KeyCorp

Third Quarter 2016 Earnings Review

October 25, 2016

Beth E. Mooney
Chairman and
Chief Executive Officer

Don Kimble
Chief Financial Officer

FORWARD-LOOKING STATEMENTS AND ADDITIONAL INFORMATION

This communication contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, but not limited to, KeyCorp's expectations or predictions of future financial or business performance or conditions. Forward-looking statements are typically identified by words such as "believe," "expect," "anticipate," "intend," "target," "estimate," "continue," "positions," "plan," "predict," "project," "forecast," "guidance," "goal," "objective," "prospects," "possible" or "potential," by future conditional verbs such as "assume," "will," "would," "should," "could" or "may", or by variations of such words or by similar expressions. These forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Forward-looking statements speak only as of the date they are made and we assume no duty to update forward-looking statements. Actual results may differ materially from current projections.

In addition to factors previously disclosed in KeyCorp's reports filed with the SEC and those identified elsewhere in this communication, the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance: difficulties and delays in integrating the First Niagara business or fully realizing cost savings and other benefits; business disruption following the First Niagara 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, page 99 of our Form 10-Q dated June 30, 2016, and our third quarter 2016 earnings release.

Key's 3Q16 results reflect the impact of the First Niagara (FNFG) acquisition, which became effective on August 1, 2016.

3Q16: Significant Progress, Momentum and Commitment

I

Successful closing and conversion of First Niagara

II

Strong momentum: Key and First Niagara

III

Achieving financial targets

3Q16: Strong Momentum

Core business momentum drives results

Key (excluding First Niagara)

Loans and Deposits

- Average loans up 5% in 3Q16 from prior year, driven by CF&A up 11%
  - 18 of the past 20 quarters: double-digit CF&A growth (YoY)
- Average deposits grew 9% in 3Q16 from prior year

Revenue and Expense

- Generated positive operating leverage
  - 9 of the past 11 quarters
- Total revenue grew 6% from 3Q15
- Net interest income up 4% compared to prior year
- Noninterest income increased 8% from 3Q15
  - Record quarter for investment banking and debt placement fees ($156 MM in 3Q16)
  - Cards and payments: double-digit YoY growth, reflecting continued investments
- Expenses well-managed; reflect growth from performance-based compensation

First Niagara: Performance since acquisition announcement has exceeded initial projections

First Niagara: Significant Progress

Successful closing and conversion; focused on execution

Closed transaction	*August 1, 2016*	✓
Conducted cultural and leadership integration sessions		✓
Performed high value client outreach; delivery of tailored welcome packages		✓
Completed branch divestitures	*September 9, 2016*	✓
Received all required approvals		✓
Completed client and systems conversion	*October 11, 2016*	✓

First Niagara Conversion

Highly coordinated efforts drove successful conversion

- **Created leading market share in Upstate New York**
- **Transitioned 1 million new clients**
- **Converted >300 branches**
- **Consolidated 70 former FNFG branches**
  - Additional 36 KEY consolidations planned for 4Q16
- **Added >400 ATMs to network**
- **Successfully executed by KEY and First Niagara team members**
  - Increased contact center staffing: 40%
  - Utilized >1,000 “branch buddies”

First Niagara: Executing on Targets

Acquisition Drives Value

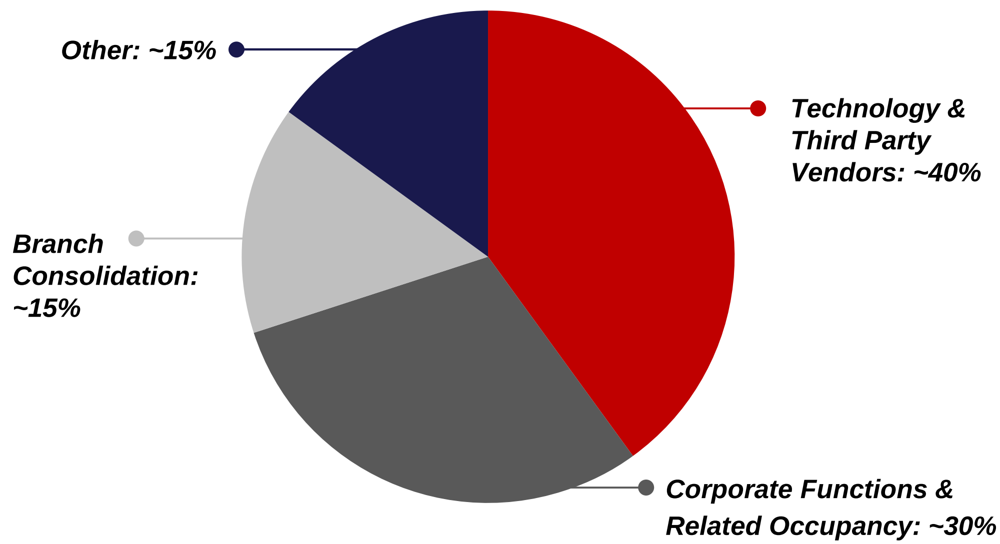
Attractive Financial Returns | *Significant Revenue Opportunities* | *Complementary Business Model* | *More Balanced Franchise*

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



Incremental opportunity from approximately $300 MM in revenue synergies

Financial Review

Financial Highlights

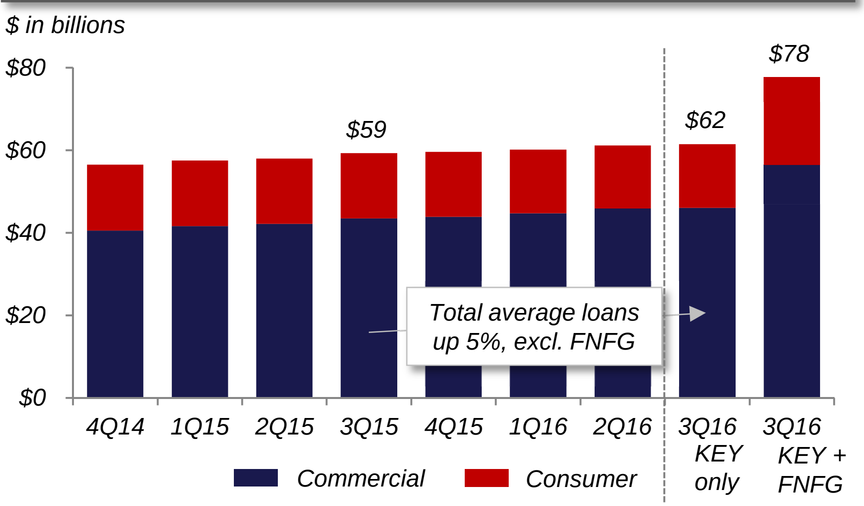
3Q16 results reflect the impact of the FNFG acquisition, which became effective on 8/1/2016

	Metrics	3Q16		2Q16		1Q16		4Q15		3Q15	
Financial Performance [a]	EPS – assuming dilution	$ .16		$ .23		$ .22		$ .27		$ .26	
	EPS –excl. merger-related charges [e], [f]	.30		.27		.24		.27			
	Cash efficiency ratio [e]	80.0	%	69.0	%	66.6	%	66.4	%	66.9	%
	Cash efficiency –excl. merger-related charges [e], [f]	64.9		64.8		64.3		65.8			
	Return on average total assets	.55		.82		.80		.97		.95	
	ROAA –excl. merger-related charges [e], [f]	.98		.94		.86		.99			
Balance Sheet Growth [a], [b]	Total loans and leases	31	%	5	%	5	%	5	%	6	%
	CF&A loans	23		12		12		14		15	
	Deposits (excl. foreign deposits)	36		5		4		3		3	
Capital [c]	Common Equity Tier 1 [d], [e]	9.6	%	11.1	%	11.1	%	10.9	%	10.5	%
	Tier 1 risk-based capital [d]	10.5		11.4		11.4		11.4		10.9	
	Tangible common equity to tangible assets [e]	8.3		10.0		10.0		10.0		9.9	
Asset Quality [a]	NCOs to average loans	.23	%	.28	%	.31	%	.25	%	.27	%
	NPLs to EOP portfolio loans [g]	.85		1.00		1.12		.65		.67	
	Allowance for loan losses to EOP loans	1.01		1.38		1.37		1.33		1.31	

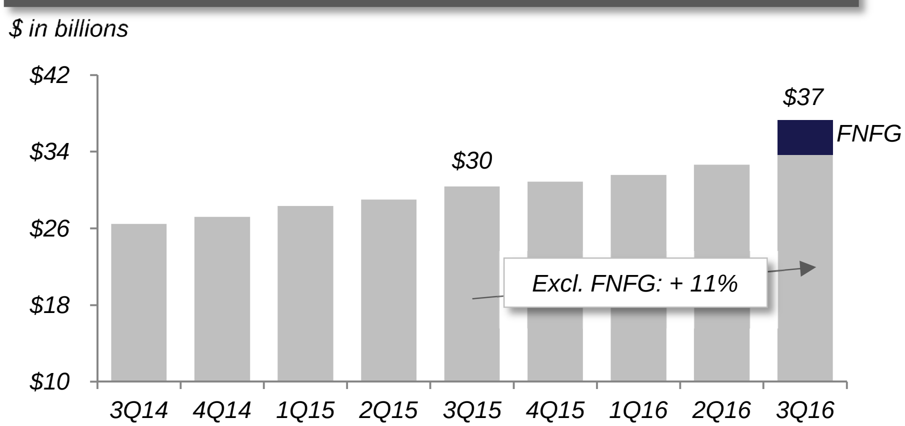
TE = Taxable equivalent; EOP = End of Period
(a) From continuing operations
(b) Year-over-year average balance growth
(c) From consolidated operations
(d) 9-30-16 ratios are estimated
(e) Non-GAAP measure: see Appendix for reconciliation
(f) Merger-related charges detail available in Appendix, on slide 20
(g) Nonperforming loan balances exclude $959 million, $11 million, $11 million, $11 million, and $12 million of purchased credit impaired loans at September 30, 2016, June 30, 2016, March 31, 2016, December 31, 2015, and September 30, 2015, respectively.

Loans

Total Average Loans



Average Commercial, Financial & Agricultural Loans



Highlights

- **Loan growth showed continued momentum**
- **3Q16 impact to average loans from the FNFG portfolio: $15 B (increase of $23 B on a period-end basis)**
- **Estimated fair value adjustment on acquired FNFG loan portfolio at 8/1/16: 2.8%, or $686 MM**
- **Branch divestitures on 9/9/16 resulted in a reduction of $439 MM in loans**

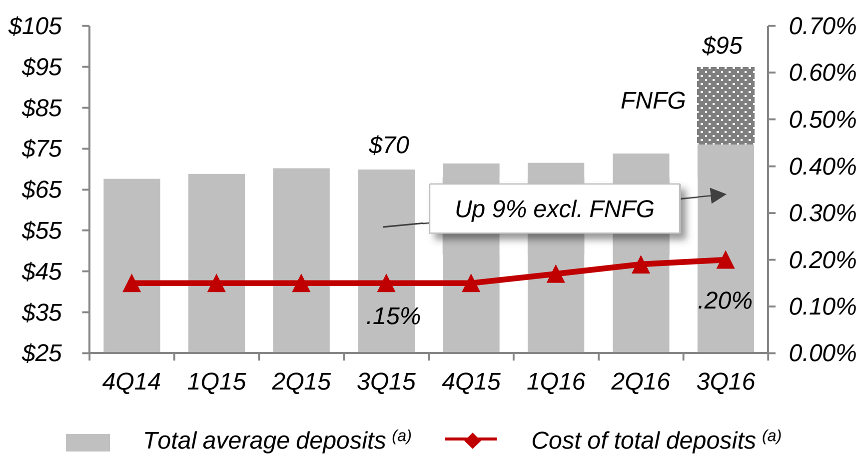
vs. Prior Year

- **Average loans up 31% (up 5% excl. FNFG) from 3Q15**
  - **Growth primarily reflects FNFG acquisition**
  - **CF&A growth of 11% excluding FNFG driven by broad-based growth across commercial lines of business**
  - **Consumer loans, excluding the impact of the FNFG acquisition, reflect home equity paydowns**

Deposits

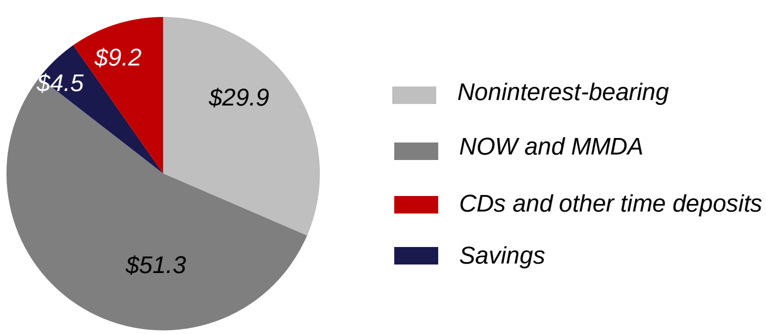
Average Deposits [a]

$ in billions



3Q16 Average Deposit Mix

$ in billions



(a) Excludes deposits in foreign office

Highlights

- **Relationship deposits continue to grow**
- **3Q16 impact to average deposits from the FNFG portfolio: $19 B (increase of $27 B on a period-end basis)**
- **Branch divestitures on 9/9/16 resulted in a reduction of $1.6 B in deposits**

vs. Prior Year

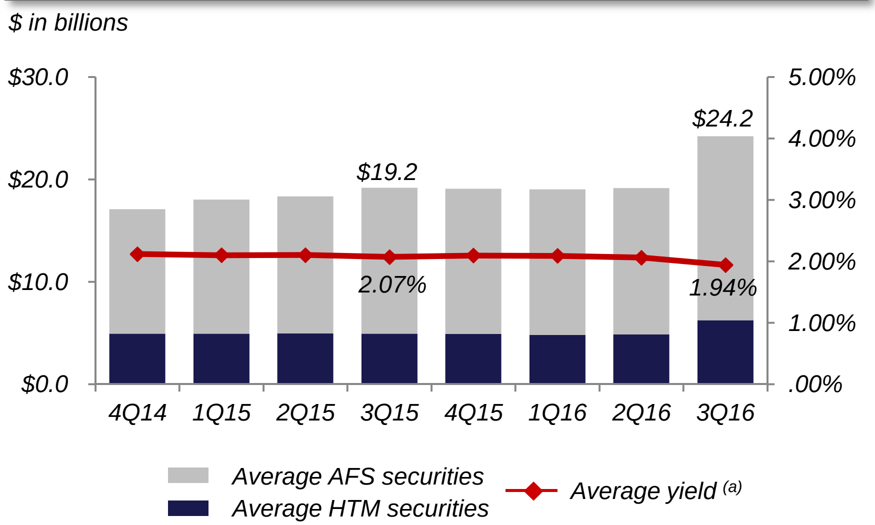
- **Average deposit growth of 36% from 3Q15 (up 9% excl. FNFG) related to:**
  - **FNFG acquisition**
  - **Core retail deposit growth**
  - **Escrow deposit growth from commercial mortgage servicing**

vs. Prior Quarter

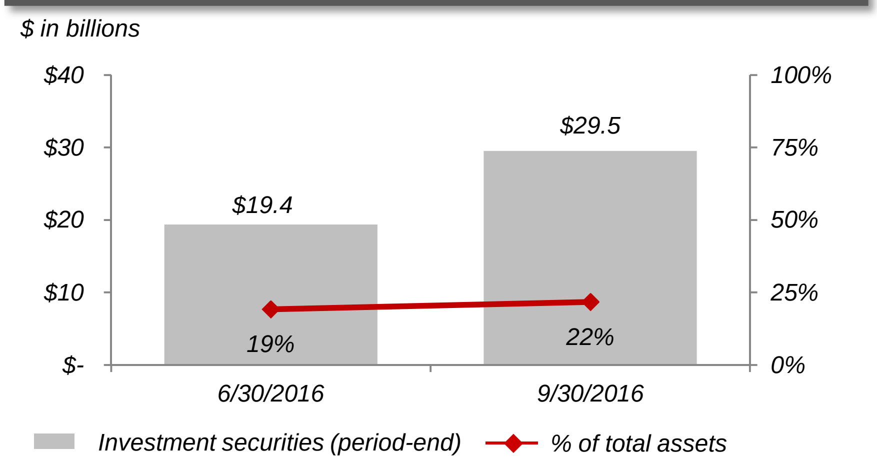
- **Average deposit balances up 28% from 2Q16 (up 3% excl. FNFG), reflecting:**
  - **FNFG acquisition**
  - **Higher escrow deposits from commercial mortgage servicing**
  - **Core retail deposit growth**
  - **Inflows from commercial clients**

Investment Portfolio

Average Total Investment Securities



Total Investment Securities (Period-end)



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 (44% of 3Q16 ending balances)**
- **Securities cash flows of $1.7 billion in 3Q16 and $1.2 billion in 2Q16**
- **Average portfolio life at 9/30/16 of 3.7 years (3.6 years at 6/30/16)**

First Niagara Portfolio Sales

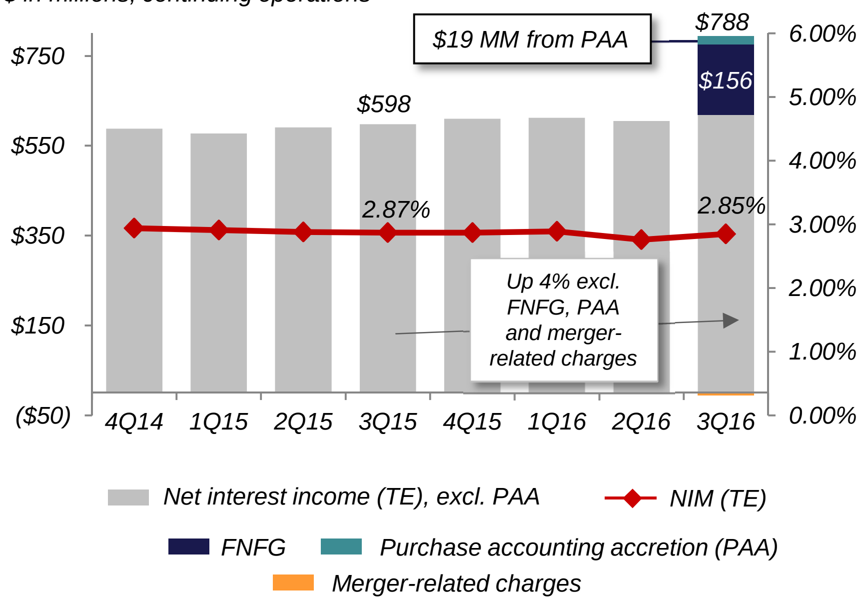
- **Completed sales and repositioning of First Niagara portfolio**
  - **Included CLOs, high yield and investment grade corporate bonds, non-agency CMBS, ABS and municipal bonds**
  - **Proceeds used to pay down FHLB advances**

(a) Yield is calculated on the basis of amortized cost

Net Interest Income and Margin

Net Interest Income & Net Interest Margin Trend (TE)

$ in millions; continuing operations



NIM Change vs. Prior Quarter:

	2Q16:	2.76%
Purchase accounting accretion		.06
All other		.03
Total change		**.09**
	3Q16:	*2.85%*

Highlights

- **FNFG contributed $175 MM to 3Q16 net interest income, including $19 MM from purchase accounting accretion**
- **Reported results include $6 MM of merger-related charges**
- **Maintained moderate asset sensitivity**

vs. Prior Year

- **Net interest income up $190 MM, or 32%, from 3Q15 (up 4% excl. FNFG [a])**
  - **Largely driven by the FNFG acquisition and impact of purchase accounting**
  - **Higher earning asset balances also contributed to increase**

vs. Prior Quarter

- **Net interest income up $183 MM, or 30%, from 2Q16 (up 2% excl. FNFG [a])**
  - **Largely driven by the FNFG acquisition and impact of purchase accounting**
  - **Higher earning asset balances also contributed to growth**

TE = Taxable equivalent

(a) Calculation excludes FNFG contribution to net interest income (including purchase accounting accretion) and merger-related charges of $6 MM

Noninterest Income

Noninterest Income

$ in millions *Up / (Down)*		3Q16		vs. 3Q15		vs. 2Q16
Trust and investment services income	$	122	$	14	$	12
Investment banking and debt placement fees		156		47		58
Service charges on deposit accounts		85		17		17
Operating lease income and other leasing gains		6		(9)		(12)
Corporate services income		51		(6)		(2)
Cards and payments income		66		19		14
Corporate-owned life insurance		29		(1)		1
Consumer mortgage income		6		3		3
Mortgage servicing fees		15		4		5
Net gains (losses) from principal investing		5		(6)		(6)
Other income		8		(3)		(14)
Total noninterest income	**$**	**549**	**$**	**79**	**$**	**76**
Merger-related charges [(a)]		(12)		(12)		(12)
Impact of First Niagara		53		53		53
Total noninterest income, excluding merger-related charges [(b)] and First Niagara	**$**	**508**	**$**	**38**	**$**	**35**

Highlights

- **Record quarter for investment banking and debt placement fees**
  - **Reflects relationship revenue; strength in commercial mortgage banking, equity capital markets, and M&A advisory fees**
- **3Q16 noninterest income included $53 MM from FNFG, primarily in: service charges on deposit accounts, trust and investment services, and cards and payments**
- **Noninterest income also included $12 MM of merger-related charges, including losses from investment portfolio repositioning**

vs. Prior Year

- **Noninterest income up 17% from 3Q15 (up 8% excl. FNFG and merger-related charges)**
  - **Record quarter for investment banking and debt placement fees**
  - **Impact from the FNFG acquisition**

vs. Prior Quarter

- **Noninterest income up 16% from 2Q16 (up 7% excl. FNFG and merger-related charges)**
  - **Record quarter for investment banking and debt placement fees**
  - **Impact from the FNFG acquisition**

(a) Merger-related charges detail provided on slide 20
(b) Non-GAAP measure: see slides 27-28 for reconciliation

Noninterest Expense

Noninterest Expense

$ in millions *Up / (Down)*	3Q16	vs. 3Q15	vs. 2Q16
Personnel	$ 594	$ 168	$ 167
Net occupancy	73	13	14
Computer processing	70	29	25
Business services, professional fees	76	36	36
Equipment	26	4	5
Operating lease expense	15	4	1
Marketing	32	15	10
FDIC assessment	21	13	13
Intangible asset amortization	13	4	6
OREO expense, net	3	1	1
Other expense	159	71	53
Total noninterest expense	**$ 1,082**	**$ 358**	**$ 331**

Merger-related charges [(a)]	189	189	144
Impact of First Niagara	140	140	140
Total noninterest expense, excluding merger-related charges [(b)] and First Niagara	**$ 753**	**$ 29**	**$ 47**

Expense comparisons reflect **merger-related charges** of $189 MM in 3Q16, compared to $45 MM in 2Q16 (no merger-related charges in 3Q15)

Highlights

- **3Q16 noninterest expense of $1.1 B included $140 MM from FNFG as well as $189 MM of merger-related charges**
- **Intangible asset amortization expense of $6 MM associated with FNFG acquisition**

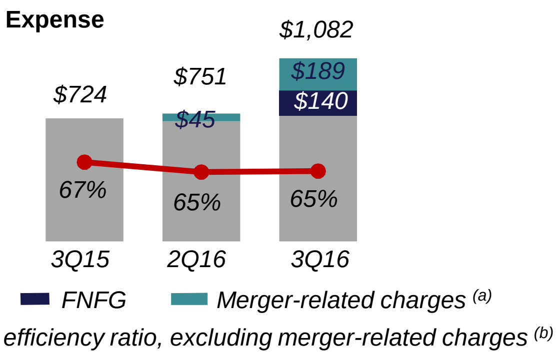
vs. Prior Year

- **Noninterest expense up 49%, or $358 MM (up 4% excl. FNFG and merger-related charges)**
  - **Growth largely reflects FNFG acquisition**
  - **Higher performance-based compensation**
  - **Increased FDIC assessment**

vs. Prior Quarter

- **Noninterest expense up 44%, or $331 MM (up 7% excl. FNFG and merger-related charges)**
  - **Growth largely reflects FNFG acquisition**
  - **Higher performance-based compensation**
  - **Increased FDIC assessment**

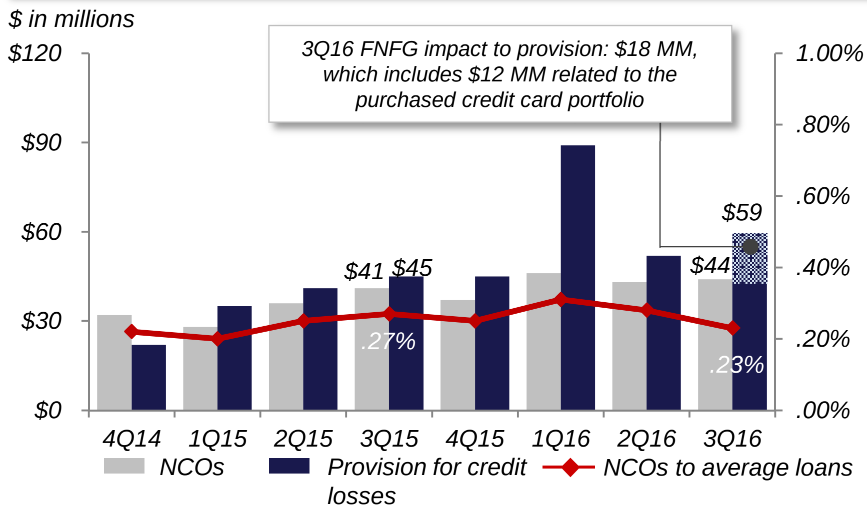
Total Noninterest Expense
$ in millions



(a) Merger-related charges detail provided on slide 20
(b) Non-GAAP measure: see slides 27-28 for reconciliation

Credit Quality

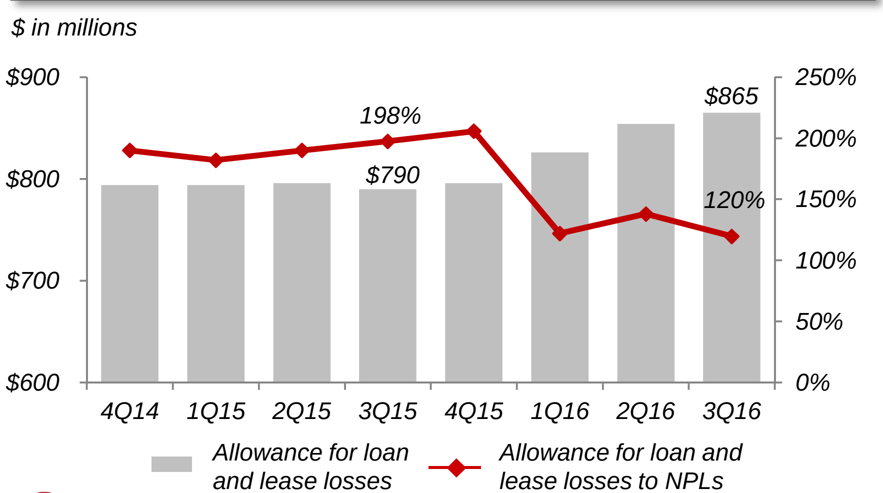
Net Charge-offs & Provision for Credit Losses



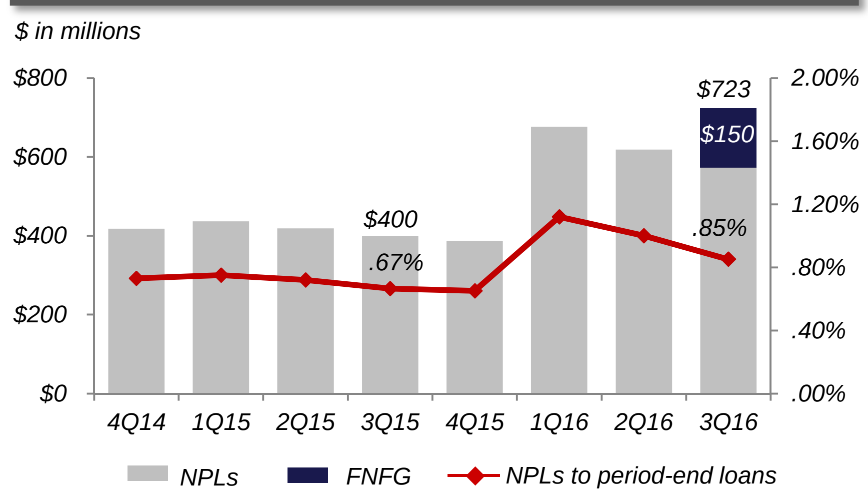
Highlights

- **Net loan charge-offs of $44 MM (including $2 MM from FNFG)**
  - **23 basis points of average loans: below targeted range**
- **FNFG contributed $150 MM to 3Q16 NPLs**
- **Excluding FNFG, nonperforming loans decreased $46 MM, or 7%, from 2Q16**
- **3Q16 provision expense includes $18 MM of impact from FNFG, $12 MM of which is related to the purchased credit card portfolio**

Allowance for Loan and Lease Losses



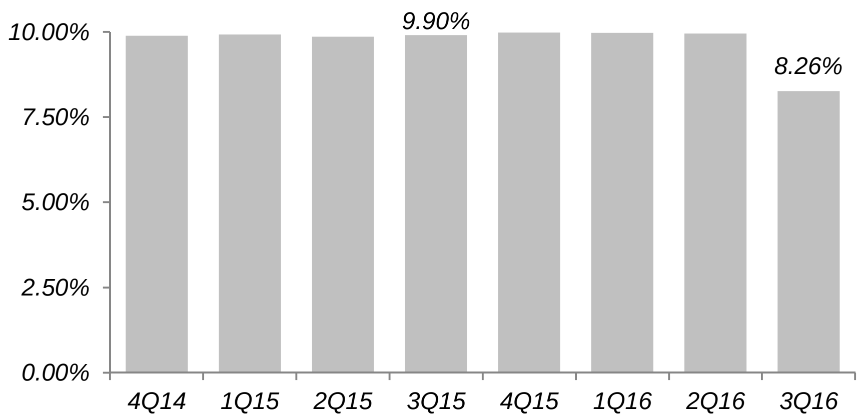
Nonperforming Loans



Capital

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

Tangible Common Equity to Tangible Assets [(a)]



Highlights

- **Strong capital position with Common Equity Tier 1 ratio of 9.55% [(b)] at 9/30/16**
- **Resumed share repurchases following completion of the First Niagara acquisition**
  - **Repurchased $65 MM in common shares during 3Q16**
- **Common Equity Tier 1 ratio under fully phased-in Regulatory Capital Rules [(c)]: 9.39% at 9/30/16**

(a) Non-GAAP measure: see slides 27-28 for reconciliation
(b) 9-30-16 figures estimated
(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."

Outlook and Expectations

4Q16 KEY Outlook [a]	
Average Earning Assets	• Average loans reflect one additional month of First Niagara and continued core portfolio growth • Investment portfolio relatively stable from 3Q16 period-end
Net Interest Income	• One additional month of impact from First Niagara • Further refinement of purchase accounting marks and resulting accretion expected
Noninterest Income	• One additional month of impact from First Niagara • Investment banking and debt placement fees: FY 2016 stable-to-slightly higher than FY 2015
Noninterest Expense	• One additional month of First Niagara and amortization expense • Elevated levels of merger-related charges to continue
Credit Quality	• Net charge-offs relatively stable with 3Q16 • Provision expected to slightly exceed net charge-offs

Guidance range: Relatively stable: + /- 2%

(a) Outlook provided as of October 25, 2016, includes the impact of First Niagara

Appendix

FNFG Merger-related Charges

$ in millions *Increase / (Decrease)*	3Q16	2Q16	1Q16	4Q15
Net interest income	**$ (6)**	**-**	**-**	**-**
Operating lease income and other leasing gains	$ (2)	-	-	-
Other income	(10)	-	-	-
Noninterest income	**$ (12)**	**-**	**-**	**-**
Personnel expense [(a)]	**$ 97**	**$ 35**	**$ 16**	**-**
Business services and professional fees	$ 32	$ 5	$ 7	$ 5
Computer processing	15	-	-	-
Marketing	9	3	1	-
All other nonpersonnel	36	2	-	1
Total nonpersonnel expense	**$ 92**	**$ 10**	**$ 8**	**$ 6**
Total merger-related charges	**$ 207**	**$ 45**	**$ 24**	**$ 6**
EPS impact	**$ (.14)**	**$ (.04)**	**$ (.02)**	**-**

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

First Niagara: Additional Transaction Detail

Impacts reflected within Key's 3Q16 results

$ in millions

Consideration		
Cash consideration paid for First Niagara common shares	$	811
Key common shares issued, in dollars, and cash paid in-lieu of fractional shares (a)		2,831
Exchange of First Niagara preferred stock for KeyCorp preferred stock		350
Total consideration paid	**$**	**3,992**
Common shares issued (outstanding)		240 MM
Purchase Accounting (Estimated)		
Fair value adjustments to loans acquired, net of unearned income	$	686
Fair value adjustment to interest-bearing deposits acquired		59
Intangible assets related to the merger		383
Core deposit intangible		356
Fair value of net assets acquired	**$**	**2,572**
Goodwill recorded		**1,420**
Branch Divestiture Adjustments		
Loans associated with branch divestitures		439
Deposits associated with branch divestitures	$	1,645

(a) Based on a KeyCorp stock price of $11.70 on 7/29/2016

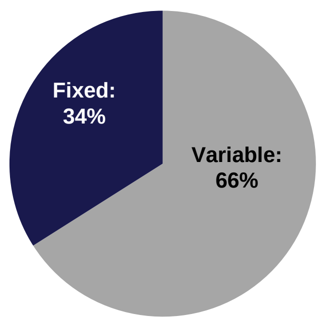
Interest Rate Risk Management

Reflects the impact of the First Niagara acquisition, which became effective on 8/1/2016

Naturally Asset Sensitive Balance Sheet

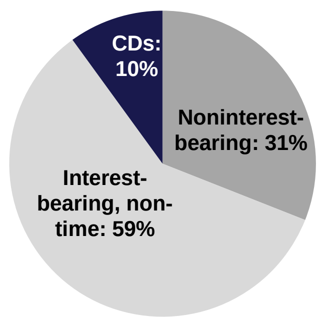
Loan Portfolio

9/30/16

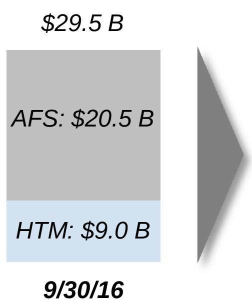


Deposits

9/30/16



Investment Portfolio



- High quality
- Fixed rate agency MBS and CMOs
- Average maturity: 3.7 years
- GNMAs total 44% of portfolio
- Reinvesting cash flows into HQLAs, including GNMAs

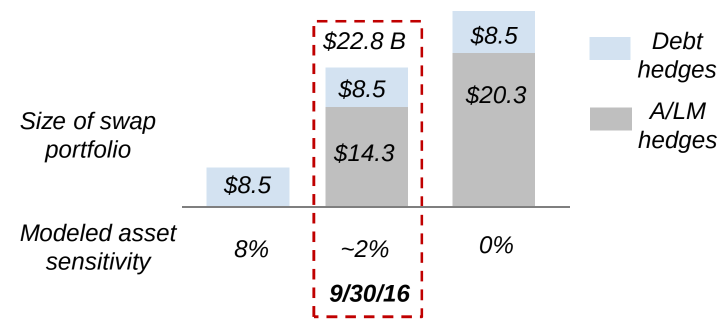
Balance sheet has relatively short duration and is impacted by both short and intermediate-term interest rates

Actively Managing Rate Risk

- **Maintained moderate asset sensitive position of ~2% [a]**
  - Assumes 200 basis point increase in short and intermediate-term rates over a 12-month period
- **Utilize swaps for debt hedging and asset liability management**
  - Fairly even pace of A/LM swap maturities
  - $0.7 B A/LM swaps scheduled to mature by year end 2016

Swaps *($ in B)*	**9/30/16 Notional Amt.**	**Wtd. Avg. Maturity (Yrs.)**	**Receive Rate**	**Pay Rate**
A/L Management	$ 14.3	2.0	1.0%	.5%
Debt	8.5	3.3	1.6	.5
	$ 22.8	**2.5**	**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

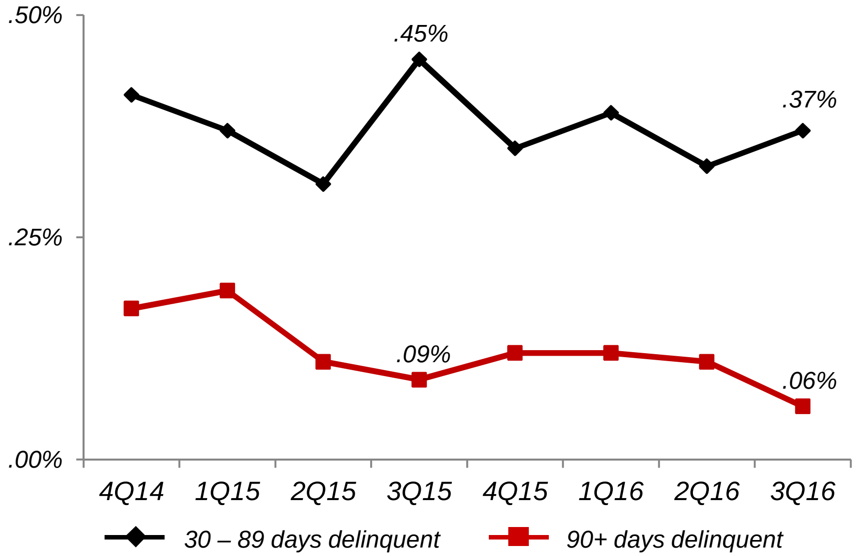
Note: Loan, deposit and investment portfolio balances reflect period-end balances

(a) Preliminary estimate

Credit Quality Trends

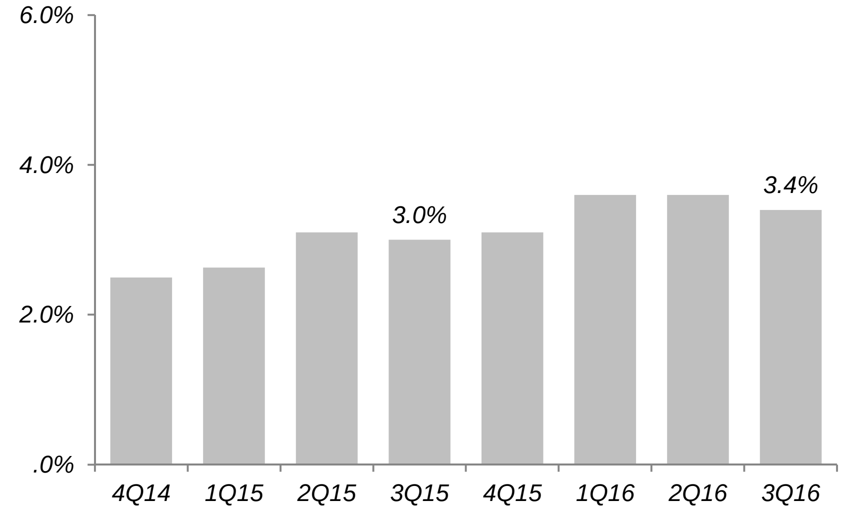
Delinquencies to Period-end Total Loans

Continuing operations



Criticized Outstandings [(a)] to Period-end Total Loans

Continuing operations



Metric [(b)]	3Q16		2Q16		1Q16		4Q15		3Q15	
Delinquencies to EOP total loans: 30-89 days	.37	%	.33	%	.39	%	.35	%	.45	%
Delinquencies to EOP total loans: 90+ days	.06		.11		.12		.12		.09	
NPLs to EOP portfolio loans	.85		1.00		1.12		.65		.67	
NPAs to EOP portfolio loans + OREO + Other NPAs	.89		1.03		1.14		.67		.69	
Allowance for loan losses to period-end loans	1.01		1.38		1.37		1.33		1.31	
Allowance for loan losses to NPLs	119.6		138.0		122.2		205.7		197.5	

(a) Loan and lease outstandings; excludes purchase credit impaired loans from the First Niagara acquisition
(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 (%)
	9/30/16	3Q16	3Q16	3Q16	9/30/16	9/30/16	9/30/16	9/30/16
Commercial, financial and agricultural [a]	$ 39,433	$ 37,318	$ 15	.16%	$ 335	$ 517	1.31%	154.33%
Commercial real estate:								
Commercial Mortgage	14,979	12,879	(1)	.03	32	139	.93	434.38
Construction	2,189	1,723	8	1.85	17	17	.78	100.00
Commercial lease financing	4,783	4,508	5	.44	13	45	.94	346.15
Real estate – residential mortgage	5,509	4,453	-	-	72	15	.27	20.83
Home equity	12,757	11,968	2	.07	225	64	.50	28.44
Credit cards	1,084	996	8	3.20	3	39	3.60	N/M
Consumer direct loans	1,764	1,666	5	1.19	2	18	1.02	900.00
Consumer indirect loans	3,030	2,186	2	.36	24	11	.36	45.83
Continuing total [e]	**$ 85,528**	**$ 77,697**	**$ 44**	**.23%**	**$ 723**	**$ 865**	**1.01**	**119.64%**
Discontinued operations	1,628	1,653	3	.72	5	18	1.11	360.00
Consolidated total	**$ 87,156**	**$ 79,350**	**$ 47**	**.24%**	**$ 728**	**$ 883**	**1.01**	**121.29%**

N/M = Not meaningful

(a) 9-30-16 ending loan balance includes $117 million of commercial credit card balances; 9-30-16 average loan balance includes $107 million of assets from commercial credit cards
(b) Net loan charge-off amounts are annualized in calculation
(c) 9-30-16 NPL amount excludes $959 million of purchased credit impaired loans
(d) 9-30-16 allowance by portfolio is estimated
(e) 9-30-16 ending loan balance includes purchased loans of $22.4 billion, of which $959 million were purchased credit impaired

Home Equity Portfolio

Highlights

- High quality portfolio
- 54% first lien position
- Average FICO score of 768
- Average CLTV at origination: 70%
- $5.3 billion of the total portfolio are fixed rate loans that require principal and interest payments; $7.4 billion are lines
- $1.4 billion in lines outstanding (11% of the total portfolio) come to end of draw period in the next three years

Home Equity Portfolio – 9/30/16

$ 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	$ 6,909	$ 67,147	771	67 %	.5 %	65 %	4 %	3 %	2 %	26 %
Second lien	5,848	41,765	764	75	3.2	49	4	3	3	41
Total home equity portfolio	**$ 12,757**									
Nonaccrual loans and lines										
First lien	$ 114	$ 60,904	720	72 %	2.2 %	19 %	5 %	4 %	5 %	67 %
Second lien	111	43,741	705	78	2.9	12	3	4	4	77
Total home equity nonaccruals	**$ 225**									
Third quarter net charge-offs (NCOs)										
Total home equity portfolio	$ 2									
% of average loans	.07 %									

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

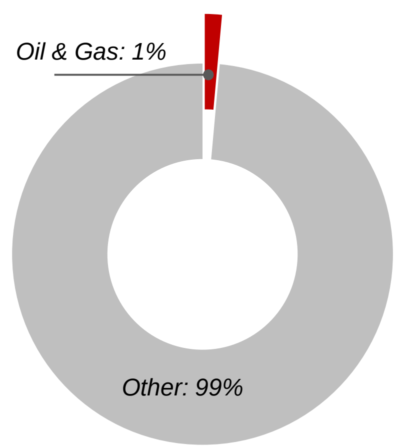
(a) Average CLTVs are at origination; current average CLTVs for Community Bank total home equity loans and lines is approximately 64%, which compares to 65% at the end of the second quarter of 2016

Oil & Gas

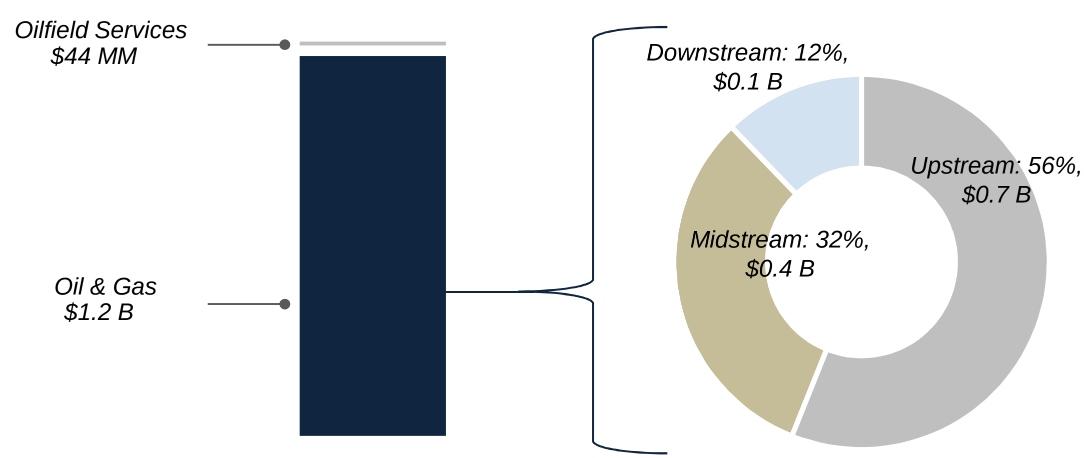
Longstanding history, expertise and relationships

- Total commitments of $3.1 B, including upstream commitments of $1.7 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, 9/30/16



Oil & Gas Outstanding Balances, 9/30/16



No material change in composition or size from the acquisition of First Niagara

GAAP to Non-GAAP Reconciliation

$ in millions	Three months ended 9-30-16	6-30-16	3-31-16	12-31-15	9-30-15
Tangible common equity to tangible assets at period end					
Key shareholders' equity (GAAP)	$ 14,996	$ 11,313	$ 11,066	$ 10,746	$ 10,705
Less: Intangible assets [(a)]	2,855	1,074	1,077	1,080	1,084
Preferred Stock, Series A [(b)]	1,156	281	281	281	281
Tangible common equity (non-GAAP)	$ 10,985	$ 9,958	$ 9,708	$ 9,385	$ 9,340
Total assets (GAAP)	$ 135,805	$ 101,150	$ 98,402	$ 95,133	$ 95,422
Less: Intangible assets [(a)]	2,855	1,074	1,077	1,080	1,084
Tangible common equity to tangible assets ratio (non-GAAP)	$ 132,950	$ 100,076	$ 97,325	$ 94,053	$ 94,338
Tangible common equity to tangible assets ratio (non-GAAP)	8.26%	9.95%	9.97%	9.98%	9.90%
Common Equity Tier 1 at period end					
Key shareholders' equity (GAAP)	$ 14,996	$ 11,313	$ 11,066	$ 10,746	$ 10,705
Less: Preferred Stock, Series A [(b)]	1,156	281	281	281	281
Common Equity Tier 1 capital before adjustments and deductions	13,840	11,032	10,785	10,465	10,424
Less: Goodwill, net of deferred taxes	2,451	1,031	1,033	1,034	1,036
Intangible assets, net of deferred taxes	256	30	35	26	29
Deferred tax assets	1	1	1	1	1
Net unrealized gains (losses) on available-for-sale securities, net of deferred taxes	99	129	70	(58)	54
Accumulated gains (losses) on cash flow hedges, net of deferred taxes	39	77	46	(20)	21
Amounts in accumulated other comprehensive income (loss) attributed to pension and postretirement benefit costs, net of deferred taxes	(359)	(362)	(365)	(365)	(385)
Total Common Equity Tier 1 capital [(c)]	$ 11,353	$ 10,126	$ 9,965	$ 9,847	$ 9,668
Net risk-weighted assets (regulatory) [(c)]	$ 118,922	$ 91,195	$ 90,014	$ 89,980	$ 92,307
Common Equity Tier 1 ratio (non-GAAP) [(c)]	9.55%	11.10%	11.07%	10.94%	10.47%
Noninterest expense excluding merger-related charges					
Noninterest expense (GAAP)	$ 1,082	$ 751	$ 703	$ 736	$ 724
Less: Merger-related charges	189	45	24	6	-
Noninterest expense excluding merger-related charges (non-GAAP)	$ 893	$ 706	$ 679	$ 730	$ 724
Earnings per common share (EPS) excluding merger-related charges					
EPS from continuing operations attributable to Key common shareholders — assuming dilution	$ .16	$ .23	$ .22	$ .27	$ .26
Add: EPS impact of merger-related chrges	.14	.04	.02	-	-
EPS from continuing operations attributable to Key common shareholders excluding merger-related charges (non-GAAP)	$ .30	$ .27	$ .24	$ .27	$ .26

(a) Three months ended 9/30/16, 6/30/16, 3/31/16, 12/31/15, and 9/30/15, exclude $51 million, $36 million, $40 million, $45 million, and $50 million, respectively, of period-end purchased credit card receivables
(b) Net of capital surplus
(c) 9/30/16 amount is estimated

GAAP to Non-GAAP Reconciliation (continued)

$ in millions	Three months ended 9-30-16	6-30-16	3-31-16	12-31-15	9-30-15
Pre-provision net revenue excluding merger-related charges					
Net interest income (GAAP)	$ 780	$ 597	$ 604	$ 602	$ 591
Plus: Taxable-equivalent adjustment	8	8	8	8	7
Noninterest income	549	473	431	485	470
Less: Noninterest expense excluding merger-related charges (non-GAAP)	893	706	679	730	724
Pre-provision net revenue from continuing operations excluding merger-related charges (non-GAAP)	$ 444	$ 372	$ 364	$ 365	$ 344
Return on average assets excluding merger-related charges					
Net income (loss) from continuing operations attributable to Key (GAAP)	$ 171	$ 199	$ 187	$ 230	$ 222
Add: Merger-related charges after tax	132	28	15	4	-
Net income (loss) from continuing operations attributable to Key excluding merger-related charges after tax (non-GAAP)	$ 303	$ 227	$ 202	$ 234	$ 222
Average total assets from continuing operations	$ 123,469	$ 97,413	$ 94,477	$ 94,117	$ 92,649
Return on average assets excluding merger-related charges (non-GAAP)	.98%	.94%	.86%	.99%	.95%
Cash efficiency ratio					
Noninterest expense (GAAP)	$ 1,082	$ 751	$ 703	$ 736	$ 724
Less: Intangible asset amortization	13	7	8	9	9
Adjusted noninterest expense (non-GAAP)	$ 1,069	$ 744	$ 695	$ 727	$ 715
Less: Merger-related charges	189	45	24	6	-
Adjusted noninterest expense excluding merger-related charges (non-GAAP)	$ 880	$ 699	$ 671	$ 721	$ 715
Net interest income (GAAP)	$ 780	$ 597	$ 604	$ 602	$ 591
Plus: Taxable-equivalent adjustment	8	8	8	8	7
Noninterest income	549	473	431	485	470
Total taxable-equivalent revenue (non-GAAP)	$ 1,337	$ 1,078	$ 1,043	$ 1,095	$ 1,068
Plus: Merger-related charges	18	-	-	-	-
Adjusted noninterest income excl. merger-related charges (non-GAAP)	$ 1,355	$ 1,078	$ 1,043	$ 1,095	$ 1,068
Cash efficiency ratio (non-GAAP)	80.0%	69.0%	66.6%	66.4%	66.9%
Cash efficiency ratio excluding merger-related charges (non-GAAP)	64.9%	64.8%	64.3%	65.8%	66.9%

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