SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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SOCIETY CORP

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Business Address
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CLEVELAND OH 44114-1306
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15d of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 19, 1994

KEYCORP

(Exact name of registrant as specified in its charter)

Ohio	0-850	34-6542451
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

127 Public Square, Cleveland, Ohio	44114-1306
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (216) 689-3000

Item 5. Other Events

On April 19, 1994, the Registrant issued a press release announcing its earnings results for the three month period ended March 31, 1994. This

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press release is attached as Exhibit 99a to this report and incorporated herein by reference.

On April 20, 1994, the Registrant mailed its Annual Report to its shareholders of record as of March 22, 1994. The following portions of the 1993 Annual Report are attached as Exhibit 99b to this report and are incorporated herein by reference: Management's Discussion and Analysis of Financial Condition and Results of Operations; Report of Ernst & Young, Independent Auditors; Consolidated Financial Statements; and Notes to Consolidated Financial Statements.

The Registrant is also filing descriptions of its business (including a discussion of regulatory and supervision matters) and properties that reflect old KeyCorp and Society on a combined basis giving effect to the March 1, 1994 merger. The descriptions of business and properties are attached as Exhibit 99c to this report and are incorporated herein by reference.

Item 7. Financial Statements, Pro Forma Financial Statements and Exhibits

(c) Exhibits

23 Consent of Ernst & Young, Independent Auditors

99a. April 19, 1994, press release of the Registrant announcing its earnings results for the three month period ended March 31, 1994.

99b. 1993 KeyCorp Annual Report sections: Management's Discussion and Analysis of Financial Condition and Results of Operations; Report of Ernst & Young, Independent Auditors; Consolidated Financial Statements; and Notes to Consolidated Financial Statements.

99c. Descriptions of KeyCorp's business (including a discussion of regulatory and supervision matters) and properties that reflect old KeyCorp and Society on a combined basis giving effect to the March 1, 1994 merger.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

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KEYCORP

(Registrant)

Date: April 19, 1994

/s/ Lee Irving

By: Lee Irving
Executive Vice President,
Treasurer and Chief
Accounting Officer

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EXHIBIT 23

CONSENT OF ERNST & YOUNG, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following Registration Statements of KeyCorp and in the related Prospectuses of our report dated March 1, 1994, with respect to the consolidated financial statements of KeyCorp for the year ended December 31, 1993, (as restated to give effect to the March 1, 1994 merger of KeyCorp and Society) incorporated by reference in this Current Report (Form 8-K):

* Form S-3 No. 33-5064
  Form S-3 No. 33-10634
  Form S-3 No. 33-39733
  Form S-3 No. 33-39734
  Form S-3 No. 33-51652

* Form S-4 No. 33-31569
  Form S-4 No. 33-44657
  Form S-4 No. 33-51717

* Form S-8 No. 2-67589
  Form S-8 No. 2-96769
  Form S-8 No. 2-97452
  Form S-8 No. 33-21643
  Form S-8 No. 33-42691
  Form S-8 No. 33-45518
  Form S-8 No. 33-46278
  Form S-8 No. 33-52293
  Form S-8 No. 33-57408

* Form S-8 No. 33-31569 (Post-Effective Amendment No. 1 to Form S-4)
  Form S-8 No. 33-31569 (Post-Effective Amendment No. 2 to Form S-4)
  Form S-8 No. 33-31569 (Post-Effective Amendment No. 3 to Form S-4)
  Form S-8 No. 33-44657 (Post-Effective Amendment No. 1 to Form S-4)
  Form S-8 No. 33-51717 (Post-Effective Amendment No. 1 to Form S-4)

Ernst & Young

Cleveland, Ohio
April 19, 1994

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KEYCORP

[logo]

NEWS 127 Public Square, Cleveland, Ohio 44114

===

CONTACT: John Fuller (216) 689-8140 (media)
Jay Gould (216) 689-4721 (analysts)

FOR IMMEDIATE RELEASE

KEYCORP REPORTS RECORD QUARTERLY EARNINGS

CLEVELAND, April 19, 1994 -- KeyCorp (NYSE: KEY) today reported record quarterly earnings of $209 million for the 1994 first quarter, up 10 percent from the year-ago quarter. Earnings per common share for the first quarter were $0.85, also up 10 percent from the 1993 first quarter. Prior year results have been restated for the March 1, 1994, merger with Society Corporation, accounted for as a pooling of interests.

"The 1994 first quarter included significant milestones in KeyCorp's history as the previously announced merger with Society Corporation was approved by shareholders and closed on March 1, 1994," said Victor J. Riley, Jr., chairman of the board and chief executive officer. "Completing this merger in only five months makes this one of the fastest and smoothest mergers in banking history. It also speaks to the merger experience and sense of teamwork and accomplishment that characterizes our new company. I'm pleased to report that much of the merger and integration effort is behind us. The functions of some 40 merger-integration task forces have now shifted to the new management team. This, in turn, allows us to direct our efforts toward achieving the previously announced expense savings. We are also encouraged by early signs related to the revenue enhancement opportunities made possible by the merger."

- more -

Commenting on financial performance, James W. Wert, senior executive vice president and chief financial officer, noted, "KeyCorp's financial performance continued at a high level in the first quarter, with a return on average total assets of 1.41 percent and a return on average common equity of 19.2 percent, placing KeyCorp at or near the top of industry rankings for these important measures. Our efficiency ratio for the quarter improved to 60.1 percent from 61.4 percent in the 1993 fourth quarter, after excluding nonrecurring items. This is particularly encouraging since most merger-related expense savings are only now in the process of beginning to be realized by the new company. We are also pleased to note that average loans in the first quarter increased at an annualized rate of 10 percent from the 1993 fourth quarter, continuing the growth of recent quarters and partially offsetting the impact of a narrowing of the net interest margin.

"Credit quality measures also continued to improve," said Wert. "Nonperforming assets declined $36 million, or 7 percent, from the 1993 fourth quarter and represented 1.12 percent of loans plus other real estate owned and other nonperforming assets. Net loan charge-offs also declined in the quarter to a low level, totaling only $31 million, or just 0.31 percent of average

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loans, down from $44 million (0.45 percent) in the 1993 fourth quarter."

Reflecting the improvement in credit quality measures, the provision for loan losses in the 1994 first quarter was $37 million, down from $56 million in the year-ago quarter and down $10 million from the 1993 fourth quarter. Even so, the current quarter's provision was $5 million greater than the net charge-offs, resulting in a slight increase in the allowance for loan losses and related nonperforming loan and nonperforming asset coverage ratios.

Net interest income in the 1994 first quarter was up $14 million, or 2 percent, from the year-ago quarter. The favorable impact of a $4.3 billion, or 8 percent,

- more -

increase in the level of average earning assets was partially offset by a decline in the net interest margin to 5.03 percent from 5.40 percent in the year-ago quarter. Compared to the 1993 fourth quarter, net interest income decreased $10 million, or 2 percent, reflecting a decline in the net interest margin from 5.21 percent to 5.03 percent in the current quarter. This more than offset the favorable impact of a $1.7 billion, or 3 percent, increase in average earning assets. Compared to 1993 periods, narrowing spreads are attributed to earning assets growth, a modest rise in short-term interest rates, and the repricing of higher-yielding investment securities and mortgage-related assets.

Excluding the effects of acquisitions and run-off of out-of-market loans acquired through regulator-assisted transactions in the State of New York, average loans in the 1994 first quarter were up $1.7 billion, or 4 percent, from the year-ago quarter. The benefits of regional diversity were apparent as the growth in bank loans in the Rocky Mountain and Northwest regions of 8 percent and 7 percent, respectively, continued to outpace growth in the Great Lakes and Northeast regions, 5 percent and 1 percent, respectively.

Noninterest income in the 1994 first quarter was $227 million. When noncore items such as special asset management fees and net securities transactions are excluded from all reporting periods for comparison purposes, core noninterest income in the current quarter was $218 million, up $13 million or 6 percent from the year-ago quarter, but down slightly ($2 million) from the 1993 fourth quarter. This latter decrease reflected a $6 million decline in mortgage banking income, as the 1993 fourth quarter represented an all-time high in origination activity, as well as a $3 million decline in credit card fees. These declines were partially offset by a $3 million increase in trust income and a $4 million increase in all other income.

Special asset management fees are associated with loan collection work performed for the FDIC. These fees are anticipated to decrease over time as the FDIC

- more -

assets under contract are collected and, therefore, decline. In addition, these fees exhibit quarter-to-quarter volatility depending on the timing associated with the loan work-outs. For this reason, they are considered noncore fee income.

Noninterest expense totaled $543 million in the 1994 first quarter. When

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noncore items such as net OREO expense and merger and integration charges are excluded from all reporting periods for comparison purposes, 1994 first quarter core noninterest expense was up 3 percent from the year-ago quarter, but down $18 million, or 3 percent, from the 1993 fourth quarter. Contributing to this decline were decreases in personnel and other expenses of $10 million and $12 million, respectively, which were partially offset by a $6 million increase in net occupancy costs. First quarter 1994 net OREO expense was down $10 million compared to the 1993 fourth quarter.

Another event of the 1994 first quarter was the completion of the acquisition of Commercial Bancorporation of Colorado, with some $400 million in assets and 10 offices. This acquisition increases KeyCorp's presence in Northeast Colorado, one of the nation's fastest growing markets. With this acquisition, Key Bank of Colorado had $587 million in total assets as of March 31, 1994.

Effective January 1, 1994, the corporation adopted the provisions of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." This new accounting standard requires, among other things, that management classify its securities into three portfolios: securities held to maturity, securities available for sale, and trading securities. Securities available for sale are adjusted to their fair values through shareholders' equity with no impact on net income. As a result of this accounting change, approximately $4.5 billion of securities were classified as available for sale at March 31, 1994, and shareholders' equity was reduced by $23 million, representing the net unrealized after-tax loss on these securities.

- more -

At March 31, 1994, assets totaled $61.5 billion and equity capital totaled $4.5 billion. The March 31, 1994, Tier 1 capital ratio was estimated at 8.71 percent.

EDITORS NOTE: For a free fax copy of this release, please call
1-800-758-5804, Ext. 804350

# # #

<TABLE>

FINANCIAL HIGHLIGHTS
(dollars in millions, except per share amounts)

<CAPTION>

	Three months ended		
	3-31-94	12-31-93	3-31-93
<S>	<C>	<C>	<C>
SUMMARY OF OPERATIONS			
Net interest income (TE)	$682.7	$693.1	$669.9
Provision for loan losses	36.8	46.4	55.9
Noninterest income	226.6	237.1	222.6
Noninterest expense	542.8	689.5	535.0

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Net income	208.6	122.3	189.9
PER COMMON SHARE			
Net income	$ .85	$ .49	$ .77
Cash dividends	.32	.28	.28
Book value at period-end	17.88	17.53	16.19
Market price at period-end	30.00	29.75	34.63
AT PERIOD END			
Full-time equivalent employees	30,054	29,983	29,170
Full-service banking offices	1,276	1,267	1,292
PERFORMANCE RATIOS			
Return on average total assets	1.41 %	.83 %	1.38 %
Return on average common equity	19.20	11.09	19.83
Return on average total equity	18.88	11.05	19.27
Efficiency (1)	60.13	61.35	60.04
Overhead (2)	47.27	48.12	46.84
Net interest margin	5.03	5.21	5.40
CAPITAL RATIOS AT PERIOD-END			
Equity to assets	7.38 %	7.37 %	6.98 %
Tangible equity to tangible assets	6.55	6.51	5.89
Tier 1 risk-adjusted capital (3)	8.71	8.73	8.05
Total risk-adjusted capital (3)	12.10	12.22	11.24
Leverage	6.82	6.72	6.37

<FN>

(1) Calculated as noninterest expense (excluding merger and integration charges and other nonrecurring charges) divided by taxable-equivalent net interest income plus noninterest income (excluding net securities gains and certain gains on asset sales).

(2) Calculated as noninterest expense (excluding merger and integration charges and other nonrecurring charges) less noninterest income (excluding net securities gains and certain gains on asset sales) divided by taxable-equivalent net interest income.

(3) 3-31-94 ratio is estimated.

TE = Taxable equivalent

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FINANCIAL HIGHLIGHTS

(dollars in millions, except per share amounts)

<CAPTION>

	Three months ended		
	3-31-94	12-31-93	3-31-93
<S>	<C>	<C>	<C>
ASSET QUALITY			
Net loan charge-offs	$31.3	$44.2	$61.6
Net loan charge-offs to average loans	.31 %	.45 %	.66 %
Allowance for loan losses	$812.6	$802.7	$793.2
Allowance for loan losses to period-end loans	1.96 %	2.00 %	2.07 %
Allowance for loan losses to nonperforming loans	256.53	238.69	159.46
Nonperforming loans at period-end	$316.8	$336.3	$497.5
Nonperforming assets at period-end	464.0	500.1	839.6
Nonperforming loans to period-end loans	.77 %	.84 %	1.30 %

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Nonperforming assets to period-end loans plus OREO and other nonperforming assets	1.12	1.24	2.17

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CONSOLIDATED BALANCE SHEETS
(dollars in millions)

<CAPTION>

ASSETS	3-31-94	12-31-93	3-31-93
<S>	<C>	<C>	<C>
Loans	$41,379.8	$40,071.3	$38,371.7
Mortgage loans held for sale	901.6	1,325.3	653.9
Investment securities	9,091.2	11,122.1	9,452.4
Securities available for sale	4,474.8	1,726.8	2,189.4
Short-term investments	66.1	107.2	1,679.0
Total earning assets	55,913.5	54,352.6	52,346.4
Allowance for loan losses	(812.6)	(802.7)	(793.2)
Cash and due from banks	2,830.7	2,777.4	2,833.0
Premises and equipment	910.9	912.9	891.5
Other real estate owned	134.3	150.4	327.1
Goodwill	381.4	385.4	406.7
Other intangible assets	161.6	163.9	262.1
Purchased mortgage servicing rights	197.9	188.6	176.4
Other assets	1,758.1	1,502.6	1,400.8
TOTAL ASSETS	$61,475.8	$59,631.2	$57,850.8
LIABILITIES			
Deposits in domestic offices:			
Noninterest-bearing	$8,213.6	$8,826.3	$7,780.4
Interest-bearing	36,182.0	35,658.3	35,979.5
Deposits in foreign office-interest-bearing	2,485.0	2,014.5	1,204.4
Total deposits	46,880.6	46,499.1	44,964.3
Federal funds purchased and securities sold under agreements to repurchase	5,674.5	4,120.3	5,036.2
Other short-term borrowings	1,560.2	1,776.2	880.7
Other liabilities	1,079.7	1,078.1	1,029.1
Long-term debt	1,744.5	1,763.9	1,904.1
TOTAL LIABILITIES	56,939.5	55,237.6	53,814.4
SHAREHOLDERS' EQUITY			
Preferred stock	160.0	160.0	184.0
Common equity	4,376.3	4,233.6	3,852.4
TOTAL SHAREHOLDERS' EQUITY	4,536.3	4,393.6	4,036.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$61,475.8	$59,631.2	$57,850.8
Common Shares outstanding (000)	244,763	241,547	237,936

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<TABLE>

CONSOLIDATED STATEMENTS OF INCOME
(dollars in millions, except per share amounts)

<CAPTION>

<S>	Three months ended 3-31-94 <C>	12-31-93 <C>	3-31-93 <C>
INTEREST INCOME	$1,045.0	$1,050.5	$1,047.4
INTEREST EXPENSE	376.9	372.2	393.3
NET INTEREST INCOME	668.1	678.3	654.1
Provision for loan losses	36.8	46.4	55.9
	631.3	631.9	598.2
NONINTEREST INCOME			
Trust income	57.0	54.4	62.9
Service charges on deposit accounts	62.3	62.9	60.7
Mortgage banking income	19.4	25.2	14.0
Special asset management fees	2.2	17.7	16.3
Credit card fees	16.7	19.2	16.3
Insurance and brokerage	16.0	16.0	14.1
Net securities gains (losses)	6.4	(0.1)	1.3
Other income	46.6	41.8	37.0
Total noninterest income	226.6	237.1	222.6
NONINTEREST EXPENSE			
Personnel	275.6	285.6	257.3
Net occupancy	55.5	49.6	50.9
Equipment	39.9	40.5	38.7
FDIC insurance assessments	24.0	24.1	26.3
OREO expense, net of income	1.3	11.7	8.7
Professional fees	12.5	13.7	13.0
Merger and integration charges	--	118.7	--
Other expense	134.0	145.6	140.1
Total noninterest expense	542.8	689.5	535.0
INCOME BEFORE INCOME TAXES	315.1	179.5	285.8
Income taxes	106.5	57.2	95.9
NET INCOME	$208.6	$122.3	$189.9
Net income applicable to Common Shares	$204.6	$118.4	$184.4
Net income per Common Share	.85	.49	.77
Wtd. avg. Common Shares outstanding (000)	241,926	240,778	237,926
Taxable-equivalent adjustment	$14.6	$14.8	$15.8

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CONSOLIDATED QUARTERLY AVERAGE BALANCE SHEETS
(in millions)

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ASSETS	Three months ended 3-31-94	12-31-93	3-31-93
Loans	$40,242.2	$39,257.9	$37,322.9
Mortgage loans held for sale	1,139.2	1,278.1	752.6
Investment securities	7,743.3	10,369.8	9,162.7
Securities available for sale	5,260.9	1,773.3	2,333.0
Short-term investments	154.9	140.3	703.2
Total earning assets	54,540.5	52,819.4	50,274.4
Allowance for loan losses	(815.8)	(807.9)	(795.8)
Other assets	6,248.4	6,277.8	6,157.1
TOTAL ASSETS	$59,973.1	$58,289.3	$55,635.7
LIABILITIES			
Deposits in domestic offices:			
Noninterest-bearing	$7,802.7	$8,166.4	$7,302.1
Interest-bearing	35,604.3	35,649.1	35,024.3
Deposits in foreign office-interest-bearing	2,678.0	1,282.6	976.1
Total deposits	46,085.0	45,098.1	43,302.5
Federal funds purchased and securities sold under agreements to repurchase	4,993.3	4,472.5	4,631.5
Other short-term borrowings	1,435.2	1,239.8	899.0
Other liabilities	1,220.8	1,200.3	974.6
Long-term debt	1,756.9	1,883.9	1,832.9
TOTAL LIABILITIES	55,491.2	53,894.6	51,640.5
SHAREHOLDERS' EQUITY			
Preferred stock	160.0	160.0	224.0
Common equity	4,321.9	4,234.7	3,771.2
TOTAL SHAREHOLDERS' EQUITY	4,481.9	4,394.7	3,995.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$59,973.1	$58,289.3	$55,635.7

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GLOSSARY OF TERMS

CAPITAL COMPONENTS AND RATIOS:

TIER I CAPITAL: The sum of common shareholders' equity (including Common Shares, capital surplus, and retained earnings) plus noncumulative perpetual preferred stock, less goodwill, other non-qualifying intangible assets and a valuation adjustment for purchased mortgage servicing rights.

TOTAL CAPITAL: The sum of Tier I capital plus Tier II capital (including the qualifying portions of the allowance for loan losses, subordinated debt instruments, and certain hybrid capital instruments).

NET RISK-ADJUSTED ASSETS: The sum of risk-weighted assets plus the risk-weighted credit equivalent amounts of off-balance sheet items, less goodwill, other non-qualifying intangible assets, the non-qualifying portion of the allowance for loan losses, and a valuation adjustment for purchased mortgage servicing rights.

TIER I RISK-ADJUSTED CAPITAL RATIO: The ratio of Tier I capital to net risk-adjusted assets. The Federal regulatory minimum standard for the Tier I risk-adjusted capital ratio is 4.00%.

TOTAL RISK-ADJUSTED CAPITAL RATIO: The ratio of total capital to net risk-adjusted assets. The Federal regulatory minimum standard for the total risk-adjusted capital ratio is 8.00%.

LEVERAGE RATIO: Tier I capital as a percentage of average quarterly assets, less goodwill, other non-qualifying intangible assets, and a valuation adjustment for purchased mortgage servicing rights.

EARNING ASSETS: The sum of loans, loans held for sale, investment securities, securities available for sale, interest-bearing deposits with banks, Federal funds sold, securities purchased under agreements to resell, and trading account assets.

EFFICIENCY RATIO: Noninterest expense (excluding merger and integration charges and other nonrecurring charges) divided by taxable-equivalent net interest income plus noninterest income (excluding net securities gains and certain gains on asset sales).

INTEREST-BEARING LIABILITIES: The sum of interest-bearing deposits, Federal funds purchased, securities sold under agreements to repurchase, other short-term borrowings, and long-term debt.

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INTEREST RATE SPREAD: The difference between the taxable-equivalent yield on earning assets and the rate paid on interest-bearing liabilities.

INTEREST RATE SWAP: A contract wherein one party pays a fixed rate of interest based on a notional amount to a second party, which pays to the first party a variable rate of interest based on the same notional amount.

MERGER AND INTEGRATION CHARGES: Expenses directly related to mergers and consisting of investment banking and other professional fees; severance payments and other employee costs; systems and facilities costs; and other merger-related costs.

NET INTEREST MARGIN: Fully taxable-equivalent net interest income as a percentage of average earning assets.

NONPERFORMING ASSETS: The sum of nonperforming loans plus other real estate owned and other nonperforming assets (primarily venture capital investments).

NONPERFORMING LOANS: The sum of loans on a nonaccrual basis (for purposes of interest recognition) plus loans whose repayment criteria have been renegotiated to less-than-market terms due to the inability of the borrowers to repay the loans in accordance with their original terms.

OTHER REAL ESTATE OWNED ("OREO"): Real estate acquired in either formal or, where the borrower's circumstances appear to make actual foreclosure likely, in-substance foreclosures.

OVERHEAD RATIO: Noninterest expense (excluding merger and integration charges and other nonrecurring charges) less noninterest income (excluding net securities gains and certain gains on asset sales) divided by taxable-equivalent net interest income.

RETURN ON AVERAGE TOTAL ASSETS: Net income as a percentage of average total assets.

RETURN ON AVERAGE COMMON EQUITY: Net income, less applicable preferred dividends, as a percentage of average common shareholders' equity.

TAXABLE-EQUIVALENT INCOME: Tax-exempt income which has been adjusted to an amount that would yield the same after-tax income had the income been subject to taxation at the statutory Federal income tax rate.

INTRODUCTION

On March 1, 1994, KeyCorp ("old KeyCorp"), a financial services holding company headquartered in Albany, New York, with approximately $33 billion in assets as of December 31, 1993, merged into and with Society Corporation ("Society"), a financial services holding company headquartered in Cleveland, Ohio, with approximately $27 billion in assets at year-end 1993. Society was the surviving corporation of the merger under the name "KeyCorp". Other transactions which were completed over the past two years and have had a significant impact on the overall growth and geographic diversification of the combined organization are described in Note 2, Mergers, Acquisitions and Divestitures, on page 51 of this report.

The merger of old KeyCorp and Society (the "Merger") created one of the country's largest and strongest financial services holding companies with nearly $60 billion in total assets, the fifth largest branch network, the sixteenth largest mortgage banking business and an investment management business with approximately $34 billion in trust assets under management. The combined results of these companies established a high level of performance as KeyCorp's 1993 net income reached a record of $709.9 million. KeyCorp was positioned eleventh among the country's bank holding companies based on consolidated asset size as of December 31, 1993.

The Merger was accounted for as a pooling of interests and, accordingly, the financial information included in the remainder of this discussion and analysis of the consolidated financial condition and results of operations of KeyCorp and its subsidiaries (the "Corporation") presents the combined results of old KeyCorp and Society as if the Merger had been in effect for all periods presented. This discussion should be read in conjunction with the consolidated financial statements and notes presented on pages 46 through 72 of this report.

PERFORMANCE OVERVIEW

Figure 1 presents certain income statement components for 1993 and 1992 expressed on a per Common Share basis. A more detailed analysis of the major factors affecting the comparability between the periods is provided throughout this report. Net income for 1993 reached a record level of $709.9 million, or $2.89 per Common Share, up from the previous record of $592.1 million, or $2.42 per Common Share, achieved in 1992 and $313.7 million, or $1.31 per Common Share, in 1991. The return on average common equity for 1993 rose to 17.27%, up from 16.33% and 9.29% in 1992 and 1991, respectively. The return on average

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total assets was 1.24% in 1993, 1.13% in 1992 and .60% in 1991.

Record-level earnings were attained in 1993 despite fourth-quarter merger and integration charges of $118.7 million ($80.6 million after tax, $.33 per Common Share) recorded in connection with the Merger. In 1992, earnings were also

<TABLE>
/FIGURE 1/ COMPONENTS OF EARNINGS PER COMMON SHARE
<CAPTION>
Year ended December 31,

	1993	1992	Change Amount	Change Percent
<S>	<C>	<C>	<C>	<C>
Interest income	$17.57	$17.87	$(.30)	(1.7)%
Interest expense	6.40	7.45	(1.05)	(14.1)
Net interest income	11.17	10.42	.75	7.2
Provision for loan losses	.88	1.44	(.56)	(38.9)
Net interest income after loan loss provision	10.29	8.98	1.31	14.6
Noninterest income	4.18	3.94	.24	6.1
Noninterest expense	9.95	9.24	.71	7.7
Income before income taxes and cumulative effect of accounting change	4.52	3.68	.84	22.8
Income taxes	1.56	1.19	.37	31.1
Cumulative effect of accounting change	---	.03	(.03)	(100.0)
Preferred dividends	.07	.10	(.03)	(30.0)
Earnings per Common Share	$ 2.89	$ 2.42	$ .47	19.4%

</TABLE>

adversely impacted by similar charges totaling $50.0 million ($34.2 million after tax, $.15 per Common Share) recorded in the first quarter in connection with the merger with Ameritrust Corporation ("Ameritrust") and $42.7 million ($32.4 million after tax, $.14 per Common Share) recorded in the fourth quarter in connection with the merger with Puget Sound Bancorp ("PSB"). These merger and integration charges are described in greater detail in Note 12, Merger and Integration Charges, on page 63 of this report. Excluding the impact of these merger and integration charges from noninterest expense, 1993 net income grew by $131.8 million, or 20%, relative to the previous year. The 1993 improvement reflected a $221.2 million, or 9%, increase in taxable-equivalent net interest income, a $76.5 million, or 8%, increase in noninterest income, and a $126.7 million, or 37%, decrease in the provision for loan losses. These positive factors were offset in part by a $188.7 million, or 9%, increase in noninterest expense and a $94.3 million, or 34%, increase in tax expense. Adjusting for the merger and integration charges recorded in both years, the return on average common equity and the return on average total assets were 19.29% and 1.39%, respectively, in 1993, and 18.25% and 1.26%, respectively, in 1992. The efficiency ratio, which measures the extent to which revenue is supported by overhead expense, also improved in 1993, decreasing from 60.96% in 1992 to 60.50% on an adjusted basis.

Net income in 1991 was also impacted by merger and integration charges. These charges totaled $93.8 million ($68.2 million after tax, $.29 per Common Share) and were recorded during the fourth quarter in connection with the Ameritrust merger. Excluding the merger and integration

<TABLE>
/ FIGURE 2 / SELECTED FINANCIAL DATA
<CAPTION>

DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS	1993	1992	1991	1990	1989	1988	Compound Annual Rate of Change (1988-1993)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
YEAR ENDED DECEMBER 31,							
Interest income	$ 4,213.9	$ 4,198.8	$ 4,652.4	$ 4,528.8	$ 4,410.2	$ 3,779.4	2.2%
Interest expense	1,534.9	1,750.1	2,519.4	2,667.7	2,615.8	2,148.3	(6.5)
Net interest income	2,679.0	2,448.7	2,133.0	1,861.1	1,794.4	1,631.1	10.4
Provision for loan losses	211.7	338.4	466.2	517.2	306.2	204.4	.7
Noninterest income	1,001.7	925.2	849.3	744.2	635.1	563.7	12.2
Noninterest expense	2,385.1	2,170.4	2,065.7	1,819.5	1,705.8	1,533.8	9.2

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Income before income taxes	1,083.9	865.1	450.4	268.6	417.5	456.6	18.9
Net income	709.9	592.1	313.7	256.1	286.7	365.0	14.2
Net income applicable to Common Shares	691.8	568.1	297.5	249.0	281.3	358.2	14.1
PER COMMON SHARE							
Net income	$ 2.89	$ 2.42	$ 1.31	$ 1.13	$ 1.26	$ 1.61	12.4%
Cash dividends	1.12	.98	.92	.88	.80	.68	10.5
Book value at year-end	17.53	15.64	14.10	13.48	13.29	13.11	6.0
Market price at year-end	29.75	32.13	24.75	16.13	17.07	16.63	12.3
Dividend payout ratio	38.75%	40.50%	70.23%	77.88%	63.49%	42.24%	(1.7)
Weighted average Common Shares (000)	239,775.2	235,004.8	227,116.2	220,078.6	223,901.3	222,906.2	1.5
AT DECEMBER 31,							
Loans	$ 40,071.3	$36,021.8	$35,534.3	$34,193.7	$31,570.4	$29,981.0	6.0%
Earning assets	54,352.7	49,380.8	48,207.9	44,668.2	41,871.4	40,302.5	6.2
Total assets	59,631.2	55,068.4	53,600.9	49,953.4	47,205.1	45,287.0	5.7
Deposits	46,499.1	43,433.1	42,835.0	40,935.3	37,375.4	34,838.5	5.9
Long-term debt	1,763.9	1,790.1	1,224.5	1,145.2	1,177.4	1,297.9	6.3
Common shareholders' equity	4,233.6	3,683.3	3,272.4	2,941.7	2,929.1	2,898.3	7.9
Total shareholders' equity	4,393.6	3,927.3	3,516.4	3,025.7	2,979.4	2,980.9	8.1
PERFORMANCE RATIOS							
Return on average total assets	1.24%	1.13%	.60%	.54%	.64%	.86%	N/A
Return on average common equity	17.27	16.33	9.29	8.39	9.56	12.72	N/A
Return on average total equity	16.95	15.91	9.31	8.41	9.53	12.46	N/A
Efficiency1	60.50	60.96	65.27	66.92	67.09	67.52	N/A
Overhead2	46.85	47.21	52.63	54.58	56.50	57.26	N/A
Net interest margin	5.31	5.31	4.71	4.53	4.64	4.53	N/A
CAPITAL RATIOS AT DECEMBER 31,							
Equity to assets	7.37%	7.13%	6.56%	6.06%	6.31%	6.58%	N/A
Tier I risk-adjusted capital	8.73	8.56	7.67	6.75	N/A	N/A	N/A
Total risk-adjusted capital	12.22	11.73	9.80	9.17	N/A	N/A	N/A
Leverage	6.72	6.56	5.97	5.23	N/A	N/A	N/A

<FN>
The comparability of the information presented above is affected by certain acquisitions and divestitures that KeyCorp has completed in the time periods presented. For further information concerning these acquisitions, refer to Note 2, Mergers, Acquisitions and Divestitures appearing on page 51.

1 Calculated as noninterest expense (excluding merger and integration charges and other nonrecurring charges) divided by taxable-equivalent net interest income plus noninterest income (excluding net securities gains and certain gains on asset sales).

2 Calculated as noninterest expense (excluding merger and integration charges and other nonrecurring charges) less noninterest income (excluding net securities gains and certain gains on asset sales) divided by taxable-equivalent net interest income.

N/A = Not Applicable
</TABLE>

charges in both 1992 and 1991, net income in 1992 grew by $276.8 million, or 72%, relative to the previous year. This 1992 improvement reflected a $306.2 million, or 14%, increase in taxable-equivalent net interest income, a $75.9 million, or 9%, increase in noninterest income and a $127.8 million, or 27%, decrease in the provision for loan losses. Noninterest expense in 1992 increased $105.8 million, or 5%, after adjusting for the merger and integration charges in both years.

On an adjusted basis, the 1991 return on average common equity, return on average total assets and efficiency ratios were 11.42%, .73% and 65.27%, respectively.

The decreased provision for loan losses in 1993 and 1992 reflected continuing improvements in asset quality. Total nonperforming assets were $500.1 million at December 31, 1993, compared with $900.2 million and $1.1 billion at December 31, 1992 and 1991, respectively.

Each of the items referred to in this performance overview is more fully described in the following discussion or in the notes to the consolidated financial statements presented on pages 50 through 72 of this report.

RESULTS OF OPERATIONS

NET INTEREST INCOME
Net interest income, which is interest and loan-related fee income less interest expense, is the principal source of earnings for KeyCorp's banking affiliates. Net interest income is affected by a number of factors including the level, pricing and maturity of earning assets and interest-bearing liabilities, interest rate fluctuations, and asset quality. To facilitate comparisons in the following discussion, net interest income is presented on a taxable-equivalent basis.

The trends in various components of the balance sheet and their respective yields and rates which affect interest income and expense are illustrated in Figure 4. The information presented in Figure 5 provides an analysis of the

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effect of changes in yields/rates and average balances on net interest income in 1993 and 1992. A more in-depth discussion of changes in earning assets and funding sources is presented in the Financial Condition section beginning on page 31.

Net interest income was $2.7 billion in 1993, up $221.2 million, or 9%, from the prior year. This followed an increase of $306.2 million, or 14%, in 1992 relative to the comparable 1991 period. In 1993, the growth in net interest income resulted from a higher level of average earning assets, as the net interest margin of 5.31% was unchanged from the prior year.

Average earning assets in 1993 totaled $51.6 billion which represented an increase of $4.1 billion, or 9%, from the prior year. This followed a slight increase of $394.4 million, or 1%, in 1992 in comparison with the previous year. The increase

/FIGURE 3/NET INTEREST MARGIN

	Yield on earning assets	Cost of funds	Net interest margin
1989	11.07	7.43	4.64
1990	10.73	7.13	4.53
1991	10.06	6.09	4.71
1992	9.00	4.28	5.31
1993	8.29	3.49	5.31

in 1993 reflected the impact of acquisitions completed in 1993 as well as internal growth generated in the loan and securities available for sale portfolios. Average loans rose $3.0 billion, or 8%, in 1993, while securities available for sale were up $1.3 billion, or 158%, relative to the prior year. These increases were partially offset by lower levels in other categories of earning assets, primarily investment securities. The increase in loans can be attributed to growth in real estate loans, student loans held for sale, and lease financing receivables, offset in part by decreases in the consumer and commercial loan portfolios. The $394.4 million growth in average earning assets in 1992 reflected increases in investment securities, mortgage loans held for sale, and loans of $569.6 million, $218.3 million and $157.1 million, respectively. These increases were partially offset by a $601.1 million decline in short-term investments, including $457.4 million of Federal funds sold and security resale agreements. This latter decrease resulted from reduced short-term funding requirements for loans and the planned reduction of excess liquidity. The increase in loans in 1992 was restrained by a decline in demand due to weak economic conditions; strategic efforts to reduce certain types of lending; the anticipated run-off of certain Ameritrust credits; and the second quarter sale of branch offices, including the sale of $331.8 million in loans, required to meet a condition of the regulatory approvals for the merger with Ameritrust.

As shown in Figures 3 and 4, the net interest margin was 5.31% for 1993 and 1992 and 4.71% in 1991. The net interest margin was unchanged in 1993 as the decrease in the value of interest-free funds offset the impact of an improved interest rate spread and the positive effect of a lower level of nonperforming assets. In 1993 and 1992, the interest rate spread increased by 8 basis points and 75 basis points, respectively, as the decrease in the rate paid on interest-bearing liabilities exceeded the decrease in the yield on earning assets. Several factors were responsible for the widened spreads, including an interest rate sensitivity position which has enabled the Corporation to benefit from the lower interest rate environment. This position was enhanced by the use of interest rate swaps. The notional amount of such swaps increased to $9.6 billion at December 31, 1993, up from $5.6 billion at December 31, 1992, and $3.8 billion at December 31, 1991. Included in these totals were $1.2 billion, $623 million and $703 million, respectively, of swaps entered into to accommodate the needs of customers rather than as part of the Corporation's asset and liability management. Interest rate swaps contributed $140.3 million to net interest income and added 27 basis points to the net interest margin in 1993. In 1992, interest rate swaps contributed $93.8 million to net interest income and added 20 basis points to the net interest margin. The manner in which interest rate swaps are used in the Corporation's overall program of asset and liability management is described in the following Asset and Liability

/FIGURE 4/ AVERAGE BALANCE SHEETS, NET INTEREST INCOME AND YIELDS/RATES

	1993			1992			1991		
DOLLARS IN MILLIONS	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate

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<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
ASSETS									
Loans1,2									
Commercial, financial and agricultural	$ 9,049.3	$ 729.6	8.06%	$10,820.8	$ 914.7	8.45%	$11,753.3	$1,150.2	9.79%
Real estate	17,611.7	1,478.3	8.39	13,315.3	1,164.7	8.75	12,969.7	1,301.7	10.04
Consumer	8,993.1	926.2	10.30	10,059.7	1,100.1	10.94	9,519.5	1,144.6	12.02
Student loans held for sale	1,195.9	77.1	6.45	--	--	--	--	--	--
Lease financing	1,386.6	109.4	7.89	1,006.3	84.3	8.38	822.9	76.6	9.31
Foreign	71.0	4.5	6.37	105.3	6.2	5.89	84.9	5.9	6.88
Total loans	38,307.6	3,325.1	8.68	35,307.4	3,270.0	9.26	35,150.3	3,679.0	10.47
Mortgage loans held for sale	1,054.6	74.0	7.02	717.1	59.4	8.28	498.8	47.0	9.42
Taxable investment securities	7,769.5	556.4	7.16	7,985.3	676.9	8.48	7,441.3	678.2	9.11
Tax-exempt investment securities1	1,786.6	158.5	8.87	1,881.1	176.1	9.36	1,855.5	185.0	9.97
Total investment securities	9,556.1	714.9	7.48	9,866.4	853.0	8.65	9,296.8	863.2	9.28
Securities available for sale	2,070.0	141.5	6.84	801.0	57.2	7.14	750.5	59.6	7.94
Interest-bearing deposits with banks	427.0	14.9	3.49	477.4	20.1	4.21	592.0	41.2	6.96
Federal funds sold and security resale agreements	166.4	6.0	3.61	268.9	10.3	3.83	726.3	40.6	5.59
Trading account assets	16.8	.6	3.37	22.4	1.0	4.46	51.5	3.5	6.91
Total earning assets	51,598.5	4,277.0	8.29	47,460.6	4,271.0	9.00	47,066.2	4,734.1	10.06
Allowance for loan losses	(803.9)			(805.9)			(704.4)		
Other assets	6,256.6			5,698.2			5,634.2		
	$57,051.2			$52,352.9			$51,996.0		
Liabilities and shareholders' equity									
Money market deposit accounts	$ 7,306.8	189.6	2.59	$ 7,648.2	$ 248.3	3.25	$ 6,733.5	342.1	5.08
Savings deposits	7,382.9	214.1	2.90	5,320.5	181.3	3.41	3,989.4	184.5	4.62
NOW accounts	5,314.7	109.6	2.06	4,429.1	120.8	2.73	3,759.6	163.1	4.34
Certificates ($100,000 or more)	3,088.7	138.0	4.47	3,573.3	187.7	5.25	4,911.9	337.0	6.86
Other time deposits	12,443.2	550.5	4.42	13,382.3	717.2	5.36	15,478.5	1,085.2	7.01
Deposits in foreign office	1,018.9	31.5	3.09	367.9	13.7	3.72	367.4	23.8	6.48
Total interest-bearing deposits	36,555.2	1,233.3	3.37	34,721.3	1,469.0	4.23	35,240.3	2,135.7	6.06
Federal funds purchased and securities sold under agreements to repurchase	4,378.2	130.2	2.97	4,061.9	142.9	3.52	3,807.4	213.7	5.61
Other short-term borrowings	1,196.2	44.5	3.72	721.8	31.1	4.31	1,188.2	74.5	6.27
Long-term debt3	1,895.4	126.9	6.96	1,462.6	107.1	7.70	1,220.0	95.5	8.32
Total interest-bearing liabilities	44,025.0	1,534.9	3.49	40,967.6	1,750.1	4.28	41,455.9	2,519.4	6.09
Noninterest-bearing deposits	7,785.9			6,661.4			6,228.5		
Other liabilities	1,051.2			1,001.4			942.7		
Preferred stock	183.8			244.0			166.3		
Common shareholders' equity	4,005.3			3,478.5			3,202.6		
	$57,051.2			$52,352.9			$51,996.0		
Interest rate spread			4.80			4.72			3.97
Net interest income and net interest margin		$2,742.1	5.31%		$2,520.9	5.31%		$2,214.7	4.71%
Taxable-equivalent adjustment1		$ 63.1			$ 72.2			$ 81.7	

<FN>

1 Interest income on tax-exempt investment securities and loans has been adjusted to a fully taxable-equivalent basis using the statutory Federal income tax rate of 35% for 1993 and 34% for all other years presented.

2 For purposes of these computations, nonaccrual loans are included in the average loan balances outstanding.

3 Rate calculation excludes ESOP debt.

N/M = Not Meaningful

</TABLE>

<TABLE>

<CAPTION>

1990			1989			1988			Compound Annual Rate of Change (1988-1993)	
Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest	Yield/ Rate	Average Balance	Interest

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<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
$13,165.0	$1,433.8	10.89%	$14,153.1	$1,667.7	11.78%	$13,601.5	$1,421.5	10.45%	(7.8)%	(12.5)%
10,248.1	1,098.4	10.72	8,186.3	887.8	10.84	6,922.3	722.7	10.44	20.5	15.4
8,425.9	1,052.4	12.49	7,702.7	973.9	12.64	7,123.8	836.8	11.75	4.8	2.1
--	--	--	--	--	--	--	--	--	N/M	N/M
714.1	74.2	10.39	656.7	64.7	9.85	636.3	61.7	9.70	16.9	12.1
79.7	6.9	8.66	108.0	11.6	10.78	168.7	13.5	8.02	(15.9)	(19.7)
32,632.8	3,665.7	11.23	30,806.8	3,605.7	11.70	28,452.6	3,056.2	10.74	6.1	1.7
312.7	27.7	8.86	79.1	9.4	11.88	19.2	2.0	10.51	122.8	105.9
6,433.3	582.6	9.06	6,186.9	535.5	8.66	5,592.0	450.4	8.05	6.8	4.3
1,928.7	196.9	10.21	2,000.2	203.8	10.19	2,212.6	220.8	9.98	(4.2)	(6.6)
8,362.0	779.5	9.32	8,187.1	739.3	9.03	7,804.6	671.2	8.60	4.1	1.3
10.4	.9	8.88	28.8	3.0	10.33	--	--	--	N/M	N/M
1,040.0	92.1	8.86	1,181.7	111.7	9.45	1,590.7	125.3	7.88	(23.1)	(34.7)
589.0	47.4	8.05	364.9	33.2	9.10	258.6	19.8	7.66	(8.4)	(21.2)
79.9	5.6	7.06	26.2	2.3	8.89	7.7	.2	2.01	16.9	24.6
43,026.8	4,618.9	10.73	40,674.6	4,504.6	11.07	38,133.4	3,874.7	10.16	6.2	2.0
(550.3)			(462.0)			(395.7)			15.2	
4,965.0			4,689.6			4,597.1			6.4	
$47,441.5			$44,902.2			$42,334.8			6.1	
=========			=========			=========				
$ 5,513.1	324.0	5.88	$ 4,655.1	272.2	5.85	$ 5,219.8	278.2	5.33	7.0	(7.4)
3,682.8	180.3	4.90	3,721.5	185.3	4.98	3,918.7	190.1	4.85	13.5	2.4
3,368.2	160.2	4.76	3,179.8	151.4	4.76	3,064.9	142.6	4.65	11.6	(5.1)
5,556.9	453.6	8.16	5,563.7	491.1	8.83	4,193.3	310.7	7.41	(5.9)	(15.0)
13,132.8	1,050.8	8.00	11,409.4	920.1	8.06	10,119.9	734.0	7.25	4.2	(5.6)
756.2	61.9	8.19	653.0	58.6	8.97	783.1	58.3	7.44	5.4	(11.6)
32,010.0	2,230.8	6.97	29,182.5	2,078.7	7.12	27,299.7	1,713.9	6.28	6.0	(6.4)
3,505.3	272.3	7.77	3,843.3	337.3	8.78	3,650.9	262.4	7.19	3.7	(13.1)
812.9	67.5	8.30	907.9	81.1	8.93	768.3	58.9	7.67	9.3	(5.5)
1,164.3	97.1	8.89	1,297.4	118.7	9.40	1,260.2	113.1	8.98	8.5	2.3
37,492.5	2,667.7	7.13	35,231.1	2,615.8	7.43	32,979.1	2,148.3	6.52	5.9	(6.5)
6,059.0			5,907.3			5,768.8			6.2	
845.5			754.1			656.9			9.9	
74.6			68.9			113.2			10.2	
2,969.9			2,940.8			2,816.8			7.3	
$47,441.5			$44,902.2			$42,334.8			6.1%	
=========			=========			=========				
		3.60			3.64			3.64		
	$1,951.2	4.53%		$1,888.8	4.64%		$1,726.4	4.53%		9.7
	========	=====		========	====		========	====		
	$ 90.1			$ 94.4			$ 95.3			(7.6)%

</TABLE>

<TABLE>

/ FIGURE 5 / COMPONENTS OF NET INTEREST INCOME CHANGES

<CAPTION>

Year ended December 31,	1993 VS. 1992			1992 vs. 1991		
IN MILLIONS	Average Volume	Yield/ Rate	Net Change	Average Volume	Yield/ Rate	Net Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
INTEREST INCOME						
Loans	$267.8	$(212.7)	$ 55.1	$ 16.4	$(425.4)	$(409.0)
Mortgage loans held for sale	24.7	(10.1)	14.6	18.6	(6.2)	12.4
Taxable investment securities	(17.9)	(102.6)	(120.5)	47.8	(49.1)	(1.3)
Tax-exempt investment securities	(8.6)	(9.0)	(17.6)	2.5	(11.4)	(8.9)
Securities available for sale	86.8	(2.5)	84.3	3.8	(6.2)	(2.4)
Short-term investments	(5.9)	(4.0)	(9.9)	(30.2)	(23.7)	(53.9)
Total interest income	346.9	(340.9)	6.0	58.9	(522.0)	(463.1)
INTEREST EXPENSE						
Money market deposit accounts	(10.7)	(48.0)	(58.7)	41.9	(135.7)	(93.8)
Savings deposits	62.7	(29.9)	32.8	52.5	(55.7)	(3.2)
NOW accounts	21.5	(32.7)	(11.2)	25.5	(67.8)	(42.3)
Certificates ($100,000 or more)	(23.6)	(26.1)	(49.7)	(80.3)	(69.0)	(149.3)

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Other time deposits	(47.8)	(118.9)	(166.7)	(134.3)	(233.7)	(368.0)
Deposits in foreign office	20.5	(2.7)	17.8	--	(10.1)	(10.1)
Total interest-bearing deposits	22.6	(258.3)	(235.7)	(94.7)	(572.0)	(666.7)
Federal funds purchased and securities sold under agreements to repurchase	10.6	(23.3)	(12.7)	13.5	(84.3)	(70.8)
Other short-term borrowings	18.1	(4.7)	13.4	(24.2)	(19.2)	(43.4)
Long-term debt	29.6	(9.8)	19.8	18.1	(6.5)	11.6
Total interest expense	80.9	(296.1)	(215.2)	(87.3)	(682.0)	(769.3)
Net interest income	$266.0	$ (44.8)	$221.2	$146.2	$160.0	$306.2

<FN>
The change in interest not due solely to volume or rate has been allocated in proportion to the absolute dollar amounts of the change in each.
</TABLE>

Management section. Also contributing to the widened spreads was a shift in deposits from time to lower rate savings deposits with higher liquidity and to noninterest-bearing deposits.

ASSET AND LIABILITY MANAGEMENT

The Corporation manages its exposure to economic loss from fluctuations in interest rates through an active program of asset and liability management within guidelines established by the Corporation's Asset/Liability Management Committee ("ALCO"). The ALCO has the responsibility for approving the asset/liability management policies of the Corporation, approving changes in the balance sheet that would result in deviations from the guidelines in the policy, approving strategies to improve balance sheet positioning and/or earnings, and reviewing the interest rate sensitivity positions of the Corporation and each of the affiliate banks. The ALCO meets twice monthly to conduct this review and to approve strategies consistent with its policies.

The primary tool utilized by management to measure and manage interest rate exposure is a simulation model. Use of the model to perform simulations of changes in interest rates over one- and two-year time horizons has enabled management to develop strategies for managing exposure to interest rate risk.

In its simulations, management estimates the impact on net interest income from pro forma 100 and 200 basis point changes in the overall level of interest rates. ALCO policy guidelines provide that a 200 basis point increase or decrease over a twelve-month period should not result in more than a 2% negative impact on net interest income. Simulations as of December 31, 1993, indicated that the Corporation was positioned within these guidelines and was slightly liability sensitive.

The simulation model is supplemented with a more traditional tool used in the banking industry for measuring interest rate risk known as interest rate sensitivity gap ("gap") analysis. This tool measures the difference between assets and liabilities repricing or maturing within specified time periods. An asset-sensitive position indicates that there are more rate-sensitive assets than rate-sensitive liabilities repricing or maturing within specified time horizons, which would generally imply a favorable impact on net interest income in periods of rising interest rates. Conversely, a liability-sensitive position, where rate-sensitive liabilities exceed the amount of rate-sensitive assets repricing or maturing within applicable time frames, would generally imply a favorable impact on net interest income in periods of declining interest rates. The interest rate gap analysis table shown in Figure 8 presents the gap position (including

CONTINUED ON PAGE 26

<TABLE>
<CAPTION>

/ FIGURE 6 / 1993 AVERAGE EARNING ASSETS MIX		/ FIGURE 7 / 1993 FUNDING MIX OF AVERAGE EARNING ASSETS	
<S>	<C>	<C>	<C>
Graph	Total loans 76.3%	Graph	Interest-bearing deposits 70.5%
	Short-term investments 1.2%		Long-term debt 3.7%
	Securities 22.5%		Short-term borrowings 10.8%
			Noninterest-bearing deposits 15.0%

</TABLE>

<TABLE>

/ FIGURE 8 / INTEREST RATE GAP ANALYSIS

<CAPTION>

December 31, 1993 DOLLARS IN MILLIONS	1 to 90 Days	91 to 180 Days	181 to 365 Days	1 to 5 Years	Over 5 Years	Total

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<S>	<C>	<C>	<C>	<C>	<C>	<C>
Assets						
Loans (including mortgage loans held for sale)	$19,019	$2,600	$4,798	$10,897	$ 4,083	$41,397
Investment securities	1,236	681	2,222	5,333	1,650	11,122
Securities available for sale	160	212	184	944	227	1,727
Short-term investments	107	--	--	--	--	107
Other assets	1,308	--	11	2,394	1,565	5,278
Total assets	21,830	3,493	7,215	19,568	7,525	59,631
Liabilities and shareholders' equity						
Noninterest-bearing deposits	819	--	--	5,967	2,040	8,826
Interest-bearing deposits	14,231	3,085	3,047	16,550	760	37,673
Borrowed funds	5,031	78	66	1,023	1,462	7,660
Other liabilities	206	2	--	52	818	1,078
Shareholders' equity	--	--	--	--	4,394	4,394
Total liabilities and shareholders' equity	20,287	3,165	3,113	23,592	9,474	59,631
Off-balance sheet items	(4,744)	(875)	410	4,810	399	
Rate sensitivity gap	$(3,201)	$ (547)	$4,512	$ 786	$(1,550)	
Cumulative gap	(3,201)	(3,748)	764	1,550	--	
Cumulative gap as a % of earning assets	(5.89)%	(6.90)%	1.41%	2.85%		

</TABLE>

<TABLE>

/ FIGURE 9 / INTEREST RATE SWAP PORTFOLIO

<CAPTION>

December 31, 1993 IN MILLIONS	Notional Value	Weighted Average Maturity (years)	Fair Value	Weighted Average Rate Receive	 Pay
<S>	<C>	<C>	<C>	<C>	<C>
Receive fixed/pay variable	$7,559	1.5	$60	5.56%	3.45%
Pay fixed/receive variable	150	1.3	(9)	3.38	8.68
Basis swaps	150	--	--	3.55	2.81
Forward-starting receive fixed/pay variable	500	1.7	2	5.05	3.48
Total "portfolio" swaps	8,359	1.5	53	5.45	3.53
Customer swaps	1,214	3.7	4	5.22	5.03
Total interest rate swaps	$9,573	1.8	$57	5.42%	3.72%

</TABLE>

the impact of off-balance sheet items) of the Corporation at December 31, 1993. Gap analysis has several limitations. For example, it does not take into consideration the varying degrees of interest rate sensitivity pertaining to the assets and liabilities that reprice within one year, whereas such characteristics are reflected in the simulation model. Thus, at December 31, 1993, the cumulative adjusted interest rate sensitivity gap of 1.41% within the one-year time frame indicated the Corporation was slightly asset sensitive whereas the more precise simulation model, previously described, indicated the Corporation was slightly liability sensitive.

The Corporation's core lending and deposit-gathering businesses tend to generate significantly more fixed-rate deposits than fixed-rate interest-earning assets. Left unaddressed, this tendency would place the Corporation's earnings at risk to declining interest rates as interest-earning assets would reprice faster than would interest-bearing liabilities. To reduce this risk, management has utilized its securities portfolio and, for the past several years, interest rate swaps in the management of interest rate risk. The decision to use "portfolio" interest rate swaps to manage interest rate risk versus on-balance sheet securities has depended on various factors, including funding costs, liquidity and capital requirements. The Corporation's "portfolio" swaps totaled $8.4 billion at December 31, 1993, and consisted principally of contracts wherein the Corporation receives a fixed rate of interest, while paying at a variable rate, as summarized in Figure 9.

In addition to "portfolio" swaps, the Corporation has entered into interest rate swap agreements to accommodate the needs of its customers, typically commercial loan customers. The Corporation offsets the interest rate risk of customer swaps by entering into offsetting swaps, primarily with third parties. These offsetting swaps are also included in the customer swap portfolio. Where the Corporation does not have an existing loan with the customer, the swap

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position of the customer and any offsetting swap with a third party are carried at their respective fair values. The $1.2 billion notional value of customer swaps in Figure 9 includes $645 million of interest rate swaps that receive a fixed rate and pay a variable rate and $569 million of interest rate swaps that receive a variable rate and pay a fixed rate.

The total notional value of all interest rate swap contracts outstanding was $9.6 billion and $5.6 billion as of December 31, 1993 and 1992, respectively. Of the $4.0 billion increase in the total notional amount of interest rate swaps, $3.3 billion was attributable to "portfolio" swaps. In 1993, old KeyCorp began utilizing interest rate swaps as part of its management of interest rate risk. As a result of this new strategy, $3.0 billion of "portfolio" interest rate swaps were added in 1993. Figure 10 shows the current year activity for "portfolio" swaps.

/ FIGURE 10 / "PORTFOLIO" SWAP ACTIVITY

Year ended December 31, 1993 IN MILLIONS	Receive Fixed	Pay Fixed	Basis	Forward-Starting	Total "Portfolio" Swaps
Balance at beginning of year	$3,524	$275	$ 45	$1,179	$5,023
Additions	4,750	--	150	503	5,403
Maturities/amortization	(1,445)	(137)	(45)	--	(1,627)
Terminations	(380)	--	--	(60)	(440)
Forward-starting becoming effective	1,110	12	--	(1,122)	--
Balance at end of year	$7,559	$150	$150	$ 500	$8,359

/ FIGURE 11 / LOAN MATURITIES AND SENSITIVITY TO CHANGES IN INTEREST RATES

December 31, 1993 IN MILLIONS	Within 1 Year	1-5 Years	Over 5 Years	Total
Commercial, financial and agricultural	$5,200.1	$2,594.2	$1,171.2	$ 8,965.5
Real estate--construction	709.0	312.5	139.0	1,160.5
	$5,909.1	$2,906.7	$1,310.2	$10,126.0
Loans with floating or adjustable rates		$1,917.6	$ 685.0	
Loans with predetermined interest rates		989.1	625.2	
		$2,906.7	$1,310.2	

At December 31, 1993, the aggregate notional values of interest rate swap contracts, excluding customer swaps, maturing in each of the years 1994 through 1998 were $2.6 billion, $4.0 billion, $550 million, $200 million and $650 million, respectively.

The credit risk exposure to the counterparties for each interest rate swap contract is monitored by the appropriate credit committees at both the Corporate and affiliate bank levels. Based upon detailed credit reviews of the counterparties, these credit committees establish limitations on the total credit exposure the Corporation may have with each counterparty and indicate whether collateral is required. At December 31, 1993, excluding customer swaps, the Corporation had 18 counterparties to interest rate swap contracts, of which the largest credit exposure to an individual counterparty was $9.4 million on a notional amount of $300 million. The average total notional amount of swap contracts with these 18 counterparties was $464 million with an average credit exposure of $2.9 million.

NONINTEREST INCOME

As shown in Figure 12, noninterest income totaled $1.0 billion in 1993, up $76.5 million, or 8%, from the prior year. After excluding the $29.4 million gain on the sale of Ameritrust Texas Corporation ("ATC") and the $28.3 million in net securities gains, noninterest income in 1993 was $944.0 million. This represented an increase of $56.3 million, or 6%, from the comparable amount

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reported in 1992; that is after excluding $22.9 million in gains on certain asset sales, primarily from the sale of branch offices and loans, and net securities gains totaling $14.6 million recorded in 1992. Adjusting for the 1991 net gains on securities transactions and gains on certain asset sales, noninterest income in 1992 rose $81.3 million, or 10%, relative to the prior year.

Trust income, including investment management fees, continued to be a major source of revenue. At December 31, 1993, the Corporation, through Society Asset Management, Inc. ("SAMI") and the trust departments of its affiliate banks and trust subsidiaries, managed assets (excluding corporate trust assets) of approximately $34 billion. SAMI, which is

<TABLE>

/ FIGURE 12 / NONINTEREST INCOME

<CAPTION>

Year ended December 31, DOLLARS IN MILLIONS	1993	1992	1991	Change 1993 vs 1992 Amount	Percent
<S>	<C>	<C>	<C>	<C>	<C>
Trust income	$ 244.6	$250.8	$235.8	$ (6.2)	(2.5)%
Service charges on deposit accounts	252.5	236.6	217.4	15.9	6.7
Mortgage banking income	93.6	88.7	74.3	4.9	5.5
Credit card fees	73.5	80.9	71.4	(7.4)	(9.1)
Gains on certain asset sales	29.4	22.9	24.0	6.5	28.4
Net securities gains	28.3	14.6	18.9	13.7	93.8
Other income:					
Insurance and brokerage	65.7	50.1	33.6	15.6	31.1
International fees	21.4	20.5	18.2	.9	4.4
Miscellaneous	192.7	160.1	155.7	32.6	20.4
Total other income	279.8	230.7	207.5	49.1	21.3
Total noninterest income	$1,001.7	$925.2	$849.3	$76.5	8.3%

</TABLE>

an indirect wholly-owned subsidiary, is registered with the Securities and Exchange Commission ("SEC") as an investment advisor and is one of the largest money managers in the Great Lakes Region. The sale of ATC in September 1993 reduced managed trust assets and trust fees by approximately $4 billion and $8.0 million, respectively.

Service charges on deposit accounts have long been an important source of revenue. In 1993, service charges on deposits increased by 7% to $252.5 million from $236.6 million in 1992, which in turn was $19.2 million, or 9%, higher than 1991's $217.4 million. Factors contributing to the improvements were a larger base of business, pricing strategies and other initiatives designed to offset higher costs associated with the servicing of these accounts.

<TABLE>

/ FIGURE 13 / MORTGAGE BANKING INCOME

<CAPTION>

Year ended December 31, IN MILLIONS	1993	1992	1991
<S>	<C>	<C>	<C>
Servicing fees1	$22.0	$54.4	$56.5
Gains on sales of loans	11.1	9.3	3.6
Origination fees	27.2	13.9	6.3
Gains on sales of servicing rights	25.5	---	---
Late fees and other	7.8	11.1	7.9
Total mortgage banking income	$93.6	$88.7	$74.3

<FN>

1Net of mortgage servicing rights amortization.

</TABLE>

The 1993 increase in mortgage banking income as shown in Figure 13 was the result of $25.5 million of gains realized on sales of servicing rights and increased fees resulting from a high level of mortgage originations encouraged by the low interest rate environment. However, the increased fees were more

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than offset by an acceleration of the amortization of mortgage servicing rights (which are netted against servicing fees for reporting purposes) made in response to continued high levels of mortgage refinancings.

In 1993, credit card fees decreased $7.4 million, or 9%, primarily due to a decline in annual membership fees relative to the prior year. This compared to an increase of $9.5 million, or 13%, in 1992.

Total other noninterest income increased by $49.1 million, or 21%, in 1993 compared to 1992. Of this increase, $40.1 million in the "miscellaneous" category related to fees earned by two affiliate companies, Niagara Asset Corporation and Niagara Portfolio Management Corp., which operate under asset management contracts with the Federal Deposit Insurance Corporation ("FDIC"). Fees earned by these companies are expected to be at more modest levels in 1994. Also included in the other category are insurance and brokerage commissions which increased $15.6 million, or 31%, in 1993 over 1992, largely as a result of increased levels of business activity and management's continued emphasis on building its fee-based business. Insurance and brokerage products, such as mutual funds and annuities, are marketed through the branch network.

NONINTEREST EXPENSE

Noninterest expense, as shown in Figure 14, totaled $2.4 billion in 1993, up $214.7 million, or 10%, from the 1992 level. In both 1993 and the prior year, noninterest expense was adversely impacted by merger and integration charges of $118.7 million and $92.7 million, respectively. In addition, the current year included several nonrecurring charges totaling $34.4 million. Significant items included in the latter charges were $21.6 million related to various systems conversion costs, $7.0 million of facilities-related charges and $4.0 million associated with the adoption of Statement of Financial Accounting Standards ("SFAS") No. 112, "Employers' Accounting for Postemployment Benefits." Excluding the merger and integration charges and the nonrecurring items, 1993 expenses rose $154.3 million, or 7%, principally due to increases in personnel expense, net occupancy expense, marketing expense and the "miscellaneous" category; the total of which were offset in part by lower fees for professional services. The overall increase in recurring noninterest expense was due, in large part, to the impact of acquisitions completed in 1993. These transactions are described in greater detail in Note 2, Mergers, Acquisitions and Divestitures, appearing on page 51. The increased scale of operations as a result of these acquisitions is not reflected in the 1992 figures. The 1991 period also included merger and integration charges of $93.8 million, as well as $6.9 million of costs associated with a branch optimization program.

Personnel expense increased by $87.1 million, or 9%, in 1993 over 1992, following an increase of 10% in 1992 over 1991. In addition to the impact of the acquisitions completed in 1993, the increase over 1992 reflected the Corporation's January 1, 1993, adoption of SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," which added $8.2 million to 1993 employee benefits expense. Excluding the impact of the adoption of SFAS No. 106 and SFAS No. 112, personnel expense for 1993 increased $74.9 million, or 7%. SFAS No. 106 and SFAS No. 112 are more fully described on page 29. At December 31, 1993, the number of full-time equivalent employees was 29,983, up 3% and 2% from 1992 and 1991 levels, respectively, principally due to acquisitions.

Merger and integration charges of $118.7 million ($80.6 million after tax, $.33 per Common Share), $92.7 million ($66.6 million after tax, $.29 per Common Share) and $93.8 million ($68.2 million after tax, $.29 per Common Share) were recorded in 1993, 1992 and 1991, respectively. The merger and integration charges in 1993 included accruals for expenses, primarily consisting of investment banking and other professional fees directly related to the Merger ($20.5 million); severance payments and other employee costs ($49.6 million); systems and facilities costs ($35.7 million); and other costs incident to the Merger ($12.9 million).

<TABLE>

/ FIGURE 14 / NONINTEREST EXPENSE

<CAPTION>

Year ended December 31, DOLLARS IN MILLIONS	1993	1992	1991	Change 1993 vs 1992 Amount	Percent
<S>	<C>	<C>	<C>	<C>	<C>
Personnel:					
Salaries	$ 889.7	$ 832.7	$ 757.3	$ 57.0	6.8%
Employee benefits	211.0	180.9	168.0	30.1	16.6
Total personnel	1,100.7	1,013.6	925.3	87.1	8.6
Net occupancy	204.2	189.7	184.8	14.5	7.6
Equipment	161.3	151.6	134.1	9.7	6.4
FDIC insurance assessments	98.7	96.2	84.7	2.5	2.6
Professional fees	53.3	76.0	55.5	(22.7)	(29.9)

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Merger and integration charges	118.7	92.7	93.8	26.0	28.0
Other expense:					
Marketing	60.4	49.9	53.3	10.5	21.0
Amortization of intangibles	58.1	61.7	57.6	(3.6)	(5.8)
OREO expense (net of income of $14.4, $11.5, $4.8)	43.1	43.5	36.1	(.4)	(.9)
Miscellaneous	486.6	395.5	440.5	91.1	23.0
Total other expense	648.2	550.6	587.5	97.6	17.7
Total noninterest expense	$2,385.1	$2,170.4	$2,065.7	$214.7	9.9%
Full-time equivalent employees	29,983	29,117	29,509		
Efficiency ratio1	60.50%	60.96%	65.27%		
Overhead ratio2	46.85	47.21	52.63		

<FN>
1 Noninterest expense (excluding merger and integration charges and other nonrecurring charges) divided by taxable-equivalent net interest income plus noninterest income (excluding net securities gains and certain gains on asset sales).
2 Noninterest expense (excluding merger and integration charges and other nonrecurring charges) less noninterest income (excluding net securities gains and certain gains on asset sales) divided by taxable-equivalent net interest income.
</TABLE>

These charges were recorded by the parent company in the fourth quarter of 1993, at which time management determined that it was probable that a liability for such charges had been incurred and could be reasonably estimated. The merger and integration charges recorded in connection with the PSB and Ameritrust mergers in 1992 and the Ameritrust merger in 1991 were similar in nature.

Although no assurance can be given, it is also expected that, as a result of the Merger, cost savings will be achieved by the combined institution at an annual rate of approximately $100 million by the end of the first quarter of 1995. These cost savings are anticipated to result from the integration of operations and from efficiencies in certain combined lines of business. Management presently expects that approximately 50% of the annual cost savings will be achieved in 1994.

One measure used in the banking industry to assess the level of noninterest expense is the efficiency ratio, which is defined in Figure 14. The efficiency ratios for 1993, 1992 and 1991 were 60.50%, 60.96% and 65.27%, respectively. The improvement in the Corporation's efficiency ratios reflected, in large part, the success achieved in reducing overhead costs through the successful integration of banking companies, coupled with strong growth in taxable-equivalent net interest income and noninterest income.

SFAS No. 106, previously referred to on page 28, requires that employers recognize the cost of providing postretirement benefits over the employees' active service periods to the date they attain full eligibility for such benefits. The Corporation elected to recognize the transition obligation, defined as the unfunded accumulated postretirement benefit obligation at the date the standard is adopted, of approximately $107 million over a 20-year period. As of December 31, 1993, the weighted average discount rate used in determining the actuarial present value of pension and other postretirement benefits was reduced from 8.1% to 7.4%. In addition, the assumed rate of increase in future compensation levels (applicable only to the determination of pension benefits) was reduced from 4.8% to 4.0%. The net effect of these assumption changes on 1994 expense levels is not expected to be material. Another assumption used in the determination of the costs of other postretirement benefits is the health care cost trend rate. Because of certain benefit limitations in effect, increasing the rates assumed in each future year by one percentage point would not have a material impact on the costs for other postretirement benefits.

The Corporation adopted the provisions of SFAS No. 112, "Employers' Accounting for Postemployment Benefits," during 1993. This standard requires that employers who provide benefits to former or inactive employees after employment but before retirement recognize a liability for such benefits if specified conditions are met. Adoption of this standard increased noninterest expense by $4.0 million. Postemployment benefits for 1992 and 1991, which were recorded on a cash basis, were not restated.

<TABLE>

/ FIGURE 15 / COMPOSITION OF LOANS

<CAPTION>

December 31,	1993		1992		1991	
DOLLARS IN MILLIONS	Amount	% of Total	Amount	% of Total	Amount	% of Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>

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Commercial, financial and agricultural	$ 8,965.5	22.4%	$ 8,869.0	24.6%	$ 9,183.9	25.9%
Real estate -- construction	1,160.5	2.9	1,448.0	4.0	1,577.3	4.4
Real estate -- commercial mortgage	6,228.2	15.5	5,937.0	16.5	6,258.5	17.6
Total commercial real estate	7,388.7	18.4	7,385.0	20.5	7,835.8	22.0
Real estate -- residential mortgage	11,026.3	27.5	8,289.4	23.0	7,240.7	20.4
Total real estate	18,415.0	45.9	15,674.4	43.5	15,076.5	42.4
Credit card	1,657.5	4.1	1,684.0	4.7	1,697.4	4.8
Other consumer	7,618.9	19.0	7,397.7	20.5	8,553.1	24.0
Total consumer	9,276.4	23.1	9,081.7	25.2	10,250.5	28.8
Student loans held for sale	1,648.6	4.1	1,070.1	3.0	--	--
Lease financing	1,702.5	4.3	1,225.2	3.4	946.5	2.7
Foreign	63.3	.2	101.4	.3	76.9	.2
Total loans	$40,071.3	100.0%	$36,021.8	100.0%	$35,534.3	100.0%

</TABLE>

<TABLE>
<CAPTION>

	1990		1989	
	Amount	% of Total	Amount	% of Total
Commercial, financial and agricultural	$10,031.7	29.4%	$10,881.1	34.4%
Real estate -- construction	2,187.6	6.4	1,884.1	6.0
Real estate -- commercial mortgage	5,611.6	16.4	4,711.2	14.9
Total commercial real estate	7,799.2	22.8	6,595.3	20.9
Real estate -- residential mortgage	6,373.5	18.6	5,135.0	16.3
Total real estate	14,172.7	41.4	11,730.3	37.2
Credit card	1,582.0	4.6	1,359.5	4.3
Other consumer	7,559.6	22.1	6,836.9	21.7
Total consumer	9,141.6	26.7	8,196.4	26.0
Student loans held for sale	--	--	--	--
Lease financing	775.2	2.3	686.8	2.2
Foreign	72.5	.2	75.8	.2
Total	$34,193.7	100.0%	$31,570.4	100.0%

</TABLE>

INCOME TAXES

The provision for income taxes for 1993 was $374.0 million, compared with $279.6 million in 1992 and $136.7 million in 1991. The increases in both 1993 and the prior year resulted from an overall increase in the level of taxable earnings. The Omnibus Budget Reconciliation Act of 1993 (the "Act"), which was signed into law on August 10, 1993, includes a number of items which impacted the Corporation's Federal income tax provision. Primary among these items was a retroactive increase in the Federal statutory tax rate from 34% to 35% as of January 1, 1993. In addition, the Act places certain limitations on deductible expenses which take effect after 1993. The effective tax rate (provision for income taxes as a percentage of income before income taxes) was 34.5% in 1993, 32.3% in 1992 and 30.3% in 1991. The effective tax rate was less than the Federal statutory rate primarily due to tax-exempt income from certain investment securities and loans. Management expects the Corporation's effective tax rate to continue to approach the prevailing combined statutory Federal and state income tax rates. The higher 1993 effective tax rate in comparison to 1992 and 1991 resulted from an increase in the proportion of taxable income to total pre-tax income, coupled with the previously mentioned increase in the Federal tax rate from 34% to 35%. Also affecting the 1993 effective tax rate was a high level of non-deductible expenses included in the merger and integration charges associated with the Merger.

During the first quarter of 1992, the Corporation adopted the provisions of SFAS No. 109, "Accounting for Income Taxes." The adoption of this standard did not have a material effect on the Corporation's financial condition or results of operations.

<TABLE>
/ FIGURE 16 / 1993 PERIOD-END LOAN GROWTH BY REGION

<CAPTION> Change

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DOLLARS IN MILLIONS	Internally Generated	Acquired	Total	From 1992
<S>	<C>	<C>	<C>	<C>
Northeast Region	$ (56.5)	$1,251.2	$1,194.7	11.9%
Great Lakes Region	1,041.6	828.9	1,870.5	11.7
Rocky Mountain Region	201.0	166.9	367.9	15.9
Northwest Region	382.3	247.4	629.7	8.3
Financial Services	(13.3)	---	(13.3)	(12.2)
Total	$1,555.1	$2,494.4	$4,049.5	11.2%

</TABLE>

<TABLE>
/ FIGURE 17 / LOANS OUTSTANDING BY REGION

<CAPTION>
December 31, 1993

DOLLARS IN MILLIONS	Total Loans	Distribution
<S>	<C>	<C>
Northeast Region	$11,255.6	28.1%
Great Lakes Region	17,847.8	44.6
Rocky Mountain Region	2,683.0	6.7
Northwest Region	8,189.0	20.4
Financial Services	95.9	.2
Total	$40,071.3	100.0%

</TABLE>

FINANCIAL CONDITION

LOANS

At December 31, 1993, total loans outstanding were $40.0 billion, as compared with $36.0 billion at December 31, 1992, and $35.5 billion at December 31, 1991, as shown in Figure 15. The $4.0 billion, or 11%, increase from the year-end 1992 level was due, in large part, to the impact of acquisitions which were completed by the Corporation during 1993. Excluding the $2.5 billion impact of these acquisitions, loans increased by $1.5 billion since the prior year end. The internally generated loan growth of $1.5 billion reflected increases of $1.1 billion in residential real estate loans, $578.5 million in student loans held for sale and $430.1 million in lease financing receivables. These increases were partially offset by decreases of $366.2 million in commercial mortgage and construction loans, $73.0 million in commercial loans, $98.9 million in consumer loans and $38.1 million in foreign loans. As shown in Figure 16, the internally generated loan growth was primarily concentrated in the Great Lakes Region, which has not experienced, to the same degree, the general economic deterioration and weak loan demand experienced by other regions of the country.

With respect to geographic concentration, Figure 17 depicts the loan portfolio at December 31, 1993, by banking region. The Corporation's unique thirteen-state, four-region profile has provided significant credit risk diversification. The dangers to banks of regional concentration have been vividly demonstrated in recent years by the problems of many competitors whose lending market is confined to one particular area where the economy has faltered.

Commercial loans outstanding at December 31, 1993, were $9.0 billion, up 1% from the December 31, 1992, level of $8.9 billion, following a decrease of $314.9 million, or 3%, from the prior year. The decline in 1992 can be attributed to weaker loan demand as a consequence of the economic environment and to strategic efforts to reduce the level of exposure related to highly-leveraged transactions ("HLT"), principally acquired in the Ameritrust merger, where there has not been a long-standing relationship with the borrower. In addition, the decline in 1992 reflected the run-off of certain other Ameritrust credits which management believed were incompatible with the Corporation's credit risk profile. At December 31, 1993, the Corporation had $247.5 million in HLT loans outstanding, down $157.7 million, or 39%, from the December 31, 1992, level.

Loans secured by real estate totaled $18.4 billion at December 31, 1993, compared with $15.7 billion at December 31, 1992, and $15.1 billion at December 31, 1991. Loans secured by real estate consist of construction loans, commercial mortgage loans and one-to-four family residential loans (including home equity loans). The $2.7 billion, or 17%, increase from 1992 was mainly attributable to the acquisitions which the Corporation completed during 1993. Acquisitions accounted for $2.0 billion of the increase in total real estate loans, including $1.6 billion of the increase in the residential mortgage portfolio.

Construction loans decreased to $1.2 billion at December 31, 1993, from $1.4

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billion at December 31, 1992, and $1.6 billion at December 31, 1991. After adjusting for the impact of acquisitions, the decrease from year-end 1992 was $343.0 million. At December 31, 1993, 12% of the portfolio was secured by

<TABLE>
/ FIGURE 18 / CONSTRUCTION AND COMMERCIAL MORTGAGE LOANS

<CAPTION>
December 31, 1993

IN MILLIONS	Construction	Commercial Mortgage	Total
<S>	<C>	<C>	<C>
Nonowner-occupied:			
Retail	$ 133.1	$ 891.0	$1,024.1
Multi-family properties	94.0	811.4	905.4
Office buildings	164.9	756.0	920.9
Hotels/Motels	26.5	250.1	276.6
Health facilities	7.9	104.2	112.1
Manufacturing facilities	6.7	102.8	109.5
Warehouses	11.0	261.4	272.4
Other	243.0	340.4	583.4
Owner-occupied	473.4	2,710.9	3,184.3
Total	$1,160.5	$6,228.2	$7,388.7

</TABLE>

properties in the Northeast Region, 54% in the Great Lakes Region, 11% in the Rocky Mountain Region and 23% in the Northwest Region, the principal banking markets served by the Corporation.

The commercial mortgage loan portfolio totaled $6.2 billion at December 31, 1993, compared with $5.9 billion at December 31, 1992, and $6.3 billion at December 31, 1991. This loan category, in general, has concerned many followers of the banking industry in the last few years. This apprehension stems from overcapacity in the commercial real estate market, made worse by general economic deterioration and a resultant deflation in real estate values. The Corporation manages risk exposure in the construction and commercial mortgage portfolios through prudent underwriting criteria and by monitoring loan concentrations by geographic region and property type. Figure 18 details the industry concentrations within the commercial real estate portfolio at December 31, 1993, and shows the portions of the portfolio which are nonowner-occupied versus owner-occupied. At December 31, 1993, 41% of the construction portfolio and 44% of the commercial mortgage loan portfolio were comprised of loans secured by owner-occupied properties. Those borrowers are engaged in business activities other than real estate, and the primary source of repayment is not solely dependent on the real estate market.

One-to-four family residential mortgages (including home equity loans) were $11.0 billion at December 31, 1993, compared with $8.3 billion at December 31, 1992, and $7.2 billion at December 31, 1991. Excluding the impact of acquisitions, residential mortgages increased $1.1 billion, or 14%, in 1993. A significant portion of the loan originations during 1993, as well as in 1992, is attributable to homeowner refinancings, reflecting the lower level of interest rates. During 1993 the Corporation continued its strategy of originating and selling most fixed rate loans with 30-year maturities in the secondary market (and such loans are classified outside of the loan portfolio as mortgage loans held for sale), whereas other fixed and adjustable rate loans are originated to secondary market standards and maintained in the portfolio. At December 31, 1993, the Corporation's mortgage banking operation serviced approximately $27 billion in loans owned by both affiliate banks and third parties.

Consumer loans totaled $9.3 billion at December 31, 1993, compared with $9.1 billion at December 31, 1992, and $10.3 billion at December 31, 1991. The decrease during 1992 reflected the designation of approximately $1.1 billion of student loans as held for sale in the fourth quarter of 1992. Consumer loans also declined in 1992 as a result of the sale of $117.6 million in outstandings as part of branch sales completed in May and June 1992 in connection with the Ameritrust merger, and the sale of $240.0 million in student loans in August 1992. Excluding the impact of acquisitions in 1993, the portfolio declined $98.9 million from the 1992 year-end level.

As previously indicated, during the latter part of 1992 the Corporation designated its student loan portfolio, totaling approximately $1.1 billion, as held for sale. Since then, this portfolio has grown to $1.6 billion at December 31, 1993, representing an increase of $578.5 million, or 54%, from the year-end

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1992 level. The higher level of outstandings in 1993 reflected the Corporation's role as a primary provider of education loans to law school students. In June 1993 the Corporation securitized, without recourse, a portion of this portfolio totaling $200 million. Management anticipates continued involvement in these programs and plans to sell or securitize such loans at or near the time that they enter repayment status.

SECURITIES

At December 31, 1993, the book value of the investment securities portfolio totaled $11.1 billion, an increase of $2.1 billion, or 24%, from December 31, 1992. The growth in 1993 primarily resulted from an increase of $1.8 billion, or 30%, in mortgage-backed securities. At December 31, 1993 and 1992, the investment securities portfolio comprised 20% and 18%, respectively, of total earning assets.

The yield on the investment securities portfolio declined to 6.51% at December 31, 1993, from 7.72% at December 31, 1992. This reduction was attributable to prepayments on higher-yielding mortgage-backed securities coupled with lower reinvestment yields resulting from the declining rate environment. The investment portfolio's market value exceeded its book value by $218.1 million at December 31, 1993, compared with an excess of $216.8 million at December 31, 1992.

At December 31, 1993, the Corporation had $7.9 billion invested in mortgage-backed pass-through securities and collateralized mortgage obligations ("CMO") within the investment securities portfolio, compared with $6.1 billion at December 31, 1992. A mortgage-backed pass-through security depends on the underlying pool of mortgage loans to provide a cash flow "pass-through" of principal and interest. The Corporation had $4.3 billion invested in mortgage-backed pass-through securities at December 31, 1993. A CMO is a mortgage-backed security that is comprised of classes of bonds created by prioritizing the cash flows from the underlying mortgage pool in order to meet different objectives of investors. The Corporation had $3.6 billion invested in CMO securities at December 31, 1993. The CMO securities held by the Corporation are primarily shorter-maturity class bonds that were structured to have more predictable cash flows by being less sensitive to prepayments during periods of changing interest rates. At December 31, 1993, substantially all of the CMOs and mortgage-backed pass-through securities held by the Corporation were issued by Federal agencies or backed by Federal agency pass-through securities.

<TABLE>
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/ FIGURE 19 / INVESTMENT SECURITIES

DOLLARS IN MILLIONS	U.S. Treasury, Agencies and Corporations	States and Political Subdivisions	Mortgage-Backed Securities1	Other Investment Securities	Total	Weighted Average Yield2
<S>	<C>	<C>	<C>	<C>	<C>	<C>
DECEMBER 31, 1993:						
Maturity: One year or less	$ 87.4	$ 512.5	$1,080.3	$139.6	$ 1,819.8	6.56%
After one through five years	700.4	638.6	3,823.6	427.5	5,590.1	6.56
After five through ten years	6.7	402.9	2,728.5	55.8	3,193.9	6.17
After ten years	1.5	123.8	244.8	148.2	518.3	7.96
Book value	$ 796.0	$1,677.8	$7,877.2	$771.1	$11,122.1	6.51%
Market value	$ 807.4	$1,779.8	$7,967.3	$785.7	$11,340.2	
Weighted average yield	5.50%	8.61%	6.24%	5.63%	6.51%	
Average maturity	1.7 YEARS	4.1 YEARS	5.0 YEARS	4.7 YEARS	4.6 YEARS	
DECEMBER 31, 1992:						
Book value	$ 494.2	$1,806.8	$6,062.4	$612.9	$ 8,976.3	7.72%
Market value	506.0	1,886.6	6,171.8	628.7	9,193.1	
DECEMBER 31, 1991:						
Book value	$1,743.3	$1,922.2	$5,879.3	$743.5	$10,288.3	8.70%
Market value	1,812.6	1,996.3	6,087.1	757.9	10,653.9	

<FN>
1Maturity is based upon expected average lives rather than contractual terms.
2Weighted average yields are calculated on the basis of book value. Such yields have been adjusted to a fully taxable-equivalent basis using a 35% tax rate for 1993 and a 34% tax rate for 1992 and 1991.
</TABLE>

In 1992, the Corporation transferred the majority of its U.S. Treasury securities and certain other securities from the investment portfolio to the "available for sale" portfolio. The specific designation of certain securities as available for sale was made by the Corporation, as well as a significant number of other major bank holding companies, in response to a general mandate of the SEC. The designation of securities as available for sale applies to all

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securities that may be held for indefinite periods, including securities that may be sold in response to changes in interest rates, changes in prepayment risk, increases in loan demand, or for general liquidity and other similar factors. Securities which the Corporation has the ability and positive intent to hold to maturity are included in the investment securities portfolio. At December 31, 1993, the book value of the available for sale portfolio totaled $1.7 billion, a decrease of $731.8 million, or 30%, from year-end 1992.

ASSET QUALITY

The Corporation's Loan Review Group measures and determines the level of risk in the Corporation's loan-related assets. This includes the formulation of underwriting standards and active line management. Geographic diversification and variation of the dollar amount of loans throughout the Corporation also provide a method for managing asset quality. In addition, the Loan Review Group is responsible for reviewing the adequacy of the allowance for loan losses ("Allowance"). The Corporation's Credit Policy/Risk Management Group reviews corporate assets other than loans, leases and OREO to determine the credit quality and credit risk inherent in such assets. This Group is also responsible for commercial and consumer credit policy development, concentration management and credit systems development.

Allowance methodologies at both old KeyCorp and Society were designed to provide adequate coverage for both potential and unforeseen loan losses. The methodology following the Merger will be a hybrid of the methodologies used by the two organizations. Management will continue to target and maintain a minimum allowance equal to the allocated requirement plus an unallocated portion, as appropriate, as shown in Figure 21. Management believes this is an appropriate posture in light of current and expected economic conditions and trends, the geographic and industry mix of the portfolio, and similar risk-related matters. The 1993 provision for loan losses ("Provision") was $211.7 million compared to $338.4 million in 1992 and $466.2 million in 1991. The significantly lower Provision in 1993 reflected a corporate-wide improvement in asset quality, including significant declines in nonperforming loans.

<TABLE>

/ FIGURE 20 / NONPERFORMING LOANS AND ASSETS BY REGION

<CAPTION>

December 31,	Nonperforming Loans to Total Loans		Nonperforming Assets to Total Loans Plus OREO and Other NPA	
	1993	1992	1993	1992
<S>	<C>	<C>	<C>	<C>
Northeast Region	1.01%	1.18%	1.73%	2.52%
Great Lakes Region	.91	2.18	1.25	3.07
Rocky Mountain Region	.26	.51	.44	1.01
Northwest Region	.63	.96	.91	1.59
Financial Services	1.03	.72	7.76	8.28
Total	.84%	1.53%	1.24%	2.47%

</TABLE>

<TABLE>

/ FIGURE 21 / ALLOCATION OF THE ALLOWANCE FOR LOAN LOSSES

<CAPTION>

December 31, DOLLARS IN MILLIONS	1993 Amount	1993 Percent of Loan Type to Total Loans	1992 Amount	1992 Percent of Loan Type to Total Loans	1991 Amount	1991 Percent of Loan Type to Total Loans
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Commercial, financial and agricultural	$177.6	23.4%	$205.1	25.4%	$224.4	25.9%
Real estate--construction	22.1	3.0	27.3	4.1	30.1	4.4
Real estate--mortgage	90.6	44.9	113.3	40.7	126.1	38.0
Consumer	113.4	24.1	147.2	26.0	149.7	28.8
Lease financing	14.1	4.4	4.8	3.5	3.4	2.7
Foreign	--	.2	1.6	.3	20.2	.2
Unallocated	384.9	--	283.3	--	239.6	--
Total	$802.7	100.0%	$782.6	100.0%	$793.5	100.0%

</TABLE>

<TABLE>

<CAPTION>

	1990	1989

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	Amount	Percent of Loan Type to Total Loans	Amount	Percent of Loan Type to Total Loans
Commercial, financial and agricultural	$238.7	29.3%	$108.9	34.5%
Real estate--construction	23.2	6.4	15.6	6.0
Real estate--mortgage	127.9	35.1	54.0	31.2
Consumer	123.1	26.7	82.3	25.9
Lease financing	5.7	2.3	2.8	2.2
Foreign	19.5	.2	35.2	.2
Unallocated	139.2	--	153.9	--
Total	$677.3	100.0%	$452.7	100.0%

<FN>
Amounts in the "Percent of Loan Type to Total Loans" column were computed excluding loans held for sale from the portfolio as no allowances were deemed necessary for such loans.
</TABLE>

As shown in Figure 23, net loan charge-offs of $212.8 million in 1993 dropped significantly from $360.5 million in 1992 with asset quality improvement reflected in the commercial, consumer, lease financing and real estate mortgage portfolios.

/ FIGURE 22 / NONPERFORMING ASSETS
IN MILLIONS

	Other nonperforming assets	Restructured loans	Other real estate owned	Nonaccrual loans
1989	4.1	63.1	123.6	492.3
1990	2.8	25.2	211.5	773.7
1991	11.7	9.9	330.7	719.6
1992	14.9	2.4	332.4	550.5
1993	13.4	6.5	150.4	329.8

Most of the charge-offs in 1992 and 1993 were related to problem credits for which reserves were established in previous periods.

The Allowance at December 31, 1993, was $802.7 million, or 2.00% of loans, compared with $782.6 million, or 2.17% of loans, at December 31, 1992. As a percentage of nonperforming loans, the Allowance was 238.69% in 1993 and 141.54% in 1992. Although used as a general indicator, this percentage is not a primary factor in the determination of the adequacy of the Allowance by management. As indicated in Figure 21, the unallocated portion of the Allowance increased in 1993, reflecting continued improvement in overall loan portfolio quality.

As shown in Figure 24, nonperforming assets totaled $500.1 million at December 31, 1993, down $400.1 million, or 44%, from the December 31, 1992, level. This followed a decrease of $171.7 million, or 16%, from the previous year. The significant improvement in 1993 resulted largely from a $216.6 million, or 39%, decrease in nonperforming loans and a $182.0 million, or 55%, decrease in OREO. Other nonperforming assets, which are comprised primarily of nonperforming venture capital investments, decreased $1.5 million, or 10%, in 1993. The reduction in nonperforming loans was principally

CONTINUED ON PAGE 36

/ FIGURE 23 / SUMMARY OF LOAN LOSS EXPERIENCE

DOLLARS IN MILLIONS	1993	1992	1991	1990	1989
Average loans outstanding during the year	$38,307.6	$35,307.4	$35,150.3	$32,632.8	$30,806.8
Allowance for loan losses at beginning of year	$782.6	$793.5	$677.3	$452.7	$413.1
Loans charged off:					
Commercial, financial and agricultural	102.6	144.8	173.9	155.4	105.2
Real estate -- construction	25.5	25.1	40.9	33.7	4.9
Real estate -- mortgage	56.8	100.2	70.4	66.7	79.5
Consumer	115.2	160.3	174.1	136.7	115.7
Lease financing	3.1	10.0	5.7	6.7	8.0
Foreign	--	--	.8	2.3	15.1
	303.2	440.4	465.8	401.5	328.4
Recoveries:					
Commercial, financial and agricultural	33.4	25.7	28.7	28.6	17.2

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Real estate -- construction	6.0	1.3	1.9	2.5	.1
Real estate -- mortgage	9.8	9.0	3.1	2.1	2.8
Consumer	39.5	39.0	38.9	34.3	27.0
Lease financing	1.6	4.9	1.2	1.3	1.5
Foreign	.1	--	.2	.8	4.3
	90.4	79.9	74.0	69.6	52.9
Net loans charged off	(212.8)	(360.5)	(391.8)	(331.9)	(275.5)
Provision for loan losses	211.7	338.4	466.2	517.2	306.2
Allowance of affiliates purchased	21.2	11.2	41.8	39.3	8.9
Allowance for loan losses at end of year	$802.7	$782.6	$793.5	$677.3	$452.7
Net loan charge-offs to average loans	.56%	1.02%	1.11%	1.02%	.89%
Allowance for loan losses to year-end loans	2.00	2.17	2.23	1.98	1.43
Allowance for loan losses to nonperforming loans	238.69	141.54	108.79	84.78	81.51

</TABLE>

<TABLE>

/ FIGURE 24 / SUMMARY OF NONPERFORMING ASSETS AND PAST DUE LOANS

<CAPTION>

December 31, DOLLARS IN MILLIONS	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
Nonaccrual loans	$329.8	$550.5	$ 719.6	$ 773.7	$492.3
Restructured loans	6.5	2.4	9.9	25.2	63.1
Total nonperforming loans	336.3	552.9	729.5	798.9	555.4
Other real estate owned	186.1	350.3	349.9	225.3	131.6
Allowance for OREO losses	(35.7)	(17.9)	(19.2)	(13.8)	(8.0)
Other real estate owned, net of allowance	150.4	332.4	330.7	211.5	123.6
Other nonperforming assets	13.4	14.9	11.7	2.8	4.1
Total nonperforming assets	$500.1	$900.2	$1,071.9	$1,013.2	$683.1
Accruing loans past due 90 days or more	$ 51.8	$ 70.3	$ 94.1	$ 90.5	$ 76.8
Nonperforming loans to year-end loans	.84%	1.53%	2.05%	2.34%	1.76%
Nonperforming assets to year-end loans plus other real estate owned and other nonperforming assets	1.24	2.47	2.99	2.94	2.16
Nonperforming assets to total assets	.84	1.63	2.00	2.03	1.45

</TABLE>

<TABLE>

/ FIGURE 25 / SUMMARY OF CHANGES IN NONACCRUAL LOANS AND OREO

<CAPTION>

SUMMARY OF CHANGES IN NONACCRUAL LOANS

		1993 Quarters			
IN MILLIONS	Full Year	Fourth	Third	Second	First
<S>	<C>	<C>	<C>	<C>	<C>
Balance at beginning of period	$550.5	$374.1	$402.3	$495.4	$550.5
Loans placed on nonaccrual	348.7	92.5	75.6	76.7	103.9
Charge-offs1	(217.4)	(46.7)	(57.5)	(57.1)	(56.1)
Payments	(180.1)	(29.0)	(24.1)	(66.6)	(60.4)
Transfers to OREO	(57.1)	(5.6)	(8.1)	(29.4)	(14.0)
Loans returned to accrual	(130.5)	(55.5)	(16.9)	(26.5)	(31.6)
Acquisitions	5.2	--	.1	2.0	3.1
Transfers from OREO	10.5	--	2.7	7.8	--
Balance at end of period	$329.8	$329.8	$374.1	$402.3	$495.4

</TABLE>
<TABLE>
<CAPTION>

SUMMARY OF CHANGES IN OREO

		1993 Quarters			
IN MILLIONS	Full Year	Fourth	Third	Second	First

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<S>	<C>	<C>	<C>	<C>	<C>
Balance at beginning of period	$332.4	$229.4	$278.0	$327.1	$332.4
Additions	88.7	17.7	13.9	37.5	19.6
Sales	(190.3)	(70.3)	(44.0)	(55.2)	(20.8)
Charge-offs and writedowns	(50.3)	(14.0)	(11.8)	(16.4)	(8.1)
Transfers to loans	(16.5)	(3.6)	(2.4)	(10.5)	--
Acquisitions	8.7	.4	--	.3	8.0
Other	(22.3)	(9.2)	(4.3)	(4.8)	(4.0)
Balance at end of period	$150.4	$150.4	$229.4	$278.0	$327.1

<FN>
1 Represents the gross charge-offs taken against nonaccrual loans; excluded are charge-offs of $32.4 million taken against accruing loans and interest reversals, and $53.4 million taken against credit card receivables.
</TABLE>

attributable to decreases in nonaccrual commercial (including HLT), construction and commercial real estate loans. At the end of 1993, nonaccrual loans in these categories comprised 39%, 12% and 30%, respectively, of total nonperforming loans and totaled $267.9 million, down $209.1 million, or 44%, from the previous year-end. This reduction reflected progress made in working through the credit problems associated with the Ameritrust acquisition. As indicated in Figure 25, the reduction in OREO was primarily due to the selective sale of assets.

On a regional basis, all of the Corporation's banks showed improvement in the ratio of nonperforming assets to total loans plus OREO and other nonperforming assets. As indicated by Figure 20, the largest basis point improvement was experienced in the Great Lakes Region.

At December 31, 1993, HLT loans classified as nonperforming amounted to $25.3 million, or 8%, of total nonperforming loans. At December 31, 1992, nonperforming HLT loans aggregated $4.6 million, or 1%, of total nonperforming loans. One individual nonperforming HLT loan represented $18.1 million, or 72%, of the total at December 31, 1993.

In May 1993, the Financial Accounting Standards Board issued SFAS No. 114, "Accounting by Creditors for Impairment of a

<TABLE>
/ FIGURE 26 / PERCENTAGE OF NONPERFORMING LOANS TO PERIOD-END LOANS BY LOAN TYPE
<CAPTION>
December 31, 1993

	Commercial, Financial and Agricultural	Real Estate-- Construction	Real Estate -- Commercial Mortgage	Real Estate -- Residential Mortgage	Consumer	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Northeast Region	1.82%	6.54%	2.21%	.36%	.15%	1.01%
Great Lakes Region	1.22	4.46	1.81	.48	.12	.91
Rocky Mountain Region	.46	.09	.35	.08	.13	.26
Northwest Region	.73	1.26	1.24	.45	.17	.63
Financial Services	--	--	--	2.43	.94	1.03
Total	1.20%	3.49%	1.68%	.42%	.14%	.84%

</TABLE>

Loan." This standard affects the definition and basis for measuring impaired loans and is more fully discussed in Note 6, Nonperforming Assets, on page 57.

DEPOSITS AND OTHER SOURCES OF FUNDS
Core deposits, defined as domestic deposits other than certificates of deposit of $100,000 or more, are the Corporation's primary source of funding. These deposits averaged $40.2 billion in 1993, $37.4 billion in 1992 and $36.2 billion in 1991. The 1993 increase in average core deposits was primarily a result of acquisitions. The impact of these acquisitions was substantially offset, however, by the sale of approximately $1.0 billion in deposits late in the second quarter of 1992 (as part of the agreement reached with the United States Department of Justice and in accordance with the Federal Reserve Board order to divest certain branches in connection with the Ameritrust merger) and the pursuit of other alternatives by consumers in response to declining interest rates. In 1993, balances shifted significantly from the "other time deposits" category, consisting primarily of fixed rate certificates of deposit of less than $100,000, to noninterest-bearing and savings deposits (including NOW accounts) with higher liquidity, also in response to declining interest rates.

Purchased funds, which are comprised of large certificates of deposit, deposits

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in the foreign office and short-term borrowings, averaged $9.7 billion for 1993, up $957.1 million, or 11%, from 1992. Average purchased funds were not materially impacted by the acquisitions completed during 1993. The increase was largely attributable to increases in foreign office deposits, Federal funds purchased and securities sold under agreements to repurchase, and other short-term borrowings. These increases were partially offset by a decline in large certificates of deposit.

/ FIGURE 27 / MATURITY DISTRIBUTION OF TIME DEPOSITS OF $100,000 OR MORE

December 31, 1993

IN MILLIONS	Domestic Offices	Foriegn Office
Time remaining to maturity:		
Three months or less	$1,431.5	$2,014.5
Over three through six months	435.6	--
Over six through twelve months	382.8	--
Over twelve months	571.2	--
Total	$2,821.1	$2,014.5

LIQUIDITY

Liquidity represents the availability of funding to meet the needs of depositors, borrowers and creditors at a reasonable cost and without adverse consequences. The Corporation's ALCO actively analyzes and manages the Corporation's liquidity in coordination with similar committees at each affiliate bank. The affiliate banks individually maintain liquidity in the form of short-term money market investments, anticipated prepayments and maturities on securities and through the maturity structure of their loan portfolios. Another source of liquidity are those securities classified as available for sale. In addition, the affiliate banks have access to various sources of non-core market funding for short-term liquidity requirements should the need arise. The effective management of balance sheet volumes, mix and maturities enables the affiliate banks to maintain adequate levels of liquidity while enhancing profitability.

During 1993, Society National Bank ("SNB"), the Corporation's Ohio bank, issued $685 million in debt securities under a Medium-Term Bank Note program. These securities have maturities of less than one year and are included in other short-term borrowings. The proceeds from the issuance of these securities were used for general corporate purposes in the ordinary course of business. During 1993 and 1992, KeyCorp issued $305.1 million and $77.0 million, respectively, in debt securities under separate Medium-Term Note programs. These securities have maturities in excess of one year and are included in long-term debt. Subordinated debt totaling $325 million was also issued by KeyCorp in 1992. During both the second quarter of 1993 and the fourth quarter of 1992, SNB also issued $200 million in subordinated long-term debt to be used to supplement its capital base and to provide funds for loans and investments.

During 1993, KeyCorp redeemed $163.4 million in long-term debt securities due through 2002 at par plus accrued interest. In addition, KeyCorp redeemed 1,200,000 outstanding shares of Fixed/Adjustable Rate Cumulative Preferred Stock at 103% of its stated value of $60 million plus accumulated but unpaid dividends, and 479,394 shares of Series A Preferred Stock at its stated value of $24 million plus accumulated but unpaid dividends.

The liquidity requirements of the parent company, primarily for dividends to shareholders, retirement of debt and other corporate purposes, are principally met through regular dividends from affiliate banks. As of December 31, 1993, $535.4 million was available in the affiliate banks for the payment of dividends to the parent company without prior regulatory approval. Excess funds are maintained in short-term investments. The parent company has no lines of credit with other financial institutions but has ready access to the capital markets as a result of its favorable debt ratings.

CAPITAL AND DIVIDENDS

Total shareholders' equity at December 31, 1993, was $4.4 billion, up $466.3 million, or 12%, from the balance at the end of 1992. This followed an increase of $410.9 million, or 12%, from the prior year. In both years the increase was principally due to the retention of net income after dividends. Other significant changes in shareholders' equity in 1993 resulted

/ FIGURE 28 / CAPITAL COMPONENTS AND RISK-ADJUSTED ASSETS

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<CAPTION>

December 31, dollars in millions	1993	1992
Tier I capital		
Common shareholders' equity	$ 4,233.6	$ 3,683.3
Qualifying preferred stock	160.0	244.0
Less: Goodwill	(385.4)	(361.3)
Other intangible assets1	(104.0)	---
Other2	(18.9)	---
Total Tier I capital	3,885.3	3,566.0
Tier II capital		
Allowance for loan losses3	559.7	524.5
Qualifying long-term debt	993.4	799.1
Tier II capital	1,553.1	1,323.6
Total capital	$ 5,438.4	$ 4,889.6
Risk-adjusted assets		
Risk-adjusted assets on balance sheet	$40,979.9	$38,621.8
Risk-adjusted off-balance sheet exposure	4,283.3	3,674.8
Less: Goodwill	(385.4)	(361.3)
Other intangible assets1	(104.0)	---
Other2	(18.9)	---
Gross risk-adjusted assets	44,754.9	41,935.3
Less: Excess allowance for loan losses	(243.0)	(258.2)
Net risk-adjusted assets	$44,511.9	$41,677.1
Average quarterly assets	$58,289.3	$54,696.0
Capital ratios		
Tier I capital to net risk-adjusted assets	8.73%	8.56%
Total capital to net risk-adjusted assets	12.22	11.73
Leverage4	6.72	6.56

<FN>
1Intangible assets (excluding goodwill, purchased mortgage servicing rights and purchased credit card relationships) recorded after February 19, 1992, and deductible portions of purchased mortgage servicing rights and purchased credit card relationships.
2Valuation adjustment for purchased mortgage servicing rights.
3The allowance for loan losses included in Tier II capital is limited to 1.25% of gross risk-adjusted assets.
4Tier I capital divided by average total assets for the quarter less goodwill and other intangible assets as defined in (1) above.
</TABLE>

from the previously mentioned preferred stock redemptions which decreased equity by $84 million in the aggregate.

Capital adequacy is an important indicator of financial stability and performance. Overall, KeyCorp's capital position remains strong with a ratio of total shareholders' equity to total assets of 7.37% at December 31, 1993, up from 7.13% and 6.56% at December 31, 1992 and 1991, respectively.
<TABLE>

/ Figure 29 / Capital Ratios

<CAPTION>

	Leverage ratio	Tier 1 risk-based capital ratio	Total risk-based capital ratio
1992	6.56%	8.56%	11.73%
1993	6.72%	8.73%	12.22%

</TABLE>

Banking industry regulators define minimum capital ratios for bank holding companies and their banking and savings association subsidiaries. Based on the risk-based capital rules and definitions prescribed by the banking regulators, KeyCorp's Tier I and total capital to net risk-adjusted assets ratios at December 31, 1993, were 8.73% and 12.22%, respectively. These compare favorably with the minimum requirements of 4.0% for Tier I and 8.0% for total capital. The regulatory Tier I leverage ratio standard prescribes a minimum ratio of 3.0%, although most banking organizations are expected to maintain ratios of at least 100 to 200 basis points above the minimum. At December 31, 1993, KeyCorp's leverage ratio was 6.72%, substantially higher than the minimum requirement. Figure 28 presents the details of KeyCorp's capital position at December 31, 1993 and 1992.

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Effective December 1992, Federal bank regulators adopted new regulations to implement the prompt corrective action provisions of the Federal Deposit Insurance Act which group FDIC-insured depository institutions into five broad categories based on certain capital ratios. The five categories are "well-capitalized," "adequately capitalized," "undercapitalized," "significantly capitalized," and "critically undercapitalized." Although these provisions are not directly applicable to the Corporation under existing law and regulations, based upon its ratios the Corporation would qualify, and KeyCorp's affiliate banks do qualify, as "well-capitalized" at December 31, 1993. The FDIC-defined capital categories, as determined by applying the prompt corrective action provisions of the law, may not constitute an accurate representation of the overall financial condition or prospects of KeyCorp or its affiliate banks.

The Office of the Comptroller of the Currency, the Federal Reserve and the FDIC are proposing amendments to their respective regulatory capital rules to include in Tier I capital the net unrealized changes in the value of securities available for sale for purposes of calculating the risk-based and leverage ratios. The proposed amendments are in response to the provisions outlined in SFAS No. 115,"Accounting for Certain Investments in Debt and Equity Securities," which takes effect for fiscal years beginning after December 15, 1993. See Note 4, Investment Securities, on page 55 for a more complete description of SFAS No. 115. This new accounting standard establishes, among other things, net unrealized holding gains and losses on securities available for sale as a new component of shareholders' equity. If adopted as proposed, the rules could cause the Tier I capital to be subject to greater volatility. However, neither SFAS No. 115 nor the capital proposals would have any direct impact on reported earnings. Based upon the Corporation's securities portfolio classified as available for sale as of December 31, 1993, the estimated impact of the new standard would be an increase to shareholders' equity of approximately $44 million. The regulatory agencies are also proposing to add an additional component to the risk-based capital requirements based upon the level of an institution's exposure to interest rate risk.

Common Shares outstanding and per Common Share data have been adjusted for a two-for-one stock split effected on March 22, 1993 by means of a 100% stock dividend. At December 31, 1993, book value per Common Share was $17.53 based on 241,547,151 shares outstanding, compared with $15.64 based on 235,432,181 shares outstanding at December 31, 1992. KeyCorp's Common Shares are traded on the New York Stock Exchange under the symbol KEY. The sales price ranges of the Common Shares and per Common Share net income and dividends by quarter for each of the last two years are presented in Figure 30. At year-end 1993, the closing sales price on the New York Stock Exchange was $29.75 per share. This price was 170% of year-end book value per share and had a dividend yield of 3.76%. On January 20, 1994, the quarterly dividend on Common Shares was increased by 14% to $.32 per Common Share, up from $.28 per Common Share in 1993. The first-quarter dividend of $.32 per Common Share was paid on March 15, 1994, to shareholders of record on February 28, 1994. There were 57,414 holders of record of KeyCorp Common Shares at March 1, 1994.

FOURTH QUARTER RESULTS

As shown in Figure 30, net income for the fourth quarter of 1993 was $122.3 million, or $.49 per Common Share, compared with $143.7 million, or $.58 per Common Share, for the same period last year. The 1993 period was impacted by merger and integration charges of $118.7 million ($80.6 million after-tax $.33 per Common Share) recorded in connection with the Merger. In the prior year, fourth-quarter results were reduced by merger and integration charges totaling $42.7 million ($32.4 million after tax, $.14 per Common Share) incurred in connection with the acquisition of PSB. Excluding the impact of the merger and integration charges, net income was $203.0 million in 1993, up $26.8 million, or 15%, from the prior year. This reflected a $34.8 million, or 5%, increase in taxable-equivalent net interest income; a $30.8 million, or 40%, decrease in the provision for loan losses; and an $11.1 million, or 5%, increase in noninterest income. These positive factors were partially offset by an increase of $40.9 million, or 8%, in noninterest expense. On an annualized basis, the return on average total assets for the fourth quarter of 1993 was .83% compared with 1.05% for the fourth

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quarter of 1992. The annualized returns on average common equity for the fourth quarters of 1993 and 1992 were 11.09% and 15.04%, respectively. On an annualized basis, adjusting for the merger and integration charges, the fourth-quarter return on average total assets and the return on average common equity were 1.38% and 18.64%, respectively, in 1993 and 1.28% and 18.53%, respectively, in 1992.

The improvement in taxable-equivalent net interest income in the fourth quarter of 1993, as compared to the fourth quarter of 1992, reflected a $3.5 billion, or 7%, increase in the level of average earning assets, offset in part by an 8 basis point decline in the net interest margin to 5.21%. The higher level of average earning assets reflected the impact of acquisitions accounted for as purchases completed in 1993 as well as internal growth achieved in loans, mortgage loans held for sale and investment securities. The growth in average earning assets in 1993 was mainly due to an increase of $3.3 billion in average loans; principally those related to real estate, student loans held for sale and the lease financing portfolio; an increase of $453.0 million in investment securities; and an increase of $467.3 million in mortgage loans held for sale. These increases were partially offset by decreases of $623.6 million in interest-bearing deposits with banks and $233.3 million in Federal funds sold and security resale agreements. The decline in the net interest margin reflected the narrowing of spreads available on the replacement of matured and prepaid loans, securities and interest rate swaps, and the narrower spread contributed by Society First Federal Savings Bank. The lower provision for loan losses resulted from the overall improvement in asset quality, including a $216.6 million, or 39%, decline in nonperforming loans from December 31, 1992, to December 31, 1993. The increase in noninterest expense, excluding merger and integration charges, was primarily due to higher personnel expense, offset in part by lower costs associated with professional services.

<TABLE>
/ Figure 30 / SELECTED QUARTERLY FINANCIAL DATA
<CAPTION>

dollars in millions, except per share amounts	1993 4th	1993 3rd	1993 2nd	1993 1st	1992 4th	1992 3rd	1992 2nd	1992 1st
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
For the quarter								
Interest income	$ 1,050.5	$ 1,051.0	$ 1,065.0	$ 1,047.4	$ 1,044.8	$ 1,024.9	$ 1,045.2	$ 1,083.9
Interest expense	372.2	378.6	390.8	393.3	403.6	411.2	443.8	491.5
Net interest income	678.3	672.4	674.2	654.1	641.2	613.7	601.4	592.4
Provision for loan losses	46.4	49.9	59.5	55.9	77.2	84.7	95.3	81.2
Noninterest income	237.1	288.7	253.3	222.6	226.0	231.3	245.7	222.2
Noninterest expense	689.5	590.8	569.8	535.0	572.6	522.9	511.8	563.1
Income before income taxes	179.5	320.4	298.2	285.8	217.4	237.4	240.0	170.3
Net income	122.3	200.8	196.9	189.9	143.7	160.9	163.5	124.0
Net income applicable to Common Shares	118.4	196.6	192.4	184.4	137.7	154.9	157.5	118.0
Per Common Share								
Net income	$ .49	$ .82	$ .81	$ .77	$ .58	$ .66	$ .68	$ .50
Cash dividends	.28	.28	.28	.28	.245	.245	.245	.245
Book value at period-end	17.53	17.32	16.74	16.19	15.64	15.28	14.86	14.42
Market price:								
High	33.50	35.75	37.25	35.75	33.44	29.88	31.63	29.88
Low	27.25	30.88	28.63	30.88	28.13	26.13	25.32	24.25
Close	29.75	32.00	35.13	34.63	32.13	28.25	29.13	27.38
Weighted average Common Shares (millions)	240.8	240.8	239.5	237.9	236.3	235.5	234.5	233.7
At period-end								
Loans	$40,071.3	$39,070.7	$38,375.9	$38,371.7	$36,021.8	$35,778.3	$34,683.1	$35,038.4
Earning assets	54,352.7	52,935.5	52,699.9	52,346.4	49,380.8	48,968.1	46,318.9	47,035.4
Total assets	59,631.2	58,169.2	57,944.5	57,850.8	55,068.4	54,392.4	51,406.5	52,160.0
Deposits	46,499.1	44,339.9	44,400.8	44,964.3	43,433.1	41,687.4	40,251.1	41,511.2
Long-term debt	1,763.9	1,908.4	1,957.2	1,904.1	1,790.1	1,605.2	1,580.2	1,274.8
Common shareholders' equity	4,233.6	4,150.1	3,999.5	3,852.4	3,683.3	3,582.6	3,476.0	3,353.8
Total shareholders' equity	4,393.6	4,310.1	4,183.5	4,036.4	3,927.3	3,826.6	3,720.0	3,597.7
Performance ratios								
Return on average total assets	.83%	1.40%	1.38%	1.38%	1.05%	1.24%	1.29%	.96%
Return on average common equity	11.09	19.10	19.67	19.83	15.04	17.47	18.58	14.24
Return on average total equity	11.05	18.73	19.22	19.27	14.71	16.97	18.00	13.94

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Efficiency1	61.35	60.13	60.54	60.04	59.94	60.86	60.78	62.34
Overhead2	48.12	46.50	46.15	46.84	46.20	46.74	46.71	49.30
Net interest margin	5.21	5.30	5.35	5.40	5.29	5.38	5.36	5.20
Capital ratios at period-end								
Equity to assets	7.37%	7.41%	7.22%	6.98%	7.13%	7.04%	7.24%	6.90%
Tier I risk-adjusted capital	8.73	8.66	8.42	8.05	8.56	8.29	8.40	7.80
Total risk-adjusted capital	12.22	12.18	11.98	11.24	11.73	10.99	11.17	9.91
Leverage	6.72	6.74	6.48	6.37	6.56	6.76	6.60	6.22

<FN>
The comparability of the information presented above is affected by certain acquisitions and divestitures that KeyCorp has completed in the time periods presented. For further information concerning these transactions, refer to Note 2, Mergers, Acquisitions and Divestitures appearing on page 51.

1Calculated as noninterest expense (excluding merger and integration charges and other nonrecurring charges) divided by taxable-equivalent net interest income plus noninterest income (excluding net securities gains and certain gains on
2Calculated as noninterest expense (excluding merger and integration charges and other nonrecurring charges) less noninterest income (excluding net securities gains and certain asset sales) divided by taxable-equivalent net interest income.

</TABLE>

KEYCORP AND SUBSIDIARIES

<TABLE>

BANKING SERVICES DATA BY REGION

<CAPTION>

Year ended December 31,	Northeast Region		Great Lakes Region	
dollars in millions	1993	1992	1993	1992
<S>	<C>	<C>	<C>	<C>
Significant ratios				
Return on average total assets	1.28%	1.21%	1.54%	1.23%
Net interest margin	5.35	5.24	5.31	5.29
Nonperforming loans to year-end loans	1.01	1.18	.91	2.18
Allowance for loan losses to year-end loans	1.43	1.32	2.69	3.11
Net charge-offs to average loans	.80	1.09	.56	1.05
Efficiency	52.27	51.65	55.66	60.20
Average balances				
Loans	$11,454	$10,782	$17,870	$16,124
Earning assets	15,458	14,384	23,058	21,837
Total assets	16,697	15,593	25,074	23,607
Deposits	13,921	12,985	18,774	18,451
Shareholders' equity	1,280	1,098	2,058	1,736

</TABLE>

<TABLE>
<CAPTION>

	Rocky Mountain Region		Northwest Region	
	1993	1992	1993	1992
<S>	<C>	<C>	<C>	<C>
Significant ratios				
Return on average total assets	1.31%	1.27%	1.50%	.99%
Net interest margin	5.35	5.44	5.79	5.56
Nonperforming loans to year-end loans	.26	.51	.63	.96
Allowance for loan losses to year-end loans	1.37	1.27	1.29	1.38
Net charge-offs to average loans	.25	.44	.22	.86
Efficiency	59.44	61.19	57.43	67.54
Average balances				
Loans	$ 2,511	$ 2,165	$ 8,358	$ 6,846
Earning assets	3,394	3,006	9,735	8,423
Total assets	3,687	3,278	10,787	9,210
Deposits	3,030	2,706	8,976	7,459
Shareholders' equity	278	240	886	724

</TABLE>

KEYCORP AND SUBSIDIARIES

<TABLE>

SIX-YEAR CONSOLIDATED BALANCE SHEETS

<CAPTION>

December 31, dollars in millions	1993	1992	1991	1990	1989	1988	Compound Annual Rate of Change (1988-1993)

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<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Assets							
Cash and due from banks	$ 2,777.4	$ 3,079.7	$ 3,150.5	$13,061.3	$ 3,445.4	$ 3,110.7	(2.2)%
Short-term investments	107.2	985.5	1,693.4	1,167.1	2,080.5	2,263.3	(45.7)
Mortgage loans held for sale	1,325.3	938.5	691.9	389.9	110.4	18.7	134.4
Securities available for sale	1,726.8	2,458.7	--	101.8	172.6	--	N/M
Investment securities	11,122.1	8,976.3	10,288.3	8,815.7	7,937.5	8,039.5	6.7
Loans	40,071.3	36,021.8	35,534.3	34,193.7	31,570.4	29,981.0	6.0
Less: Allowance for loan losses	802.7	782.6	793.5	677.3	452.7	413.1	14.2
Net loans	39,268.6	35,239.2	34,740.8	33,516.4	31,117.7	29,567.9	5.8
Premises and equipment	912.9	843.3	719.9	676.8	621.7	670.5	6.4
Other real estate owned	150.4	332.4	330.7	211.5	123.6	89.8	10.9
Intangible assets	549.3	601.6	629.5	662.2	457.9	461.6	3.5
Purchased mortgage servicing rights	188.6	165.4	128.8	8.6	6.6	5.2	105.1
Other assets	1,502.6	1,447.8	1,227.1	1,342.1	1,131.2	1,059.8	7.2
Total assets	$59,631.2	$55,068.4	$53,600.9	$49,953.4	$47,205.1	$45,287.0	5.7
Liabilities							
Deposits in domestic offices:							
Noninterest-bearing	$ 8,826.3	$ 8,291.4	$ 7,085.5	$6,906.1	$6,746.9	$ 6,580.3	6.0
Interest-bearing	35,658.3	34,026.5	35,448.4	33,534.2	29,569.8	27,708.2	5.2
Deposits in foreign office-interest-bearing	2,014.5	1,115.2	301.1	495.0	1,058.7	550.0	29.6
Total deposits	46,499.1	43,433.1	42,835.0	40,935.3	37,375.4	34,838.5	5.9
Federal funds purchased and securities sold under agreements to repurchase	4,120.3	4,207.5	4,254.1	3,395.7	3,847.7	4,519.7	(1.8)
Other short-term borrowings	1,776.2	874.9	833.4	594.2	1,010.2	998.6	12.2
Other liabilities	1,078.1	835.5	937.5	857.3	815.0	651.4	10.6
Long-term debt	1,763.9	1,790.1	1,224.5	1,145.2	1,177.4	1,297.9	6.3
Total liabilities	55,237.6	51,141.1	50,084.5	46,927.7	44,225.7	42,306.1	5.5
Shareholders' equity							
Preferred stock	160.0	244.0	244.0	84.0	50.3	82.6	14.1
Common Shares	242.8	237.4	179.1	166.3	166.5	166.1	7.9
Capital surplus	1,433.9	1,336.5	1,487.4	1,270.1	1,293.8	1,301.6	2.0
Retained earnings	2,641.5	2,206.1	1,848.7	1,758.1	1,696.2	1,570.4	11.0
Loans to ESOP trustee	(63.9)	(65.5)	(65.4)	(67.2)	(71.7)	--	N/M
Treasury stock at cost	(20.7)	(31.2)	(177.4)	(185.6)	(155.7)	(139.8)	(31.8)
Total shareholders' equity	4,393.6	3,927.3	3,516.4	3,025.7	2,979.4	2,980.9	8.1
Total liabilities and shareholders' equity	$59,631.2	$55,068.4	$53,600.9	$49,953.4	$47,205.1	$45,287.0	5.7

<FN>
N/M = Not Meaningful
</TABLE>

KEYCORP AND SUBSIDIARIES

<TABLE>

SIX-YEAR CONSOLIDATED STATEMENTS OF INCOME

<CAPTION>

Year ended December 31, dollars in millions, except per share amounts	1993	1992	1991	1990	1989	1988	Compound Annual Rate of Change (1988-1993)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Interest income							
Loans	$3,313.7	$3,254.1	$3,655.9	$3,637.6	$3,572.3	$3,027.5	1.8%
Mortgage loans held for sale	74.0	59.4	47.0	27.7	9.4	2.0	105.9
Taxable investment securities	556.4	676.9	678.2	582.6	535.5	450.4	4.3
Tax-exempt investment securities	107.4	119.8	126.3	134.9	142.8	154.2	(7.0)
Securities available for sale	140.9	57.2	59.6	.9	3.0	--	N/M
Short-term investments	21.5	31.4	85.4	145.1	147.2	145.3	(31.8)
Total interest income	4,213.9	4,198.8	4,652.4	4,528.8	4,410.2	3,779.4	2.2
Interest expense							
Deposits	1,233.3	1,469.0	2,135.7	2,230.8	2,078.7	1,713.9	(6.4)
Federal funds purchased and securities sold under repurchase agreements	130.2	142.9	213.7	272.3	337.3	262.4	(13.1)
Other short-term borrowings	44.5	31.1	74.5	67.5	81.1	58.9	(5.5)
Long-term debt	126.9	107.1	95.5	97.1	118.7	113.1	2.3
Total interest expense	1,534.9	1,750.1	2,519.4	2,667.7	2,615.8	2,148.3	(6.5)
Net interest income	2,679.0	2,448.7	2,133.0	1,861.1	1,794.4	1,631.1	10.4

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Provision for loan losses	211.7	338.4	466.2	517.2	306.2	204.4	.7
Net interest income after provision for loan losses	2,467.3	2,110.3	1,666.8	1,343.9	1,488.2	1,426.7	11.6
Noninterest income							
Trust income	244.6	250.8	235.8	217.3	168.1	155.5	9.5
Service charges on deposit accounts	252.5	236.6	217.4	191.9	171.2	183.2	6.6
Mortgage banking income	93.6	88.7	74.3	31.9	28.4	27.9	27.4
Credit card fees	73.5	80.9	71.4	62.3	50.9	48.2	8.8
Gains on certain asset sales	29.4	22.9	24.0	4.8	20.4	--	N/M
Net securities gains	28.3	14.6	18.9	11.5	6.8	10.0	23.0
Other income	279.8	230.7	207.5	224.5	189.3	138.9	15.0
Total noninterest income	1,001.7	925.2	849.3	744.2	635.1	563.7	12.2
Noninterest expense							
Personnel	1,100.7	1,013.6	925.3	853.5	809.1	747.4	8.1
Net occupancy	204.2	189.7	184.8	160.6	145.8	132.4	9.1
Equipment	161.3	151.6	134.1	127.4	134.9	118.7	6.3
FDIC insurance assessments	98.7	96.2	84.7	42.4	28.8	24.9	31.7
Merger and integration charges	118.7	92.7	93.8	26.9	--	--	N/M
Other expense	701.5	626.6	643.0	608.7	587.2	510.4	6.6
Total noninterest expense	2,385.1	2,170.4	2,065.7	1,819.5	1,705.8	1,533.8	9.2
Income before income taxes and cumulative effect of accounting change	1,083.9	865.1	450.4	268.6	417.5	456.6	18.9
Income taxes	374.0	279.6	136.7	15.2	130.8	91.6	32.5
Income before cumulative effect of accounting change	709.9	585.5	313.7	253.4	286.7	365.0	14.2
Cumulative effect of accounting change	--	6.6	--	2.7	--	--	N/M
Net income	$ 709.9	$ 592.1	$ 313.7	$ 256.1	$ 286.7	$ 365.0	14.2
Net income applicable to Common Shares	$ 691.8	$ 568.1	$ 297.5	$ 249.0	$ 281.3	$ 358.2	14.1
Net income per Common Share:							
Before cumulative effect of accounting change	$2.89	$2.39	$1.31	$1.13	$1.26	$1.61	12.4
After cumulative effect of accounting change	2.89	2.42	1.31	1.13	1.26	1.61	12.4
Weighted average Common Shares outstanding (000)	239,775.2	235,004.8	227,116.2	220,078.6	223,901.3	222,906.2	1.5
Full-time equivalent employees	29,983	29,117	29,509	28,741	28,324	28,723	.9

<FN>
N/M = Not Meaningful
</TABLE>

REPORT OF ERNST & YOUNG / INDEPENDENT

Shareholders and Board of Directors
KeyCorp

We have audited the accompanying consolidated balance sheets of KeyCorp and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1993. These financial statements, which give effect to the March 1, 1994, merger of KeyCorp and Society Corporation, are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of KeyCorp and subsidiaries at December 31, 1993 and 1992, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles.

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/s/ Ernst & Young

Cleveland, Ohio
March 1, 1994

KEYCORP AND SUBSIDIARIES

<TABLE>

CONSOLIDATED BALANCE SHEETS

<CAPTION>

December 31, dollars in thousands	1993	1992
<S>	<C>	<C>
Assets		
Cash and due from banks	$ 2,777,438	$ 3,079,737
Short-term investments	107,219	985,502
Mortgage loans held for sale	1,325,338	938,541
Securities available for sale (market value: $1,794,845 and $2,518,320)	1,726,828	2,458,641
Investment securities (market value: $11,340,206 and $9,193,081)	11,122,093	8,976,300
Loans	40,071,244	36,021,825
Less: Allowance for loan losses	802,712	782,649
Net loans	39,268,532	35,239,176
Premises and equipment	912,870	843,314
Other real estate owned	150,362	332,351
Intangible assets	549,348	601,620
Purchased mortgage servicing rights	188,592	165,433
Other assets	1,502,531	1,447,761
Total assets	$59,631,151	$55,068,376
Liabilities		
Deposits in domestic offices:		
Noninterest-bearing	$ 8,826,300	$ 8,291,436
Interest-bearing	35,658,315	34,026,450
Deposits in foreign office--interest-bearing	2,014,533	1,115,179
Total deposits	46,499,148	43,433,065
Federal funds purchased and securities sold under agreements to repurchase	4,120,258	4,207,520
Other short-term borrowings	1,776,192	874,887
Other liabilities	1,078,116	835,538
Long-term debt	1,763,870	1,790,078
Total liabilities	55,237,584	51,141,088
Shareholders' equity		
Preferred Stock, without par value; authorized 25,000,000 shares, none issued	--	--
Cumulative Preferred Stock; authorized 10,000,000 shares:		
Series A, $50 stated value; issued 479,394 shares	--	23,970
Series B, $125 stated value; issued 1,280,000 shares	160,000	160,000
Fixed/Adjustable Rate Cumulative Preferred Stock, $50 stated value; authorized and issued 1,200,000 shares	--	60,000
Common Shares, $1 par value; authorized 400,000,000 shares; issued 242,827,755 and 237,364,213 shares	242,828	237,364
Capital surplus	1,433,861	1,336,556
Retained earnings	2,641,450	2,206,051
Loans to ESOP trustee	(63,909)	(65,478)
Treasury stock at cost(1,280,604 and 1,932,032 shares)	(20,663)	(31,175)
Total shareholders' equity	4,393,567	3,927,288
Total liabilities and shareholders' equity	$59,631,151	$55,068,376

<FN>
See Notes to Consolidated Financial Statements.
</TABLE>

KEYCORP AND SUBSIDIARIES

<TABLE>

CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31,

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<CAPTION>

dollars in thousands, except per share amounts	1993	1992	1991
<S>	<C>	<C>	<C>
Interest income			
Loans	$3,313,689	$3,254,085	$3,655,934
Mortgage loans held for sale	74,062	59,392	46,990
Taxable investment securities	556,381	676,908	678,221
Tax-exempt investment securities	107,363	119,788	126,263
Securities available for sale	140,895	57,167	59,594
Short-term investments	21,484	31,451	85,349
Total interest income	4,213,874	4,198,791	4,652,351
Interest expense			
Deposits	1,233,331	1,468,974	2,135,651
Federal funds purchased and securities sold under repurchase agreements	130,213	142,894	213,722
Other short-term borrowings	44,451	31,165	74,498
Long-term debt	126,902	107,085	95,519
Total interest expense	1,534,897	1,750,118	2,519,390
Net interest income	2,678,977	2,448,673	2,132,961
Provision for loan losses	211,662	338,337	466,163
Net interest income after provision for loan losses	2,467,315	2,110,336	1,666,798
Noninterest income			
Trust income	244,646	250,788	235,757
Service charges on deposit accounts	252,537	236,573	217,424
Mortgage banking income	93,626	88,700	74,323
Credit card fees	73,466	80,947	71,403
Gains on certain asset sales	29,410	22,906	23,975
Net securities gains	28,319	14,627	18,939
Other income	279,702	230,652	207,440
Total noninterest income	1,001,706	925,193	849,261
Noninterest expense			
Personnel	1,100,724	1,013,644	925,328
Net occupancy	204,205	189,709	184,761
Equipment	161,281	151,615	134,074
FDIC insurance assessments	98,707	96,179	84,661
Professional fees	53,274	75,983	55,532
Merger and integration charges	118,718	92,716	93,828
Other expense	648,214	550,566	587,495
Total noninterest expense	2,385,123	2,170,412	2,065,679
Income before income taxes and cumulative effect of accounting change	1,083,898	865,117	450,380
Income taxes	373,972	279,632	136,684
Income before cumulative effect of accounting change	709,926	585,485	313,696
Cumulative effect of accounting change	--	6,613	--
Net income	$ 709,926	$ 592,098	$ 313,696
Net income applicable to Common Shares	$ 691,829	$ 568,069	$ 297,473
Net income per Common Share:			
Before cumulative effect of accounting change	$2.89	$2.39	$1.31
After cumulative effect of accounting change	2.89	2.42	1.31
Weighted average Common Shares outstanding	239,775,188	235,004,821	227,116,237

<FN>
See Notes to Consolidated Financial Statements.
</TABLE>

KEYCORP AND SUBSIDIARIES
<TABLE>

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

<CAPTION>

dollars in thousands, except per share amounts	Preferred Stock	Common Shares	Capital Surplus	Retained Earnings	Loans to ESOP Trustee	Common Shares in Treasury
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at January 1, 1991	$ 83,970	$163,833	$1,272,585	$1,758,110	$(67,226)	$(185,596)
Net income				313,696		
Cash dividends on Common Shares ($.92 per share)				(60,449)		
Cash dividends declared by pooled companies prior to mergers:						
Common stock				(108,837)		
Preferred stock				(16,257)		
Issuance of Common Shares:						
Public offerings--11,333,523 shares		11,334	159,151			
Dividend reinvestment, stock option, grant and purchase plans--1,961,946 net shares		1,421	25,351			16,557
Common Shares dividend--2,515,692 shares		2,516	35,641	(38,187)		
Issuance of Series B Preferred Stock						

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Public offering--1,280,000 shares	160,000		(5,344)			
Tax benefits attributable to ESOP dividends				622		
Loan payments from ESOP trustee					1,877	
Purchase of 237,185 treasury shares						(8,340)
Balance at December 31, 1991	243,970	179,104	1,487,384	1,848,698	(65,349)	(177,379)
Adjustments relating to pooling of interests		(2)	(132)	(381)		
Cancellation of treasury stock of pooled company		(3,300)	(124,793)			128,093
Net income				592,098		
Cash dividends on Common Shares ($.98 per share)				(101,547)		
Cash dividends on fixed/adjustable rate Cumulative Preferred Stock ($3.89 per share)				(4,670)		
Cash dividends declared by pooled companies prior to mergers:						
Common Stock				(109,667)		
Preferred Stock				(19,359)		
Issuance of Common Shares:						
Acquisitions--838,307 shares		838	8,255			
Dividend reinvestment, stock option, grant and purchase plans--1,956,516 net shares		1,395	25,171			18,111
Tax benefits attributable to ESOP dividends				879		
Loan payments from ESOP trustee					(129)	
Two-for-one stock split effected by means of a 100% Stock dividend paid March 22, 1993		59,329	(59,329)			
Balance at December 31, 1992	243,970	237,364	1,336,556	2,206,051	(65,478)	(31,175)
Net income				709,926		
Cash dividends on Common Shares ($1.12 per share)				(131,031)		
Cash dividends on fixed/adjustable rate Cumulative Preferred Stock ($1.297 per share)				(1,556)		
Cash dividends declared by pooled company prior to merger:						
Common Stock				(125,992)		
Preferred Stock				(17,059)		
Issuance of Common Shares:						
Acquisitions--4,494,543 shares		4,495	79,364			
Dividend reinvestment, stock option, grant and purchase plans--1,620,479 net shares		969	19,741			10,512
Redemption of 1,200,000 shares of fixed/adjustable Rate Cumulative Preferred Stock	(60,000)		(1,800)			
Redemption of 479,394 shares of Series A Preferred Stock	(23,970)					
Tax benefits attributable to ESOP dividends				1,111		
Loan payments from ESOP trustee					1,569	
Balance at December 31, 1993	$160,000	$242,828	$1,433,861	$2,641,450	$(63,909)	$ (20,663)

<FN>
See Notes to Consolidated Financial Statements.
</TABLE>

KEYCORP AND SUBSIDIARIES

<TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOW

<CAPTION>

Year ended December 31, in thousands	1993	1992	1991
<S>	<C>	<C>	<C>
Operating activities			
Net income	$ 709,926	$ 592,098	$ 313,696
Adjustments to reconcile net income to net cash provided by operating activities:			
Provision for loan losses	211,662	338,337	466,163
Depreciation expense	110,852	104,330	84,394
Amortization of intangibles	58,050	61,692	57,574
Amortization of purchased mortgage servicing rights	56,566	29,607	20,410
Gains on certain asset sales	(29,410)	(22,906)	(23,975)
Deferred income taxes	49,431	68,700	19,480
Net securities gains	(28,319)	(14,627)	(18,939)
Net increase in mortgage loans held for sale	(386,797)	(156,911)	(348,238)
Gains on sales of mortgage servicing rights	(25,494)	--	--
Losses from the sales of other real estate owned	748	3,082	5,135
Other operating activities, net	123,149	(408,475)	287,982
Net cash provided by operating activities	850,364	594,927	863,682
Investing activities			
Net (increase) decrease in loans	(1,807,283)	(99,078)	4,535
Purchases of investment securities	(5,441,846)	(5,266,842)	(3,822,950)
Proceeds from sales of investment securities	142,092	662,221	1,102,695
Proceeds from prepayments and maturities of investment securities	3,709,134	3,425,344	2,039,757
Net decrease in securities available for sale	795,686	173,444	101,805
Net (increase) decrease in short-term investments	1,040,389	835,503	(558,454)
Purchases of premises and equipment	(172,157)	(270,787)	(134,620)

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Proceeds from sales of premises and equipment	24,492	46,261	14,438
Proceeds from sales of other real estate owned	189,571	162,961	86,899
Purchases of mortgage servicing rights	(77,312)	(67,359)	--
Proceeds from sales of subsidiaries	153,254	4,800	--
Net cash provided by (used in) acquisitions	(37,427)	52,381	423,499
Net cash used in investing activities	(1,481,407)	(341,151)	(742,396)
Financing activities			
Net decrease in deposits	(57,506)	(26,545)	(1,381,093)
Net increase (decrease) in short-term borrowings	695,185	(32,795)	1,097,626
Net proceeds from issuance of long-term debt	556,439	700,337	298,911
Payments on long-term debt	(568,529)	(174,249)	(224,888)
Net proceeds from issuance of Common Stock	--	--	172,946
Net proceeds from issuance of Preferred Stock	--	--	154,656
Redemption of Preferred Stock	(85,770)	--	--
Proceeds from issuance of Common Stock pursuant to employee stock purchase, stock option and dividend reinvestment plans	28,238	39,442	41,084
Cash dividends	(262,532)	(233,480)	(182,906)
Sales of branch offices and loans:			
Deposit liabilities assumed by purchasers	--	(1,032,006)	--
Loans sold	--	377,578	--
Long-term debt issued to fund branch sale	--	36,154	--
Other, net	--	23,956	--
Other financing activities, net	23,219	(2,984)	(8,340)
Net cash provided by (used in) financing activities	328,744	(324,592)	(32,004)
Net increase (decrease) in cash and due from banks	(302,299)	(70,816)	89,282
Cash and due from banks at beginning of year	3,079,737	3,150,553	3,061,271
Cash and due from banks at end of year	$2,777,438	$3,079,737	$3,150,553
Additional disclosures relative to cash flows:			
Interest paid	$1,529,058	$1,803,194	$2,573,578
Income taxes paid	306,489	242,346	109,540
Noncash items:			
Transfer of loans to other real estate owned	88,709	193,628	218,697
Transfer of investment securities to securities available for sale	--	2,632,085	--
Transfer of loans to mortgage loans held for sale	--	86,155	--

<FN>
See Notes to Consolidated Financial Statements.
</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

KeyCorp is a financial services holding company headquartered in Cleveland, Ohio, and is engaged primarily in the business of commercial and retail banking. It provides a wide range of banking, fiduciary, mortgage banking, insurance and other financial services to corporate, institutional and individual customers.

The accounting policies of KeyCorp and its subsidiaries (the "Corporation") conform with generally accepted accounting principles and prevailing practices within the financial services industry. The following is a summary of significant accounting and reporting policies.

KEYCORP-SOCIETY MERGER
On March 1, 1994, KeyCorp ("old KeyCorp") merged into and with Society Corporation ("Society"), which was the surviving corporation under the name KeyCorp. The merger was accounted for as a pooling of interests and, accordingly, the financial information for all prior periods has been restated to present the combined financial condition and results of operations of both companies as if the merger had been in effect for all periods presented. Further details pertaining to the merger are presented in Note 2, Mergers, Acquisitions and Divestitures, on page 51 of this report.

PRINCIPLES OF CONSOLIDATION
The consolidated financial statements include the accounts of KeyCorp and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain reclassifications, including adjustments to conform accounting practices, have been made to prior year amounts to agree to the current year presentation.

BUSINESS COMBINATIONS
In business combinations accounted for as poolings of interests, the assets, liabilities and shareholders' equity of the respective companies are carried forward at their historical amounts, the companies' results of operations are combined and the prior periods' financial statements are restated to give

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effect to the merger.

In business combinations accounted for as purchases, the results of operations of the acquired businesses are included from the respective dates of acquisition. Net assets of the companies acquired are recorded at their cost to the corporation at the date of acquisition and related purchase premiums and discounts are amortized over the remaining average lives of the respective assets or liabilities.

STATEMENT OF CASH FLOWS
Cash and due from banks are considered as cash and cash equivalents.

INVESTMENT SECURITIES
Securities which the corporation has the ability and positive intent to hold to maturity are carried at cost, adjusted for amortization of premiums and accretion of discounts using the level yield method. Gains or losses from the sales of investment securities are computed using the specific identification method and included in net securities gains.

SECURITIES AVAILABLE FOR SALE AND TRADING ACCOUNT ASSETS
Securities available for sale are carried at the lower of aggregate cost or market value. Gains or losses from the sale of securities available for sale are computed using the specific identification method and are included in net securities gains. Market value adjustments for trading account assets (included in short-term investments) and changes in net unrealized losses on securities available for sale are included in noninterest income.

MORTGAGE LOANS HELD FOR SALE
Mortgage loans held for sale are carried at the lower of aggregate cost, market value, or contracted sales value when fixed price commitments to sell exist.

LOANS
Loans are carried at the principal amount outstanding, net of unearned income, including deferred loan fees. certain nonrefundable loan origination and commitment fees and the direct costs associated with originating or acquiring the loans are deferred. The net

deferred amount is amortized as an adjustment to the related loan yield over the contractual lives of the related loans. Student loans held for sale are carried at the lower of aggregate cost or market value.

Interest income on loans is primarily accrued based on principal amounts outstanding. The accrual of interest is discontinued when circumstances indicate that collection is questionable, or generally when payment is over 90 days past due. In such cases, interest accrued but not collected is charged against the allowance for loan losses. Thereafter, payments received are first applied to the principal. Depending on management's assessment of the ultimate collectibility of the loan, interest income may be recognized on a cash basis. Loans are returned to accrual status when management determines that the circumstances have improved to the extent that both principal and interest are deemed collectible and there has been a sustained period of repayment performance.

ALLOWANCE FOR LOAN LOSSES
The allowance for loan losses is the amount which, in the opinion of management, is necessary to absorb potential losses in the loan portfolio. Management's evaluation of the adequacy of the allowance is based on the market area served, local economic conditions, the growth and composition of the loan portfolios and their related risk characteristics, and the continual review by management of the quality of the loan portfolio.

INTEREST RATE SWAPS, FINANCIAL FUTURES AND OPTIONS
The Corporation uses interest rate swaps, financial futures and options to manage the interest rate exposure of certain interest-sensitive assets and liabilities as part of the corporation's overall strategy to manage interest rate risk. The net interest received or paid on interest rate swaps is recognized over the lives of the respective contracts as an adjustment to interest income or expense. Gains and losses resulting from the termination of interest rate swaps are deferred and amortized over the remaining lives of the related financial instruments. Gains and losses on futures and option contracts are recognized when the related hedged financial instruments are sold.

PREMISES AND EQUIPMENT
Premises and equipment, including leasehold improvements, are stated at cost less accumulated depreciation and amortization. Depreciation of premises and equipment is determined using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized using the straight-line method over the terms of the leases. Other real estate owned other real estate owned includes real estate acquired through

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foreclosure or a similar conveyance of title and real estate considered to be in substance foreclosed when specific criteria are met. Other real estate owned is carried at the lower of its recorded amount or fair value less estimated cost of disposal. Writedowns of the assets at, or prior to, the dates of acquisition are charged to the allowance for loan losses. Subsequent writedowns, income and expenses incurred in connection with holding such assets, and gains and losses resulting from the sales of such assets, are included in other noninterest expense.

INTANGIBLE ASSETS

Goodwill, representing the excess of the cost of acquisitons over the fair value of net assets acquired, is amortized using the straight-line method over the estimated period to be benefited, generally not exceeding 25 years. Core deposit intangibles represent the net present value of the future economic benefits related to the use of deposits purchase. They are being amortized using an accelerated method over periods ranging from 7 to 15 years. Other intangibles are generally being amortized using the straight-line method over periods ranging from 4 to 15 years.

PURCHASED MORTGAGE SERVICING RIGHTS

Purchased mortgage servicing rights represent the cost of the right to receive future servicing income. Purchase mortgage servicing rights are amortized, as a reduction to service fee income, over the estimated life of the related loans in proportion to the recognition of estimated net servicing income. An evaluation of the carrying amount of the purchased mortgage servicing rights is performed on a disaggregated basis by discounting the expected future cash flows, taking into consideration the estimated level of prepayments based upon current industry expectations.

INCOME TAXES

Old KeyCorp and Society each filed consolidated Federal Income tax returns for the periods presented. Effective January 1, 1992, the Corporation prospectively adopted Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes," which supersedes SFAS No. 96. The cumulative effect of adopting SFAS No. 109 was not material.

EARNINGS PER SHARE

Earnings per Common Share is computed by dividing net income, less preferred stock dividends, by the weighted average number of Common Shares outstanding. These amounts have been adjusted to reflect stock splits.

2. MERGERS, ACQUISITIONS AND DIVESTITURES

KEYCORP-SOCIETY MERGER

On March 1, 1993, KeyCorp ("old KeyCorp"), a financial services holding company headquartered in Albany, New York, with approximately $33 billion in assets as of December 31, 1993, merged into and with Society Corporation ("Society"), a financial services holding company headquartered in Cleveland, Ohio, with approximately $27 billion in assets at year-end 1993, which was the surviving corporation and assumed the name KeyCorp. Under the terms of the merger agreement, 124,351,183 KeyCorp Common Shares were exchanged for all of the outstanding shares of old KeyCorp common stock (based on an exchange ratio of 1.205 shares for each share of old KeyCorp). The outstanding preferred stock of old KeyCorp was exchanged for 1,280,000 shares of a comparable, new issue of 10% Cumulative Preferred Stock of KeyCorp. The merger was accounted for as a pooling of interest and, accordingly, financial results for prior periods presented have been restated to include the combined financial results of both companies.

The following table presents net interest income, net income and net income per Common Share reported by each of the companies and on a combined basis.

2. MERGERS, ACQUISITIONS AND DIVESTITURES (CONTINUED)

<TABLE>
<CAPTION>

Year ended December 31, IN THOUSANDS, EXCEPT PER SHARE AMOUNTS	1993	1992	1991
<S>	<C>	<C>	<C>
Net Interest Income:			
Old KeyCorp	$1,479,987	$1,318,286	$1,085,801
Society	1,198,990	1,130,387	1,047,160
Combined	$2,678,977	$2,448,673	$2,132,961
Net Income:			

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Old KeyCorp	$362,767	$290,888	$237,218
Society	347,159	301,210	76,478
Combined	$709,926	$592,098	$313,696
Net Income per Common Share:			
Old KeyCorp	$3.43	$2.80	$2.45
Society	2.93	2.51	.61
Combined	2.89	2.42	1.31

</TABLE>

JACKSON COUNTY FEDERAL BANK
On December 31, 1993, Jackson County Federal Bank of Medford, Oregon ("JCF") merged into Key Bank of Oregon, an indirect wholly-owned subsidiary of KeyCorp. A total of 1,430,813 KeyCorp Common Shares were issued to the holders of JCF common and preferred stock. The transaction qualified for accounting as a pooling of interests; however, financial statements for periods prior to the merger have not been restated to include the accounts and results of operations of JCF because the transaction was not material to KeyCorp. JCF had total assets of approximately $338 million at the date of merger.

SCHAENEN WOOD & ASSOCIATES, INC.
On October 5, 1993, Society Asset Management Inc., an indirect wholly-owned subsidiary of KeyCorp, completed the acquisition of Schaenen Wood & Associates, Inc. ("SWA"), a New York City-based investment management firm which manages approximately $1.3 billion in assets. The transaction was accounted for as a purchase.

AMERITRUST TEXAS CORPORATION
On September 15, 1993, KeyCorp completed the sale of Ameritrust Texas Corporation ("ATC"), a wholly-owned subsidiary of KeyCorp, to Texas Commerce Bank, National Association, an affiliate of Chemical Banking Corporation. ATC was based in Dallas, Texas, and provided a range of investment management and fiduciary services to institutions, businesses and individuals through 11 offices operating in Texas. For the year-to-date period through the closing date, ATC had net income of $3.2 million. A $29.4 million gain was realized on the sale ($12.2 million after tax, $.10 per Common Share) and included in noninterest income.

NORTHWESTERN NATIONAL BANK
On July 22, 1993, Northwestern National Bank of Port Angeles, Washington ("NNB") merged into Key Bank of Washington, an indirect wholly-owned subsidiary of KeyCorp. A total of 361,607 KeyCorp Common Shares were issued to the holders of NNB common stock. The transaction was accounted for as a purchase. NNB had total assets of approximately $49 million at the date of acquisition.

EMERALD CITY BANK
On July 2, 1993, Key Bank of Washington, an indirect wholly-owned subsidiary of KeyCorp, assumed $7 million of deposits of the failed Emerald City Bank of Seattle, Washington in an FDIC-assisted transaction.

HOME FEDERAL SAVINGS BANK
On June 30, 1993, Home Federal Savings Bank of Fort Collins, Colorado ("Home Federal") merged into Key Bank of Colorado, a wholly-owned subsidiary of KeyCorp formed for the purposes of consummating the merger. A total of 590,485 KeyCorp Common Shares were issued to the holders of Home Federal common stock. The transaction qualified for accounting as a pooling of interests; however, financial statements for periods prior to the merger have not been restated to include the accounts and results of operations of Home Federal because the transaction was not material to KeyCorp. Home Federal had total assets of approximately $230 million at the date of merger.

FIRST AMERICAN BANK OF NEW YORK
On March 25, 1993, Key Bank of New York, an indirect wholly-owned subsidiary of KeyCorp, acquired all of the deposits and the majority of the assets of First American Bank of New York ("First American"). Key Bank of New York acquired 40 branches and other business operations with approximately $1.0 billion in deposits and approximately $600 million in loans, in addition to branch real estate and other physical assets. The transaction was accounted for as a purchase. Key Bank of New York paid a premium of $41 million on the acquired deposits. In connection with the transaction, Key Bank of New York recorded a core deposit intangible of $33 million and goodwill of $8 million.

NATIONAL SAVINGS BANK OF ALBANY
On February 26, 1993, National Savings Bank of Albany, New York ("National") merged into Key Bank of New York, an indirect wholly-owned subsidiary of KeyCorp. A total of 2,111,638 KeyCorp Common Shares were issued to the holders of National common stock. The transaction qualified for accounting as a pooling of interests; however, financial statements for periods prior to the merger have not been restated to include the accounts and results of operations

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of National because the transaction was not material to KeyCorp. National had total assets of approximately $671 million at the date of merger.

FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION
On January 22, 1993, KeyCorp acquired all of the outstanding shares of First Federal Savings and Loan Association of Fort Myers ("Society First Federal"), a Federal stock savings bank, for total cash consideration of $144 million. The transaction was accounted for as a purchase. Society First Federal had 24 offices in southwest and central Florida and approximately $1.1 billion in total assets at the date of acquisition.

PUGET SOUND BANCORP
On January 15, 1993, Puget Sound Bancorp ("PSB"), a bank holding company headquartered in Tacoma, Washington, with approximately $4.7 billion in assets as of December 31, 1992, merged into Key Bancshares of Washington, Inc., a wholly-owned subsidiary of KeyCorp. A total of 31,391,544 KeyCorp Common Shares were exchanged for all of the outstanding shares of PSB common stock (based on an exchange ratio of 1.32 shares for each share of PSB). The merger was accounted for as a pooling of interests and, accordingly, financial results for prior periods presented have been restated to include the combined financial results of both companies.

ELECTRONIC PAYMENT SERVICES, INC.
On December 4, 1992, KeyCorp and three other bank holding companies formed a joint venture in a newly-formed company, Electronic Payment Services, Inc. This company is the largest processor of automated teller machine transactions in the United States and a national leader in point-of-sale transaction processing. As part of the agreement, the Corporation contributed its wholly-owned subsidiary, Green Machine Network Corporation, and its point-of-sale business in return for an equity interest.

FIRST OF AMERICA BANK-MONROE
On September 30, 1992, KeyCorp acquired all of the outstanding shares of First of America Bank-Monroe ("FAB-Monroe") from First of America Bank Corporation in a cash purchase. The transaction was accounted for as a purchase. FAB-Monroe operated 10 offices in southeastern Michigan and had approximately $160 million in total assets at the date of acquisition.

SECURITY PACIFIC BANK BRANCHES
On September 3, 1992, Key Bank of Washington ("Key Bank"), an indirect wholly-owned subsidiary of KeyCorp, acquired 48 branches and other business and private banking operations with approximately $1.3 billion in deposits and $709 million in loans in addition to branch real estate and other physical assets in the state of Washington from BankAmerica Corporation. The transaction was accounted for as a purchase. Key Bank paid a premium of $53.6 million on the acquired deposits.

OLYMPIC SAVINGS BANK
On July 31, 1992, Key Savings Bank ("Key Savings"), an indirect wholly-owned subsidiary of KeyCorp, acquired Olympic Savings Bank of Washington ("Olympic"). The transaction was accounted for as a purchase. Olympic had approximately $81 million in assets at the date of acquisition.

VALLEY BANCORPORATION
On June 4, 1992, Valley Bancorporation ("Valley") of Idaho Falls, Idaho was merged with Key Bancshares of Idaho, a wholly-owned subsidiary of KeyCorp. A total of 838,308 KeyCorp Common Shares were issued for all of the outstanding shares of Valley common stock. The transaction qualified for accounting as a pooling of interests; however, financial statements for periods prior to the merger have not been restated to include the accounts and results of operations of Valley because the transaction was not material to KeyCorp. Valley had assets of approximately $221 million at the date of merger.

AMERITRUST CORPORATION
On March 16, 1992, Ameritrust Corporation ("Ameritrust"), a financial services holding company located in Cleveland, Ohio, with approximately $10 billion in assets as of December 31, 1991, merged with and into the Corporation. Under the terms of the merger agreement, 49,550,862 KeyCorp Common Shares were exchanged for all of the outstanding shares of Ameritrust common stock (based on an exchange ratio of .65 shares of KeyCorp for each share of Ameritrust). The outstanding preferred stock of Ameritrust was exchanged on a one-for-one basis for 1,200,000 shares of a comparable, new issue of Fixed/Adjustable Rate Cumulative Preferred Stock of KeyCorp. The merger was accounted for as a pooling of interests and, accordingly, financial results for prior periods presented have been restated to include the financial results of Ameritrust. In connection with the merger and as part of an agreement with the United States Department of Justice, the Corporation sold 28 Ameritrust branches located in Cuyahoga and Lake Counties in Ohio in June 1992. Deposits of $933.3 million and loans or loan participations totaling $331.8 million were sold along with the branches at a gain of $20.1 million ($13.2 million after tax, $.11 per Common Share) which is included in noninterest income. In addition, in May 1992,

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deposits and loans totaling $98.7 million and $45.7 million, respectively, were sold along with four branches in Ashtabula County, Ohio, in accordance with the Federal Reserve Board order that approved the merger.

2. MERGERS, ACQUISITIONS AND DIVESTITURES (CONTINUED)

PENDING ACQUISITIONS

COMMERCIAL BANCORPORATION OF COLORADO
On March 24, 1994, Commercial Bancorporation of Colorado ("CBC"), a bank holding company with subsidiary banks operating in the Denver, Colorado Springs, Sterling and Fort Collins areas of Colorado, merged with Key Bank of Colorado, a wholly-owned subsidiary of KeyCorp. Holders of CBC common stock received .899 KeyCorp Common Shares for each outstanding share of CBC common stock. CBC had total assets of $390 million at December 31, 1993. The transaction qualified for accounting as a pooling of interests; however, financial statements will not be restated to include the accounts and results of operations of CBC because the transaction was not material to KeyCorp.

THE BANK OF GREELEY
On October 5, 1993, KeyCorp agreed to acquire the Bank of Greeley, a single branch bank headquartered in Greeley, Colorado ("Greeley Bank"). Under terms of the agreement, all shares of Greeley Bank will be exchanged for approximately 240,000 KeyCorp Common Shares. Greeley Bank had total assets of approximately $61 million at December 31, 1993.

<TABLE>
3. SECURITIES AVAILABLE FOR SALE

<CAPTION>
The book values, unrealized gains and losses and approximate market values of securities available for sale were as follows:

December 31, 1993 IN THOUSANDS	Book Value	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury, agencies and corporations	$1,433,980	$64,136	$ (171)	$1,497,945
Mortgage-backed securities	269,735	4,165	(861)	273,039
Other securities	23,113	753	(5)	23,861
Total	$1,726,828	$69,054	$(1,037)	$1,794,845

</TABLE>
<TABLE>
<CAPTION>

December 31, 1992 IN THOUSANDS	Book Value	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
<S>	<C>	<C>	<C>	<C>
U.S. Treasury, agencies and corporations	$2,032,526	$61,731	$(4,982)	$2,089,275
Mortgage-backed securities	405,812	6,183	(3,794)	408,201
Other securities	20,303	564	(23)	20,844
Total	$2,458,641	$68,478	$(8,799)	$2,518,320

</TABLE>

The proceeds from sales of securities available for sale during 1993 and 1992 were $630.8 million and $661.9 million, respectively. Gross gains of $35.3 million and $9.6 million were realized on those sales in 1993 and 1992, respectively, and gross losses of $24 thousand and $7.1 million were realized on those sales in 1993 and 1992, respectively.

Securities available for sale by remaining maturity were as follows:
<TABLE>
<CAPTION>

December 31, 1993 IN THOUSANDS	Book Value	Market Value
<S>	<C>	<C>
Due in one year or less	$ 513,674	$ 520,190
Due after one through five years	739,081	771,946

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Due after five through ten years	307,384	332,813
Due after ten years	166,689	169,896
Total	$1,726,828	$1,794,845

</TABLE>

Mortgage-backed securities are included in the above maturity schedule based on their expected average lives.

In May 1993, the Financial Accounting Standards Board ("FASB") issued SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." SFAS No. 115 requires that equity securities having readily determinable fair values and all investments in debt securities be classified and accounted for in three categories. SFAS No. 115 is more fully described in Note 4, Investment Securities.

<TABLE>

4. INVESTMENT SECURITIES

The book values, unrealized gains and losses and approximate market values of investment securities were as follows:

<CAPTION>

December 31, 1993

IN THOUSANDS	Book Value	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
U.S. Treasury, agencies and corporations	$ 795,966	$ 11,601	$ (134)	$ 807,433
States and political subdivisions	1,677,823	102,402	(394)	1,779,831
Mortgage-backed securities	7,877,216	108,627	(18,582)	7,967,261
Other securities	771,088	14,900	(307)	785,681
Total	$11,122,093	$237,530	$(19,417)	$11,340,206

</TABLE>
<TABLE>
<CAPTION>

December 31, 1992

IN THOUSANDS	Book Value	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
U.S. Treasury, agencies and corporations	$ 494,195	$ 11,830	$ (21)	$ 506,004
States and political subdivisions	1,806,831	80,627	(863)	1,886,595
Mortgage-backed securities	6,062,422	142,726	(33,393)	6,171,755
Other securities	612,852	16,889	(1,014)	628,727
Total	$8,976,300	$252,072	$(35,291)	$9,193,081

</TABLE>

<TABLE>

Investment securities by remaining maturity were as follows:

<CAPTION>

December 31, 1993

IN THOUSANDS	Book Value	Market Value
Due in one year or less	$ 1,819,775	$ 1,841,524
Due after one through five years	5,590,121	5,715,782
Due after five through ten years	3,193,927	3,245,422
Due after ten years	518,270	537,478
Total	$11,122,093	$11,340,206

</TABLE>

Mortgage-backed securities are included in the above maturity schedule based on their expected average lives. Other securities consist primarily of those collateralized by credit card and automobile installment loan receivables, corporate floating-rate notes and venture capital investments.

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The proceeds from sales of investment securities were $142.1 million, $662.2 million and $1.1 billion during 1993, 1992 and 1991, respectively. Gross gains and losses related to securities were $.8 million and $7.8 million, respectively, in 1993, $13.0 million and $.9 million, respectively, in 1992, and $26.2 million and $7.3 million, respectively, in 1991.

At December 31, 1993, investment and available for sale securities with a book value of approximately $9.6 billion were pledged to secure public and trust deposits and securities sold under agreements to repurchase, and for certain other purposes required or permitted by law.

In May 1993, the FASB issued SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." SFAS No. 115 requires that equity securities having readily determinable fair values and all investments in debt securities be classified and accounted for in three categories. Debt securities that management has the positive intent and ability to hold to maturity are to be classified as "held-to-maturity securities" and reported at amortized cost. Debt and equity securities that are bought and principally held for the purpose of selling them in the near term are to be classified as "trading securities" and reported at fair value, with unrealized gains and losses included in operating results. Debt and equity securities not classified as either held-to-maturity securities or trading securities are to be classified as "available for sale securities" and reported at fair value, with the unrealized gains and losses excluded from operating results and reported as a separate component of shareholders' equity. Adoption of SFAS No. 115 is required for fiscal years beginning after December 15, 1993, with earlier application permitted. The Corporation will adopt SFAS No. 115 in 1994. Based upon the Corporation's securities portfolio classified as available for sale as of December 31, 1993, the estimated impact of the new standard would be an increase to shareholders' equity of approximately $44 million, with no effect on the results of operations. With the adoption of SFAS No. 115 in 1994, the Corporation anticipates that securities with an aggregate book value ranging from $4.5 billion to $5.0 billion will be designated as available for sale. Based upon the market values of these securities at year-end 1993, the reclassification of these securities is not expected to have a material effect on shareholders' equity.

5. LOANS

<TABLE>
Loans are summarized as follows:
<CAPTION>
December 31,

IN THOUSANDS	1993	1992
<S>	<C>	<C>
Commercial, financial and agricultural	$ 8,965,528	$ 8,869,032
Real estate-construction	1,160,480	1,448,032
Real estate-commercial mortgage	6,228,188	5,937,022
Real estate-residential mortgage	11,026,319	8,289,386
Consumer	9,276,334	9,081,657
Student loans held for sale	1,648,611	1,070,140
Lease financing	1,702,472	1,225,193
Foreign	63,312	101,363
Total	$40,071,244	$36,021,825

</TABLE>

<TABLE>
Changes in the allowance for loan losses are summarized as follows:
<CAPTION>
Year ended December 31,

IN THOUSANDS	1993	1992	1991
<S>	<C>	<C>	<C>
Balance at beginning of year	$782,649	$793,519	$677,294
Charge-offs	(303,160)	(440,396)	(465,858)
Recoveries	90,385	79,930	74,042
Net charge-offs	(212,775)	(360,466)	(391,816)
Provision for loan losses	211,662	338,337	466,163
Allowance of affiliates purchased	21,176	11,259	41,878
Balance at end of year	$802,712	$782,649	$793,519

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</TABLE>

In 1991, Ameritrust recorded an additional $93.9 million provision for loan losses to conform its approach to determining the level of the allowance to that used by the Corporation.

In the ordinary course of business, KeyCorp's banking affiliates have made loans at prevailing interest rates and terms to directors and executive officers of KeyCorp and its subsidiaries and their associates (as defined by the Securities and Exchange Commission). Such loans, in management's opinion, did not present more than the normal risk of collectibility or incorporate other unfavorable features. The aggregate amount of loans outstanding to qualifying related parties at January 1, 1993, was $241.3 million. During 1993, activity with respect to these loans included new loans, repayments and a net decrease (due to changes in the status of executive officers and directors) of $149.3 million, $153.9 million and $40.3 million, respectively, resulting in an aggregate balance of loans outstanding to related parties at December 31, 1993, of $196.4 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. NONPERFORMING ASSETS

<TABLE>
Nonperfoming assets were as follows:

<CAPTION>
December 31,

IN THOUSANDS	1993	1992
<S>	<C>	<C>
Nonaccrual loans	$329,843	$550,522
Restructured loans	6,469	2,380
Total nonperforming loans	336,312	552,902
Other real estate owned	186,052	350,266
Allowance for OREO losses	(35,690)	(17,915)
Other real estate owned, net of allowance	150,362	332,351
Other nonperforming assets	13,462	14,903
Total	$500,136	$900,156

</TABLE>
<TABLE>
The effect on interest income of loans classified as nonperforming at December 31 was as follows:
<CAPTION>

IN THOUSANDS	1993	1992	1991
<S>	<C>	<C>	<C>
Interest income which would have been recorded if assets had been current under original terms	$30,037	$52,002	$71,235
Less: Interest income recorded during the period	(7,900)	(20,536)	(28,877)
Net reduction to reported interest income	$22,137	$31,466	$42,358

</TABLE>

At December 31, 1993, there were no significant commitments to lend additional funds to borrowers with nonaccrual or restructured loans.

<TABLE>
Changes in the allowance for OREO losses are summarized as follows:
<CAPTION>
Year ended December 31,

IN THOUSANDS	1993	1992	1991

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Balance at beginning of year	$17,915	$19,191	$13,754
Net charge-offs	(21,697)	(33,793)	(12,661)
Provision for other real estate owned losses	39,132	32,517	15,513
Allowance of affiliates purchased	340	--	2,585
Balance at end of year	$35,690	$17,915	$19,191

In May 1993, the FASB issued SFAS No. 114, "Accounting by Creditors for Impairment of a Loan," which takes effect for fiscal years beginning after December 15, 1994. SFAS No. 114 prescribes a valuation methodology for impaired loans as defined by the standard. Generally, a loan is considered impaired if management believes that it is probable that all amounts due will not be collected according to the contractual terms, as scheduled in the loan agreement. An impaired loan must be valued using the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market price or the fair value of the loan's underlying collateral. The Corporation expects to adopt SFAS No. 114 prospectively in the first quarter of 1995. It is anticipated that the adoption of SFAS No. 114 will not have a material effect on the Corporation's financial condition or results of operations.

7. PREMISES AND EQUIPMENT

Premises and equipment were as follows:

December 31,

IN THOUSANDS	1993	1992
Land	$ 116,335	$ 86,196
Buildings and leasehold improvements	741,043	715,762
Furniture and equipment	759,721	681,058
	1,617,099	1,483,016
Accumulated depreciation and amortization	(704,229)	(639,702)
Total	$ 912,870	$ 843,314

Depreciation and amortization expense related to premises and equipment totaled $110.9 million, $104.3 million, and $84.4 million in 1993, 1992, and 1991, respectively.

At December 31, 1993, KeyCorp's affiliate banks were obligated under noncancelable leases for land and buildings and for other property, consisting principally of data processing equipment. Rental expense under all operating leases totaled $123.7 million in 1993, $116.5 million in 1992 and $103.4 million in 1991. Minimum future rental payments under noncancelable leases at December 31, 1993, were as follows: 1994-$98.9 million; 1995--$89.0 million; 1996--$82.1 million; 1997--$74.2 million; 1998--$59.2 million; and subsequent years--$547.5 million.

8. INTANGIBLE ASSETS AND PURCHASED MORTGAGE SERVICING RIGHTS

Intangible assets, net of accumulated amortization, were as follows:

December 31,

IN THOUSANDS	1993	1992
Goodwill	$385,359	$361,290
Core deposit intangibles	139,501	132,402

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Credit card intangibles	16,648	20,240
Other	7,840	87,688
Total	$549,348	$601,620
Purchased mortgage servicing rights	$188,592	$165,433

</TABLE>

<TABLE>
The amortization expense for intangible assets was as follows:
<CAPTION>
Year ended December 31,

IN THOUSANDS	1993	1992	1991
Goodwill	$24,210	$21,589	$22,397
Core deposit intangibles	22,436	25,049	22,379
Credit card intangibles	4,460	4,449	4,534
Other	6,944	10,605	8,264
Total	$58,050	$61,692	$57,574

</TABLE>

The amortization expense for purchased mortgage servicing rights totaled $56.6 million, $29.6 million and $20.4 million in 1993, 1992 and 1991, respectively. The amount of purchased mortgage servicing rights capitalized during 1993 was $77.3 million.

9. SHORT-TERM BORROWINGS

Short-term borrowings consist primarily of Federal funds purchased and securities sold under repurchase agreements, which generally represent overnight borrowing transactions. Other short-term borrowings consist primarily of Medium-Term Notes with original maturities of one year or less, Treasury, tax and loan demand notes and commercial paper which is issued principally in amounts of $100,000 or more with maturities of 270 days or less.

On November 30, 1992, Society National Bank ("SNB"), KeyCorp's Ohio banking affiliate, authorized the issuance of up to $1 billion of Medium-Term Notes to be offered on a continuous basis. During 1993, $685 million in debt securities were issued under this program. These securities have original maturities of less than one year and are included in other short-term borrowings.

<TABLE>
The details of short-term borrowings were as follows:
<CAPTION>

DOLLARS IN THOUSANDS	1993	1992	1991
FEDERAL FUNDS PURCHASED			
Balance at year-end	$1,932,211	$1,826,522	$2,194,057
Average during the year	1,828,606	1,519,406	1,412,714
Maximum month-end balance	3,127,134	2,924,193	2,531,555
Weighted average rate during the year	3.06%	3.74%	5.72%
Weighted average rate at December 31	3.13	3.30	4.02
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS			
Balance at year-end	$2,188,047	$2,380,998	$2,060,012
Average during the year	2,549,582	2,542,522	2,394,966
Maximum month-end balance	3,163,603	3,036,009	3,228,383
Weighted average rate during the year	2.91%	3.38%	5.42%
Weighted average rate at December 31	2.84	2.97	4.12
OTHER SHORT-TERM BORROWINGS			
Balance at year-end	$1,776,192	$ 874,887	$ 833,465
Average during the year	1,196,188	721,800	1,188,228
Maximum month-end balance	1,776,192	1,144,870	900,611
Weighted average rate during the year	3.72%	4.31%	6.27%
Weighted average rate at December 31	3.16	3.57	3.86

</TABLE>

At December 31, 1993, the Corporation had available lines of credit for general corporate purposes aggregating $200 million, all of which were unused at

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December 31, 1993. Standard fees were paid for these facilities, which were cancelled subsequent to the end of the year.

10. LONG-TERM DEBT

<TABLE>
The components of long-term debt, presented net of unamortized discount where appropriate, were as follows:
<CAPTION>
December 31,

DOLLARS IN THOUSANDS	1993	1992
<S>	<C>	<C>
Medium-Term Notes due through 2003	$ 546,230	$ 303,930
8.125% Subordinated Notes due 2002	197,902	197,655
8.00% Subordinated Notes due 2004	125,000	125,000
8.40% Subordinated Capital Notes due 1999	75,000	75,000
8.875% Notes due 1996	74,772	74,715
11.125% Notes due 1995	49,979	49,967
8.48% Notes due 1997 through 2001	48,864	48,864
8.33% Notes due 1996	22,794	22,794
12.63% Notes due 1994	1,860	1,860
7.875% Notes due 1993	--	99,952
8.625% Notes due 1996	--	99,773
9.45% Senior Notes due 1993	--	75,000
5.25% Floating Rate Subordinated Notes due 1997	--	50,000
8.25% Notes due 1993	--	25,000
9.56% Note due 1995	--	14,922
7.75% Debentures due through 2002	--	13,533
All other long-term debt	384	4,514
Total parent company	1,142,785	1,282,479
7.85% Subordinated Notes due 2002	199,823	198,524
6.75% Subordinated Notes due 2003	198,823	--
Federal Home Loan Bank Advances1	165,100	246,350
10.00% Notes due 1995	36,735	36,735
Industrial revenue bonds	10,938	11,314
All other long-term debt	9,666	14,676
Total subsidiaries	621,085	507,599
Total	$1,763,870	$1,790,078

<FN>
1 Long-Term advances from the Federal Home Loan Bank of Seattle (FHLB) are at adjustable and fixed rates ranging from 3.125% to 12.125% at December 31, 1993, and mature at various dates through 2005. Real estate loans with a recorded value of $472.6 million and $375.4 million at December 31, 1993 and 1992, respectively, collateralize FHLB advances.
</TABLE>

<TABLE>
<CAPTION>
Scheduled payments on long-term debt are as follows:

IN THOUSANDS	Parent	Subsidiaries	Total
<S>	<C>	<C>	<C>
1994	$ 72,569	$ 37,371	$109,940
1995	160,179	103,386	263,565
1996	214,202	12,170	226,372
1997	47,758	1,623	49,381
1998	82,418	1,101	83,519

</TABLE>

During 1993 and 1992, KeyCorp issued $305.1 million and $77.0 million, respectively, of Medium-Term Notes with original maturities exceeding one year. In addition to general corporate purposes, the proceeds from the issuance of these notes were used to redeem and pay principal on notes and debentures; to fund the purchase of OREO from affiliate banks by NCB Properties, Inc., an OREO workout subsidiary; and to provide subordinated capital to affiliate banks. At December 31, 1993, KeyCorp's Medium-Term Notes as presented in the table had a weighted average interest rate of 6.61% and had varying maturities through 2003.

On June 15, 1992, KeyCorp issued $200 million of 8.125% Subordinated Notes under a shelf registration. The Notes are not redeemable prior to maturity. The 8.875% Notes, issued under a separate registration statement, and the 11.125% Notes are not redeemable prior to maturity.

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On March 26, 1987, KeyCorp issued $75 million of 8.40% Subordinated Capital Notes due 1999 under an indenture dated March 1, 1987, between KeyCorp and Chemical Bank, as trustee. The Notes are unsecured obligations of KeyCorp and will, at maturity, be exchanged for Capital Securities having a market value equal to the principal amount of the Notes. Proceeds of this issue were used primarily to fund the acquisition of Seattle Trust & Savings Bank in July 1987.

On June 29, 1992, KeyCorp issued $125 million of 8.00% Subordinated Notes. Proceeds from these twelve-year notes were used to redeem without penalty all of its 11.25% Senior Notes prior to maturity. Proceeds were also employed to provide capital for Key Bank of Washington. This capital infusion was made in anticipation of Key Bank of Washington's purchase of 48 former Security Pacific Bank branches from BankAmerica on September 3, 1992.

In 1989, the Ameritrust Corporation Employees' Savings and Investment Plan (the "Plan") was amended to include a leveraged employee stock ownership plan ("ESOP"). To fund the ESOP, Ameritrust borrowed $71.7 million from several institutional investors through the placement of unsecured notes totaling $22.8 million (the "8.33% Notes") and $48.9 million (the "8.48% Notes"). The interest on those Notes totaled $6.0 million in each of the years 1993, 1992 and 1991. The ESOP trustee used the proceeds to purchase 5.8 million shares of Ameritrust common stock. These shares, as converted in the merger with Society, are held by the ESOP trustee for matching employee contributions to the Plan. The net difference between the cost of the treasury shares sold to the ESOP trustee and their market value was recorded as a reduction to retained earnings. Except for the repayment schedule, the loans to the ESOP trustee are on substantially similar terms as the borrowings from the institutional investors and, in addition, are secured by the unallocated shares held by the ESOP trustee. The ESOP trustee will repay the loans from KeyCorp using corporate contributions made by the Plan for that purpose and dividends on the Common Shares acquired with the loans. The amount of dividends on the ESOP shares used for debt service by the ESOP trustee totaled $3.9 million in 1993, $3.1 million in 1992 and $1.8 million in 1991. As contributions and dividends are received, a portion of the shares acquired with the loans will be allocated to plan participants. Interest income recognized on loans to the ESOP trustee is netted against the interest expense incurred on the Notes payable to the institutional investors. KeyCorp's receivable from the ESOP trustees, representing deferred compensation to the Corporation's employees, has been recorded as a separate reduction of shareholders' equity.

SNB issued $200 million of 7.85% Subordinated Notes on November 3, 1992, and $200 million of 6.75% Subordinated Notes on June 16, 1993. SNB also issued a 10% Note in connection with the sale of branch offices and loans resulting from the merger with Ameritrust. None of these Notes may be redeemed prior to maturity.

The 8.625% Notes due 1996 were redeemed at par plus accrued interest on June 30, 1993, and the 9.56% Note due 1995 was assumed by the purchaser in connection with the sale of Ameritrust Texas Corporation on September 15, 1993. On May 6, 1993, and May 27, 1993, KeyCorp redeemed prior to maturity, and without penalty, all of its floating rate Subordinated Notes due 1997 and all of its 7.75% debentures due through 2002, respectively.

Industrial revenue bonds issued by affiliate banks have varying maturities extending to the year 2009 and had weighted average annual interest rates of 7.14% and 7.19%, respectively, at December 31, 1993 and 1992.

Other long-term debt at December 31, 1993 and 1992, consisted of capital lease obligations and various secured and unsecured obligations of corporate subsidiaries and had weighted average annual interest rates of 13.54% and 10.14%, respectively.

Long-term debt qualifying as supplemental capital for purposes of calculating Tier II capital under Federal Reserve Board Guidelines amounted to $993.4 million and $799.1 million at December 31, 1993, and 1992, respectively.

11. SHAREHOLDERS' EQUITY

COMMON SHARES AND PREFERRED STOCK

In August 1989, KeyCorp's Board of Directors adopted a Shareholder Rights Plan ("Rights") under which each shareholder received one Right for each Common Share

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of KeyCorp. Each Right represents the right to purchase a Common Share of KeyCorp at a price of $65. The Rights become exercisable 20 days after a person or group acquires 15% or more of the outstanding shares or commences a tender offer that could result in such an ownership interest. Until the Rights become exercisable, they will trade with the Common Shares, and any transfer of the Common Shares will also constitute a transfer of associated Rights. When the Rights become exercisable, they will begin to trade separate and apart from the Common Shares. Twenty days after the occurrence of certain "Flip-In Events," each Right will become the right to purchase a Common Share of KeyCorp for the then par value per share (now $1 per share) and the Rights held by a 15% or more shareholder will become void. KeyCorp may redeem these Rights at its option at $.005 per Right subject to certain limitations. Unless redeemed earlier, the Rights expire on September 12, 1999. On October 1, 1993, KeyCorp amended the Rights so that the Merger would not activate the provisions of the Rights.

At December 31, 1993, KeyCorp had 10.0 million shares of $5 par value, non-voting preferred stock authorized of which 1,280,000 shares of Series B were outstanding represented by 6.4 million Depositary Shares. Each Depositary Share represents a one-fifth interest in a share of 10% Cumulative Preferred Stock, Series B, $125 liquidation preference per share. Preferred stock is reported on the accompanying consolidated balance sheet at its stated value of $125 per share. In the Merger, each Series B share was converted into one share of 10% Cumulative Preferred Stock, Class A.

On August 2, 1993, KeyCorp redeemed the 479,394 outstanding shares of Series A Preferred Stock at its stated value ($24 million) plus accumulated but unpaid dividends.

On March 1, 1993, KeyCorp redeemed the 1.2 million outstanding shares of Fixed/Adjustable Rate Cumulative Preferred Stock at 103% of its stated value ($60 million), plus accumulated but unpaid dividends.

KeyCorp effected a two-for-one stock split on March 22, 1993, by means of a 100% stock dividend. All relevant Common Share amounts, per Common Share amounts and related data in this report have been adjusted to reflect this split.

In connection with the Merger, at a special meeting held February 16, 1994, shareholders increased the authorized number of shares of KeyCorp to 926.4 million, of which 1.4 million are shares of 10% Cumulative Preferred Stock, Class A, par value $5 per share; 25.0 million are shares of Preferred Stock, par value $1 per share; and 900.0 million are Common Shares, par value $1 per share.

STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

KeyCorp maintains various incentive compensation plans which provide for its ability to grant stock options, stock appreciation rights, limited stock appreciation rights, restricted stock and performance shares to selected employees and directors. Generally, the terms of these plans stipulate that the exercise price of options may not be less than the fair market value of KeyCorp's Common Shares at the date the options are granted. Options granted expire not later than ten years and one month from the date of grant. Several option plans have been acquired through mergers. These plans have expired or were terminated, but unexercised options granted under the plans remain outstanding. At December 31, 1993 and 1992, options for Common Shares available for future grant totaled 1,237,965 and 1,233,958, respectively.

The terms of KeyCorp's plans stipulate that stock appreciation rights may only be granted in tandem with stock options. The appreciation rights have the same terms as do the options, except that, upon exercise, the holder may receive either cash or shares for the excess of the current market value of KeyCorp's Common Shares over the options exercise price. Upon exercise of a stock appreciation right, the related option is surrendered. During 1993, all stock appreciation rights for which exercisability was limited to a period following a change in control of the Corporation were cancelled.

The following table presents a summary of pertinent information with respect to KeyCorp's stock options and stock appreciation rights.

<TABLE>
<CAPTION>
STOCK OPTIONS

	1993		1992	
	SHARES	OPTION PRICE	Shares	Option Price
<S>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	9,324,776	$ 3.36 - 32.06	8,457,547	$ 2.49 - 25.87

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Granted	2,062,544	29.37 - 38.18	3,670,370	24.63 - 32.06
Assumed in acquisition	9,008	4.69 - 7.61	--	--
Exercised or surrendered	1,697,458	3.89 - 28.25	2,508,626	2.49 - 22.92
Lapsed or cancelled	88,955	13.77 - 33.94	294,515	12.30 - 28.25
Outstanding at end of year[1]	9,609,915	$ 3.36 - 38.18	9,324,776	$ 3.36 - 32.06
Exercisable at end of year[2]	6,529,168	$ 3.36 - 38.18	6,069,912	$ 3.36 - 32.06

</TABLE>

<TABLE>
<CAPTION>
STOCK APPRECIATION RIGHTS

	1993		1992	
	SHARES	OPTION PRICE	Shares	Option Price
<S>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	2,028,240	$11.69 - 28.25	1,828,708	$ 6.78 - 20.88
Granted	222,000	33.94	920,000	28.25
Exercised or surrendered	36,400	11.69 - 20.88	672,468	6.78 - 20.88
Lapsed or cancelled	2,169,840	11.69 - 33.94	48,000	28.25
Outstanding at end of year[1]	44,000	$11.69	2,028,240	$11.69 - 28.25
Exercisable at end of year	44,000	$11.69	49,000	$11.69

<FN>
1Ordinary options outstanding at December 31, 1992 include 1,979,240 shares granted in tandem with Limited SARs.
2Ordinary options exercisable at December 31, 1992 include 1,107,240 shares granted in tandem with Limited SARs.
</TABLE>

In 1991, KeyCorp's Board of Directors approved grants to certain officers of KeyCorp and its subsidiaries under the Career Equity Program ("Program"). The Program is designed to increase equity ownership by the participants, who make an initial investment and elect to have options automatically exercised at regular intervals when share value appreciation is present. At exercise, replacement option grants are made at the current market value. Shares received under the Program are restricted as to resale during the five-year period of the Program.

12. MERGER AND INTEGRATION CHARGES

Merger and integration charges of $118.7 million ($80.6 million after tax, $.33 per Common Share), $92.7 million ($66.6 million after tax, $.29 per Common Share) and $93.8 million ($68.2 million after tax, $.29 per Common Share) were recorded in 1993, 1992 and 1991, respectively. The 1993 charges were incurred in connection with the March 1, 1994, merger of old KeyCorp into and with Society, while the 1992 charges related to the mergers with PSB and Ameritrust. The 1991 charges related to the merger with Ameritrust. The merger and integration charges included accruals for merger expenses, consisting primarily of investment banking and other professional fees directly related to the Merger ($20.5 million); severance payments and other employee costs ($49.6 million); systems and facilities costs ($35.7 million); and other costs incident to the Merger ($12.9 million). These charges were recorded by the parent company in the fourth quarter of 1993 at which time management determined that it was probable that a liability for all such charges had been incurred and could be reasonably estimated. The merger and integration charges recorded in connection with the PSB and Ameritrust mergers in 1992, and the Ameritrust merger in 1991, were similar in nature. The above mergers are described in greater detail in note 2, Mergers, Acquisitions and Divestitures, on page 51 of this report.

13. EMPLOYEE BENEFITS

PENSION PLANS
KeyCorp and its subsidiaries sponsor noncontributory pension plans covering substantially all employees. Benefits paid from these plans are based on age, years of service and compensation prior to retirement and are determined in accordance with defined formulas. The Corporation's funding policy is to contribute amounts to the plans which meet the minimum funding requirements set forth in the Employee Retirement Income Security Act (ERISA) of 1974, plus such additional amounts as the Corporation determines to be appropriate.

<TABLE>
The following table sets forth the status of the funded plans and the amounts recognized in the consolidated balance sheets:

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<CAPTION>
December 31,

IN THOUSANDS	1993	1992
Accumulated benefit obligations, including vested benefits of $444,018 and $362,626	$454,831	$373,595
Fair value of plan assets, primarily listed stock and fixed income securities*	614,139	583,235
Projected benefit obligations	502,614	433,509
Excess of fair value of plan assets over projected benefit obligations	111,525	149,726
Unrecognized net loss (gain)	56,834	(132)
Unrecognized prior service benefit	(2,850)	(3,809)
Unrecognized net asset at January 1, 1986 being recognized over 15 years	(38,609)	(45,405)
Prepaid pension cost (included in other assets)	$126,900	$100,380

<FN>
*Including KeyCorp Common Shares valued at $27.8 million and $30.4 million at December 31, 1993 and 1992, respectively.
</TABLE>

The weighted average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of projected benefit obligations were 7.37% and 4.00%, respectively, at December 31, 1993, and 8.08% and 4.78%, respectively, at December 31, 1992. The weighted average expected long-term rate of return on pension assets used in determining net pension cost was 9.91% for 1993, 9.60% for 1992 and 9.69% for 1991.

The Corporation also maintains several unfunded, non-qualified, supplemental executive retirement programs that provide additional defined pension benefits for certain officers.

<TABLE>
The following table sets forth the status of the unfunded plans and the amounts recognized in the consolidated balance sheets:
<CAPTION>
December 31,

IN THOUSANDS	1993	1992
Accumulated benefit obligations, including vested benefits of $47,288 and $35,300	$50,321	$36,211
Projected benefit obligations	62,659	42,414
Unrecognized prior service cost	(5,352)	(6,524)
Unrecognized transition obligation	(3,864)	(4,362)
Unrecognized net loss	(18,286)	(6,868)
Adjustment to recognize minimum liability	11,653	10,897
Accrued pension cost (included in other liabilities)	$46,810	$35,557

</TABLE>

<TABLE>
Net pension cost (income) for the funded and unfunded plans included the following components:
<CAPTION>
Year ended December 31,

IN THOUSANDS	1993	1992	1991
Service cost of benefits earned	$22,506	$21,424	$ 21,604
Interest cost on projected benefit obligations	39,098	34,687	33,487
Actual return on plan assets	(44,619)	(51,773)	(105,430)
Net amortization and deferral	(14,229)	(4,360)	55,480
Net pension cost (income)	$ 2,756	$ (22)	$ 5,141

</TABLE>

In 1993, the Corporation recognized curtailment and settlement gains of $2.9 million resulting from the divestiture of ATC. Such amounts were included in the net gain from that divestiture. In 1992, the Corporation recognized curtailment gains of $7.2 million resulting from merger-related staff reductions. A portion of the retirement obligations associated with these

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reductions was settled by lump-sum cash distributions which resulted in settlement gains of $1.4 million and $3.0 million in 1993 and 1992, respectively. Both the curtailment and settlement gains related to the merger-related staff reductions are included in other noninterest income.

OTHER POSTRETIREMENT BENEFIT PLANS

The Corporation sponsors postretirement health care and life insurance plans that cover substantially all employees. The postretirement health care plans are nonfunded and contributory, with retirees' contributions adjusted annually to reflect certain cost-sharing provisions and benefit limitations. The postretirement life insurance plans are noncontributory. The Corporation has adopted a funding policy for one of its life insurance plans and annually contributes the service cost of benefits earned plus one-thirtieth of the unfunded accumulated postretirement benefit obligations.

Effective January 1, 1993, the Corporation adopted the provisions of SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." This statement requires that employers recognize the cost of providing postretirement benefits over the employees' active service periods to the date they attain full eligibility for such benefits. Postretirement benefits costs for 1992 and 1991, which were recorded on a cash basis, have not been restated. Net postretirement benefits cost was $16.9 million in 1993, including $8.2 million due to adoption of the new standard, $7.7 million in 1992 and $6.6 million in 1991.

<TABLE>
Net postretirement benefits cost included the following components:

<CAPTION>
Year ended December 31, 1993

IN THOUSANDS	
Service cost of benefits attributed to service	$ 2,873
Interest cost on accumulated postretirement benefit obligations	8,713
Actual return on plan assets	(22)
Amortization of transition obligation over 20 years	5,372
Net amortization and deferral	(10)
Net postretirement benefits cost	$16,926

</TABLE>

<TABLE>
The following table sets forth the plans' combined funded status reconciled with the amount shown in the consolidated balance sheet:
<CAPTION>
December 31, 1993

IN THOUSANDS	
Accumulated postretirement benefit obligations:	
Retirees	$ (81,208)
Fully eligible plan participants	(10,624)
Other active plan participants	(27,396)
	(119,228)
Fair value of plan assets	168
Accumulated postretirement benefit obligations in excess of plan assets	(119,060)
Unrecognized transition obligation	101,654
Unrecognized net loss	7,826
Accrued postretirement benefits cost (included in other liabilities)	$ (9,580)

</TABLE>

The assumed 1994 health care cost trend rate for Medicare-eligible retirees was 11.0% while that for non-Medicare-eligible retirees was 13.0%. Both rates are assumed to gradually decrease to 5.5% by the year 2009 and remain constant thereafter. Increasing the assumed health care cost trend rates by one percentage point in each future year would have an immaterial impact on postretirement benefits cost due to cost-sharing provisions and benefit limitations. The weighted average discount rate used in determining the accumulated postretirement benefit obligations was 7.4% at December 31, 1993.

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13. EMPLOYEE BENEFITS (CONTINUED)

EMPLOYEE STOCK PURCHASE AND SAVINGS PLANS
Substantially all of the Corporation's employees are covered under stock purchase and savings plans that are qualified under Section 401(k) of the Internal Revenue Code. Under provisions of these plans, employees may contribute 1% to 15% of eligible compensation, with up to 6% being eligible for matching contributions from the Corporation in the form of KeyCorp Common Shares. Under an annual discretionary profit sharing component, employees can receive additional matching employer contributions from the Corporation based on a formula established each year by KeyCorp's Board of Directors. Total expense associated with these plans was $40.4 million, $30.4 million and $29.0 million in 1993, 1992 and 1991, respectively.

POSTEMPLOYMENT BENEFITS
The Corporation adopted the provisions of SFAS No. 112, "Employers' Accounting for Postemployment Benefits," during 1993. This standard requires that employers who provide benefits to former or inactive employees after employment but before retirement recognize a liability for such benefits if specified conditions are met. Adoption of this standard increased noninterest expense by $4.0 million. Postemployment benefits for 1992 and 1991, which were recorded on a cash basis, were not restated.

14. INCOME TAXES

<TABLE>
Income taxes included in the consolidated statements of income are as follows:
<CAPTION>
Year ended December 31,

IN THOUSANDS	1993	1992	1991
<S>	<C>	<C>	<C>
Currently payable:			
Federal	$289,987	$182,277	$ 99,485
State	34,554	28,655	17,719
	324,541	210,932	117,204
Deferred:			
Federal	55,043	68,297	17,580
State	(5,612)	403	1,900
	49,431	68,700	19,480
Total income tax expense	$373,972	$279,632	$136,684

</TABLE>

<TABLE>
The reasons for the differences between income tax expense and the amount computed by applying the statutory Federal tax rate to income before taxes are as follows:
<CAPTION>
Year ended December 31,

IN THOUSANDS	1993	1992	1991
<S>	<C>	<C>	<C>
Income before taxes times statutory tax rate1	$379,364	$294,139	$153,129
State income tax, net of Federal tax benefit	18,295	19,636	13,056
Amortization of non-deductible intangibles	10,349	11,317	10,760
Tax-exempt interest income	(40,610)	(47,228)	(52,073)
Tax credits	(4,184)	(3,120)	(2,825)
Other	10,758	4,888	14,637
Total income tax expense	$373,972	$279,632	$136,684

<FN>
135% for 1993; 34% for 1992 and 1991.
</TABLE>

<TABLE>
The significant types of temporary differences that gave rise to net deferred

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income taxes include the provision for loan losses, lease income, merger and integration charges and writedown of other real estate owned. Significant components of deferred income taxes are as follows:

<CAPTION>
Year ended December 31,

IN THOUSANDS	1993	1992	1991
Provision for loan losses	$ (4,536)	$ 8,164	$(24,957)
Leasing income reported using the operating method for tax purposes	101,859	66,304	49,699
Writedown of other real estate owned	(14,105)	(14,243)	(6,100)
Merger and integration charges	(33,949)	17,050	(27,016)
Other	162	(8,575)	27,854
Deferred income tax expense	$49,431	$68,700	$19,480

</TABLE>

<TABLE>
Significant components of KeyCorp's deferred tax asset (liability) are as follows:

<CAPTION>
December 31,

IN THOUSANDS	1993	1992	1991
Provision for loan losses	$ 259,082	$ 263,531	$ 265,731
Leasing income reported using the operating method for tax purposes	(381,393)	(282,006)	(216,330)
Writedown of other real estate owned	25,289	24,393	9,174
Merger and integration charges	48,677	14,700	26,827
Other	(50,523)	(61,216)	(64,990)
Deferred tax asset (liability)	$ (98,868)	$ (40,598)	$ 20,412

</TABLE>

15. COMMITMENTS, CONTINGENT LIABILITIES AND OTHER DISCLOSURES

LEGAL PROCEEDINGS
In the ordinary course of business, KeyCorp and its subsidiaries are subject to legal actions which involve claims for substantial monetary relief. Based on information presently available to management and the Corporation's counsel, management does not believe that any legal actions, individually or in the aggregate, will have a material adverse effect on KeyCorp's consolidated financial condition.

RESTRICTIONS ON CASH, DUE FROM BANKS,
SUBSIDIARY DIVIDENDS AND LENDING ACTIVITIES
Under the provisions of the Federal Reserve Act, depository institutions are required to maintain certain average balances in the form of cash or noninterest-bearing balances with the Federal Reserve Bank. Average reserve balances aggregating $1.1 billion in 1993 were maintained in fulfillment of these requirements.

The principal source of income for the parent company is dividends from its affiliate banks. Such dividends are subject to certain restrictions as set forth in the national and state banking laws and regulations. At December 31, 1993, undistributed earnings of $535.4 million were free of such restrictions and available for the payment of dividends to the parent company. Loans and advances from banking affiliates to the parent company are also limited by law and are required to be collateralized.

16. FINANCIAL STATEMENTS

FAIR VALUE DISCLOSURES
The following disclosures are made in accordance with the provisions of SFAS No. 107, "Disclosures About Fair Value of Financial Instruments," which requires the disclosure of fair value information about both on- and off-balance sheet financial instruments where it is practicable to estimate that value. Fair value is defined in SFAS No. 107 as the amount at which an instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. It is not the Corporation's intent to enter into such exchanges.

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In accordance with the provisions of SFAS No. 107, the estimated fair values of deposits, credit card loans and residential real estate mortgage loans do not take into account the fair values of long-term relationships, which are integral parts of the related financial instruments. The disclosed estimated fair values of such instruments would increase significantly if the fair values of the long-term relationships were considered.

In cases where quoted market prices were not available, fair values were estimated using present value or other valuation methods, as described below. The use of different assumptions (e.g., discount rates and cash flow estimates) and estimation methods could have a significant effect on fair value amounts. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Corporation could realize in a current market exchange. Because SFAS No. 107 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements, any aggregation of the fair value amounts presented would not represent the underlying value of the Corporation.

<TABLE>
<CAPTION>

December 31,	1993		1992	
IN THOUSANDS	CARRYING AMOUNT	ESTIMATED FAIR VALUE	Carrying Amount	Estimated Fair Value
<S>	<C>	<C>	<C>	<C>
Assets				
Cash and due from banks	$ 2,777,438	$ 2,777,438	$ 3,079,737	$ 3,079,737
Short-term investments	107,219	107,219	985,502	985,502
Mortgage loans held for sale	1,325,338	1,325,338	938,541	938,541
Securities available for sale	1,726,828	1,794,845	2,458,641	2,518,320
Investment securities	11,122,093	11,340,206	8,976,300	9,193,081
Loans, net of allowance	39,268,532	40,023,240	35,239,176	35,813,114
Liabilities				
Deposits	$46,499,148	$46,717,907	$43,433,065	$43,616,733
Federal funds purchased and securities sold under agreements to repurchase	4,120,258	4,120,258	4,207,520	4,207,520
Other short-term borrowings	1,776,192	1,776,192	874,887	874,887
Long-term debt	1,763,870	1,908,159	1,790,078	1,830,945

</TABLE>

The following methods and assumptions were used in estimating the fair values of financial instruments presented in the preceding table and in the following paragraphs. For financial instruments with a remaining average life to maturity of less than six months, carrying amounts were used as an approximation of fair value. The carrying amounts reported for cash and due from banks, and short-term investments are their fair values. The carrying value of mortgage loans held for sale approximates fair value. Securities available for sale and investment securities were valued based on quoted market prices. Where quoted market prices were unavailable, fair values were based on quoted market prices of similar instruments. A discounted cash flow model was used to estimate the fair values for certain loans. Certain residential real estate loans and student loans held for sale were valued based on quoted market prices of similar loans offered or sold in recent securitization transactions. Lease financing receivables, although excluded from the scope of SFAS No. 107, were included in the estimated fair value for loans at their carrying amount. In circumstances in which the fair value of loans was not estimated, the carrying amount was used as a reasonable approximation of fair value. The fair values of certificates of deposit and of long-term debt were estimated based on discounted cash flows. Carrying amounts reported for other deposits and short-term borrowings were used as a reasonable approximation of their fair values. Interest rate swaps were valued based on discounted cash flow models and had a fair value of $57.2 million and $75.8 million at December 31, 1993 and 1992, respectively.

FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Corporation, mainly through its affiliate banks, is party to various financial instruments with off-balance sheet risk. The banks use these financial instruments in the normal course of business to meet the financing needs of their customers and to manage effectively their exposure to interest rate risk. The financial instruments used include commitments to extend credit, standby letters of credit, interest rate

swap agreements, forward contracts, futures and options on financial futures, and interest rate cap and floor agreements.

These instruments involve, to varying degrees, credit and interest rate risks

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in excess of amounts recognized in the Corporation's consolidated balance sheet. Credit risk is the possibility that a counterparty to a financial instrument will be unable to perform its contractual obligations. Market risk is the possibility that, due to changes in economic conditions, the Corporation's net interest income will be adversely affected.

The Corporation mitigates its exposure to credit risk through internal controls over the extension of credit. These controls include the process of credit approval and review, the establishment of credit limits, and, when deemed necessary, securing collateral. The Corporation manages its exposure to market risk, in part, by using off-balance sheet instruments to offset existing interest rate risk of its assets and liabilities, and by setting variable rates of interest on contingent extensions of credit.

The following is a summary of the contractual or notional amount of each significant class of off-balance sheet financial instruments outstanding. The Corporation's maximum possible accounting loss from commitments to extend credit and from standby letters of credit equals the contractual amount of these instruments. The notional amount represents the total dollar volume of transactions and is significantly greater than the amount at risk.

<TABLE>
<CAPTION>
December 31,

IN THOUSANDS	1993	1992
<S>	<C>	<C>
FINANCIAL INSTRUMENTS WHOSE CONTRACTUAL AMOUNTS REPRESENT CREDIT AND/OR MARKET RISK		
Loan commitments:		
Credit card lines	$ 4,561,794	$ 4,067,628
Home equity	2,690,127	1,940,505
Commercial real estate and construction	1,184,443	866,816
Other	8,382,207	7,655,666
Total loan commitments	16,818,571	14,530,615
Other commitments:		
Standby letters of credit	1,095,521	978,790
Commercial letters of credit	347,705	58,729
Loans sold with recourse	156,070	203,381
Total loan and other commitments	$18,417,867	$15,771,515
FINANCIAL INSTRUMENTS WHOSE NOTIONAL OR CONTRACTUAL AMOUNTS EXCEED THE AMOUNT OF CREDIT AND/OR MARKET RISK		
When issued securities:		
Commitments to purchase	$ 20,200	$ 1,200
Other	4,152	115,697
Mortgage loan sale commitments	1,124,374	786,473
Mortgage loan options	68,000	63,000
Futures and options on financial futures	688,541	428,742
Interest rate swap agreements	9,573,171	5,649,563
Interest rate cap and floor agreements	102,026	207,630

</TABLE>

KeyCorp's commitments to extend credit are agreements with customers to provide financing at predetermined terms as long as the customer continues to meet specified criteria. Loan commitments serve to meet the financing needs of the banks' customers, have fixed expiration dates or other termination clauses, and may require the payment of fees. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent actual future cash requirements of the Corporation. KeyCorp evaluates each customer's creditworthiness on a case-by-case basis.

Standby letters of credit are conditional commitments issued by the Corporation to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

16. FINANCIAL INSTRUMENTS (CONTINUED)

KeyCorp's mortgage banking affiliates originate and service residential mortgage loans to be sold in the secondary market. In years prior to 1992, residential mortgages were sold with provisions for recourse by companies

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acquired by KeyCorp. At December 31, 1993, the amount of such loans sold with recourse was $156.1 million. KeyCorp has not and does not sell residential mortgages with provisions for recourse.

KeyCorp's mortgage banking affiliates enter into forward sale agreements and option contracts to hedge against adverse movements in interest rates on mortgage loans held for sale. Forward sale agreements commit the affiliates to deliver mortgage loans in future periods; option contracts allow the affiliates to sell or purchase mortgage loans at a specified price, in future periods.

The banks enter into interest rate swap agreements primarily to manage interest rate risk and to accommodate the business needs of customers. Under a typical swap agreement, one party pays a fixed rate of interest based on a notional amount to a second party, which pays to the first party a variable rate of interest based on the same notional amount. The swaps have an average maturity of 1.8 years, with selected swaps having fixed maturity dates through 2003. The following is a summary of the notional amounts of outstanding interest rate swap agreements:

<TABLE>
<CAPTION>
December 31, 1993

IN MILLIONS	Receive Fixed	Pay Fixed	Basis	Forward-Starting	Total
<S>	<C>	<C>	<C>	<C>	<C>
"Portfolio"	$7,559	$150	$150	$500	$8,359
Customer	623	561	--	30	1,214
Total interest rate swaps	$8,182	$711	$150	$530	$9,573

</TABLE>

The banks enter into interest rate cap and floor agreements in the management of their interest rate risk and to accommodate the business needs of customers. These financial instruments transfer interest rate risk at predetermined levels. The banks receive a fee as compensation for writing interest rate caps and floors. The interest rate risk from writing interest rate caps and floors is minimized by the banks through offsetting transactions.

Financial futures contracts and options on financial futures provide for the delayed delivery or purchase of securities, interest rate instruments or foreign currency. The banks enter into forward contracts and options to hedge their interest rate risk and in connection with customer transactions, as well as to minimize the interest rate risk exposure of mortgage banking activities.

<TABLE>

17. CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY

<CAPTION>
CONDENSED BALANCE SHEETS

December 31,

IN THOUSANDS	1993	1992
<S>	<C>	<C>
ASSETS		
Cash and due from banks	$ 1,004	$ 827
Interest-bearing deposits with bank affiliates	481,000	344,000
Securities purchased from bank affiliates under resale agreements	5,466	603
Investment securities	46,936	61,410
Loans and advances to subsidiaries:		
Banks and bank holding companies	218,507	172,229
Nonbank subsidiaries	227,403	271,980
	445,910	444,209
Investment in subsidiaries:		
Banks and bank holding companies	4,515,267	4,259,452
Nonbank subsidiaries	192,953	194,309
	4,708,220	4,453,761
Other assets	226,770	168,061
Total assets	$5,915,306	$5,472,871

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LIABILITIES		
Short-term borrowings	$ 27,600	$ 120,000
Long-term debt	1,142,785	1,282,479
Accrued interest and other liabilities	351,354	143,104
Total liabilities	1,521,739	1,545,583
Shareholders' equity	4,393,567	3,927,288
Total liabilities and shareholders' equity	$5,915,306	$5,472,871

</TABLE>

<TABLE>
<CAPTION>
CONDENSED STATEMENTS OF INCOME

Year ended December 31,

IN THOUSANDS	1993	1992	1991
<S>	<C>	<C>	<C>
INCOME			
Dividends from subsidiaries:			
Banks and bank holding companies	$664,981	$218,764	$408,707
Nonbank subsidiaries	3,843	5,292	12,573
Management fees and interest income from subsidiaries	113,684	95,169	78,051
Other income	34,549	12,323	3,129
	817,057	331,548	502,460
EXPENSES			
Interest on borrowed funds	97,584	84,613	74,859
Merger and integration charges	118,718	77,380	18,139
Personnel and other expenses	198,136	82,743	99,571
	414,438	244,736	192,569
Income before income tax benefit and equity in undistributed net income (loss) of subsidiaries	402,619	86,812	309,891
Income tax benefit	81,710	45,403	32,221
	484,329	132,215	342,112
Equity in undistributed net income (loss) of subsidiaries	225,597	459,883	(28,416)
NET INCOME	$709,926	$592,098	$313,696

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>
17. CONDENSED FINANCIAL INFORMATION OF PARENT COMPANY (CONTINUED)

<CAPTION>
CONDENSED STATEMENTS OF CASH FLOW

Year ended December 31,

IN THOUSANDS	1993	1992	1991
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net Income	$709,926	$592,098	$313,696
Adjustments to reconcile net income to net cash provided by operating activities:			
Deferred income taxes	(15,315)	(63)	(3,378)
Gain on sale of subsidiary	(29,410)	--	--
Net increase in other assets	(38,037)	(53,552)	(6,492)
Net increase in other liabilities	72,688	12,570	12,685
Amortization of intangibles	8,754	7,704	7,559
Net increase in accrued merger and integration charges	78,261	18,930	12,114
Equity in undistributed net (income) loss of subsidiaries	(225,597)	(459,883)	28,416
Other operating activities, net	3,377	7,627	(179)
NET CASH PROVIDED BY OPERATING ACTIVITIES	564,647	125,431	364,421
Investing Activities			
Proceeds from prepayments and maturities of investment securities	8,523	8,404	30,915
Purchases of investment securities	(5,929)	(15,834)	(46,510)
Net (increase) decrease in security resale agreements	(4,863)	237,974	(180,029)
Net (increase) decrease in interest-bearing deposits	(137,000)	(273,071)	3,251
Net decrease (increase) in loans and advances to subsidiaries	116,676	(259,774)	(206,115)

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Proceeds from sale of subsidiary	148,054	--	--
Purchase of subsidiary, net of cash acquired	(137,431)	--	--
Purchases of premises and equipment	(10,895)	(3,317)	(1,367)
Increase in investments in subsidiaries	(6,460)	(24,893)	(2,786)
Other investing activities, net	--	(2,442)	(88)
NET CASH USED IN INVESTING ACTIVITIES	(29,325)	(332,953)	(402,729)
Financing Activities			
Net increase (decrease) in short-term borrowings	(92,400)	64,122	(224,528)
Net proceeds from issuance of long-term debt	305,100	451,655	222,630
Payments on long-term debt	(430,465)	(115,630)	(94,310)
Purchase of treasury stock	--	--	(8,340)
Net proceeds from issuance of preferred stock	--	--	154,656
Redemption of preferred stock	(85,770)	--	--
Net proceeds from issuance of common stock	--	--	122,885
Net adjustment related to pooling of interests	--	(515)	--
Proceeds from issuance of common stock pursuant to employee stock purchase, stock option and dividend reinvestment plans	28,238	39,442	41,084
Cash dividends	(262,528)	(233,480)	(182,906)
Other financing activities, net	2,680	--	--
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(535,145)	205,594	31,171
NET INCREASE (DECREASE) IN CASH AND DUE FROM BANKS	177	(1,928)	(7,137)
CASH AND DUE FROM BANKS AT BEGINNING OF YEAR	827	2,755	9,892
CASH AND DUE FROM BANKS AT END OF YEAR	$ 1,004	$ 827	$ 2,755

<FN>
For the years ended December 31, 1993, 1992 and 1991, the parent company paid interest on borrowed funds of $98.1 million, $78.2 million and $70.6 million, respectively.
</TABLE>

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BUSINESS

OVERVIEW

On March 1, 1994, KeyCorp ("old KeyCorp"), a financial services holding company headquartered in Albany, New York, with approximately $33 billion in assets at year end 1993, merged with and into Society Corporation ("Society"), a financial services holding company headquartered in Cleveland, Ohio, with approximately $27 billion in assets at year end 1993, pursuant to an Agreement and Plan of Merger, and a related Supplemental Agreement to Agreement and Plan of Merger, each dated as of October 1, 1993, and each as amended, with Society as the surviving corporation under the name KeyCorp (also referred to herein as the "Corporation").

The merger of old KeyCorp with and into Society created a financial services holding company which traces its roots back to 1825, when the first predecessor of a subsidiary of old KeyCorp was organized. The first predecessor of a subsidiary of Society was organized in 1849, and the Ohio corporation that now holds the name KeyCorp was first organized in 1958. The merger of old KeyCorp and Society created the "new" KeyCorp, a financial services company providing banking and other financial services across the country's northern tier and in Florida through a network of subsidiaries operating 1267 full-service banking offices in 13 states, making it the nation's 5th largest branch network (based on management's calculation derived from data provided as of December 31, 1993, by the SNL Quarterly Bank Digest). At December 31, 1993, KeyCorp was the 11th largest bank holding company in the United States based on its consolidated asset size of almost $60 billion (based on management's calculation derived from data provided as of December 31, 1993 by the SNL Quarterly Bank Digest). In addition to the services provided through its banking offices, KeyCorp provides mortgage banking, investment management and trust, and other financial services through subsidiaries which serve its banking markets and an additional nine states in which KeyCorp does not have bank branches. At year end 1993, through it subsidiaries, KeyCorp maintained a $27 billion mortgage servicing portfolio, managed approximately $34 billion in assets (excluding corporate trust assets) in its investment management and trust operations, and operated the nation's 13th largest mutual fund business (based on management's calculation derived from data provided as of December 31, 1993, by Strategic Insight Inc.). See Exhibit 99b hereto for a more complete description of the Corporation, in the "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the "Consolidated Financial Statements" and "Notes to Consolidated Financial Statements" contained therein.

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SUBSIDIARIES
- ------------

KeyCorp provides banking and other financial services across the country's northern tier and in Florida through a network of subsidiaries including the following:

- - Society National Bank, a federally chartered bank headquartered in Cleveland, Ohio, the largest bank in Ohio and one of the nation's major regional banks with $21.8 billion in total assets and 291 full-service banking offices at December 31, 1993, primarily serves Ohio;

- - Key Bank of New York, a state chartered bank headquartered in Albany, New York, with $13.6 billion in total assets and 334 full-service banking offices at December 31, 1993, primarily serves New York;

- - Key Bank of Washington, a state chartered bank headquartered in Tacoma, Washington, with $6.8 billion in total assets and 192 full-service banking offices at December 31, 1993, primarily serves Washington;

_ Society National Bank, Indiana, a federally chartered bank headquartered in South Bend, Indiana, with $3.0 billion in total assets and 83 full-service banking offices at December 31, 1993, primarily serves Indiana;

_ Key Bank of Maine, a state chartered bank headquartered in Portland, Maine, with $2.6 billion in total assets and 94 full-service banking offices at December 31, 1993, primarily serves Maine;

_ Key Bank of Oregon, a state chartered bank headquartered in Portland, Oregon, with $2.3 billion in total assets and 79 full-service banking offices at December 31, 1993, primarily serves Oregon;

_ Society First Federal Savings Bank, a federally chartered savings bank headquartered in Fort Myers, Florida, with $1.4 billion in total assets and 24 full-service banking offices at December 31, 1993, primarily serves Florida;

_ Key Bank of Wyoming, a state chartered bank headquartered in Cheyenne, Wyoming, with $1.3 billion in total assets and 27 full-service banking offices at December 31, 1993, primarily serves Wyoming;

_ Key Bank of Idaho, a state chartered bank headquartered in Boise, Idaho, with $1.2 billion in total assets and 45 full-service banking offices at December 31, 1993, primarily serves Idaho;

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_ Key Bank of Utah, a state chartered bank headquartered in Salt Lake City, Utah, with $1.2 billion in total assets and 37 full-service banking offices at December 31, 1993, primarily serves Utah;

_ Society Bank, Michigan, a state chartered bank headquartered in Ann Arbor, Michigan, with $1.1 billion in total assets and 36 full-service banking offices at December 31, 1993, primarily serves Michigan;

_ Key Bank of Alaska, a state chartered bank headquartered in Anchorage, Alaska, with $861 million in total assets and 20 full-service banking offices at December 31, 1993, primarily serves Alaska;

_ Key Bank of Colorado, a state chartered bank headquartered in Fort Collins, Colorado, with $202 million in total assets and 4 full-service banking offices at December 31, 1993, primarily serves Colorado;

_ Key Bank USA N.A., a federally-chartered bank headquartered in Albany, New York, with $626 million in total assets at December 31, 1993, provides banking services by mail to customers nationwide, primarily gathering deposits from areas not served by any other Key Bank;

_ Key Savings Bank, a state-chartered savings bank headquartered in Vancouver, Washington, with $1.6 billion in total assets at December 31, 1993, primarily operates a mortgage banking business and shares banking offices with Key Bank of Washington. It has no full-service banking offices that are not so shared.

In addition to the customary banking services of accepting funds for deposit and making loans, the Corporation's subsidiary banks provide a wide range of specialized services tailored to specific markets, including mortgage banking, investment management and investment advisory services, personal and corporate trust services, personal financial services including the sale of money market and other mutual funds, cash management services, investment banking services, and international banking services.

The Corporation's nonbanking subsidiaries provide personal and corporate trust services, investment management and investment advisory services, reinsurance of credit life and accident and health insurance on loans made by

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subsidiary banks, venture capital and small business investment financing services, equipment lease financing, community development financing, stock transfer agent services and other financial services.

COMPETITION

The market for banking and other financial services is highly competitive. The Corporation and its subsidiaries compete with other providers of financial services such as other bank holding companies, commercial banks, savings banks, savings and loan associations, credit unions, money market and other mutual funds, insurance companies, and a growing list of other local, regional and national entities which offer financial services. These other entities include a number of commercial and industrial companies which are not traditionally thought of as providers of financial services, many of which operate in a less extensively regulated, and often less costly, environment by virtue of their nonbanking status.

In recent years, mergers between financial institutions in a number of the Corporation's principal market areas have added competitive pressure. In addition, competition is expected to intensify in many of the Corporation's banking markets as a consequence of state laws now in effect in a substantial number of states, permitting some form of either regional or nationwide interstate banking. Also, Congress is currently considering legislation that would generally authorize nationwide interstate banking for both national and state chartered banks, subject to certain limitations, including the ability of states to opt out of certain aspects of coverage. The management of KeyCorp is unable to predict whether any such legislation will ultimately be enacted, and, if it is enacted, what the final provisions will be.

SUPERVISION AND REGULATION

GENERAL

As a bank holding company, the Corporation is subject to the regulation and supervision of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") under the Bank Holding Company Act of 1956, as amended (the "BHCA"). Under the BHCA, bank holding companies may not, in general, directly or indirectly acquire the ownership or control of more than 5% of the voting shares or

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substantially all of the assets of any company, including a bank, without the prior approval of the Federal Reserve Board. In addition, bank holding companies are generally prohibited under the BHCA from engaging in nonbanking (i.e., commercial or industrial) activities, subject to certain exceptions. As a result of the 1993 acquisition of the institution that is now known as Society First Federal Saving Bank ("Society First Federal), the Corporation is also subject to the regulation and supervision of the Office of Thrift Supervision (the "OTS") as a savings and loan holding company registered under the Home Owners' Loan Act of 1933, as amended (the "HOLA").

The banking and savings association subsidiaries (collectively, the "banking subsidiaries") of the Corporation are subject to extensive supervision, examination, and regulation by applicable Federal and state banking agencies. Society National Bank (Ohio), Society National Bank, Indiana, and Key Bank USA N.A. are national banking associations with full banking powers, subject to regulation, supervision and examination by the Office of the Comptroller of the Currency (the "OCC"). Two other national banking subsidiaries of the Corporation operate under charters that limit their banking powers to trust-related activities. These entities are also subject to the regulation, supervision and examination of the OCC, although they are not regulated as banks for purposes of the BHCA. All of the other banking subsidiaries of the Corporation, other than Society First Federal, are state-chartered banks that are subject to supervision, examination, and regulation by the applicable state banking authority in the state in which each such institution is chartered. In addition, the company's state-chartered banks are not members of the Federal Reserve System (and are therefore so-called "nonmember banks"), and, accordingly, are subject to the regulation, supervision and examination of the Federal Deposit Insurance Corporation (the "FDIC"). Also, because each of the Corporation's banking subsidiaries is insured by the FDIC, the FDIC also has regulatory and supervisory authority over the banking subsidiaries in that capacity. The OTS is charged with regulation of Federal savings associations such as Society First Federal, the Corporation's only such institution. Depository institutions such as the banking subsidiaries are affected significantly by the actions of the Federal Reserve Board as it attempts to control the money supply and credit availability in order to influence the economy. The regulatory framework applicable to bank holding companies and their subsidiaries generally is not intended for the protection of investors and is directed toward protecting the interests of depositors, the FDIC deposit insurance funds, and the U.S. banking system as a whole.

A number of the Corporation's banking subsidiaries are

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engaged (through subsidiaries) in activities that are subject to supervision and regulation by other Federal and state authorities. For example, the Corporation's discount brokerage and investment advisory subsidiaries are subject to supervision and regulation by the Securities and Exchange Commission, the National Association of Securities Dealers, Inc., and state securities regulators.

The Corporation also has nonbanking subsidiaries that are subject to supervision, regulation and examination by the Federal Reserve Board, as well as other applicable regulatory agencies. For example, the Corporation's insurance subsidiaries are subject to regulation by the insurance regulatory authorities of the various states, and the Corporation's state chartered trust company subsidiaries (which are nonbanking companies for purposes of the BHCA), are subject to regulation by state banking authorities. Other nonbanking subsidiaries are subject to other laws and regulations of both the Federal government and the various states in which they are authorized to do business.

The following references to certain statutes and regulations are brief summaries thereof. The references are not intended to be complete and are qualified in their entirety by reference to the statutes and regulations themselves. In addition there are numerous other statutes and regulations not summarized below that apply to and regulate the operation of the Corporation and its banking and nonbanking subsidiaries. A change in applicable law or regulation may have a material effect on the business of the Corporation.

DIVIDEND RESTRICTIONS

The Corporation is a legal entity separate and distinct from its banking and nonbanking subsidiaries. The principal source of cash flow of the Corporation, including cash flow to pay dividends on the Corporation's common and preferred shares and debt service on the Corporation's debt, is dividends from its banking subsidiaries. Various Federal and state statutory and regulatory provisions limit the amount of dividends that may be paid to the Corporation by its banking subsidiaries without regulatory approval.

The approval of the OCC is required for the payment of any dividend by a national bank if the total of all dividends declared by the board of directors of such bank in any calendar year would exceed the total of (i) the bank's net profits (as defined and interpreted by regulation) for the current year plus (ii) the retained net profits (as defined and interpreted by regulation) for the preceding two years, less any required transfers to surplus or a fund for the retirement of any preferred stock. In addition, a national bank also can pay dividends only to the extent that retained net profits (including the portion transferred to surplus) exceed bad debts (as defined and interpreted by regulation). Three of the Corporation's banking subsidiaries, Society National Bank (Ohio), Society National Bank, Indiana, and Key Bank USA N.A., and

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its trust company subsidiaries which are national banks, are subject to these restrictions.

The Corporation's state nonmember banks are also subject to various restrictions on the payment of dividends under state laws. A number of the Corporation's banks, representing approximately 50% of its banking assets (other than assets under management for customers), are state nonmember banks, which are restricted as to the payment of dividends by the laws and regulations of their respective state chartering authority.

In addition, OTS regulations impose limitations upon all capital distributions by savings associations. These limitations are applicable to Society First Federal.

In addition, if, in the opinion of the applicable Federal banking agency, a depository institution under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice, which, depending on the financial condition of the institution, could include the payment of dividends, the agency may require, after notice and hearing, that such institution cease and desist from such practice. Also, the Federal Reserve Board, the OCC, the FDIC and the OTS have issued policy statements which provide that insured depository institutions and their holding companies should generally pay dividends only out of current operating earnings.

Under all of the laws, regulations, and other restrictions applicable to the Corporation's banking subsidiaries, management estimates that, as of December 31, 1993, the Corporation's banking subsidiaries could have declared dividends of approximately $535 million in the aggregate, without obtaining prior regulatory approval.

HOLDING CORPORATION STRUCTURE

TRANSACTIONS INVOLVING BANKING SUBSIDIARIES. Transactions involving the Corporation's banking subsidiaries are subject to Federal Reserve Act restrictions which limit the transfer of funds from such subsidiaries to the Corporation and (with certain exceptions) to the Corporation's nonbanking subsidiaries (together, "affiliates") in so called "covered transactions," such as loans and other extensions of credit, investments, or asset purchases. Unless an exemption applies, each such transaction by a banking subsidiary with one of its non-banking affiliates is limited in amount to 10% of that banking subsidiary's capital and surplus and, with respect to all such transfers to affiliates, in the aggregate, to 20% of that banking

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subsidiary's capital and surplus. Furthermore, loans and extensions of credit are required to be secured in specified amounts. "Covered transactions" also include the acceptance of securities issued by the banking subsidiary as collateral for a loan and the issuance of a guarantee, acceptance, or letter of credit for the benefit of the Corporation or any of its affiliates. In addition, a bank holding company and its banking subsidiaries are prohibited from engaging in certain tie-in arrangements in connection with any extension of credit, lease or sale of property, or furnishing of services.

SOURCE OF STRENGTH/COMMONLY CONTROLLED BANKING SUBSIDIARIES. Under Federal Reserve Board policy, a bank holding company is expected to serve as a source of financial and managerial strength to each of its subsidiary banks and, under appropriate circumstances, to commit resources to support each such subsidiary bank. This support may be required by the Federal Reserve Board at times when the Corporation may not have the resources to provide it or, for other reasons, would not otherwise be inclined to provide it. Certain loans by the Corporation to any of its subsidiary banks are subordinate in right of payment to deposits in, and certain other indebtedness of, a subsidiary bank. In addition, the Crime Control Act of 1990 provides that in the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a Federal bank regulatory agency to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

Under Federal law, a depository institution, the deposits of which are insured by the FDIC, can be held liable for any loss incurred by, or reasonably expected to be incurred by, the FDIC in connection with (i) the default of a commonly controlled FDIC insured depository institution or (ii) any assistance provided by the FDIC to a commonly controlled FDIC insured depository institution in danger of default (the so called "cross guaranty" provision). "Default" is defined under the FDIC's regulations generally as the appointment of a conservator or receiver and "in danger of default" is defined generally as the existence of certain conditions indicating that a "default" is likely to occur in the absence of regulatory assistance.

CAPITAL REQUIREMENTS

The Federal Reserve Board, the FDIC, and the OCC have issued substantially similar minimum risk-based and leverage capital guidelines for United States banking organizations. The minimum ratio of total capital to risk

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- -adjusted assets (including certain off balance sheet items, such as standby letters of credit) required by the Federal Reserve Board for bank holding companies is currently 8%. At least one half of the total capital must be comprised of common equity, retained earnings, qualifying non-cumulative, perpetual preferred stock, a limited amount of qualifying cumulative, perpetual preferred stock, and minority interests in the equity accounts of consolidated subsidiaries, less goodwill and certain other intangible assets ("Tier I capital"). The remainder may consist of hybrid capital instruments, perpetual debt, mandatory convertible debt securities, a limited amount of subordinated debt, other preferred stock, and a limited amount of loan and lease loss reserves ("Tier II capital"). As of December 31, 1993, the Corporation's Tier I and total capital to risk-adjusted assets ratios were 8.73% and 12.22%, respectively.

In addition, the Corporation is subject to minimum leverage ratio (Tier I capital to total consolidated quarterly average assets) guidelines. These guidelines provide for a minimum leverage ratio of 3% for bank holding companies that meet certain specified criteria, such as having the highest supervisory rating. All other bank holding companies are required to maintain leverage ratios which are at least 100 to 200 basis points higher (I.E., a leverage ratio of at least 4% to 5%). Neither the Corporation, nor any of its banking subsidiaries has been advised by its appropriate Federal regulatory agency of any specific leverage ratio applicable to it. As of December 31, 1993, the Corporation's Tier I leverage ratio was 6.72%. Federal Reserve Board Policy provides that banking organizations generally, and, in particular, those that are experiencing internal growth or actively making acquisitions will be expected to maintain strong capital positions substantially above the minimum supervisory levels, without significant reliance on intangible assets. Furthermore, the guidelines indicate that the Federal Reserve Board will continue to consider a "tangible Tier I leverage ratio" in evaluating proposals for expansion or new activities. The tangible Tier I leverage ratio is the ratio of a banking organization's Tier I capital less all intangible assets, to total consolidated quarterly average assets less all intangible assets. For purposes of this calculation, purchase mortgage servicing rights are not considered to be intangibles. As of December 31, 1993, the Corporation's tangible Tier I leverage ratio was 6.66%.

Each of the Corporation's banking subsidiaries is also subject to capital requirements adopted by applicable Federal regulatory agencies which are substantially similar to those imposed by the Federal Reserve Board on bank

holding companies. These requirements also include minimum Tier I, total capital and leverage ratios. As of December 31, 1993, each of the

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Corporation's banking subsidiaries had capital in excess of all minimum regulatory requirements.

All of the Federal banking agencies have proposed regulations that would add an additional capital requirement based upon the amount of an institution's exposure to interest rate risk. The OTS recently adopted its final rule adding an interest rate component to its risk based capital rule. Under the final OTS rule, a savings association with a greater than "normal" level of interest rate risk exposure will be subject to a deduction from total capital for purposes of calculating its risk based capital ratio. The new OTS rule was effective January 1, 1994, except for limited provisions which are effective July 1, 1994. The other Federal banking agencies have yet to adopt their final rules on the interest rate risk component of risk based capital.

The OCC, the Federal Reserve Board, and the FDIC have proposed amendments to their respective regulatory capital rules to include in Tier I capital for purposes of calculating the risk based and leverage ratios, the net unrealized changes in the value of securities available for sale. The proposed amendments are in response to the provisions outlined in Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities," which takes effect for fiscal years beginning after December 15, 1993. This new accounting standard requires, among other things, that net unrealized holding gains and losses on securities available for sale be recorded as a new component of shareholders' equity with no impact on net income. If adopted as proposed, the rule could cause the amount of an institution's Tier I capital to fluctuate, thereby causing the institution's Tier I, total capital and leverage ratios to be subject to greater volatility. Effective January 1, 1994, the Corporation adopted the provisions of SFAS No. 115. As a result of this accounting change, approximately $4.5 billion of securities were classified as available for sale at March 31, 1994, and shareholders' equity was reduced by $23 million, representing the net unrealized after-tax loss on these securities.

SIGNIFICANT AMENDMENTS TO THE FEDERAL DEPOSIT INSURANCE ACT

The Federal Deposit Insurance Corporation Improvement Act of 1991, enacted December 19, 1991, amended several Federal banking statutes, including the Federal Deposit Insurance Act (the "FDIA"), and among other things, increased the FDIC's borrowing authority to resolve bank failures, mandated least cost resolutions and prompt regulatory action with regard to undercapitalized

institutions, expanded consumer protection, and mandated increased supervision of domestic depository institutions and the U.S. operations of foreign

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depository institutions. The 1991 amendments to the FDIA required the Federal banking agencies to promulgate regulations and specify standards in numerous areas of bank operations, including interest rate exposure, asset growth, internal controls, credit underwriting, executive officer and director compensation, real estate construction financing, additional review of capital standards, interbank liabilities, and other operational and managerial standards as the agencies determine appropriate. Most of these regulations have been promulgated in final form by the appropriate Federal bank regulatory agencies, although several have only been proposed. In general, management believes that these regulations have increased, and may continue to increase, the cost of and the regulatory burden associated with the banking business.

PROMPT CORRECTIVE ACTION. Effective in December 1992, the OCC, the Federal Reserve Board, the FDIC and the OTS adopted new regulations to implement the so-called "prompt corrective action" provisions of the FDIA. The regulations group FDIC insured depository institutions into five broad categories based on their capital ratios. The five categories are "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized," as follows:

An institution is "well capitalized" if it has a total risk based capital ratio (total capital to risk-adjusted assets) of 10% or greater, a Tier I risk based capital ratio (Tier I capital to risk-adjusted assets) of 6% or greater, and a Tier I leverage capital ratio (Tier I capital to average total assets) of 5% or greater, and it is not subject to a regulatory order, agreement, or directive to meet and maintain a specific capital level for any capital measure;

An institution is "adequately capitalized" if it has a total risk based capital ratio of 8% or greater, a Tier I risk based capital ratio of 4% or greater and (generally) a Tier I leverage capital ratio of 4% or greater, and the institution does not meet the definition of a "well capitalized" institution;

An institution is "undercapitalized" if the relevant capital ratios are less than those specified in the definition of an "adequately capitalized" institution;

An institution is "significantly undercapitalized" if it has a total risk based capital ratio of less than 6%, a Tier I risk based capital ratio of less than 3%, or a Tier I leverage capital ratio of less than 3%;

An institution is "critically undercapitalized" if it has a ratio of

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tangible equity (as defined in the regulations) to total assets of 2% or less.

Each of the Corporation's subsidiary banks qualifies as well capitalized as of December 31, 1993.

An institution may be downgraded to, or be deemed to be in a capital category that is lower than is indicated by its actual capital position if it is determined to be in an unsafe or unsound condition or if it receives an unsatisfactory examination rating with respect to certain matters.

The capital based prompt corrective action provisions of the FDIA and their implementing regulations apply to FDIC-insured depository institutions such as all of the Corporation's banking subsidiaries, but they are not applicable to holding companies, such as the Corporation which control such institutions. However, both the Federal Reserve Board and the OTS have indicated that, in regulating holding companies, they will take appropriate action at the holding company level based on their assessment of the effectiveness of supervisory actions imposed upon subsidiary depository institutions pursuant to such provisions and regulations. Although the capital categories defined under the prompt corrective action regulations are not directly applicable to the Corporation under existing laws and regulations, based upon its ratios the Corporation would qualify, and its subsidiary banks do qualify, as well capitalized as of December 31, 1993. However, an institution's capital category, as determined by applying the prompt corrective action provisions of the law, may not constitute an accurate representation of the overall financial condition or prospects of the Corporation or its banking subsidiaries, and should be considered in conjunction with other available information regarding the Corporation's financial condition and results of operations.

The FDIA generally prohibits a depository institution from making any capital distribution (including payment of a dividend) or paying any management fee to its holding company if the institution would thereafter be undercapitalized. Undercapitalized depository institutions are also subject to restrictions on borrowing from the Federal Reserve System, increased monitoring by the appropriate Federal banking agency and limitations on

growth, and are required to submit a capital restoration plan to their primary Federal regulatory agency. The Federal banking agencies may not accept a capital plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the institution's capital. In addition, for a capital restoration plan to be acceptable, the depository institution's parent holding company must guarantee that the institution will comply with such capital restoration plan. The aggregate

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liability of the parent holding company with respect to such a guarantee is limited to the lesser of: (a) an amount equal to 5% of the depository institution's total assets at the time that it became undercapitalized or (b) the amount which is necessary (or would have been necessary) to bring the institution into compliance with all capital standards applicable to it as of the time it failed to comply with the plan. If a depository institution fails to submit an acceptable plan, it is treated as if it were significantly undercapitalized. Significantly undercapitalized depository institutions may be subject to a number of additional requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized and requirements to reduce total assets, and are prohibited from receiving deposits from correspondent banks. "Critically undercapitalized" institutions are subject to the appointment of a receiver or conservator.

FDIC INSURANCE. Under the risk related insurance assessment system adopted in final form effective beginning with the January 1, 1994, assessment period, a bank or savings association is required to pay an annual assessment ranging from $.23 to $.31 per $100 of deposits based on the institution's risk classification. The risk classification is based on an annual assignment of the institution by the FDIC to one of three capital groups and to one of three supervisory subgroups. The capital groups are "well capitalized," "adequately capitalized," and "undercapitalized." The three supervisory subgroups are Group "A" (for financially solid institutions with only a few minor weaknesses), Group "B" (for those institutions with weaknesses which, if uncorrected, could cause substantial deterioration of the institution and increase the risk to the deposit insurance fund), and Group "C" (for those institutions with a substantial probability of loss to the fund absent effective corrective action). For the period commencing on January 1, 1994 through June 30, 1994, insurance assessments on deposits of all of the Corporation's banking subsidiaries owned as of December 31, 1993, were paid at the rate of $.23 per $100 of deposits.

DEPOSITOR PREFERENCE STATUTE

In August 1993, Federal legislation was enacted providing that insured and uninsured deposits and certain claims for administrative expenses and employee compensation against an insured depository institution would be afforded a priority over other general unsecured claims against such an institution, including Federal funds and letters of credit, in the "liquidation or other resolution" of such an institution by any receiver. Under this new legislation, if an insured depository institution fails, insured and uninsured depositors along with the FDIC will be placed ahead of all unsecured, nondeposit creditors in order of priority of payment. Due to its recent enactment, it is too early to determine what impact this legislation will have

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on the ability of financial institutions to attract junior creditors in the future or otherwise.

IMPLICATIONS OF BEING A SAVINGS AND LOAN HOLDING CORPORATION

By reason of its ownership of Society First Federal, the Corporation is a savings and loan holding company within the meaning of HOLA. With certain exceptions, a savings and loan holding company must obtain prior written approval from the OTS (as well as the Federal Reserve Board, or other Federal agencies whose approval may be required, depending upon the structure of the acquisition transaction) before acquiring control of a savings association or savings and loan holding company through the acquisition of stock or through a merger or some other business combination. HOLA prohibits the OTS from approving an acquisition by a savings and loan holding company which would result in the holding company controlling savings associations in more than one state unless (a) the holding company is authorized to do so by the FDIC as an emergency acquisition, (b) the holding company controls a savings association which operated an office in the additional state or states on March 5, 1987, or (c) the statutes of the state in which the savings association to be acquired is located specifically permit a savings association chartered by such state to be acquired by an out-of-state savings association or savings and loan holding company.

A Federal savings association, however, including one controlled by a savings and loan holding company, is permitted, subject to certain restrictions, to branch on a nationwide basis. Thus, a Federal savings association may generally also acquire the assets and liabilities or the stock of other Federal savings associations and operate them as branches, whether or not they are located in a

state that would otherwise have permitted the acquiring institution's holding company to operate a savings association in that state.

CONTROL ACQUISITIONS

The Change in Bank Control Act (the "CBCA") prohibits a "person" (as defined in the CBCA, and the regulations thereunder) or group of persons from acquiring "control" (as defined in the CBCA, and the regulations thereunder) of a bank holding company unless the Federal Reserve Board has been given 60 days' prior written notice of the proposed acquisition and within that time period the Federal Reserve Board has not issued a notice disapproving the proposed acquisition or extending for up to another 30 days the period during which such a disapproval may be issued. An acquisition may be made prior to the expiration of the disapproval period if the Federal Reserve Board issues

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written notice of its intention not to disapprove the action. Under a rebuttable presumption established by the Federal Reserve Board, the acquisition of 10% or more of a class of voting stock of a bank holding company with a class of securities registered under Section 12 of the Exchange Act, such as the Corporation, would, under the circumstances set forth in the presumption, constitute the acquisition of control.

In addition, any "company" is required to obtain the approval of the Federal Reserve Board under the BHCA before acquiring 25% (5% in the case of an acquiror that is a bank holding company) or more of the outstanding Common Shares of the Corporation, or otherwise obtaining control over the Corporation.

PROPERTIES

The headquarters of the Corporation and of Society National Bank are located in Society Center at 127 Public Square, Cleveland, Ohio 44114-1306. The Corporation currently leases approximately 625,000 square feet of the complex, encompassing the first twenty one floors and the 55th and 56th floors of the 57 story Society Tower and all ten floors of the adjacent Society for Savings Building. The Corporation owns a four story office building and the Summit Center Building, a 16 story office building, both located in downtown Toledo. In addition, the Corporation has an office center located in a one story building containing approximately 500,000 square feet on a 55 acre site in Brooklyn, Ohio which is owned in fee by a subsidiary. At December 31, 1993, KeyCorp's banking subsidiaries operated 1,267 full-service banking offices of which 762 were owned and 505 were leased. Certain leases

expiring at various dates through the year 2017 qualify as capital leases and contain purchase options for the premises leased thereunder. At December 31, 1993, banking subsidiaries of KeyCorp were obligated under noncancellable operating leases for land and buildings and for other property consisting principally of data processing equipment. Many of the realty lease agreements contain renewal options for varying periods. In many cases, renewal terms, including annual rentals to be paid, must be negotiated at the renewal date. The leases generally require payment of maintenance costs and real estate taxes in excess of specified minimums. There are no significant encumbrances on properties owned.

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