Barclays Global Financial Services Conference

September 12, 2016

KeyCorp

Focused *Forward*

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; 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 99 of our Form 10-Q dated June 30, 2016.

Financial information included in this presentation represent KeyCorp, without the impact of the First Niagara acquisition, unless otherwise noted. Second quarter 2016 financial results for First Niagara have been reported on First Niagara's 2Q16 earnings release filed on July 29, 2016.

Key: Who We Are

A Relationship-focused Bank

Business Diversity

- Key Community Bank
- Key Corporate Bank

Broad Product Set and Industry Expertise

Deposits · *Payments* · *Wealth Mgmt.* · *Advice & Expertise*

Lending · *Investments* · *Capital Markets*

Industry Verticals

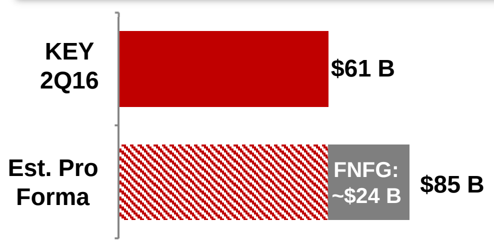
Targeted Verticals: *Consumer, Energy, Healthcare, Industrial, Public Sector, Real Estate, Technology*

Complementary product set with First Niagara provides cross-sell and revenue growth opportunities

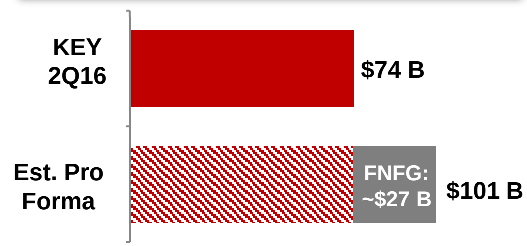
Targeted Clients

- ✓ Consumers
- ✓ Small businesses
- ✓ Middle market
- ✓ Large corporate

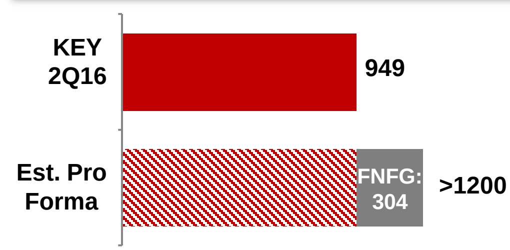
Average Loans



Average Deposits



Branches

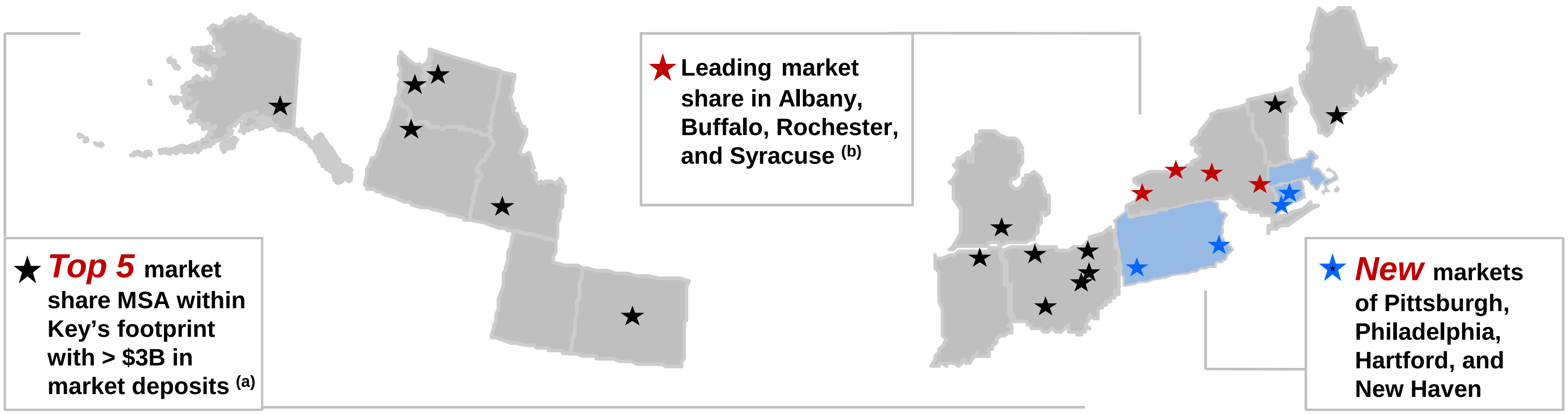


TE = Taxable equivalent

Estimated pro forma figures: as of 2Q16 and exclude impact of purchase accounting adjustments; divestiture of 18 branches also excluded; branch count is net of 106 consolidations per Key's 7/11/16 press release

Leveraging our Geographic Diversity

FNFG acquisition strengthens Key's brand and presence in shared markets while adding complementary new markets



Delivering a consistent strategy across our franchise, while also leveraging market-specific opportunities

Western Markets

- Deposits: $18 B
- Branches: 363
- Demographic: younger with high growth potential
- Strong consumer lending
- Healthcare, technology and consumer/retail industry expertise supports high growth markets

Eastern Markets

- Deposits: $61 B (c)
- Branches: 854 (d)
- Demographic: mature population with established wealth
- Strong wealth management presence
- Industrial/manufacturing and healthcare expertise aligns with market opportunity

First Niagara Opportunity:

- ✓ Attractive, core & contiguous markets
- ✓ Adds approximately one million clients
- ✓ Ability to leverage Key capabilities to further penetrate FNFG markets
- ✓ Adds residential mortgage, indirect auto, and insurance

Notes: Deposits and branch count as of 2Q16; MSA denotes Metropolitan Statistical Area

(a) ★ Denotes MSAs within footprint with greater than $3B in market deposits where Key has a Top 5 market share (i.e., Akron, Anchorage, Ann Arbor, Boise, Burlington, Canton, Cleveland, Dayton, Denver, Olympia, Portland (ME), Portland (OR), Seattle, South Bend, and Toledo); source: FDIC Summary of Deposits Annual Survey, June 30, 2015.

(b) Analysis caps all branches for KEY and peers at $250MM to adjust for commercial and headquarters deposits; rankings based on total MSA deposits (capped).

(c) Includes FNFG deposits based on 2Q16 reported figures and excludes deposits associated with the divestiture of 18 branches

(d) Includes 304 FNFG branches to be added to Key's existing branch network; excludes the divestiture of 18 branches and consolidation of 106 branches per Key's 7/11/16 press release

Focused *Forward*

Driving Positive Operating Leverage

Investing in and Growing our Businesses

Integrating First Niagara

Maintaining Moderate Risk Profile

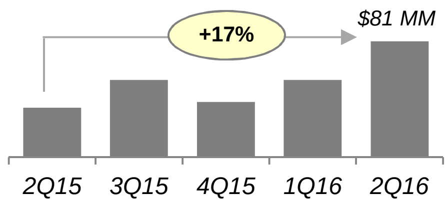
Remaining Disciplined with Capital

Driving Positive Operating Leverage

Core business momentum generating results

Community Bank

Net Income Attributable to Key

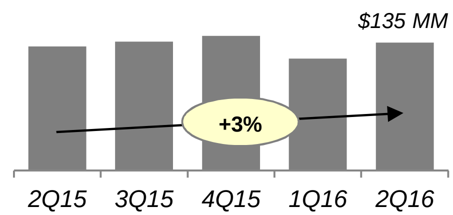


8%

Positive Operating Leverage
1H16 vs. 1H15

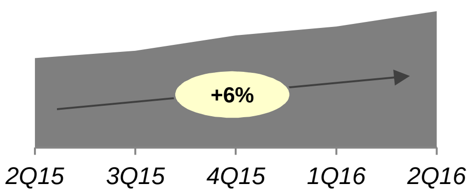
Corporate Bank

Net Income Attributable to Key



Acquiring and Expanding Relationships

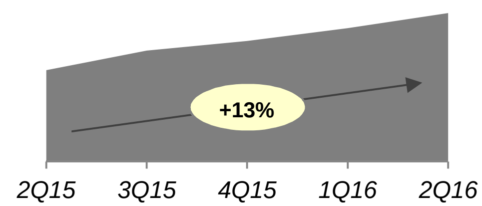
Average Deposits



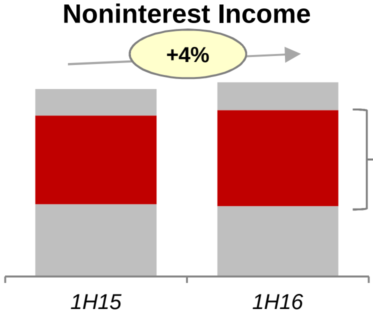
15%

Growth in Commercial and Business Banking New Business Volume
1H16 vs. 1H15

Average Loans & Leases

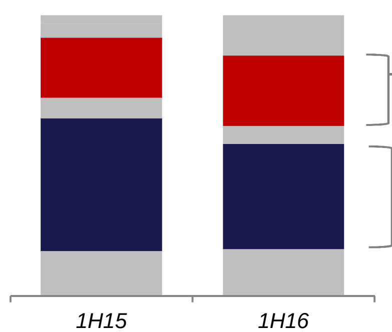


Noninterest Income



Payments & services: +9%
Includes service charges on deposit accounts and cards & payments

Noninterest Income



Payments & services: +17%
Includes corporate services, service charges on deposit accounts, and cards & payments

Investment banking & debt placement: (21)%
Reflects 1H16 market weakness; growth expected in 2H16

Driving Positive Operating Leverage

Executing action plans across our organization to improve efficiency

Core Business Momentum

People

- Remixing and right-sizing
- Improving productivity
- Adding new bankers

Sales/ FTE/ day: ↑ *9%* *1H16 vs. 1H15*

Total FTE: (11)%
Commercial & Corporate Bank RMs [a]: +31%
2Q13 vs. 2Q16

Products and Capabilities

- Enhancing offering, including new products and expertise
- Strengthening digital offering
- Engaging in strategic partnerships

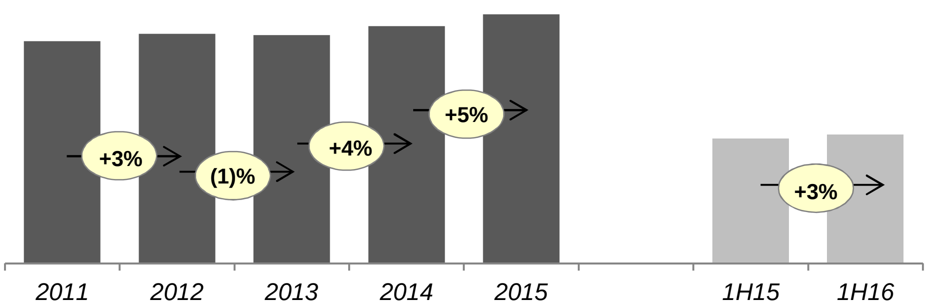
Cards & payments income: *+10%* *1H16 vs. 1H15*

Occupancy and Operations

- Improving end-to-end processes with Lean Six Sigma
- Optimizing square footage: branch and non-branch

Net occupancy expense: ↓ *8%* *1H16 vs. 1H15*

Pre-provision Net Revenue [b]



Efforts to drive positive operating leverage and improve efficiency have resulted in growth of pre-provision net revenue

(a) Commercial and Corporate Bank RMs as of June 2013 and June 2016
(b) Excludes merger-related expense

Investing in and Growing our Businesses

Investments in talent and capabilities accelerate growth and drive expanded relationships

Talent: Client-facing FTE

- Strategic hiring initiatives: remixing sales, service and support
- Adding >100 new FNFG bankers [(a)]

Growth in Bankers: *(June '13 vs. '16)*	***+18%*** ***Commercial Bank RMs***	***+40%*** ***Corporate Bank RMs***

Products: Payments

- Adding capabilities and expertise
- Ongoing technology/digital investments

Services & Delivery: Digital Offering

- Aligning with evolving client behavior
- 3Q16 rollout of new digital platform

Infrastructure: Technology

- Security measures
- Compliance and regulatory processes
- Account opening and servicing tools

+18%
Net new Retail households
1H16 vs. 1H15

300+
New Corporate Bank clients
1H16

+1 million
First Niagara clients

(a) Includes bankers in Private Bank, Commercial and Business Bank, and Corporate Bank

First Niagara Acquisition

Significant progress made since merger announcement

- Designed cross functional integration plan ✓
- Completed assessment and design of combined organization ✓
- Completed talent assessment process ✓
- Announced $16.5 billion National Community Benefits Plan ✓
- Announced branch divestiture agreement ✓
- Received regulatory approval from the Federal Reserve ✓
- Closed transaction ✓

First Niagara Acquisition

Integration efforts on track; conversion expected in 4Q16

Objectives

Onboard FNFG teammates

- Completed robust talent selection and retention process
- Retained client-facing employees
- Cultural and leadership integration sessions and training in-flight

>300
Training events

Client conversion

- Completed full assessment of client base and client-specific strategies
- Ongoing outreach and efforts to drive retention and satisfaction (before & after conversion)

Systems and branch conversion

- Highly coordinated and integrated efforts, with ongoing testing
- Announced branch consolidations (70 FNFG + 36 KEY)
- Conversion expected in 4Q16 (subject to regulatory approval from the OCC)

>80%
FNFG systems to be retired

Deliver on financial targets

- Executing on $400 MM in cost savings opportunities
- Continued confidence in ability to meet targets
- Confident in ability to achieve revenue synergies (not included in financial targets)

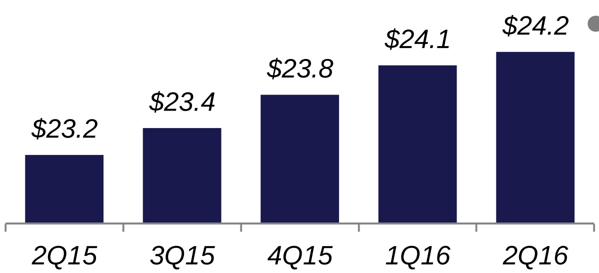
Build on continued business momentum

First Niagara Acquisition

Building On Continued Momentum

FNFG Average Loans

$ in billions

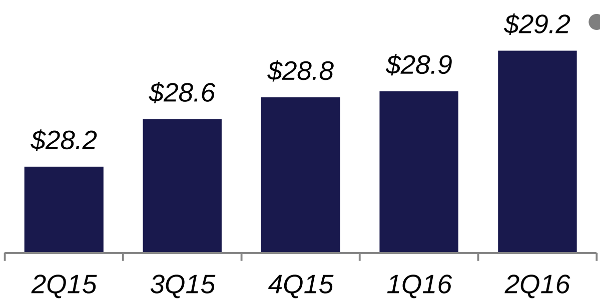


FNFG avg. loan growth of 4%
2Q16 vs. 2Q15

KEY growth: 5%

FNFG Average Deposits

$ in billions



FNFG avg. deposit growth of 3%
2Q16 vs. 2Q15

KEY growth: 5%

Accelerating our Growth

Upstate NY Deposits / Branch [(a)]

~50%

Increase in Consumer clients from acquisition

17%

Increase in Commercial, Business and Private Banking clients from acquisition

(a) Varies by market; total reflects market level growth and includes impact of branch divestitures and planned branch consolidations

First Niagara Acquisition

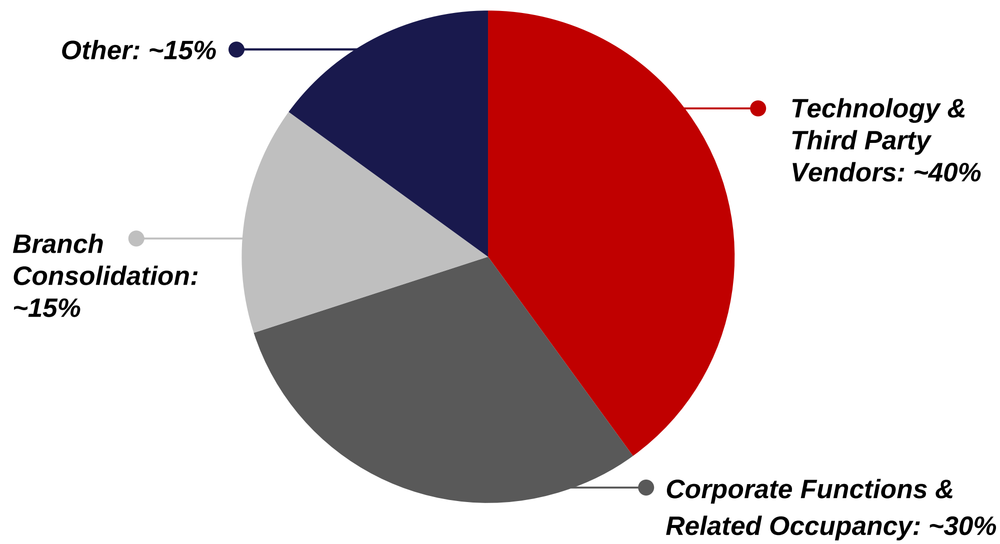
Acquisition Drives Value → *Attractive Financial Returns* | *Significant Revenue Opportunities* | *Complementary Business Model* | *More Balanced Franchise*

Continued Confidence in Value Attainment and Financial Targets

- 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 targets based upon full realization of cost savings (FY 2018); no revenue synergies assumed

Executing on Cost Savings of $400 MM



First Niagara Acquisition

Acquisition Drives Value

- *Attractive Financial Returns*
- *Significant Revenue Opportunities*
- *Complementary Business Model*
- *More Balanced Franchise*

Revenue Synergies Present Incremental Opportunity

Confidence in ability to achieve revenue synergies

(not included in financial targets)

KEY

- ✓ ***Payments***
- ✓ ***Commercial Mortgage Banking***
- ✓ ***Wealth Management***
- ✓ ***Capital Markets***

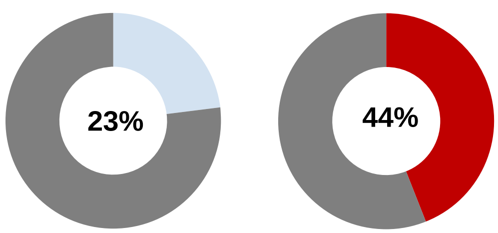
Increased penetration across both client bases

FNFG

- ✓ ***Residential Mortgage***
- ✓ ***Auto Lending***
- ✓ ***Insurance***

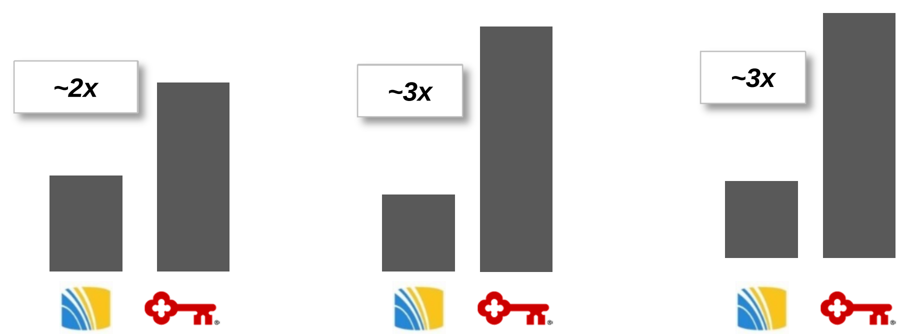
Fee Income Opportunity

Noninterest Income, % of Total Revenue (2Q16)



FNFG **KEY**

Comparative Revenue Productivity [(a)]



Payments Fee Income / Loan Commitments

Commercial Deposits / Loan Commitments

Investment Mgmt. Fees / Consumer Households

(a) Key's Business Bank, Middle Market & Commercial Real Estate vs. FNFG

Maintaining a Moderate Risk Profile

Enterprise-wide risk management approach

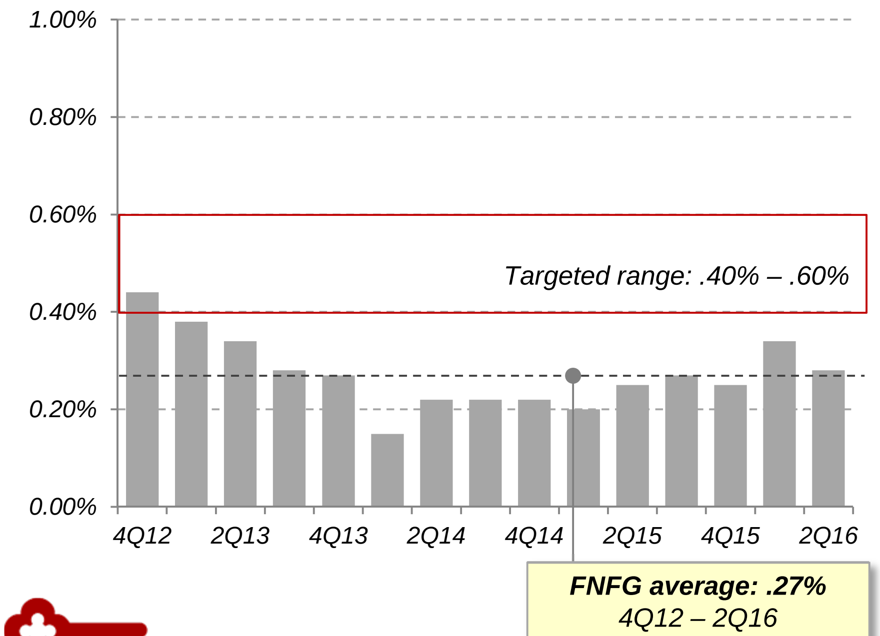
Targeted, Relationship-based Approach

- Target specific segments and sectors where we have expertise
- Execute rigorous and disciplined sales approach
- Clearly defined and well understood risk appetite and tolerances
- Risk management principles applied actively

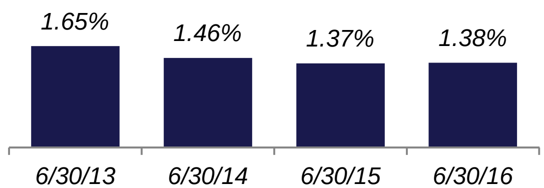
Solid Asset Quality, Net Charge-offs Below Targeted Range

Continuing operations

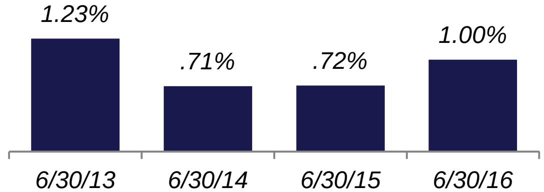
Net Charge-offs to Average Loans



Allowance to Period-End Loans



Nonperforming Loans to Period-End Loans



Disciplined Capital Management

Strong Capital Position

11.1%

Common Equity Tier 1 Ratio, 6/30/16

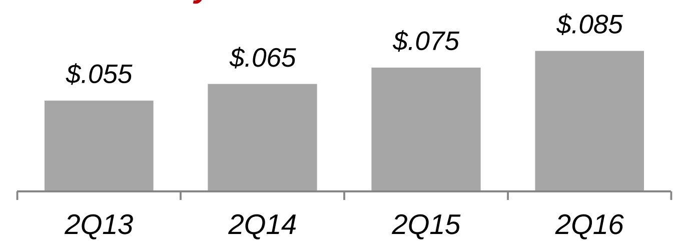
9.5%+

Estimated Pro Forma CET1 Ratio, Following Acquisition of First Niagara

Consistent Dividend Growth

Quarterly Common Share Dividend

3-year CAGR: +16%



Disciplined with Invested Capital

FIRST NIAGARA

Expected return on invested capital: >10%

Common Share Repurchases

$1.7 billion

Cumulative common share repurchases since 2012

Common share repurchases resumed in 3Q16, *following completion of the FNFG acquisition*

2016 Capital Plan

No objection from Federal Reserve

- **Increase in the quarterly common share dividend from $0.085 to $0.095 in 2Q17 (+12%), subject to Board approval**
- **Up to $350 million in common share repurchases**

Focused *Forward*

- Driving Positive Operating Leverage
- Investing in and Growing our Businesses
- Integrating First Niagara
- Maintaining Moderate Risk Profile
- Remaining Disciplined with Capital

Appendix

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 2016 impact of First Niagara acquisition

- Revenue and expense: approximately five months of FNFG's 1Q16 operating results
- Incremental amortization expense of ~$30 million
- Average common shares outstanding 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

Financial Highlights

	Metrics	2Q16		1Q16		4Q15		3Q15		2Q15	
Financial Performance [a]	EPS – assuming dilution	$ .23		$ .22		$ .27		$ .26		$ .27	
	EPS –excl. merger-related expense [d], [e]	.27		.24		.27					
	Cash efficiency ratio [d]	69.0	%	66.6	%	66.4	%	66.9	%	65.1	%
	Cash efficiency –excl. merger-related expense [d], [e]	64.8		64.3		65.8					
	Return on average total assets	.82		.80		.97		.95		1.03	
	ROAA –excl. merger-related expense [d], [e]	.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]	11.1	%	11.1	%	11.0	%	10.5	%	10.7	%
	Tier 1 risk-based capital	11.4		11.4		11.4		10.9		11.1	
	Tangible common equity to tangible assets [d]	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

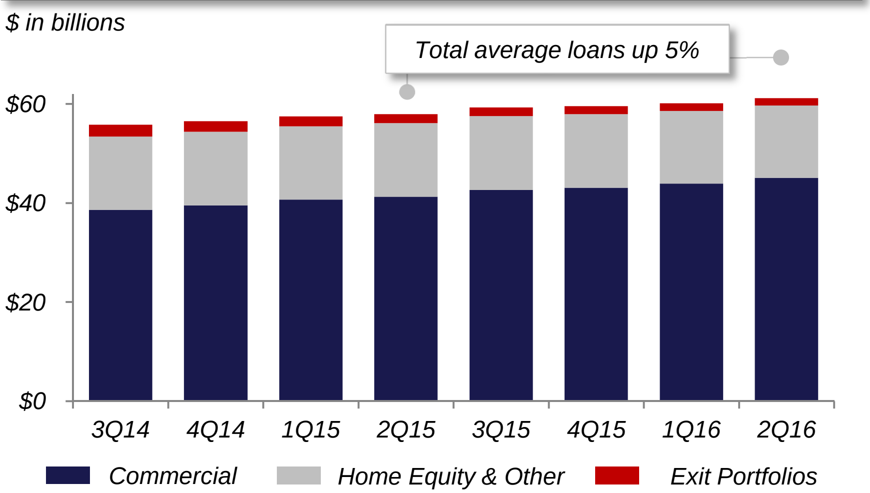
(c) From consolidated operations

(d) Non-GAAP measure: see slides 34-35 for reconciliation

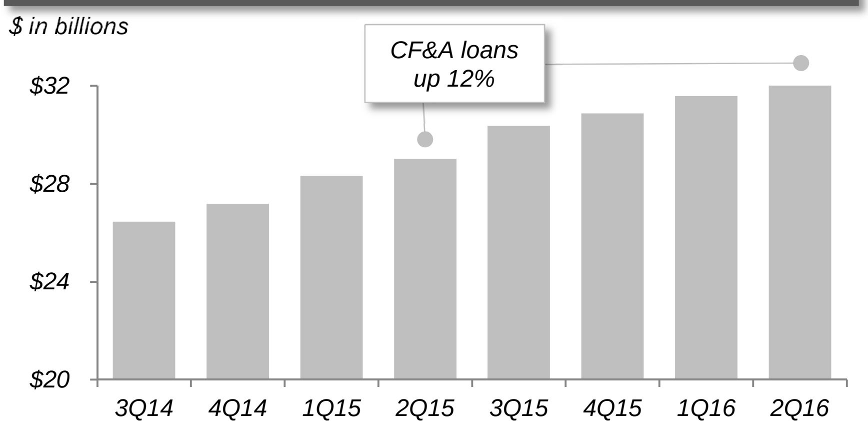
(e) Merger-related expense detail available on slide 27

Loans

Total Average Loans



Average Commercial, Financial & Agricultural Loans



Highlights

Average Loans

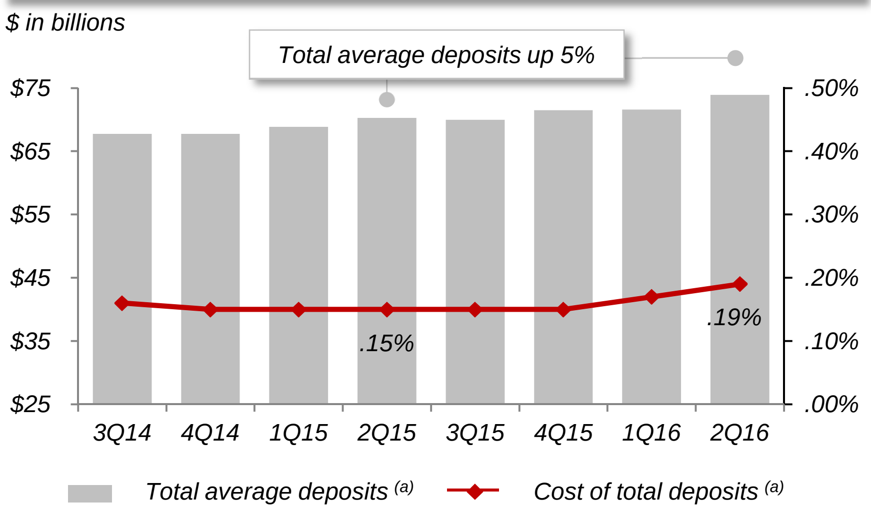
- **Average total loans up 5% in 2Q16 from 2Q15, driven by CF&A loans up 12%**
  - **Broad-based growth across Key's commercial lines of business**
  - **Consumer loan decline related to paydowns in the home equity portfolio and continued run-off in consumer exit portfolios**
- **Average balance growth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

Period-End Loans

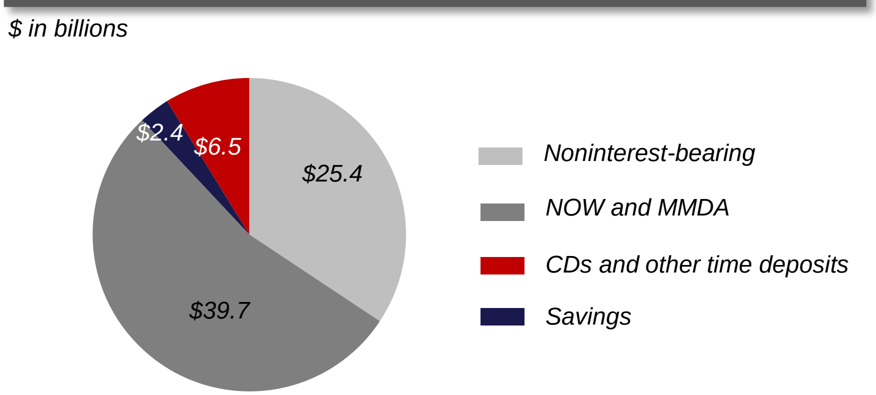
- **Period-end total loans up 7% in 2Q16 from 2Q15, driven by CF&A loans up 14%**
- **Utilization remains relatively stable**

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**

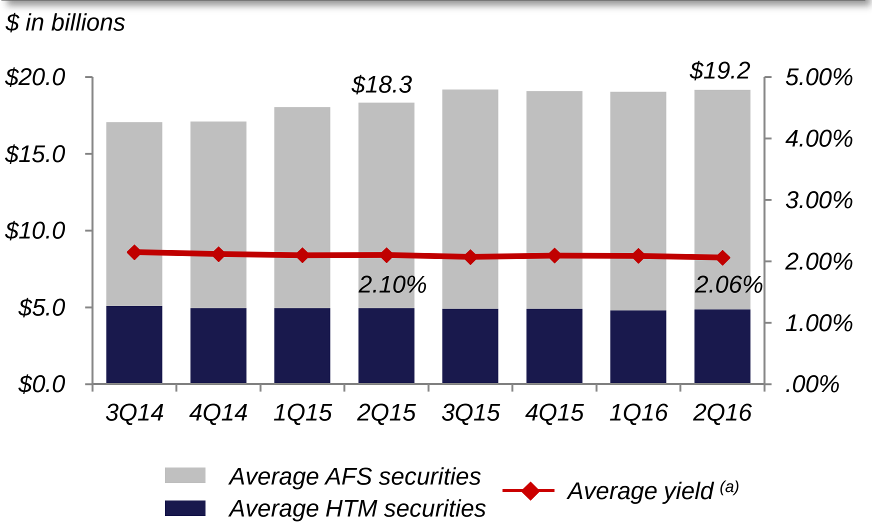
vs. Prior Quarter

- **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**

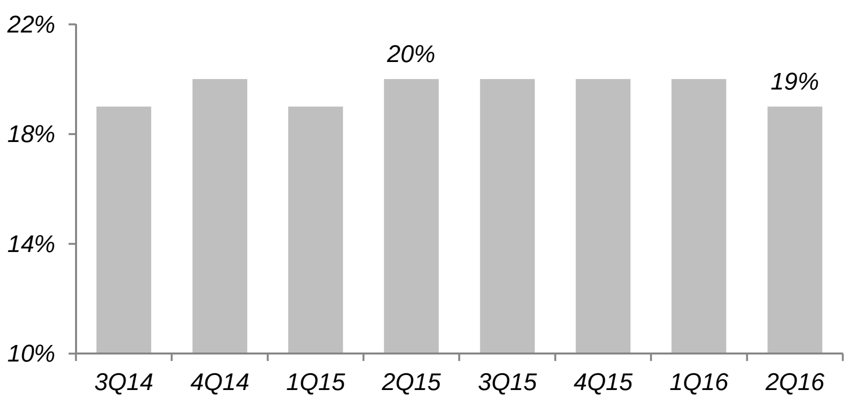
(a) Excludes deposits in foreign office

Investment Portfolio

Average Total Investment Securities



Securities to Total Assets (b)



Highlights

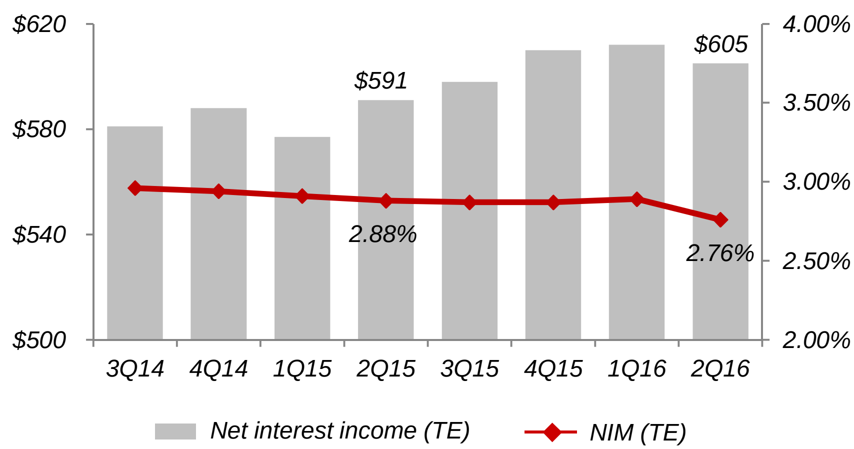
- **Portfolio composed primarily of GNMA and GSE-backed MBS and CMOs**
- **Continue to position portfolio for regulatory liquidity requirements:**
  - **Reinvesting cash flows into High Quality Liquid Assets, including GNMA securities**
  - **Average GNMA balances for the quarter were 52% of the total 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

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**

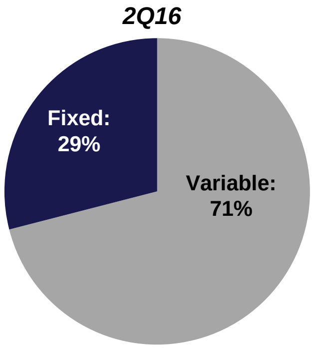
- **Maintained moderate asset sensitivity**
  - **Naturally asset sensitive balance sheet: 71% of loans variable rate**
  - **High quality investment portfolio with average life of 3.6 years**
  - **Flexibility to quickly adjust interest rate risk position**

TE = Taxable equivalent

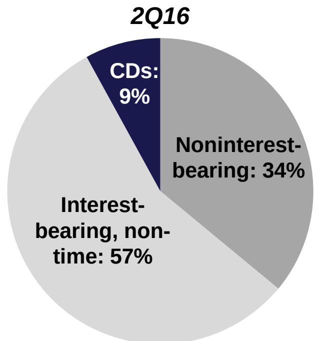
Interest Rate Risk Management

Naturally Asset Sensitive Balance Sheet

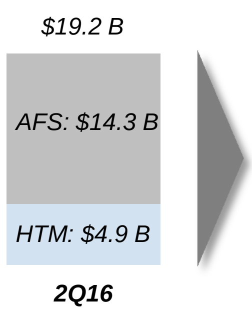
Loan Portfolio



Deposits



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

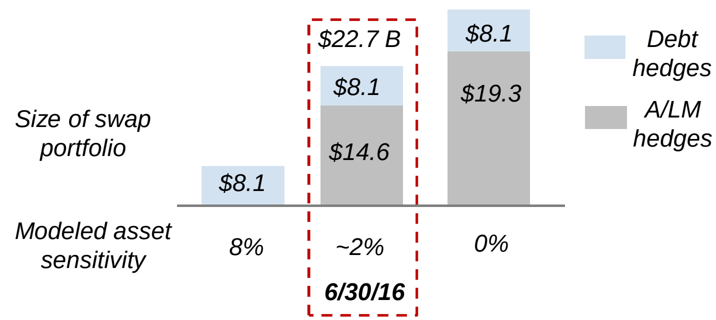
Balance sheet has relatively short duration and is impacted by both short and intermediate-term interest rates

Actively Managing Rate Risk

- **Maintained moderate asset sensitive position of ~2%**
  - 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



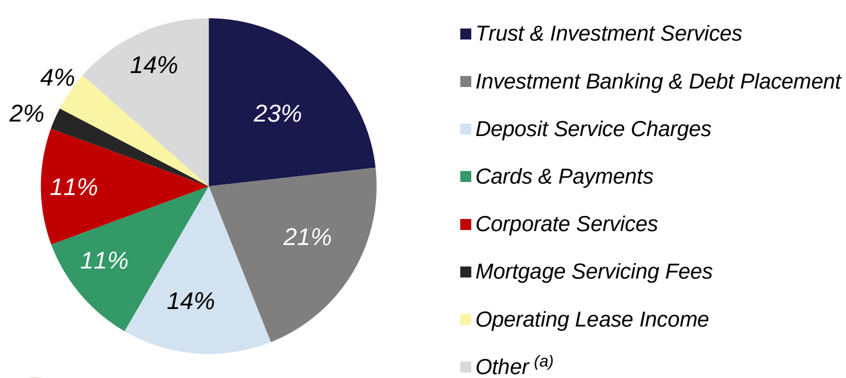
Flexibility to adjust rate sensitivity for changes in balance sheet growth/mix as well as interest rate outlook

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

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

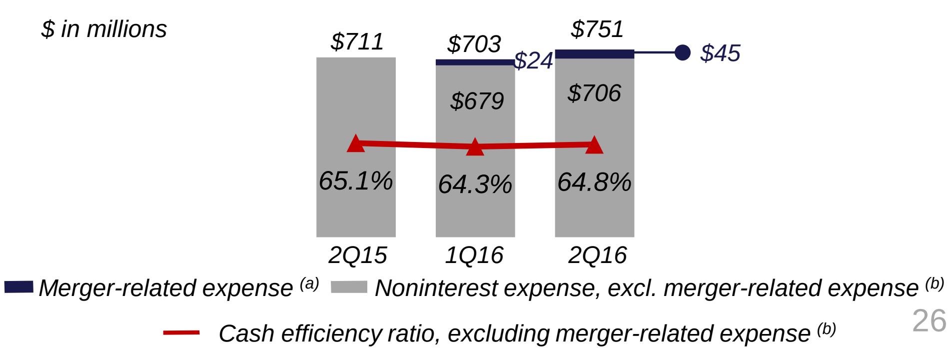
- **Expense comparisons reflect merger-related expense of $45 MM in 2Q16, compared to $24 MM in 1Q16 (no merger-related expense in 2Q15)**

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**



(a) Merger-related expense detail provided on slide 27
(b) Non-GAAP measure: see slides 34-35 for reconciliation

FNFG Merger-related Expense

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

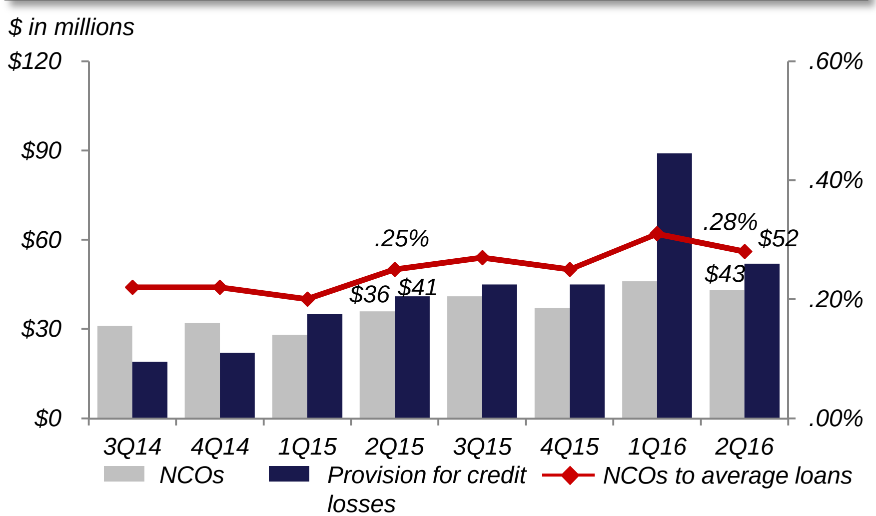
$ in millions *Increase / (Decrease)*	2Q16	1Q16	4Q15
Personnel expense [a]	**$ 35**	**$ 16**	**-**
Business services and professional fees	$ 5	$ 7	$ 5
Marketing	3	1	-
All other nonpersonnel	2	-	1
Total nonpersonnel expense	**$ 10**	**$ 8**	**$ 6**
Total merger-related expense [b]	**$ 45**	**$ 24**	**$ 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 34-35 for reconciliation

Credit Quality

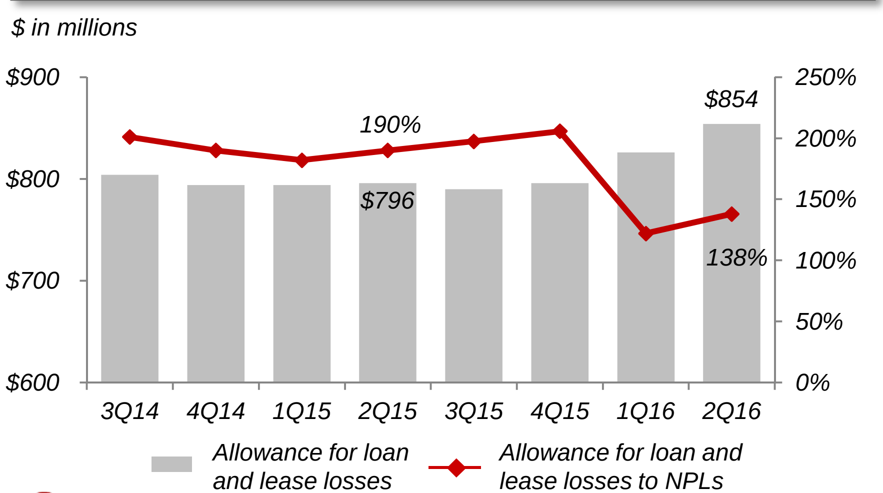
Net Charge-offs & Provision for Credit Losses



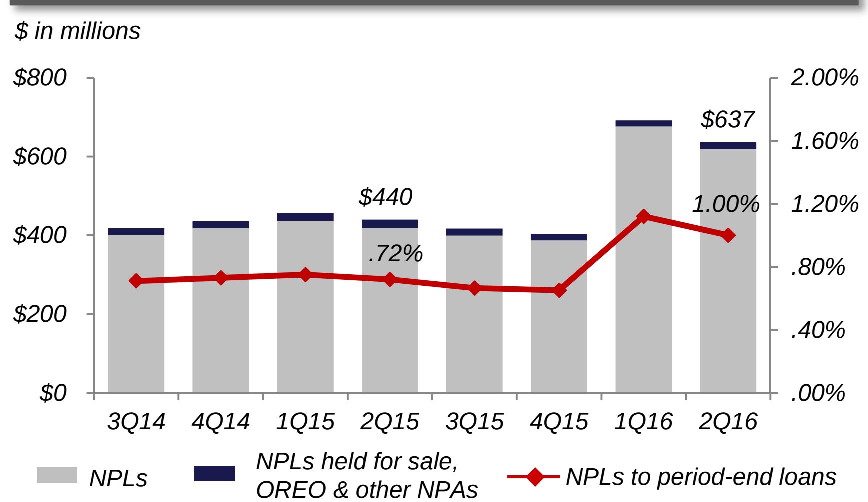
Highlights

- **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



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	Allowance / period-end loans (%)	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	17	1.93	68.00
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	65	.65	34.39
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	12	2.28	400.00
Continuing total [d]	**$ 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%**

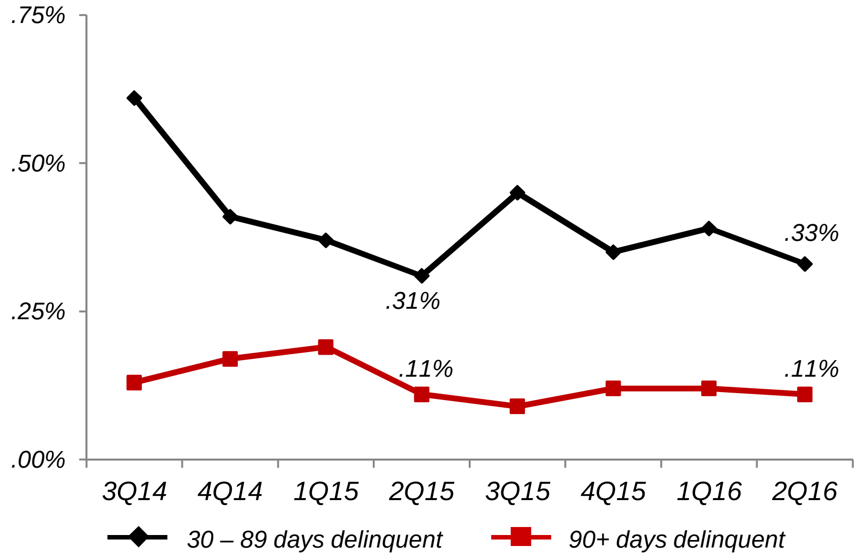
N/M = Not meaningful

(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 ending loan balance includes purchased loans of $104 million, of which $11 million were purchased credit impaired

Credit Quality Trends

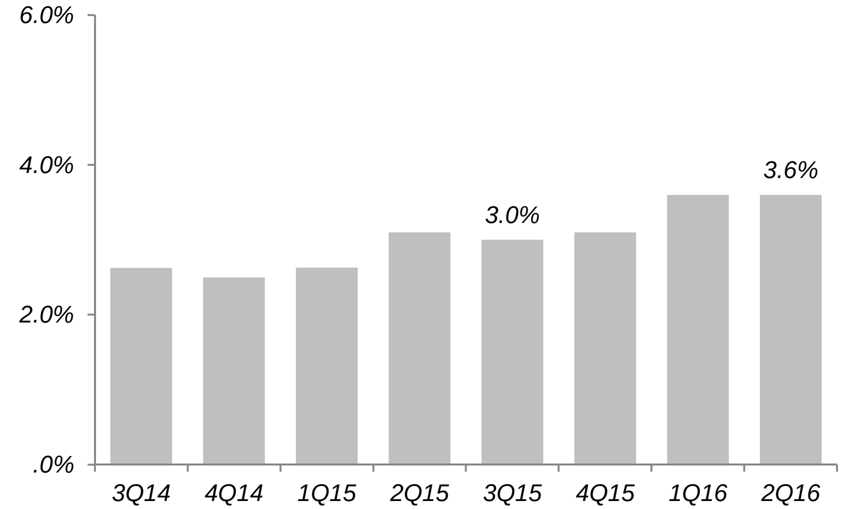
Delinquencies to Period-end Total Loans

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	

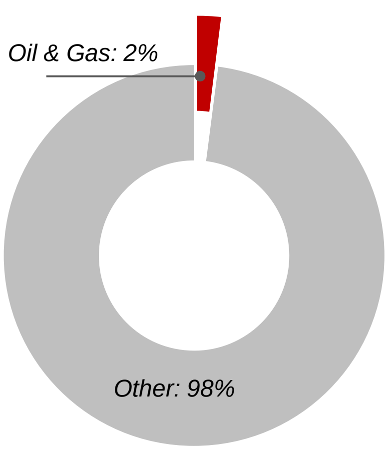
(a) Loan and lease outstandings
(b) From continuing operations

Oil & Gas

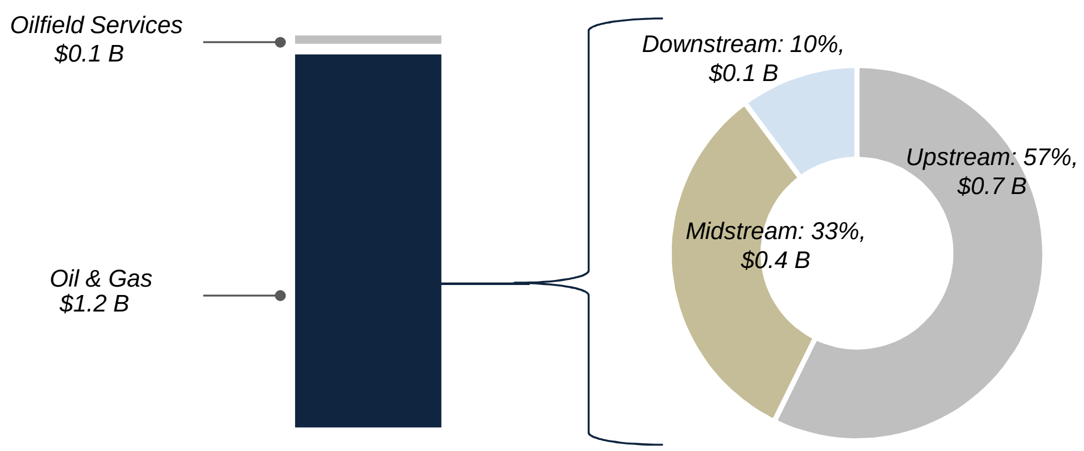
Longstanding history, expertise and relationships

- 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**									
Second quarter net charge-offs (NCOs)										
Total home equity portfolio	$ 3									
% of average loans	.12 %									

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

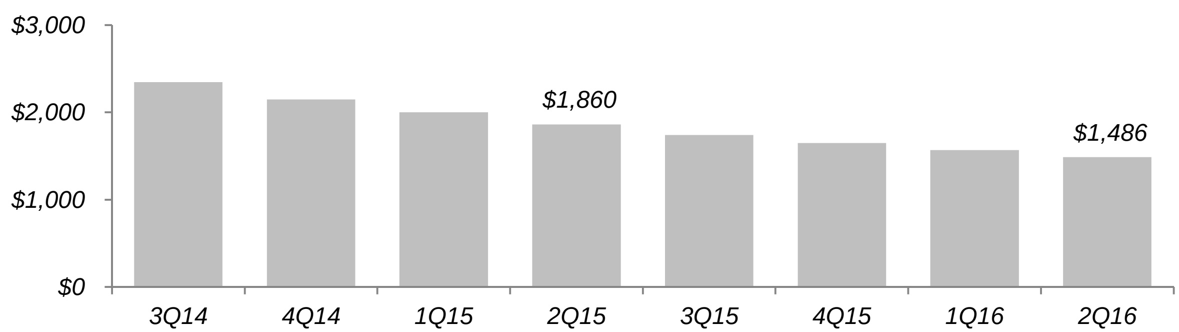
(a) Average CLTVs are at origination; current average CLTVs for Community Bank total home equity loans and lines is approximately 65%, which compares to 66% at the end of the first quarter of 2016

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

$ 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 6-30-16	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	1,031	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	$ 10,126	$ 9,963	$ 9,847	$ 9,668	$ 9,622
Net risk-weighted assets (regulatory)	$ 91,195	$ 89,712	$ 89,980	$ 92,307	$ 89,851
Common Equity Tier 1 ratio (non-GAAP)	11.10%	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

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)	706	679	730	724	711
Pre-provision net revenue from continuing operations excluding merger-related expense (non-GAAP)	$ 372	$ 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%

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	$	91.2	
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]	$	91.5	
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%