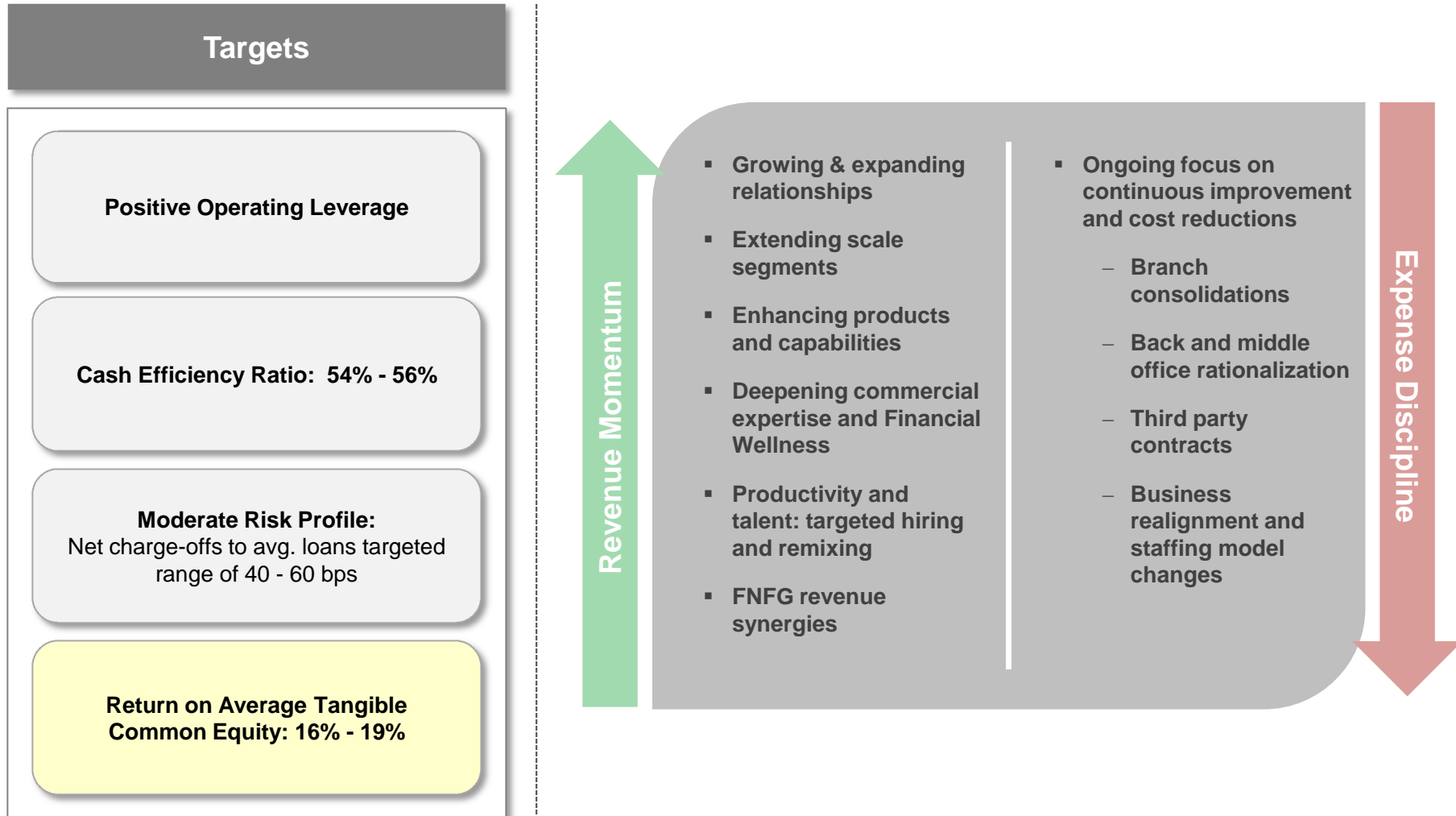


# Delivering on Targets & Commitments

**Don Kimble**  
Vice Chairman &  
Chief Financial Officer

# Executing on Targets

Focused execution of relationship-based model drives performance

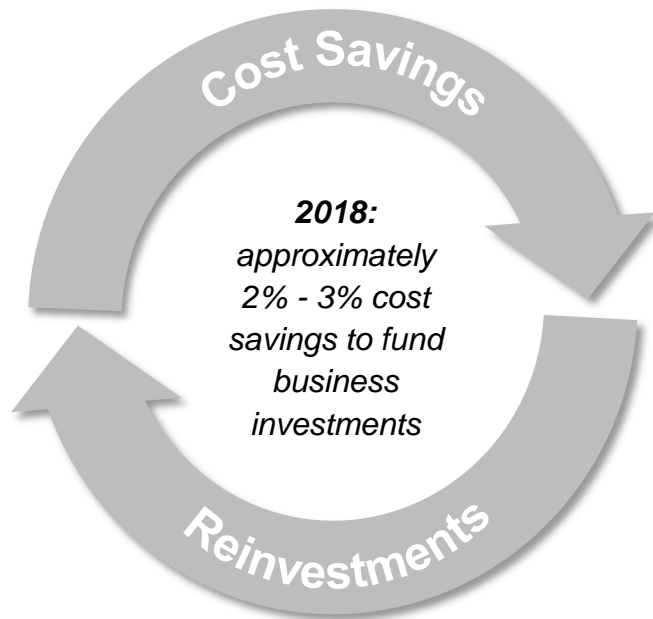


# Accelerating Expense Discipline

## Increasing 2019 cost savings target

### Focused Expense Discipline

Managing to relatively **stable expenses** by executing cost savings across the franchise to **reinvest in our businesses**



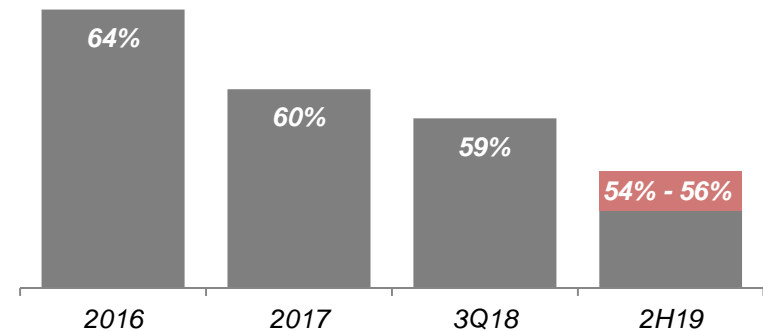
### 2019 Plans

Targeting **5%** cost savings or approximately **\$200MM**

Accelerating cost saving efforts to achieve efficiency ratio target by 2H19, while maintaining the ability to reinvest in our businesses:

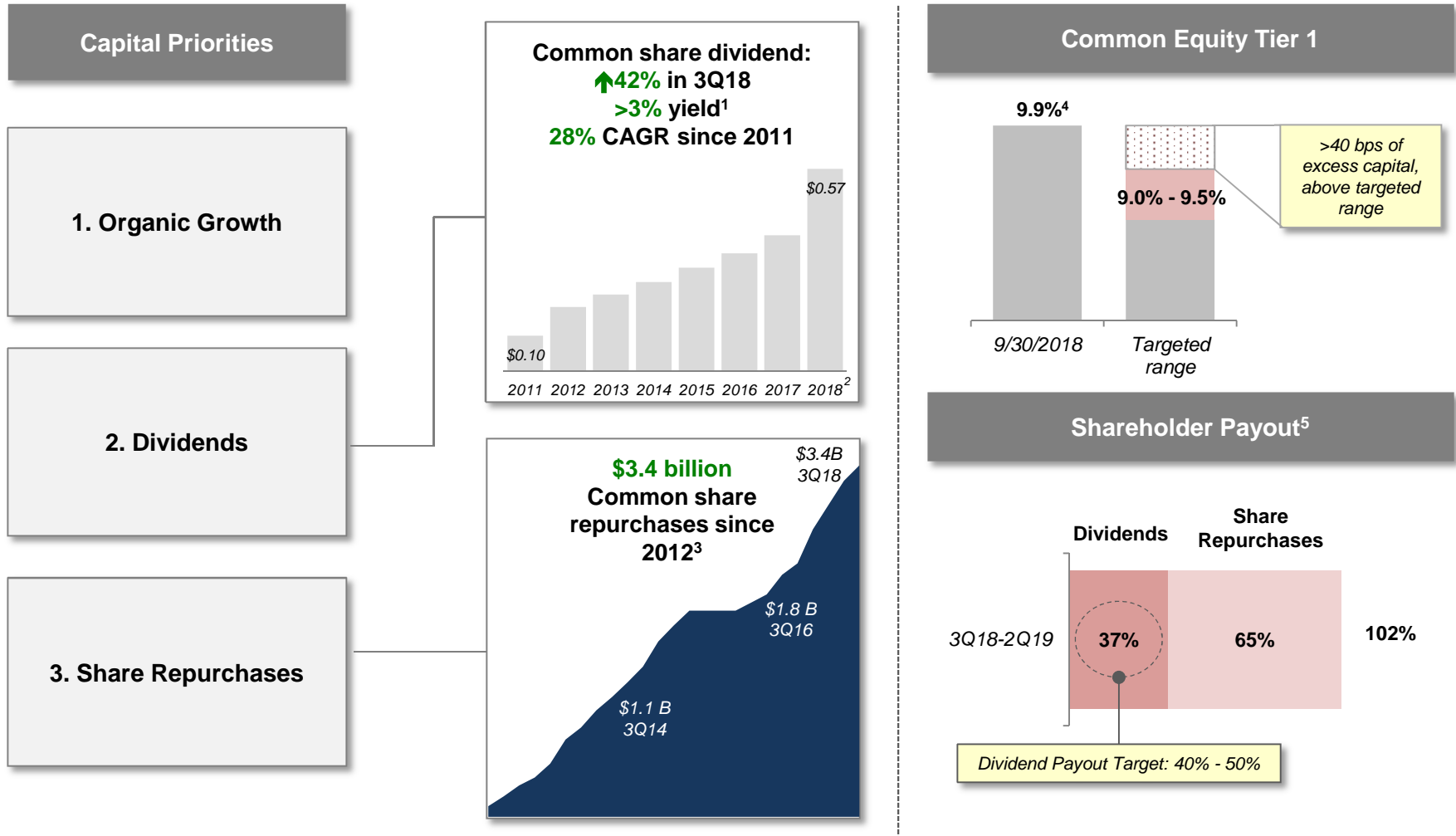
- Infrastructure and service delivery efficiency
- Process simplification
- Leveraging technology investments and digitization
- Strategic sourcing
- Client-centric organizational alignment

### Cash Efficiency Ratio<sup>1,2</sup>



# Disciplined Capital Management

Executing capital priorities to optimize and return capital to shareholders



(1) Dividend yield based on quarterly common share dividend of \$0.17 and 9/30/18 closing stock price; (2) Assumes 4Q18 common share dividend of \$0.17 subject to Board approval; (3) Common share repurchase amount includes repurchases to offset issuances of common shares under our employee compensation plans; (4) 9/30/18 ratio is estimated; (5) Projected payout, based on 2018 CCAR capital plan and consensus estimates as of 9/30/18

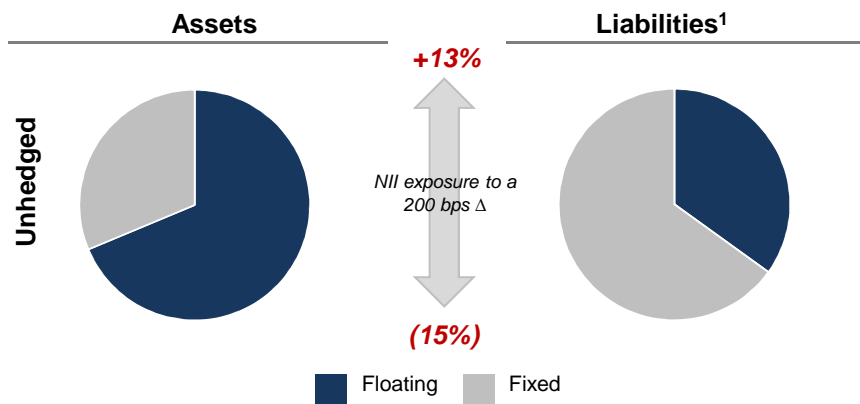
# Asset/Liability Management

## Guided by our Moderate Risk Profile and the composition of our balance sheet

- Asset-sensitive position (+3% to a ramped 200bps rise) enables Key to benefit from future interest rate increases
- Maintaining a neutral-to-liability-sensitive position over the long-term via ongoing hedge activities

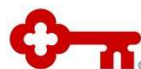
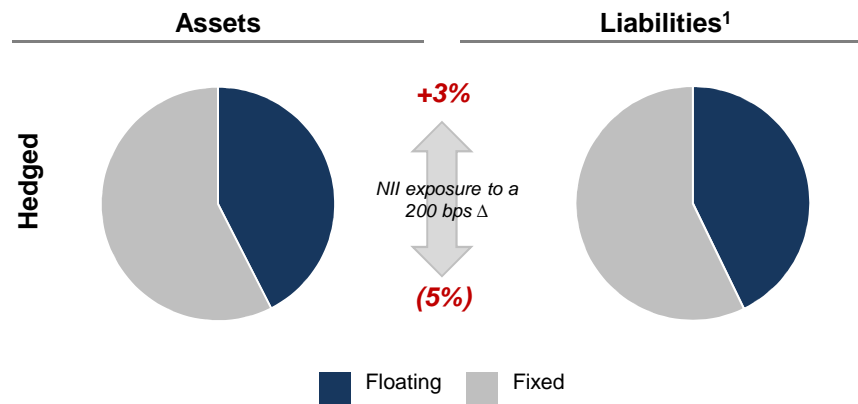
### A/LM Philosophy

- Key maintains a **Moderate Risk Profile** (limited appetite for market-driven risks, including interest rate risk)
- We believe **shareholders achieve greater long-term value from growth in our core business activities**, rather than our rate view vs. the market's
- **'Natural business' results in an asset-sensitive balance sheet**
  - Floating-rate commercial loans funded with stable deposits and fixed-rate debt



### 3Q18 A/LM Actions

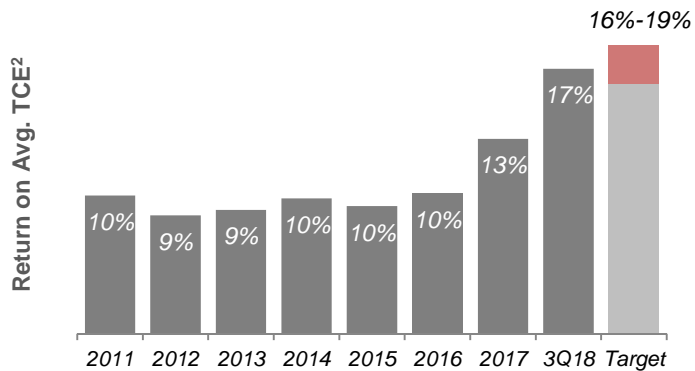
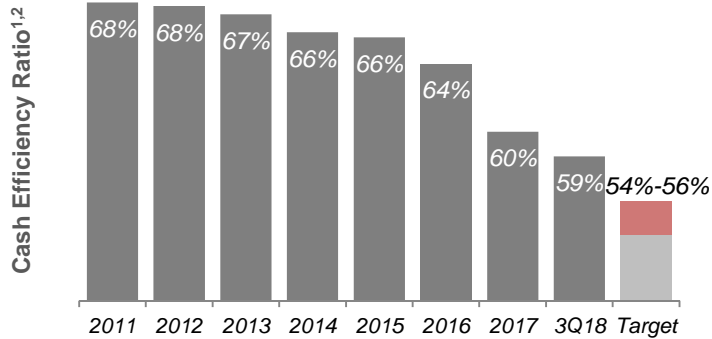
- **Terminated \$5B of discretionary hedges due to mature in 2019**
  - Creates upside to higher short-term rates → Key's benefit to ramped rise in interest rates increased to 3%
  - Maintained down-rate protection through the purchase of interest rate floors at a nominal cost of \$330K
- **Aligns balance sheet positioning with outlook for continued economic growth**
  - Little incremental cost for this year – increased upside for 2019
  - Rate curve has moved up 15-20 bps post termination, benefitting our new position
- **Retaining moderately asset sensitive position**



# Transformed Franchise

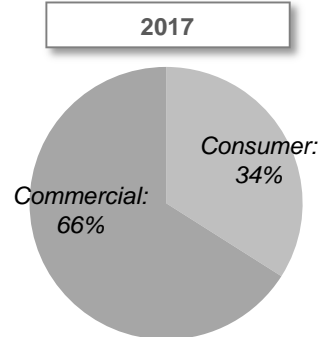
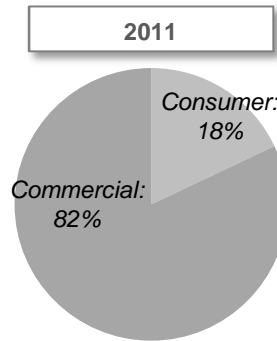
Improved performance and returns not yet reflected in valuation

## Operating Results

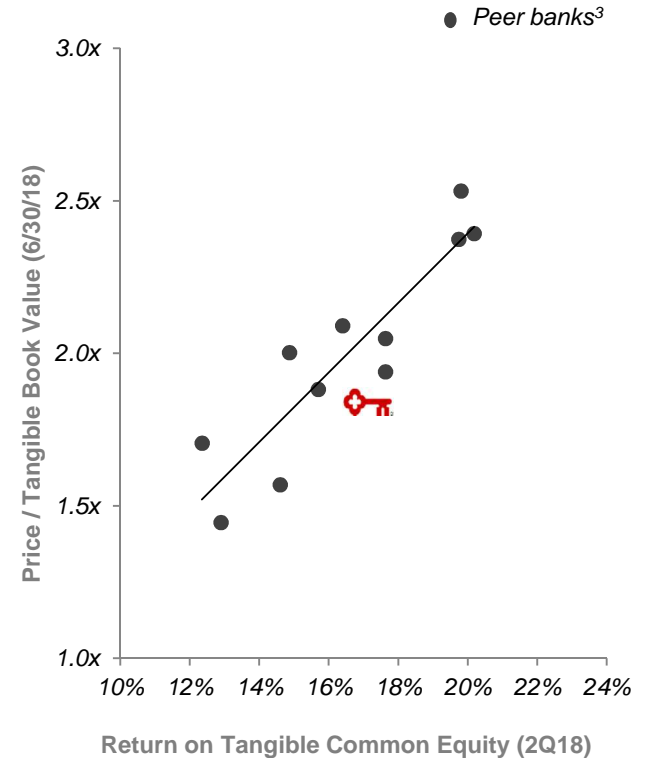


## Business Mix

Pre-provision Net Revenue



## Valuation



(1) Excludes notable items in 2015 - 2017; see 2017 Form 10-K for additional detail; (2) Non-GAAP measure; see Appendix for reconciliation. Additional disclosure regarding non-GAAP measures is available in our reports filed with the SEC, available at [key.com/documents](http://key.com/documents); (3) Peers include: BBT, CFG, CMA, FITB (ROTCE adjusted for Worldpay gain), HBAN, MTB, PNC, RF, STI, USB, ZION

# Delivering on Targets and Commitments



**Improving efficiency and returns across the organization**

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**Achieving our financial targets and delivering consistent top-tier performance**

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**Making targeted investments in technology and our business to support growth**

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**Maintaining our moderate risk profile to outperform through the cycle**

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**Remaining disciplined with capital, consistent with our priorities**