KeyCorp

Third Quarter 2017 Earnings Review

October 19, 2017

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Chairman and
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Chief Financial Officer

FORWARD-LOOKING STATEMENTS AND ADDITIONAL INFORMATION

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 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 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: difficulties and delays in integrating the First Niagara business or fully realizing cost savings and other benefits; 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," "pre-provision net revenue," "cash efficiency ratio," and certain financial measures excluding notable items, including merger-related charges. 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 17 of our Form 10-Q dated June 30, 2017.

GAAP: Generally Accepted Accounting Principles

Investor Highlights – 3Q17

Positive Operating Leverage

- **YoY positive operating leverage (7th consecutive qtr.)[a]**
- **Momentum in fee-based businesses**
  - Record cards and payments income
  - Continued strength in investment banking & debt placement fees
- **Expense levels reflect recent acquisitions, business investments and seasonal trends**
- **Efficiency and returns remain strong**

Strong Risk Management

- **Maintained credit discipline, strong asset quality**
- **NCOs to average loans of .15% reflecting overall portfolio strength and an increase in recoveries**
- **Nonperforming loans to period-end loans of .60%**

Disciplined Capital Management

- **Maintained strong capital position**
  - CET1 ratio of 10.3%[b]
- **Repurchased $277 MM in common shares[c]**

	Reported	Adjusted / Non-GAAP[e]
YoY EPS	+100%	+17%
Cash Efficiency[d]	62.2%	59.7%
ROTCE[d]	12.2%	13.2%

3Q17 Adjustments

$ millions	**Pre-tax Impact**
Merger-related charges	(36)
Merchant services gain adjustment	(5)
Net impact of $(41) MM, or $(0.03) per share	

(a) Excludes notable items; see Appendix for detail
(b) 9/30/17 ratio is estimated
(c) Common share repurchase amount includes repurchases to offset issuances of common shares under our employee compensation plans
(d) Non-GAAP measure; see Appendix for reconciliation
(e) Non-GAAP measure and excludes notable items; see Appendix for detail and reconciliations

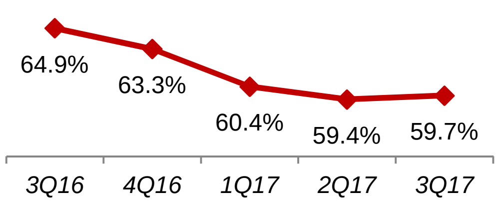
Financial Review

Financial Highlights

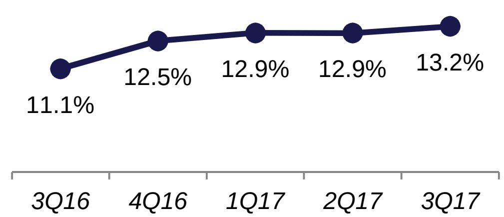
Continuing operations, unless otherwise noted

		3Q17	2Q17	3Q16	LQ Δ	Y/Y Δ
Profitability	EPS – assuming dilution	$ .32	$ .36	$ .16	(11) %	100 %
	EPS – excl. notable items[a], [b]	.35	.34	.30	3	17
	Cash efficiency ratio[a]	62.2 %	59.3 %	80.0 %	290 bps	(1,773) bps
	Cash efficiency –excl. notable items[a], [b]	59.7	59.4	64.9	32	(522)
	Return on average tangible common equity[a]	12.21	13.80	6.16	(159)	605
	ROTCE – excl. notable items[a], [b]	13.19	12.86	11.10	33	209
Capital[c]	Common Equity Tier 1[d]	10.26 %	9.91 %	9.56 %	35 bps	70 bps
	Tier 1 risk-based capital[d]	11.11	10.73	10.53	38	58
	Tangible common equity to tangible assets[a]	8.49	8.56	8.27	(7)	22
Asset Quality	NCOs to average loans	.15 %	.31 %	.23 %	(16) bps	(8) bps
	NPLs to EOP portfolio loans[e]	.60	.59	.85	1	(25)
	Allowance for loan and lease losses to EOP loans	1.02	1.01	1.01	1	1

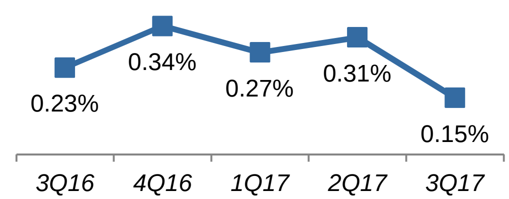
Cash Efficiency Ratio[a]
excl. notable items[b]



ROTCE[a]
excl. notable items[b]



NCOs to Avg. Loans



EOP = End of Period

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

(b) Notable items include merger-related charges (all periods), the 2Q17 merchant services gain and 3Q17 adjustment, 2Q17 purchase accounting finalization, and the 2Q17 charitable contribution; see Appendix for detail on merger-related charges

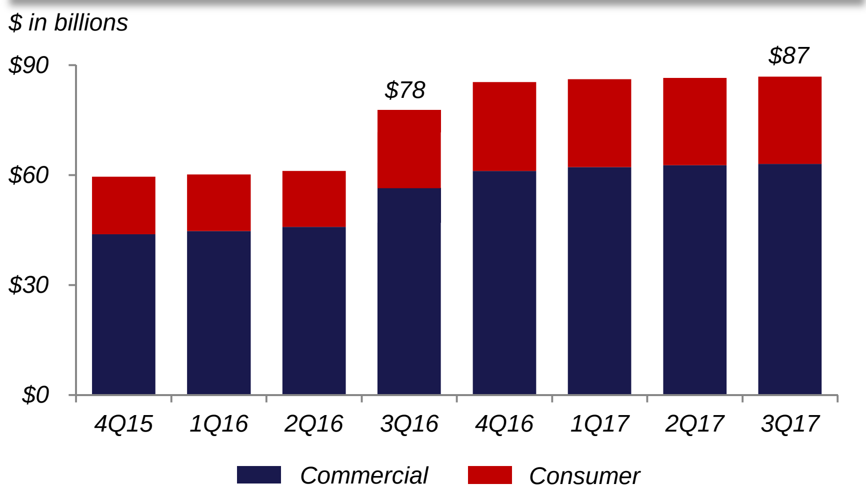
(c) From consolidated operations

(d) 9/30/17 ratios are estimated

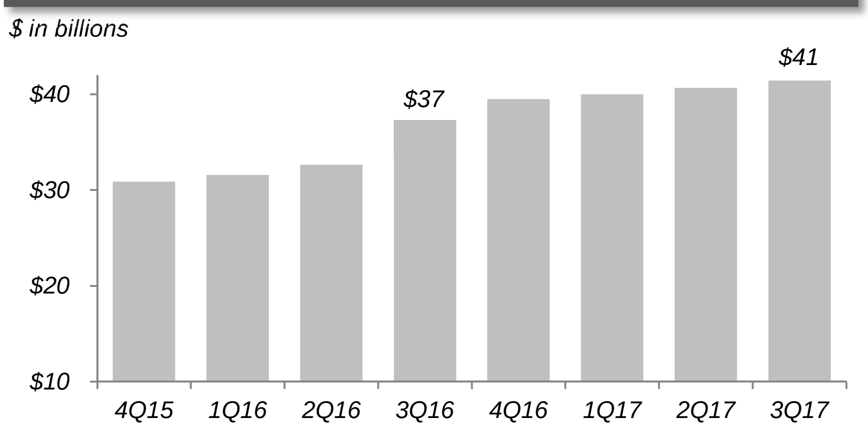
(e) Nonperforming loan balances exclude $783 million, $835 million, and $959 million of purchased credit impaired loans at September 30, 2017, June 30, 2017, and September 30, 2016, respectively

Loans

Total Average Loans



Average Commercial & Industrial Loans



Highlights

vs. Prior Year

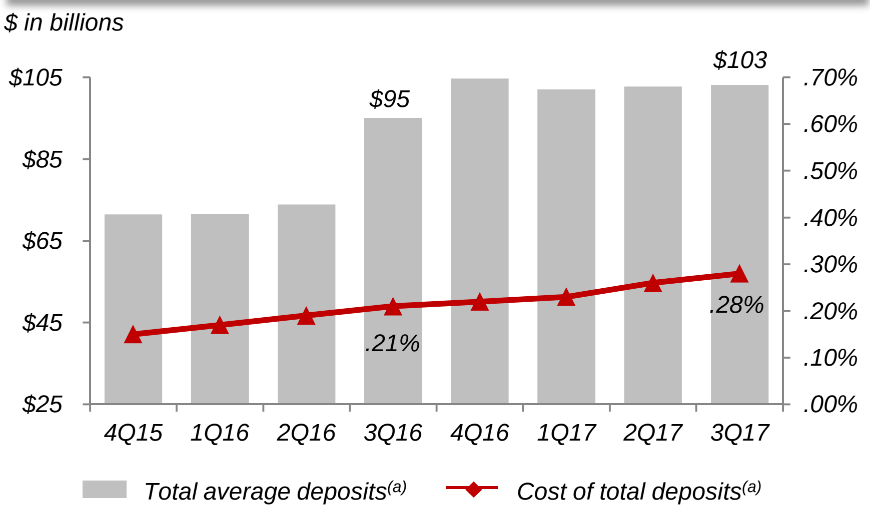
- **Average loans up 12% from 3Q16**
  - **Growth reflects a full-quarter impact of FNFG (vs. 2 months in 3Q16)**
  - **Broad-based C&I growth**

vs. Prior Quarter

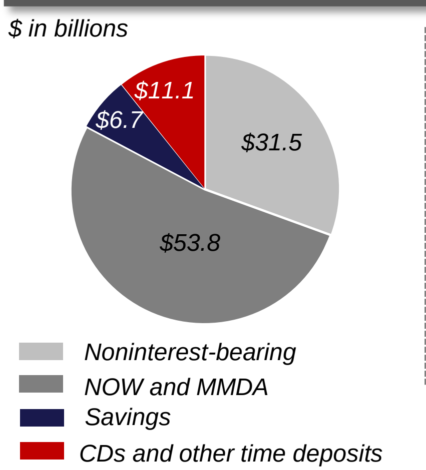
- **Average loans up .4% from 2Q17**
  - **Strength in C&I → up 2% linked-quarter unannualized**
  - **Higher levels of late-quarter paydowns, primarily in C&I and CRE**
  - **Home equity continues to decline, consistent with overall market trends**

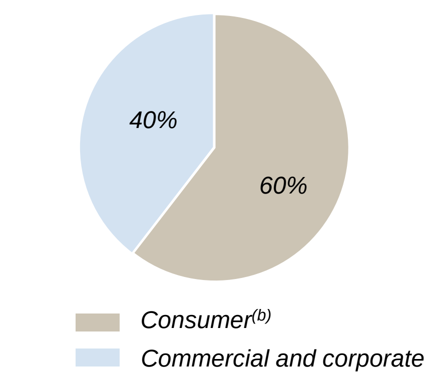
Deposits

Average Deposits[(a)]



3Q17 Average Deposit Mix





Highlights

- **Deposit cost up 2 bps from 2Q17**
  - **Largely driven by contractual commercial rate increases and deposit mix**
- **3Q17 beta of 17% (total interest-bearing deposits)**

vs. Prior Year

- **Average deposit growth of 9% from 3Q16**
  - **Growth primarily reflects a full-quarter impact of FNFG (vs. 2 months in 3Q16)**
  - **Core retail and commercial deposit growth**

vs. Prior Quarter

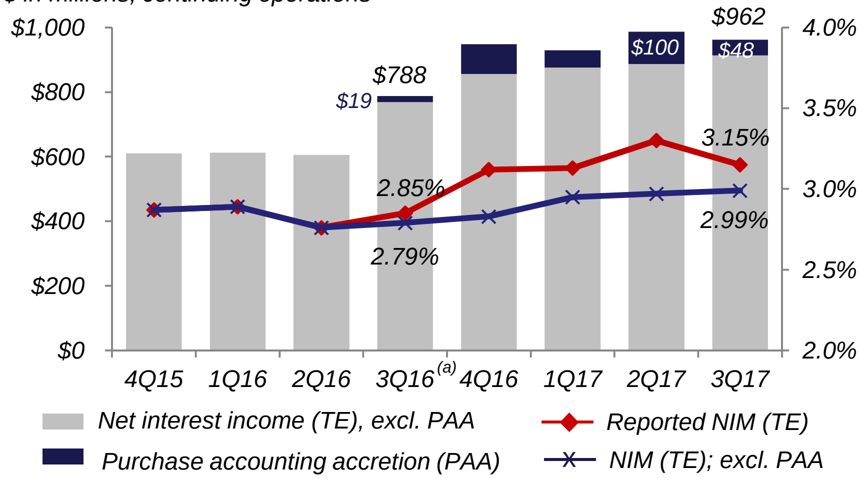
- **Average deposit balances up .3% from 2Q17**
  - **Noninterest bearing deposits up 2.5% (commercial deposit inflows and short-term escrow balances)**
  - **Growth in certificates of deposit also helped offset managed exit of certain public sector deposits**

(a) Excludes deposits in foreign office
(b) Consumer includes retail banking, small business, and private banking

Net Interest Income and Margin

Net Interest Income & Net Interest Margin Trend (TE)

$ in millions; continuing operations



	3Q16	4Q16	1Q17	2Q17	3Q17
NIM – reported	**2.85%**	**3.12%**	**3.13%**	**3.30%**	**3.15%**
PAA	.06	.19	.18	.19	.16
PAA refinement/ finalization	-	.11	-	.14	-
NIM – excl. PAA	**2.79**	**2.82**	**2.95**	**2.97**	**2.99**
NII – reported ($MM)	**$ 788**	**$ 948**	**$ 929**	**$ 987**	**$ 962**
PAA	19	58	53	58	48
PAA refinement/ finalization	-	34	-	42	-

$34 MM related to contractual maturities; $14 MM related to prepayments

Highlights

- **Excluding impact of PAA, 3Q17 net interest income was $914 MM and net interest margin was 2.99%**

vs. Prior Year

- **Net interest income up $145 MM from 3Q16, excl. PAA**
  - **Largely driven by the First Niagara acquisition and higher earning asset yields and balances**

vs. Prior Quarter

- **Net interest income up $27 MM from 2Q17, excl. PAA**
  - **Reflects higher earning asset yields and balances**

NIM Change vs. Prior Quarter	***2Q17:***	***3.30%***
PAA finalization		(.14)
PAA (3Q vs. 2Q)		(.03)
Net interest rate benefit		.03
Loan fees		(.01)
Total change		**(.15)**
	3Q17:	***3.15%***

- FNFG loan mark at 9/30/17: $302 MM ($238 MM purchased performing, $64 MM purchased credit impaired)
- Purchased credit impaired accretable yield at 9/30/17: $150 MM

TE = Taxable equivalent
PAA = Purchase accounting accretion
(a) 3Q16 Net interest income included $6 million of merger-related charges; see Appendix for detail on merger-related charges

Noninterest Income

Noninterest Income

$ in millions *Up / (Down)*	3Q17	vs. 3Q16	vs. 2Q17
Trust and investment services income	$ 135	$ 13	$ 1
Investment banking and debt placement fees	141	(15)	6
Service charges on deposit accounts	91	6	1
Operating lease income and other leasing gains	16	10	(14)
Corporate services income	54	3	(1)
Cards and payments income	75	9	5
Corporate-owned life insurance	31	2	(2)
Consumer mortgage income	7	1	1
Mortgage servicing fees	21	6	6
Net gains (losses) from principal investing	3	(2)	3
Other income	18	10	(67)
Total noninterest income	**$ 592**	**$ 43**	**$ (61)**
Notable items[(a)]	(5)	7	(66)
Total noninterest income, excluding notable items[(b)]	**$ 597**	**$ 36**	**$ 5**

Highlights

vs. Prior Year

- **Noninterest income up $36 MM from 3Q16, excl. notable items[(a),(b)]**
  - **Reflects a full-quarter impact of FNFG (vs. 2 months in 3Q16)**
  - **Broad-based growth offset decline in investment banking and debt placement fees (strong market conditions in prior year)**

vs. Prior Quarter

- **Noninterest income up $5MM from 2Q17, excl. notable items[(a),(b)]**
  - **Growth in fee-based businesses, including investment banking and debt placement fees, mortgage servicing fees, and cards and payments income**
  - **Lower operating lease income and other leasing gains (lease residual losses of $13 MM in 3Q17)**

(a) Notable items include 3Q17 include $(5) MM merchant services gain adjustment; notable items in 3Q16 include $(12) of merger-related charges; notable items in 2Q17 include merchant services gain of $64 MM and $(3) MM associated with purchase accounting finalization

(b) Non-GAAP measure

Noninterest Expense

Noninterest Expense

$ in millions Up / (Down)	3Q17	vs. 3Q16	vs. 2Q17
Personnel	$ 558	$ (36)	$ 7
Net occupancy	74	1	(4)
Computer processing	56	(14)	1
Business services, professional fees	49	(27)	4
Equipment	29	3	2
Operating lease expense	24	9	3
Marketing	34	2	4
FDIC assessment	21	-	-
Intangible asset amortization	25	12	3
OREO expense, net	3	-	-
Other expense	119	(40)	(23)
Total noninterest expense	**$ 992**	**$ (90)**	**$ (3)**
Merger-related charges[a]	36	(153)	(8)
Other notable items[a]	-	-	(16)
Total noninterest expense, excluding notable items[a],[c]	**$ 956**	**$ 63**	**$ 21**

Highlights

- **Notable items:**

$ in millions	3Q17	3Q16	2Q17
Merger-related charges	$36	$189	$44
Charitable contribution[b]	-	-	20
Purchase accounting finalization[b]	-	-	(4)
	$36	$189	$60

vs. Prior Year

- **Noninterest expense up $63 MM, excl. notable items[a],[c]**
  - **Reflects full-quarter impact of FNFG, recent acquisitions and business investments**

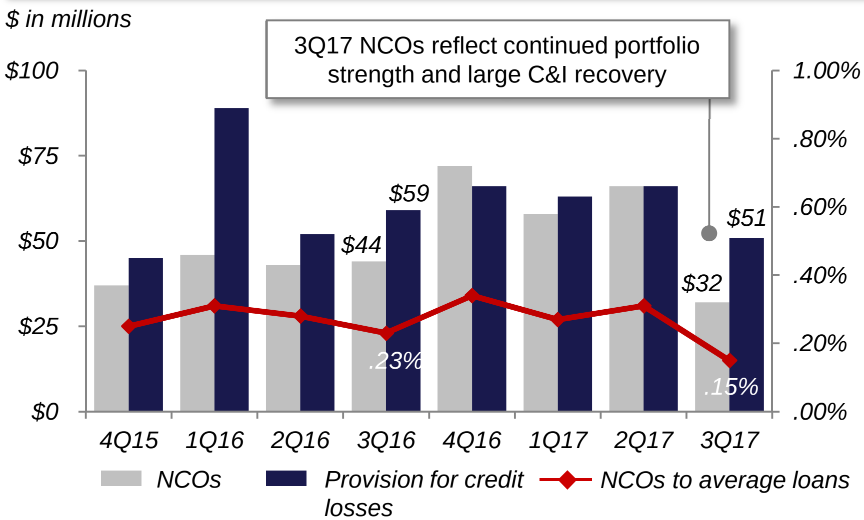
vs. Prior Quarter

- **Noninterest expense up $21 MM, excl. notable items[a],[c]**
  - **Reflects recent acquisitions: HelloWallet and merchant services (totaling $8 MM)**
  - **Seasonal trends in marketing ($5 MM) and personnel ($5 MM)**
  - **Higher business services and professional fees related to short-term initiatives ($3 MM)**

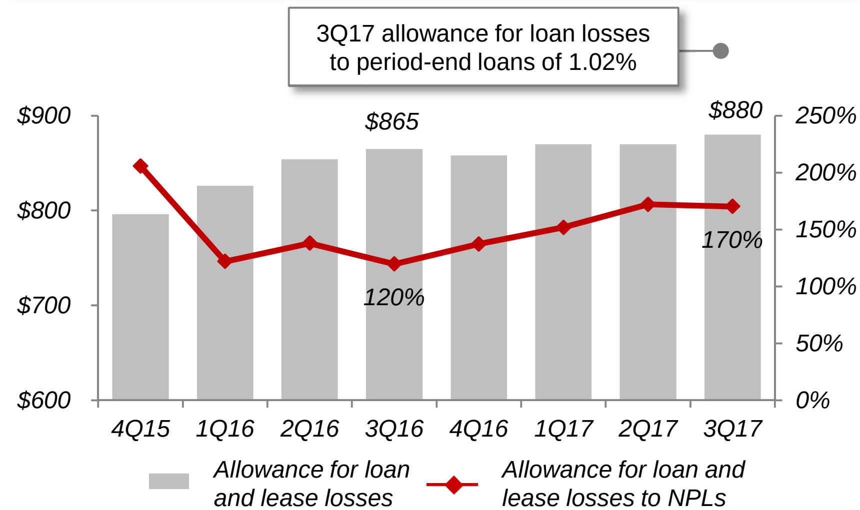
(a) Notable items of $36 MM in 3Q17 (merger-related charges), $189 MM in 3Q16 (merger-related charges) and $60 MM in 2Q17 (merger-related charges, charitable contribution and purchase accounting finalization); see Appendix for detail on merger-related charges
(b) Charitable contribution and the impact from finalization of purchase accounting in other expense
(c) Non-GAAP measure

Credit Quality

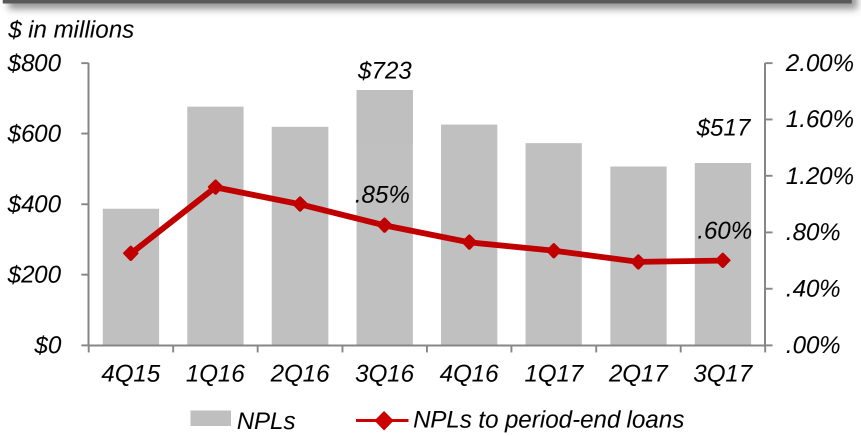
Net Charge-offs & Provision for Credit Losses



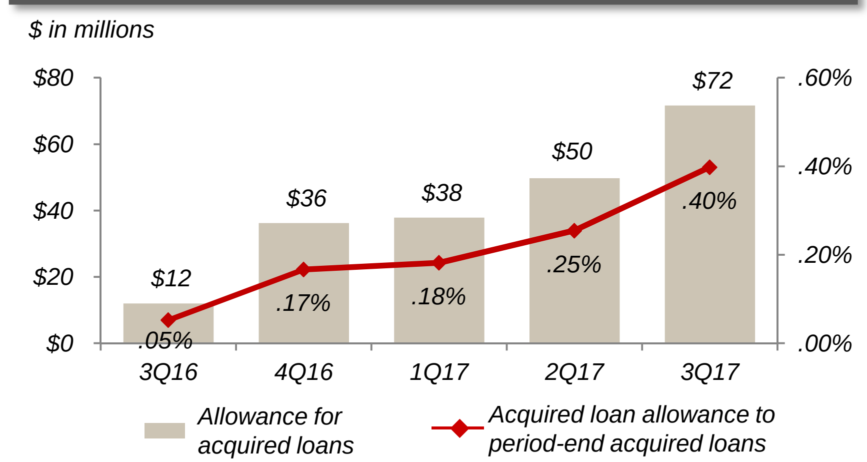
Allowance for Loan and Lease Losses



Nonperforming Loans[a]



Acquired Loans

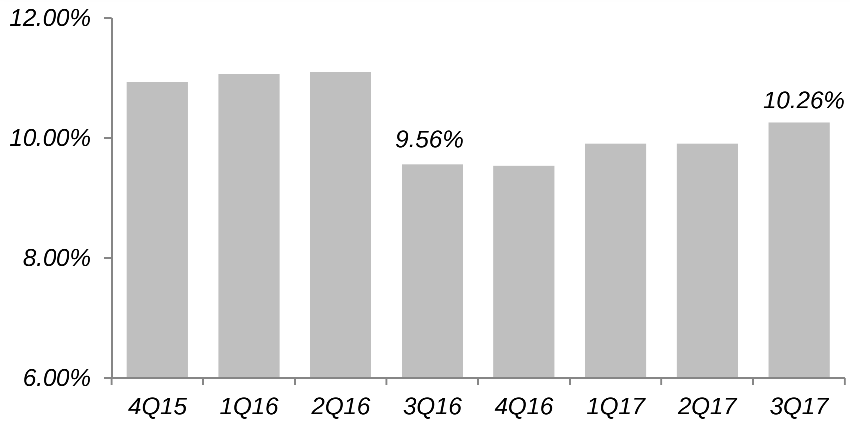


NCO = Net charge-off

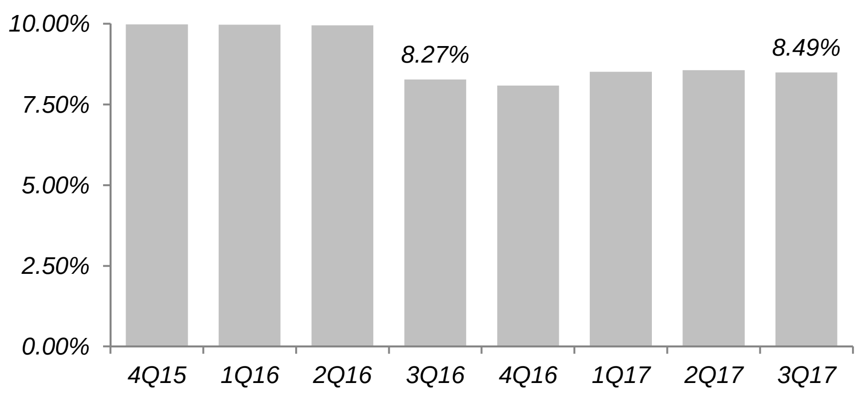
(a) Nonperforming loan balances exclude $783 million and $959 million of purchased credit impaired loans at September 30, 2017 and September 30, 2016, respectively

Capital

Common Equity Tier 1[(a)]



Tangible Common Equity to Tangible Assets[(b)]



Highlights

- **Strong capital position with Common Equity Tier 1 ratio of 10.26%[(a)] at 9/30/17**
  - **Increase in 9/30/17 capital measures primarily reflects a change in methodology for multipurpose facilities[(c)]**
- **Repurchased $277 MM[(d)] in common shares during 3Q17**

(a) 9/30/17 ratios are estimated
(b) Non-GAAP measure: see Appendix for reconciliation
(c) Increase in 9/30/17 capital measures primarily reflects implementation of methodology for commitments to issue standby letters of credit that were issued under multipurpose facilities; these multipurpose facilities are now presented as commitments to extend credit
(d) Common share repurchase amount includes repurchases to offset issuances of common shares under our employee compensation plans

Outlook and Expectations

	FY 2017[a]
Average Balance Sheet	• Loans: 4Q17 average balances in the range of \$87.0 B - \$87.5 B • Deposits: FY17 average balances in the range of \$102.5 B - \$103.0 B
Net Interest Income	• Net interest income expected to be in the range of \$3.8 B - \$3.9 B • Outlook includes no additional rate increases in 2017
Noninterest Income	• Expected to be in the range of \$2.35 B - \$2.45 B
Noninterest Expense	• Expected to be in the range of \$3.7 B - \$3.8 B – Includes impact of merchant services, HelloWallet and Cain Brothers acquisitions
Credit Quality	• Net charge-offs to average loans below targeted range of 40 – 60 bps • Provision expected to slightly exceed net charge-offs to provide for loan growth
Taxes	• GAAP tax rate in the range of 26% - 28%

Long-term Targets

Positive operating leverage	***Cash efficiency ratio:*** *<60%*	***Moderate risk profile:*** *Net charge-offs to avg. loans targeted range of 40-60 bps*	***ROTCE:*** *13-15%*

(a) Guidance provided does not include merger-related charges

Appendix

Loan Portfolio Detail, at 9/30/17

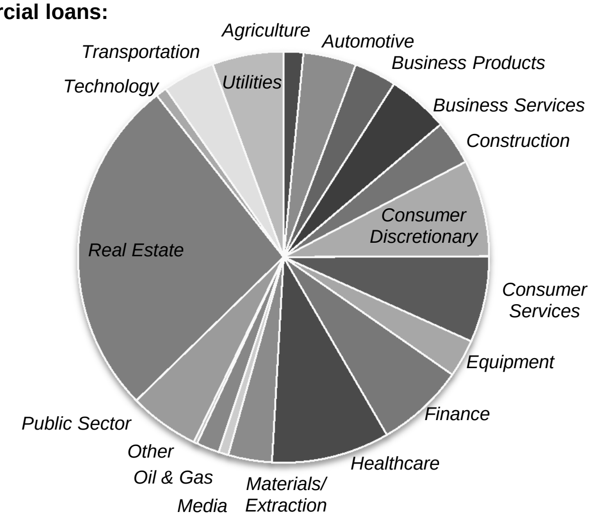
Total Loans

$ in billions		9/30/17	% of total loans
Commercial and industrial	$	41.1	48
Commercial real estate		16.9	20
Commercial lease financing		4.7	5
Total Commercial	$	62.7	73
Residential mortgage	$	5.5	6
Home equity		12.2	14
Consumer direct		1.8	2
Credit card		1.0	1
Consumer indirect		3.2	4
Total Consumer	$	23.7	27

Commercial Loans

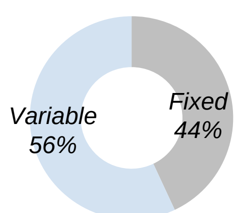
Diversified Portfolio by Industry

Total commercial loans:



Home Equity

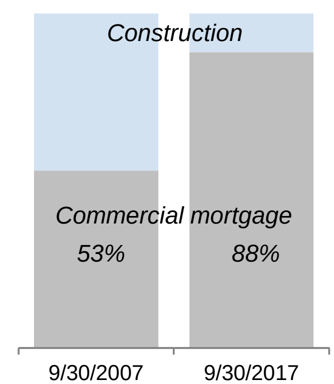
		Outstanding Balances			Average Loan Size	Average FICO	2008/ prior vintage
First lien	$	7,264	59 %	$	72,531	771	21 %
Second lien		4,973	41		46,417	767	37
Total home equity	**$**	**12,238**					



- Combined weighted-average LTV at origination: 70%
- $775 million in lines outstanding (6% of the total portfolio) come to end of draw period by 4Q19

Commercial Real Estate

- Focused on relationships with CRE owners
- Aligned with targeted industry verticals
- Primarily commercial mortgage; selective approach to construction
- Criticized non-accruals: 0.2% of period-end balances(a)

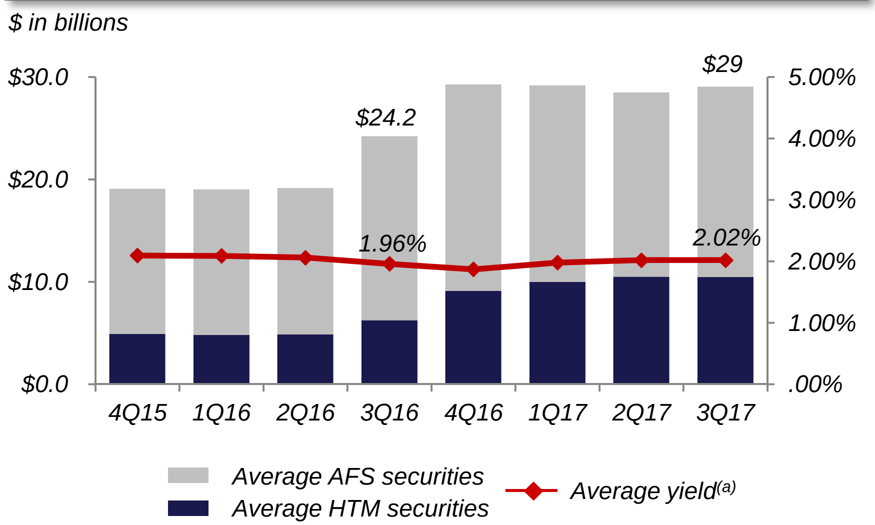


Tables may not foot due to rounding

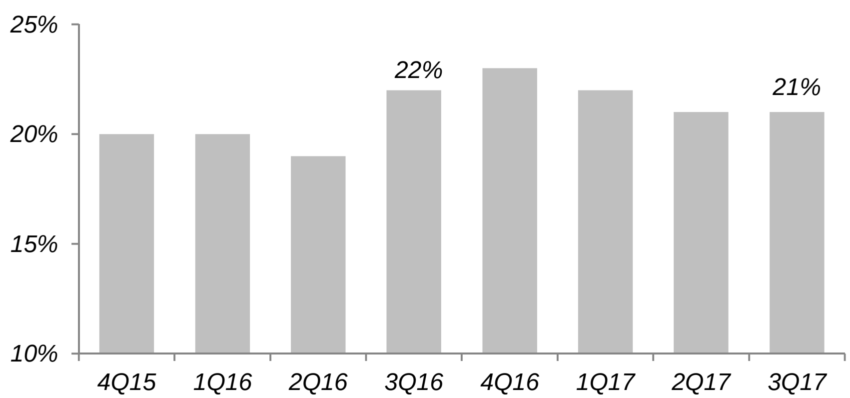
(a) Loan and lease outstandings; excludes purchase credit impaired loans from the First Niagara acquisition

Investment Portfolio

Average Total Investment Securities



Securities to Total Assets[b]



Highlights

- **Portfolio composed primarily of GNMA and GSE-backed MBS and CMOs; primarily fixed rate**
- **Continue to position portfolio for regulatory liquidity requirements:**
  - **Reinvesting cash flows into High Quality Liquid Assets, including GNMA securities (47% of 3Q17 average balances)**
- **Portfolio used for funding and liquidity management**
  - **Securities cash flows of $1.5 billion in 3Q17 and $1.4 billion in 2Q17**
  - **$560 million growth in average balance**
- **Average portfolio life at 9/30/17 of 4.2 years (unchanged from 6/30/17)**

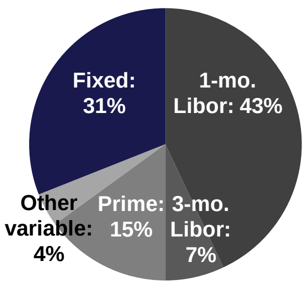
(a) Yield is calculated on the basis of amortized cost
(b) Includes end-of-period held-to-maturity and available-for-sale securities

Interest Rate Risk Management

Naturally Asset Sensitive Balance Sheet with Relatively Short Duration[a]

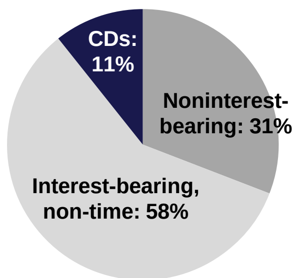
Loans

$88 B



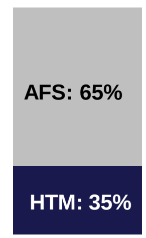
Deposits

$103 B



Investment Portfolio

$29 B



Primarily fixed rate
Average life: 4.2 yrs
3Q17 cash flows: $1.5 B

Actively Managing Rate Risk

- **Key manages interest rate risk through security purchases, debt issuance, and the use of swaps**
- **Swaps modify the rate characteristics of assets and liabilities**
  - $15.4 B of swaps for A/L management with 1.9 year WAM
  - $9.9 B of debt hedges
- **Modestly asset sensitive[b]**
  - NII impact of 1%-3% for a 200 bps increase over 12 months
    - Reflects a beta of 0%-55% for deposit repricing for the first 25 bps change in rates and ~55% for the next 175 bps
    - Assumes replacement of swaps and securities cash flows

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

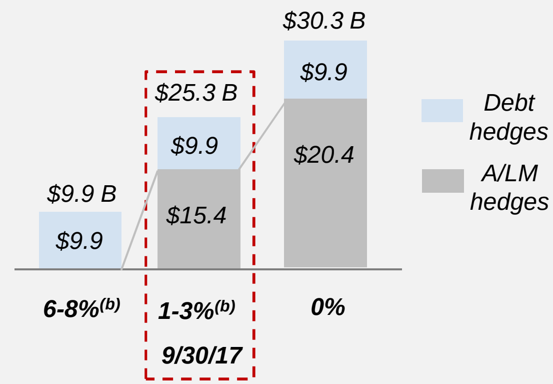
Utilize Swaps to Achieve and Adjust Modest Asset Sensitivity

- **A/LM hedges aligned to floating rate LIBOR-based loans**
- **Short weighted average maturity of A/LM swaps**
  - Provides flexibility to reprice and adjust overall sensitivity
  - Fairly even pace of maturities ($1-1.5 B maturities /per quarter remaining in 2018 & 2019)
- **Replacement swaps reflect forward curve at time of origination**

Swaps *($ in B)*	9/30/17 Notional Amt.	Wtd. Avg. Maturity (Yrs.)	Receive Rate	Pay Rate
A/L Management (receive fixed / pay variable)	$ 15.4	1.9	1.2%	1.2%
Debt	9.9	2.7	1.6	1.2
	$ 25.3	**2.3**	**1.4%**	**1.2%**

Size of swap portfolio:

Modeled asset sensitivity :

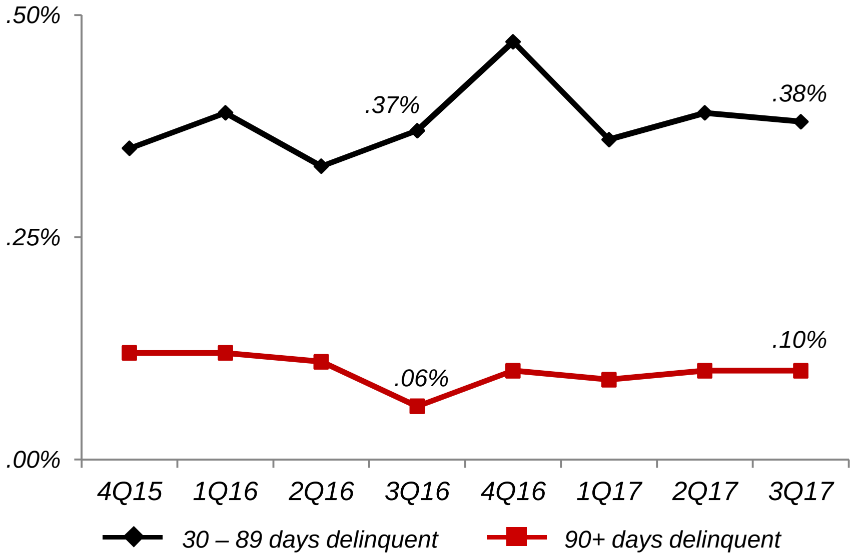


(a) Loan, deposit and investment portfolio balances reflect 9/30/17 period-end balances
(b) Simulation analysis for net interest income is described in Figure 34 of Key's 2016 Form 10-K

Credit Quality Trends

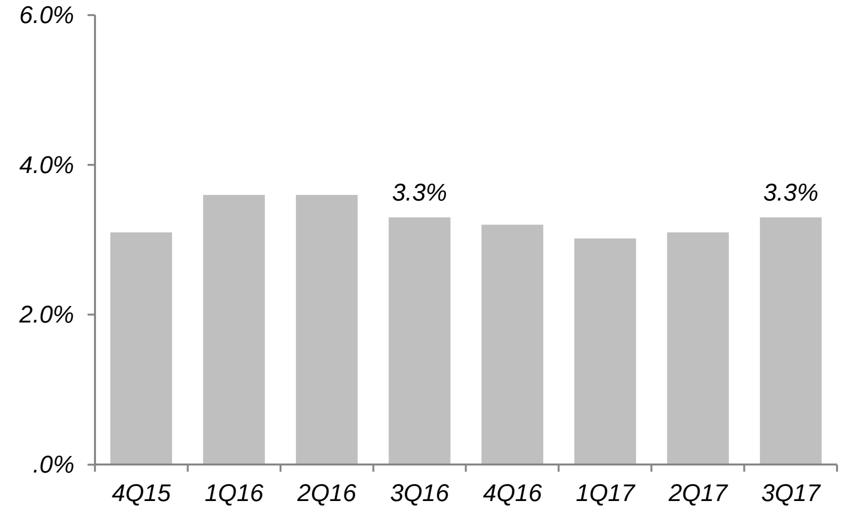
Delinquencies to Period-end Total Loans

Continuing operations



Criticized Outstandings[a] to Period-end Total Loans

Continuing operations



Metric[b]	3Q17		2Q17		1Q17		4Q16		3Q16	
Delinquencies to EOP total loans: 30-89 days	.38	%	.39	%	.36	%	.47	%	.37	%
Delinquencies to EOP total loans: 90+ days	.10		.10		.09		.10		.06	
NPLs to EOP portfolio loans[c]	.60		.59		.67		.73		.85	
NPAs to EOP portfolio loans + OREO + Other NPAs[c]	.64		.64		.72		.79		.89	
Allowance for loan losses to period-end loans	1.02		1.01		1.01		1.00		1.01	
Allowance for loan losses to NPLs	170.2		171.6		151.8		137.3		119.6	

(a) Loan and lease outstandings; excludes purchase credit impaired loans from the First Niagara acquisition
(b) From continuing operations
(c) Nonperforming loan balances exclude $783 million, $835 million, $812 million, $865 million, and $959 million of purchased credit impaired loans at September 30, 2017, June 30, 2017, March 31, 2017, December 31, 2016, and September 30, 2016, respectively

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 (%)
	9/30/17	3Q17	3Q17	3Q17	9/30/17	9/30/17	9/30/17	9/30/17
Commercial and industrial[a]	$ 41,147	$ 41,416	$ 4	.04%	$ 169	$ 532	1.29%	314.79%
Commercial real estate:								
Commercial Mortgage	14,929	14,850	5	.13	30	138	.92	460.00
Construction	1,954	2,054	2	.39	2	29	1.48	N/M
Commercial lease financing[e]	4,716	4,694	(2)	(.17)	11	43	.91	390.91
Real estate – residential mortgage	5,476	5,493	(1)	(.07)	57	8	.15	14.04
Home equity	12,238	12,314	2	.06	227	39	.32	17.18
Credit cards	1,045	1,049	10	3.78	2	44	4.21	N/M
Consumer direct loans	1,789	1,774	7	1.57	3	28	1.57	933.33
Consumer indirect loans	3,198	3,170	5	.63	16	19	.59	118.75
Continuing total[f]	**$ 86,492**	**$ 86,814**	**$ 32**	**.15%**	**$ 517**	**$ 880**	**1.02%**	**170.21%**
Discontinued operations	1,372	1,397	8	2.27	8	18	1.31	225.00
Consolidated total	**$ 87,864**	**$ 88,211**	**$ 40**	**.18%**	**$ 525**	**$ 898**	**1.02%**	**171.05%**

N/M = Not meaningful

(a) 9/30/17 ending loan balance includes $118 million of commercial credit card balances; average loan balance includes $117 million of assets from commercial credit cards
(b) Net loan charge-off amounts are annualized in calculation
(c) 9/30/17 NPL amount excludes $783 million of purchased credit impaired loans
(d) 9/30/17 allowance by portfolio is estimated
(e) Commercial lease financing includes receivables held as collateral for a secured borrowing of $31 million at September 30, 2017. Principal reductions are based on the cash payments received from these related receivables.
(f) 9/30/17 ending loan balance includes purchased loans of $16.7 billion, of which $783 million were purchased credit impaired

FNFG Merger-related Charges

$ in millions *Increase / (Decrease)*	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16	4Q15
Net interest income		**-**	**-**	**-**	**$ (6)**	**-**	**-**	**-**
Operating lease income and other leasing gains		-	-	-	$ (2)	-	-	-
Other income		-	-	$ 9	(10)	-	-	-
Noninterest income		**-**	**-**	**$ 9**	**$ (12)**	**-**	**-**	**-**
Personnel expense	**$ 25**	**$ 31**	**$ 30**	**$ 80**	**$ 97**	**$ 35**	**$ 16**	**-**
Net Occupancy	$ (2)	$ (1)	$ 5	$ 29	-	-	-	-
Business services and professional fees	2	6	5	22	$ 32	$ 5	$ 7	$ 5
Computer processing	4	2	5	38	15	-	-	-
Marketing	5	6	6	13	9	3	1	-
All other non-personnel	2	-	30	25	36	2	-	1
Total non-personnel expense	**$ 11**	**$ 13**	**$ 51**	**$ 127**	**$ 92**	**$ 10**	**$ 8**	**$ 6**
Total merger-related charges	**$ 36**	**$ 44**	**$ 81**	**$ 198**	**$ 207**	**$ 45**	**$ 24**	**$ 6**
EPS impact	**$ (.02)**	**$ (.03)**	**$ (.05)**	**$ (.11)**	**$ (.14)**	**$ (.04)**	**$ (.02)**	**-**

GAAP to Non-GAAP Reconciliation

$ in millions	Three months ended 9/30/17	6/30/17	9/30/16
Tangible common equity to tangible assets at period end			
Key shareholders' equity (GAAP)	$15,249	$15,253	$ 14,996
Less: Intangible assets [(a)]	2,870	2,866	2,855
Preferred Stock [(b)]	1,009	1,009	1,150
Tangible common equity (non-GAAP)	$11,370	$11,378	$ 10,991
Total assets (GAAP)	$136,733	$135,824	$ 135,805
Less: Intangible assets [(a)]	2,870	2,866	2,855
Tangible common equity to tangible assets ratio (non-GAAP)	$133,863	$132,958	$ 132,950
Tangible common equity to tangible assets ratio (non-GAAP)	8.49%	8.56%	8.27%
Notable Items			
Merger-related charges	$ (36)	$ (44)	$ (207)
Merchant services gain	(5)	64	-
Purchase accounting finalization, net	-	43	-
Charitable contribution	-	(20)	-
Total notable items	$ (41)	$ 43	$ (207)
Income taxes	(13)	16	(75)
Total notable items after tax	$ (28)	$ 27	$ (132)
Earnings per common share (EPS) excluding notable items			
EPS from continuing operations attributable to Key common shareholders – assuming dilution	$ .32	$ .36	$ .16
Add: EPS impact of notable items	.03	(.02)	.14
EPS from continuing operations attributable to Key common shareholders excluding notable items (non-GAAP)	$ .35	$ .34	$ .30
Pre-provision net revenue excluding notable items			
Net interest income (GAAP)	$ 948	$ 973	$ 780
Plus: Taxable-equivalent adjustment	14	14	8
Noninterest income	592	653	549
Less: Noninterest expense	992	995	1,082
Pre-provision net revenue from continuing operations	$ 562	$ 645	$ 255
Plus: Notable items	41	(43)	207
Pre-provision net revenue from continuing operations excluding notable items (non-GAAP)	$ 603	$ 602	$ 462

(a) For the three months ended September 30, 2017, June 30, 2017, and September 30, 2016, intangible assets exclude $30 million, $33 million, and $51 million, respectively, of period-end purchased credit card receivables

(b) Net of capital surplus

GAAP to Non-GAAP Reconciliation (continued)

$ in millions	Three months ended 9/30/17	6/30/17	3/31/17	12/31/16	9/30/16
Average tangible common equity					
Average Key shareholders' equity (GAAP)	$ 15,241	$ 15,200	$ 15,184	$ 14,901	$ 13,552
Less: Intangible assets (average) [(a)]	2,878	2,756	2,772	2,874	2,255
Preferred Stock (average)	1,025	1,025	1,480	1,274	648
Average tangible common equity (non-GAAP)	$ 11,338	$ 11,419	$ 10,932	$ 10,753	$ 10,649
Return on average tangible common equity from continuing operations					
Net income (loss) from continuing operations attributable to Key common shareholders (GAAP)	$ 349	$ 393	$ 296	$ 213	$ 165
Plus: Notable items, after tax	28	(27)	51	124	132
Net income (loss) from continuing operations attributable to Key common shareholders excl. notable items	$ 377	$ 366	$ 347	$ 337	$ 297
Average tangible common equity (non-GAAP)	11,338	11,419	10,932	10,753	10,649
Return on average tangible common equity from continuing operations (non- GAAP)	12.21%	13.80%	10.98%	7.88%	6.16%
Return on average tangible common equity from continuing operations excl. notable items (non- GAAP)	13.19%	12.86%	12.87%	12.47%	11.10%
Cash efficiency ratio					
Noninterest expense (GAAP)	$ 992	$ 995	$ 1,013	$ 1,220	$ 1,082
Less: Intangible asset amortization	25	22	22	27	13
Adjusted noninterest expense (non-GAAP)	$ 967	$ 973	$ 991	$ 1,193	$ 1,069
Less: Notable items [(b)]	36	60	81	207	189
Adjusted noninterest expense excluding notable items (non-GAAP)	$ 931	$ 913	$ 910	$ 986	$ 880
Net interest income (GAAP)	$ 948	$ 973	$ 918	$ 938	$ 780
Plus: Taxable-equivalent adjustment	14	14	11	10	8
Noninterest income	592	653	577	618	549
Total taxable-equivalent revenue (non-GAAP)	$ 1,554	$ 1,640	$ 1,506	$ 1,566	$ 1,337
Plus: Notable items [(c)]	5	(103)	-	(9)	18
Adjusted total taxable-equivalent revenue excl. notable items (non-GAAP)	$ 1,559	$ 1,537	$ 1,506	$ 1,557	$ 1,355
Cash efficiency ratio (non-GAAP)	62.2%	59.3%	65.8%	76.2%	80.0%
Cash efficiency ratio excluding notable items (non-GAAP)	59.7%	59.4%	60.4%	63.3%	64.9%

(a) For the three months ended September 30, 2017, June 30, 2017, March 30, 2017, December 31, 2016, and September 30, 2016, average intangible assets exclude $32 million, $36 million, $40 million, $46 million, and $47 million, respectively, of average purchased credit card receivables
(b) Notable items for the three months ended September 30, 2017, includes $36 million of merger-related charges
(c) Notable items for the three months ended September 30, 2017, includes a $5 million adjustment related to the merchant services acquisition gain