
Combined weighted-average loan-to-value ratio (at date of origination)	**70%**	70%	70%		
Percent first lien positions	**63**	62	60		
Other data					
Branches	**1,077**	1,082	1,102		
Automated teller machines	**1,394**	1,398	1,430		

Consumer Bank Summary of Operations (2Q20 vs. 2Q19)

- Net income attributable to Key of $91 million for the second quarter of 2020, compared to $177 million for the year-ago quarter
- Taxable equivalent net interest income was flat compared to the second quarter of 2019 as the lower interest rate environment offset balance sheet growth
- Average loans and leases increased $7.3 billion, or 22.9%, driven by loan production related to the Paycheck Protection Program, as well as growth from Laurel Road and consumer mortgage
- Average deposits increased $7.2 billion, or 10.0%, from the second quarter of 2019. This was driven by consumer stimulus payments and lower consumer spend activity
- Provision for credit losses increased $127 million compared to the second quarter of 2019. The increase in provision for credit losses is mainly attributable to the change in the economic scenario under the CECL accounting methodology, as well as balance sheet growth
- Noninterest income increased $16 million, or 6.9%, from the year-ago quarter, driven by a record quarter in consumer mortgage income partially offset by lower consumer spend activity
- Noninterest expense increased $3 million, or .5%, from the year ago quarter

Commercial Bank

dollars in millions	2Q20	1Q20	2Q19	Change 2Q20 vs. 1Q20	Change 2Q20 vs. 2Q19
Summary of operations					
Net interest income (TE)	**$ 442**	$ 410	$ 405	7.8 %	9.1 %
Noninterest income	**405**	219	355	84.9	14.1
Total revenue (TE)	**847**	629	760	34.7	11.4
Provision for credit losses	**314**	214	33	46.7	851.5
Noninterest expense	**403**	353	389	14.2	3.6
Income (loss) before income taxes (TE)	**130**	62	338	109.7	(61.5)
Allocated income taxes and TE adjustments	**10**	(8)	61	N/M	(83.6)
Net income (loss) attributable to Key	**$ 120**	$ 70	$ 277	71.4 %	(56.7)%
Average balances					
Loans and leases	**$ 68,038**	$ 60,082	$ 57,918	13.2 %	17.5 %
Loans held for sale	**2,012**	1,607	1,168	25.2	72.3
Total assets	**76,974**	69,383	65,901	10.9	16.8
Deposits	**46,099**	36,058	35,960	27.8 %	28.2 %

TE = Taxable Equivalent, N/M = Not Meaningful

Additional Commercial Bank Data

dollars in millions	2Q20	1Q20	2Q19	Change 2Q20 vs. 1Q20	Change 2Q20 vs. 2Q19
Noninterest income					
Trust and investment services income	**$ 36**	$ 39	$ 31	(7.7)%	16.1%
Investment banking and debt placement fees	**156**	116	162	34.5	(3.7)
Operating lease income and other leasing gains	**46**	30	43	53.3	7.0
Corporate services income	**45**	57	50	(21.1)	(10.0)
Service charges on deposit accounts	**30**	28	27	7.1	11.1
Cards and payments income	**44**	17	17	158.8	158.8
Payments and services income	**119**	102	94	16.7	26.6
Commercial mortgage servicing fees	**12**	18	20	(33.3)	(40.0)
Other noninterest income	**36**	(86)	5	N/M	620.0
Total noninterest income	**$ 405**	$ 219	$ 355	84.9 %	14.1%

N/M = Not Meaningful

Commercial Bank Summary of Operations (2Q20 vs. 2Q19)

- Net income attributable to Key of $120 million for the second quarter of 2020, compared to $277 million for the year-ago quarter
- Taxable-equivalent net interest income increased by $37 million, compared to the second quarter of 2019, with balance sheet growth partially offset by lower interest rate environment
- Average loan and lease balances increased $10.1 billion, or 17.5%, compared to the second quarter of 2019 driven by growth in commercial and industrial loans from line draws and Paycheck Protection Program loans
- Average deposit balances increased $10.1 billion, or 28.2%, compared to the second quarter of 2019, driven by growth in targeted relationships and the impact of government programs
- Provision for credit losses increased $281 million compared to the second quarter of 2019. The increase in provision for credit losses is mainly attributable to the change in the economic scenario under the CECL accounting methodology, but also impacted by line draws on commercial credits
- Noninterest income increased $50 million, or 14.1%, from the second quarter of 2019, driven by higher cards and payments income related to prepaid card revenue, as well as higher other income
- Noninterest expense increased by $14 million, or 3.6%, from the second quarter of 2019 driven by higher incentives related to strong revenue production

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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 $171.2 billion at June 30, 2020.

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 more than 1,000 branches and approximately 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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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, 2019, 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) and on the SEC's website (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. In addition to the aforementioned factors, the COVID–19 global pandemic is adversely affecting us, our clients, and third–party service providers, among others, and its impact may adversely affect our business and results of operations over a period of time. 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 Wednesday, July 22, 2020. A replay of the call will be available through August 5, 2020.*

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
Second Quarter 2020
Financial Supplement

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Financial Highlights

(dollars in millions, except per share amounts)

	Three months ended		
	6/30/2020	**3/31/2020**	**6/30/2019**
Summary of operations			
Net interest income (TE)	**$ 1,025**	$ 989	$ 989
Noninterest income	**692**	477	622
Total revenue (TE)	**1,717**	1,466	1,611
Provision for credit losses	**482**	359	74
Noninterest expense	**1,013**	931	1,019
Income (loss) from continuing operations attributable to Key	**185**	145	423
Income (loss) from discontinued operations, net of taxes	**2**	1	2
Net income (loss) attributable to Key	**187**	146	425
Income (loss) from continuing operations attributable to Key common shareholders	**159**	118	403
Income (loss) from discontinued operations, net of taxes	**2**	1	2
Net income (loss) attributable to Key common shareholders	**161**	119	405
Per common share			
Income (loss) from continuing operations attributable to Key common shareholders	**$ .16**	$ .12	$ .40
Income (loss) from discontinued operations, net of taxes	**—**	—	—
Net income (loss) attributable to Key common shareholders [a]	**.17**	.12	.40
Income (loss) from continuing operations attributable to Key common shareholders — assuming dilution	**.16**	.12	.40
Income (loss) from discontinued operations, net of taxes — assuming dilution	**—**	—	—
Net income (loss) attributable to Key common shareholders — assuming dilution [a]	**.17**	.12	.40
Cash dividends declared	**.185**	.185	.17
Book value at period end	**16.07**	15.95	15.07
Tangible book value at period end	**13.12**	12.98	12.12
Market price at period end	**12.18**	10.37	17.75
Performance ratios			
From continuing operations:			
Return on average total assets	**.45%**	.40%	1.19%
Return on average common equity	**4.05**	3.10	10.94
Return on average tangible common equity [b]	**4.96**	3.82	13.69
Net interest margin (TE)	**2.76**	3.01	3.06
Cash efficiency ratio [b]	**57.9**	62.3	61.9
From consolidated operations:			
Return on average total assets	**.46%**	.40%	1.19%
Return on average common equity	**4.10**	3.12	11.00
Return on average tangible common equity [b]	**5.02**	3.86	13.75
Net interest margin (TE)	**2.76**	3.00	3.05
Loan to deposit [c]	**80.4**	92.1	86.1
Capital ratios at period end			
Key shareholders' equity to assets	**10.2%**	11.1%	11.7%
Key common shareholders' equity to assets	**9.2**	10.0	10.5
Tangible common equity to tangible assets [b]	**7.6**	8.3	8.6
Common Equity Tier 1 [d]	**9.1**	8.9	9.6
Tier 1 risk-based capital [d]	**10.4**	10.2	11.0
Total risk-based capital [d]	**12.8**	12.2	13.0
Leverage [d]	**8.8**	9.8	10.0
Asset quality — from continuing operations			
Net loan charge-offs	**$ 96**	$ 84	$ 65
Net loan charge-offs to average loans	**.36%**	.35%	.29%
Allowance for loan and lease losses	**$ 1,708**	$ 1,359	$ 890
Allowance for credit losses	**1,906**	1,520	954
Allowance for loan and lease losses to period-end loans	**1.61%**	1.32%	.97%
Allowance for credit losses to period-end loans	**1.80**	1.47	1.04
Allowance for loan and lease losses to nonperforming loans [e]	**224.7**	215.0	158.6
Allowance for credit losses to nonperforming loans [e]	**250.8**	240.5	170.1
Nonperforming loans at period-end [e]	**$ 760**	$ 632	$ 561
Nonperforming assets at period-end [e]	**951**	844	608
Nonperforming loans to period-end portfolio loans [e]	**.72%**	.61%	.61%
Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets [e]	**.89**	.82	.66
Trust assets			
Assets under management	**$ 39,722**	$ 36,189	$ 38,942
Other data			
Average full-time equivalent employees	**16,646**	16,529	17,206
Branches	**1,077**	1,082	1,102
Taxable-equivalent adjustment	**$ 7**	$ 8	$ 8

Financial Highlights (continued)

(dollars in millions, except per share amounts)

	Six months ended	
	6/30/2020	6/30/2019
Summary of operations		
Net interest income (TE)	**$ 2,014**	$ 1,974
Noninterest income	**1,169**	1,158
Total revenue (TE)	**3,183**	3,132
Provision for credit losses	**841**	136
Noninterest expense	**1,944**	1,982
Income (loss) from continuing operations attributable to Key	**330**	829
Income (loss) from discontinued operations, net of taxes	**3**	3
Net income (loss) attributable to Key	**333**	832
Income (loss) from continuing operations attributable to Key common shareholders	**$ 277**	$ 789
Income (loss) from discontinued operations, net of taxes	**3**	3
Net income (loss) attributable to Key common shareholders	**280**	792
Per common share		
Income (loss) from continuing operations attributable to Key common shareholders	**$ .29**	$ .79
Income (loss) from discontinued operations, net of taxes	**—**	—
Net income (loss) attributable to Key common shareholders [(a)]	**.29**	.79
Income (loss) from continuing operations attributable to Key common shareholders — assuming dilution	**.28**	.78
Income (loss) from discontinued operations, net of taxes — assuming dilution	**—**	—
Net income (loss) attributable to Key common shareholders — assuming dilution [(a)]	**.29**	.78
Cash dividends paid	**.37**	.34
Performance ratios		
From continuing operations:		
Return on average total assets	**.43%**	1.18%
Return on average common equity	**3.58**	10.96
Return on average tangible common equity [(b)]	**4.40**	13.69
Net interest margin (TE)	**2.88**	3.10
Cash efficiency ratio [(b)]	**60.0**	61.9
From consolidated operations:		
Return on average total assets	**.43%**	1.18%
Return on average common equity	**3.62**	11.01
Return on average tangible common equity [(b)]	**4.45**	13.74
Net interest margin (TE)	**2.87**	3.08
Asset quality — from continuing operations		
Net loan charge-offs	**$ 180**	$ 129
Net loan charge-offs to average total loans	**.35%**	.29%
Other data		
Average full-time equivalent employees	**16,587**	17,379
Taxable-equivalent adjustment	**15**	16

(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.
(c) Represents period-end consolidated total loans and loans held for sale divided by period-end consolidated total deposits.
(d) June 30, 2020, ratio is estimated and reflects Key's election to adopt the CECL optional transition provision.

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," "pre-provision net revenue," and "cash efficiency ratio" and certain ratios 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.

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			Six months ended	
	6/30/2020	**3/31/2020**	**6/30/2019**	**6/30/2020**	**6/30/2019**
Tangible common equity to tangible assets at period-end					
Key shareholders' equity (GAAP)	**$ 17,542**	$ 17,411	$ 16,969		
Less: Intangible assets [(a)]	**2,877**	2,894	2,952		
Preferred Stock [(b)]	**1,856**	1,856	1,856		
Tangible common equity (non-GAAP)	**$ 12,809**	$ 12,661	$ 12,161		
Total assets (GAAP)	**$ 171,192**	$ 156,197	$ 144,545		
Less: Intangible assets [(a)]	**2,877**	2,894	2,952		
Tangible assets (non-GAAP)	**$ 168,315**	$ 153,303	$ 141,593		
Tangible common equity to tangible assets ratio (non-GAAP)	**7.6%**	8.3%	8.6%		
Pre-provision net revenue					
Net interest income (GAAP)	**$ 1,018**	$ 981	$ 981	**$ 1,999**	$ 1,958
Plus: Taxable-equivalent adjustment	**7**	8	8	**15**	16
Noninterest income	**692**	477	622	**1,169**	1,158
Less: Noninterest expense	**1,013**	931	1,019	**1,944**	1,982
Pre-provision net revenue from continuing operations (non-GAAP)	**$ 704**	$ 535	$ 592	**$ 1,239**	$ 1,150
Average tangible common equity					
Average Key shareholders' equity (GAAP)	**$ 17,688**	$ 17,216	$ 16,531	**$ 17,452**	$ 16,119
Less: Intangible assets (average) [(c)]	**2,886**	2,902	2,959	**2,894**	2,886
Preferred stock (average)	**1,900**	1,900	1,762	**1,900**	1,607
Average tangible common equity (non-GAAP)	**$ 12,902**	$ 12,414	$ 11,810	**$ 12,658**	$ 11,626
Return on average tangible common equity from continuing operations					
Net income (loss) from continuing operations attributable to Key common shareholders (GAAP)	**$ 159**	$ 118	$ 403	**$ 277**	$ 789
Plus: Notable items, after tax [(d)]	**—**	—	40	**—**	60
Net income (loss) from continuing operations attributable to Key common shareholders excluding notable items (non-GAAP)	**$ 159**	$ 118	$ 443	**$ 277**	$ 849
Average tangible common equity (non-GAAP)	**12,902**	12,414	11,810	**12,658**	11,626
Return on average tangible common equity from continuing operations (non-GAAP)	**4.96%**	3.82%	13.69%	**4.40%**	13.69%
Return on average tangible common equity from continuing operations excluding notable items (non-GAAP)	**4.96%**	3.82%	15.05%	**4.40%**	14.73%
Return on average tangible common equity consolidated					
Net income (loss) attributable to Key common shareholders (GAAP)	**$ 161**	$ 119	$ 405	**$ 280**	$ 792
Average tangible common equity (non-GAAP)	**12,902**	12,414	11,810	**12,658**	11,626
Return on average tangible common equity consolidated (non-GAAP)	**5.02%**	3.86%	13.75%	**4.45%**	13.74%

GAAP to Non-GAAP Reconciliations (continued)

(dollars in millions)

	Three months ended			Six months ended	
	6/30/2020	**3/31/2020**	**6/30/2019**	**6/30/2020**	**6/30/2019**
Cash efficiency ratio					
Noninterest expense (GAAP)	**$ 1,013**	$ 931	$ 1,019	**$ 1,944**	$ 1,982
Less: Intangible asset amortization	**18**	17	22	**35**	44
Adjusted noninterest expense (non-GAAP)	**$ 995**	$ 914	$ 997	**$ 1,909**	$ 1,938
Less: Notable items [(d)]	**—**	—	52	**—**	78
Adjusted noninterest expense excluding notable items (non-GAAP)	**$ 995**	$ 914	$ 945	**$ 1,909**	$ 1,860
Net interest income (GAAP)	**$ 1,018**	$ 981	$ 981	**$ 1,999**	$ 1,958
Plus: Taxable-equivalent adjustment	**7**	8	8	**15**	16
Noninterest income	**692**	477	622	**1,169**	1,158
Total taxable-equivalent revenue (non-GAAP)	**$ 1,717**	$ 1,466	$ 1,611	**$ 3,183**	$ 3,132
Cash efficiency ratio (non-GAAP)	**57.9%**	62.3%	61.9%	**60.0%**	61.9%
Cash efficiency ratio excluding notable items (non-GAAP)	**57.9%**	62.3%	58.7%	**60.0%**	59.4%

(a) For the three months ended June 30, 2020, March 31, 2020, and June 30, 2019, intangible assets exclude $5 million, $6 million, and $10 million, respectively, of period-end purchased credit card receivables.
(b) Net of capital surplus.
(c) For the three months ended June 30, 2020, March 31, 2020, and June 30, 2019, average intangible assets exclude $6 million, $7 million, and $11 million, respectively, of average purchased credit card receivables. For the six months ended June 30, 2020, and June 30, 2019, average intangible assets exclude $6 million and $12 million, respectively, of average purchase credit card receivables.
(d) Additional detail provided in Notable Items table on page 24 of this release.
GAAP = U.S. generally accepted accounting principles

Consolidated Balance Sheets

(dollars in millions)

	6/30/2020	3/31/2020	6/30/2019
Assets			
Loans	**$ 106,159**	$ 103,198	$ 91,937
Loans held for sale	**2,007**	2,143	1,790
Securities available for sale	**23,600**	20,807	21,528
Held-to-maturity securities	**9,075**	9,638	10,878
Trading account assets	**645**	795	1,005
Short-term investments	**14,036**	4,073	2,443
Other investments	**655**	679	632
Total earning assets	**156,177**	141,333	130,213
Allowance for loan and lease losses	**(1,708)**	(1,359)	(890)
Cash and due from banks	**1,059**	865	607
Premises and equipment	**776**	791	829
Goodwill	**2,664**	2,664	2,664
Other intangible assets	**218**	236	298
Corporate-owned life insurance	**4,251**	4,243	4,201
Accrued income and other assets	**6,976**	6,604	5,633
Discontinued assets	**779**	820	990
Total assets	**$ 171,192**	156,197	144,545
Liabilities			
Deposits in domestic offices:			
NOW and money market deposit accounts	**$ 78,853**	$ 71,005	$ 63,619
Savings deposits	**5,371**	4,753	4,747
Certificates of deposit ($100,000 or more)	**4,476**	5,630	8,084
Other time deposits	**4,011**	4,623	5,524
Total interest-bearing deposits	**92,711**	86,011	81,974
Noninterest-bearing deposits	**42,802**	29,293	27,972
Total deposits	**135,513**	115,304	109,946
Federal funds purchased and securities sold under repurchase agreements	**267**	2,444	161
Bank notes and other short-term borrowings	**1,716**	4,606	720
Accrued expense and other liabilities	**2,420**	2,700	2,435
Long-term debt	**13,734**	13,732	14,312
Total liabilities	**153,650**	138,786	127,574
Equity			
Preferred stock	**1,900**	1,900	1,900
Common shares	**1,257**	1,257	1,257
Capital surplus	**6,240**	6,222	6,266
Retained earnings	**12,154**	12,174	12,005
Treasury stock, at cost	**(4,945)**	(4,956)	(4,457)
Accumulated other comprehensive income (loss)	**936**	814	(2)
Key shareholders' equity	**17,542**	17,411	16,969
Noncontrolling interests	**—**	—	2
Total equity	**17,542**	17,411	16,971
Total liabilities and equity	**$ 171,192**	$ 156,197	$ 144,545
Common shares outstanding (000)	**975,947**	975,319	1,003,114

Consolidated Statements of Income

(dollars in millions, except per share amounts)

	Three months ended			Six months ended	
	6/30/2020	3/31/2020	6/30/2019	6/30/2020	6/30/2019
Interest income					
Loans	**$ 980**	$ 1,026	$ 1,082	**$ 2,006**	$ 2,148
Loans held for sale	**21**	19	15	**40**	28
Securities available for sale	**121**	129	135	**250**	264
Held-to-maturity securities	**56**	62	67	**118**	135
Trading account assets	**5**	8	9	**13**	17
Short-term investments	**7**	6	17	**13**	33
Other investments	**—**	1	4	**1**	8
Total interest income	**1,190**	1,251	1,329	**2,441**	2,633
Interest expense					
Deposits	**96**	169	223	**265**	425
Federal funds purchased and securities sold under repurchase agreements	**—**	6	—	**6**	1
Bank notes and other short-term borrowings	**5**	5	5	**10**	9
Long-term debt	**71**	90	120	**161**	240
Total interest expense	**172**	270	348	**442**	675
Net interest income	**1,018**	981	981	**1,999**	1,958
Provision for credit losses	**482**	359	74	**841**	136
Net interest income after provision for credit losses	**536**	622	907	**1,158**	1,822
Noninterest income					
Trust and investment services income	**123**	133	122	**256**	237
Investment banking and debt placement fees	**156**	116	163	**272**	273
Service charges on deposit accounts	**68**	84	83	**152**	165
Operating lease income and other leasing gains	**60**	30	44	**90**	81
Corporate services income	**52**	62	53	**114**	108
Cards and payments income	**91**	66	73	**157**	139
Corporate-owned life insurance income	**35**	36	33	**71**	65
Consumer mortgage income	**62**	20	15	**82**	26
Commercial mortgage servicing fees	**12**	18	19	**30**	37
Other income	**33**	(88)	17	**(55)**	27
Total noninterest income	**692**	477	622	**1,169**	1,158
Noninterest expense					
Personnel	**572**	515	589	**1,087**	1,152
Net occupancy	**71**	76	73	**147**	145
Computer processing	**56**	55	56	**111**	110
Business services and professional fees	**49**	44	45	**93**	89
Equipment	**25**	24	24	**49**	48
Operating lease expense	**34**	36	32	**70**	58
Marketing	**24**	21	24	**45**	43
FDIC assessment	**8**	9	9	**17**	16
Intangible asset amortization	**18**	17	22	**35**	44
OREO expense, net	**6**	3	4	**9**	7
Other expense	**150**	131	141	**281**	270
Total noninterest expense	**1,013**	931	1,019	**1,944**	1,982
Income (loss) from continuing operations before income taxes	**215**	168	510	**383**	998
Income taxes	**30**	23	87	**53**	169
Income (loss) from continuing operations	**185**	145	423	**330**	829
Income (loss) from discontinued operations, net of taxes	**2**	1	2	**3**	3
Net income (loss)	**187**	146	425	**333**	832
Less: Net income (loss) attributable to noncontrolling interests	**—**	—	—	**—**	—
Net income (loss) attributable to Key	**$ 187**	$ 146	$ 425	**$ 333**	$ 832
Income (loss) from continuing operations attributable to Key common shareholders	**$ 159**	$ 118	$ 403	**$ 277**	$ 789
Net income (loss) attributable to Key common shareholders	**161**	119	405	**280**	792
Per common share					
Income (loss) from continuing operations attributable to Key common shareholders	**$ .16**	$ .12	$ .40	**$ .29**	$ .79
Income (loss) from discontinued operations, net of taxes	**—**	—	—	**—**	—
Net income (loss) attributable to Key common shareholders [(a)]	**.17**	.12	.40	**.29**	.79
Per common share — assuming dilution					
Income (loss) from continuing operations attributable to Key common shareholders	**$ .16**	$ .12	$ .40	**$ .28**	$ .78
Income (loss) from discontinued operations, net of taxes	**—**	—	—	**—**	—
Net income (loss) attributable to Key common shareholders [(a)]	**.17**	.12	.40	**.29**	.78
Cash dividends declared per common share	**$ .185**	$ .185	$ .17	**$ .37**	$ .34
Weighted-average common shares outstanding (000)	**967,147**	967,446	999,163	**967,380**	1,003,047
Effect of common share options and other stock awards	**4,994**	8,664	8,801	**6,892**	9,318
Weighted-average common shares and potential common shares outstanding (000) [(b)]	**972,141**	976,110	1,007,964	**974,272**	1,012,365

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

	Second Quarter 2020			First Quarter 2020			Second Quarter 2019		
	Average Balance	Interest [a]	Yield/ Rate [a]	Average Balance	Interest [a]	Yield/ Rate [a]	Average Balance	Interest [a]	Yield/ Rate [a]
Assets									
Loans: [b], [c]									
Commercial and industrial [d]	**$ 60,480**	**$ 518**	**3.44 %**	$ 49,466	$ 508	4.13 %	$ 47,227	$ 547	4.65 %
Real estate — commercial mortgage	**13,510**	**128**	**3.80**	13,548	155	4.60	13,866	175	5.06
Real estate — construction	**1,756**	**17**	**3.97**	1,666	20	4.75	1,423	20	5.41
Commercial lease financing	**4,584**	**33**	**2.96**	4,565	39	3.39	4,476	41	3.65
Total commercial loans	**80,330**	**696**	**3.49**	69,245	722	4.19	66,992	783	4.69
Real estate — residential mortgage	**7,783**	**69**	**3.57**	7,215	68	3.75	5,790	58	4.03
Home equity loans	**9,949**	**97**	**3.89**	10,155	113	4.49	10,701	135	5.05
Consumer direct loans	**4,152**	**55**	**5.24**	3,709	54	5.91	2,352	43	7.39
Credit cards	**983**	**25**	**10.22**	1,082	31	11.50	1,091	31	11.26
Consumer indirect loans	**4,744**	**45**	**3.82**	4,768	46	3.86	3,859	40	4.15
Total consumer loans	**27,611**	**291**	**4.22**	26,929	312	4.66	23,793	307	5.17
Total loans	**107,941**	**987**	**3.67**	96,174	1,034	4.32	90,785	1,090	4.81
Loans held for sale	**2,463**	**21**	**3.50**	1,885	19	3.99	1,302	15	4.56
Securities available for sale [b], [e]	**20,749**	**121**	**2.43**	21,172	129	2.49	21,086	135	2.54
Held-to-maturity securities [b]	**9,331**	**56**	**2.43**	9,820	62	2.51	11,058	67	2.41
Trading account assets	**760**	**5**	**2.43**	1,065	8	2.95	1,124	9	3.28
Short-term investments	**7,892**	**7**	**.31**	1,764	6	1.42	3,200	17	2.23
Other investments [e]	**672**	**—**	**.29**	614	1	.40	640	4	2.00
Total earning assets	**149,808**	**1,197**	**3.22**	132,494	1,259	3.82	129,195	1,337	4.14
Allowance for loan and lease losses	**(1,413)**			(1,097)			(881)		
Accrued income and other assets	**15,704**			14,831			14,321		
Discontinued assets	**793**			838			1,009		
Total assets	**$ 164,892**			$ 147,066			$ 143,644		
Liabilities									
NOW and money market deposit accounts	**$ 75,297**	**56**	**.30**	$ 66,721	112	.67	$ 63,071	147	.93
Savings deposits	**5,130**	**—**	**.04**	4,655	1	.05	4,781	1	.09
Certificates of deposit ($100,000 or more)	**4,950**	**24**	**1.93**	6,310	34	2.20	8,147	48	2.37
Other time deposits	**4,333**	**16**	**1.52**	4,901	22	1.81	5,569	27	1.93
Total interest-bearing deposits	**89,710**	**96**	**.43**	82,587	169	.82	81,568	223	1.10
Federal funds purchased and securities sold under repurchase agreements	**242**	**—**	**.03**	2,002	6	1.17	194	—	.20
Bank notes and other short-term borrowings	**2,869**	**5**	**.57**	1,401	5	1.58	842	5	2.46
Long-term debt [f], [g]	**12,954**	**71**	**2.30**	12,443	90	2.96	13,213	120	3.67
Total interest-bearing liabilities	**105,775**	**172**	**.66**	98,433	270	1.10	95,817	348	1.46
Noninterest-bearing deposits	**38,267**			27,741			28,033		
Accrued expense and other liabilities	**2,369**			2,838			2,253		
Discontinued liabilities [g]	**793**			838			1,009		
Total liabilities	**147,204**			129,850			127,112		
Equity									
Key shareholders' equity	**17,688**			17,216			16,531		
Noncontrolling interests	**—**			—			1		
Total equity	**17,688**			17,216			16,532		
Total liabilities and equity	**$ 164,892**			$ 147,066			$ 143,644		
Interest rate spread (TE)			**2.56 %**			2.72 %			2.68 %
Net interest income (TE) and net interest margin (TE)		**1,025**	**2.76 %**		989	3.01 %		989	3.06 %
TE adjustment [b]		**7**			8			8	
Net interest income, GAAP basis		**$ 1,018**			$ 981			$ 981	

(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 June 30, 2020, March 31, 2020, and June 30, 2019.
(c) For purposes of these computations, nonaccrual loans are included in average loan balances.
(d) Commercial and industrial average balances include $135 million, $145 million, and $141 million of assets from commercial credit cards for the three months ended June 30, 2020, March 31, 2020, and June 30, 2019, 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)

	Six months ended June 30, 2020			Six months ended June 30, 2019		
	Average Balance	Interest [a]	Yield/ Rate [a]	Average Balance	Interest [a]	Yield/ Rate [a]
Assets						
Loans: [b], [c]						
Commercial and industrial [d]	$ 54,973	$ 1,026	3.75 %	$ 46,616	$ 1,079	4.67 %
Real estate — commercial mortgage	13,529	283	4.20	14,094	354	5.07
Real estate — construction	1,711	37	4.35	1,492	41	5.45
Commercial lease financing	4,575	72	3.17	4,486	82	3.66
Total commercial loans	74,788	1,418	3.81	66,688	1,556	4.70
Real estate — residential mortgage	7,500	137	3.66	5,667	114	4.02
Home equity loans	10,052	210	4.19	10,847	272	5.06
Consumer direct loans	3,930	109	5.56	2,109	80	7.68
Credit cards	1,032	56	10.89	1,098	63	11.53
Consumer indirect loans	4,756	91	3.84	3,811	79	4.14
Total consumer loans	27,270	603	4.44	23,532	608	5.20
Total loans	102,058	2,021	3.98	90,220	2,164	4.83
Loans held for sale	2,174	40	3.71	1,212	28	4.64
Securities available for sale [b], [e]	20,960	250	2.46	20,649	264	2.52
Held-to-maturity securities [b]	9,575	118	2.47	11,213	135	2.41
Trading account assets	913	13	2.73	1041	17	3.31
Short-term investments	4,828	13	.52	2,965	33	2.25
Other investments [e]	643	1	.34	647	8	2.35
Total earning assets	141,151	2,456	3.51	127,947	2,649	4.16
Allowance for loan and lease losses	(1255)			(879)		
Accrued income and other assets	15,268			14,317		
Discontinued assets	815			1,037		
Total assets	$ 155,979			$ 142,422		
Liabilities						
NOW and money market deposit accounts	$ 71,009	168	.47	$ 61,928	277	.90
Savings deposits	4,893	1	.04	4,796	2	.08
Certificates of deposit ($100,000 or more)	5,630	58	2.08	8,261	95	2.31
Other time deposits	4,617	38	1.67	5,535	51	1.86
Total interest-bearing deposits	86,149	265	.62	80,520	425	1.06
Federal funds purchased and securities sold under repurchase agreements	1,122	6	1.05	301	1	.67
Bank notes and other short-term borrowings	2,135	10	.90	746	9	2.59
Long-term debt [f], [g]	12,698	161	2.62	13,187	240	3.67
Total interest-bearing liabilities	102,104	442	.87	94,754	675	1.44
Noninterest-bearing deposits	33,004			28,074		
Accrued expense and other liabilities	2,604			2,437		
Discontinued liabilities [g]	815			1,037		
Total liabilities	138,527			126,302		
Equity						
Key shareholders' equity	17,452			16,119		
Noncontrolling interests	—			1		
Total equity	17,452			16,120		
Total liabilities and equity	$ 155,979			$ 142,422		
Interest rate spread (TE)			2.64 %			2.72 %
Net interest income (TE) and net interest margin (TE)		2,014	2.88 %		1,974	3.10 %
TE adjustment [b]		15			16	
Net interest income, GAAP basis		$ 1,999			$ 1,958	

(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 six months ended June 30, 2020, and June 30, 2019, respectively.
(c) For purposes of these computations, nonaccrual loans are included in average loan balances.
(d) Commercial and industrial average balances include $140 million and $137 million of assets from commercial credit cards for the six months ended June 30, 2020, and June 30, 2019, 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			Six months ended	
	6/30/2020	**3/31/2020**	**6/30/2019**	**6/30/2020**	**6/30/2019**
Personnel [a]	**$ 572**	$ 515	$ 589	**$ 1,087**	$ 1,152
Net occupancy	**71**	76	73	**147**	145
Computer processing	**56**	55	56	**111**	110
Business services and professional fees	**49**	44	45	**93**	89
Equipment	**25**	24	24	**49**	48
Operating lease expense	**34**	36	32	**70**	58
Marketing	**24**	21	24	**45**	43
FDIC assessment	**8**	9	9	**17**	16
Intangible asset amortization	**18**	17	22	**35**	44
OREO expense, net	**6**	3	4	**9**	7
Other expense	**150**	131	141	**281**	270
Total noninterest expense	**$ 1,013**	$ 931	$ 1,019	**$ 1,944**	$ 1,982
Average full-time equivalent employees [b]	**16,646**	16,529	17,206	**16,587**	17,379

(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			Six months ended	
	6/30/2020	**3/31/2020**	**6/30/2019**	**6/30/2020**	**6/30/2019**
Salaries and contract labor	**$ 332**	$ 316	$ 322	**$ 648**	$ 642
Incentive and stock-based compensation	**162**	102	155	**264**	287
Employee benefits	**76**	92	83	**168**	176
Severance	**2**	5	29	**7**	47
Total personnel expense	**$ 572**	$ 515	$ 589	**$ 1,087**	$ 1,152

Loan Composition

(dollars in millions)

	6/30/2020	3/31/2020	6/30/2019	Percent change 6/30/2020 vs 3/31/2020	Percent change 6/30/2020 vs 6/30/2019
Commercial and industrial [a]	**$ 58,297**	$ 55,983	$ 48,544	4.1 %	20.1 %
Commercial real estate:					
Commercial mortgage	**13,465**	13,548	13,299	(.6)	1.2
Construction	**1,919**	1,710	1,439	12.2	33.4
Total commercial real estate loans	**15,384**	15,258	14,738	.8	4.4
Commercial lease financing [b]	**4,524**	4,677	4,578	(3.3)	(1.2)
Total commercial loans	**78,205**	75,918	67,860	3.0	15.2
Residential — prime loans:					
Real estate — residential mortgage	**8,149**	7,498	6,053	8.7	34.6
Home equity loans	**9,782**	10,103	10,575	(3.2)	(7.5)
Total residential — prime loans	**17,931**	17,601	16,628	1.9	7.8
Consumer direct loans	**4,327**	3,833	2,350	12.9	84.1
Credit cards	**974**	1,041	1,096	(6.4)	(11.1)
Consumer indirect loans	**4,722**	4,805	4,003	(1.7)	18.0
Total consumer loans	**27,954**	27,280	24,077	2.5	16.1
Total loans [c], [d]	**$ 106,159**	$ 103,198	$ 91,937	2.9 %	15.5 %

(a) Loan balances include $132 million, $143 million, and $143 million of commercial credit card balances at June 30, 2020, March 31, 2020, and June 30, 2019, respectively.
(b) Commercial lease financing includes receivables held as collateral for a secured borrowing of $18 million, $14 million, and $11 million at June 30, 2020, March 31, 2020, and June 30, 2019, respectively. Principal reductions are based on the cash payments received from these related receivables.
(c) Total loans exclude loans of $780 million at June 30, 2020, $821 million at March 31, 2020, and $964 million at June 30, 2019, related to the discontinued operations of the education lending business.
(d) Accrued interest of $225 million, $241 million, and $272 million at June 30, 2020, March 31, 2020, and June 30, 2019, respectively, presented in "other assets" on the Consolidated Balance Sheets is excluded from the amortized cost basis disclosed in this table.

Loans Held for Sale Composition

(dollars in millions)

	6/30/2020	3/31/2020	6/30/2019	Percent change 6/30/2020 vs 3/31/2020	Percent change 6/30/2020 vs 6/30/2019
Commercial and industrial	**$ 419**	$ 446	$ 255	(6.1)%	64.3 %
Real estate — commercial mortgage	**1,107**	1,284	1,123	(13.8)	(1.4)
Commercial lease financing	**—**	8	—	N/M	N/M
Real estate — residential mortgage	**250**	152	164	64.5	52.4
Consumer direct loans	**231**	253	248	(8.7)	(6.9)
Total loans held for sale [a]	**$ 2,007**	$ 2,143	$ 1,790	(6.3)%	12.1 %

(a) Total loans held for sale include Real estate — residential mortgage loans held for sale at fair value of $250 million at June 30, 2020, $152 million at March 31, 2020, and $164 million at June 30, 2019.

Summary of Changes in Loans Held for Sale

(in millions)

	2Q20	1Q20	4Q19	3Q19	2Q19
Balance at beginning of period	**$ 2,143**	$ 1,334	$ 1,598	$ 1,790	$ 894
New originations	**3,621**	3,333	3,659	3,222	3,218
Transfers from (to) held to maturity, net	**(15)**	200	26	237	42
Loan sales	**(3,679)**	(2,649)	(3,933)	(3,602)	(2,358)
Loan draws (payments), net	**(61)**	(77)	(18)	(49)	(6)
Valuation adjustments	**(2)**	2	2	—	—
Balance at end of period [a]	**$ 2,007**	$ 2,143	$ 1,334	$ 1,598	$ 1,790

(a) Total loans held for sale include Real estate — residential mortgage loans held for sale at fair value of $250 million at June 30, 2020, $152 million at March 31, 2020, $140 million at December 31, 2019, $120 million at September 30, 2019, and $164 million at June 30, 2019.

Summary of Loan and Lease Loss Experience From Continuing Operations

(dollars in millions)

	Three months ended			Six months ended	
	6/30/2020	3/31/2020	6/30/2019	**6/30/2020**	6/30/2019
Average loans outstanding	**$ 107,941**	$ 96,174	$ 90,785	**$ 102,058**	$ 90,220
Allowance for loan and lease losses at the end of the prior period	**$ 1,359**	$ 900	$ 883	**$ 900**	$ 883
Cumulative effect from change in accounting principle [(a)]	**—**	204	—	**204**	—
Allowance for loan and lease losses at the beginning of the period	**1,359**	1,104	883	**1,104**	883
Loans charged off:					
Commercial and industrial	**71**	60	30	**131**	66
Real estate — commercial mortgage	**2**	3	1	**5**	6
Real estate — construction	**—**	—	—	**—**	4
Total commercial real estate loans	**2**	3	1	**5**	10
Commercial lease financing	**4**	2	16	**6**	24
Total commercial loans	**77**	65	47	**142**	100
Real estate — residential mortgage	**2**	—	1	**2**	2
Home equity loans	**2**	4	6	**6**	10
Consumer direct loans	**10**	12	10	**22**	20
Credit cards	**12**	11	12	**23**	23
Consumer indirect loans	**7**	9	8	**16**	16
Total consumer loans	**33**	36	37	**69**	71
Total loans charged off	**110**	101	84	**211**	171
Recoveries:					
Commercial and industrial	**5**	5	6	**10**	16
Real estate — commercial mortgage	**—**	1	1	**1**	2
Total commercial real estate loans	**—**	1	1	**1**	2
Commercial lease financing	**1**	—	2	**1**	3
Total commercial loans	**6**	6	9	**12**	21
Real estate — residential mortgage	**—**	—	—	**—**	1
Home equity loans	**1**	2	2	**3**	4
Consumer direct loans	**2**	2	2	**4**	3
Credit cards	**2**	2	2	**4**	4
Consumer indirect loans	**3**	5	4	**8**	9
Total consumer loans	**8**	11	10	**19**	21
Total recoveries	**14**	17	19	**31**	42
Net loan charge-offs	**(96)**	(84)	(65)	**(180)**	(129)
Provision (credit) for loan and lease losses	**445**	339	72	**784**	136
Allowance for loan and lease losses at end of period	**$ 1,708**	$ 1,359	$ 890	**$ 1,708**	$ 890
Liability for credit losses on lending-related commitments at the end of the prior period	**$ 161**	$ 68	$ 62	**$ 68**	$ 64
Liability for credit losses on contingent guarantees at the end of the prior period	**—**	7	—	**7**	—
Cumulative effect from change in accounting principle [(a), (b)]	**—**	66	—	**66**	—
Liability for credit losses on lending-related commitments at beginning of period	**161**	141	62	**141**	64
Provision (credit) for losses on lending-related commitments	**37**	20	2	**57**	—
Liability for credit losses on lending-related commitments at end of period [(c)]	**$ 198**	$ 161	$ 64	**$ 198**	$ 64
Total allowance for credit losses at end of period	**$ 1,906**	$ 1,520	$ 954	**$ 1,906**	$ 954
Net loan charge-offs to average total loans	**.36%**	.35%	.29%	**.35%**	.29%
Allowance for loan and lease losses to period-end loans	**1.61**	1.32	.97	**1.61**	.97
Allowance for credit losses to period-end loans	**1.80**	1.47	1.04	**1.80**	1.04
Allowance for loan and lease losses to nonperforming loans	**224.7**	215.0	158.6	**224.7**	158.6
Allowance for credit losses to nonperforming loans	**250.8**	240.5	170.1	**250.8**	170.1
Discontinued operations — education lending business:					
Loans charged off	**$ 2**	$ 2	$ 4	**$ 4**	$ 8
Recoveries	**2**	1	1	**3**	2
Net loan charge-offs	**—**	$ (1)	$ (3)	**$ (1)**	$ (6)

(a) The cumulative effect from change in accounting principle relates to the January 1, 2020, adoption of ASU 2016-13.
(b) March 31, 2020, amount excludes $4 million related to the provision for other financial assets.
(c) Included in "Accrued expense and other liabilities" on the balance sheet.

Asset Quality Statistics From Continuing Operations

(dollars in millions)

	2Q20	1Q20	4Q19	3Q19	2Q19
Net loan charge-offs	**$ 96**	$ 84	$ 99	$ 196	$ 65
Net loan charge-offs to average total loans	**.36%**	.35%	.42%	.85%	.29%
Allowance for loan and lease losses	**$ 1,708**	$ 1,359	$ 900	$ 893	$ 890
Allowance for credit losses [(a)]	**1,906**	1,520	968	958	954
Allowance for loan and lease losses to period-end loans	**1.61%**	1.32%	.95%	.96%	.97%
Allowance for credit losses to period-end loans	**1.80**	1.47	1.02	1.03	1.04
Allowance for loan and lease losses to nonperforming loans	**224.7**	215.0	156.0	152.6	158.6
Allowance for credit losses to nonperforming loans	**250.8**	240.5	167.8	163.8	170.1
Nonperforming loans at period end	**$ 760**	$ 632	$ 577	$ 585	$ 561
Nonperforming assets at period end	**951**	844	715	711	608
Nonperforming loans to period-end portfolio loans	**.72%**	.61%	.61%	.63%	.61%
Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets	**.89**	.82	.75	.77	.66

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

Summary of Nonperforming Assets and Past Due Loans From Continuing Operations

(dollars in millions)

	6/30/2020	3/31/2020	12/31/2019	9/30/2019	6/30/2019
Commercial and industrial	**$ 404**	$ 277	$ 264	$ 238	$ 189
Real estate — commercial mortgage	**91**	87	83	92	85
Real estate — construction	**1**	2	2	2	2
Total commercial real estate loans	**92**	89	85	94	87
Commercial lease financing	**9**	5	6	7	7
Total commercial loans	**505**	371	355	339	283
Real estate — residential mortgage	**89**	89	48	42	62
Home equity loans	**141**	143	145	179	191
Consumer direct loans	**3**	4	4	3	3
Credit cards	**2**	3	3	2	2
Consumer indirect loans	**20**	22	22	20	20
Total consumer loans	**255**	261	222	246	278
Total nonperforming loans	**760**	632	577	585	561
OREO	**112**	119	35	39	38
Nonperforming loans held for sale	**75**	89	94	78	—
Other nonperforming assets	**4**	4	9	9	9
Total nonperforming assets	**$ 951**	$ 844	$ 715	$ 711	$ 608
Accruing loans past due 90 days or more	**87**	128	97	54	74
Accruing loans past due 30 through 89 days	**419**	393	329	366	299
Restructured loans — accruing and nonaccruing [(a)]	**310**	340	347	347	395
Restructured loans included in nonperforming loans [(a)]	**166**	172	183	176	228
Nonperforming assets from discontinued operations — education lending business	**7**	7	7	7	7
Nonperforming loans to period-end portfolio loans	**.72%**	.61%	.61%	.63%	.61%
Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets	**.89**	.82	.75	.77	.66

(a) 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)

	2Q20	1Q20	4Q19	3Q19	2Q19
Balance at beginning of period	**$ 632**	$ 577	$ 585	$ 561	$ 548
Loans placed on nonaccrual status [(a)]	**293**	219	268	271	189
Charge-offs	**(111)**	(100)	(114)	(91)	(84)
Loans sold	**(5)**	(4)	(1)	—	(38)
Payments	**(29)**	(31)	(59)	(37)	(23)
Transfers to OREO	**—**	(3)	(3)	(4)	(4)
Transfers to nonperforming loans held for sale	**—**	—	(47)	(78)	—
Loans returned to accrual status	**(20)**	(26)	(52)	(37)	(27)
Balance at end of period	**$ 760**	$ 632	$ 577	$ 585	$ 561

(a) Purchase credit impaired (PCI) loans meeting nonperforming criteria were historically excluded from Key's nonperforming disclosures. As a result of CECL implementation on January 1, 2020, PCI loans became purchased credit deteriorated (PCD) loans. PCD loans that met the definition of nonperforming are now included in nonperforming disclosures, resulting in a $45 million increase in nonperforming loans in the first quarter of 2020.

Line of Business Results

(dollars in millions)

	2Q20	1Q20	4Q19	3Q19	2Q19	Percentage change 2Q20 vs. 1Q20	Percentage change 2Q20 vs. 2Q19
Consumer Bank							
Summary of operations							
Total revenue (TE)	**$ 841**	$ 820	$ 825	$ 833	$ 825	2.6 %	1.9 %
Provision for credit losses	**167**	140	55	48	40	19.3	317.5
Noninterest expense	**555**	543	552	531	552	2.2	.5
Net income (loss) attributable to Key	**91**	105	166	194	177	(13.3)	(48.6)
Average loans and leases	**39,197**	35,197	34,148	32,760	31,881	11.4	22.9
Average deposits	**79,502**	73,320	73,561	72,995	72,303	8.4	10.0
Net loan charge-offs	**39**	43	43	40	40	(9.3)	(2.5)
Net loan charge-offs to average total loans	**.40%**	.49%	.50%	.48%	.50%	N/A	N/A
Nonperforming assets at period end	**$ 332**	$ 342	$ 306	$ 354	$ 366	(2.9)	(9.3)
Return on average allocated equity	**10.38%**	12.18%	19.27%	22.82%	21.75%	N/A	N/A
Commercial Bank							
Summary of operations							
Total revenue (TE)	**$ 847**	$ 629	$ 771	$ 779	$ 760	34.7 %	11.4 %
Provision for credit losses	**314**	214	38	32	33	46.7	851.5
Noninterest expense	**403**	353	388	372	389	14.2	3.6
Net income (loss) attributable to Key	**120**	70	315	304	277	71.4	(56.7)
Average loans and leases	**68,038**	60,082	58,535	58,215	57,918	13.2	17.5
Average loans held for sale	**2,012**	1,607	1,465	1,325	1,168	25.2	72.3
Average deposits	**46,099**	36,058	38,224	36,204	35,960	27.8	28.2
Net loan charge-offs	**57**	40	39	35	23	42.5	147.8
Net loan charge-offs to average total loans	**.34%**	.27%	.26%	.24%	.16%	N/A	N/A
Nonperforming assets at period end	**$ 616**	$ 407	$ 402	$ 351	$ 235	51.4	162.1
Return on average allocated equity	**10.00%**	6.00%	26.69%	26.37%	24.09%	N/A	N/A

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

Notable Items

(in millions)

	Three months ended			Six months ended	
	6/30/2020	3/31/2020	6/30/2019	6/30/2020	6/30/2019
Efficiency initiative expenses	**—**	—	$ (50)	**—**	$ (76)
Laurel Road acquisition expenses	**—**	—	(2)	**—**	(2)
Total notable items	**—**	—	$ (52)	**—**	$ (78)
Income taxes	**—**	—	(12)	**—**	(18)
Total notable items, after tax	**—**	—	$ (40)	**—**	$ (60)