KeyCorp

Second Quarter 2016 Earnings Review

July 26, 2016

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 meet closing conditions to the merger; 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 96 of our Form 10-Q dated March 31, 2016.

Investor Highlights – 2Q16

Positive Operating Leverage

- **Generated positive operating leverage and grew pre-provision net revenue [(a)] from 2Q15, excluding merger-related expense of $45 MM [(b)]**
- **Revenue stable with prior year and up 3% from prior quarter**
- **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 improved from 1Q16 but continued to be impacted by challenging market conditions
- **Expenses well-managed; reflect merger-related expense [(b)] and investments for growth**

Strong Risk Management

- **Maintained credit discipline**
- **NCOs represented 28 bps of average loans, down from prior quarter and below targeted range**
- **Allowance to period-end loans remained strong at 1.38%**

Disciplined Capital Management

- **Increased common share dividend by 13% in 2Q16**
- **No objection from Federal Reserve on 2016 capital plan**
  - Common share repurchases of up to $350 MM, and, subject to Board approval, a 12% increase in the quarterly common share dividend in 2Q17
- **Common Equity Tier 1 ratio of 11.1% at 6/30/16 [(a), (c)]**

(a) Non-GAAP measure: see Appendix for reconciliations
(b) Merger-related expense detail provided in Appendix, on slide 17
(c) 6-30-16 ratio is estimated

First Niagara: Positioned to Complete Acquisition

2Q16 Updates

- **Transaction scheduled to close on or about August 1, 2016**
- **Federal Reserve approval received July 12, 2016**
- **Announced combined branch network plans**
  - Includes consolidation of 106 FNFG and KEY branches
- **Plans to invest in and expand businesses in New York**
- **Finalized branch divestiture agreements with Department of Justice and Federal Reserve**
  - Sale of 18 branches in the Buffalo MSA

Continued confidence in value attainment, financial targets and cultural compatibility

- **Cost savings of $400 MM**
- **Cash efficiency improves ~300 bps**
- **ROTCE ~200 bps higher**
- **IRR of ~15%; ROIC >10%**
- **EPS accretion of ~5%**

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

Financial Review

Financial Highlights

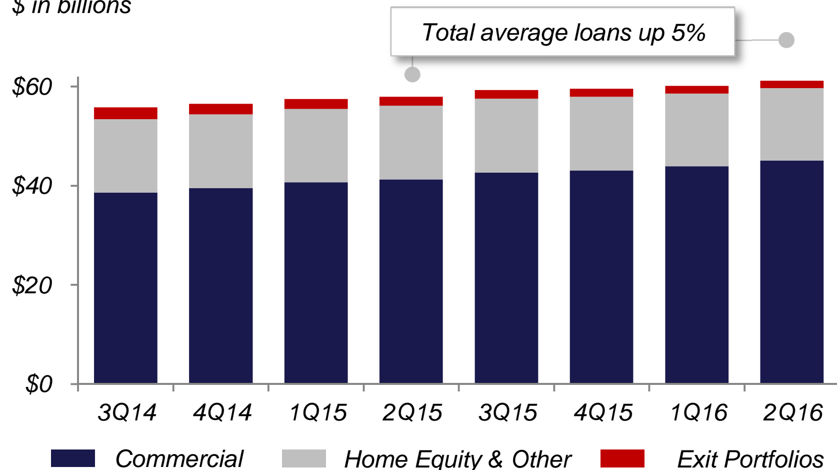
	Metrics	2Q16		1Q16		4Q15		3Q15		2Q15	
Financial Performance [a]	EPS – assuming dilution	$ .23		$ .22		$ .27		$ .26		$ .27	
	EPS –excl. merger-related expense [e], [f]	.27		.24		.27					
	Cash efficiency ratio [e]	69.0	%	66.6	%	66.4	%	66.9	%	65.1	%
	Cash efficiency –excl. merger-related expense [e], [f]	64.8		64.3		65.8					
	Return on average total assets	.82		.80		.97		.95		1.03	
	ROAA –excl. merger-related expense [e], [f]	.94		.86		.99					
Balance Sheet Growth [a], [b]	Total loans and leases	5	%	5	%	5	%	6	%	4	%
	CF&A loans	12		12		14		15		10	
	Deposits (excl. foreign deposits)	5		4		3		3		6	
Capital [c]	Common Equity Tier 1 [d], [e]	11.1	%	11.1	%	11.0	%	10.5	%	10.7	%
	Tier 1 risk-based capital [d]	11.4		11.4		11.4		10.9		11.1	
	Tangible common equity to tangible assets [e]	10.0		10.0		10.0		9.9		9.9	
Asset Quality [a]	NCOs to average loans	.28	%	.31	%	.25	%	.27	%	.25	%
	NPLs to EOP portfolio loans	1.00		1.12		.65		.67		.72	
	Allowance for loan losses to EOP loans	1.38		1.37		1.33		1.31		1.37	

TE = Taxable equivalent; EOP = End of Period

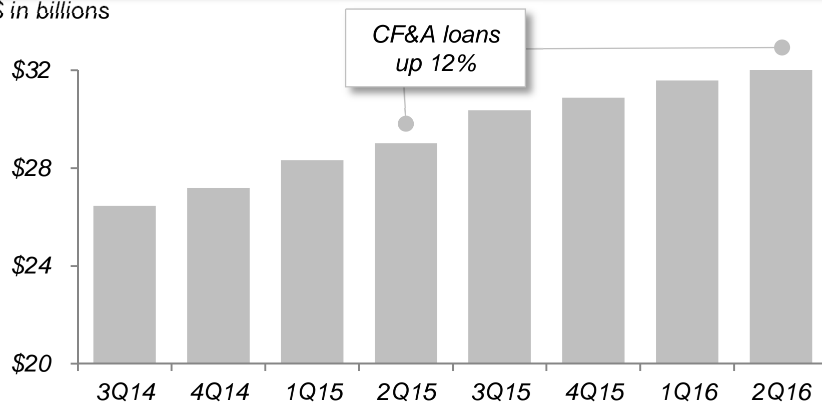
(a) From continuing operations
(b) Year-over-year average balance growth
(c) From consolidated operations
(d) 6-30-16 ratios are estimated
(e) Non-GAAP measure: see Appendix for reconciliation
(f) Merger-related expense detail available in Appendix, on slide 17

Loans

Total Average Loans



Average Commercial, Financial & Agricultural Loans



Highlights

Average Loans

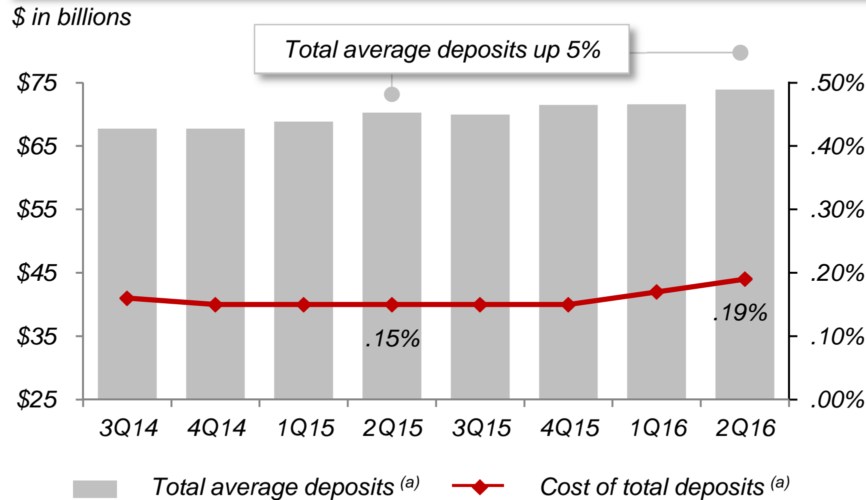
- **Average total loans up 5% in 2Q16 from 2Q15, driven by CF&A loans up 12%**
  - **Broad-based growth across Key's commercial lines of business**
  - **Consumer loan decline related to paydowns in the home equity portfolio and continued run-off in consumer exit portfolios**
- **Average balance growth in both Community Bank and Corporate Bank, compared to 2Q15**

Period-End Loans

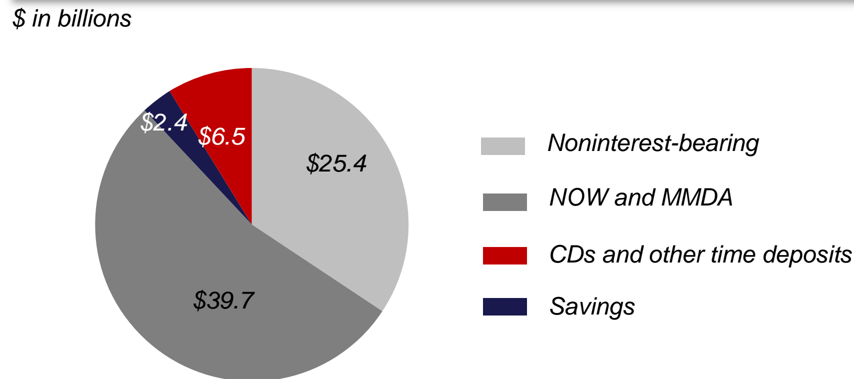
- **Period-end total loans up 7% in 2Q16 from 2Q15, driven by CF&A loans up 14%**
- **Utilization remains relatively stable**

Deposits

Average Deposits [a]



2Q16 Average Deposit Mix



Highlights

vs. Prior Year

- **Deposit growth of 5% from 2Q15 related to:**
  - **Core deposit growth in retail banking**
  - **Growth in escrow deposits from the commercial mortgage servicing business**
  - **Inflows from commercial clients**

vs. Prior Quarter

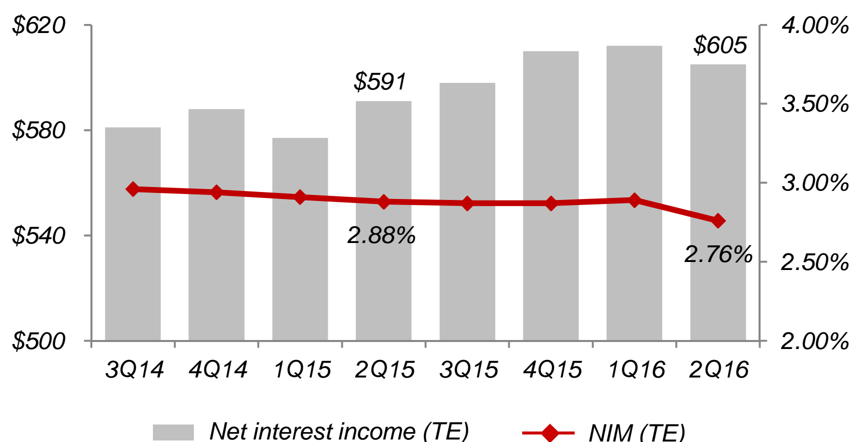
- **Deposit balances up 3% from 1Q16, reflecting:**
  - **Growth in escrow deposits from the commercial mortgage servicing business**
  - **Short-term inflows from commercial clients**
  - **Core deposit growth in retail banking**

(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. 1Q16
Short-term deposit growth/ higher levels of excess liquidity	(0.07)
Lower asset yields	(0.05)
Loan fees	(0.01)
Total change	**(0.13)**

Highlights

vs. Prior Year

- **Net interest income up $14 MM, or 2%, from 2Q15**
  - **Higher earning asset balances and yields**
  - **Lower reinvestment yields in the securities and derivatives portfolios**

vs. Prior Quarter

- **Net interest income down $7 MM, or 1%, from 1Q16**
  - **Lower reinvestment yields and a decline in loan fees**
  - **Higher earning asset balances**

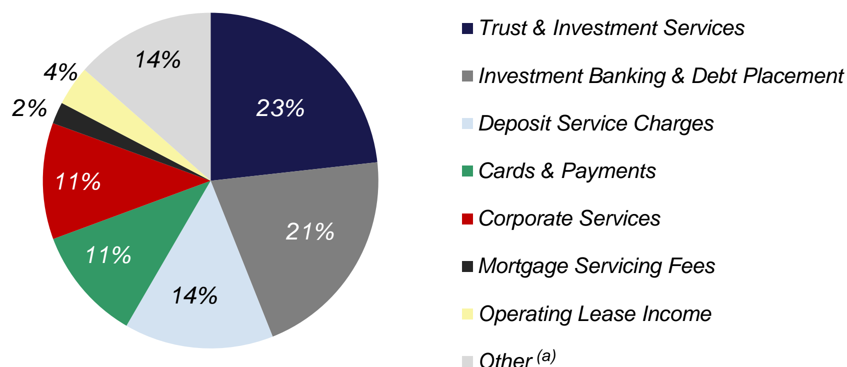
- **Maintained moderate asset sensitivity**
  - **Naturally asset sensitive balance sheet: 71% of loans variable rate**
  - **High quality investment portfolio with average life of 3.6 years**
  - **Flexibility to quickly adjust interest rate risk position**

TE = Taxable equivalent

Noninterest Income

Noninterest Income

$ in millions *Up / (Down)*	2Q16	vs. 2Q15	vs. 1Q16
Trust and investment services income	$ 110	$ (1)	$ 1
Investment banking and debt placement fees	98	(43)	27
Service charges on deposit accounts	68	5	3
Operating lease income and other leasing gains	18	(6)	1
Corporate services income	53	10	3
Cards and payments income	52	5	6
Corporate-owned life insurance	28	(2)	-
Consumer mortgage income	3	(1)	1
Mortgage servicing fees	10	1	(2)
Net gains (losses) from principal investing	11	-	11
Other income	22	17	(9)
Total noninterest income	**$ 473**	**$ (15)**	**$ 42**



Highlights

vs. Prior Year

- **Noninterest income down 3% from 2Q15**
  - **Investment banking and debt placement fees $43 MM lower, reflecting challenging market conditions**
  - **Continued momentum in core fee-based businesses:**
    - **Corporate services income +$10 MM**
    - **Cards and payments income +$5 MM**
  - **$17 MM increase in other income, primarily related to gains from certain real estate investments**

vs. Prior Quarter

- **Noninterest income up 10% from 1Q16**
  - **Strength in core fee-based businesses**
    - **Investment banking and debt placement fees up $27 MM, reflecting improved capital markets conditions**
    - **Cards and payments income up $6 MM**
  - **$11 MM increase in net gains from principal investing**

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

Noninterest Expense

Noninterest Expense

$ in millions Up / (Down)	2Q16	vs. 2Q15	vs. 1Q16
Personnel	$ 427	$ 19	$ 23
Net occupancy	59	(7)	(2)
Computer processing	45	3	2
Business services, professional fees	40	(2)	(1)
Equipment	21	(1)	-
Operating lease expense	14	2	1
Marketing	22	7	10
FDIC assessment	8	-	(1)
Intangible asset amortization	7	(2)	(1)
OREO expense, net	2	1	1
Other expense	106	20	16
Total noninterest expense	**$ 751**	**$ 40**	**$ 48**
Merger-related expense [(a)]	45	45	21
Total noninterest expense, excluding merger-related expense [(b)]	**$ 706**	**$ (5)**	**$ 27**

Highlights

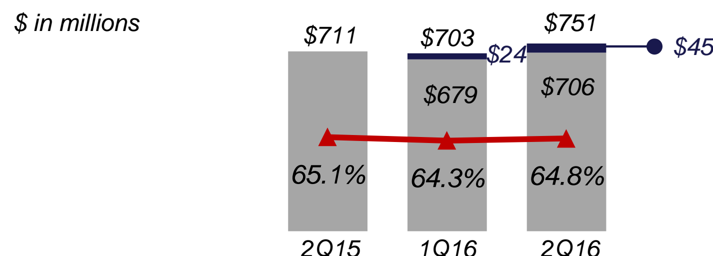
- **Expense comparisons reflect merger-related expense of $45 MM in 2Q16, compared to $24 MM in 1Q16 (no merger-related expense in 2Q15)**

vs. Prior Year
(excl. merger-related expense)

- **Down 1%, or $5 MM, excluding merger-related expense**
  - **Lower performance-based compensation, net occupancy and business services and professional fees**
  - **Higher expense from certain real estate investments and other miscellaneous items**
  - **Increased non-merger related marketing**

vs. Prior Quarter
(excl. merger-related expense)

- **Up 4%, or $27 MM, excluding merger-related expense**
  - **Higher expense from certain real estate investments and other miscellaneous items**
  - **Increased non-merger related marketing**
  - **Higher performance-based compensation**

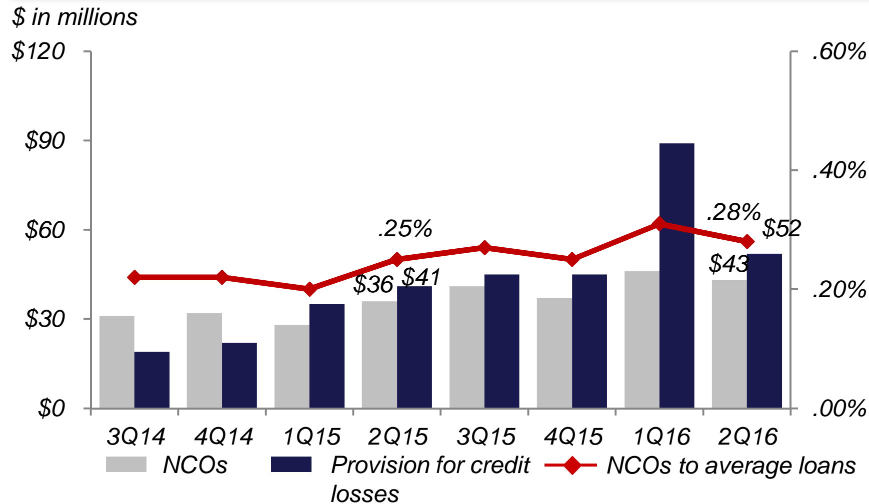


Merger-related expense [(a)] *Noninterest expense, excl. merger-related expense [(b)]*
Cash efficiency ratio, excluding merger-related expense [(b)]

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

Credit Quality

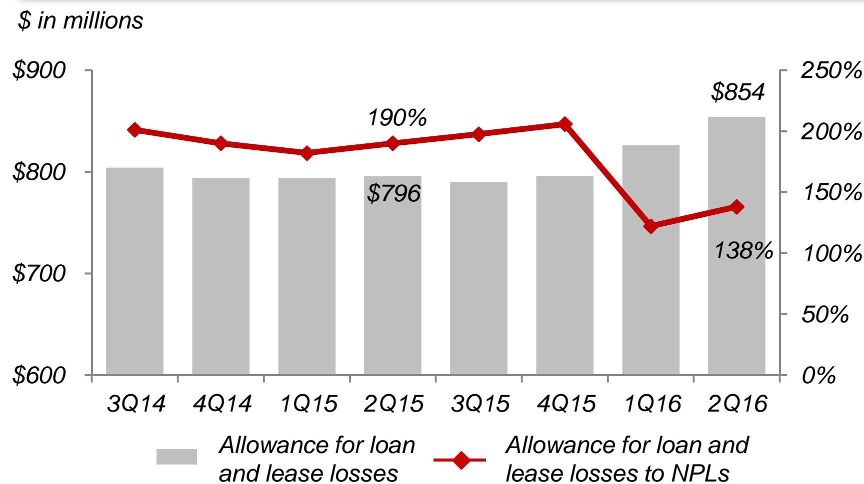
Net Charge-offs & Provision for Credit Losses



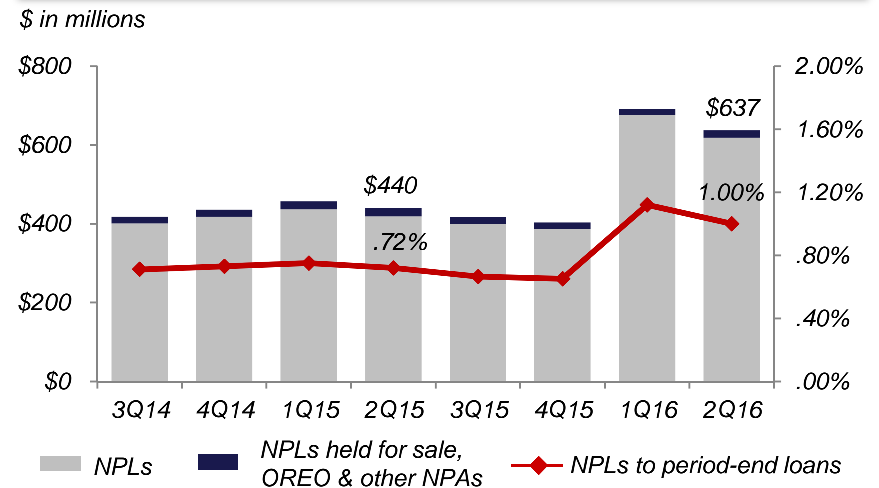
Highlights

- **Net loan charge-offs remain below targeted range, at 28 basis points of average loans**
- **Nonperforming loans decreased $57 MM from 1Q16 and represented 1.00% of period-end loans**
- **Allowance for loan and lease losses represented 1.38% of period-end loans; 138% coverage of nonperforming loans**

Allowance for Loan and Lease Losses

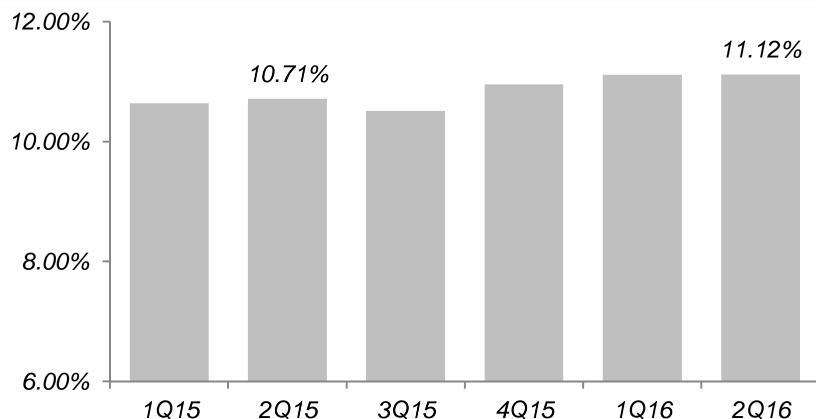


Nonperforming Assets

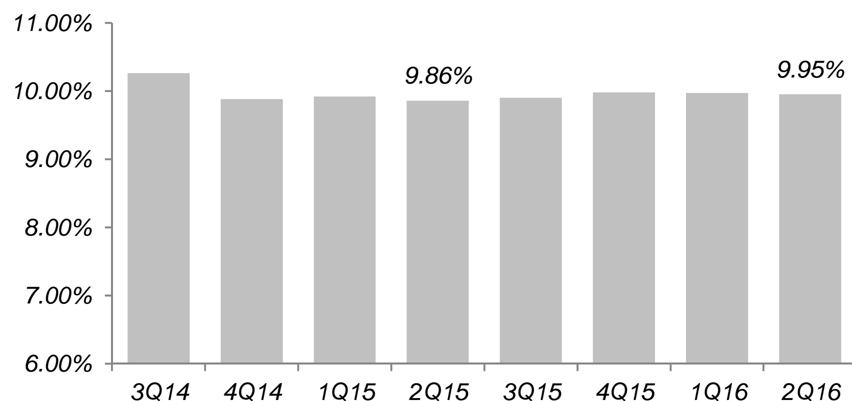


Capital

Common Equity Tier 1 [(a), (b)]



Tangible Common Equity to Tangible Assets [(a)]



Highlights

- **Maintained strong capital position**
- **Common Equity Tier 1 ratio of 11.12% [(b)] at 6/30/16**
- **Increased quarterly common share dividend by 13% in 2Q16 to $.085 per share**
- **No objection to 2016 capital plan from Federal Reserve, including:**
  - **Share repurchase program of up to $350 MM**
  - **12% increase in the quarterly common share dividend in 2Q17 to $.095 per share, subject to Board approval**

(a) Non-GAAP measure: see Appendix for reconciliation
(b) 6-30-16 ratio is estimated

Outlook and Expectations

	FY 2016: Key Stand-alone (a)
Average Loans	• Mid-single digit growth vs. FY 2015
Net Interest Income	• 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	• Relatively stable to up low single-digit growth compared to 2015
Expense	• Relatively stable with 2015
Efficiency / Productivity	• Positive operating leverage
Asset Quality	• 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 2Q16

Capital	• No objection to 2016 capital plan from Federal Reserve, including:
	  • Share repurchase program of up to $350 MM
	  • 12% increase in the quarterly common share dividend in 2Q17 to $.095 per share, subject to Board approval

Expected impact of First Niagara acquisition

- Revenue and expense: approximately 5 months of FNFG's 1Q16 operating results
- Incremental amortization expense of ~$30 million
- Average shares increase by ~240 million

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

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

Appendix

Progress on Targets for Success: Key Stand-alone

	Metrics [a]	Targets	2Q16	1Q16
Balance Sheet Efficiency	*Loan to deposit ratio* [b]	90% -100%	85%	86%
Moderate Risk Profile	*NCOs to average loans*	40 - 60 bps	.28%	.31%
	Provision for credit losses to average loans		.34%	.60%
High Quality, Diverse Revenue Streams	*Net interest margin*	3.00% -3.25%	2.76%	2.89%
	Noninterest income to total revenue	>40%	44%	41%
Positive Operating Leverage	*Cash efficiency ratio* [c], [d]	<60%	64.8%	64.3%
Financial Returns	*Return on average assets* [c], [d]	1.00% - 1.25%	.94%	.86%

(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 $45 million and $24 million in merger-related expense for 2Q16 and 1Q16, respectively; detail provided in Appendix, on slide 17

FNFG Merger-related Expense

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

$ in millions *Increase / (Decrease)*	2Q16	1Q16	4Q15
Personnel expense [(a)]	**$ 35**	**$ 16**	**-**
Business services and professional fees	$ 5	$ 7	$ 5
Marketing	3	1	-
All other nonpersonnel	2	-	1
Total nonpersonnel expense	**$ 10**	**$ 8**	**$ 6**
Total merger-related expense [(b)]	**$ 45**	**$ 24**	**$ 6**
EPS impact	**$ (.04)**	**$ (.02)**	**-**

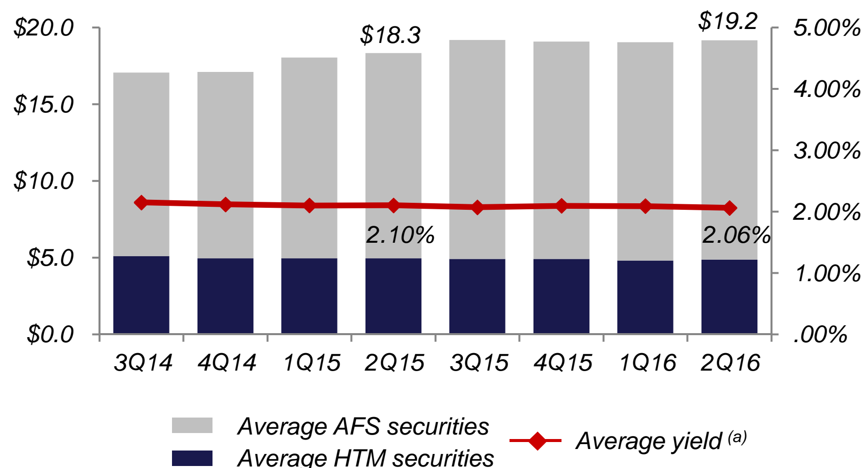
- **Total merger-related expense expected to be approximately $550 MM**
- **Majority of expense anticipated to occur in 2016 and the first half of 2017**

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

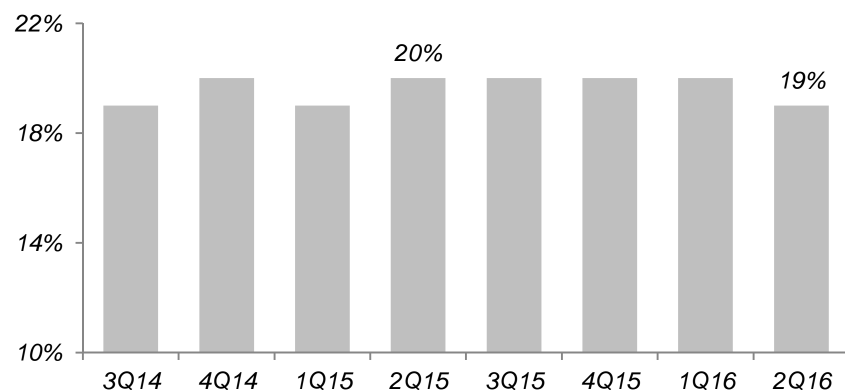
(b) Non-GAAP measure: see slides 25-26 for reconciliation

Investment Portfolio

Average Total Investment Securities



Securities to Total Assets (b)



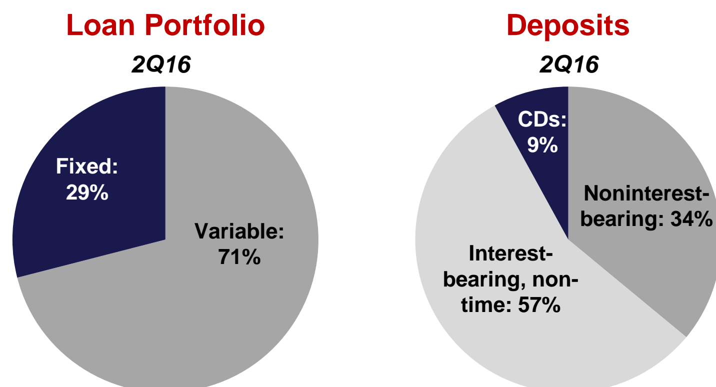
Highlights

- **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 52% of the total portfolio**
- **Securities cash flows of $1.2 billion in 2Q16 and $1.0 billion in 1Q16**
- **Average portfolio life at 6/30/16 of 3.6 years, compared to 3.7 years at 3/31/16**

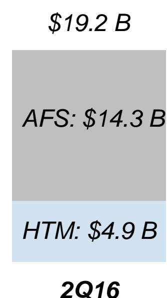
(a) Yield is calculated on the basis of amortized cost
(b) Includes end-of-period held-to-maturity and available-for-sale securities

Interest Rate Risk Management

Naturally Asset Sensitive Balance Sheet



Investment Portfolio



- High quality
- Fixed rate agency MBS and CMOs
- Average maturity: 3.6 years
- GNMAs total 52% of portfolio
- Reinvesting cash flows into HQLAs, including GNMAs

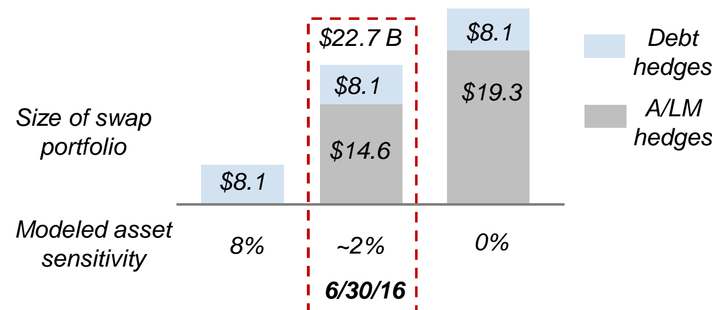
Balance sheet has relatively short duration and is impacted by both short and intermediate-term interest rates

Actively Managing Rate Risk

- **Maintained moderate asset sensitive position of ~2% [(a)]**
  - 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
  - $1.5B A/LM swaps scheduled to mature by year end 2016

Swaps ($ in B)	6/30/16 Notional Amt.	Wtd. Avg. Maturity (Yrs.)	Receive Rate	Pay Rate
A/L Management	$ 14.6	2.1	1.0%	.5%
Debt	8.1	3.7	1.7	.5
	$ 22.7	**2.7**	**1.2%**	**.5%**

Flexibility to Adjust Rate Sensitivity with Swaps



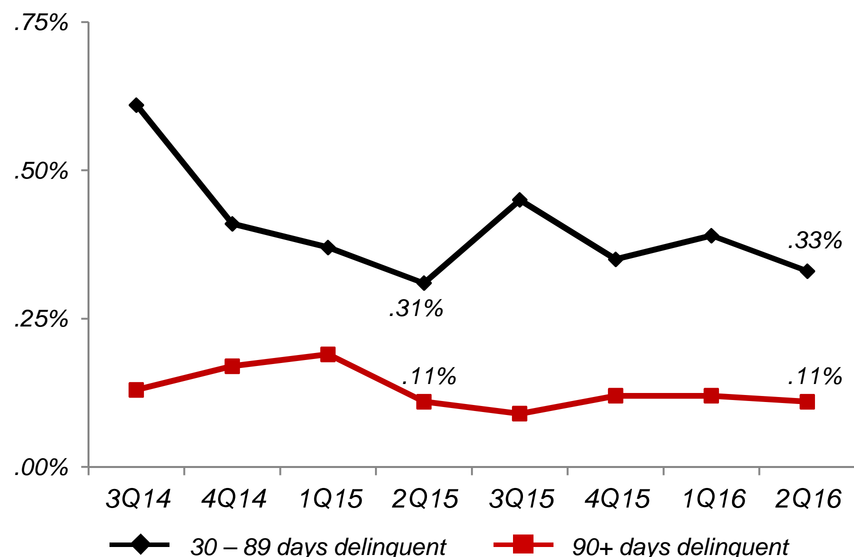
Flexibility to adjust rate sensitivity for changes in balance sheet growth/mix as well as interest rate outlook

Note: Loan, deposit and investment portfolio balances reflect quarterly average balances
(a) Preliminary estimate

Credit Quality Trends

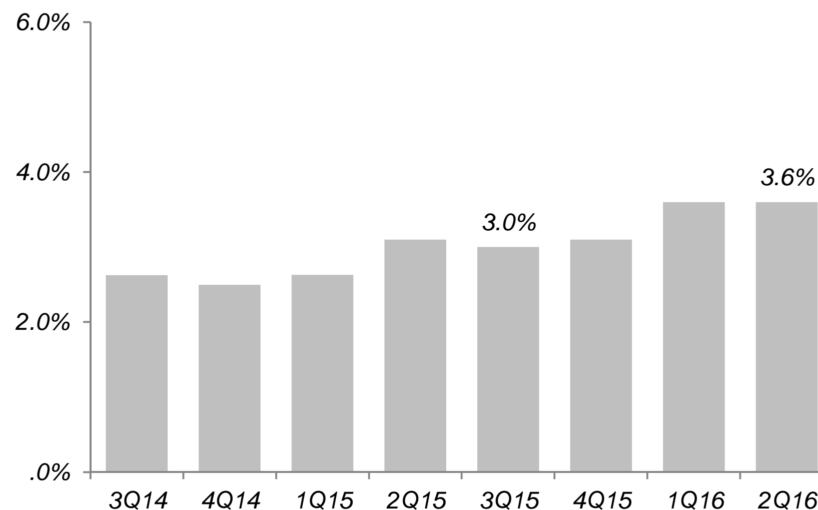
Delinquencies to Period-end Total Loans

Continuing operations



Criticized Outstandings (a) to Period-end Total Loans

Continuing operations



Metric (b)	2Q16	1Q16	4Q15	3Q15	2Q15
Delinquencies to EOP total loans: 30-89 days	.33 %	.39 %	.35 %	.45 %	.31 %
Delinquencies to EOP total loans: 90+ days	.11	.12	.12	.09	.11
NPLs to EOP portfolio loans	1.00	1.12	.65	.67	.72
NPAs to EOP portfolio loans + OREO + Other NPAs	1.03	1.14	.67	.69	.75
Allowance for loan losses to period-end loans	1.38	1.37	1.33	1.31	1.37
Allowance for loan losses to NPLs	138.0	122.2	205.7	197.5	190.0

(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 (%)
	6/30/16	2Q16	2Q16	2Q16	6/30/16	6/30/16	6/30/16	6/30/16
Commercial, financial and agricultural [a]	$ 33,376	$ 32,630	$ 32	.39%	$ 321	$ 513	1.54%	159.81%
Commercial real estate:								
Commercial Mortgage	8,582	8,404	(4)	(.19)	14	135	1.57	964.29
Construction	881	869	-	-	25	18	2.04	72.00
Commercial lease financing	3,988	3,949	1	.10	10	45	1.13	450.00
Real estate – residential mortgage	2,285	2,253	1	.18	54	18	.79	33.33
Home equity	10,062	10,098	3	.12	189	64	.64	33.86
Credit cards	813	792	7	3.55	2	30	3.69	N/M
Consumer direct loans	1,584	1,599	4	1.01	1	19	1.20	N/M
Consumer indirect loans	527	554	(1)	.73	3	11	2.09	366.67
Continuing total [e]	**$ 62,098**	**$ 61,148**	**$ 43**	**.28%**	**$ 619**	**$ 854**	**1.38**	**137.96%**
Discontinued operations	1,692	1,717	4	.94	5	20	1.18	400.00
Consolidated total	**$ 63,790**	**$ 62,865**	**$ 47**	**.30%**	**$ 624**	**$ 874**	**1.37**	**140.06%**

N/M = Not meaningful

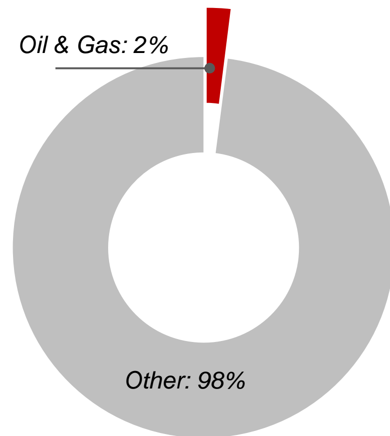
(a) 6-30-16 ending loan balance includes $88 million of commercial credit card balances; 6-30-16 average loan balance includes $87 million of assets from commercial credit cards
(b) Net loan charge-off amounts are annualized in calculation
(c) 6-30-16 NPL amount excludes $11 million of purchased credit impaired loans
(d) 6-30-16 allowance by portfolio is estimated
(e) 6-30-16 ending loan balance includes purchased loans of $104 million, of which $11 million were purchased credit impaired

Oil & Gas

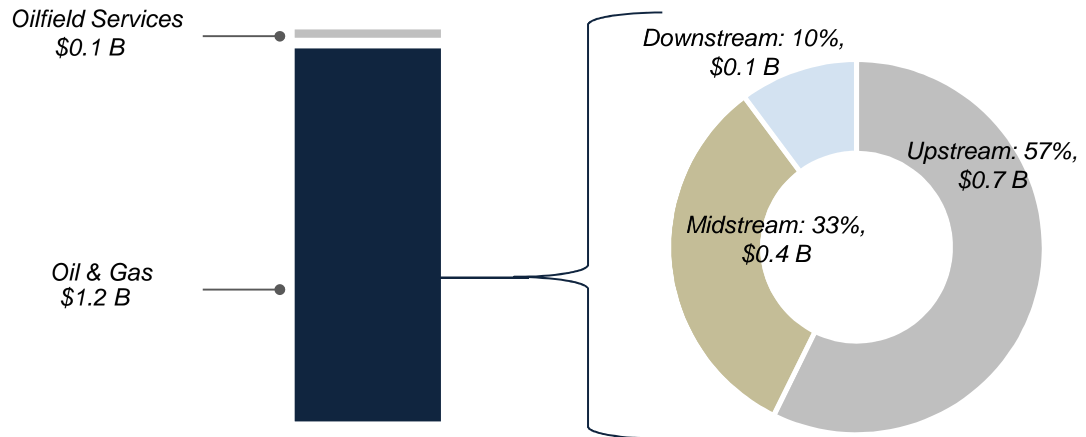
Longstanding history, expertise and relationships

- Total commitments of $3.1 B, including upstream commitments of $1.6 B
- Upstream portfolio is primarily secured by proven, developed and producing reserves
- Portfolio performing in-line with expectations
- Reserve coverage: 8% of outstanding oil and gas loans at period-end

Total Loans Outstanding, 6/30/16



Oil & Gas Outstanding Balances, 6/30/16



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 771
  - Average CLTV 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
- $0.9 billion in lines outstanding (9% 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 – 6/30/16

$ in millions, except average loan size

	Loan Balances	Average Loan Size ($)	Average FICO	Average CLTV (a)	% of Loans CLTV>90%	Vintage (% of Loans) 2012 and later	2011	2010	2009	2008 and prior
Loans and lines										
First lien	$ 6,015	$ 70,349	772	67 %	.5 %	61 %	4 %	2 %	2 %	31 %
Second lien	3,864	45674	769	77	-	44	4	2	3	47
Community Bank	$ 9,879	58,077	771	71	.3	55	4	2	3	37
Exit portfolio	183	18,875	728	80	.1	-	-	-	-	100
Total home equity portfolio	**$ 10,062**									
Nonaccrual loans and lines										
First lien	$ 112	$ 62,242	720	72 %	2.2 %	15 %	3 %	3 %	5 %	74 %
Second lien	70	47,303	713	80	-	6	2	2	5	85
Community Bank	$ 182	56,495	718	77	1.4	12	3	2	5	78
Exit portfolio	7	22,071	707	83	.2	-	-	-	-	100
Total home equity nonaccruals	**$ 189**									
First quarter net charge-offs (NCOs)										
Total home equity portfolio	$ 3									
% of average loans	.12 %									

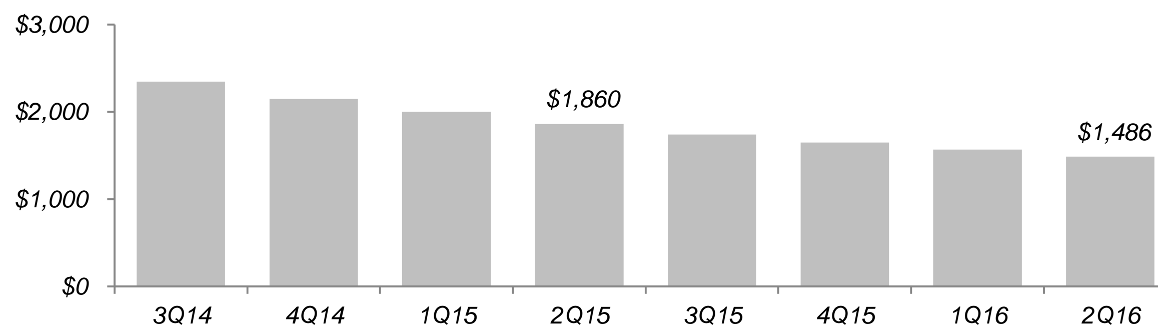
CLTV = Combined weighted-average loan-to-value ratio

(a) Average CLTVs are at origination; current average CLTVs for Community Bank total home equity loans and lines is approximately 65%, which compares to 66% at the end of the first quarter of 2016

Exit Loan Portfolio

Exit Loan Portfolio

$ in millions	Balance Outstanding		Change	Net Loan Charge-offs		Balance on Nonperforming Status	
	6-30-16	3-31-16	6-30-16 vs. 3-31-16	2Q16	1Q16	6-30-16	3-31-16
Residential properties – homebuilder	-	-	-	-	-	$ 4	$ 3
Commercial lease financing [(a)]	$ 731	$ 743	$ (12)	$ 1	$ 1	-	-
Total commercial loans	731	743	(12)	1	1	4	3
Home equity – Other	183	195	(12)	1	1	7	7
Marine	496	544	(48)	3	2	3	4
RV and other consumer	35	39	(4)	-	-	-	-
Total consumer loans	714	778	(64)	4	3	10	11
Total exit loans in loan portfolio	**$ 1,445**	**$ 1,521**	**$ (76)**	**$ 5**	**$ 4**	**$ 14**	**$ 14**
Discontinued operations – education lending business (not included in exit loans above)	$ 1,692	$ 1,760	$ (68)	$ 4	$ 6	$ 5	$ 6



(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 6-30-2016	3-31-16	12-31-15	9-30-15	6-30-15
Tangible common equity to tangible assets at period end					
Key shareholders' equity (GAAP)	$ 11,313	$ 11,066	$ 10,746	$ 10,705	$ 10,590
Less: Intangible assets [a]	1,074	1,077	1,080	1,084	1,085
Preferred Stock, Series A [b]	281	281	281	281	281
Tangible common equity (non-GAAP)	$ 9,958	$ 9,708	$ 9,385	$ 9,340	$ 9,224
Total assets (GAAP)	$ 101,150	$ 98,402	$ 95,133	$ 95,422	$ 94,606
Less: Intangible assets [a]	1,074	1,077	1,080	1,084	1,085
Tangible common equity to tangible assets ratio (non-GAAP)	$ 100,076	$ 97,325	$ 94,053	$ 94,338	$ 93,521
Tangible common equity to tangible assets ratio (non-GAAP)	9.95%	9.97%	9.98%	9.90%	9.86%
Common Equity Tier 1 at period end					
Key shareholders' equity (GAAP)	$ 11,313	$ 11,066	$ 10,746	$ 10,705	$ 10,590
Less: Preferred Stock, Series A [b]	281	281	281	281	281
Common Equity Tier 1 capital before adjustments and deductions	11,032	10,785	10,465	10,424	10,309
Less: Goodwill, net of deferred taxes	1,033	1,034	1,034	1,036	1,034
Intangible assets, net of deferred taxes	30	35	26	29	33
Deferred tax assets	1	1	1	1	1
Net unrealized gains (losses) on available-for-sale securities, net of deferred taxes	129	70	(58)	54	-
Accumulated gains (losses) on cash flow hedges, net of deferred taxes	77	47	(20)	21	(20)
Amounts in accumulated other comprehensive income (loss) attributed to pension and postretirement benefit costs, net of deferred taxes	(362)	(365)	(365)	(385)	(361)
Total Common Equity Tier 1 capital [c]	$ 10,124	$ 9,963	$ 9,847	$ 9,668	$ 9,622
Net risk-weighted assets (regulatory) [c]	$ 91,021	$ 89,712	$ 89,980	$ 92,307	$ 89,851
Common Equity Tier 1 ratio (non-GAAP) [c]	11.12%	11.11%	10.94%	10.47%	10.71%
Noninterest expense excluding merger-related expense					
Noninterest expense (GAAP)	$ 751	$ 703	$ 736	$ 724	$ 711
Less: Merger-related expense	45	24	6	-	-
Noninterest expense excluding merger-related expense (non-GAAP)	$ 706	$ 679	$ 730	$ 724	$ 711
Earnings per common share (EPS) excluding merger-related expense					
EPS from continuing operations attributable to Key common shareholders — assuming dilution	$ .23	$ .22	$ .27	$ .26	$ .27
Add: EPS impact of merger-related expense	.04	.02	-	-	-
EPS from continuing operations attributable to Key common shareholders excluding merger-related expense (non-GAAP)	$ .27	$ .24	$ .27	$ .26	$ .27

(a) Three months ended 6/30/16, 3/31/16, 12/31/15, 9/30/15, and 6/30/15, exclude $36 million, $40 million, $45 million, $50 million, and $55 million, respectively, of period-end purchased credit card receivables
(b) Net of capital surplus
(c) 6-30-16 amount is estimated

GAAP to Non-GAAP Reconciliation (continued)

$ in millions	Three months ended 6-30-16	3-31-16	12-31-15	9-30-15	6-30-15
Pre-provision net revenue excluding merger-related expense					
Net interest income (GAAP)	$ 597	$ 604	$ 602	$ 591	$ 584
Plus: Taxable-equivalent adjustment	8	8	8	7	6
Noninterest income	473	431	485	470	488
Less: Noninterest expense excluding merger-related expense (non-GAAP)	751	679	730	724	711
Pre-provision net revenue from continuing operations excluding merger-related expense (non-GAAP)	$ 327	$ 364	$ 365	$ 344	$ 368
Return on average assets excluding merger-related expense					
Net income (loss) from continuing operations attributable to Key (GAAP)	$ 199	$ 187	$ 230	$ 222	$ 235
Less: Merger-related expense, after tax	(28)	(15)	(4)	-	-
Net income (loss) from continuing operations attributable to Key excluding merger-related expense, after tax (non-GAAP)	$ 227	$ 202	$ 234	$ 222	$ 235
Average total assets from continuing operations	$ 97,413	$ 94,477	$ 94,117	$ 92,649	$ 91,658
Return on average assets excluding merger-related expense (non-GAAP)	.94%	.86%	.99%	.95%	1.03%
Cash efficiency ratio					
Noninterest expense (GAAP)	$ 751	$ 703	$ 736	$ 724	$ 711
Less: Intangible asset amortization	7	8	9	9	9
Adjusted noninterest expense (non-GAAP)	$ 744	$ 695	$ 727	$ 715	$ 702
Less: Merger-related expense	45	24	6	-	-
Adjusted noninterest expense excluding merger-related expense (non-GAAP)	$ 699	$ 671	$ 721	$ 715	$ 702
Net interest income (GAAP)	597	604	602	591	584
Plus: Taxable-equivalent adjustment	8	8	8	7	7
Noninterest income	473	431	485	470	488
Total taxable-equivalent revenue (non-GAAP)	$ 1,078	$ 1,043	$ 1,095	$ 1,068	$ 1,079
Cash efficiency ratio (non-GAAP)	69.0%	66.6%	66.4%	66.9%	65.1%
Cash efficiency ratio excluding merger-related expense (non-GAAP)	64.8%	64.3%	65.8%	66.9%	65.1%

(a) The months ended 6/30/16, 3/31/16, 12/31/15, 9/30/15, and 6/30/15, exclude $38 million, $42 million, $47 million, $52 million, and $58 million, respectively, of average purchased credit card receivables

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

KeyCorp & Subsidiaries

$ in billions		Quarter ended June 30, 2016	
Common Equity Tier 1 under current RCR	$	10.1	
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)]	$	10.1	
Net risk-weighted assets under current RCR	$	91.0	
Adjustments from current RCR to the fully phased-in RCR:			
Mortgage servicing assets [(d)]		.5	
Volcker Funds		(.2)	
All other assets		-	
Total risk-weighted assets anticipated under the fully phased-in RCR [(c)]	$	91.3	
Common Equity Tier 1 under the fully phased-in RCR		**11.07**	**%**

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%