

KeyCorp

First Quarter 2016 Earnings Review

April 21, 2016

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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 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," "pre-provision net revenue," "cash efficiency ratio," and certain financial measures excluding merger-related expenses. Management believes these measures 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 43 of our Form 10-K dated December 31, 2015.



Investor Highlights – 1Q16

Positive Operating Leverage

- Generated positive operating leverage and grew pre-provision net revenue 6% ^(a) from 1Q15, excluding merger-related expense of \$24 MM ^(b)
- Revenue up 3% from 1Q15, driven by 6% growth in net interest income
- Total average loans up 5% from prior year; CF&A loans up 12%
- Positive trends in several fee-based businesses reflecting ongoing investments
 - Market sensitive businesses impacted by slowdown in market activity
- Cash efficiency ratio of 64% ^(a) excluding merger-related expense, ^(b) down from prior year and prior quarter

Strong Risk Management

- Maintained credit discipline
- Credit quality measures impacted by migration in the oil and gas portfolio, reflecting market conditions
- NCOs represented 31 bps of average loans, below targeted range

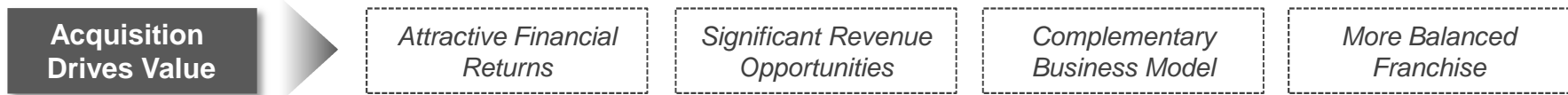
Disciplined Capital Management

- Maintained strong capital position
- Common Equity Tier 1 ratio of 11.1% at 3/31/16 ^{(a), (c)}
- Planned common share dividend increase of 13% in 2Q16 (subject to Board approval)



- (a) Non-GAAP measure: see Appendix for reconciliations
- (b) Merger-related expense detail provided in Appendix, on slide 17
- (c) 3-31-16 ratio is estimated

First Niagara: Significant Progress Being Made



1Q16 Updates

- Executing against comprehensive pre-merger integration plan
- Shareholder approval at both KEY and FNFG
 - Over 90% of the votes cast at each company's special meeting were in favor of the merger
- Focused on continued assessment, detailed planning and the regulatory approval process
 - Target environment design
 - Talent assessment and selection
 - Change management planning and execution
- Community Benefits Plan announced
- Expected 3Q16 close

Continued confidence in value attainment, financial targets and cultural compatibility



Value attainment and financial metrics based upon full realization of cost savings (FY 2018); no revenue synergies assumed



Financial Review



Financial Highlights

	Metrics	1Q16	4Q15	3Q15	2Q15	1Q15
Financial Performance ^(a)	EPS – assuming dilution	\$.22	\$.27	\$.26	\$.27	\$.26
	EPS –excl. merger-related expense ^{(e), (f)}	.24	.27			
	Cash efficiency ratio ^(e)	66.6 %	66.4 %	66.9 %	65.1 %	65.1 %
	Cash efficiency –excl. merger-related expense ^{(e), (f)}	64.3	65.8			
	Return on average total assets	.80	.97	.95	1.03	1.03
	ROAA –excl. merger-related expense ^{(e), (f)}	.86	.99			
Balance Sheet Growth ^{(a), (b)}	Total loans and leases	5 %	5 %	6 %	4 %	5 %
	CF&A loans	12	14	15	10	12
	Deposits (excl. foreign deposits)	4	3	3	6	5
Capital ^(c)	Common Equity Tier 1 ^{(d), (e)}	11.1 %	11.0 %	10.5 %	10.7 %	10.6 %
	Tier 1 risk-based capital ^(d)	11.4	11.4	10.9	11.1	11.0
	Tangible common equity to tangible assets ^(e)	10.0	10.0	9.9	9.9	9.9
Asset Quality ^(a)	NCOs to average loans	.31 %	.25 %	.27 %	.25 %	.20 %
	NPLs to EOP portfolio loans	1.12	.65	.67	.72	.75
	Allowance for loan losses to EOP loans	1.37	1.33	1.31	1.37	1.37

TE = Taxable equivalent; EOP = End of Period

(a) From continuing operations

(b) Year-over-year average balance growth

(c) From consolidated operations

(d) 3-31-16 ratios are estimated

(e) Non-GAAP measure: see Appendix for reconciliation

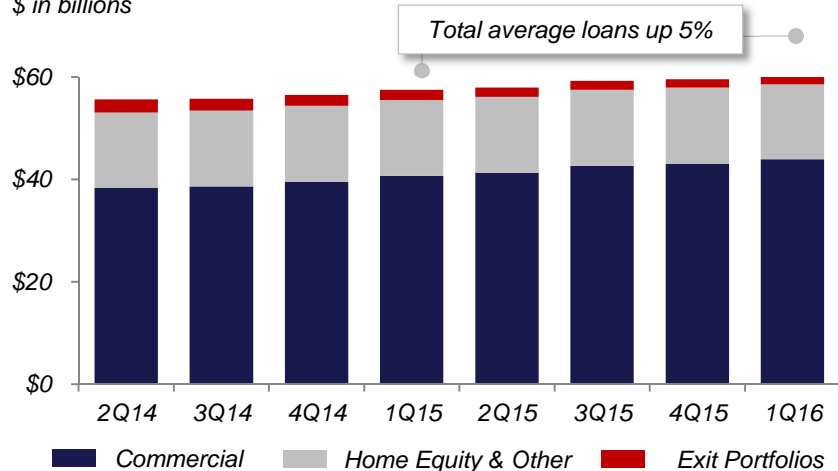
(f) Merger-related expense detail available in Appendix, on slide 17



Loans

Total Average Loans

\$ in billions



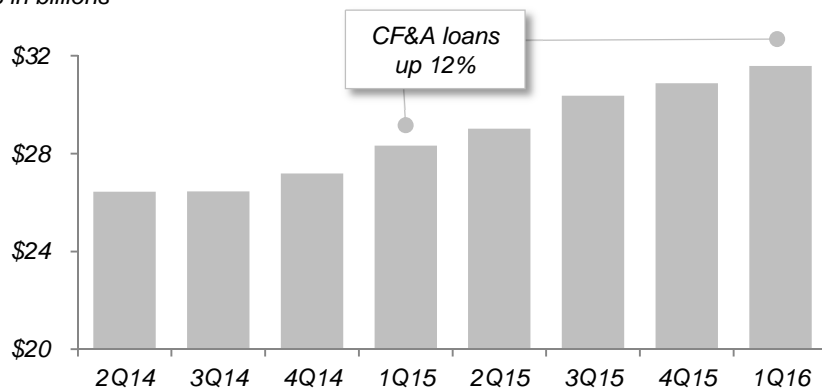
Highlights

Average Loans

- Average total loans up 5% in 1Q16 from 1Q15, driven by CF&A loans up 12%
 - Broad-based growth across Key's commercial lines of business
 - Consumer loan decline related to paydowns in the home equity portfolio and continued run-off in consumer exit portfolios
- Average balance growth in both Community Bank and Corporate Bank, compared to 1Q15

Average Commercial, Financial & Agricultural Loans

\$ in billions



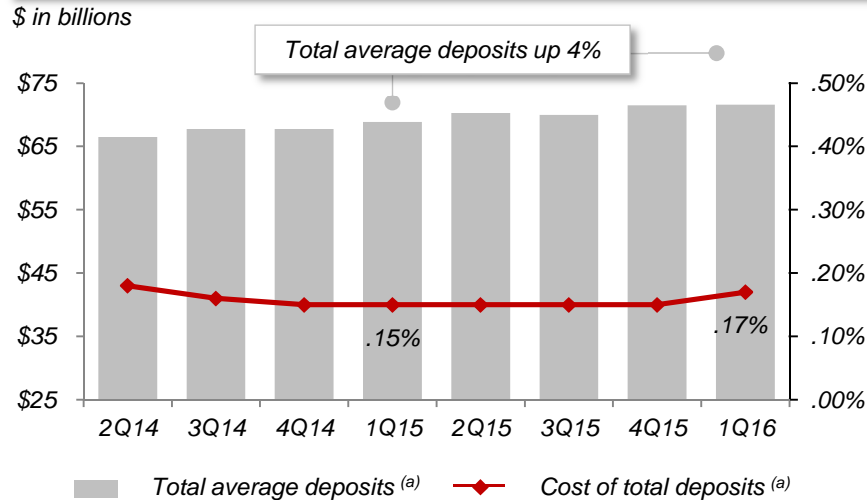
Period-End Loans

- Period-end total loans up 4% in 1Q16 from 1Q15, driven by CF&A loans up 11%
- Utilization remains relatively stable

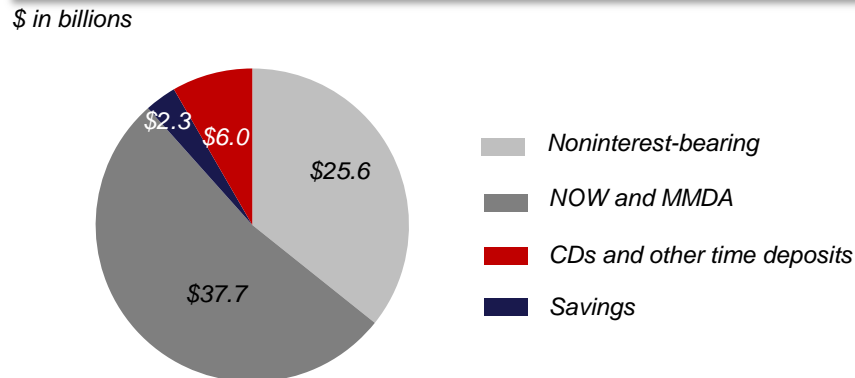


Deposits

Average Deposits (a)



1Q16 Average Deposit Mix



Highlights

- Deposit cost remains relatively stable, up 2 bps from both 4Q15 and 1Q15

vs. Prior Year

- Deposit growth of 4% from 1Q15 related to:
 - Growth in commercial mortgage servicing
 - Inflows from both commercial and consumer clients
 - Growth in certificates of deposit and other time deposits

vs. Prior Quarter

- Deposit balances relatively stable from 4Q15, reflecting:
 - Growth in certificates of deposit and other time deposits
 - A decline in seasonal and short-term deposit inflows from commercial clients

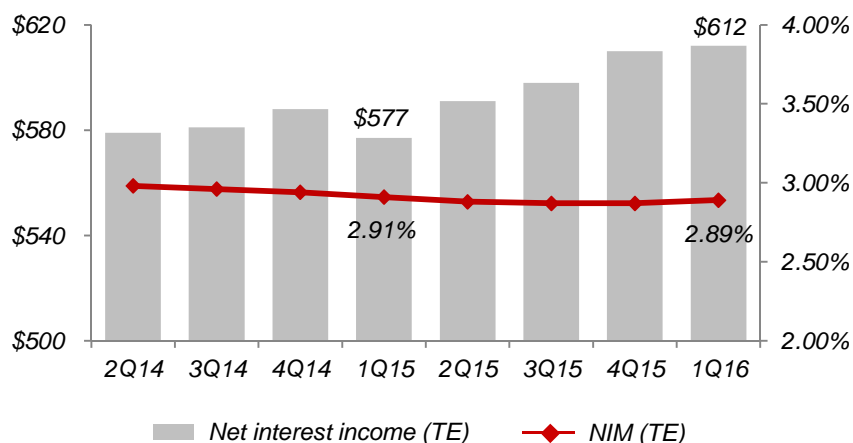


(a) Excludes deposits in foreign office

Net Interest Income and Margin

Net Interest Income & Net Interest Margin Trend (TE)

\$ in millions; continuing operations



NIM Change (bps):	vs. 4Q15
Higher earning asset yields	0.06
Loan fees	(0.01)
Other	(0.03)
Total change	0.02

Highlights

vs. Prior Year

- Net interest income up \$35 MM, or 6%, from 1Q15, reflecting higher earning asset balances and yields

vs. Prior Quarter

- Net interest income up \$2 MM from 4Q15, primarily due to higher earning asset balances and yields
- Maintained moderate asset sensitivity
 - Naturally asset sensitive balance sheet flows: 71% of loans variable rate
 - High quality investment portfolio with average life of 3.7 years
 - Flexibility to quickly adjust interest rate risk position

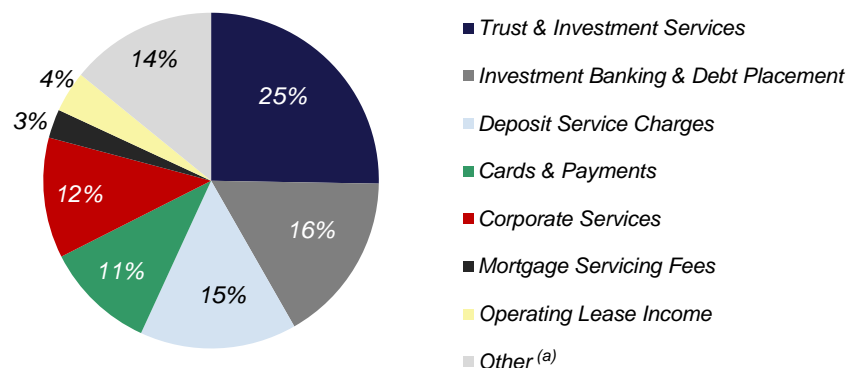


TE = Taxable equivalent

Noninterest Income

Noninterest Income

<i>\$ in millions</i>	<i>Up / (Down)</i>	1Q16	vs. 4Q15	vs. 1Q15
Trust and investment services income		\$ 109	\$ 4	\$ -
Investment banking and debt placement fees		71	(56)	3
Service charges on deposit accounts		65	1	4
Operating lease income and other leasing gains		17	2	(2)
Corporate services income		50	(5)	7
Cards and payments income		46	(1)	4
Corporate-owned life insurance		28	(8)	(3)
Consumer mortgage income		2	-	(1)
Mortgage servicing fees		12	(3)	(1)
Net gains (losses) from principal investing		-	-	(29)
Other income		31	12	12
Total noninterest income		\$ 431	\$ (54)	\$ (6)



(a) Other includes corporate-owned life insurance, principal investing, etc.

Highlights

vs. Prior Year

- **Noninterest income down 1% from 1Q15**
 - **Principal investing down \$29 MM**
 - **Continued momentum in core fee-based businesses:**
 - **Corporate services income +\$7 MM**
 - **Service charges on deposits +\$4 MM**
 - **Cards and payments income +\$4 MM**
 - **\$12 MM increase in other income related to gains on certain real estate investments**

vs. Prior Quarter

- **Noninterest income down 11% from 4Q15**
 - **Investment banking and debt placement fees down \$56 MM, reflecting weaker capital markets activity**
 - **Corporate-owned life insurance income down \$8 MM (seasonally high in the fourth quarter)**
 - **\$12 MM increase in other income related to gains on certain real estate investments**

Noninterest Expense

Noninterest Expense

<i>\$ in millions</i> Up / (Down)	1Q16	vs. 4Q15	vs. 1Q15
Personnel	\$ 404	\$ (25)	\$ 15
Net occupancy	61	(3)	(4)
Computer processing	43	-	5
Business services, professional fees	41	(3)	8
Equipment	21	(1)	(1)
Operating lease expense	13	-	2
Marketing	12	(5)	4
FDIC assessment	9	1	1
Intangible asset amortization	8	(1)	(1)
OREO expense, net	1	-	(1)
Other expense	90	4	6
Total noninterest expense	\$ 703	\$ (33)	\$ 34

Merger-related expense ^(a)	24	18	24
Total noninterest expense, excluding merger-related expense ^(b)	\$ 679	\$ (51)	\$ 10

Highlights

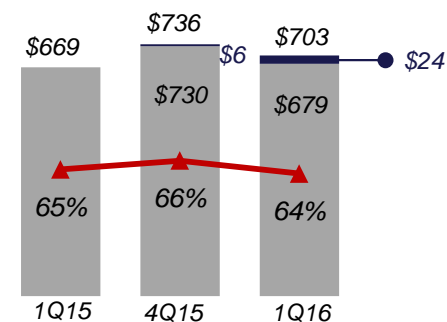
vs. Prior Year

- 1Q16 noninterest expense up 5% from 1Q15
 - Increase primarily driven by merger-related expense
 - Excl. merger-related expense, slight increases across various other line items

vs. Prior Quarter

- Expenses down 4% from 4Q15
 - Lower personnel expense, including performance-based compensation
 - Marketing and professional fees lower
 - Higher merger-related expense partially offset declines

\$ in millions



■ Merger-related expense ^(a) ■ Noninterest expense, excl. merger-related expense ^(b)

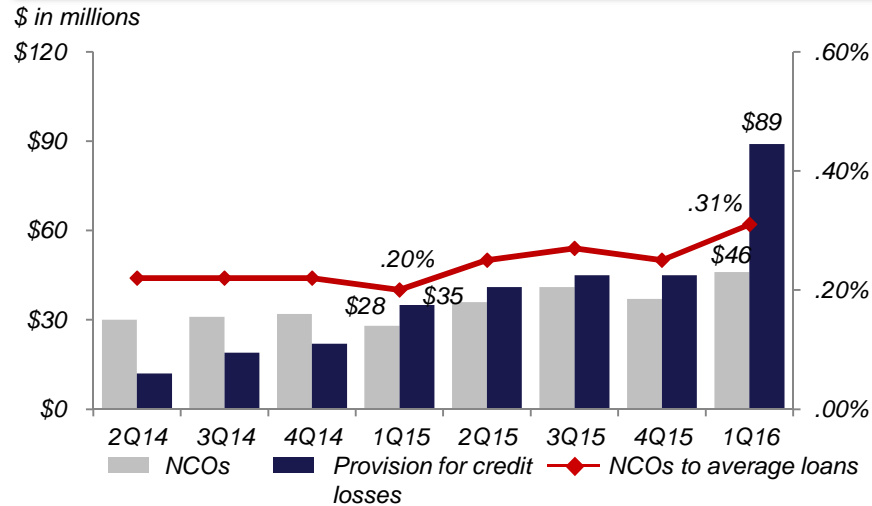
— Cash efficiency ratio, excluding merger-related expense ^(b)



(a) Merger-related expense detail provided in Appendix, on slide 17
 (b) Non-GAAP measure: see Appendix for reconciliation

Credit Quality

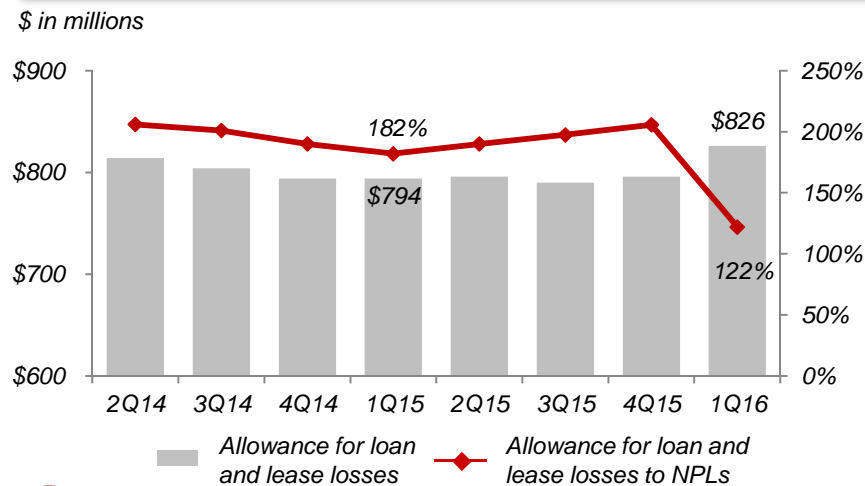
Net Charge-offs & Provision for Credit Losses



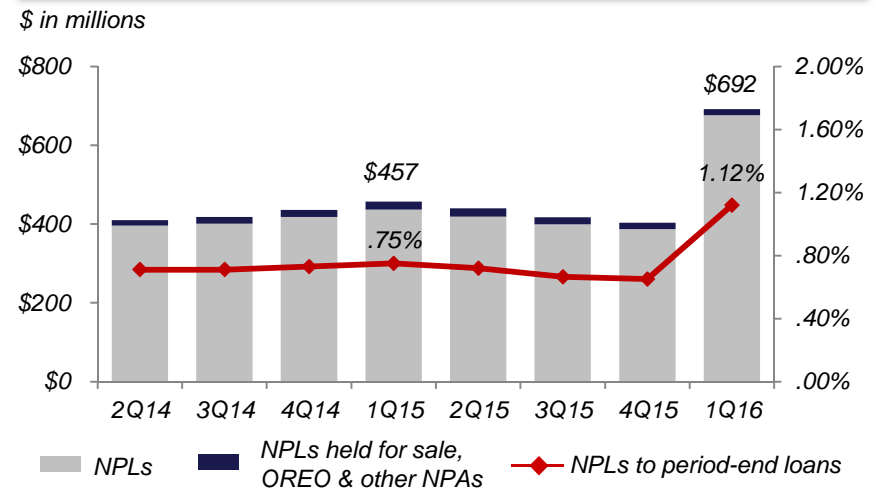
Highlights

- Credit quality measures impacted by migration in the oil and gas portfolio, reflecting market conditions
- Net loan charge-offs remain below targeted range, at 31 basis points of average loans
- Nonperforming loans increased \$289 MM from 4Q15, with 90% of the increase related to oil & gas
- Allowance for loan and lease losses represented 1.37% of period-end loans; 122% coverage of nonperforming loans

Allowance for Loan and Lease Losses

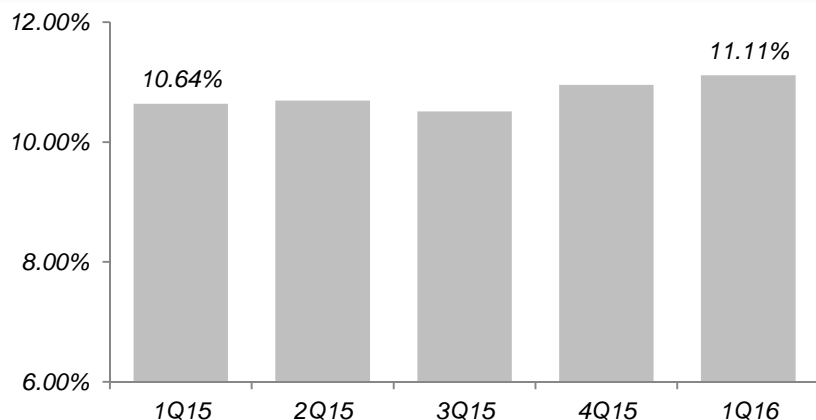


Nonperforming Assets



Capital

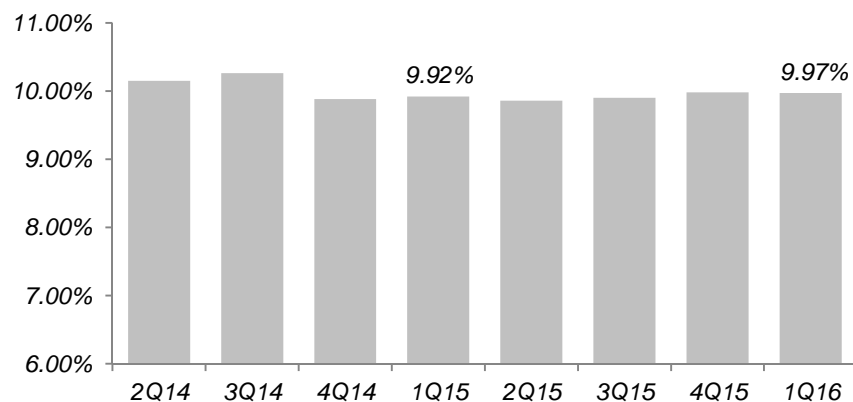
Common Equity Tier 1 (a), (b)



Highlights

- Maintained strong capital position
- Common Equity Tier 1 ratio of 11.11% at 3/31/16
- Planned common share dividend increase of 13% in 2Q16 (subject to Board approval)
- Common share repurchases and an increased dividend included in 2016 CCAR submission

Tangible Common Equity to Tangible Assets (a)



(a) Non-GAAP measure: see Appendix for reconciliation
 (b) 3-31-16 ratio is estimated

Outlook and Expectations

	FY 2016: Key Stand-alone
Average Loans	<ul style="list-style-type: none"> • Mid-single digit growth vs. FY 2015
Net Interest Income	<ul style="list-style-type: none"> • Up low to mid-single digit percentage without the benefit from higher interest rates • Mid-single digit growth with the benefit of higher interest rates
Noninterest Income	<ul style="list-style-type: none"> • Low to mid-single digit growth compared to 2015
Expense	<ul style="list-style-type: none"> • Relatively stable with 2015
Efficiency / Productivity	<ul style="list-style-type: none"> • Positive operating leverage
Asset Quality	<ul style="list-style-type: none"> • Net charge-offs to average loans below targeted range of 40 – 60 bps • Allowance, as a percentage of period-end loans, to remain relatively stable with 1Q16 level
Capital	<ul style="list-style-type: none"> • Dividend expected to increase to \$.085 per common share in 2Q16 (subject to Board approval) • 2016 CCAR submission included common share repurchases and an increased dividend

Guidance ranges: relatively stable: +/- 2%; low single-digit: <5%; mid-single digit: 4% - 6%

Note: Guidance provided does not include merger-related expense



Appendix



Progress on Targets for Success: Key Stand-alone

	Metrics ^(a)	Targets	1Q16	4Q15
Balance Sheet Efficiency	Loan to deposit ratio ^(b)	90% - 100%	86%	88%
Moderate Risk Profile	NCOs to average loans	40 - 60 bps	.31%	.25%
	Provision for credit losses to average loans		.60%	.30%
High Quality, Diverse Revenue Streams	Net interest margin	3.00% - 3.25%	2.89%	2.87%
	Noninterest income to total revenue	>40%	41%	44%
Positive Operating Leverage	Cash efficiency ratio ^{(c), (d)}	<60%	64.3%	65.8%
Financial Returns	Return on average assets ^{(c), (d)}	1.00% - 1.25%	.86%	.99%

(a) Continuing operations, unless otherwise noted

(b) Represents period-end consolidated total loans and loans held for sale divided by period-end consolidated total deposits (excluding deposits in foreign office)

(c) Non-GAAP measure: see slides 25-26 for reconciliation

(d) Excludes \$24 million and \$6 million in merger-related expense for 1Q16 and 4Q15, respectively; detail provided in Appendix, on slide 17



FNFG Merger-related Expense

Expenses related to the acquisition and integration of First Niagara Financial Group

<i>\$ in millions</i> <i>Increase / (Decrease)</i>	1Q16	4Q15
Personnel expense ^(a)	\$ 16	-
Business services and professional fees	\$ 7	\$ 5
Marketing	1	-
Other	-	1
Total nonpersonnel expense	\$ 8	\$ 6
Total noninterest expense	\$ 24	\$ 6
EPS impact	\$ (.02)	-

- Total merger-related expense expected to be approximately \$550 MM
- Majority of expense anticipated to occur in 2016 and the first half of 2017

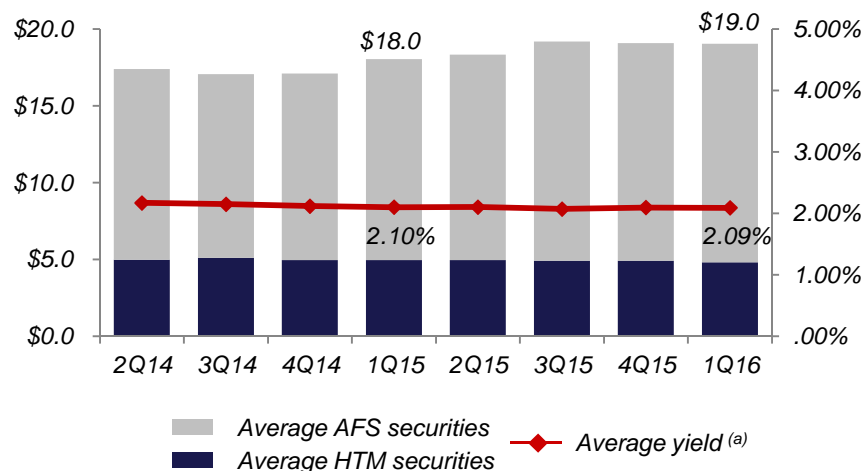


(a) Personnel expense includes technology development related to systems conversions, as well as fully-dedicated personnel for merger and integration efforts

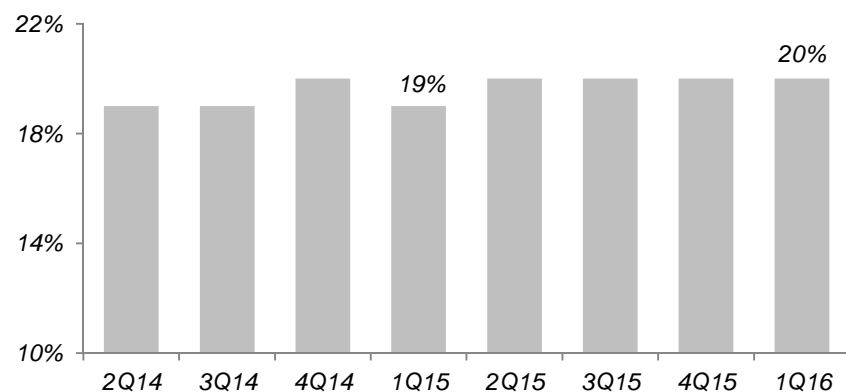
Investment Portfolio

Average Total Investment Securities

\$ in billions



Securities to Total Assets (b)



Highlights

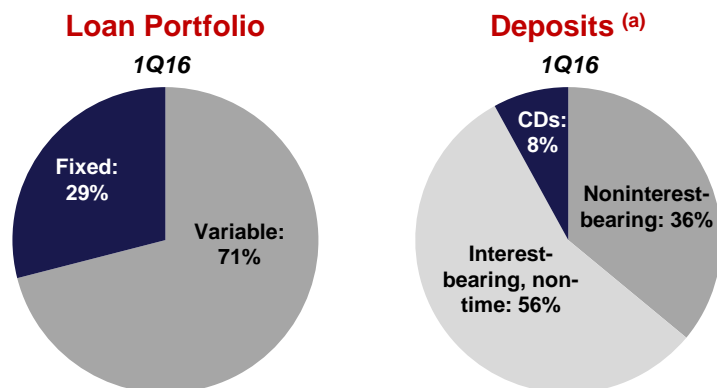
- Portfolio composed primarily of GNMA and GSE-backed MBS and CMOs
- Continue to position portfolio for regulatory liquidity requirements:
 - Reinvesting cash flows into High Quality Liquid Assets, including GNMA securities
 - Average GNMA balances for the quarter were 53% of the total portfolio
- Securities cash flows of \$1.0 billion in both 1Q16 and 4Q15
- Average portfolio life at 3/31/16 of 3.7 years, compared to 3.9 years at 12/31/15



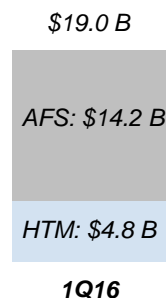
(a) Yield is calculated on the basis of amortized cost
 (b) Includes end-of-period held-to-maturity and available-for-sale securities

Interest Rate Risk Management

Naturally Asset Sensitive Balance Sheet



Investment Portfolio



- High quality
- Fixed rate agency MBS and CMOs
- Average maturity: 3.7 years
- GNMA total 53% of total portfolio
- Reinvesting cash flows into HQLAs, including GNMA

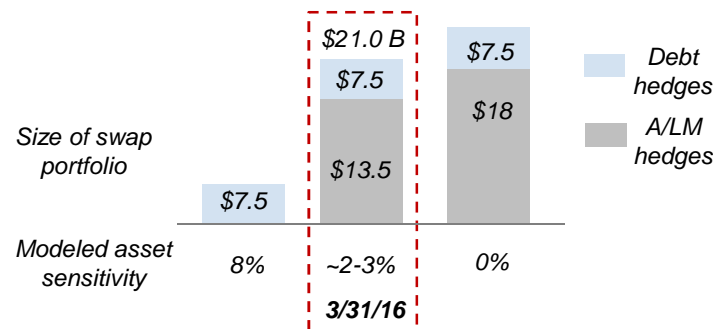
Balance sheet has relatively short duration and is impacted by the short-end of the curve

Actively Managing Rate Risk

- **Maintained moderate asset sensitive position of ~2-3%^(b)**
 - Assumes 200 basis point increase in short and intermediate-term rates over a 12-month period
- **Utilize swaps for debt hedging and asset liability management**
 - Fairly even pace of A/LM swap maturities
 - \$2.0B A/LM swaps scheduled to mature by year end 2016

Swaps (\$ in B)	3/31/16 Notional Amt.	Wtd. Avg. Maturity (Yrs.)	Receive Rate	Pay Rate
A/L Management	\$ 13.5	2.3	1.0%	.4%
Debt	7.5	3.5	1.7	.4
	\$ 21.0		1.3%	.4%

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

Note: Loan, deposit and investment portfolio balances reflect quarterly average balances

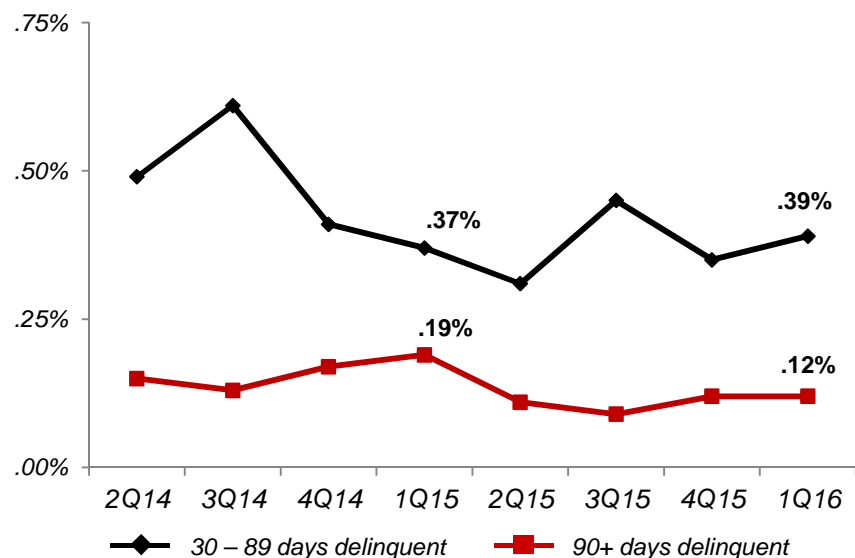


(a) Excludes deposits in foreign office
(b) Preliminary estimate

Credit Quality Trends

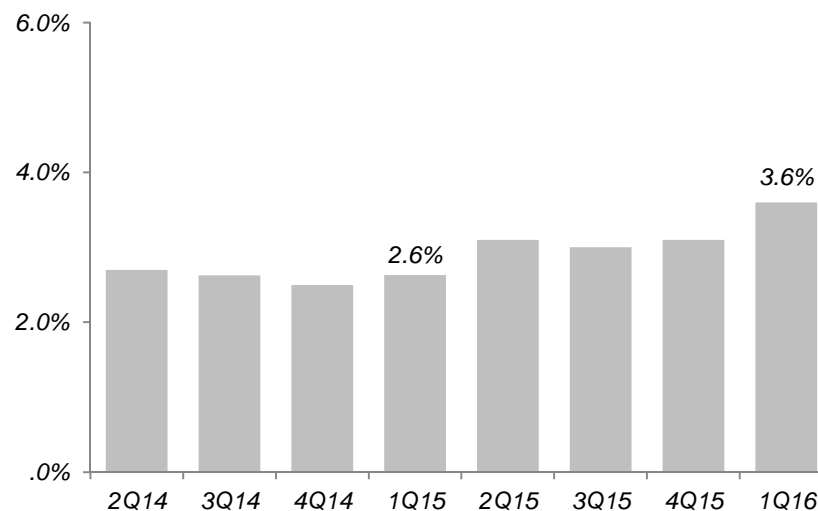
Delinquencies to Period-end Total Loans

Continuing operations



Criticized Outstandings ^(a) to Period-end Total Loans

Continuing operations



Metric ^(b)	1Q16	4Q15	3Q15	2Q15	1Q15
Delinquencies to EOP total loans: 30-89 days	.39 %	.35 %	.45 %	.31 %	.37 %
Delinquencies to EOP total loans: 90+ days	.12	.12	.09	.11	.19
NPLs to EOP portfolio loans	1.12	.65	.67	.72	.75
NPAs to EOP portfolio loans + OREO + Other NPAs	1.14	.67	.69	.75	.79
Allowance for loan losses to period-end loans	1.37	1.33	1.31	1.37	1.37
Allowance for loan losses to NPLs	122.2	205.7	197.5	190.0	181.7



(a) Loan and lease outstandings
(b) From continuing operations

Credit Quality

Credit Quality by Portfolio

\$ in millions	Period-end loans	Average loans	Net loan charge-offs	Net loan charge-offs ^(b) / average loans (%)	Nonperforming loans ^(c)	Ending allowance ^(d)	Allowance / period-end loans ^(d) (%)	Allowance / NPLs (%)
	3/31/16	1Q16	1Q16	1Q16	3/31/16	3/31/16	3/31/16	3/31/16
Commercial, financial and agricultural ^(a)	\$ 31,976	\$ 31,590	\$ 23	.29%	\$ 380	\$ 477	1.49%	125.53%
Commercial real estate:								
Commercial Mortgage	8,364	8,138	(1)	(.05)	16	134	1.60	837.50
Construction	841	1,016	(1)	(.40)	12	23	2.73	191.67
Commercial lease financing	3,934	3,957	3	.30	11	43	1.09	390.91
Real estate – residential mortgage	2,234	2,236	-	-	59	20	.90	33.90
Home equity	10,149	10,240	7	.27	191	64	.63	33.51
Credit cards	782	784	7	3.59	2	32	4.09	N/M
Consumer direct loans	1,579	1,593	5	1.26	1	20	1.27	N/M
Consumer indirect loans	579	602	3	2.00	4	13	2.25	325.00
Continuing total ^(e)	\$ 60,438	\$ 60,156	\$ 46	.31%	\$ 676	\$ 826	1.37	122.19%
Discontinued operations	1,760	1,787	6	1.35	6	24	1.36	400.00
Consolidated total	\$ 62,198	\$ 61,943	\$ 52	.34%	\$ 682	\$ 850	1.37	124.63%

N/M = Not meaningful

(a) 3-31-16 ending loan balance includes \$85 million of commercial credit card balances; 3-31-16 average loan balance includes \$85 million of assets from commercial credit cards

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

(c) 3-31-16 NPL amount excludes \$11 million of purchased credit impaired loans

(d) 3-31-16 allowance by portfolio is estimated

(e) 3-31-16 ending loan balance includes purchased loans of \$109 million, of which \$11 million were purchased credit impaired

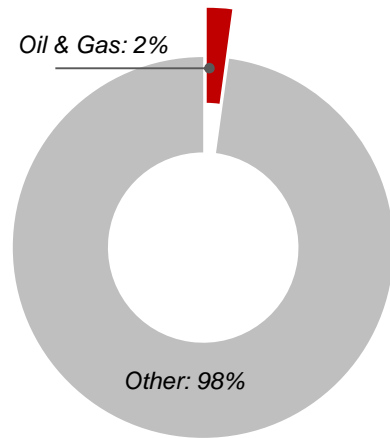


Oil & Gas

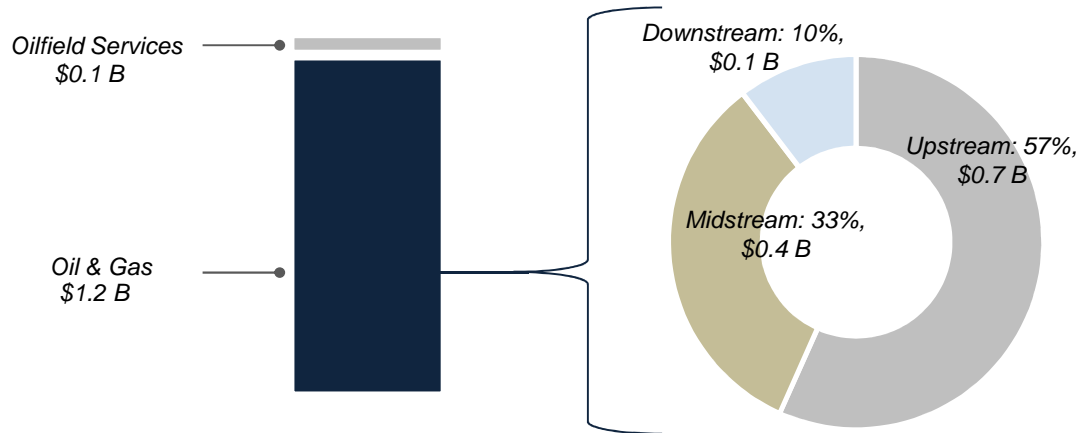
Longstanding history, expertise and relationships

- Total commitments of \$3.1 B, including upstream commitments of \$1.6 B
- Upstream portfolio is primarily secured by proven, developed and producing reserves
- Spring borrowing base redetermination in process
- Credit migration reflects recent regulatory guidance, which was applied to the entire portfolio
- Reserve coverage: 8% of outstanding oil and gas loans at period-end

Total Loans Outstanding, 3/31/16



Oil & Gas Outstanding Balances, 3/31/16



Home Equity Portfolio

Highlights

- High quality portfolio
- Community bank loans and lines: 98% of total portfolio; branch-originated
 - 61% first lien position
 - Average FICO score of 770
 - Average LTV at origination: 71%
- \$4.0 billion of the total portfolio are fixed rate loans that require principal and interest payments; \$6.1 billion are lines
- \$1.0 billion in lines outstanding (10% of the total portfolio) come to end of draw period in the next three years
 - Proactive communication and client outreach initiated near end of draw period

Home Equity Portfolio – 3/31/16

\$ in millions, except average loan size

	Loan Balances	Average Loan Size (\$)	Average FICO	Average LTV ^(a)	% of Loans LTV>90%	Vintage (% of Loans)					
						2012 and later	2011	2010	2009	2008 and prior	
Loans and lines											
First lien	\$ 6,042	\$ 70,422	771	67 %	.6 %	60 %	4 %	2 %	2 %	32 %	
Second lien	3,912	45,896	768	77	3.5	42	4	3	3	48	
Community Bank	\$ 9,954	58,200	770	71	1.7	53	4	2	3	38	
Exit portfolio	195	18,941	728	80	29.1	-	-	-	-	100	
Total home equity portfolio	\$ 10,149										
Nonaccrual loans and lines											
First lien	\$ 111	\$ 63,744	717	73 %	2.7 %	15 %	3 %	3 %	4 %	75 %	
Second lien	73	47,584	710	80	2.2	7	2	2	4	85	
Community Bank	\$ 184	56,191	714	77	2.5	12	3	2	4	79	
Exit portfolio	7	22,005	706	83	20.5	-	-	-	-	100	
Total home equity nonaccruals	\$ 191										
First quarter net charge-offs (NCOs)											
Total home equity portfolio	\$ 7										
% of average loans		.27 %									



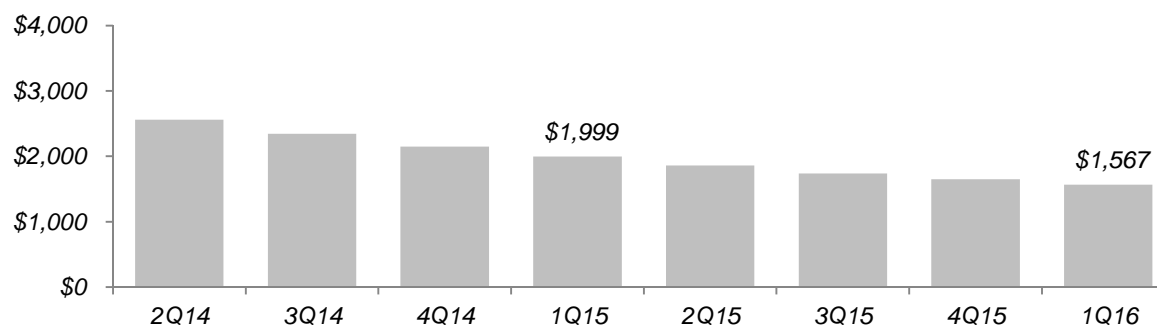
(a) Average LTVs are at origination; current average LTVs for Community Bank total home equity loans and lines is approximately 66%, which compares to 67% at the end of the fourth quarter of 2015

Exit Loan Portfolio

Exit Loan Portfolio

\$ in millions	Balance Outstanding		Change	Net Loan Charge-offs		Balance on Nonperforming Status	
	3-31-16	12-31-15	3-31-16 vs. 12-31-15	1Q16	4Q15	3-31-16	12-31-15
Residential properties – homebuilder	-	\$ 6	\$ (6)	-	-	\$ 3	\$ 8
Marine and RV floor plan	-	1	(1)	-	-	-	-
Commercial lease financing ^(a)	\$ 743	765	(22)	\$ 1	-	-	1
Total commercial loans	743	772	(29)	1	-	3	9
Home equity – Other	195	208	(13)	1	\$ 2	7	8
Marine	544	583	(39)	2	1	4	6
RV and other consumer	39	41	(2)	-	-	-	-
Total consumer loans	778	832	(54)	3	3	11	14
Total exit loans in loan portfolio	\$ 1,521	\$ 1,604	\$ (83)	\$ 4	\$ 3	\$ 14	\$ 23
Discontinued operations – education lending business (not included in exit loans above)	\$ 1,760	\$ 1,828	\$ (68)	\$ 6	\$ 7	\$ 6	\$ 7

\$ 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.

GAAP to Non-GAAP Reconciliation

\$ in millions	Three months ended				
	3-31-16	12-31-15	9-30-15	6-30-15	3-31-15
Tangible common equity to tangible assets at period end					
Key shareholders' equity (GAAP)	\$ 11,066	\$ 10,746	\$ 10,705	\$ 10,590	\$ 10,603
Less: Intangible assets ^(a)	1,077	1,080	1,084	1,085	1,088
Preferred Stock, Series A ^(b)	281	281	281	281	281
Tangible common equity (non-GAAP)	<u>\$ 9,708</u>	<u>\$ 9,385</u>	<u>\$ 9,340</u>	<u>\$ 9,224</u>	<u>\$ 9,234</u>
Total assets (GAAP)	\$ 98,402	\$ 95,133	\$ 95,422	\$ 94,606	\$ 94,206
Less: Intangible assets ^(a)	1,077	1,080	1,084	1,085	1,088
Tangible common equity to tangible assets ratio (non-GAAP)	<u>\$ 97,325</u>	<u>\$ 94,053</u>	<u>\$ 94,338</u>	<u>\$ 93,521</u>	<u>\$ 93,118</u>
Tangible common equity to tangible assets ratio (non-GAAP)	9.97%	9.98%	9.90%	9.86%	9.92%
 Common Equity Tier 1 at period end					
Key shareholders' equity (GAAP)	\$ 11,066	\$ 10,746	\$ 10,705	\$ 10,590	\$ 10,603
Less: Preferred Stock, Series A ^(b)	281	281	281	281	281
Common Equity Tier 1 capital before adjustments and deductions	10,785	10,465	10,424	10,309	10,322
Less: Goodwill, net of deferred taxes	1,034	1,034	1,036	1,034	1,036
Intangible assets, net of deferred taxes	35	26	29	33	36
Deferred tax assets	1	1	1	1	1
Net unrealized gains (losses) on available-for-sale securities, net of deferred taxes	70	(58)	54	-	-
Accumulated gains (losses) on cash flow hedges, net of deferred taxes	47	(20)	21	(20)	8
Amounts in accumulated other comprehensive income (loss) attributed to pension and postretirement benefit costs, net of deferred taxes	(365)	(365)	(385)	(361)	(364)
Total Common Equity Tier 1 capital ^(c)	<u>\$ 9,963</u>	<u>\$ 9,847</u>	<u>\$ 9,668</u>	<u>\$ 9,622</u>	<u>\$ 9,569</u>
Net risk-weighted assets (regulatory) ^(c)	\$ 89,712	\$ 89,980	\$ 92,307	\$ 89,851	\$ 89,967
Common Equity Tier 1 ratio (non-GAAP) ^(c)	11.11%	10.94%	10.47%	10.71%	10.64%
 Noninterest expense excluding merger-related expense					
Noninterest expense (GAAP)	\$ 703	\$ 736	\$ 724	\$ 711	\$ 669
Less: Merger-related expense	24	6	-	-	-
Noninterest expense excluding merger-related expense (non-GAAP)	<u>\$ 679</u>	<u>\$ 730</u>	<u>\$ 724</u>	<u>\$ 711</u>	<u>\$ 669</u>
 Earnings per common share (EPS) excluding merger-related expense					
EPS from continuing operations attributable to Key common shareholders — assuming dilution	\$.22	\$.27	\$.26	\$.27	\$.26
Add: EPS impact of merger-related expense	.02	-	-	-	-
EPS from continuing operations attributable to Key common shareholders excluding merger-related expense (non-GAAP)	<u>\$.24</u>	<u>\$.27</u>	<u>\$.26</u>	<u>\$.27</u>	<u>\$.26</u>

(a) Three months ended 3/31/16, 12/31/15, 9/30/15, 6/30/15, and 3/31/15, exclude \$40 million, \$45 million, \$50 million, \$55 million, and \$61 million, respectively, of period-end purchased credit card receivables

(b) Net of capital surplus

(c) 3-31-16 amount is estimated



GAAP to Non-GAAP Reconciliation (continued)

\$ in millions	Three months ended				
	3-31-16	12-31-15	9-30-15	6-30-15	3-31-15
Pre-provision net revenue excluding merger-related expense					
Net interest income (GAAP)	\$ 604	\$ 602	\$ 591	\$ 584	\$ 571
Plus: Taxable-equivalent adjustment	8	8	7	6	6
Noninterest income	431	485	470	488	437
Less: Noninterest expense excluding merger-related expense (non-GAAP)	679	730	724	711	669
Pre-provision net revenue from continuing operations excluding merger-related expense (non-GAAP)	<u>\$ 364</u>	<u>\$ 365</u>	<u>\$ 344</u>	<u>\$ 368</u>	<u>\$ 345</u>
Return on average assets excluding merger-related expense					
Net income (loss) from continuing operations attributable to Key (GAAP)	\$ 187	\$ 230	\$ 222	\$ 235	\$ 228
Less: Merger-related expense, after tax	(15)	(4)	-	-	-
Net income (loss) from continuing operations attributable to Key excluding merger-related expense, after tax (non-GAAP)	<u>\$ 202</u>	<u>\$ 234</u>	<u>\$ 222</u>	<u>\$ 235</u>	<u>\$ 228</u>
Average total assets from continuing operations	\$ 94,477	\$ 94,117	\$ 92,649	\$ 91,658	\$ 89,627
Return on average assets excluding merger-related expense (non-GAAP)	.86%	.99%	.95%	1.03%	1.03%
Cash efficiency ratio					
Noninterest expense (GAAP)	\$ 703	\$ 736	\$ 724	\$ 711	\$ 669
Less: Intangible asset amortization	8	9	9	9	9
Adjusted noninterest expense (non-GAAP)	<u>\$ 695</u>	<u>\$ 727</u>	<u>\$ 715</u>	<u>\$ 702</u>	<u>\$ 660</u>
Less: Merger-related expense	24	6	-	-	-
Adjusted noninterest expense excluding merger-related expense (non-GAAP)	<u>\$ 671</u>	<u>\$ 721</u>	<u>\$ 715</u>	<u>\$ 702</u>	<u>\$ 660</u>
Net interest income (GAAP)	604	602	591	584	571
Plus: Taxable-equivalent adjustment	8	8	7	7	6
Noninterest income	431	485	470	488	437
Total taxable-equivalent revenue (non-GAAP)	<u>\$ 1,043</u>	<u>\$ 1,095</u>	<u>\$ 1,068</u>	<u>\$ 1,079</u>	<u>\$ 1,014</u>
Cash efficiency ratio (non-GAAP)	66.6%	66.4%	66.9%	65.1%	65.1%
Cash efficiency ratio excluding merger-related expense (non-GAAP)	64.3%	65.8%	66.9%	65.1%	65.1%



(a) Three months ended 3/31/16, 12/31/15, 9/30/15, 6/30/15, and 3/31/15, exclude \$42 million, \$47 million, \$52 million, \$58 million, and \$64 million, respectively, of average purchased credit card receivables

Common Equity Tier 1 Under the Regulatory Capital Rules (RCR) (estimated) ^(a)

KeyCorp & Subsidiaries

<i>\$ in billions</i>	Quarter ended March 31, 2016	
Common Equity Tier 1 under current RCR	\$	10.0
Adjustments from current RCR to the fully phased-in RCR:		
Deferred tax assets and other intangible assets ^(b)		-
Common Equity Tier 1 anticipated under the fully phased-in RCR ^(c)	\$	9.9
Net risk-weighted assets under current RCR	\$	89.7
Adjustments from current RCR to the fully phased-in RCR:		
Mortgage servicing assets ^(d)		.5
Volcker Funds		(.3)
All other assets		-
Total risk-weighted assets anticipated under the fully phased-in RCR ^(c)	\$	89.9
Common Equity Tier 1 under the fully phased-in RCR		11.05 %

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%

