

Investor Meetings: December 2015

# KeyCorp

**Beth E. Mooney**

Chairman and  
Chief Executive Officer

**Don Kimble**

Chief Financial Officer



# FORWARD-LOOKING STATEMENTS AND ADDITIONAL INFORMATION DISCLOSURE

This communication contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, but not limited to, KeyCorp's and First Niagara's expectations or predictions of future financial or business performance or conditions. Forward-looking statements are typically identified by words such as "believe," "expect," "anticipate," "intend," "target," "estimate," "continue," "positions," "plan," "predict," "project," "forecast," "guidance," "goal," "objective," "prospects," "possible" or "potential," by future conditional verbs such as "assume," "will," "would," "should," "could" or "may", or by variations of such words or by similar expressions. These forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made and we assume no duty to update forward-looking statements. Actual results may differ materially from current projections.

In addition to factors previously disclosed in KeyCorp's and First Niagara's reports filed with the SEC and those identified elsewhere in this communication, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: ability to obtain regulatory approvals and meet other closing conditions to the merger, including approval by KeyCorp and First Niagara shareholders on the expected terms and schedule, including the risk that regulatory approvals required for the merger are not obtained or are obtained subject to conditions that are not anticipated; delay in closing the merger; difficulties and delays in integrating the First Niagara business or fully realizing cost savings and other benefits; business disruption following the merger; changes in asset quality and credit risk; the inability to sustain revenue and earnings growth; changes in interest rates and capital markets; inflation; customer acceptance of KeyCorp's products and services; customer borrowing, repayment, investment and deposit practices; customer disintermediation; the introduction, withdrawal, success and timing of business initiatives; competitive conditions; the inability to realize cost savings or revenues or to implement integration plans and other consequences associated with mergers, acquisitions and divestitures; economic conditions; and the impact, extent and timing of technological changes, capital management activities, and other actions of the Federal Reserve Board and legislative and regulatory actions and reforms.

Annualized, pro forma, projected and estimated numbers are used for illustrative purpose only, are not forecasts and may not reflect actual results. This presentation also includes certain non-GAAP financial measures related to "tangible common equity," "Common Equity Tier 1," "Tier 1 common equity," "pre-provision net revenue," and "cash efficiency ratio." Management believes these ratios may assist investors, analysts and regulators in analyzing Key's financials. Although Key has procedures in place to ensure that these measures are calculated using the appropriate GAAP or regulatory components, they have limitations as analytical tools and should not be considered in isolation, or as a substitute for analysis of results under GAAP. For more information on these calculations and to view the reconciliations to the most comparable GAAP measures, please refer to the appendix of this presentation or page 100 of our Form 10-Q dated September 30, 2015.



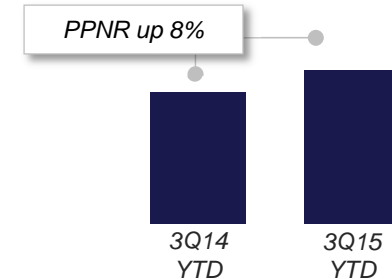
# Progress Made in 2015

Our relationship strategy has translated into measurable results

## Positive Operating Leverage

- ✓ Acquired and expanded relationships
- ✓ Total average loans up 5% from prior year
- ✓ Positive trends in several fee-based businesses
  - Investment banking and debt placement fees ↑ 17% 3QYTD
  - Cards and payments income ↑ 11% 3QYTD
- ✓ Expenses well-controlled
  - Costs savings reinvested in businesses

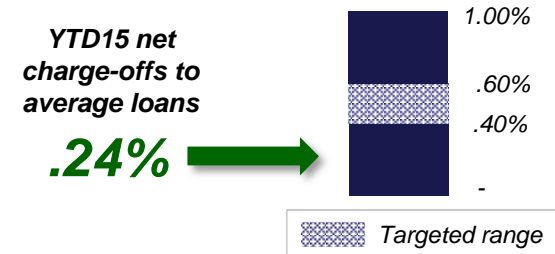
## Pre-Provision Net Revenue <sup>(a)</sup>



## Strong Risk Management

- ✓ Asset quality remains strong, with NCOs below targeted range
- ✓ New business originations are higher quality than overall book
- ✓ Remaining disciplined with structure and relationship focus

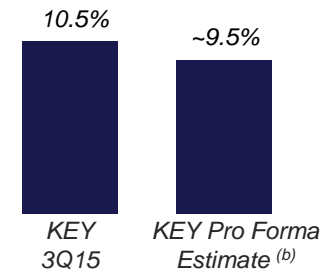
## Net Charge-offs



## Disciplined Capital Management

- ✓ Maintained strong capital position
- ✓ Increased dividend by 15% in 2Q15; planned increase of 13% in 2016 (subject to Board approval)
- ✓ Expect share repurchases to be included in 2016 CCAR submission

## Common Equity Tier 1 Ratio <sup>(a)</sup> (%)



Note: graphs not to scale

(a) Non-GAAP measure; see slides 28-29 for reconciliation

(b) Estimated Pro Forma Common Equity Tier 1 Ratio after closing of FNFG acquisition

# Driving Positive Operating Leverage

Executing action plans across our organization to improve efficiency

## Revenue Growth

Acquiring and expanding relationships to grow revenue in our businesses

### Improving Productivity

- Adding bankers

**>60** New RMs  
hired since  
3Q14



- Enhanced sales management process

### Strengthening Products and Capabilities

- Leveraging new vertical and expertise: *technology*
- Momentum from recent product launches: *Hassle-Free, purchase card, prepaid card*



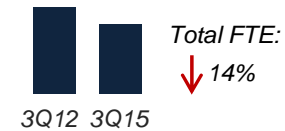
Introducing the KeyBank  
Hassle-Free Account™  
KeyBank

## Expense Savings

Continuous improvement efforts enable identification and execution of expense savings

### Right-sizing

- FTE remixing: *support, sales and service*
- Business realignment: *Key Private Bank client repositioning and exiting of nonstrategic businesses*



### Occupancy

- Optimizing branch count: *continued net reduction*
- Reducing non-branch square footage: *plans to reduce 15% of non-branch square footage by 2016*



### Operational Efficiencies

- Lean Six Sigma: *end-to-end process improvements*



Note: Graphs may not be to scale

# Investing in our Businesses

Reinvesting cost savings in our businesses to drive growth

## Bankers

**Adding senior bankers:** *existing industry expertise and relationships*

**Remixing:** *increasing client-facing roles*



**Community Bank**  
3Q12 vs. 3Q15  
Client-facing FTE: ↑ 17%  
Total FTE: ↓ 19%

## Payments

**Commercial payments:** *investing in products and people to drive growth*

**Consumer payments:** *strengthening offering, online and mobile solutions*

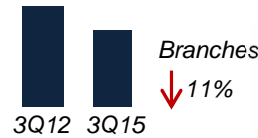


Credit card sales up 23% year-over-year

Mobile deposit transactions ↑ **65%** from prior year

## Channels

**Multichannel delivery:** *investing in digital channels, realigning physical presence*



Online and mobile transactions exceed those at a branch by: **> 2x**

## Technology

**Enhancements:** *Strategic partnerships, account opening tools, image-enabled ATMs, security measures*

**Compliance and regulatory:** *ongoing enhancement of processes*



Online and mobile account openings: balances ↑ 33%



Note: Graphs not to scale

# First Niagara Acquisition



# Why First Niagara?

## Compelling Strategic Rationale

- ✓ **Accelerates Key's transformation into a high-performing regional bank**
  - Increases ROTCE by ~200 bps
  - Meaningful cost savings that drive significant value - cash efficiency ratio improves by ~300 bps
- ✓ **Generates attractive financial returns**
  - EPS accretion of 5% <sup>(a)</sup>
  - IRR approximates 15% and ROIC exceeds 10%
- ✓ **Creates a leading bank in upstate New York with a strong presence across the Northeast, Midwest and Pacific Northwest**
- ✓ **Builds on Key's brand and presence in shared markets with complementary new markets**
- ✓ **Provides significant revenue opportunities by delivering broader suite of products to new and existing clients**
- ✓ **Creates complementary business mix and a more balanced franchise across consumer and commercial businesses**

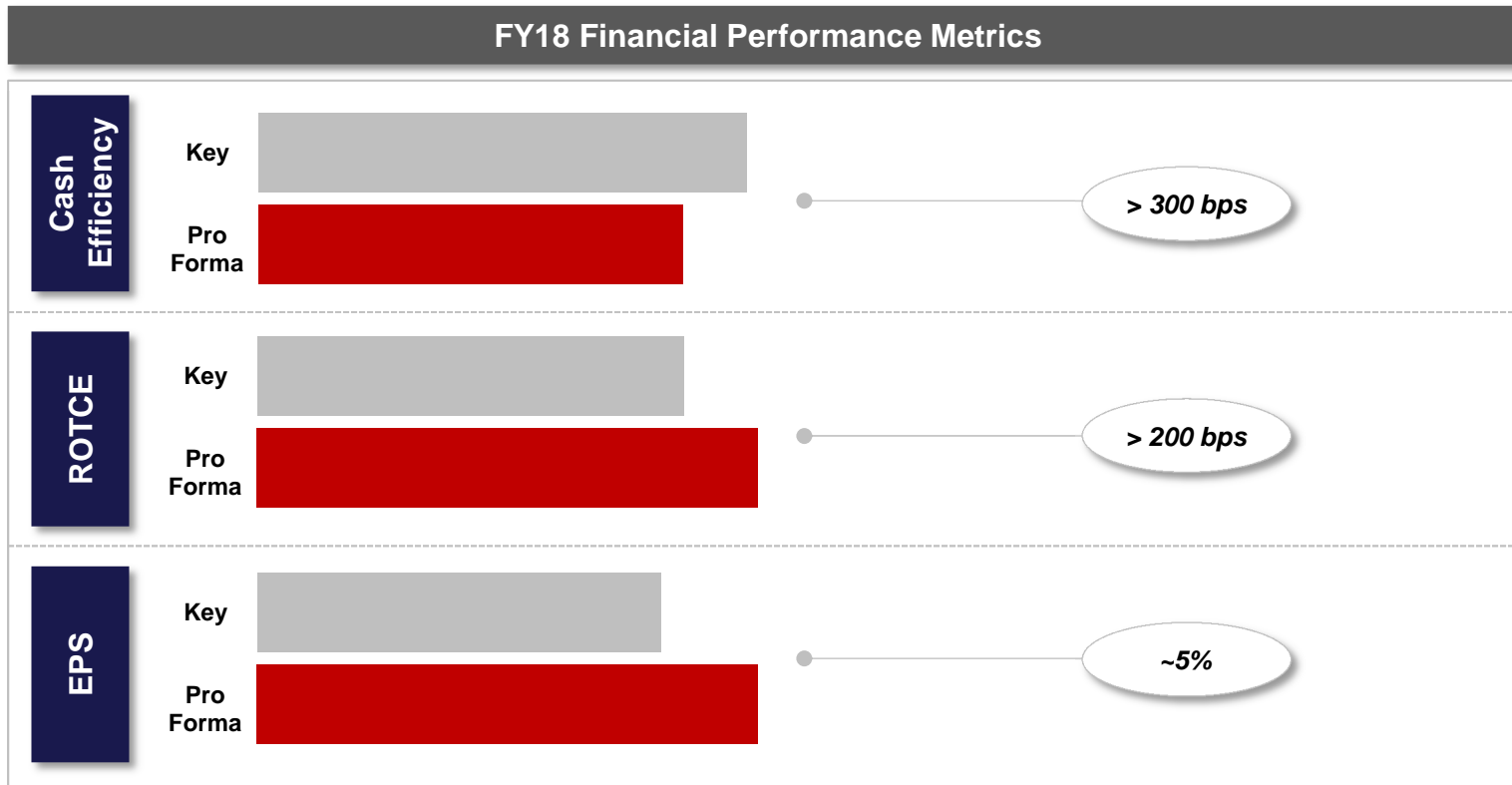


(a) Upon full realization of cost savings (FY2018); no revenue synergies assumed; Cash EPS accretion (pre amortization of core deposit intangible) 7%

# Attractive Financial Impact

The First Niagara acquisition generates compelling financial returns for Key

- IRR approximates 15% and ROIC exceeds 10%
- Meaningful improvement in efficiency and profitability metrics



Note: Above figures depict consensus International Brokers' Estimate System estimates (I/B/E/S) FY18 estimates for Key and First Niagara, adjusted for the transaction and \$400MM in annual cost savings. No revenue synergies assumed.



# Focused *Forward*

————— **Key is well-positioned to grow and improve returns** —————

**Maintain momentum in Key's franchise and continue to generate positive operating leverage**

**Successfully integrate First Niagara acquisition**

**Remain focused on risk management**

**Maintain our strong capital position, with efficient deployment that drives long-term shareholder value**



# Appendix – First Niagara Acquisition



# A Compelling Strategic Opportunity

Powerful combination creates high-performing regional bank with compelling shareholder returns

13<sup>th</sup> Largest U.S. Commercial Bank

\$135 billion assets

\$100 billion deposits

## Strengthens Franchise

- ✓ Strengthens core operating and financial metrics<sup>(a)</sup>
  - Increases ROTCE by ~200 bps
  - Cash efficiency ratio improves by ~300 bps
- ✓ Creates leading bank in Upstate New York with a strong presence across the Northeast, Midwest and Pacific Northwest
  - Adds one million clients and \$25 billion of core deposits
- ✓ Builds on Key's brand and presence in shared markets with complementary new markets
  - Leading position in MSAs<sup>(b)</sup> of Buffalo, Albany, Syracuse and Rochester
  - Establishes Key's presence in attractive MSAs<sup>(b)</sup> (Pittsburgh, Philadelphia, Hartford, New Haven)

## Leverages Complementary Business Models

- ✓ Significant revenue opportunity by delivering broader suite of products to new and existing clients
  - KEY: commercial payments; capital markets; commercial mortgage; private banking and investments
  - FNFG: residential mortgage; indirect auto lending; retail and commercial insurance brokerage
- ✓ Complementary business mix creates a more balanced franchise across consumer and commercial businesses

## Generates Attractive Financial Returns

- ✓ EPS accretion of 5%<sup>(a)</sup>
- ✓ IRR approximates 15% and ROIC exceeds 10%
- ✓ Expected cost savings of \$400 million create \$2.8 billion of shareholder value
- ✓ Drives revenue synergies by deploying stronger combined product set into existing client relationships
- ✓ Efficient use of capital – capital ratios remain strong



(a) Upon full realization of cost savings (FY2018); no revenue synergies assumed  
(b) MSA denotes Metropolitan Statistical Area

# Significant Value Created from Cost Savings

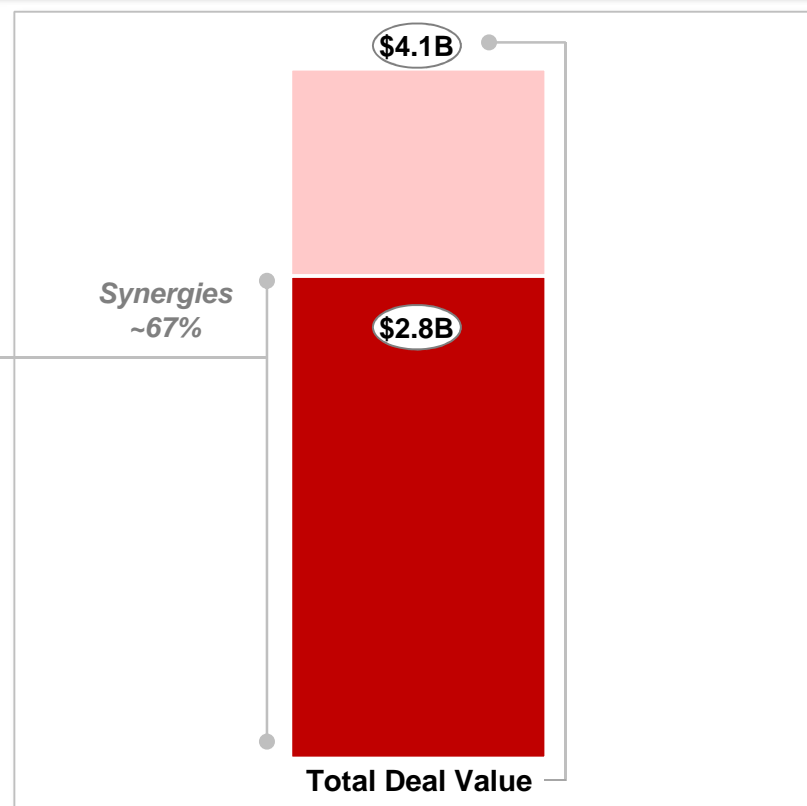
Unlocked value from cost synergies provides strong upside for shareholders

- High degree of market overlap accelerates benefit realization
  - > 30% of FNFG branches within two miles of a Key branch
- FNFG's technology infrastructure largely outsourced → Key has opportunity to efficiently scale our existing platform

## Summary

### NPV of Synergies

	KEY / First Niagara
<i>(\$ in millions)</i>	
Cost Savings After-Tax	\$260
Value at 12x	3,120
After-tax Restructuring Charges	(358)
<b>NPV of Synergies</b>	<b>\$2,762</b>
NPV of Synergies / Deal Value (%)	67%



Note: Analysis assumes effective tax rate of 35%

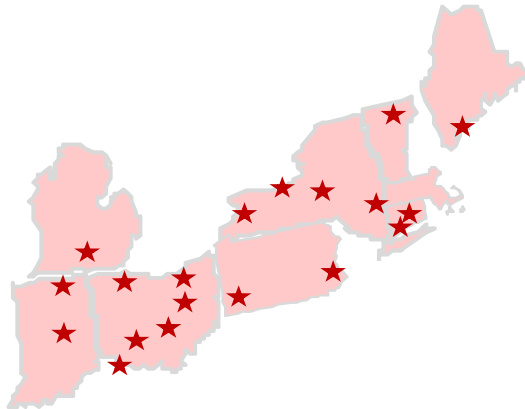
# Combined Company Uniquely Positioned to Unlock Value

## Three Million Clients

## Attractive Geographic Footprint

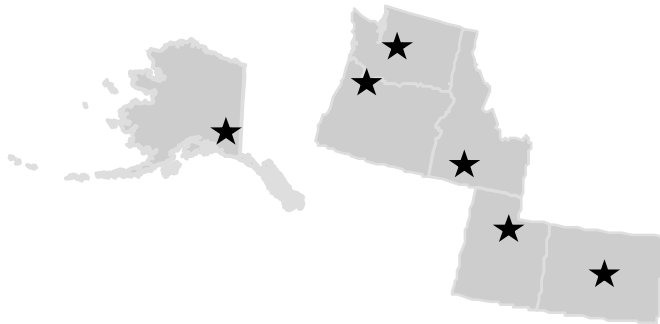
## Complementary Product Offering

### High Density Markets



*Leading market presence across the I-90 corridor from Toledo, OH to Albany, NY*

### High Growth Markets



*Top 5 branch share in Seattle, Denver, Portland, Salt Lake City and Boise – all growing faster than national average*

### Broad, Complementary Product Capabilities

Retail banking (branch; card; auto; etc.)		
Private banking		
Residential mortgage		
Indirect auto lending		
Insurance brokerage		
Small business banking		
Business banking		
Commercial banking		
Asset-based lending		
Equipment finance		
Commercial payments		
Investment banking (mid market/industry focus)		
Commercial mortgage banking & servicing		

*Complementary products provide extensive client cross-sell and revenue growth opportunities*

## Compelling Franchise and Capabilities



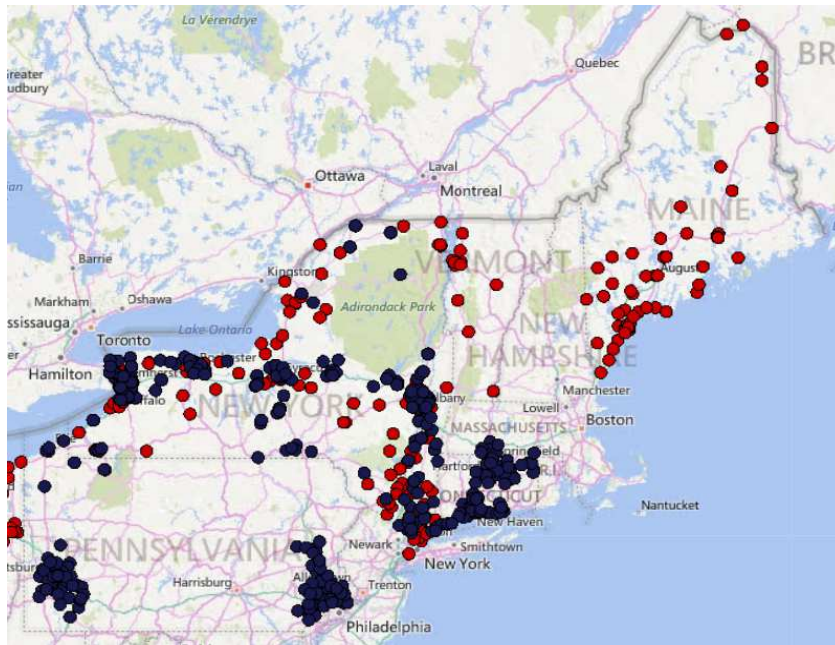
# Strengthens Position in Attractive Northeast Markets

Leading Position from Toledo to Albany

Leading Market Share Banks Outperform

Shared Market Presence Accelerates Value Realization

## Pro Forma Branch Footprint



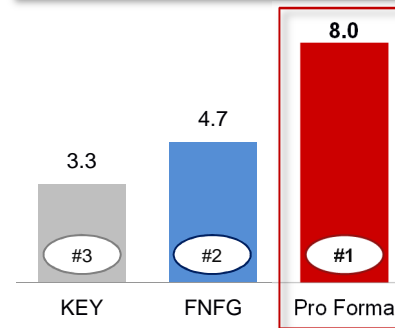
● KEY ● FNFG

- Combination creates the 13<sup>th</sup> largest U.S. commercial bank
- Approximately \$50 billion in deposits and nearly 700 branches in the Northeast, representing approximately half of the combined national franchise <sup>(b)</sup>

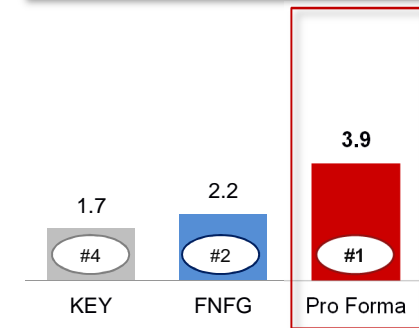
## Leading Retail Presence in Upstate NY <sup>(a)</sup>

\$ in billions

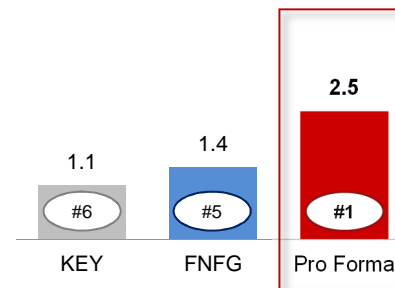
### Buffalo, NY



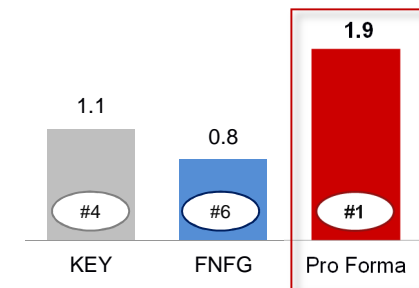
### Albany, NY



### Rochester, NY



### Syracuse, NY



Source: SNL Financial; data as of June 2015

(a) Excludes any potential deposit divestiture; all figures cap all branches at \$250MM to adjust for commercial and headquarters deposits; MSA rankings reflect total deposit rankings

(b) Northeast region defined as Connecticut, Maine, Massachusetts, New York, Pennsylvania and Vermont

# Attractive Transaction Economics

## Key Transaction Terms

- \$4.1 billion in aggregate consideration
  - First Niagara shareholders receive 0.68 Key shares and \$2.30 in cash for each FNFG common share
  - Implied value of \$11.40 per FNFG common share, based on Key's closing share price as of October 29
- Transaction metrics in-line with precedent transactions
  - P / TBV: 1.7x | Core deposit premium: 6.7% | P / 2016E EPS: 18.7x | P / 2016E EPS (with Cost Saves): 8.5x

## Financial Assumptions

- Cost savings of \$400 million pre-tax, or ~40% of FNFG's current noninterest expense
- Meaningful revenue synergies identified, but not included in financial analysis
- Merger and integration costs of approximately \$550 million pre-tax
- Purchase accounting adjustments include ~3% loan mark and ~1.5% core deposit intangible
- Key's existing share repurchase program suspended until closing of transaction; no change to Key's dividend plans, including anticipated increase to \$0.085 per share in 2Q16
  - Key anticipates requesting resumption of share repurchase activity in our 2016 CCAR submission
- Expected closing in 3Q16, subject to shareholder approval from Key and First Niagara and customary regulatory approvals

## Financial Impact

- Generates compelling financial metrics<sup>(a)</sup>
  - Increases ROTCE by ~200 bps
  - Cash efficiency ratio improves by ~300 bps, driven by \$400 million in annual cost savings
  - EPS accretion of 5%
  - IRR approximates 15% and ROIC exceeds 10%
  - Tangible book value dilution of ~12%
- Drives revenue synergies by deploying stronger combined product set to existing clients
- Efficient use of capital – capital ratios remain strong
- Increases scale of Key by ~40% in loans; deposits; total assets



(a) Upon full realization of cost savings (FY2018); no revenue synergies assumed

# Appendix - Key Financial Review





# Financial Highlights

	Metrics	3Q15	2Q15	1Q15	4Q14	3Q14
<b>Financial Performance</b> <sup>(a)</sup>	EPS – assuming dilution	\$ .26	\$ .27	\$ .26	\$ .28	\$ .23
	Cash efficiency ratio <sup>(d)</sup>	66.9 %	65.1 %	65.1 %	64.4 %	69.7 %
	Net interest margin (TE)	2.87	2.88	2.91	2.94	2.96
	Return on average total assets	.95	1.03	1.03	1.12	.92
<b>Balance Sheet Growth</b> <sup>(a), (b)</sup>	Total loans and leases	6 %	4 %	5 %	5 %	5 %
	CF&A loans	15	10	12	12	11
	Deposits (excl. foreign deposits)	3	6	5	2	4
<b>Capital</b> <sup>(c)</sup>	Common Equity Tier 1 <sup>(d)</sup>	10.5 %	10.7 %	10.6 %	-	-
	Tier 1 common equity <sup>(d)</sup>	-	-	-	11.2 %	11.3 %
	Tier 1 risk-based capital	10.9	11.1	11.0	11.9	12.0
	Tangible common equity to tangible assets <sup>(d)</sup>	9.9	9.9	9.9	9.9	10.3
<b>Asset Quality</b> <sup>(a)</sup>	NCOs to average loans	.27 %	.25 %	.20 %	.22 %	.22 %
	NPLs to EOP portfolio loans	.67	.72	.75	.73	.71
	Allowance for loan losses to EOP loans	1.31	1.37	1.37	1.38	1.43

TE = Taxable equivalent, EOP = End of Period

(a) From continuing operations

(b) Year-over-year average balance growth

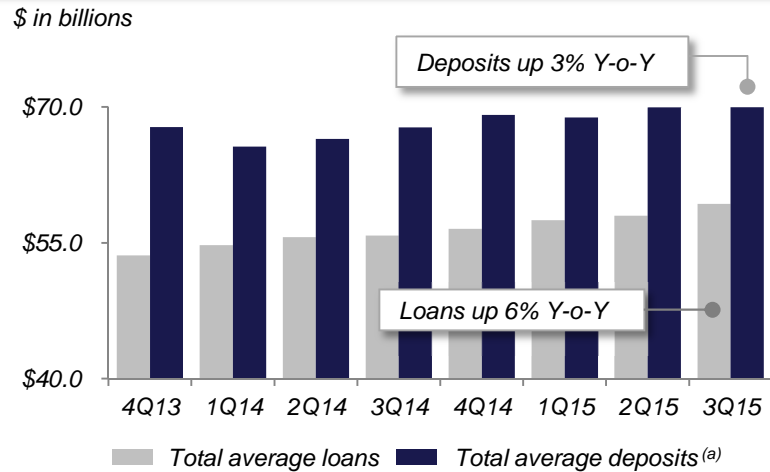
(c) From consolidated operations

(d) Non-GAAP measure: see slides 28-29 for reconciliation



# Strong Balance Sheet

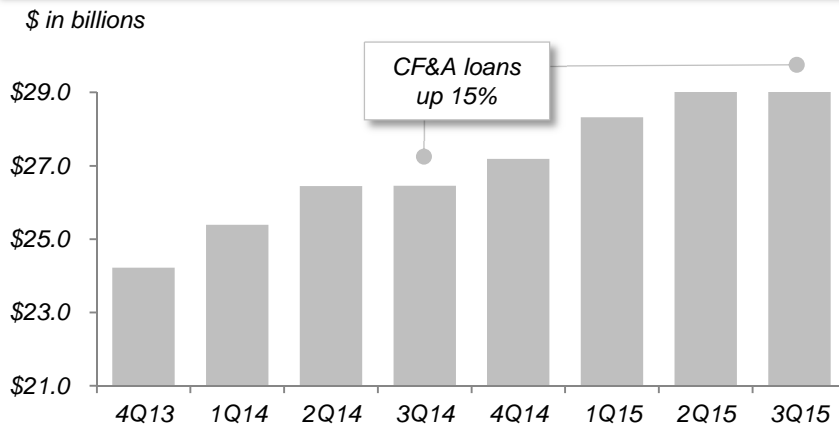
## Average Total Loan and Deposit Growth



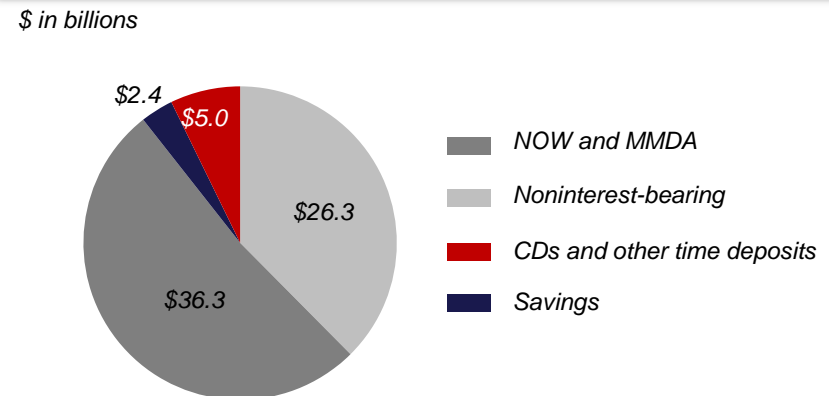
## Highlights

- Loan growth continues to be driven primarily by CF&A loans
- Average total loans up in both the Community Bank and the Corporate Bank
- Deposit growth of 3% from 3Q14 due to strength in commercial mortgage servicing and commercial and consumer client inflows
- Deposit cost of .15% continues to improve compared to prior year

## Average Commercial, Financial & Agricultural Loans



## 3Q15 Deposit Mix

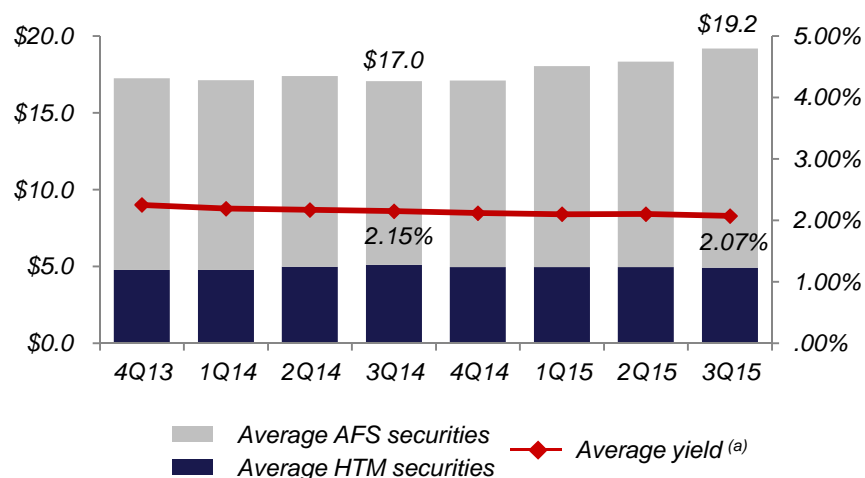


(a) Excludes deposits in foreign office

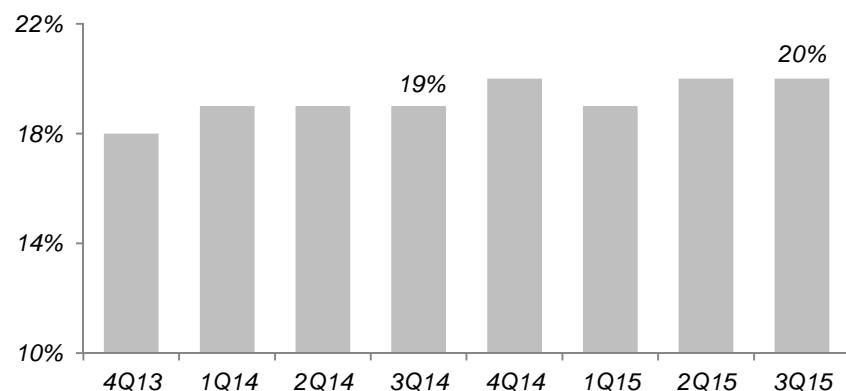
# Investment Portfolio

## Average Total Investment Securities

\$ in billions



## Securities to Total Assets (b)



## Highlights

- Portfolio composed primarily of GNMA and GSE-backed MBS and CMOs
- Continue to position portfolio for upcoming regulatory liquidity requirements:
  - 2015 average balance growth reflects actions taken to increase liquidity reserves
  - Growth and reinvestment of portfolio cash flows have been predominantly in GNMA securities (~49% of total portfolio was GNMA at 9/30/15)
- Securities cash flows of \$1.1 billion in 3Q15, unchanged from 2Q15
- Average portfolio life at 9/30/15 of 3.8 years, unchanged from 6/30/15



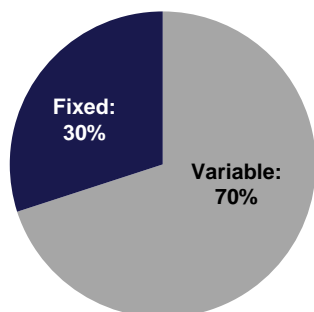
(a) Yield is calculated on the basis of amortized cost  
 (b) Includes end-of-period held-to-maturity and available-for-sale securities

# Interest Rate Risk Management

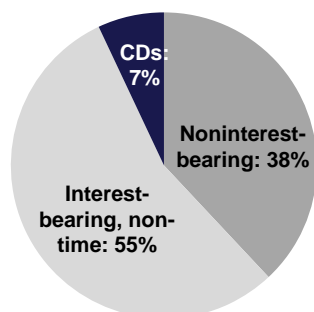
## Actively managing a naturally asset sensitive balance sheet

### Naturally Asset Sensitive Balance Sheet

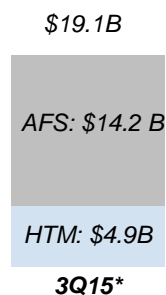
#### Loan Portfolio



#### Deposits



#### Investment Portfolio



\* Average balances

- High quality
- Fixed rate agency MBS and CMOs
- Average maturity: 3.8 years
- GNMA total 49% of total portfolio
- Reinvesting cash flows into GNMA

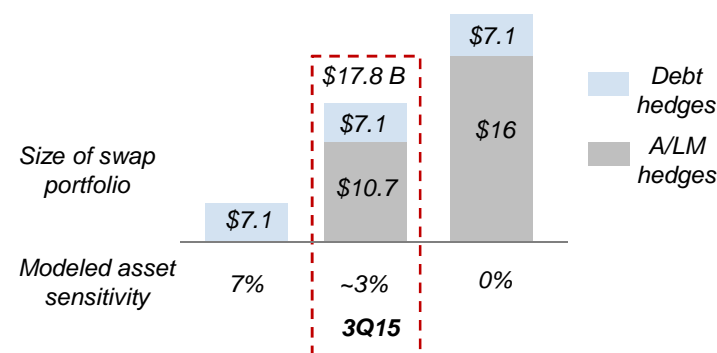
Balance sheet has relatively short duration and is more impacted by the short-end of the curve

### Actively Managing Rate Risk

- Maintaining moderate asset sensitive position of ~2 to 3%
  - Assumes 200 basis point increase in short-term rates over a 12-month period
- Utilize swaps for debt hedging and asset liability management
  - Fairly even pace of A/LM swap maturities

Swaps (\$ in B)	9/30/15 Notional Amt.	Wtd. Avg. Maturity (Yrs.)	Receive Rate	Pay Rate
A/L Management	\$ 10.7	2.6	1.0%	.2%
Debt	7.1	3.9	2.0	.2
	<b>\$ 17.8</b>		<b>1.4%</b>	<b>.2%</b>

#### Flexibility to Adjust Rate Sensitivity with Swaps



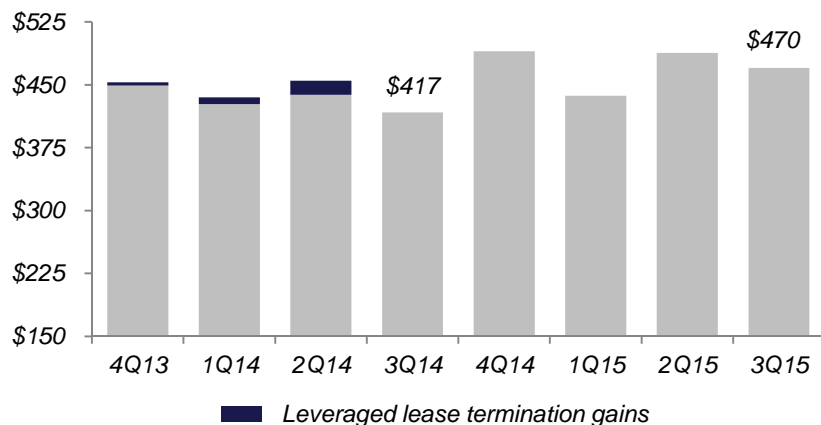
Flexibility to adjust rate sensitivity for changes in balance sheet growth/mix as well as interest rate outlook



# High Quality and Diverse Revenue

## Noninterest Income

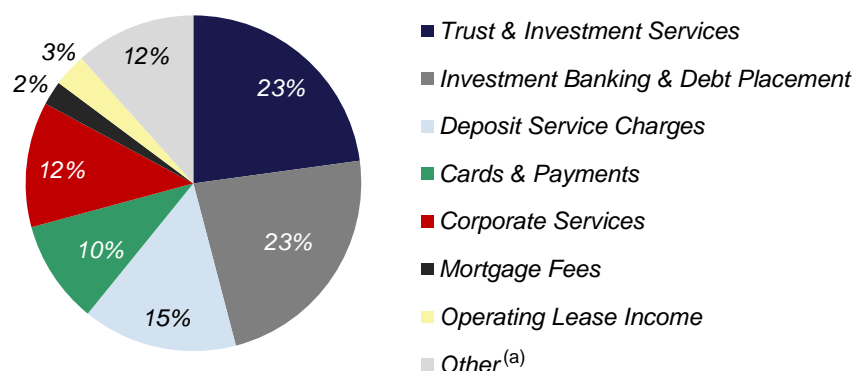
\$ in millions; continuing operations



## Highlights

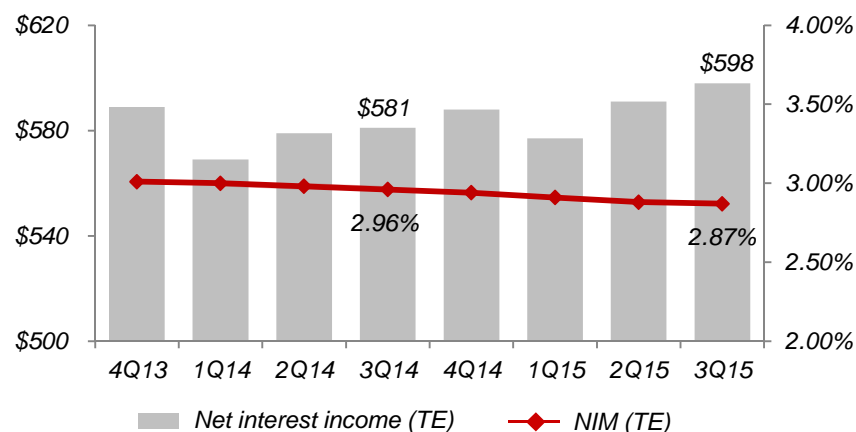
- Diverse noninterest income contributes over 40% of total revenue
- 3Q15 noninterest income up 13% from 3Q14 reflecting strength in core businesses:
  - Corporate services
  - Investment banking and debt placement fees
  - Cards and payments
- 3Q15 net interest income growth from 3Q14 reflects higher earning asset balances offset by lower earning asset yields

## 3Q15 Noninterest Income Diversity



## Net Interest Income & Net Interest Margin Trend (TE)

\$ in millions; continuing operations

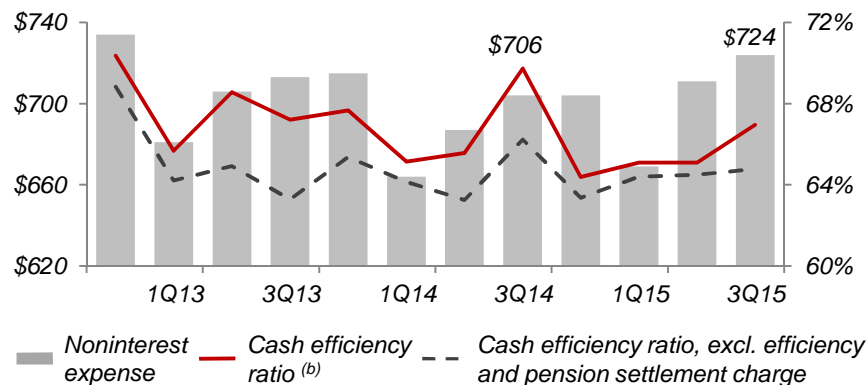


TE = Taxable equivalent  
 (a) Other includes corporate-owned life insurance, principal investing, etc.

# Noninterest Expense

## Noninterest Expense

\$ in millions	3Q15	vs. 2Q15	vs. 3Q14
Personnel <sup>(a)</sup>	\$ 426	\$ 18	\$ 21
Net occupancy	60	(6)	(6)
Computer processing	41	(1)	2
Business services, professional fees	40	(2)	4
Equipment	22	-	(3)
Operating lease expense	11	(1)	-
Marketing	17	2	2
FDIC assessment	8	-	(1)
Intangible asset amortization	9	-	(1)
OREO expense, net	2	1	1
Other expense	88	2	(1)
<b>Total noninterest expense</b>	<b>\$ 724</b>	<b>\$ 13</b>	<b>\$ 18</b>
<b>Total noninterest expense</b> (excl. pension settlement charge)	<b>\$ 705</b>	<b>\$ (6)</b>	<b>\$ 19</b>



(a) Includes a pension settlement charge of \$19 million in 3Q15 and \$20 million in 3Q14  
 (b) Non-GAAP measure: see slides 28-29 for reconciliation

## Highlights

### vs. Prior Quarter

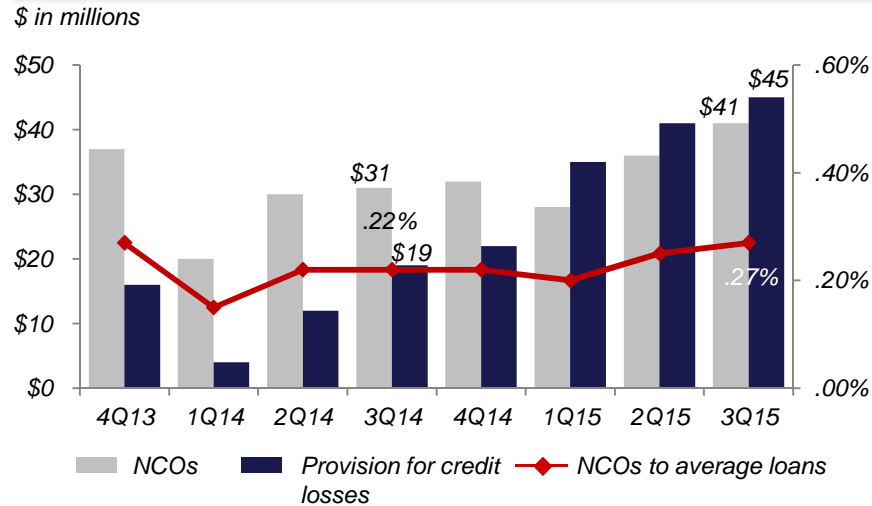
- Expense growth of 2% from 2Q15
  - Pension settlement charge of \$19 MM in 3Q15
  - Impact from increase in business days
  - Offset by:
    - Lower occupancy costs
    - Lower performance-based compensation related to capital markets business performance

### vs. Prior Year

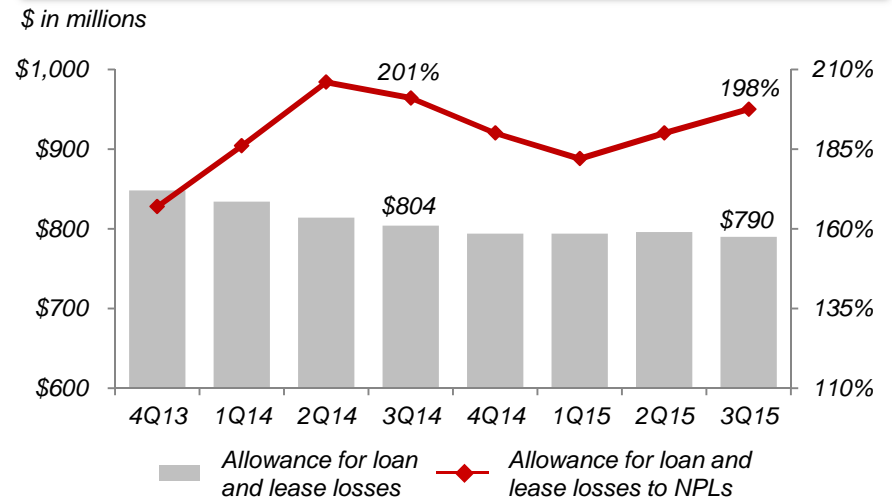
- 3Q15 noninterest expense up 3% from 3Q14
  - A full-quarter impact of the September 2014 acquisition of Pacific Crest Securities
  - Higher personnel costs related to:
    - Investments in senior bankers and client-facing roles in the Community Bank and Corporate Bank
    - Higher performance-based compensation related to strong capital markets business

# Credit Quality

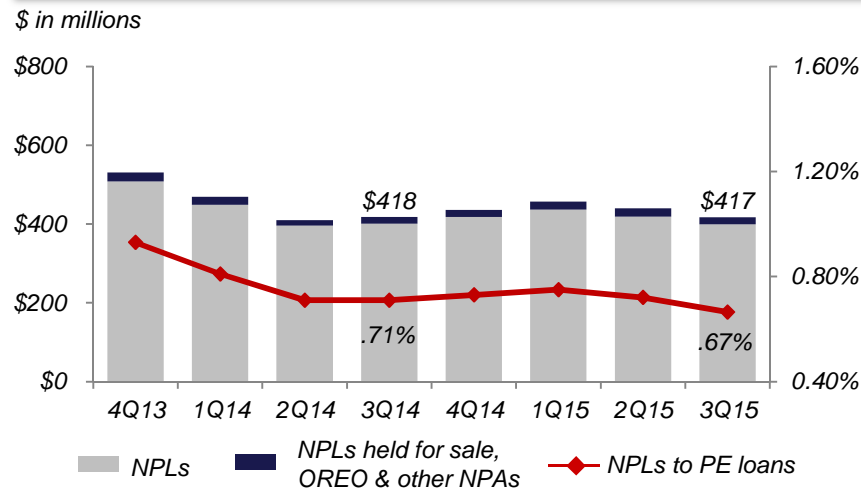
## Net Charge-offs & Provision for Credit Losses



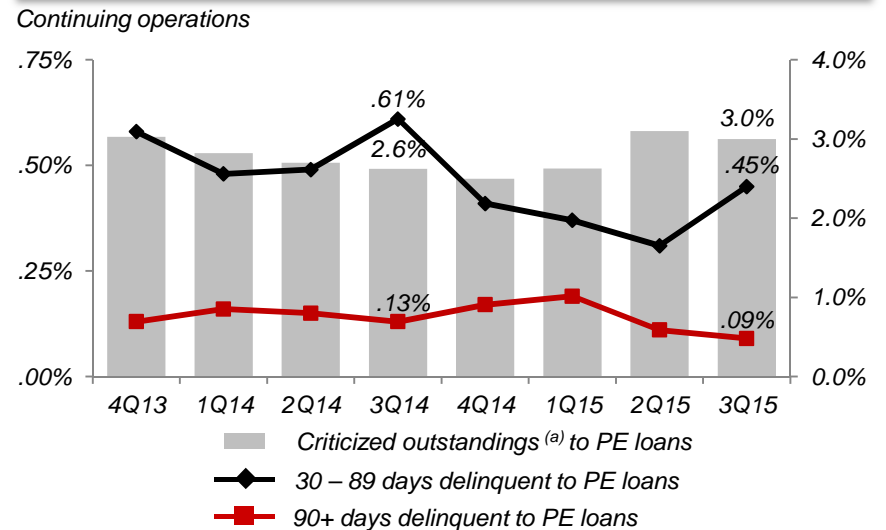
## Allowance for Loan and Lease Losses



## Nonperforming Assets



## Delinquencies and Criticized Outstandings<sup>(a)</sup>



PE = Period-end  
 (a) Loan and lease outstandings

# Credit Quality

## Credit Quality by Portfolio

\$ in millions	Period-end loans	Average loans	Net loan charge-offs	Net loan charge-offs <sup>(b)</sup> / average loans (%)	Nonperforming loans <sup>(c)</sup>	Ending allowance	Allowance / period-end loans (%)	Allowance / NPLs (%)
	9/30/15	3Q15	3Q15	3Q15	9/30/15	9/30/15	9/30/15	9/30/15
Commercial, financial and agricultural <sup>(a)</sup>	\$ 31,095	\$ 30,374	\$ 24	.31%	\$ 89	\$ 438	1.41%	492.13%
Commercial real estate:								
Commercial Mortgage	8,180	7,988	-	-	23	139	1.70	604.35
Construction	1,070	1,164	-	-	9	25	2.34	277.78
Commercial lease financing	3,929	3,946	-	-	21	45	1.15	214.29
Real estate – residential mortgage	2,267	2,258	1	.18	67	19	.84	28.36
Home equity	10,504	10,510	3	.11	181	58	.55	32.04
Credit cards	770	759	6	3.14	2	32	4.16	N/M
Consumer other – Key Community Bank	1,612	1,597	5	1.24	1	20	1.24	N/M
Consumer other – Exit Portfolio	658	685	2	1.16	7	14	2.13	200.00
<b>Continuing total <sup>(d)</sup></b>	<b>\$ 60,085</b>	<b>\$ 59,281</b>	<b>\$ 41</b>	<b>.27%</b>	<b>\$ 400</b>	<b>\$ 790</b>	<b>1.31</b>	<b>197.50%</b>
Discontinued operations	1,891	1,920	7	1.45	8	23	1.22	287.50
<b>Consolidated total</b>	<b>\$ 61,976</b>	<b>\$ 61,201</b>	<b>\$ 48</b>	<b>.31%</b>	<b>\$ 408</b>	<b>\$ 813</b>	<b>1.31</b>	<b>199.26%</b>

N/M = Not meaningful

(a) 9-30-15 ending loan balance includes \$88 million of commercial credit card balances; 9-30-15 average loan balance includes \$88 million of assets from commercial credit cards

(b) Net loan charge-off amounts are annualized in calculation

(c) 9-30-15 NPL amount excludes \$12 million of purchased credit impaired loans

(d) 9-30-15 ending loan balance includes purchased loans of \$119 million, of which \$12 million were purchased credit impaired





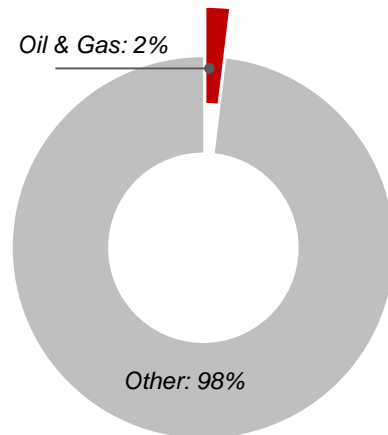
# Oil & Gas

## Longstanding history, expertise and relationships

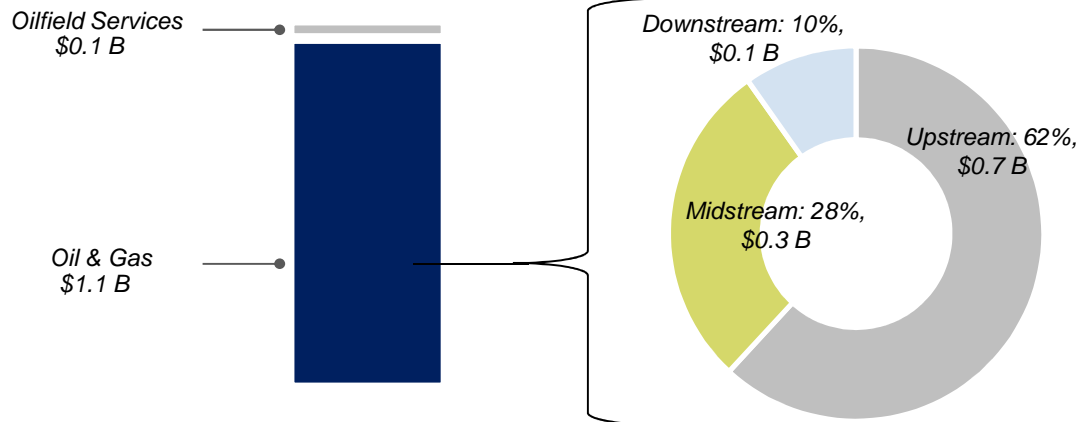
### Strong Portfolio Characteristics

- >10 years of experience in energy lending with >20 specialists dedicated to oil & gas
- Focused on middle market companies, aligned with our relationship strategy
- Portfolio regularly stress tested
- Primarily secured by proven reserves
- >40% of clients' 2015 production is hedged
- Relationships contribute to noninterest income; ~5% of FY14 investment banking and debt placement fees
- Net charge-offs lower than overall portfolio
- Allowance reflects estimated impact of current oil prices

Total Loans Outstanding, 9/30/15



Oil & Gas Outstanding Balances, 9/30/15



# Home Equity Portfolio

## Highlights

- High quality portfolio
- Community bank loans and lines: 98% of total portfolio; branch-originated
  - 60% first lien position
  - Average FICO score of 769
  - Average LTV at origination: 71%
- \$3.9 billion of the total portfolio are fixed rate loans that require principal and interest payments; \$6.3 billion are lines
- \$1.2 billion in lines outstanding (12% of the total portfolio) come to end of draw period in the next four years
  - Proactive communication and client outreach initiated near end of draw period

## Home Equity Portfolio – 9/30/15

\$ in millions, except average loan size

	Loan Balances	Average Loan Size (\$)	Average FICO	Average LTV <sup>(a)</sup>	% of Loans LTV>90%	Vintage (% of Loans)					
						2012 and later	2011	2010	2009	2008 and prior	
<b>Loans and lines</b>											
First lien	\$ 6,216	\$ 71,075	771	67 %	.6 %	57 %	4 %	2 %	3 %	34 %	
Second lien	4,066	46,473	767	76	3.4	39	4	3	3	51	
Community Bank	\$ 10,282	58,771	769	71	1.7	50	4	3	3	40	
Exit portfolio	222	19,131	728	80	29.0	-	-	-	-	100	
<b>Total home equity portfolio</b>	<b>\$ 10,504</b>										
<b>Nonaccrual loans and lines</b>											
First lien	\$ 102	\$ 63,852	715	72 %	3.6 %	13 %	3 %	3 %	4 %	77 %	
Second lien	72	47,851	710	78	3.3	6	2	2	4	86	
Community Bank	\$ 174	56,075	713	75	3.5	10	3	2	4	81	
Exit portfolio	7	22,584	704	78	23.1	-	-	-	-	100	
<b>Total home equity nonaccruals</b>	<b>\$ 181</b>										
<b>Third quarter net charge-offs (NCOs)</b>											
Community Bank	\$ 4					13 %	-	1 %	8 %	78 %	
% of average loans	.15 %										
Exit Portfolio	\$ (1)					-	-	-	-	-	
% of average loans	(1.73) %										



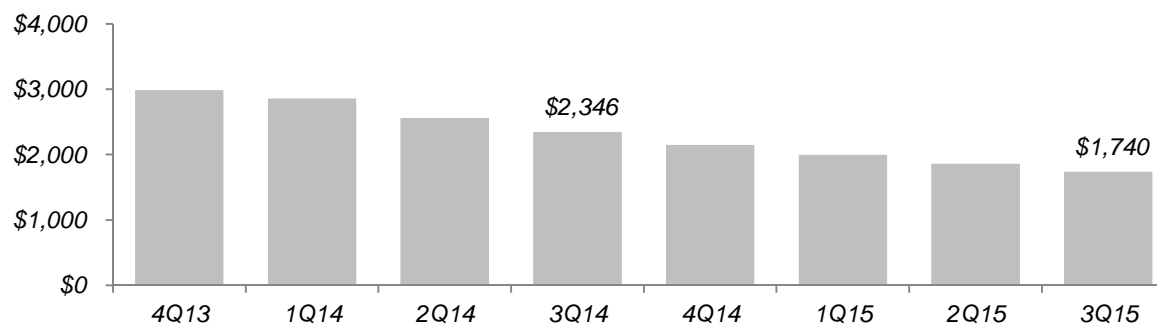
(a) Average LTVs are at origination; current average LTVs for Community Bank total home equity loans and lines is approximately 68%, unchanged from 68% at the end of the second quarter of 2015

# Exit Loan Portfolio

## Exit Loan Portfolio

\$ in millions	Balance Outstanding		Change	Net Loan Charge-offs		Balance on Nonperforming Status	
	9-30-15	6-30-15	9-30-15 vs. 6-30-15	3Q15 (c)	2Q15	9-30-15	6-30-15
Residential properties – homebuilder	\$ 6	\$ 6	-	-	-	\$ 5	\$ 8
Marine and RV floor plan	1	2	\$ (1)	-	-	-	1
Commercial lease financing (a)	798	831	(33)	\$ (1)	-	-	-
Total commercial loans	805	839	(34)	(1)	-	5	9
Home equity – Other	222	236	(14)	(1)	\$ 1	7	8
Marine	620	673	(53)	3	3	6	8
RV and other consumer	44	47	(3)	(1)	-	1	1
Total consumer loans	886	956	(70)	1	4	14	17
<b>Total exit loans in loan portfolio</b>	<b>\$ 1,691</b>	<b>\$ 1,795</b>	<b>\$ (104)</b>	<b>-</b>	<b>\$ 4</b>	<b>\$ 19</b>	<b>\$ 26</b>
Discontinued operations – education lending business (not included in exit loans above) (b)	\$ 1,891	\$ 1,962	\$ (71)	\$ 7	\$ 2	\$ 8	\$ 6

\$ in millions; average balances



(a) Includes (1) the business aviation, commercial vehicle, office products, construction and industrial leases; (2) Canadian lease financing portfolios; (3) European lease financing portfolios; and (4) all remaining balances related to lease in, lease out; sale in, lease out; service contract leases; and qualified technological equipment leases.

(b) Excludes loans held for sale of \$169 million at September 30, 2015, and \$179 million at June 30, 2015.

(c) Credit amounts indicate recoveries exceeded charge-offs



# GAAP to Non-GAAP Reconciliation

\$ in millions

	Three months ended				
	9-30-15	6-30-15	3-31-15	12-31-14	9-30-14
<b>Tangible common equity to tangible assets at period end</b>					
Key shareholders' equity (GAAP)	\$ 10,705	\$ 10,590	\$ 10,603	\$ 10,530	\$ 10,486
Less: Intangible assets <sup>(a)</sup>	1,084	1,085	1,088	1,090	1,105
Preferred Stock, Series A <sup>(b)</sup>	281	281	281	282	282
Tangible common equity (non-GAAP)	<u>\$ 9,340</u>	<u>\$ 9,224</u>	<u>\$ 9,234</u>	<u>\$ 9,158</u>	<u>\$ 9,099</u>
Total assets (GAAP)	\$ 95,422	\$ 94,606	\$ 94,206	\$ 93,821	\$ 89,784
Less: Intangible assets <sup>(a)</sup>	1,084	1,085	1,088	1,090	1,105
Tangible assets (non-GAAP)	<u>\$ 94,338</u>	<u>\$ 93,521</u>	<u>\$ 93,118</u>	<u>\$ 92,731</u>	<u>\$ 88,679</u>
Tangible common equity to tangible assets ratio (non-GAAP)	9.90 %	9.86 %	9.92 %	9.88 %	10.26 %
<b>Common Equity Tier 1 at period end</b>					
Key shareholders' equity (GAAP)	\$ 10,705	\$ 10,590	\$ 10,603	-	-
Less: Preferred Stock, Series A <sup>(b)</sup>	281	281	281	-	-
Common Equity Tier 1 capital before adjustments and deductions	10,424	10,309	10,322	-	-
Less: Goodwill, net of deferred taxes	1,036	1,034	1,036	-	-
Intangible assets, net of deferred taxes	29	33	36	-	-
Deferred tax assets	1	1	1	-	-
Net unrealized gains (losses) on available-for-sale securities, net of deferred taxes	54	-	52	-	-
Accumulated gains (losses) on cash flow hedges, net of deferred taxes	21	(20)	(8)	-	-
Amounts in accumulated other comprehensive income (loss) attributed to pension and postretirement benefit costs, net of deferred taxes	(385)	(361)	(364)	-	-
Total Common Equity Tier 1 capital <sup>(c)</sup>	<u>\$ 9,668</u>	<u>\$ 9,622</u>	<u>\$ 9,569</u>	<u>-</u>	<u>-</u>
Net risk-weighted assets (regulatory) <sup>(c)</sup>	\$ 92,307	\$ 89,851	\$ 89,967	-	-
Common Equity Tier 1 ratio (non-GAAP) <sup>(c)</sup>	10.47 %	10.71 %	10.64 %	-	-
<b>Tier 1 common equity at period end</b>					
Key shareholders' equity (GAAP)	-	-	-	\$ 10,530	\$ 10,486
Qualifying capital securities	-	-	-	339	340
Less: Goodwill	-	-	-	1,057	1,051
Accumulated other comprehensive income (loss) <sup>(d)</sup>	-	-	-	(395)	(366)
Other assets <sup>(e)</sup>	-	-	-	83	110
Total Tier 1 capital (regulatory)	-	-	-	10,124	10,031
Less: Qualifying capital securities	-	-	-	339	340
Preferred Stock, Series A <sup>(b)</sup>	-	-	-	282	282
Total Tier 1 common equity (non-GAAP)	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 9,503</u>	<u>\$ 9,409</u>
Net risk-weighted assets (regulatory)	-	-	-	\$ 85,100	\$ 83,547
Tier 1 common equity ratio (non-GAAP)	-	-	-	11.17 %	11.26 %

(a) Three months ended 9/30/15, 6/30/15, 3/31/15, 12/31/14, and 9/30/14, exclude \$50 million, \$55 million, \$61 million, \$68 million, and \$72 million, respectively, of period-end purchased credit card receivables

(b) Net of capital surplus

(c) Includes net unrealized gains or losses on securities available for sale (except for net unrealized losses on marketable equity securities), net gains or losses on cash flow hedges, and amounts resulting from the application of the applicable accounting guidance for defined benefit and other postretirement plans

(d) Other assets deducted from Tier 1 capital and net risk-weighted assets consist of disallowed intangible assets (excluding goodwill) and deductible portions of nonfinancial equity investments. There were no disallowed deferred tax assets at December 31, 2014, and September 30, 2014.



# GAAP to Non-GAAP Reconciliation (continued)

\$ in millions

	Three months ended				
	9-30-15	6-30-15	3-31-15	12-31-14	9-30-14
<b>Pre-provision net revenue</b>					
Net interest income (GAAP)	\$ 591	\$ 584	\$ 571	\$ 582	\$ 575
Plus: Taxable-equivalent adjustment	7	7	6	6	6
Noninterest income (GAAP)	470	488	437	490	417
Less: Noninterest expense (GAAP)					
	<u>724</u>	<u>711</u>	<u>669</u>	<u>704</u>	<u>706</u>
Pre-provision net revenue from continuing operations (non-GAAP)	<u>\$ 344</u>	<u>\$ 368</u>	<u>\$ 345</u>	<u>\$ 374</u>	<u>\$ 292</u>
<b>Average tangible common equity</b>					
Average Key shareholders' equity (GAAP)	\$ 10,614	\$ 10,590	\$ 10,570	\$ 10,562	\$ 10,473
Less: Intangible assets (average) <sup>(a)</sup>	1,083	1,086	1,089	1,096	1,037
Preferred Stock, Series A (average)	290	290	290	291	291
Average tangible common equity (non-GAAP)	<u>\$ 9,241</u>	<u>\$ 9,214</u>	<u>\$ 9,191</u>	<u>\$ 9,175</u>	<u>\$ 9,145</u>
<b>Return on average tangible common equity from continuing operations</b>					
Net income (loss) from continuing operations attributable to Key common shareholders (GAAP)	\$ 216	\$ 230	\$ 222	\$ 246	\$ 197
Average tangible common equity (non-GAAP)	9,241	9,214	9,191	9,175	9,145
Return on average tangible common equity from continuing operations (non-GAAP)	9.27 %	10.01 %	9.80 %	10.64 %	8.55 %
<b>Return on average tangible common equity consolidated</b>					
Net income (loss) attributable to Key common shareholders (GAAP)	\$ 213	\$ 233	\$ 227	\$ 248	\$ 180
Average tangible common equity (non-GAAP)	9,241	9,214	9,191	9,175	9,145
Return on average tangible common equity consolidated (non-GAAP)	9.14 %	10.14 %	10.02 %	10.72 %	7.81 %
<b>Cash efficiency ratio</b>					
Noninterest expense (GAAP)	\$ 724	\$ 711	\$ 669	\$ 704	\$ 706
Less: Intangible asset amortization (GAAP)	9	9	9	10	10
Adjusted noninterest expense (non-GAAP)	<u>\$ 715</u>	<u>\$ 702</u>	<u>\$ 660</u>	<u>\$ 694</u>	<u>\$ 696</u>
Net interest income (GAAP)	\$ 591	\$ 584	\$ 571	\$ 582	\$ 575
Plus: Taxable-equivalent adjustment	7	7	6	6	6
Noninterest income (GAAP)	470	488	437	490	417
Total taxable-equivalent revenue (non-GAAP)	<u>\$ 1,068</u>	<u>\$ 1,079</u>	<u>\$ 1,014</u>	<u>\$ 1,078</u>	<u>\$ 998</u>
Cash efficiency ratio (non-GAAP)	66.9 %	65.1 %	65.1 %	64.4 %	69.7 %



(a) Three months ended 9/30/15, 6/30/15, 3/31/15, 12/31/14, and 9/30/14 exclude \$52 million, \$58 million, \$64 million, \$69 million, and \$76 million, respectively, of average purchased credit card receivable intangible assets

# Common Equity Tier 1 Under the Regulatory Capital Rules (RCR) (estimated) <sup>(a)</sup>

KeyCorp & Subsidiaries

<i>\$ in billions</i>	Quarter ended September 30, 2015	
Common Equity Tier 1 under current RCR	\$	9.7
Adjustments from current RCR to the fully phased-in RCR:		
Deferred tax assets and other intangible assets <sup>(b)</sup>		-
Common Equity Tier 1 anticipated under the fully phased-in RCR <sup>(c)</sup>	\$	9.6
Net risk-weighted assets under current RCR	\$	92.3
Adjustments from current RCR to the fully phased-in RCR:		
Mortgage servicing assets <sup>(d)</sup>		.5
All other assets <sup>(e)</sup>		-
Total risk-weighted assets anticipated under the fully phased-in RCR <sup>(c)</sup>	\$	92.8
<b>Common Equity Tier 1 under the fully phased-in RCR</b>		<b>10.4 %</b>

Table may not foot due to rounding

- (a) Common Equity Tier 1 capital is a non-generally accepted accounting principle (GAAP) financial measure that is used by investors, analysts and bank regulatory agencies to assess the capital position of financial services companies. Management reviews Common Equity Tier 1 along with other measures of capital as part of its financial analyses
- (b) Includes the deferred tax asset subject to future taxable income for realization, primarily tax credit carryforwards, as well as intangible assets (other than goodwill and mortgage servicing assets) subject to the transition provisions of the final rule.
- (c) The anticipated amount of regulatory capital and risk-weighted assets is based upon the federal banking agencies' Regulatory Capital Rules (as fully phased-in on January 1, 2019); Key is subject to the Regulatory Capital Rules under the "standardized approach"
- (d) Item is included in the 10%/15% exceptions bucket calculation and is risk-weighted at 250%
- (e) Under the fully implemented rule, certain deferred tax assets and intangible assets subject to the transition provision are no longer required to be risk-weighted because they are deducted directly from capital.



# IMPORTANT ADDITIONAL INFORMATION AND WHERE TO FIND IT

In connection with the proposed merger, KeyCorp will file with the SEC a Registration Statement on Form S-4 that will include the Joint Proxy Statement of KeyCorp and First Niagara and a Prospectus of KeyCorp, as well as other relevant documents concerning the proposed transaction. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. INVESTORS AND SHAREHOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT AND THE JOINT PROXY STATEMENT/PROSPECTUS REGARDING THE MERGER WHEN IT BECOMES AVAILABLE AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.

A free copy of the Joint Proxy Statement/Prospectus, as well as other filings containing information about KeyCorp and First Niagara, may be obtained at the SEC's Internet site (<http://www.sec.gov>). You will also be able to obtain these documents, free of charge, from KeyCorp at [investor.key.com](http://investor.key.com) or from First Niagara by accessing First Niagara's website at [www.firstniagara.com](http://www.firstniagara.com). Copies of the Joint Proxy Statement/Prospectus can also be obtained, free of charge, by directing a request to KeyCorp Investor Relations at Investor Relations, KeyCorp, 127 Public Square, Mailcode OH-01-27-0737, Cleveland, Ohio 44114-1306, by calling (216) 689-3000, or by sending an e-mail to [investor\\_relations@keybank.com](mailto:investor_relations@keybank.com) or to First Niagara Investor Relations at 726 Exchange Street, Suite 618, Buffalo, New York 14210, by calling (716) 819-5669 or by sending an e-mail to [investor@fnfg.com](mailto:investor@fnfg.com). In addition, KeyCorp and First Niagara use their respective Investor Relations websites and social media outlets as channels of distribution of material company information. Such information is accessible on KeyCorp's and First Niagara's Investor Relations websites, as well as on their respective Facebook pages and through their Twitter accounts and LinkedIn accounts.

KeyCorp and First Niagara and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the respective shareholders of KeyCorp and First Niagara in respect of the transaction described in the Joint Proxy Statement/Prospectus. Information regarding KeyCorp's directors and executive officers is contained in KeyCorp's Proxy Statement on Schedule 14A, dated April 7, 2015, which is filed with the SEC. Information regarding First Niagara's directors and executive officers is contained in First Niagara's Proxy Statement on Schedule 14A, dated March 23, 2015, which is filed with the SEC. Additional information regarding the interests of those participants and other persons who may be deemed participants in the transaction may be obtained by reading the Joint Proxy Statement/Prospectus regarding the proposed merger when it becomes available. Free copies of this document may be obtained as described in the preceding paragraph.

