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## KeyCorp Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Analyst for Matthew O'Connor – UBS.

#### Analyst for Matthew O'Connor - UBS

You're sitting with more capital than most but haven't done a deal yet. Two other Ohio banks reported results today and are sitting in a weaker capital position. Do you have any appetite to consolidate within Ohio and can you do it without the help of the government?

#### Henry L. Meyer

You know we have always been looking for opportunities and as I have described on almost every quarterly call, our priority is to do them in market. While there are some higher-growth markets that Key participates in, we are not against trying to grow share in any of our markets, and that would include Ohio.

This is a very difficult environment to do a deal. We have seen a couple of the deals that have been done have had assistance or have needed additional capital. So I would tell you that we are in a very strong position, but it isn't burning a hole in our pocket and under the current valuations on balance sheets, I'm not sure and I haven't studied it enough to really know all of the alternatives, but I'm not sure we wouldn't need to raise even more capital.

We've got capital to do smaller deals. We are looking to participate in FDIC takeovers where our strong position would allow us in-market to be the winner on some of those bids.

But as far as your specific question, in Ohio I don't think we are going to see many big deals done that aren't pushed by the regulatory agencies for some time. At least until we see capital markets alternatives and activity pick up.

#### Operator

Your next question comes from Brian Foran - Goldman Sachs.

#### Brian Foran - Goldman Sachs

Liquidity, I think people are a lot more comfortable with 6%+ TC as opposed to being down in the 5%<sup>s</sup>. Are there other things you can do to raise TC as we look out into next year, assuming internal capital generation from earnings is going to be kind of minimal?

**Jeffrey B. Weeden**

We didn't hear the first part of your question there but I know you were talking about capital and the need for 6%. I think if you look at the additional liquidity that we were carrying at the end of the year, on an adjusted basis, on a TCE basis, we were above the 6%, or in the 6.22% range.

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