

Commercial Payments & Strategic Partnerships

Ken Gavrity

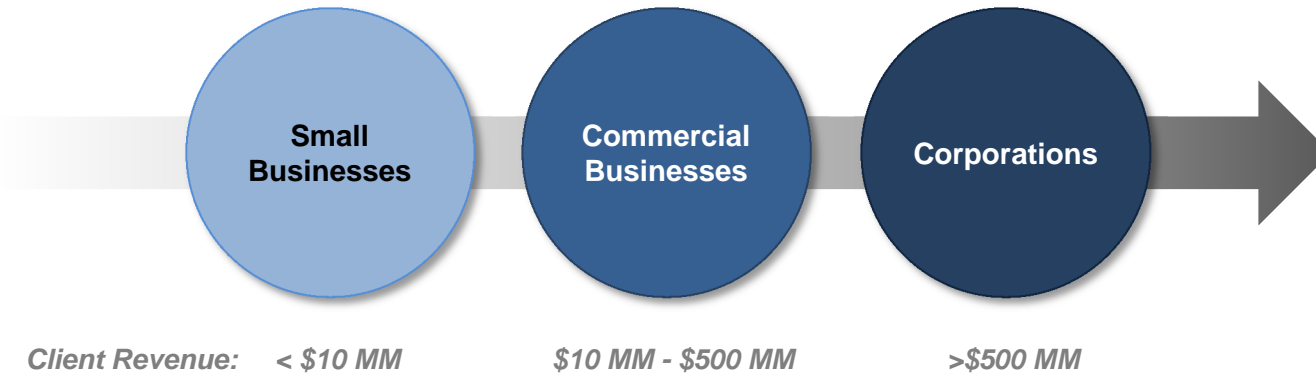
Head of Commercial Payments

Clark Khayat

Chief Strategy Officer

Commercial Payments: Comprehensive Platform

Full suite of services integrated into our core business segments



\$3.6 Trillion

Payments Volume Processed¹

650+ Million

Payment Transactions Conducted¹

\$31 Billion

Commercial Deposits²

~\$800 Million

Deposit & Product Revenue³



Liquidity Strategies



Treasury Services



Merchant Services



Card Services

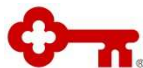


Automation Capabilities



FX & Trade

Digital & Mobile Delivery



Commercial Payments: Compelling Opportunity

We are focused on delivering and capturing value in this dynamic, growing space

Potential to Deliver Significant Client ROI

65%

Percentage of payments made by middle market corporations are checks¹

18 Years

Since 1999, almost no change in number of AP/AR jobs in the US²

\$510B

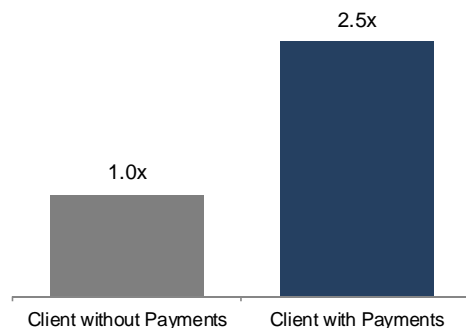
Estimated admin costs associated with AP in North America³

11x

Increase in malware volume from 2015 to 2017⁴

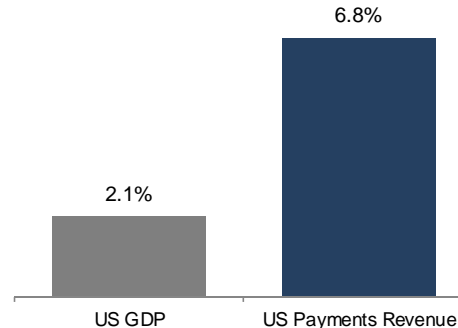
Drives Client Engagement

Revenue per Client⁵



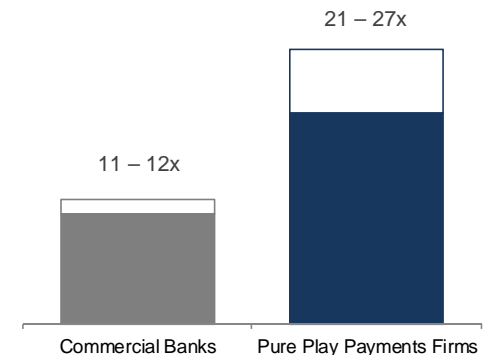
Macro Trends: Growth

Projected Growth Rate: 2017 – 2022^{6,7}



Valuable Revenue Stream

Price / Earnings Multiples⁸



(1) 2017, Phoenix Hecht Treasury Management Monitor; (2) 1999-2017, Bureau of Labor Statistics Bookkeeping, Accounting, and Audit Clerks (43-3031) via MasterCard; (3) Estimated annual cost, B2B: How the next payments frontier will unleash small business, Goldman Sachs Global Investment Research; (4) January 2016-October 2017, Cisco Security Research, Cisco 2018 Annual Cyber Security Report; (5) Includes Core Business Banking, Commercial, Corporate Bank; (6) IMF World Economic Outlook; (7) McKinsey Payments Map Trends 2Q 2018; (8) Next twelve months 25th Percentile - 75th Percentile P/E multiples as of 10/3/2018, via S&P Capital IQ

Commercial Payments: Repositioned for Opportunity

Building our payments franchise through focused investments that help us differentiate

Payments in Focus (2011-2014)

Organizational Transformation (2014-2016)

Accelerated Differentiation (2016+)



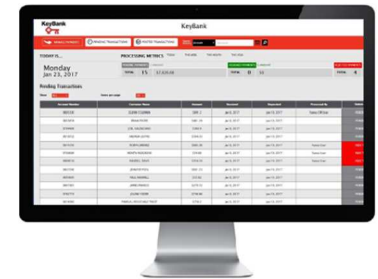
Launched initial card platforms



Upgraded critical core treasury capabilities



Elevated Commercial Payments to focal point within the enterprise



Digital Platforms

Next generation platforms that meet our clients where they are

Capabilities

Rebuilt servicing, onboarding, and workflow capabilities

Expertise

Upscaling talent both internally and with strong hires from across multiple industries

Products

Flexible build/partner/buy approach to deliver "best in breed" solutions



Commercial Payments: Repositioned for Opportunity

Building our payments franchise through focused investments that help us differentiate



- ✓ Up-tiered talent across the teams
- ✓ Expanded the card continuum
- ✓ Aligned against industry verticals
- ✓ Launch of new strategy including Fintech partners



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- ✓ Purchase of Merchant Services Joint Venture
- ✓ KeyNavigator digital platform and API strategy
- ✓ Continued build-out of our partnership strategy
- ✓ Building next generation onboarding, servicing, analytics
- ✓ Focused build-out of BD teams and activation of the front-line

KeyNavigator®



billtrust

snapsheet

ncino

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L O G O

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Commercial Payments: Client Centric

Unlocking value for clients across the payments continuum

Adding Value Beyond the Payment

Pre-Payment Process



Payment Execution



Traditional Banking

Payment Optimization



Potential Benefit

75%+

Payment & Invoice Cost Reduction¹



Consumer



Energy



Healthcare



Industrial



Public Sector

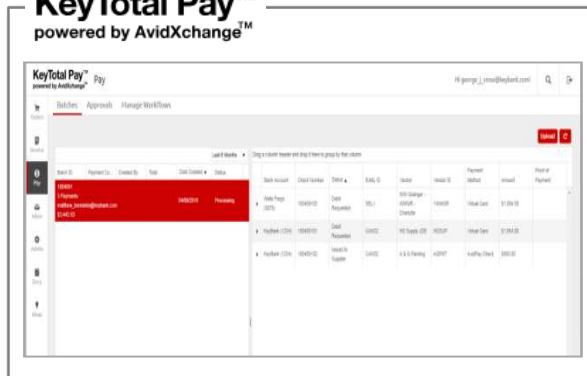


Real Estate

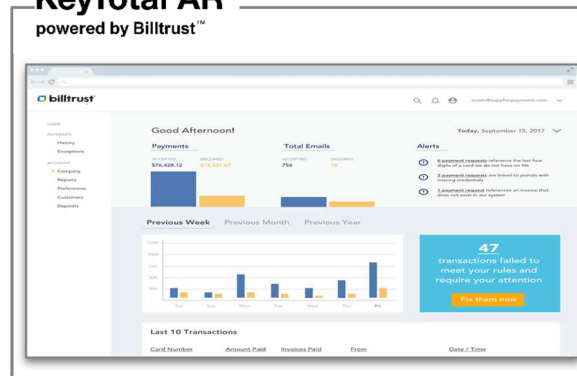


Technology

KeyTotal Pay™
powered by AvidXchange™



KeyTotal AR™
powered by Billtrust™



50%+

Payment Capture & Reconciliation Cost Reduction¹



® (1) Illustrative based on expected client experience

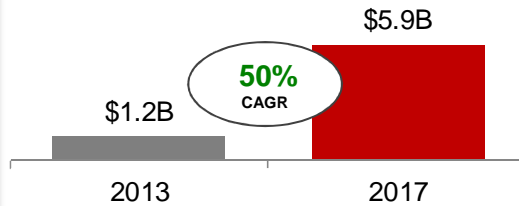
Commercial Payments: Momentum & Runway

Our reconfigured model is driving significant growth – but ample opportunity remains

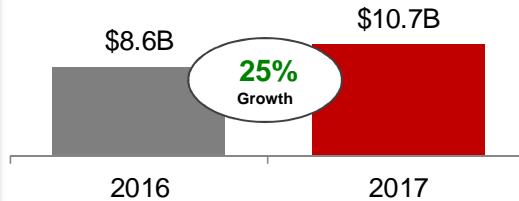
Strong Performance: Gaining Share

Significant Runway: Benchmarking

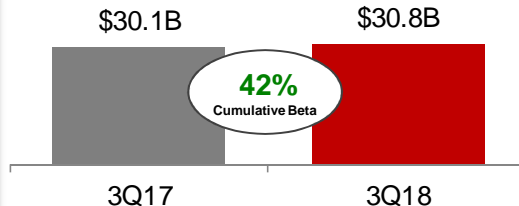
Commercial Card Volume¹



Merchant Services Volume²



Stable Deposit Base³



2017 Commercial Card Volume¹



2017 Merchant Services Volume²



Deposit Account Penetration³

56%
Clients with
Operating Accounts

81%
Clients with
Deposits



(1) US Visa & MasterCard Commercial Card Issuers, The Nilson Report, August 2014 and June 2018 issues covering full year 2013 and 2017 data, includes Small Business Credit and Debit Card, Purchasing Card, Prepaid Card, and Corporate Card Volume; (2) Merchant Acquirers in the US, The Nilson Report, March 2017 and March 2018 issues covering full year 2016 and 2017; (3) Excludes Small Business and Loan Servicing

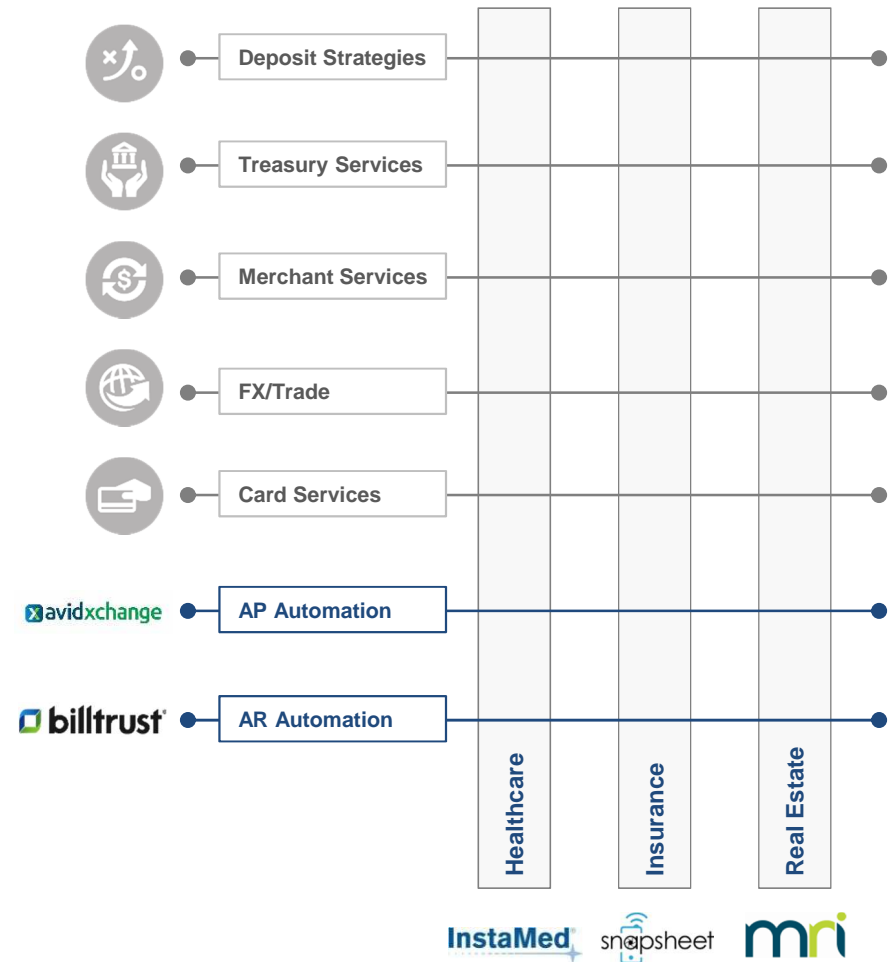
Commercial Payments: Partnership Strategy

Proven track record of sourcing targeted solutions to solve client pain points

Focused Approach

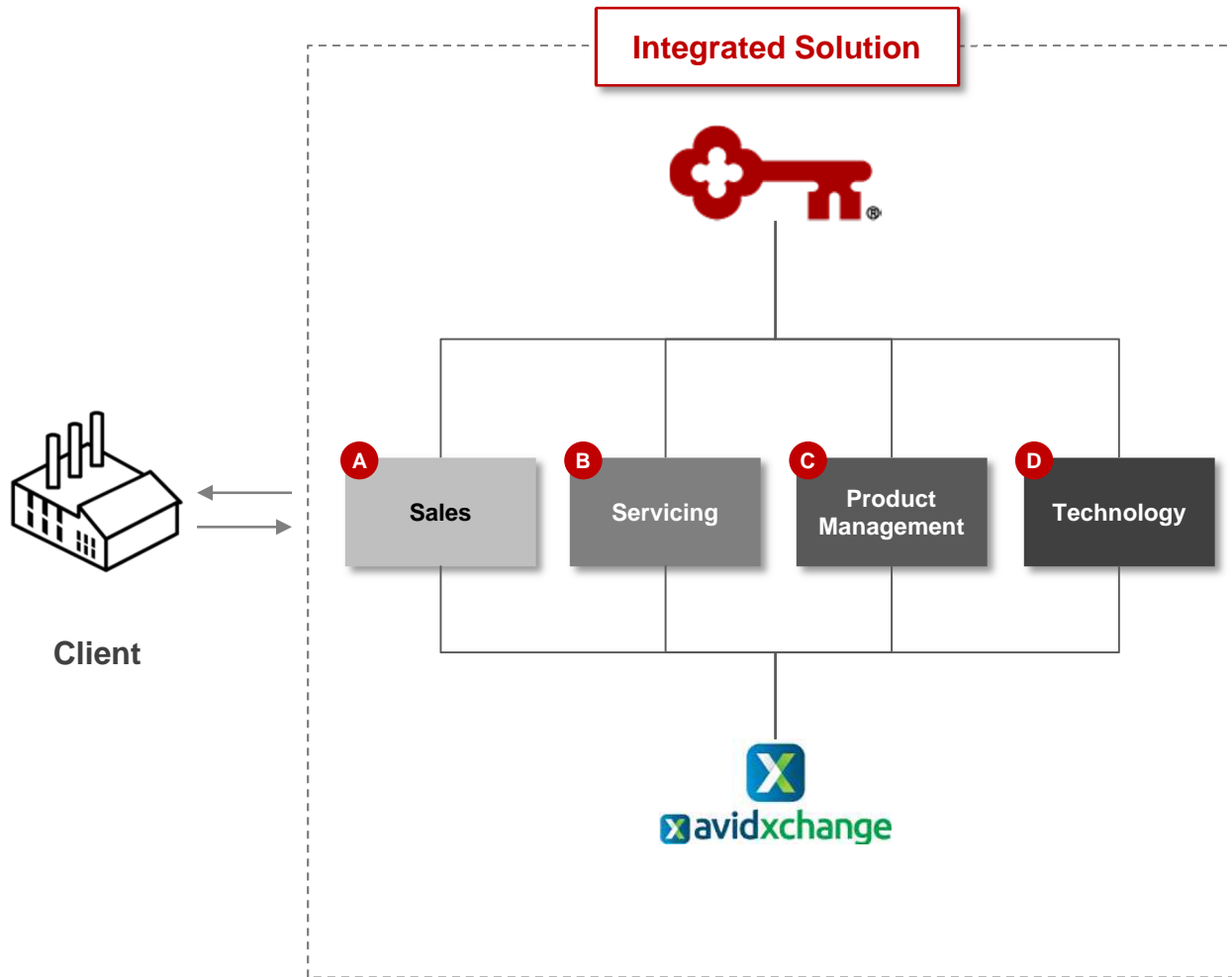
- 1 Client Centered Approach** – Every partnership stems from a deep understanding of client needs and a commitment to bringing the best solution
- 2 Large Addressable Market** – Where pain point impacts a broad client set → targeted against horizontals where we can build product scale
- 3 Overlapping Focus** – Where pain point exists in specific function for a specific client type → targeted against our industry verticals where we have strength of relationships
- 4 Putting “Skin in the Game”** – Typically coupling equity investments with commercial partnerships to create full organizational alignment

Partnerships Critical for Targeted Solutions



Partnership Strategy: Adapting for Growth

True partnership requires a change in skillset from traditional roles



Partnership Engagement

Although we don't own the partner product, we believe putting dedicated internal resources against these skillsets creates materially more successful partnerships

A Sales

- Joint sales management, call planning, and client presentations

B Servicing

- Clear roles and responsibilities and escalation procedures to deliver on client success and experience

C Product Management

- Shared roadmap development and feedback mechanisms

D Technology

- Integrating partner capability tightly into core banking platform



Partnership Strategy: Solving More Client Needs Faster

Leveraging partners enhances Key's expertise while improving our speed to market

Determining When to Partner at Key

Focused Forward

Why partner?

- **Augment value proposition**
 - Fill gap or strengthen offering to clients
- **Gain access to pools of clients**
 - Use partner position to create preferred connection with clients

When does it matter?

- **Large financial payoff**
 - Balances uniqueness of capability with growth opportunity
- **Critical client positioning (“wedge”)**
 - Enhances position as “expert” to drive trusted advisor role

Who is the best partner?

- **Right capability**
 - The offering aligns well with Key's targeted clients and prospects
- **Right partner**
 - Cultural fit and commitment that enable effective operating model

Areas of Focus

- Data and analytics
- Regulatory technology
- Workplace benefits
- Artificial intelligence & machine learning
- Automation
- Investments
- Digital

Key has >\$50MM of equity investments in FinTech and will continue to seek opportunities to strengthen its client offerings through partnerships



Commercial Payments and Strategic Partnerships



Critical area of focus which has garnered significant investment



Differentiated business model that creates considerable value for clients and Key



Proven growth engine with meaningful opportunity to drive additional scale



Partnership strategy built on client centric approach that delivers leading solutions



Proven ability to engage with the right partners at the right time and in the right way

