Robert L. Morris
Executive Vice President
& Chief Accounting Officer

August 21, 2009

Director of Technical Application and Implementation Activities Financial Accounting Standards Board 401 Merritt 7 P.O. Box 5116 Norwalk, Connecticut 06856-5116

Re: File Reference No. 1700-100



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Dear Director:

We are writing in response to your invitation to comment on the Exposure Draft entitled, "Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses."

KeyCorp (Key), headquartered in Cleveland, Ohio, is a bank-based financial services company that, at June 30, 2009, had assets of approximately \$98 billion. We appreciate the opportunity to comment on this Exposure Draft and support the Board's commitment to developing high-quality financial accounting standards and improving comparability of financial information. Key takes pride in providing detailed, timely and comprehensive financial information to the investment community, and supports standards and interpretations that clearly result in reliable and relevant information that can improve investor understanding and allow for more informed decisions. Therefore, this proposed guidance to provide additional disclosures about the allowance for credit losses as well as loan credit quality is of great interest to Key.

Key has the following concerns regarding this proposed guidance and believes that the additional disclosures will cause confusion among financial statement users and may not accomplish the Board's objective to "assist financial statement users in better understanding the financial information for the total allowance for credit losses as well as the associated financing receivables."

- 1. Fair Value of Portfolio Loans Not Relevant or Readily Available
- 2. Disclosure Overload
- 3. Cost Exceeds Benefits
- 4. Breach of Creditor/Debtor Confidentiality
- 5. Insufficient Implementation Time

Fair Value of Portfolio Loans Not Relevant or Readily Available

Unlike investment securities where there is generally a ready market and observable market data to determine the fair value of such securities, most loans do not have these same attributes. The fair value of a loan is generally not readily available.

At great cost to Key and ultimately its shareholders, depositors and debtors and to obtain a market participant's perspective of value, Key retains the expertise of a third party valuation service provider to assess the fair value of its entire loan portfolio including other balance sheet categories for the required quarterly SFAS 107 disclosure. The SFAS 107 disclosures are meaningful only if Key was not a going concern and was planning to liquidate its entire held to maturity loan portfolio and other asset or liability classes as of the reporting date. Knowing the fair value of a bank's portfolio loans is nice to know if a sale is pending. However, such knowledge does not in any way contribute to the ongoing business of originating and maintaining lending relationships or gathering and maintaining deposit relationships on a long-term basis.

Key is not in the business of validating the efficiency of the market's ability to determine a market price by providing fair value assessments nor does it have excess resources (capital) to dedicate to such an endeavor, particularly when our business is to hold loans and commitments to term.

Disclosure Overload

The proposed disclosures which may include consumer credit scores, credit rating agency ratings, management's internal credit risk grades, loan-to-value ratios, collateral, collection experience, or other internal metrics including numerous tabular loan segment disclosures are disclosure overload. This Exposure Draft is an over-reaction to the current issues in the banking industry which for most financial institutions are a result of the worldwide economic downturn. The extensive credit-related disclosures contained in this Exposure Draft will not solve the current economic challenges or solve future issues. The proposed disclosures will inundate financial statement users with data that is only relevant to management (for critical decision making), directors (for assessment and review) and the bank regulators who already extensively regulate banking (for allowance for credit risk adequacy and monitoring of credit risk attributes and processes). Overwhelming the financial statement user with these proposed disclosures serves no useful purpose and may result in unnecessary confusion. For example, financial institutions use different credit risk grading systems; therefore, disclosures by credit risk grading systems will not be comparable between institutions and it is Key's belief that none of these systems can be "converted" by investors to somehow make them comparable. This lack of comparability will create a great deal of confusion and interpretation risk when trying to benchmark these required disclosures.

Most of the information proposed in this Exposure Draft is already shared and reviewed with bank regulators, auditors, and bank directors and is used to assist management in the assessment of credit risk and the determination of the allowance for credit losses. It is

Key's belief that existing required disclosures pertaining to credit risk and how that risk is assessed in the determination of the allowance for credit losses are sufficient.

Key supports the need to add a qualitative discussion of the allowance for credit losses and credit risk and additional quantitative disclosures if such information better enables the financial statement user to make an informed decision and mitigates confusion. Key continually monitors this need as investor inquiries are answered and Key voluntarily provides such information in its external financial filings when it is deemed useful, not confusing and improves investor understanding.

Cost Exceeds Benefits

As discussed in the paragraph above, the preparation of the SFAS No. 107 disclosures, now mandated on a quarterly basis requires a substantial amount of internal resources to prepare and review the underlying data as well as the use of third party valuation consultants to determine the fair value of certain financial items. Fees for the services provided by third party valuation providers are substantial relative to the benefit derived from obtaining and disclosing such information.

The proposed requirement of this Exposure Draft to provide fair values of loans by portfolio segment will be a costly disclosure to prepare for many financial services institutions, which are already under resource constraints in the current economic environment. The cost of providing the additional credit risk and allowance for credit losses particularly the fair value disclosures on an interim basis in terms of time and effort required by internal personnel as well as the use of outside consultants (e.g., collateral appraisers, rating agencies, valuation providers) far outweighs any benefits provided.

Breach of Creditor/Debtor Confidentiality

It is likely that if a bank has a significant market share of certain loans in a given market that an astute financial statement reader of the proposed disclosures will be able to identify the troubled debtors or for that matter a group of debtors in that market. This type of information in the hands of the public will likely exacerbate the debtor's troubles and create a disadvantage for the debtor in terms of obtaining additional credit as well as for the creditor if it is intending to sell such loans or if it expects to have a reasonable return on a loan workout. This is an unintended consequence of the disclosure overload that this Exposure Draft proposes.

Insufficient Implementation Time

While Key disagrees with the proposed requirements of this Exposure Draft as detailed in this letter, if the Board moves forward and finalizes these credit quality disclosures, it is imperative that more implementation time be provided. Even though much of the proposed data requested, with the exception of loan fair value, is available, the Board should be aware and understand that Key and many of its peers have multiple loan

systems and sub-systems as sources for the compilation of a majority of the data that would be required by this Exposure Draft. Therefore, Key would request that the implementation date for these disclosures be delayed until sometime in latter 2010.

In conclusion, Key appreciates the opportunity to comment on this Exposure Draft and requests that the FASB seriously consider the issues set forth in our above comments as this proposed guidance is re-deliberated.

We hope these comments are useful and positively influence any final guidance. We welcome the opportunity to discuss these issues in more detail. Please feel free to contact Chuck Maimbourg, Director of Accounting Policy & Research, at 216-689-4082 or me at 216-689-7841.

Sincerely,

Robert L. Morris

Executive Vice President & Chief Accounting Officer