KEYCORP REPORTS SECOND QUARTER 2023 NET INCOME OF $250 MILLION, OR $.27 PER DILUTED COMMON SHARE

Strong, core funded balance sheet: period-end deposits up $1.0 billion compared to the prior quarter

Solid credit quality: net charge-offs to average loans of 17 basis points

Built capital: Common Equity Tier 1 of 9.2%[(a)]

Disciplined expense management: expenses down 9% from prior quarter and relatively stable versus the year-ago period

Net income includes $87 million, or $.09 per share from allowance build

CLEVELAND, July 20, 2023 - KeyCorp (NYSE: KEY) today announced net income from continuing operations attributable to Key common shareholders of $250 million, or $.27 per diluted common share for the second quarter of 2023. This compared to $275 million, or $.30 per diluted common share, for the first quarter of 2023 and $504 million, or $.54 per diluted common share, for the second quarter of 2022.

Comments from Chairman and CEO, Chris Gorman

"Key's second quarter results reflect our durable relationship-based business model, sound risk management, and strong balance sheet. Our longstanding commitment to primacy continues to serve us well, resulting in period-end deposit growth of $1 billion from the prior quarter.

Additionally, our results demonstrate our ongoing commitment to expense discipline. Expenses were down nearly 9% from the prior quarter, and stable compared to last year. We remain focused on improving productivity and efficiency across our businesses.

Credit quality continues to be a strength for Key, with net charge-offs to average loans of 17 basis points. In the second quarter, we added to our allowance, which represents over 7 years of annualized net charge-offs.

We continue to manage capital consistent with our capital priorities, which include supporting our relationship clients and dividends. At the end of the second quarter, Key's Common Equity Tier 1 ratio was 9.2%, up over 10 basis points from the prior quarter.

I am confident in the long-term outlook for Key and in our ability to deliver value to all of our stakeholders."

(a) June 30, 2023 ratio is estimated and reflects Key's election to adopt the CECL optional transition provision.

Selected Financial Highlights

Dollars in millions, except per share data				Change 2Q23 vs.	
	2Q23	**1Q23**	**2Q22**	**1Q23**	**2Q22**
Income (loss) from continuing operations attributable to Key common shareholders	**$ 250**	$ 275	$ 504	(9.1)%	(50.4)%
Income (loss) from continuing operations attributable to Key common shareholders per common share — assuming dilution	**.27**	.30	.54	(10.0)	(50.0)
Return on average tangible common equity from continuing operations [(a)]	**11.04 %**	13.16 %	20.90 %	N/A	N/A
Return on average total assets from continuing operations	**.58**	.66	1.16	N/A	N/A
Common Equity Tier 1 ratio [(b)]	**9.2**	9.1	9.2	N/A	N/A
Book value at period end	**$ 12.18**	$ 12.70	$ 13.48	(4.1)	(9.6)
Net interest margin (TE) from continuing operations	**2.12 %**	2.47 %	2.61 %	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) June 30, 2023 ratio is estimated.
TE = Taxable Equivalent, N/A = Not Applicable

INCOME STATEMENT HIGHLIGHTS

Revenue

Dollars in millions				Change 2Q23 vs.	
	2Q23	**1Q23**	**2Q22**	**1Q23**	**2Q22**
Net interest income (TE)	**$ 986**	$ 1,106	$ 1,104	(10.8)%	(10.7)%
Noninterest income	**609**	608	688	.2	(11.5)
Total revenue	**$ 1,595**	$ 1,714	$ 1,792	(6.9)%	(11.0)%

TE = Taxable Equivalent

Taxable-equivalent net interest income was $986 million for the second quarter of 2023 and the net interest margin was 2.12%. Compared to the second quarter of 2022, net interest income decreased $118 million, and the net interest margin decreased by 49 basis points. The decline in net interest income and the net interest margin reflects higher interest-bearing deposit costs and a shift in funding mix to higher cost deposits and borrowings.

Compared to the first quarter of 2023, taxable-equivalent net interest income decreased by $120 million, and the net interest margin decreased by 35 basis points. The decline in net interest income and the net interest margin reflects higher interest-bearing deposit costs and a shift in funding mix to higher-cost deposits and borrowings.

Noninterest Income

Dollars in millions				Change 2Q23 vs.	
	2Q23	**1Q23**	**2Q22**	**1Q23**	**2Q22**
Trust and investment services income	**$ 126**	$ 128	$ 137	(1.6)%	(8.0)%
Investment banking and debt placement fees	**120**	145	149	(17.2)	(19.5)
Cards and payments income	**85**	81	85	4.9	—
Service charges on deposit accounts	**69**	67	96	3.0	(28.1)
Corporate services income	**86**	76	96	13.2	(10.4)
Commercial mortgage servicing fees	**50**	46	45	8.7	11.1
Corporate-owned life insurance income	**32**	29	35	10.3	(8.6)
Consumer mortgage income	**14**	11	14	27.3	—
Operating lease income and other leasing gains	**23**	25	28	(8.0)	(17.9)
Other income	**4**	—	3	N/M	(33.3)
Total noninterest income	**$ 609**	$ 608	$ 688	.2 %	(11.5)%

Compared to the second quarter of 2022, noninterest income decreased by $79 million. The decrease was driven by a $29 million decline in investment banking and debt placement fees, reflecting lower merger

and acquisition advisory fees and lower syndication fees. Service charges on deposit accounts decreased $27 million, reflecting a reduction in overdraft and non-sufficient funds fees and lower account analysis fees related to the interest rate environment. Additionally, trust and investment services declined $11 million, reflecting a decline in fixed income and equity trading, and corporate services income decreased $10 million.

Compared to the first quarter of 2023, noninterest income increased by $1 million. The increase was driven by broad-based growth across most fee categories, including a $10 million increase in corporate services income, reflecting an increase in income associated with customer derivatives trading. These increases were mostly offset by a $25 million decline in investment banking and debt placement fees due to lower merger and acquisition advisory fees and lower syndication fees.

Noninterest Expense

Dollars in millions				Change 2Q23 vs.	
	2Q23	**1Q23**	**2Q22**	**1Q23**	**2Q22**
Personnel expense	**$ 622**	$ 701	$ 607	(11.3)%	2.5 %
Net occupancy	**65**	70	78	(7.1)	(16.7)
Computer processing	**95**	92	78	3.3	21.8
Business services and professional fees	**41**	45	52	(8.9)	(21.2)
Equipment	**22**	22	26	—	(15.4)
Operating lease expense	**21**	20	27	5.0	(22.2)
Marketing	**29**	21	34	38.1	(14.7)
Other expense	**181**	205	176	(11.7)	2.8
Total noninterest expense	**$ 1,076**	$ 1,176	$ 1,078	(8.5)%	(.2)%

Compared to the second quarter of 2022, noninterest expense decreased by $2 million. The decline was driven by a $13 million decrease in net occupancy expense as we exit corporate facilities and a $11 million decline in business services and professional fees. Partly offsetting the decline was an increase in computer processing expense of $17 million, due to technology investments, and a $15 million increase in personnel expense, due to an increase in salaries as a result of higher merit increases and employee benefits.

Compared to the first quarter of 2023, noninterest expense decreased $100 million. The decline was primarily driven by a $79 million decrease in personnel expense, reflective of lower incentive and stock-based compensation and a decline in severance expense. Additionally, other expense declined by $24 million, reflecting higher expenses related to corporate real estate rationalization in the prior quarter.

BALANCE SHEET HIGHLIGHTS

Average Loans

Dollars in millions				Change 2Q23 vs.	
	2Q23	**1Q23**	**2Q22**	**1Q23**	**2Q22**
Commercial and industrial [(a)]	**$ 61,426**	$ 60,281	$ 53,858	1.9 %	14.1 %
Other commercial loans	**22,623**	22,778	21,173	(.7)	6.8
Total consumer loans	**36,623**	36,778	34,107	(.4)	7.4
Total loans	**$ 120,672**	$ 119,837	$ 109,138	.7 %	10.6 %

(a) Commercial and industrial average loan balances include $194 million, $178 million, and $153 million of assets from commercial credit cards at June 30, 2023, March 31, 2023, and June 30, 2022, respectively.

Average loans were $120.7 billion for the second quarter of 2023, an increase of $11.5 billion compared to the second quarter of 2022. Commercial loans increased by $9.0 billion, largely reflecting growth in commercial and industrial loans of $7.6 billion, as well as an increase in commercial mortgage real estate loans of $1.5 billion. Consumer loans increased $2.5 billion, largely driven by Key's residential mortgage business.

Compared to the first quarter of 2023, average loans increased by $835 million. The increase was driven by commercial loans, reflecting growth in commercial and industrial loans.

Average Deposits

Dollars in millions				Change 2Q23 vs.	
	2Q23	**1Q23**	**2Q22**	**1Q23**	**2Q22**
Non-time deposits	**$127,687**	$132,907	$144,012	(3.9)%	(11.3)%
Certificates of deposit ($100,000 or more)	**3,851**	2,392	1,487	61.0	159.0
Other time deposits	**11,365**	8,106	1,972	40.2	476.3
Total deposits	**$142,903**	$143,405	$147,471	(.4)%	(3.1)%
Cost of total deposits	**1.49 %**	.99 %	.06 %	N/A	N/A

N/A = Not Applicable

Average deposits totaled $142.9 billion for the second quarter of 2023, a decrease of $4.6 billion compared to the year-ago quarter. The decline reflects elevated inflation-related spend, changing client behavior due to higher interest rates, and a normalization of pandemic-related deposits.

Compared to the first quarter of 2023, average deposits decreased by $502 million. The decline was driven by changing client behavior due to higher interest rates and normal seasonal deposit outflows in commercial deposits.

ASSET QUALITY

Dollars in millions				Change 2Q23 vs.	
	2Q23	**1Q23**	**2Q22**	**1Q23**	**2Q22**
Net loan charge-offs	**$ 52**	$ 45	$ 44	15.6 %	18.2 %
Net loan charge-offs to average total loans	**.17 %**	.15 %	.16 %	N/A	N/A
Nonperforming loans at period end	**$ 431**	$ 416	$ 429	3.6	0.5
Nonperforming assets at period end	**462**	447	463	3.4	(0.2)
Allowance for loan and lease losses	**1,480**	1,380	1,099	7.2	34.7
Allowance for credit losses	**1,771**	1,656	1,272	6.9	39.2
Provision for credit losses	**167**	139	45	20.1	271.1
Allowance for loan and lease losses to nonperforming loans	**343 %**	332 %	256 %	N/A	N/A
Allowance for credit losses to nonperforming loans	**411**	398	297	N/A	N/A

N/A = Not Applicable

Key's provision for credit losses was $167 million, compared to $45 million in the second quarter of 2022 and $139 million in the first quarter of 2023. The increase from the year-ago period and prior quarter reflects changes in the economic outlook and portfolio activity.

Net loan charge-offs for the second quarter of 2023 totaled $52 million, or 0.17% of average total loans. These results compare to $44 million, or 0.16%, for the second quarter of 2022 and $45 million, or 0.15%, for the first quarter of 2023. Key’s allowance for credit losses was $1.8 billion, or 1.49% of total period-end loans at June 30, 2023, compared to 1.13% at June 30, 2022, and 1.38% at March 31, 2023.

At June 30, 2023, Key’s nonperforming loans totaled $431 million, which represented 0.36% of period-end portfolio loans. These results compare to 0.38% at June 30, 2022, and 0.35% at March 31, 2023. Nonperforming assets at June 30, 2023, totaled $462 million, and represented 0.39% of period-end portfolio loans and OREO and other nonperforming assets. These results compare to 0.41% at June 30, 2022, and 0.37% at March 31, 2023.

CAPITAL

Key’s estimated risk-based capital ratios included in the following table continued to exceed all “well-capitalized” regulatory benchmarks at June 30, 2023.

Capital Ratios

	6/30/2023	3/31/2023	6/30/2022
Common Equity Tier 1 [(a)]	**9.2 %**	9.1 %	9.2 %
Tier 1 risk-based capital [(a)]	**10.7**	10.6	10.4
Total risk-based capital [(a)]	**13.0**	12.8	12.0
Tangible common equity to tangible assets [(b)]	**4.5**	4.6	5.3
Leverage [(a)]	**8.7**	8.8	8.6

(a) June 30, 2023 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 2023. As shown in the preceding table, at June 30, 2023, Key's estimated Common Equity Tier 1 and Tier 1 risk-based capital ratios stood at 9.2% and 10.7%, respectively. Key's tangible common equity ratio was 4.5% at June 30, 2023.

Key elected the CECL phase-in option provided by regulatory guidance which delayed for two years the estimated impact of CECL on regulatory capital and phases it in over three years beginning in 2022. Effective for the first quarter 2022, Key is now in the three-year transition period. On a fully phased-in basis, Key's Common Equity Tier 1 ratio would be reduced by eight basis points.

Summary of Changes in Common Shares Outstanding

In thousands				Change 2Q23 vs.	
	2Q23	1Q23	2Q22	1Q23	2Q22
Shares outstanding at beginning of period	**935,229**	933,325	932,398	.2 %	.3 %
Open market repurchases and return of shares under employee compensation plans	**(38)**	(4,333)	(24)	(99.1)	58.3
Shares issued under employee compensation plans (net of cancellations)	**542**	6,237	269	(91.3)	101.5
Shares outstanding at end of period	**935,733**	935,229	932,643	.1 %	.3 %

N/M = Not Meaningful

During the second quarter of 2023, Key declared a dividend of $.205 per common share. Additionally, we have $752 million remaining in our share repurchase authorization through the third quarter of 2023.

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	2Q23	1Q23	2Q22	Change 2Q23 vs. 1Q23	Change 2Q23 vs. 2Q22
Revenue from continuing operations (TE)					
Consumer Bank	**$ 803**	$ 840	$ 858	(4.4)%	(6.4)%
Commercial Bank	**805**	844	874	(4.6)	(7.9)
Other [(a)]	**(13)**	30	60	(143.3)	(121.7)
Total	**$ 1,595**	$ 1,714	$ 1,792	(6.9)%	(11.0)%
Income (loss) from continuing operations attributable to Key					
Consumer Bank	**$ 82**	$ 89	$ 128	(7.9)%	(35.9)%
Commercial Bank	**214**	255	340	(16.1)	(37.1)
Other [(a)]	**(10)**	(33)	62	69.7	(116.1)
Total	**$ 286**	$ 311	$ 530	(8.0)%	(46.0)%

(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

Consumer Bank

Dollars in millions	2Q23	1Q23	2Q22	Change 2Q23 vs. 1Q23	Change 2Q23 vs. 2Q22
Summary of operations					
Net interest income (TE)	**$ 558**	$ 612	$ 604	(8.8)%	(7.6)%
Noninterest income	**245**	228	254	7.5	(3.5)
Total revenue (TE)	**803**	840	858	(4.4)	(6.4)
Provision for credit losses	**32**	60	8	(46.7)	300.0
Noninterest expense	**663**	663	681	—	(2.6)
Income (loss) before income taxes (TE)	**108**	117	169	(7.7)	(36.1)
Allocated income taxes (benefit) and TE adjustments	**26**	28	41	(7.1)	(36.6)
Net income (loss) attributable to Key	**$ 82**	$ 89	$ 128	(7.9)%	(35.9)%
Average balances					
Loans and leases	**$ 42,934**	$ 43,086	$ 40,827	(.4)%	5.2 %
Total assets	**45,761**	45,935	43,897	(.4)	4.2
Deposits	**82,498**	84,637	91,394	(2.5)	(9.7)
Assets under management at period end	**$ 53,952**	$ 53,689	$ 49,003	.5 %	10.1 %

TE = Taxable Equivalent

Additional Consumer Bank Data

Dollars in millions	2Q23	1Q23	2Q22	Change 2Q23 vs. 1Q23	Change 2Q23 vs. 2Q22
Noninterest income					
Trust and investment services income	**$ 101**	$ 101	$ 104	— %	(2.9)%
Service charges on deposit accounts	**41**	38	59	7.9	(30.5)
Cards and payments income	**66**	61	62	8.2	6.5
Consumer mortgage income	**14**	11	14	27.3	—
Other noninterest income	**23**	17	15	35.3	53.3
Total noninterest income	**$ 245**	$ 228	$ 254	7.5 %	(3.5)%
Average deposit balances					
Money market deposits	**$ 27,340**	$ 28,128	$ 31,986	(2.8)%	(14.5)%
Demand deposits	**23,845**	24,849	25,905	(4.0)	(8.0)
Savings deposits	**6,298**	7,025	7,515	(10.3)	(16.2)
Certificates of deposit ($100,000 or more)	**3,550**	2,182	1,375	62.7	158.2
Other time deposits	**2,864**	2,169	1,966	32.0	45.7
Noninterest-bearing deposits	**18,601**	20,284	22,647	(8.3)	(17.9)
Total deposits	**$ 82,498**	$ 84,637	$ 91,394	(2.5)%	(9.7)%
Other data					
Branches	**965**	972	993		
Automated teller machines	**1,255**	1,265	1,308		

Consumer Bank Summary of Operations (2Q23 vs. 2Q22)

- Key's Consumer Bank recorded net income attributable to Key of $82 million for the second quarter of 2023, compared to $128 million for the year-ago quarter
- Taxable-equivalent net interest income decreased by $46 million, or 7.6%, compared to the second quarter of 2022, driven by higher interest-bearing deposit costs and a shift in funding mix
- Average loans and leases increased $2.1 billion, or 5.2%, from the second quarter of 2022, driven by growth in consumer mortgage loans
- Average deposits decreased $8.9 billion, or 9.7%, from the second quarter of 2022, reflecting elevated inflation-related spend, changing client behavior due to higher interest rates, and a normalization of pandemic-related deposits
- Provision for credit losses increased $24 million compared to the second quarter of 2022, driven by increases in both the allowance for credit losses and net loan charge-offs
- Noninterest income decreased $9 million from the year-ago quarter, driven by lower service charges on deposit accounts due to a planned reduction in overdraft and non-sufficient funds fees
- Noninterest expense decreased $18 million from the year-ago quarter, reflecting lower incentive compensation and employee benefits from the prior period, partly offset by an increase in salaries

Commercial Bank

Dollars in millions	2Q23	1Q23	2Q22	Change 2Q23 vs. 1Q23	Change 2Q23 vs. 2Q22
Summary of operations					
Net interest income (TE)	**$ 459**	$ 478	$ 470	(4.0)%	(2.3)%
Noninterest income	**346**	366	404	(5.5)	(14.4)
Total revenue (TE)	**805**	844	874	(4.6)	(7.9)
Provision for credit losses	**134**	80	37	67.5	262.2
Noninterest expense	**405**	442	411	(8.4)	(1.5)
Income (loss) before income taxes (TE)	**266**	322	426	(17.4)	(37.6)
Allocated income taxes and TE adjustments	**52**	67	86	(22.4)	(39.5)
Net income (loss) attributable to Key	**$ 214**	$ 255	$ 340	(16.1)%	(37.1)%
Average balances					
Loans and leases	**$ 77,277**	$ 76,306	$ 67,825	1.3 %	13.9 %
Loans held for sale	**1,014**	876	1,016	15.8	(0.2)
Total assets	**87,106**	85,852	78,816	1.5	10.5
Deposits	**51,420**	52,219	54,846	(1.5)%	(6.2)%

TE = Taxable Equivalent

Additional Commercial Bank Data

Dollars in millions	2Q23	1Q23	2Q22	Change 2Q23 vs. 1Q23	Change 2Q23 vs. 2Q22
Noninterest income					
Trust and investment services income	**$ 25**	$ 27	$ 33	(7.4)%	(24.2)%
Investment banking and debt placement fees	**120**	145	150	(17.2)	(20.0)
Cards and payments income	**22**	20	23	10.0	(4.3)
Service charges on deposit accounts	**27**	27	36	—	(25.0)
Corporate services income	**77**	69	87	11.6	(11.5)
Commercial mortgage servicing fees	**50**	46	45	8.7	11.1
Operating lease income and other leasing gains	**24**	24	27	—	(11.1)
Other noninterest income	**1**	8	3	(87.5)	(66.7)
Total noninterest income	**$ 346**	$ 366	$ 404	(5.5)%	(14.4)%

Commercial Bank Summary of Operations (2Q23 vs. 2Q22)

- Key's Commercial Bank recorded net income attributable to Key of $214 million for the second quarter of 2023 compared to $340 million for the year-ago quarter
- Taxable-equivalent net interest income decreased by $11 million, or 2.3%, compared to the second quarter of 2022, primarily reflecting higher interest-bearing deposit costs and a shift in funding mix to higher-cost deposits
- Average loan and lease balances increased $9.5 billion, or 13.9%, compared to the second quarter of 2022, reflecting growth in commercial and industrial loans and an increase in commercial mortgage real estate loans
- Average deposit balances decreased $3.4 billion compared to the second quarter of 2022, reflecting changing client behavior due to higher interest rates
- Provision for credit losses increased $97 million compared to the second quarter of 2022, driven by higher allowance for credit losses due to changes in the economic outlook and portfolio activity
- Noninterest income decreased $58 million from the year-ago quarter, primarily driven by lower investment banking and debt placement fees reflecting lower merger and acquisition advisory fees and lower syndication fees, as well as a decrease in corporate services income
- Noninterest expense decreased $6 million from the second quarter of 2022, primarily driven by a decline in incentive compensation

****

KeyCorp's roots trace back nearly 200 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 $195 billion at June 30, 2023.

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 approximately 1,000 branches and approximately 1,300 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.

CONTACTS:

ANALYSTS
Vernon L. Patterson
216.689.0520
Vernon_Patterson@KeyBank.com

Adrienne Atkinson
216.689.4030
Adrienne.Atkinson@key.com

Halle A. Nichols
216.471.2184
Halle_A_Nichols@KeyBank.com

MEDIA
Susan Donlan
216.471.3133
Susan_E_Donlan@KeyBank.com

Beth Strauss
216.471.2787
Beth_A_Strauss@KeyBank.com

Twitter: @keybank

INVESTOR RELATIONS:
www.key.com/ir

KEY MEDIA NEWSROOM:
www.key.com/newsroom

This earnings release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements do not relate strictly to historical or current facts. Forward-looking statements usually can be identified by the use of words such as "goal," "objective," "plan," "expect," "assume," "anticipate," "intend," "project," "believe," "estimate," or other words of similar meaning. Forward-looking statements provide our current expectations or forecasts of future events, circumstances, results, or aspirations. Forward-looking statements, by their nature, are subject to assumptions, risks and uncertainties, many of which are outside of our control. Our actual results may differ materially from those set forth in our forward-looking statements. There is no assurance that any list of risks and uncertainties or risk factors is complete. Factors that could cause Key's actual results to differ from those described in the forward-looking statements can be found in KeyCorp's Form 10-K for the year ended December 31, 2022, Form 10-Q for the quarter ended March 31, 2023, 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 worsening of the U.S. economy due to financial, political, or other shocks, the extensive regulation of the U.S. financial services industry, the soundness of other financial institutions and the impact of changes in the interest rate environment. 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 10:00 a.m. ET, on July 20, 2023. A replay of the call will be available through July 29, 2023.*

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****.*

*****

KeyCorp
Second Quarter 2023
Financial Supplement

Page

12	Basis of Presentation
13	Financial Highlights
15	GAAP to Non-GAAP Reconciliation
17	Consolidated Balance Sheets
18	Consolidated Statements of Income
19	Consolidated Average Balance Sheets, and Net Interest Income and Yields/Rates From Continuing Operations
21	Noninterest Expense
21	Personnel Expense
22	Loan Composition
22	Loans Held for Sale Composition
22	Summary of Changes in Loans Held for Sale
23	Summary of Loan and Lease Loss Experience From Continuing Operations
24	Asset Quality Statistics From Continuing Operations
24	Summary of Nonperforming Assets and Past Due Loans From Continuing Operations
24	Summary of Changes in Nonperforming Loans From Continuing Operations
25	Line of Business Results

Basis of Presentation

Use of Non-GAAP Financial Measures

This document contains GAAP financial measures and non-GAAP financial measures where management believes it to be helpful in understanding Key's results of operations or financial position. Where non-GAAP financial measures are used, the comparable GAAP financial measure, as well as the reconciliation to the comparable GAAP financial measure, can be found in this document, the financial supplement, or conference call slides related to this document, all of which can be found on Key's website (www.key.com/ir).

Annualized Data

Certain returns, yields, performance ratios, or quarterly growth rates are presented on an "annualized" basis. This is done for analytical and decision-making purposes to better discern underlying performance trends when compared to full-year or year-over-year amounts.

Taxable Equivalent

Income from tax-exempt earning assets is increased by an amount equivalent to the taxes that would have been paid if this income had been taxable at the federal statutory rate. This adjustment puts all earning assets, most notably tax-exempt municipal securities, and certain lease assets, on a common basis that facilitates comparison of results to results of peers.

Earnings Per Share Equivalent

Certain income or expense items may be expressed on a per common share basis. This is done for analytical and decision-making purposes to better discern underlying trends in total consolidated earnings per share performance excluding the impact of such items. When the impact of certain income or expense items is disclosed separately, the after-tax amount is computed using the marginal tax rate, with this then being the amount used to calculate the earnings per share equivalent.

Financial Highlights

(Dollars in millions, except per share amounts)

	Three months ended		
	6/30/2023	**3/31/2023**	**6/30/2022**
Summary of operations			
Net interest income (TE)	**$ 986**	$ 1,106	$ 1,104
Noninterest income	**609**	608	688
Total revenue (TE)	**1,595**	1,714	1,792
Provision for credit losses	**167**	139	45
Noninterest expense	**1,076**	1,176	1,078
Income (loss) from continuing operations attributable to Key	**286**	311	530
Income (loss) from discontinued operations, net of taxes	**1**	1	3
Net income (loss) attributable to Key	**287**	312	533
Income (loss) from continuing operations attributable to Key common shareholders	**250**	275	504
Income (loss) from discontinued operations, net of taxes	**1**	1	3
Net income (loss) attributable to Key common shareholders	**251**	276	507
Per common share			
Income (loss) from continuing operations attributable to Key common shareholders	**$ .27**	$ .30	$ .54
Income (loss) from discontinued operations, net of taxes	**—**	—	—
Net income (loss) attributable to Key common shareholders [a]	**.27**	.30	.55
Income (loss) from continuing operations attributable to Key common shareholders — assuming dilution	**.27**	.30	.54
Income (loss) from discontinued operations, net of taxes — assuming dilution	**—**	—	—
Net income (loss) attributable to Key common shareholders — assuming dilution [a]	**.27**	.30	.54
Cash dividends declared	**.205**	.205	.195
Book value at period end	**12.18**	12.70	13.48
Tangible book value at period end	**9.16**	9.67	10.40
Market price at period end	**9.24**	12.52	17.23
Performance ratios			
From continuing operations:			
Return on average total assets	**.58 %**	.66 %	1.16 %
Return on average common equity	**8.42**	9.85	16.17
Return on average tangible common equity [b]	**11.04**	13.16	20.90
Net interest margin (TE)	**2.12**	2.47	2.61
Cash efficiency ratio [b]	**66.8**	68.0	59.5
From consolidated operations:			
Return on average total assets	**.58 %**	.66 %	1.16 %
Return on average common equity	**8.45**	9.89	16.27
Return on average tangible common equity [b]	**11.09**	13.21	21.03
Net interest margin (TE)	**2.12**	2.47	2.60
Loan to deposit [c]	**83.0**	84.4	78.3
Capital ratios at period end			
Key shareholders' equity to assets	**7.1 %**	7.3 %	7.7 %
Key common shareholders' equity to assets	**5.8**	6.0	6.7
Tangible common equity to tangible assets [b]	**4.5**	4.6	5.3
Common Equity Tier 1 [d]	**9.2**	9.1	9.2
Tier 1 risk-based capital [d]	**10.7**	10.6	10.4
Total risk-based capital [d]	**13.0**	12.8	12.0
Leverage [d]	**8.7**	8.8	8.6
Asset quality — from continuing operations			
Net loan charge-offs	**$ 52**	$ 45	$ 44
Net loan charge-offs to average loans	**.17 %**	.15 %	.16 %
Allowance for loan and lease losses	**$ 1,480**	$ 1,380	$ 1,099
Allowance for credit losses	**1,771**	1,656	1,272
Allowance for loan and lease losses to period-end loans	**1.24 %**	1.15 %	.98 %
Allowance for credit losses to period-end loans	**1.49**	1.38	1.13
Allowance for loan and lease losses to nonperforming loans	**343**	332	256
Allowance for credit losses to nonperforming loans	**411**	398	297
Nonperforming loans at period-end	**$ 431**	$ 416	$ 429
Nonperforming assets at period-end	**462**	447	463
Nonperforming loans to period-end portfolio loans	**.36 %**	.35 %	.38 %
Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets	**.39**	.37	.41
Trust assets			
Assets under management	**$ 53,952**	$ 53,689	$ 49,003
Other data			
Average full-time equivalent employees	**17,754**	18,220	17,414
Branches	**965**	971	978
Taxable-equivalent adjustment	$ 8	$ 7	$ 7

Financial Highlights (continued)

(Dollars in millions, except per share amounts)

	Six months ended	
	6/30/2023	**6/30/2022**
Summary of operations		
Net interest income (TE)	**$ 2,092**	$ 2,124
Noninterest income	**1,217**	1,364
Total revenue (TE)	**3,309**	3,488
Provision for credit losses	**306**	128
Noninterest expense	**2,252**	2,148
Income (loss) from continuing operations attributable to Key	**597**	977
Income (loss) from discontinued operations, net of taxes	**2**	4
Net income (loss) attributable to Key	**599**	981
Income (loss) from continuing operations attributable to Key common shareholders	**525**	924
Income (loss) from discontinued operations, net of taxes	**2**	4
Net income (loss) attributable to Key common shareholders	**527**	928
Per common share		
Income (loss) from continuing operations attributable to Key common shareholders	**$ .57**	$ 1.00
Income (loss) from discontinued operations, net of taxes	**—**	—
Net income (loss) attributable to Key common shareholders [(a)]	**.57**	1.00
Income (loss) from continuing operations attributable to Key common shareholders — assuming dilution	**.56**	.99
Income (loss) from discontinued operations, net of taxes — assuming dilution	**—**	—
Net income (loss) attributable to Key common shareholders — assuming dilution [(a)]	**.57**	1.00
Cash dividends paid	**.41**	.39
Performance ratios		
From continuing operations:		
Return on average total assets	**.62 %**	1.08 %
Return on average common equity	**9.11**	13.62
Return on average tangible common equity [(b)]	**12.06**	17.15
Net interest margin (TE)	**2.29**	2.53
Cash efficiency ratio [(b)]	**67.5**	60.9
From consolidated operations:		
Return on average total assets	**.62 %**	1.08 %
Return on average common equity	**9.15**	13.68
Return on average tangible common equity [(b)]	**12.10**	17.23
Net interest margin (TE)	**2.29**	2.53
Asset quality — from continuing operations		
Net loan charge-offs	**$ 97**	$ 77
Net loan charge-offs to average total loans	**.16 %**	.15 %
Other data		
Average full-time equivalent employees	**17,987**	17,262
Taxable-equivalent adjustment	**15**	13

(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, 2023, 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."

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 provides 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	
	6/30/2023	**3/31/2023**	**6/30/2022**	**6/30/2023**	**6/30/2022**
Tangible common equity to tangible assets at period-end					
Key shareholders’ equity (GAAP)	**$ 13,844**	$ 14,322	$ 14,427		
Less: Intangible assets [(a)]	**2,826**	2,836	2,868		
Preferred Stock [(b)]	**2,446**	2,446	1,856		
Tangible common equity (non-GAAP)	**$ 8,572**	$ 9,040	$ 9,703		
Total assets (GAAP)	**$ 195,037**	$ 197,519	$ 187,008		
Less: Intangible assets [(a)]	**2,826**	2,836	2,868		
Tangible assets (non-GAAP)	**$ 192,211**	$ 194,683	$ 184,140		
Tangible common equity to tangible assets ratio (non-GAAP)	**4.46 %**	4.64 %	5.27 %		
Pre-provision net revenue					
Net interest income (GAAP)	**$ 978**	$ 1,099	$ 1,097	**$ 2,077**	$ 2,111
Plus: Taxable-equivalent adjustment	**8**	7	7	**15**	13
Noninterest income	**609**	608	688	**1,217**	1,364
Less: Noninterest expense	**1,076**	1,176	1,078	**2,252**	2,148
Pre-provision net revenue from continuing operations (non-GAAP)	**$ 519**	$ 538	$ 714	**$ 1,057**	$ 1,340
Average tangible common equity					
Average Key shareholders' equity (GAAP)	**$ 14,412**	$ 13,817	$ 14,398	**$ 14,116**	$ 15,583
Less: Intangible assets (average) [(c)]	**2,831**	2,841	2,827	**2,836**	2,821
Preferred stock (average)	**2,500**	2,500	1,900	**2,500**	1,900
Average tangible common equity (non-GAAP)	**$ 9,081**	$ 8,476	$ 9,671	**$ 8,780**	$ 10,862
Return on average tangible common equity from continuing operations					
Net income (loss) from continuing operations attributable to Key common shareholders (GAAP)	**$ 250**	$ 275	$ 504	**$ 525**	$ 924
Average tangible common equity (non-GAAP)	**9,081**	8,476	9,671	**8,780**	10,862
Return on average tangible common equity from continuing operations (non-GAAP)	**11.04 %**	13.16 %	20.90 %	**12.06 %**	17.15 %
Return on average tangible common equity consolidated					
Net income (loss) attributable to Key common shareholders (GAAP)	**$ 251**	$ 276	$ 507	**$ 527**	$ 928
Average tangible common equity (non-GAAP)	**9,081**	8,476	9,671	**8,780**	10,862
Return on average tangible common equity consolidated (non-GAAP)	**11.09 %**	13.21 %	21.03 %	**12.10 %**	17.23 %

GAAP to Non-GAAP Reconciliations (continued)

(Dollars in millions)

	Three months ended			Six months ended	
	6/30/2023	**3/31/2023**	**6/30/2022**	**6/30/2023**	**6/30/2022**
Cash efficiency ratio					
Noninterest expense (GAAP)	**$ 1,076**	$ 1,176	$ 1,078	**$ 2,252**	$ 2,148
Less: Intangible asset amortization	**10**	10	12	**20**	23
Adjusted noninterest expense (non-GAAP)	**$ 1,066**	$ 1,166	$ 1,066	**$ 2,232**	$ 2,125
Net interest income (GAAP)	**$ 978**	$ 1,099	$ 1,097	**$ 2,077**	$ 2,111
Plus: Taxable-equivalent adjustment	**8**	7	7	**15**	13
Noninterest income	**609**	608	688	**1,217**	1,364
Total taxable-equivalent revenue (non-GAAP)	**$ 1,595**	$ 1,714	$ 1,792	**$ 3,309**	$ 3,488
Cash efficiency ratio (non-GAAP)	**66.8 %**	68.0 %	59.5 %	**67.5 %**	60.9 %

(a) For the three months ended June 30, 2023, March 31, 2023, and June 30, 2022, intangible assets exclude $1 million, $1 million, and $2 million, respectively, of period-end purchased credit card receivables.
(b) Net of capital surplus.
(c) For the three months ended June 30, 2023, March 31, 2023, and June 30, 2022, average intangible assets exclude $1 million, $1 million, and $2 million, respectively, of average purchased credit card receivables.
GAAP = U.S. generally accepted accounting principles

Consolidated Balance Sheets

(Dollars in millions)

	6/30/2023	3/31/2023	6/30/2022
Assets			
Loans	**$ 119,011**	$ 119,971	$ 112,390
Loans held for sale	**1,130**	1,211	1,306
Securities available for sale	**37,908**	39,498	42,437
Held-to-maturity securities	**9,189**	9,561	8,186
Trading account assets	**1,177**	1,118	809
Short-term investments	**8,959**	8,410	2,456
Other investments	**1,474**	1,587	969
Total earning assets	**178,848**	181,356	168,553
Allowance for loan and lease losses	**(1,480)**	(1,380)	(1,099)
Cash and due from banks	**758**	784	678
Premises and equipment	**652**	628	638
Goodwill	**2,752**	2,752	2,752
Other intangible assets	**75**	85	118
Corporate-owned life insurance	**4,378**	4,372	4,343
Accrued income and other assets	**8,668**	8,512	10,529
Discontinued assets	**386**	410	496
Total assets	**$ 195,037**	$ 197,519	$ 187,008
Liabilities			
Deposits in domestic offices:			
Interest-bearing deposits	**111,766**	106,841	94,892
Noninterest-bearing deposits	**33,366**	37,307	50,973
Total deposits	**145,132**	144,148	145,865
Federal funds purchased and securities sold under repurchase agreements	**1,702**	1,374	3,234
Bank notes and other short-term borrowings	**6,949**	10,061	2,809
Accrued expense and other liabilities	**5,339**	4,861	4,056
Long-term debt	**22,071**	22,753	16,617
Total liabilities	**181,193**	183,197	172,581
Equity			
Preferred stock	**2,500**	2,500	1,900
Common shares	**1,257**	1,257	1,257
Capital surplus	**6,231**	6,207	6,241
Retained earnings	**15,759**	15,700	15,118
Treasury stock, at cost	**(5,859)**	(5,868)	(5,923)
Accumulated other comprehensive income (loss)	**(6,044)**	(5,474)	(4,166)
Key shareholders' equity	**13,844**	14,322	14,427
Total liabilities and equity	**$ 195,037**	$ 197,519	$ 187,008
Common shares outstanding (000)	**935,733**	935,229	932,643

Consolidated Statements of Income

(Dollars in millions, except per share amounts)

	Three months ended			Six months ended	
	6/30/2023	3/31/2023	6/30/2022	6/30/2023	6/30/2022
Interest income					
Loans	**$ 1,576**	$ 1,476	$ 923	**$ 3,052**	$ 1,760
Loans held for sale	**17**	13	10	**30**	22
Securities available for sale	**194**	194	188	**388**	361
Held-to-maturity securities	**81**	74	48	**155**	94
Trading account assets	**15**	12	7	**27**	13
Short-term investments	**111**	42	13	**153**	17
Other investments	**16**	13	4	**29**	6
Total interest income	**2,010**	1,824	1,193	**3,834**	2,273
Interest expense					
Deposits	**531**	350	20	**881**	34
Federal funds purchased and securities sold under repurchase agreements	**48**	22	6	**70**	6
Bank notes and other short-term borrowings	**104**	78	9	**182**	12
Long-term debt	**349**	275	61	**624**	110
Total interest expense	**1,032**	725	96	**1,757**	162
Net interest income	**978**	1,099	1,097	**2,077**	2,111
Provision for credit losses	**167**	139	45	**306**	128
Net interest income after provision for credit losses	**811**	960	1,052	**1,771**	1,983
Noninterest income					
Trust and investment services income	**126**	128	137	**254**	273
Investment banking and debt placement fees	**120**	145	149	**265**	312
Cards and payments income	**85**	81	85	**166**	165
Service charges on deposit accounts	**69**	67	96	**136**	187
Corporate services income	**86**	76	96	**162**	187
Commercial mortgage servicing fees	**50**	46	45	**96**	81
Corporate-owned life insurance income	**32**	29	35	**61**	66
Consumer mortgage income	**14**	11	14	**25**	35
Operating lease income and other leasing gains	**23**	25	28	**48**	60
Other income	**4**	—	3	**4**	(2)
Total noninterest income	**609**	608	688	**1,217**	1,364
Noninterest expense					
Personnel	**622**	701	607	**1,323**	1,237
Net occupancy	**65**	70	78	**135**	151
Computer processing	**95**	92	78	**187**	155
Business services and professional fees	**41**	45	52	**86**	105
Equipment	**22**	22	26	**44**	49
Operating lease expense	**21**	20	27	**41**	55
Marketing	**29**	21	34	**50**	62
Other expense	**181**	205	176	**386**	334
Total noninterest expense	**1,076**	1,176	1,078	**2,252**	2,148
Income (loss) from continuing operations before income taxes	**344**	392	662	**736**	1,199
Income taxes	**58**	81	132	**139**	222
Income (loss) from continuing operations	**286**	311	530	**597**	977
Income (loss) from discontinued operations, net of taxes	**1**	1	3	**2**	4
Net income (loss)	**287**	312	533	**599**	981
Net income (loss) attributable to Key	**$ 287**	$ 312	$ 533	**$ 599**	981
Income (loss) from continuing operations attributable to Key common shareholders	**$ 250**	$ 275	$ 504	**$ 525**	$ 924
Net income (loss) attributable to Key common shareholders	**251**	276	507	**527**	928
Per common share					
Income (loss) from continuing operations attributable to Key common shareholders	**$ .27**	$ .30	$ .54	**$ .57**	$ 1.00
Income (loss) from discontinued operations, net of taxes	**—**	—	—	**—**	—
Net income (loss) attributable to Key common shareholders [(a)]	**.27**	.30	.55	**.57**	1.00
Per common share — assuming dilution					
Income (loss) from continuing operations attributable to Key common shareholders	**$ .27**	$ .30	$ .54	**$ .56**	$ .99
Income (loss) from discontinued operations, net of taxes	**—**	—	—	**—**	—
Net income (loss) attributable to Key common shareholders [(a)]	**.27**	.30	.54	**.57**	1.00
Cash dividends declared per common share	**$ .205**	$ .205	$ .195	**$ .410**	$ .390
Weighted-average common shares outstanding (000)	**926,741**	926,490	924,302	**926,807**	923,717
Effect of common share options and other stock awards	**3,713**	7,314	7,506	**5,513**	9,087
Weighted-average common shares and potential common shares outstanding (000) [(b)]	**930,454**	933,804	931,808	**932,320**	932,805

(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 2023			First Quarter 2023			Second Quarter 2022		
	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]	**$ 61,426**	**$ 881**	**5.76 %**	$ 60,281	$ 807	5.42 %	$ 53,858	$ 449	3.34 %
Real estate — commercial mortgage	**16,226**	**235**	**5.80**	16,470	224	5.52	15,231	136	3.58
Real estate — construction	**2,641**	**44**	**6.64**	2,525	39	6.30	2,125	20	3.81
Commercial lease financing	**3,756**	**29**	**3.07**	3,783	27	2.87	3,817	24	2.47
Total commercial loans	**84,049**	**1,189**	**5.67**	83,059	1,097	5.35	75,031	629	3.36
Real estate — residential mortgage	**21,659**	**176**	**3.25**	21,436	172	3.21	18,383	131	2.85
Home equity loans	**7,620**	**109**	**5.75**	7,879	106	5.47	8,208	78	3.83
Consumer direct loans	**6,323**	**77**	**4.89**	6,439	75	4.71	6,514	68	4.19
Credit cards	**984**	**33**	**13.49**	983	32	13.37	943	24	10.20
Consumer indirect loans	**37**	**—**	**—**	41	1	1.24	59	—	—
Total consumer loans	**36,623**	**395**	**4.33**	36,778	386	4.23	34,107	301	3.53
Total loans	**120,672**	**1,584**	**5.26**	119,837	1,483	5.01	109,138	930	3.41
Loans held for sale	**1,087**	**17**	**6.16**	907	13	5.86	1,107	10	3.49
Securities available for sale [b], [e]	**38,899**	**194**	**1.74**	39,172	194	1.72	43,023	188	1.60
Held-to-maturity securities [b]	**9,371**	**81**	**3.47**	8,931	74	3.32	7,291	48	2.65
Trading account assets	**1,244**	**15**	**4.64**	1,001	12	4.86	854	7	3.45
Short-term investments	**7,798**	**111**	**5.73**	3,532	42	4.80	3,591	13	1.45
Other investments [e]	**1,566**	**16**	**4.03**	1,309	13	4.01	800	4	2.27
Total earning assets	**180,637**	**2,018**	**4.34**	174,689	1,831	4.09	165,804	1,200	2.83
Allowance for loan and lease losses	**(1,379)**			(1,336)			(1,103)		
Accrued income and other assets	**17,202**			17,498			18,826		
Discontinued assets	**394**			419			505		
Total assets	**$ 196,854**			$ 191,270			$ 184,032		
Liabilities									
Money market deposits	**$ 32,419**	**$ 123**	**1.53 %**	$ 33,853	$ 78	.94 %	$ 36,362	$ 5	.05 %
Demand deposits	**53,569**	**256**	**1.91**	52,365	183	1.42	49,027	13	.11
Savings deposits	**6,592**	**1**	**.04**	7,346	1	.03	7,891	—	.01
Certificates of deposit ($100,000 or more)	**3,851**	**33**	**3.48**	2,392	16	2.64	1,487	1	.44
Other time deposits	**11,365**	**118**	**4.17**	8,106	72	3.61	1,972	1	.13
Total interest-bearing deposits	**107,796**	**531**	**1.98**	104,062	350	1.36	96,739	20	.08
Federal funds purchased and securities sold under repurchase agreements	**3,767**	**48**	**5.07**	2,087	22	4.34	2,792	6	.88
Bank notes and other short-term borrowings	**7,982**	**104**	**5.22**	6,597	78	4.80	1,943	9	1.77
Long-term debt [f], [g]	**22,284**	**349**	**6.26**	20,141	275	5.47	12,662	61	1.92
Total interest-bearing liabilities	**141,829**	**1,032**	**2.91**	132,887	725	2.20	114,136	96	.34
Noninterest-bearing deposits	**35,107**			39,343			50,732		
Accrued expense and other liabilities	**5,112**			4,804			4,261		
Discontinued liabilities [g]	**394**			419			505		
Total liabilities	**$ 182,442**			$ 177,453			$ 169,634		
Equity									
Key shareholders' equity	**$ 14,412**			$ 13,817			$ 14,398		
Noncontrolling interests	**—**			—			—		
Total equity	**14,412**			13,817			14,398		
Total liabilities and equity	**$ 196,854**			$ 191,270			$ 184,032		
Interest rate spread (TE)			**1.43 %**			1.89 %			2.50 %
Net interest income (TE) and net interest margin (TE)		**$ 986**	**2.12 %**		$ 1,106	2.47 %		$ 1,104	2.61 %
TE adjustment [b]		**8**			7			7	
Net interest income, GAAP basis		**$ 978**			$ 1,099			$ 1,097	

(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, 2023, March 31, 2023, and June 30, 2022.
(c) For purposes of these computations, nonaccrual loans are included in average loan balances.
(d) Commercial and industrial average balances include $194 million, $178 million, and $153 million of assets from commercial credit cards for the three months ended June 30, 2023, March 31, 2023, and June 30, 2022, 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, 2023			Six months ended June 30, 2022		
	Average Balance	Interest (a)	Yield/ Rate (a)	Average Balance	Interest (a)	Yield/ Rate (a)
Assets						
Loans: [b), (c)]						
Commercial and industrial [(d)]	**$ 60,857**	**$ 1,688**	**5.59 %**	$ 52,723	$ 858	3.28 %
Real estate — commercial mortgage	**16,347**	**459**	**5.66**	14,910	257	3.48
Real estate — construction	**2,583**	**83**	**6.47**	2,076	37	3.60
Commercial lease financing	**3,770**	**56**	**2.97**	3,879	48	2.44
Total commercial loans	**83,557**	**2,286**	**5.51**	73,588	1,200	3.28
Real estate — residential mortgage	**21,548**	**348**	**3.23**	17,352	243	2.80
Home equity loans	**7,749**	**215**	**5.61**	8,276	153	3.72
Consumer direct loans	**6,380**	**152**	**4.80**	6,236	129	4.18
Credit cards	**984**	**65**	**13.43**	938	48	10.28
Consumer indirect loans	**39**	**1**	**0.60**	75	—	—
Total consumer loans	**36,700**	**781**	**4.28**	32,877	573	3.49
Total loans	**120,257**	**3,067**	**5.14**	106,465	1,773	3.35
Loans held for sale	**997**	**30**	**6.02**	1,295	22	3.40
Securities available for sale [(b), (e)]	**39,034**	**388**	**1.73**	43,968	361	1.55
Held-to-maturity securities [(b)]	**9,152**	**155**	**3.40**	7,239	94	2.59
Trading account assets	**1123**	**27**	**4.74**	848	13	3.10
Short-term investments	**5,677**	**153**	**5.44**	5,447	17	.65
Other investments [(e)]	**1,438**	**29**	**4.02**	726	6	1.82
Total earning assets	**177,678**	**3,849**	**4.22**	165,988	2,286	2.72
Allowance for loan and lease losses	**(1,357)**			(1,080)		
Accrued income and other assets	**17,351**			18,152		
Discontinued assets	**406**			522		
Total assets	**$ 194,078**			$ 183,582		
Liabilities						
Money market deposits	**$ 33,110**	**$ 201**	**1.23**	36,795	$ 9	.05
Other demand deposits	**52,993**	**440**	**1.67**	50,148	20	.08
Savings deposits	**6,967**	**1**	**.04**	7,746	1	.01
Certificates of deposit ($100,000 or more)	**3,125**	**49**	**3.16**	1,562	3	.44
Other time deposits	**9,745**	**190**	**3.94**	2,035	1	.14
Total interest-bearing deposits	**105,940**	**881**	**1.68**	98,286	34	.07
Federal funds purchased and securities sold under repurchase agreements	**2,932**	**70**	**4.81**	1,547	6	.81
Bank notes and other short-term borrowings	**7,293**	**182**	**5.03**	1,327	12	1.82
Long-term debt [(f), (g)]	**21,218**	**624**	**5.88**	11,751	110	1.86
Total interest-bearing liabilities	**137,383**	**1,757**	**2.57**	112,911	162	.29
Noninterest-bearing deposits	**37,213**			50,523		
Accrued expense and other liabilities	**4,960**			4,043		
Discontinued liabilities [(g)]	**406**			522		
Total liabilities	**$ 179,962**			$ 167,999		
Equity						
Key shareholders' equity	**$ 14,116**			$ 15,583		
Noncontrolling interests	**—**			—		
Total equity	**14,116**			15,583		
Total liabilities and equity	**$ 194,078**			$ 183,582		
Interest rate spread (TE)			**1.65 %**			2.44 %
Net interest income (TE) and net interest margin (TE)		**$ 2,092**	**2.29 %**		$ 2,124	2.53 %
TE adjustment [(b)]		**15**			13	
Net interest income, GAAP basis		**$ 2,077**			$ 2,111	

(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, 2023, and June 30, 2022, respectively.
(c) For purposes of these computations, nonaccrual loans are included in average loan balances.
(d) Commercial and industrial average balances include $186 million and $147 million of assets from commercial credit cards for the six months ended June 30, 2023, and June 30, 2022, 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	
	6/30/2023	3/31/2023	6/30/2022	**6/30/2023**	6/30/2022
Personnel [(a)]	**$ 622**	$ 701	$ 607	**$ 1,323**	$ 1,237
Net occupancy	**65**	70	78	**135**	151
Computer processing	**95**	92	78	**187**	155
Business services and professional fees	**41**	45	52	**86**	105
Equipment	**22**	22	26	**44**	49
Operating lease expense	**21**	20	27	**41**	55
Marketing	**29**	21	34	**50**	62
Other expense	**181**	205	176	**386**	334
Total noninterest expense	**$ 1,076**	$ 1,176	$ 1,078	**$ 2,252**	$ 2,148
Average full-time equivalent employees [(b)]	**17,754**	18,220	17,414	**17,987**	17,262

(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

(Dollars in millions)

	Three months ended			Six months ended	
	6/30/2023	3/31/2023	6/30/2022	**6/30/2023**	6/30/2022
Salaries and contract labor	**$ 416**	$ 419	$ 357	**$ 835**	$ 705
Incentive and stock-based compensation	**93**	152	163	**245**	346
Employee benefits	**103**	99	83	**202**	180
Severance	**10**	31	4	**41**	6
Total personnel expense	**$ 622**	$ 701	$ 607	**$ 1,323**	$ 1,237

Loan Composition

(Dollars in millions)

	6/30/2023	3/31/2023	6/30/2022	Change 6/30/2023 vs. 3/31/2023	Change 6/30/2023 vs. 6/30/2022
Commercial and industrial [a]	**$ 60,059**	$ 60,565	$ 55,245	(.8)%	8.7 %
Commercial real estate:					
Commercial mortgage	**16,048**	16,348	15,636	(1.8)	2.6
Construction	**2,646**	2,590	2,144	2.2	23.4
Total commercial real estate loans	**18,694**	18,938	17,780	(1.3)	5.1
Commercial lease financing [b]	**3,801**	3,763	3,956	1.0	(3.9)
Total commercial loans	**82,554**	83,266	76,981	(.9)	7.2
Residential — prime loans:					
Real estate — residential mortgage	**21,637**	21,632	19,588	—	10.5
Home equity loans	**7,529**	7,706	8,134	(2.3)	(7.4)
Total residential — prime loans	**29,166**	29,338	27,722	(.6)	5.2
Consumer direct loans	**6,257**	6,359	6,665	(1.6)	(6.1)
Credit cards	**1,001**	969	967	3.3	3.5
Consumer indirect loans	**33**	39	55	(15.4)	(40.0)
Total consumer loans	**36,457**	36,705	35,409	(.7)	3.0
Total loans [c], [d]	**$ 119,011**	$ 119,971	$ 112,390	(.8)%	5.9 %

(a) Loan balances include $200 million, $185 million, and $161 million of commercial credit card balances at June 30, 2023, March 31, 2023, and June 30, 2022, respectively.
(b) Commercial lease financing includes receivables held as collateral for a secured borrowing of $5 million, $6 million, and $12 million at June 30, 2023, March 31, 2023, and June 30, 2022, respectively. Principal reductions are based on the cash payments received from these related receivables.
(c) Total loans exclude loans of $381 million at June 30, 2023, $407 million at March 31, 2023, and $498 million at June 30, 2022, related to the discontinued operations of the education lending business.
(d) Accrued interest of $500 million, $487 million, and $233 million at June 30, 2023, March 31, 2023, and June 30, 2022, 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)

	6/30/2023	3/31/2023	6/30/2022	Change 6/30/2023 vs. 3/31/2023	Change 6/30/2023 vs. 6/30/2022
Commercial and industrial	**$ 221**	$ 351	$ 213	(37.0)%	3.8 %
Real estate — commercial mortgage	**829**	815	1,004	1.7	(17.4)
Real estate — construction	**—**	—	6	—	(100.0)
Commercial lease financing	**13**	—	—	N/M	N/M
Real estate — residential mortgage	**67**	45	83	48.9	(19.3)
Total loans held for sale	**$ 1,130**	$ 1,211	$ 1,306	(6.7)%	(13.5)%

N/M = Not Meaningful

Summary of Changes in Loans Held for Sale

(Dollars in millions)

	2Q23	1Q23	4Q22	3Q22	2Q22
Balance at beginning of period	**$ 1,211**	$ 963	$ 1,048	$ 1,306	$ 1,170
New originations	**1,798**	1,779	3,158	2,157	2,837
Transfers from (to) held to maturity, net	**(52)**	(13)	(48)	—	(57)
Loan sales	**(1,798)**	(1,518)	(3,124)	(2,446)	(2,506)
Loan draws (payments), net	**(28)**	—	(71)	26	(133)
Valuation and other adjustments	**(1)**	—	—	5	(5)
Balance at end of period	**$ 1,130**	$ 1,211	$ 963	$ 1,048	$ 1,306

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

	Three months ended			Six months ended	
	6/30/2023	3/31/2023	6/30/2022	**6/30/2023**	6/30/2022
Average loans outstanding	**$120,672**	$119,837	$109,138	**$120,257**	$106,465
Allowance for loan and lease losses at the beginning of the period	**1,380**	1,337	1,105	**1,337**	1,061
Loans charged off:					
Commercial and industrial	**42**	35	39	**77**	69
Real estate — commercial mortgage	**9**	5	3	**14**	7
Real estate — construction	**—**	—	—	**—**	—
Total commercial real estate loans	**9**	5	3	**14**	7
Commercial lease financing	**1**	(1)	—	**—**	2
Total commercial loans	**52**	39	42	**91**	78
Real estate — residential mortgage	**1**	—	(2)	**1**	(3)
Home equity loans	**2**	1	—	**3**	1
Consumer direct loans	**11**	11	10	**22**	17
Credit cards	**9**	9	8	**18**	15
Consumer indirect loans	**1**	—	1	**1**	2
Total consumer loans	**24**	21	17	**45**	32
Total loans charged off	**76**	60	59	**136**	110
Recoveries:					
Commercial and industrial	**15**	8	8	**23**	19
Real estate — commercial mortgage	**1**	—	1	**1**	2
Real estate — construction	**—**	—	1	**—**	1
Total commercial real estate loans	**1**	—	2	**1**	3
Commercial lease financing	**2**	1	1	**3**	1
Total commercial loans	**18**	9	11	**27**	23
Real estate — residential mortgage	**1**	1	1	**2**	1
Home equity loans	**1**	1	1	**2**	2
Consumer direct loans	**2**	2	1	**4**	3
Credit cards	**2**	1	1	**3**	3
Consumer indirect loans	**—**	1	—	**1**	1
Total consumer loans	**6**	6	4	**12**	10
Total recoveries	**24**	15	15	**39**	33
Net loan charge-offs	**(52)**	(45)	(44)	**(97)**	(77)
Provision (credit) for loan and lease losses	**152**	88	38	**240**	115
Allowance for loan and lease losses at end of period	**$ 1,480**	$ 1,380	$ 1,099	**$ 1,480**	$ 1,099
Liability for credit losses on lending-related commitments at beginning of period	**276**	225	166	**225**	160
Provision (credit) for losses on lending-related commitments	**15**	51	7	**66**	13
Liability for credit losses on lending-related commitments at end of period [(a)]	**$ 291**	$ 276	$ 173	**$ 291**	$ 173
Total allowance for credit losses at end of period	**$ 1,771**	$ 1,656	$ 1,272	**$ 1,771**	$ 1,272
Net loan charge-offs to average total loans	**.17 %**	.15 %	.16 %	**.16 %**	.15 %
Allowance for loan and lease losses to period-end loans	**1.24**	1.15	.98	**1.24**	.98
Allowance for credit losses to period-end loans	**1.49**	1.38	1.13	**1.49**	1.13
Allowance for loan and lease losses to nonperforming loans	**343**	332	256	**343**	256
Allowance for credit losses to nonperforming loans	**411**	398	297	**411**	297
Discontinued operations — education lending business:					
Loans charged off	**$ 2**	$ 1	$ 1	**$ 3**	$ 3
Recoveries	**1**	—	1	**1**	1
Net loan charge-offs	**$ (1)**	$ (1)	$ —	**$ (2)**	$ (2)

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

Asset Quality Statistics From Continuing Operations

(Dollars in millions)

	2Q23	1Q23	4Q22	3Q22	2Q22
Net loan charge-offs	**$ 52**	$ 45	$ 41	$ 43	$ 44
Net loan charge-offs to average total loans	**.17 %**	.15 %	.14 %	.15 %	.16 %
Allowance for loan and lease losses	**$ 1,480**	$ 1,380	$ 1,337	$ 1,144	$ 1,099
Allowance for credit losses [(a)]	**1,771**	1,656	1,562	1,338	1,272
Allowance for loan and lease losses to period-end loans	**1.24 %**	1.15 %	1.12 %	.98 %	.98 %
Allowance for credit losses to period-end loans	**1.49**	1.38	1.31	1.15	1.13
Allowance for loan and lease losses to nonperforming loans	**343**	332	346	293	256
Allowance for credit losses to nonperforming loans	**411**	398	404	343	297
Nonperforming loans at period end	**$ 431**	$ 416	$ 387	$ 390	$ 429
Nonperforming assets at period end	**462**	447	420	419	463
Nonperforming loans to period-end portfolio loans	**.36 %**	.35 %	.32 %	.34 %	.38 %
Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets	**.39**	.37	.35	.36	.41

(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)

	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
Commercial and industrial	**$ 188**	$ 170	$ 174	$ 169	$ 197
Real estate — commercial mortgage	**65**	59	21	34	35
Real estate — construction	**—**	—	—	—	—
Total commercial real estate loans	**65**	59	21	34	35
Commercial lease financing	**1**	1	1	2	2
Total commercial loans	**254**	230	196	205	234
Real estate — residential mortgage	**73**	75	77	66	67
Home equity loans	**97**	104	107	112	120
Consumer direct loans	**3**	3	3	3	3
Credit cards	**3**	3	3	3	3
Consumer indirect loans	**1**	1	1	1	2
Total consumer loans	**177**	186	191	185	195
Total nonperforming loans [(a)]	**431**	416	387	390	429
OREO	**15**	13	13	12	9
Nonperforming loans held for sale	**16**	18	20	17	25
Other nonperforming assets	**—**	—	—	—	—
Total nonperforming assets	**$ 462**	$ 447	$ 420	$ 419	$ 463
Accruing loans past due 90 days or more	**73**	55	60	47	41
Accruing loans past due 30 through 89 days	**139**	164	180	187	137
Nonperforming assets from discontinued operations — education lending business	**2**	3	3	3	3
Nonperforming loans to period-end portfolio loans	**.36 %**	.35 %	.32 %	.34 %	.38 %
Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets	**.39**	.37	.35	.36	.41

(a) On January 1, 2023, Key adopted ASU 2022-02 *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*. In connection with the adoption of this guidance, nonperforming loans for periods after January 1, 2023, include certain loans which were modified for borrowers experiencing financial difficulty. Amounts prior to January 1, 2023, include nonperforming troubled debt restructurings (TDRs), for which accounting guidance was eliminated upon adoption of ASU 2022-02.

Summary of Changes in Nonperforming Loans From Continuing Operations

(Dollars in millions)

	2Q23	1Q23	4Q22	3Q22	2Q22
Balance at beginning of period	**$ 416**	$ 387	$ 390	$ 429	$ 439
Loans placed on nonaccrual status	**169**	143	113	80	118
Charge-offs	**(76)**	(60)	(67)	(68)	(59)
Loans sold	**(23)**	(2)	(4)	(3)	(8)
Payments	**(20)**	(31)	(22)	(29)	(35)
Transfers to OREO	**(2)**	(2)	(1)	(1)	(2)
Loans returned to accrual status	**(33)**	(19)	(22)	(18)	(24)
Balance at end of period	**$ 431**	$ 416	$ 387	$ 390	$ 429

Line of Business Results

(Dollars in millions)

	2Q23	1Q23	4Q22	3Q22	2Q22	Change 2Q23 vs. 1Q23	Change 2Q23 vs. 2Q22
Consumer Bank							
Summary of operations							
Total revenue (TE)	**$ 803**	$ 840	$ 860	$ 877	$ 858	(4.4)%	(6.4)%
Provision for credit losses	**32**	60	105	37	8	(46.7)	300.0
Noninterest expense	**663**	663	705	675	681	—	(2.6)
Net income (loss) attributable to Key	**82**	89	38	125	128	(7.9)	(35.9)
Average loans and leases	**42,934**	43,086	43,149	42,568	40,827	(.4)	5.2
Average deposits	**82,498**	84,637	87,370	90,170	91,394	(2.5)	(9.7)
Net loan charge-offs	**32**	24	21	17	23	33.3	39.1
Net loan charge-offs to average total loans	**.30 %**	.23 %	.19 %	.16 %	.23 %	30.4	30.4
Nonperforming assets at period end	**$ 193**	$ 196	$ 202	$ 195	$ 203	(1.5)	(4.9)
Return on average allocated equity	**9.04 %**	9.87 %	4.51 %	14.26 %	13.94 %	(8.4)	(35.2)
Commercial Bank							
Summary of operations							
Total revenue (TE)	**$ 805**	$ 844	$ 894	$ 878	$ 874	(4.6)%	(7.9)%
Provision for credit losses	**134**	80	165	74	37	67.5	262.2
Noninterest expense	**405**	442	459	451	411	(8.4)	(1.5)
Net income (loss) attributable to Key	**214**	255	225	287	340	(16.1)	(37.1)
Average loans and leases	**77,277**	76,306	74,100	71,464	67,825	1.3	13.9
Average loans held for sale	**1,014**	876	1,377	1,036	1,016	15.8	(.2)
Average deposits	**51,420**	52,219	54,385	52,272	54,846	(1.5)	(6.2)
Net loan charge-offs	**20**	21	25	27	21	(4.8)	(4.8)
Net loan charge-offs to average total loans	**.10 %**	.11 %	.13 %	.15 %	.12 %	(9.1)	(16.7)
Nonperforming assets at period end	**$ 269**	$ 251	$ 218	$ 224	$ 260	7.2	3.5
Return on average allocated equity	**8.17 %**	10.04 %	9.36 %	12.29 %	15.29 %	(18.6)	(46.6)

TE = Taxable Equivalent