KEYCORP REPORTS FIRST QUARTER 2024 NET INCOME OF $183 MILLION, OR $.20 PER DILUTED COMMON SHARE, WITH $.02 IMPACT FROM THE FDIC SPECIAL ASSESSMENT[(a)]

Noninterest income up 6% year-over-year and linked quarter, driven by strength in investment banking and debt placement fees

Continued to strengthen the balance sheet by reducing reliance on wholesale funding and higher cost brokered deposits

Common Equity Tier 1 ratio increased 120 basis points year-over-year to 10.3%[(b)]

Credit costs remain low: net loan charge-offs to average loans of 29 basis points

CLEVELAND, April 18, 2024 - KeyCorp (NYSE: KEY) today announced net income from continuing operations attributable to Key common shareholders of $183 million, or $.20 per diluted common share, for the first quarter of 2024. Net income from continuing operations attributable to Key common shareholders was $30 million, or $.03 per diluted common share, for the fourth quarter of 2023 and $275 million, or $.30 per diluted common share, for the first quarter of 2023. Included in the first quarter of 2024 are $22 million, or $.02 per diluted common share, after-tax, of charges related to the FDIC special assessment[(a)]. Included in the fourth quarter of 2023 are $209 million, or $.22 per diluted common share, after-tax, of charges related to the FDIC special assessment, efficiency related expenses, and a pension settlement charge[(a)].

Comments from Chairman and CEO, Chris Gorman

"We are off to a solid start in 2024. Investment Banking posted its best first quarter in our history, net interest income was within the range of guidance that we provided in January, and expenses remained well controlled. Customer deposits were up 2% year-over-year, while relationship households and commercial clients grew 2.5% and 6%, respectively. Net charge-offs and nonperforming loans remained low and below their historical averages.

Our Common Equity Tier 1 ratio rose to 10.3%, bringing our organic capital build to approximately 120 basis points over the past twelve months. Tangible common equity measures were steady to improved, despite the first quarter's increase in interest rates, reflecting the work we have done over the past year to improve our asset liability positioning.

We continued to invest and make progress in our fee-based businesses where we have a differentiated value proposition. Last month, we announced a strategic partnership that will help us accelerate growth in our commercial platform, another example of how we are delivering best-in-class execution services for our clients while concurrently managing risk.

Key is back to playing offense. I remain excited for our future and believe our strong foundation positions us to deliver sound, profitable growth moving forward."

(a) See table on page 24 for more information on Selected Items Impact on Earnings, including information on the FDIC special assessment, efficiency related expenses, and the pension settlement charge.

(b) March 31, 2024 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	1Q24	4Q23	1Q23	Change 1Q24 vs. 4Q23	Change 1Q24 vs. 1Q23
Income (loss) from continuing operations attributable to Key common shareholders	**$ 183**	$ 30	$ 275	510.0 %	(33.5)%
Income (loss) from continuing operations attributable to Key common shareholders per common share — assuming dilution	**.20**	.03	.30	566.7	(33.3)
Return on average tangible common equity from continuing operations [a]	**7.87 %**	1.46 %	13.16 %	N/A	N/A
Return on average total assets from continuing operations	**.47**	.14	.66	N/A	N/A
Common Equity Tier 1 ratio [b]	**10.3**	10.0	9.1	N/A	N/A
Book value at period end	**$ 12.84**	$ 13.02	$ 12.70	(1.4)	1.1
Net interest margin (TE) from continuing operations	**2.02 %**	2.07 %	2.47 %	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 "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.
(b) March 31, 2024 ratio is estimated.
TE = Taxable Equivalent, N/A = Not Applicable

INCOME STATEMENT HIGHLIGHTS

Revenue

Dollars in millions	1Q24	4Q23	1Q23	Change 1Q24 vs. 4Q23	Change 1Q24 vs. 1Q23
Net interest income (TE)	**$ 886**	$ 928	$ 1,106	(4.5)%	(19.9)%
Noninterest income	**647**	610	608	6.1	6.4
Total revenue (TE)	**$ 1,533**	$ 1,538	$ 1,714	(.3)%	(10.6)%

TE = Taxable Equivalent

Taxable-equivalent net interest income was $886 million for the first quarter of 2024 and the net interest margin was 2.02%. Compared to the first quarter of 2023, net interest income decreased by $220 million, and the net interest margin decreased by 45 basis points. While both net interest income and the net interest margin benefited from the reinvestment of proceeds from maturing interest rate swaps, investments, and U.S. Treasury securities into higher-yielding cash and swaps, the decline in net interest income and the net interest margin reflects the higher interest rate environment and Key's balance sheet optimization efforts, which resulted in planned reductions in loan balances. The higher interest rate environment drove earning asset yields higher, but were outpaced by the higher cost of deposits and borrowings. Additionally, the balance sheet experienced a shift in funding mix from noninterest-bearing deposits to higher-cost deposits and borrowings.

Compared to the fourth quarter of 2023, taxable-equivalent net interest income decreased by $42 million, and the net interest margin decreased by five basis points. Net interest income and the net interest margin benefited from the reinvestment of proceeds from maturing interest rate swaps and U.S. Treasury securities into higher-yielding cash, investments, and swaps. The decline in net interest income and the net interest margin was driven by higher deposit costs, an unfavorable funding mix, and lower loan balances. Additionally, net interest income fell in part because of one less day to earn interest.

Noninterest Income

Dollars in millions				Change 1Q24 vs.	
	1Q24	**4Q23**	**1Q23**	**4Q23**	**1Q23**
Trust and investment services income	**$ 136**	$ 132	$ 128	3.0 %	6.3 %
Investment banking and debt placement fees	**170**	136	145	25.0	17.2
Cards and payments income	**77**	84	81	(8.3)	(4.9)
Service charges on deposit accounts	**63**	65	67	(3.1)	(6.0)
Corporate services income	**69**	67	76	3.0	(9.2)
Commercial mortgage servicing fees	**56**	48	46	16.7	21.7
Corporate-owned life insurance income	**32**	36	29	(11.1)	10.3
Consumer mortgage income	**14**	11	11	27.3	27.3
Operating lease income and other leasing gains	**24**	22	25	9.1	(4.0)
Other income	**6**	9	—	(33.3)	N/M
Total noninterest income	**$ 647**	$ 610	$ 608	6.1 %	6.4 %

N/M = Not Meaningful

Compared to the first quarter of 2023, noninterest income increased by $39 million. The increase was driven by investment banking and debt placement fees, up $25 million, related to strong commercial mortgage and debt capital markets activity. Additionally, commercial mortgage servicing fees increased $10 million.

Compared to the fourth quarter of 2023, noninterest income increased by $37 million. The increase was driven by investment banking and debt placement fees, up $34 million, reflective of increased merger and acquisition advisory fees, syndication fees, and debt and equity capital markets activity. Commercial mortgage servicing fees increased $8 million, which was partly offset by a $7 million decline in cards and payments income.

Noninterest Expense

Dollars in millions				Change 1Q24 vs.	
	1Q24	**4Q23**	**1Q23**	**4Q23**	**1Q23**
Personnel expense	**$ 674**	$ 674	$ 701	.0 %	(3.9)%
Net occupancy	**67**	65	70	3.1	(4.3)
Computer processing	**102**	92	92	10.9	10.9
Business services and professional fees	**41**	44	45	(6.8)	(8.9)
Equipment	**20**	24	22	(16.7)	(9.1)
Operating lease expense	**17**	18	20	(5.6)	(15.0)
Marketing	**19**	31	21	(38.7)	(9.5)
Other expense	**203**	424	205	(52.1)	(1.0)
Total noninterest expense	**$ 1,143**	$ 1,372	$ 1,176	(16.7)%	(2.8)%

Compared to the first quarter of 2023, noninterest expense decreased $33 million, reflective of lower personnel expense, which decreased $27 million this quarter, due to lower headcount from efficiency related actions taken last year. In the first quarter of 2024, other expense included $29 million from the FDIC special assessment. See the Selected Items Impact on Earnings table on page 24 for more information.

Compared to the fourth quarter of 2023, noninterest expense decreased by $229 million. The decline was driven by selected items that impacted earnings in the fourth quarter, which included the FDIC special assessment, efficiency related expenses, and a pension settlement charge in the fourth quarter, which collectively totaled $275 million. The decline was partly offset by a $29 million charge related to the FDIC special assessment in the first quarter of 2024, as well as an increase in employee benefits. See the Selected Items Impact on Earnings table on page 24 for more information.

BALANCE SHEET HIGHLIGHTS

Average Loans

Dollars in millions				Change 1Q24 vs.	
	1Q24	**4Q23**	**1Q23**	**4Q23**	**1Q23**
Commercial and industrial [(a)]	**$ 55,220**	$ 56,664	$ 60,281	(2.5)%	(8.4)%
Other commercial loans	**21,222**	21,942	22,778	(3.3)	(6.8)
Total consumer loans	**34,592**	35,342	36,778	(2.1)	(5.9)
Total loans	**$ 111,034**	$ 113,948	$ 119,837	(2.6)%	(7.3)%

(a) Commercial and industrial average loan balances include $211 million, $210 million, and $178 million of assets from commercial credit cards at March 31, 2024, December 31, 2023, and March 31, 2023, respectively.

Average loans were $111.0 billion for the first quarter of 2024, a decrease of $8.8 billion compared to the first quarter of 2023, reflective of Key's planned balance sheet optimization efforts. The decline in average loans was mostly driven by lower commercial and industrial loans, as well as a decline in commercial mortgage real estate loans. Additionally, average consumer loans decreased by $2.2 billion, reflective of broad-based declines across all consumer loan categories.

Compared to the fourth quarter of 2023, average loans decreased by $2.9 billion. Average commercial loans declined by $2.2 billion, primarily driven by a decrease in commercial and industrial loans. Additionally, average consumer loans declined $750 million, driven by declines across all consumer loan categories.

Average Deposits

Dollars in millions				Change 1Q24 vs.	
	1Q24	**4Q23**	**1Q23**	**4Q23**	**1Q23**
Non-time deposits	**$128,448**	$130,750	$132,907	(1.8)%	(3.4)%
Time deposits	**14,430**	14,326	10,498	.7	37.5
Total deposits	**$142,878**	$145,076	$143,405	(1.5)%	(.4)%
Cost of total deposits	**2.20 %**	2.06 %	.99 %	N/A	N/A

N/A = Not Applicable

Average deposits totaled $142.9 billion for the first quarter of 2024, a decrease of $527 million compared to the year-ago quarter. The decrease was driven by continued changing client behavior reflective of higher interest rates, as well as a decline in wholesale deposit balances.

Compared to the fourth quarter of 2023, average deposits decreased by $2.2 billion. The decline was driven by normal seasonal deposit outflows and a decrease in wholesale deposit balances.

ASSET QUALITY

Dollars in millions				Change 1Q24 vs.	
	1Q24	**4Q23**	**1Q23**	**4Q23**	**1Q23**
Net loan charge-offs	**$ 81**	$ 76	$ 45	6.6 %	80.0 %
Net loan charge-offs to average total loans	**.29 %**	.26 %	.15 %	N/A	N/A
Nonperforming loans at period end	**$ 658**	$ 574	$ 416	14.6	58.2
Nonperforming assets at period end	**674**	591	447	14.0	50.8
Allowance for loan and lease losses	**1,542**	1,508	1,380	2.3	11.7
Allowance for credit losses	**1,823**	1,804	1,656	1.1	10.1
Provision for credit losses	**101**	102	139	(1.0)	(27.3)
Allowance for loan and lease losses to nonperforming loans	**234 %**	263 %	332 %	N/A	N/A
Allowance for credit losses to nonperforming loans	**277**	314	398	N/A	N/A

N/A = Not Applicable

Key's provision for credit losses was $101 million, compared to $139 million in the first quarter of 2023 and $102 million in the fourth quarter of 2023. The decline from the year-ago period reflects a more stable economic outlook and the impact of balance sheet optimization efforts, partly offset by portfolio migration.

Net loan charge-offs for the first quarter of 2024 totaled $81 million, or 0.29% of average total loans. These results compare to $45 million, or 0.15%, for the first quarter of 2023 and $76 million, or 0.26%, for the fourth quarter of 2023. Key's allowance for credit losses was $1.8 billion, or 1.66% of total period-end loans at March 31, 2024, compared to 1.38% at March 31, 2023, and 1.60% at December 31, 2023.

At March 31, 2024, Key's nonperforming loans totaled $658 million, which represented 0.60% of period-end portfolio loans. These results compare to 0.35% at March 31, 2023, and 0.51% at December 31, 2023. Nonperforming assets at March 31, 2024, totaled $674 million, and represented 0.61% of period-end portfolio loans and OREO and other nonperforming assets. These results compare to 0.37% at March 31, 2023, and 0.52% at December 31, 2023.

CAPITAL

Key's estimated risk-based capital ratios, included in the following table, continued to exceed all "well-capitalized" regulatory benchmarks at March 31, 2024.

Capital Ratios

	3/31/2024	12/31/2023	3/31/2023
Common Equity Tier 1 [(a)]	**10.3 %**	10.0 %	9.1 %
Tier 1 risk-based capital [(a)]	**12.0**	11.7	10.6
Total risk-based capital [(a)]	**14.5**	14.1	12.8
Tangible common equity to tangible assets [(b)]	**5.0**	5.1	4.6
Leverage [(a)]	**9.1**	9.0	8.8

(a) March 31, 2024 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 regulatory capital position remained strong in the first quarter of 2024. As shown in the preceding table, at March 31, 2024, Key's estimated Common Equity Tier 1 and Tier 1 risk-based capital ratios stood at 10.3% and 12.0%, respectively. Key's tangible common equity ratio was 5.0% at March 31, 2024.

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 four basis points.

Summary of Changes in Common Shares Outstanding

In thousands				Change 1Q24 vs.	
	1Q24	4Q23	1Q23	4Q23	1Q23
Shares outstanding at beginning of period	**936,564**	936,161	933,325	— %	.3 %
Open market share repurchases	**—**	—	(2,550)	—	(100.0)
Shares issued under employee compensation plans (net of cancellations and returns)	**6,212**	403	4,454	1,441.4	39.5
Shares outstanding at end of period	**942,776**	936,564	935,229	.7 %	.8 %

Key declared a dividend of $.205 per common share for the first quarter of 2024.

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				Change 1Q24 vs.	
	1Q24	**4Q23**	**1Q23**	**4Q23**	**1Q23**
Revenue from continuing operations (TE)					
Consumer Bank	**$ 773**	$ 786	$ 840	(1.7)%	(8.0)%
Commercial Bank	**791**	794	844	(.4)	(6.3)
Other [(a)]	**(31)**	(42)	30	26.2	(203.3)
Total	**$ 1,533**	$ 1,538	$ 1,714	(.3)%	(10.6)%
Income (loss) from continuing operations attributable to Key					
Consumer Bank	**$ 55**	$ 1	$ 89	N/M	(38.2)%
Commercial Bank	**200**	143	255	39.9	(21.6)
Other [(a)]	**(36)**	(79)	(33)	54.4	(9.1)
Total	**$ 219**	$ 65	$ 311	236.9 %	(29.6)%

(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				Change 1Q24 vs.	
	1Q24	**4Q23**	**1Q23**	**4Q23**	**1Q23**
Summary of operations					
Net interest income (TE)	**$ 549**	$ 558	$ 612	(1.6)%	(10.3)%
Noninterest income	**224**	228	228	(1.8)	(1.8)
Total revenue (TE)	**773**	786	840	(1.7)	(8.0)
Provision for credit losses	**(2)**	5	60	(140.0)	(103.3)
Noninterest expense	**703**	780	663	(9.9)	6.0
Income (loss) before income taxes (TE)	**72**	1	117	N/M	(38.5)
Allocated income taxes (benefit) and TE adjustments	**17**	—	28	N/M	(39.3)
Net income (loss) attributable to Key	**$ 55**	$ 1	$ 89	N/M	(38.2)%
Average balances					
Loans and leases	**$ 40,446**	$ 41,381	$ 43,086	(2.3)%	(6.1)%
Total assets	**43,239**	44,178	45,935	(2.1)	(5.9)
Deposits	**84,317**	84,856	84,637	(.6)	(.4)
Assets under management at period end	**$ 57,305**	$ 54,859	$ 53,689	4.5 %	6.7 %

TE = Taxable Equivalent
N/M = Not Meaningful

Additional Consumer Bank Data

Dollars in millions				Change 1Q24 vs.	
	1Q24	4Q23	1Q23	4Q23	1Q23
Noninterest income					
Trust and investment services income	**$ 109**	$ 105	$ 101	3.8 %	7.9 %
Service charges on deposit accounts	**33**	37	38	(10.8)	(13.2)
Cards and payments income	**56**	62	61	(9.7)	(8.2)
Consumer mortgage income	**14**	11	11	27.3	27.3
Other noninterest income	**12**	13	17	(7.7)	(29.4)
Total noninterest income	**$ 224**	$ 228	$ 228	(1.8)%	(1.8)%
Average deposit balances					
Money market deposits	**$ 29,918**	$ 29,752	$ 28,128	.6 %	6.4 %
Demand deposits	**22,353**	23,072	24,849	(3.1)	(10.0)
Savings deposits	**4,987**	5,241	7,025	(4.8)	(29.0)
Time deposits	**11,809**	10,265	4,351	15.0	171.4
Noninterest-bearing deposits	**15,250**	16,526	20,284	(7.7)	(24.8)
Total deposits	**$ 84,317**	$ 84,856	$ 84,637	(.6)%	(.4)%
Other data					
Branches	**957**	959	971		
Automated teller machines	**1,214**	1,217	1,263		

Consumer Bank Summary of Operations (1Q24 vs. 1Q23)

- Key's Consumer Bank recorded net income attributable to Key of $55 million for the first quarter of 2024, compared to $89 million for the year-ago quarter
- Taxable-equivalent net interest income decreased by $63 million, or 10.3%, compared to the first quarter of 2023, reflective of a shift in funding mix from noninterest-bearing deposits to higher-cost deposits and borrowings, as well as Key's balance sheet optimization efforts
- Average loans and leases decreased $2.6 billion, or 6.1%, from the first quarter of 2023, driven by broad-based declines across loan categories
- Average deposits decreased $320 million, or 0.4%, from the first quarter of 2023
- Provision for credit losses decreased $62 million compared to the first quarter of 2023, driven by planned balance sheet optimization efforts and an improving economic outlook, partly offset by higher net charge-offs
- Noninterest income decreased $4 million from the year-ago quarter, driven by declines in service charges on deposit accounts and cards and payments income
- Noninterest expense increased $40 million from the year-ago quarter, primarily reflective of the FDIC special assessment charge

Commercial Bank

Dollars in millions	1Q24	4Q23	1Q23	Change 1Q24 vs. 4Q23	Change 1Q24 vs. 1Q23
Summary of operations					
Net interest income (TE)	**$ 391**	$ 444	$ 478	(11.9)%	(18.2)%
Noninterest income	**400**	350	366	14.3	9.3
Total revenue (TE)	**791**	794	844	(.4)	(6.3)
Provision for credit losses	**102**	96	80	6.3	27.5
Noninterest expense	**442**	525	442	(15.8)	—
Income (loss) before income taxes (TE)	**247**	173	322	42.8	(23.3)
Allocated income taxes and TE adjustments	**47**	30	67	56.7	(29.9)
Net income (loss) attributable to Key	**$ 200**	$ 143	$ 255	39.9 %	(21.6)%
Average balances					
Loans and leases	**$ 70,099**	$ 72,088	$ 76,306	(2.8)%	(8.1)%
Loans held for sale	**840**	635	876	32.3	(4.1)
Total assets	**79,456**	81,393	85,852	(2.4)	(7.5)
Deposits	**56,090**	56,897	52,219	(1.4)%	7.4 %

TE = Taxable Equivalent

Additional Commercial Bank Data

Dollars in millions	1Q24	4Q23	1Q23	Change 1Q24 vs. 4Q23	Change 1Q24 vs. 1Q23
Noninterest income					
Trust and investment services income	**$ 27**	$ 27	$ 27	— %	— %
Investment banking and debt placement fees	**170**	135	145	25.9	17.2
Cards and payments income	**19**	19	20	—	(5.0)
Service charges on deposit accounts	**29**	27	27	7.4	7.4
Corporate services income	**63**	61	69	3.3	(8.7)
Commercial mortgage servicing fees	**56**	49	46	14.3	21.7
Operating lease income and other leasing gains	**24**	21	24	14.3	—
Other noninterest income	**12**	11	8	9.1	50.0
Total noninterest income	**$ 400**	$ 350	$ 366	14.3 %	9.3 %

Commercial Bank Summary of Operations (1Q24 vs. 1Q23)

- Key's Commercial Bank recorded net income attributable to Key of $200 million for the first quarter of 2024 compared to $255 million for the year-ago quarter
- Taxable-equivalent net interest income decreased by $87 million, or 18.2%, compared to the first quarter of 2023, primarily reflecting higher interest-bearing deposit costs and a shift in funding mix to higher-cost deposits, as well as Key's balance sheet optimization efforts
- Average loan and lease balances decreased $6.2 billion, or 8.1%, compared to the first quarter of 2023, driven by a decline in commercial and industrial loans
- Average deposit balances increased $3.9 billion compared to the first quarter of 2023, driven by our focus on growing deposits across our commercial businesses
- Provision for credit losses increased $22 million compared to the first quarter of 2023, driven by a more stable economic outlook and the impact of balance sheet optimization efforts, partly offset by portfolio migration
- Noninterest income increased $34 million from the year-ago quarter, primarily driven by an increase in investment banking and debt placement fees and commercial mortgage servicing fees
- Noninterest expense remained unchanged compared to the first quarter of 2023

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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 $187 billion at March 31, 2024.

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 1,200 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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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 April 18, 2024. A replay of the call will be available on our website through April 18, 2025.*

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
First Quarter 2024
Financial Supplement

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		
	3/31/2024	**12/31/2023**	**3/31/2023**
Summary of operations			
Net interest income (TE)	**$ 886**	$ 928	$ 1,106
Noninterest income	**647**	610	608
Total revenue (TE)	**1,533**	1,538	1,714
Provision for credit losses	**101**	102	139
Noninterest expense	**1,143**	1,372	1,176
Income (loss) from continuing operations attributable to Key	**219**	65	311
Income (loss) from discontinued operations, net of taxes	**—**	—	1
Net income (loss) attributable to Key	**219**	65	312
Income (loss) from continuing operations attributable to Key common shareholders	**183**	30	275
Income (loss) from discontinued operations, net of taxes	**—**	—	1
Net income (loss) attributable to Key common shareholders	**183**	30	276
Per common share			
Income (loss) from continuing operations attributable to Key common shareholders	**$ .20**	$ .03	$ .30
Income (loss) from discontinued operations, net of taxes	**—**	—	—
Net income (loss) attributable to Key common shareholders [a]	**.20**	.03	.30
Income (loss) from continuing operations attributable to Key common shareholders — assuming dilution	**.20**	.03	.30
Income (loss) from discontinued operations, net of taxes — assuming dilution	**—**	—	—
Net income (loss) attributable to Key common shareholders — assuming dilution [a]	**.20**	.03	.30
Cash dividends declared	**.205**	.205	.205
Book value at period end	**12.84**	13.02	12.70
Tangible book value at period end	**9.87**	10.02	9.67
Market price at period end	**15.81**	14.40	12.52
Performance ratios			
From continuing operations:			
Return on average total assets	**.47 %**	.14 %	.66 %
Return on average common equity	**6.06**	1.08	9.85
Return on average tangible common equity [b]	**7.87**	1.46	13.16
Net interest margin (TE)	**2.02**	2.07	2.47
Cash efficiency ratio [b]	**74.0**	88.6	68.0
From consolidated operations:			
Return on average total assets	**.47 %**	.14 %	.66 %
Return on average common equity	**6.06**	1.08	9.89
Return on average tangible common equity [b]	**7.87**	1.46	13.21
Net interest margin (TE)	**2.02**	2.07	2.47
Loan to deposit [c]	**76.6**	77.9	84.4
Capital ratios at period end			
Key shareholders' equity to assets	**7.8 %**	7.8 %	7.3 %
Key common shareholders' equity to assets	**6.5**	6.5	6.0
Tangible common equity to tangible assets [b]	**5.0**	5.1	4.6
Common Equity Tier 1 [d]	**10.3**	10.0	9.1
Tier 1 risk-based capital [d]	**12.0**	11.7	10.6
Total risk-based capital [d]	**14.5**	14.1	12.8
Leverage [d]	**9.1**	9.0	8.8
Asset quality — from continuing operations			
Net loan charge-offs	**$ 81**	$ 76	$ 45
Net loan charge-offs to average loans	**.29 %**	.26 %	.15 %
Allowance for loan and lease losses	**$ 1,542**	$ 1,508	$ 1,380
Allowance for credit losses	**1,823**	1,804	1,656
Allowance for loan and lease losses to period-end loans	**1.40 %**	1.34 %	1.15 %
Allowance for credit losses to period-end loans	**1.66**	1.60	1.38
Allowance for loan and lease losses to nonperforming loans	**234**	263	332
Allowance for credit losses to nonperforming loans	**277**	314	398
Nonperforming loans at period-end	**$ 658**	$ 574	$ 416
Nonperforming assets at period-end	**674**	591	447
Nonperforming loans to period-end portfolio loans	**.60 %**	.51 %	.35 %
Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets	**.61**	.52	.37
Trust assets			
Assets under management	**$ 57,305**	$ 54,859	$ 53,689
Other data			
Average full-time equivalent employees	**16,752**	17,129	18,220
Branches	**957**	959	971
Taxable-equivalent adjustment	**$ 11**	$ 7	$ 7

(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) March 31, 2024, 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		
	3/31/2024	**12/31/2023**	**3/31/2023**
Tangible common equity to tangible assets at period-end			
Key shareholders’ equity (GAAP)	**$ 14,547**	$ 14,637	$ 14,322
Less: Intangible assets [(a)]	**2,799**	2,806	2,836
Preferred Stock [(b)]	**2,446**	2,446	2,446
Tangible common equity (non-GAAP)	**$ 9,302**	$ 9,385	$ 9,040
Total assets (GAAP)	**$ 187,485**	$ 188,281	$ 197,519
Less: Intangible assets [(a)]	**2,799**	2,806	2,836
Tangible assets (non-GAAP)	**$ 184,686**	$ 185,475	$ 194,683
Tangible common equity to tangible assets ratio (non-GAAP)	**5.04 %**	5.06 %	4.64 %
Pre-provision net revenue			
Net interest income (GAAP)	**$ 875**	$ 921	$ 1,099
Plus: Taxable-equivalent adjustment	**11**	7	7
Noninterest income	**647**	610	608
Less: Noninterest expense	**1,143**	1,372	1,176
Pre-provision net revenue from continuing operations (non-GAAP)	**$ 390**	$ 166	$ 538
Average tangible common equity			
Average Key shareholders' equity (GAAP)	**$ 14,649**	$ 13,471	$ 13,817
Less: Intangible assets (average) [(c)]	**2,802**	2,811	2,841
Preferred stock (average)	**2,500**	2,500	2,500
Average tangible common equity (non-GAAP)	**$ 9,347**	$ 8,160	$ 8,476
Return on average tangible common equity from continuing operations			
Net income (loss) from continuing operations attributable to Key common shareholders (GAAP)	**$ 183**	$ 30	$ 275
Average tangible common equity (non-GAAP)	**9,347**	8,160	8,476
Return on average tangible common equity from continuing operations (non-GAAP)	**7.87 %**	1.46 %	13.16 %
Return on average tangible common equity consolidated			
Net income (loss) attributable to Key common shareholders (GAAP)	**$ 183**	$ 30	$ 276
Average tangible common equity (non-GAAP)	**9,347**	8,160	8,476
Return on average tangible common equity consolidated (non-GAAP)	**7.87 %**	1.46 %	13.21 %

GAAP to Non-GAAP Reconciliations (continued)

(Dollars in millions)

	Three months ended		
	3/31/2024	**12/31/2023**	**3/31/2023**
Cash efficiency ratio			
Noninterest expense (GAAP)	**$ 1,143**	$ 1,372	$ 1,176
Less: Intangible asset amortization	**8**	10	10
Adjusted noninterest expense (non-GAAP)	**$ 1,135**	$ 1,362	$ 1,166
Net interest income (GAAP)	**$ 875**	$ 921	$ 1,099
Plus: Taxable-equivalent adjustment	**11**	7	7
Net interest income TE (non-GAAP)	**886**	928	1,106
Noninterest income (GAAP)	**647**	610	608
Total taxable-equivalent revenue (non-GAAP)	**$ 1,533**	$ 1,538	$ 1,714
Cash efficiency ratio (non-GAAP)	**74.0 %**	88.6 %	68.0 %

(a) For the three months ended March 31, 2024, December 31, 2023, and March 31, 2023, intangible assets exclude $1 million, $1 million, and $1 million, respectively, of period-end purchased credit card receivables.
(b) Net of capital surplus.
(c) For the three months ended March 31, 2024, December 31, 2023, and March 31, 2023, average intangible assets exclude $1 million, $1 million, and $1 million, respectively, of average purchased credit card receivables.
GAAP = U.S. generally accepted accounting principles

Consolidated Balance Sheets

(Dollars in millions)

	3/31/2024	12/31/2023	3/31/2023
Assets			
Loans	**$ 109,885**	$ 112,606	$ 119,971
Loans held for sale	**228**	483	1,211
Securities available for sale	**37,298**	37,185	39,498
Held-to-maturity securities	**8,272**	8,575	9,561
Trading account assets	**1,171**	1,142	1,118
Short-term investments	**13,205**	10,817	8,410
Other investments	**1,247**	1,244	1,587
Total earning assets	**171,306**	172,052	181,356
Allowance for loan and lease losses	**(1,542)**	(1,508)	(1,380)
Cash and due from banks	**1,247**	941	784
Premises and equipment	**650**	661	628
Goodwill	**2,752**	2,752	2,752
Other intangible assets	**48**	55	85
Corporate-owned life insurance	**4,392**	4,383	4,372
Accrued income and other assets	**8,314**	8,601	8,512
Discontinued assets	**318**	344	410
Total assets	**$ 187,485**	$ 188,281	$ 197,519
Liabilities			
Deposits in domestic offices:			
Interest-bearing deposits	**$ 114,593**	$ 114,859	$ 106,841
Noninterest-bearing deposits	**29,638**	30,728	37,307
Total deposits	**144,231**	145,587	144,148
Federal funds purchased and securities sold under repurchase agreements	**27**	38	1,374
Bank notes and other short-term borrowings	**2,896**	3,053	10,061
Accrued expense and other liabilities	**5,008**	5,412	4,861
Long-term debt	**20,776**	19,554	22,753
Total liabilities	**172,938**	173,644	183,197
Equity			
Preferred stock	**2,500**	2,500	2,500
Common shares	**1,257**	1,257	1,257
Capital surplus	**6,164**	6,281	6,207
Retained earnings	**15,662**	15,672	15,700
Treasury stock, at cost	**(5,722)**	(5,844)	(5,868)
Accumulated other comprehensive income (loss)	**(5,314)**	(5,229)	(5,474)
Key shareholders' equity	**14,547**	14,637	14,322
Total liabilities and equity	**$ 187,485**	$ 188,281	$ 197,519
Common shares outstanding (000)	**942,776**	936,564	935,229

Consolidated Statements of Income

(Dollars in millions, except per share amounts)

	Three months ended		
	3/31/2024	**12/31/2023**	**3/31/2023**
Interest income			
Loans	**$ 1,538**	$ 1,574	$ 1,476
Loans held for sale	**14**	12	13
Securities available for sale	**232**	213	194
Held-to-maturity securities	**75**	78	74
Trading account assets	**14**	13	12
Short-term investments	**142**	138	42
Other investments	**17**	22	13
Total interest income	**2,032**	2,050	1,824
Interest expense			
Deposits	**782**	754	350
Federal funds purchased and securities sold under repurchase agreements	**1**	—	22
Bank notes and other short-term borrowings	**46**	45	78
Long-term debt	**328**	330	275
Total interest expense	**1,157**	1,129	725
Net interest income	**875**	921	1,099
Provision for credit losses	**101**	102	139
Net interest income after provision for credit losses	**774**	819	960
Noninterest income			
Trust and investment services income	**136**	132	128
Investment banking and debt placement fees	**170**	136	145
Cards and payments income	**77**	84	81
Service charges on deposit accounts	**63**	65	67
Corporate services income	**69**	67	76
Commercial mortgage servicing fees	**56**	48	46
Corporate-owned life insurance income	**32**	36	29
Consumer mortgage income	**14**	11	11
Operating lease income and other leasing gains	**24**	22	25
Other income	**6**	9	—
Total noninterest income	**647**	610	608
Noninterest expense			
Personnel	**674**	674	701
Net occupancy	**67**	65	70
Computer processing	**102**	92	92
Business services and professional fees	**41**	44	45
Equipment	**20**	24	22
Operating lease expense	**17**	18	20
Marketing	**19**	31	21
Other expense	**203**	424	205
Total noninterest expense	**1,143**	1,372	1,176
Income (loss) from continuing operations before income taxes	**278**	57	392
Income taxes	**59**	(8)	81
Income (loss) from continuing operations	**219**	65	311
Income (loss) from discontinued operations, net of taxes	**—**	—	1
Net income (loss)	**219**	65	312
Net income (loss) attributable to Key	**$ 219**	$ 65	$ 312
Income (loss) from continuing operations attributable to Key common shareholders	**$ 183**	$ 30	$ 275
Net income (loss) attributable to Key common shareholders	**183**	30	276
Per common share			
Income (loss) from continuing operations attributable to Key common shareholders	**$ .20**	$ .03	$ .30
Income (loss) from discontinued operations, net of taxes	**—**	—	—
Net income (loss) attributable to Key common shareholders (a)	**.20**	.03	.30
Per common share — assuming dilution			
Income (loss) from continuing operations attributable to Key common shareholders	**$ .20**	$ .03	$ .30
Income (loss) from discontinued operations, net of taxes	**—**	—	—
Net income (loss) attributable to Key common shareholders (a)	**.20**	.03	.30
Cash dividends declared per common share	**$ .205**	$ .205	$ .205
Weighted-average common shares outstanding (000)	**929,692**	927,517	926,490
Effect of common share options and other stock awards	**7,319**	6,529	7,314
Weighted-average common shares and potential common shares outstanding (000) (b)	**937,011**	934,046	933,804

(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)

	First Quarter 2024			Fourth Quarter 2023			First Quarter 2023		
	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]	**$ 55,220**	**$ 853**	**6.22 %**	$ 56,664	$ 870	6.09 %	$ 60,281	$ 807	5.42 %
Real estate — commercial mortgage	**14,837**	**229**	**6.21**	15,346	234	6.05	16,470	224	5.52
Real estate — construction	**3,039**	**57**	**7.50**	3,028	54	7.05	2,525	39	6.30
Commercial lease financing	**3,346**	**27**	**3.23**	3,568	30	3.34	3,783	27	2.87
Total commercial loans	**76,442**	**1,166**	**6.14**	78,606	1,188	6.00	83,059	1,097	5.35
Real estate — residential mortgage	**20,814**	**171**	**3.29**	21,113	174	3.30	21,436	172	3.21
Home equity loans	**7,024**	**104**	**5.97**	7,227	108	5.93	7,879	106	5.47
Other consumer loans	**5,800**	**72**	**4.99**	6,015	75	4.94	6,480	76	4.69
Credit cards	**954**	**36**	**14.93**	987	36	14.47	983	32	13.37
Total consumer loans	**34,592**	**383**	**4.44**	35,342	393	4.43	36,778	386	4.23
Total loans	**111,034**	**1,549**	**5.61**	113,948	1,581	5.51	119,837	1,483	5.01
Loans held for sale	**888**	**14**	**6.15**	695	12	6.85	907	13	5.86
Securities available for sale [b], [e]	**37,089**	**232**	**2.17**	35,576	213	1.99	39,172	194	1.72
Held-to-maturity securities [b]	**8,423**	**75**	**3.57**	8,714	78	3.56	8,931	74	3.32
Trading account assets	**1,110**	**14**	**5.21**	1,104	13	4.93	1,001	12	4.86
Short-term investments	**10,243**	**142**	**5.59**	9,571	138	5.72	3,532	42	4.80
Other investments [e]	**1,236**	**17**	**5.39**	1,297	22	6.91	1,309	13	4.01
Total earning assets	**170,023**	**2,043**	**4.67**	170,905	2,057	4.60	174,689	1,831	4.09
Allowance for loan and lease losses	**(1,505)**			(1,484)			(1,336)		
Accrued income and other assets	**17,350**			17,471			17,498		
Discontinued assets	**329**			351			419		
Total assets	**$ 186,197**			$ 187,243			$ 191,270		
Liabilities									
Money market deposits	**$ 37,659**	**$ 264**	**2.82 %**	$ 36,648	$ 251	2.72 %	$ 33,853	$ 78	.94 %
Demand deposits	**56,137**	**357**	**2.56**	56,963	348	2.42	52,365	183	1.42
Savings deposits	**5,253**	**1**	**.07**	5,492	1	.05	7,346	1	.03
Time deposits	**14,430**	**160**	**4.45**	14,326	154	4.26	10,498	88	3.39
Total interest-bearing deposits	**113,479**	**782**	**2.77**	113,429	754	2.63	104,062	350	1.36
Federal funds purchased and securities sold under repurchase agreements	**106**	**1**	**4.03**	56	—	2.29	2,087	22	4.34
Bank notes and other short-term borrowings	**3,325**	**46**	**5.63**	3,199	45	5.62	6,597	78	4.80
Long-term debt [f], [g]	**19,537**	**328**	**6.72**	19,921	330	6.64	20,141	275	5.47
Total interest-bearing liabilities	**136,447**	**1,157**	**3.41**	136,605	1,129	3.29	132,887	725	2.20
Noninterest-bearing deposits	**29,399**			31,647			39,343		
Accrued expense and other liabilities	**5,373**			5,169			4,804		
Discontinued liabilities [g]	**329**			351			419		
Total liabilities	**$ 171,548**			$ 173,772			$ 177,453		
Equity									
Key shareholders' equity	**$ 14,649**			$ 13,471			$ 13,817		
Noncontrolling interests	**—**			—			—		
Total equity	**14,649**			13,471			13,817		
Total liabilities and equity	**$ 186,197**			$ 187,243			$ 191,270		
Interest rate spread (TE)			**1.26 %**			1.31 %			1.89 %
Net interest income (TE) and net interest margin (TE)		**$ 886**	**2.02 %**		$ 928	2.07 %		$ 1,106	2.47 %
TE adjustment [b]		**11**			7			7	
Net interest income, GAAP basis		**$ 875**			$ 921			$ 1,099	

(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 March 31, 2024, December 31, 2023, and March 31, 2023.
(c) For purposes of these computations, nonaccrual loans are included in average loan balances.
(d) Commercial and industrial average balances include $211 million, $210 million, and $178 million of assets from commercial credit cards for the three months ended March 31, 2024, December 31, 2023, and March 31, 2023, respectively.
(e) Yield is calculated on the basis of amortized cost. The average amortized cost for securities available for sale was $42.7 billion, $42.6 billion, and $45.3 billion for the three months ended March 31, 2024, December 31, 2023, and March 31, 2023, respectively.
(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		
	3/31/2024	**12/31/2023**	**3/31/2023**
Personnel [(a)]	**$ 674**	$ 674	$ 701
Net occupancy	**67**	65	70
Computer processing	**102**	92	92
Business services and professional fees	**41**	44	45
Equipment	**20**	24	22
Operating lease expense	**17**	18	20
Marketing	**19**	31	21
Other expense	**203**	424	205
Total noninterest expense	**$ 1,143**	$ 1,372	$ 1,176
Average full-time equivalent employees [(b)]	**16,752**	17,129	18,220

(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		
	3/31/2024	**12/31/2023**	**3/31/2023**
Salaries and contract labor	**$ 389**	$ 399	$ 419
Incentive and stock-based compensation	**159**	139	152
Employee benefits	**126**	97	99
Severance	**—**	39	31
Total personnel expense	**$ 674**	$ 674	$ 701

Loan Composition

(Dollars in millions)

	3/31/2024	12/31/2023	3/31/2023	Change 3/31/2024 vs. 12/31/2023	Change 3/31/2024 vs. 3/31/2023
Commercial and industrial [(a)(b)]	**$ 54,793**	$ 55,815	$ 60,565	(1.8)%	(9.5)%
Commercial real estate:					
Commercial mortgage	**14,540**	15,187	16,348	(4.3)	(11.1)
Construction	**3,013**	3,066	2,590	(1.7)	16.3
Total commercial real estate loans	**17,553**	18,253	18,938	(3.8)	(7.3)
Commercial lease financing [(b)]	**3,305**	3,523	3,763	(6.2)	(12.2)
Total commercial loans	**75,651**	77,591	83,266	(2.5)	(9.1)
Residential — prime loans:					
Real estate — residential mortgage	**20,704**	20,958	21,632	(1.2)	(4.3)
Home equity loans	**6,905**	7,139	7,706	(3.3)	(10.4)
Total residential — prime loans	**27,609**	28,097	29,338	(1.7)	(5.9)
Other consumer loans	**5,690**	5,916	6,398	(3.8)	(11.1)
Credit cards	**935**	1,002	969	(6.7)	(3.5)
Total consumer loans	**34,234**	35,015	36,705	(2.2)	(6.7)
Total loans [(c), (d)]	**$ 109,885**	$ 112,606	$ 119,971	(2.4)%	(8.4)%

(a) Loan balances include $214 million, $207 million, and $185 million of commercial credit card balances at March 31, 2024, December 31, 2023, and March 31, 2023, respectively.

(b) Commercial and industrial includes receivables held as collateral for a secured borrowing of $349 million at March 31, 2024, and no amounts held as collateral for a secured borrowing at December 31, 2023, and March 31, 2023. Commercial lease financing includes receivables held as collateral for a secured borrowing of $6 million, $7 million, and $6 million at March 31, 2024, December 31, 2023, and March 31, 2023, respectively. Principal reductions are based on the cash payments received from these related receivables.

(c) Total loans exclude loans of $313 million at March 31, 2024, $339 million at December 31, 2023, and $407 million at March 31, 2023, related to the discontinued operations of the education lending business.

(d) Accrued interest of $508 million, $522 million, and $522 million at March 31, 2024, December 31, 2023, and March 31, 2023, 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)

	3/31/2024	12/31/2023	3/31/2023	Change 3/31/2024 vs. 12/31/2023	Change 3/31/2024 vs. 3/31/2023
Commercial and industrial	**$ —**	$ 50	$ 351	N/M	N/M
Real estate — commercial mortgage	**155**	382	815	(59.4)	(81.0)
Real estate — residential mortgage	**73**	51	45	43.1	62.2
Total loans held for sale	**$ 228**	$ 483	$ 1,211	(52.8)%	(81.2)%

N/M = Not Meaningful

Summary of Changes in Loans Held for Sale

(Dollars in millions)

	1Q24	4Q23	3Q23	2Q23	1Q23
Balance at beginning of period	**$ 483**	$ 730	$ 1,130	$ 1,211	$ 963
New originations	**1,738**	1,879	3,035	1,798	1,779
Transfers from (to) held to maturity, net	**(105)**	(31)	(94)	(52)	(13)
Loan sales	**(1,893)**	(2,095)	(3,312)	(1,798)	(1,518)
Loan draws (payments), net	**4**	—	(29)	(28)	—
Valuation and other adjustments	**1**	—	—	(1)	—
Balance at end of period	**$ 228**	$ 483	$ 730	$ 1,130	$ 1,211

Summary of Loan and Lease Loss Experience From Continuing Operations

(Dollars in millions)

	Three months ended		
	3/31/2024	**12/31/2023**	**3/31/2023**
Average loans outstanding	**$ 111,034**	$ 113,948	$ 119,837
Allowance for loan and lease losses at the beginning of the period	**$ 1,508**	$ 1,488	$ 1,337
Loans charged off:			
Commercial and industrial	**62**	49	35
Real estate — commercial mortgage	**5**	24	5
Real estate — construction	**—**	—	—
Total commercial real estate loans	**5**	24	5
Commercial lease financing	**—**	—	(1)
Total commercial loans	**67**	73	39
Real estate — residential mortgage	**1**	—	—
Home equity loans	**1**	(2)	1
Other consumer loans	**16**	14	11
Credit cards	**12**	10	9
Total consumer loans	**30**	22	21
Total loans charged off	**97**	95	60
Recoveries:			
Commercial and industrial	**8**	11	8
Real estate — commercial mortgage	**—**	1	—
Real estate — construction	**—**	1	—
Total commercial real estate loans	**—**	2	—
Commercial lease financing	**2**	1	1
Total commercial loans	**10**	14	9
Real estate — residential mortgage	**2**	1	1
Home equity loans	**1**	—	1
Other consumer loans	**2**	1	3
Credit cards	**1**	3	1
Total consumer loans	**6**	5	6
Total recoveries	**16**	19	15
Net loan charge-offs	**(81)**	(76)	(45)
Provision (credit) for loan and lease losses	**115**	96	88
Allowance for loan and lease losses at end of period	**$ 1,542**	$ 1,508	$ 1,380
Liability for credit losses on lending-related commitments at beginning of period	**$ 296**	$ 290	$ 225
Provision (credit) for losses on lending-related commitments	**(14)**	6	51
Other	**(1)**	—	—
Liability for credit losses on lending-related commitments at end of period [(a)]	**$ 281**	$ 296	$ 276
Total allowance for credit losses at end of period	**$ 1,823**	$ 1,804	$ 1,656
Net loan charge-offs to average total loans	**.29 %**	.26 %	.15 %
Allowance for loan and lease losses to period-end loans	**1.40**	1.34	1.15
Allowance for credit losses to period-end loans	**1.66**	1.60	1.38
Allowance for loan and lease losses to nonperforming loans	**234**	263	332
Allowance for credit losses to nonperforming loans	**277**	314	398
Discontinued operations — education lending business:			
Loans charged off	**$ 1**	$ 1	$ 1
Recoveries	**—**	—	—
Net loan charge-offs	**$ (1)**	$ (1)	$ (1)

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

Asset Quality Statistics From Continuing Operations

(Dollars in millions)

	1Q24	4Q23	3Q23	2Q23	1Q23
Net loan charge-offs	**$ 81**	$ 76	$ 71	$ 52	$ 45
Net loan charge-offs to average total loans	**.29 %**	.26 %	.24 %	.17 %	.15 %
Allowance for loan and lease losses	**$ 1,542**	$ 1,508	$ 1,488	$ 1,480	$ 1,380
Allowance for credit losses [a]	**1,823**	1,804	1,778	1,771	1,656
Allowance for loan and lease losses to period-end loans	**1.40 %**	1.34 %	1.29 %	1.24 %	1.15 %
Allowance for credit losses to period-end loans	**1.66**	1.60	1.54	1.49	1.38
Allowance for loan and lease losses to nonperforming loans	**234**	263	327	343	332
Allowance for credit losses to nonperforming loans	**277**	314	391	411	398
Nonperforming loans at period end	**$ 658**	$ 574	$ 455	$ 431	$ 416
Nonperforming assets at period end	**674**	591	471	462	447
Nonperforming loans to period-end portfolio loans	**.60 %**	.51 %	.39 %	.36 %	.35 %
Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets	**.61**	.52	.41	.39	.37

(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)

	3/31/2024	12/31/2023	9/30/2023	6/30/2023	3/31/2023
Commercial and industrial	**$ 360**	$ 297	$ 214	$ 188	$ 170
Real estate — commercial mortgage	**113**	100	63	65	59
Real estate — construction	**—**	—	—	—	—
Total commercial real estate loans	**113**	100	63	65	59
Commercial lease financing	**1**	—	1	1	1
Total commercial loans	**474**	397	278	254	230
Real estate — residential mortgage	**79**	71	72	73	75
Home equity loans	**95**	97	97	97	104
Other Consumer loans	**4**	4	4	4	4
Credit cards	**6**	5	4	3	3
Total consumer loans	**184**	177	177	177	186
Total nonperforming loans [a]	**658**	574	455	431	416
OREO	**16**	17	16	15	13
Nonperforming loans held for sale	**—**	—	—	16	18
Other nonperforming assets	**—**	—	—	—	—
Total nonperforming assets	**$ 674**	$ 591	$ 471	$ 462	$ 447
Accruing loans past due 90 days or more	**$ 119**	$ 107	$ 52	$ 73	$ 55
Accruing loans past due 30 through 89 days	**242**	222	178	139	164
Nonperforming assets from discontinued operations — education lending business	**2**	3	2	2	3
Nonperforming loans to period-end portfolio loans	**.60 %**	.51 %	.39 %	.36 %	.35 %
Nonperforming assets to period-end portfolio loans plus OREO and other nonperforming assets	**.61**	.52	.41	.39	.37

Summary of Changes in Nonperforming Loans From Continuing Operations

(Dollars in millions)

	1Q24	4Q23	3Q23	2Q23	1Q23
Balance at beginning of period	**$ 574**	$ 455	$ 431	$ 416	$ 387
Loans placed on nonaccrual status	**243**	297	159	169	143
Charge-offs	**(97)**	(95)	(87)	(76)	(60)
Loans sold	**(5)**	(9)	(4)	(23)	(2)
Payments	**(35)**	(56)	(25)	(20)	(31)
Transfers to OREO	**(2)**	(2)	(3)	(2)	(2)
Loans returned to accrual status	**(20)**	(16)	(16)	(33)	(19)
Balance at end of period	**$ 658**	$ 574	$ 455	$ 431	$ 416

Line of Business Results

(Dollars in millions)

	1Q24	4Q23	3Q23	2Q23	1Q23	Change 1Q24 vs. 4Q23	Change 1Q24 vs. 1Q23
Consumer Bank							
Summary of operations							
Total revenue (TE)	**$ 773**	$ 786	$ 791	$ 803	$ 840	(1.7)%	(8.0)%
Provision for credit losses	**(2)**	5	14	32	60	(140.0)	(103.3)
Noninterest expense	**703**	780	677	663	663	(9.9)	6.0
Net income (loss) attributable to Key	**55**	1	76	82	89	N/M	(38.2)
Average loans and leases	**40,446**	41,381	42,250	42,934	43,086	(2.3)	(6.1)
Average deposits	**84,317**	84,856	83,864	82,498	84,637	(.6)	(.4)
Net loan charge-offs	**44**	40	36	32	24	10.0	83.3
Net loan charge-offs to average total loans	**.44 %**	.38 %	.34 %	.30 %	.23 %	15.8	91.3
Nonperforming assets at period end	**$ 196**	$ 190	$ 190	$ 193	$ 196	3.2	—
Return on average allocated equity	**6.18 %**	0.11 %	8.48 %	9.04 %	9.87 %	N/M	(37.4)
Commercial Bank							
Summary of operations							
Total revenue (TE)	**$ 791**	$ 794	$ 790	$ 805	$ 844	(.4)%	(6.3)%
Provision for credit losses	**102**	96	68	134	80	6.3	27.5
Noninterest expense	**442**	525	431	405	442	(15.8)	—
Net income (loss) attributable to Key	**200**	143	226	214	255	39.9	(21.6)
Average loans and leases	**70,099**	72,088	74,951	77,277	76,306	(2.8)	(8.1)
Average loans held for sale	**840**	635	1,268	1,014	876	32.3	(4.1)
Average deposits	**56,090**	56,897	54,896	51,420	52,219	(1.4)	7.4
Net loan charge-offs	**37**	35	35	20	21	5.7	76.2
Net loan charge-offs to average total loans	**.21 %**	.19 %	.19 %	.10 %	.11 %	10.5	90.9
Nonperforming assets at period end	**$ 479**	$ 401	$ 281	$ 269	$ 251	19.5	90.8
Return on average allocated equity	**8.02 %**	5.64 %	8.64 %	8.17 %	10.04 %	42.2	(20.1)

TE = Taxable Equivalent; N/M = Not Meaningful

Selected Items Impact on Earnings[a]

(Dollars in millions, except per share amounts)

Quarter to date results	Pretax[b] Amount	After-tax at marginal rate[b] Net Income	After-tax at marginal rate[b] EPS[c]
Three months ended March 31, 2024			
FDIC special assessment (other expense)[d]	**$ (29)**	**$ (22)**	**$ (0.02)**
Three months ended December 31, 2023			
Efficiency related expenses[e]	(67)	(51)	(0.05)
Pension settlement (other expense)	(18)	(14)	(0.02)
FDIC special assessment (other expense)[d]	(190)	(144)	(0.15)
Total selected items	(275)	(209)	(0.22)
Three months ended March 31, 2023			
Efficiency related expenses[f]	(64)	(49)	(0.05)

(a) Includes items impacting results or trends during the period but are not considered non-GAAP adjustments.
(b) Favorable (unfavorable) impact.
(c) Impact to EPS reflected on a fully diluted basis.
(d) In November 2023, the FDIC issued a final rule implementing a special assessment on insured depository institutions to recover the loss to the FDIC's deposit insurance fund (DIF) associated with protecting uninsured depositors following the 2023 closures of Silicon Valley Bank and Signature Bank. KeyCorp recorded the initial loss estimate related to the special assessment during the fourth quarter of 2023. In late February 2024, the FDIC provided updated estimates on the uninsured deposit losses and recoverable assets related to the 2023 closures of Silicon Valley Bank and Signature Bank. KeyCorp recorded the additional expense related to the revised special assessment during the first quarter of 2024.
(e) Efficiency related expenses for the three months ended December 31, 2023, consist primarily of $39 million of severance recorded in personnel expense and $24 million of corporate real estate related rationalization and other contract termination or renegotiation costs recorded in other expense.
(f) Efficiency related expenses for the three months ended March 31, 2023, consist primarily of $31 million of severance recorded in personnel expense and $28 million of corporate real estate related rationalization and other contract termination or renegotiation costs recorded in other expense.