Barclays Global Financial Services Conference

September 12, 2017

KeyCorp

Focused *Forward*

Beth 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; 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 notable items, including merger-related charges. 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 17 of our Form 10-Q dated June 30, 2017.

GAAP: Generally Accepted Accounting Principles

Significant Transformation to a New Key

- ✓ Created a distinctive, balanced relationship-based business model
- ✓ Completed largest acquisition in the company's history
- ✓ Strengthened core franchise (market presence, products, capabilities)
- ✓ Added talent to better serve targeted clients
- ✓ Improved operating and financial performance

Results of our Transformation

3 million clients
and growing

strong market share
top 5 in 24 MSAs[(a)]

4 consecutive years
with positive operating leverage[(b)]

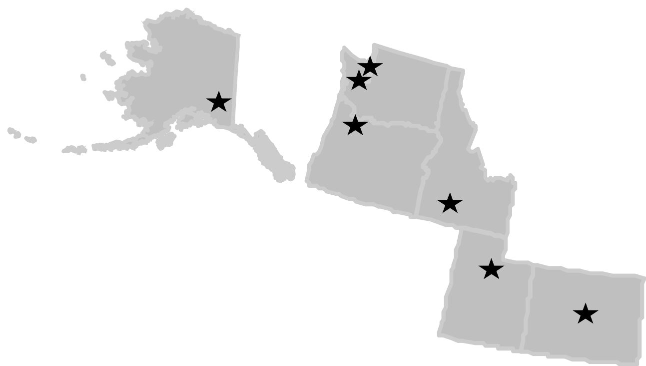
13%
return on avg. tangible common equity[(c)] (2Q17)

(a) Metropolitan Statistical Areas (MSAs) within footprint with greater than $3B in market deposits where Key has a Top 5 market share; source: FDIC Summary of Deposits Annual Survey, June 30, 2016; analysis caps all branches for KEY and peers at $250MM to adjust for commercial and headquarters deposits; rankings based on total MSA deposits (capped)
(b) Excludes merger-related charges and notable items; see Appendix for detail on merger-related charges and notable items
(c) Non-GAAP measure and excludes notable items; see Appendix for reconciliation

Strengthened Franchise with Distinctive Capabilities

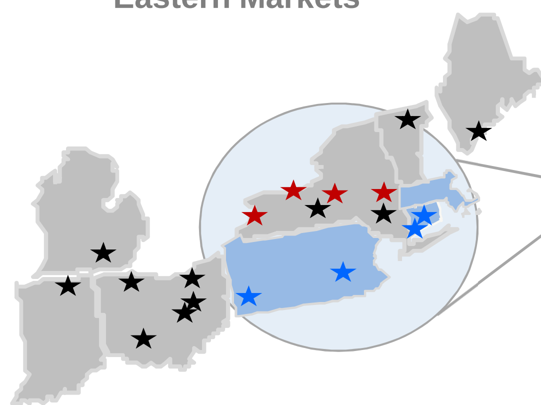
Strong Market Presence

Western Markets



Top 5 market share[(a)] in Seattle, Denver, Portland, Salt Lake City and Boise -- all growing faster than national average

Eastern Markets



First Niagara Acquisition:

- ★ Created leading market share[(a)] in Upstate NY markets
- ★ Added complementary new markets

★ Top 5 market share (MSAs with >$3B in market deposits)[(a)]

Leading market presence across the I-90 corridor from Toledo, OH to Albany, NY

First Niagara acquisition further strengthened Key's core retail deposit base

Broad Products and Capabilities → Creates a Competitive Advantage

- ✓ **Broad suite of lending and capital markets capabilities**
- ✓ **Robust deposit, payments and treasury management solutions**
- ✓ **Strong fee-based businesses: growth and mix**
- ✓ **Deep industry expertise in seven industry verticals**
- ✓ **Holistic wealth management and private banking**
- ✓ **Multichannel delivery with strong digital offering**
- ✓ **Integrated financial wellness platform**

(a) ★ ★ Denotes Metropolitan Statistical Area (MSA) within footprint with greater than $3B in market deposits where Key has a Top 5 market share; source: FDIC Summary of Deposits Annual Survey, June 30, 2016; analysis caps all branches for KEY and peers at $250MM to adjust for commercial and headquarters deposits; rankings based on total MSA deposits (capped)

Commercial Capabilities and Expertise

Competitive advantage with targeted clients

Traditional Bank Products		Capital Markets Capabilities			
Loans	*Deposits & payments*	*Commercial mortgage banking*	*Derivatives & foreign exchange*	*Equity capital markets*	*Equity research*
41% Y-o-Y average loan growth	*$103 B deposits at 26 bps*	*#3 commercial mortgage servicer (master/primary)[(b)]*	*Rates, commodity & currency solutions*	*65 transactions, raising $26 B in 2016*	*>700 companies under coverage*
Equipment finance	*Wealth management & private banking*	*M&A, financial sponsors, leveraged finance*	*Investment grade & high-yield debt*	*Loan syndications*	*Public finance*
#5 bank-owned equipment finance co. by new business volume[(a)]	*$38 B in AUM*	*>240 M&A deals completed since 2011*	*>120 transactions, raising $99 B in 2016*	*>225 transactions, raising $80 B in 2016*	*>160 transactions, raising $60 B in 2016*

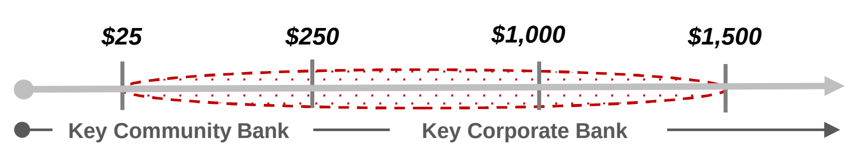
Targeted Industry Verticals

Consumer **Energy** **Healthcare**

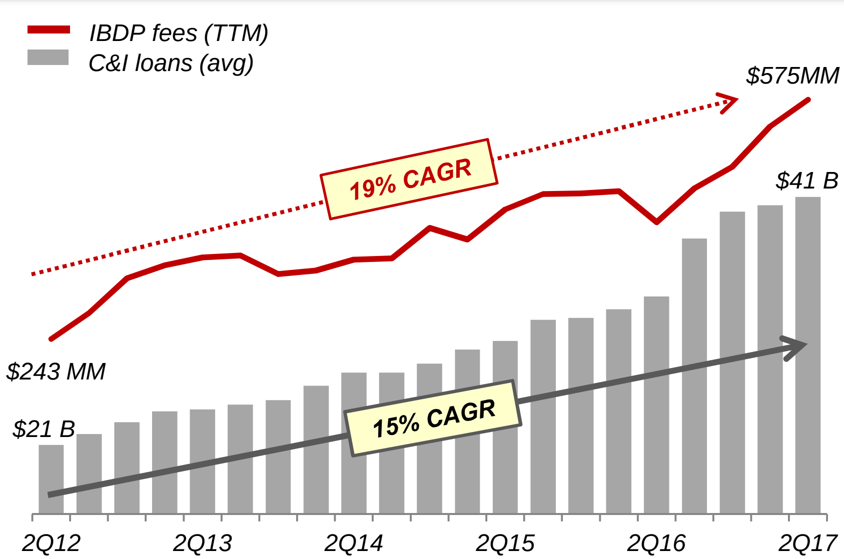
Industrial **Public Sector** **Real Estate** **Technology**

Uniquely Positioned for Middle Market Clients

Commercial client revenue size ($ MM)



Growing Loans and Fee Income



Note: Data as of 2Q17 unless otherwise noted
(a) Source: Monitor Bank 50; ranking based on new business volume as of FY16
(b) Source: Mortgage Bankers Association year-end 2016 rankings

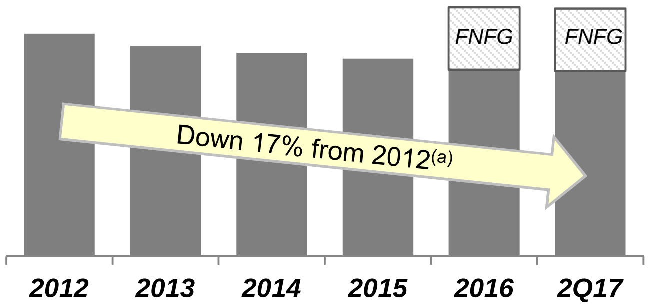
Retail Transformation

Delivering ease, value and expertise with a balanced multi-channel presence

Balanced Multi-channel Presence

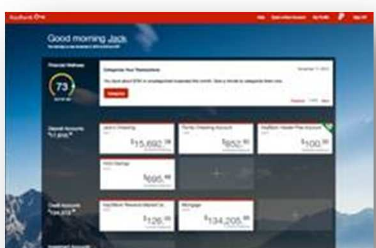
Physical Presence

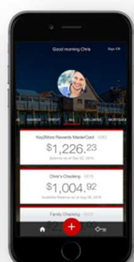
Branch Count



Shift from transaction hub to service & advice center

Digital Investments





1.4x
YoY increase in online and mobile logins

(June 2017 YTD)

Investing in Talent & Tools to Deliver Advice & Expertise

- ✓ Universal bankers: shift in workforce skills and expectations from transactional roles to advice roles
- ✓ Proprietary digital planning and financial wellness tool

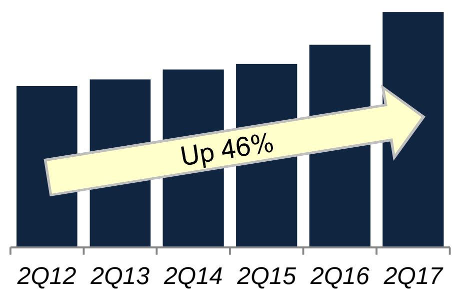
+63% **branch sales roles**

(20)% **branch non-sales roles**

(June 2017 vs. December 2012)

Growth

Community Bank Deposits per Branch



Improved Engagement

+10%
YoY growth in new checking account engagement

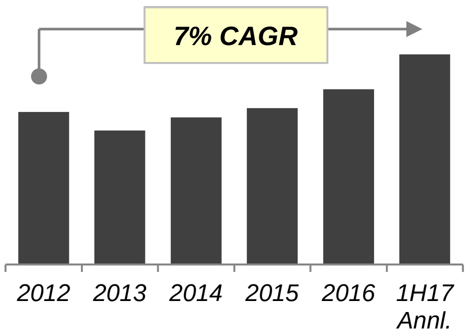
(June 2017 YTD)

(a) Percentage decrease excludes impact from First Niagara branches

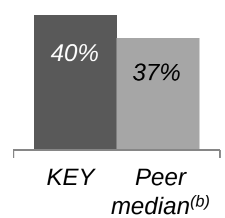
Balanced, Diverse Revenue

Strong Contribution from Fees

Noninterest income[a]

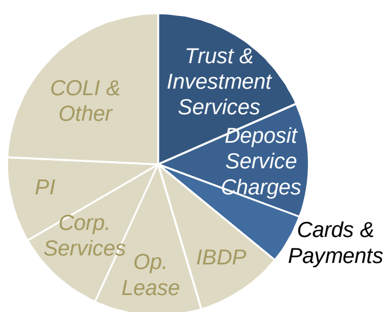


% of Revenue
2Q17

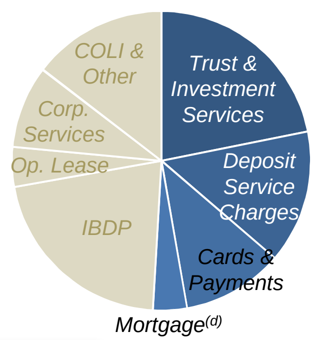


More Balance and Stable Fees

1H'07



1H'17



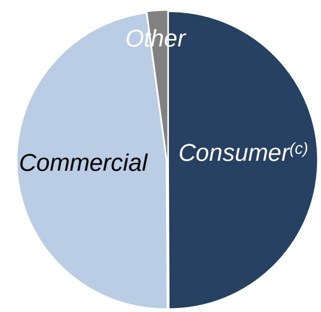
36%

Growth in fees, with higher percentage of stable fees

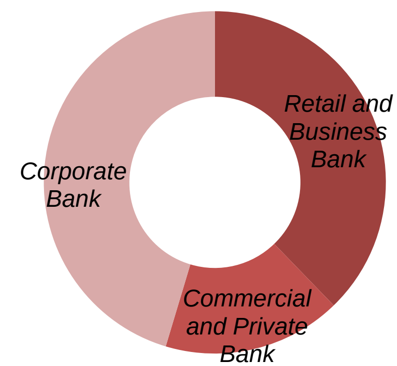
51%

Diverse Client Segmentation

Revenue
2Q17



Pre-provision Net Revenue
2Q17



IBDP = Investment banking and debt placement fees; PI = Principal investing; COLI = Corporate-owned life insurance

(a) Excludes gains or losses from principal investing as well as large transactional gains exceeding $100 MM (2013 gain from sale of Victory Capital Management); 1H17 excludes $2 MM of annualized principal investing gains; see Appendix for 2012-2016 reconciliations

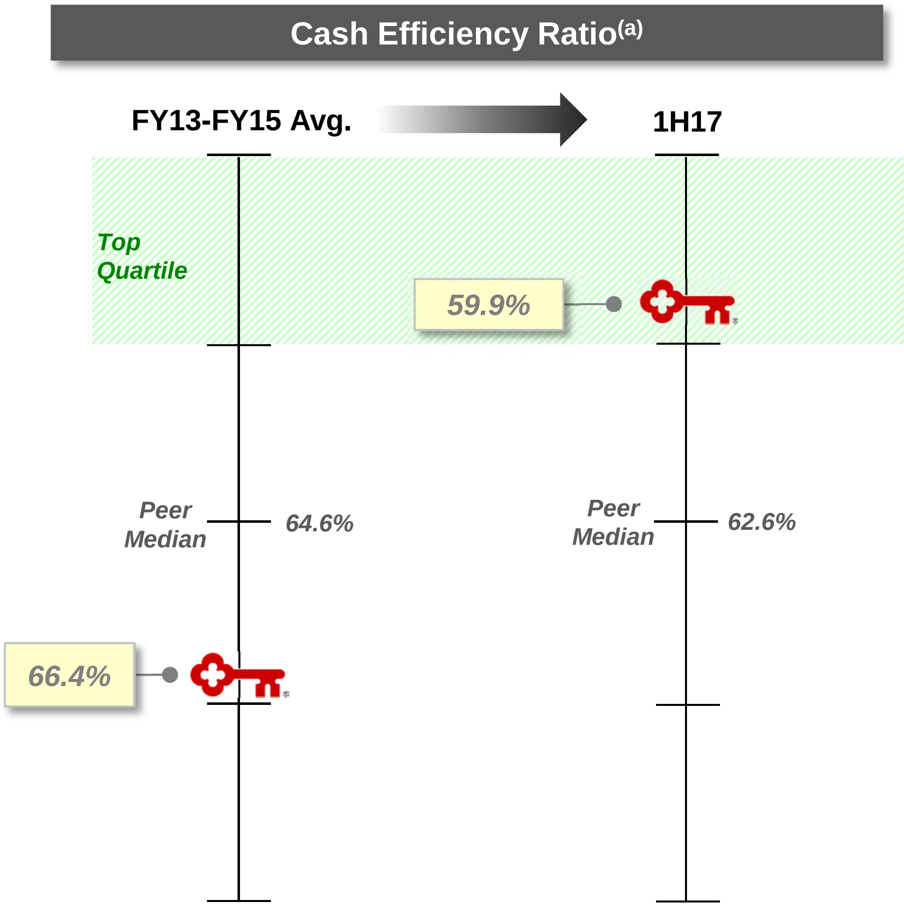
(b) Source: peer SEC filings; peers include: BBT, CFG, CMA, FITB, HBAN, MTB, PNC, RF, STI, USB, and ZION

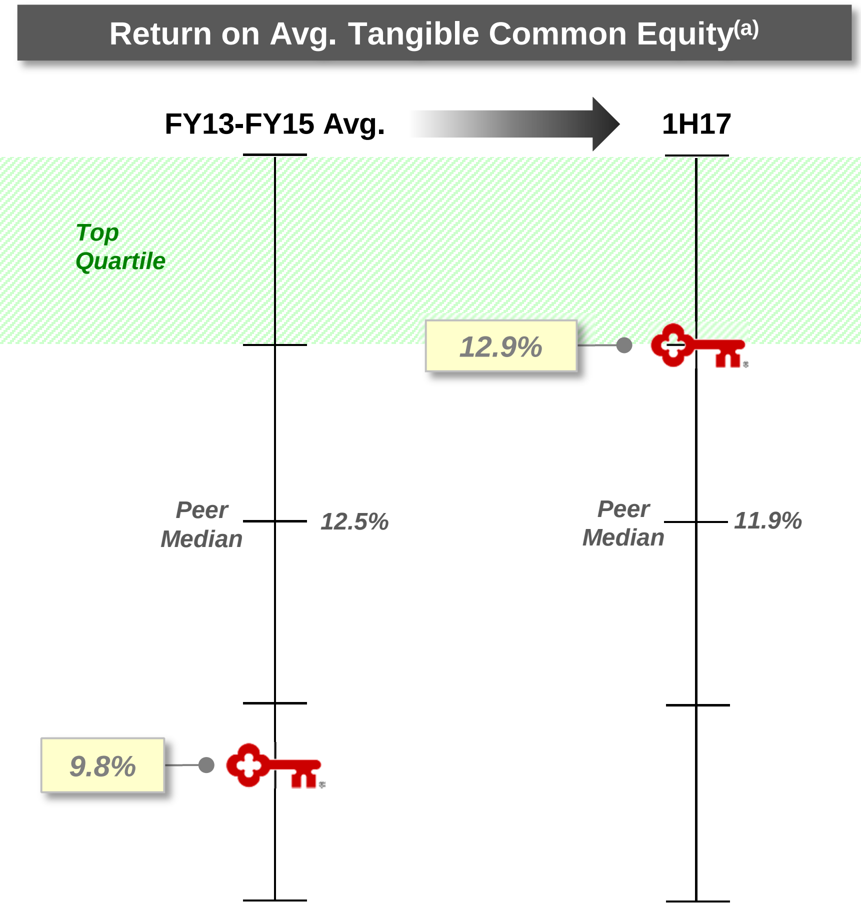
(c) Consumer includes retail banking, small business and private banking

(d) Includes consumer mortgage income and mortgage servicing fees

Improved Financial Performance

Step change in performance from core business momentum and the acquisition of First Niagara





Source: SNL Financial and peer SEC filings; peers include: BBT, CFG, CMA, FITB, HBAN, MTB, PNC, RF, STI, USB and ZION; peer medians exclude KEY

(a) Non-GAAP measure and excludes merger-related charges and notable items for KEY; see Form 10-K dated December 31, 2015 and Form 10-Q dated June 30, 2017 for reconciliations

Strong Investment Thesis

Differentiated value proposition for consumer and middle market clients, while continuing to improve efficiency, manage risk and increase returns

- **Distinctive relationship-based business model**
- **Positioned to continue to grow and deliver positive operating leverage**
- **Strong risk profile and capital management**

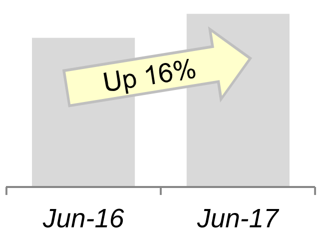
Strategic Investments Differentiate & Enable Growth

Investments accelerate growth, supported by technology enhancements

Commercial Payments

- ✓ **Highly ranked core treasury capabilities**
- ✓ **Investments in people, technology and partnerships differentiate offering**
- ✓ **Merchant services:** acquired remaining ownership interest in joint venture
- ✓ **Added capabilities:** purchase & prepaid cards, AP/AR automation, property management & payment software, healthcare payment platform
- ✓ **Gaining significant market share, with opportunity to better penetrate existing relationships**

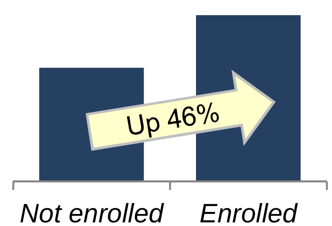
Clients continue to grow



Financial Wellness

- ✓ **Core component of retail relationship strategy**
- ✓ **Acquisition of HelloWallet creates proprietary financial wellness offering**
  - Strengthens ability to acquire and deepen relationships
- ✓ **Personalized financial wellness and planning tool**
  - Aggregates client data for full relationship view
  - Creates actionable plans
  - Digital-led experience, integrated into branches
- ✓ **Leveraging enhanced data and analytics**
  - Ability to provide targeted offers and advice (deposits, lending and investment)
- ✓ **Continued growth in platform enrollment**

Clients leveraging wellness platform have higher annual revenue[(a)]



Enhancements to Technology Infrastructure Support Growth

(a) Based on May 2017 analysis of retail clients enrolled in HelloWallet compared to those not enrolled

Levers to Improve Efficiency and Returns

Delivering positive operating leverage with opportunities across our businesses

Executing Strategic Priorities → Growing Relationships → Taking Share

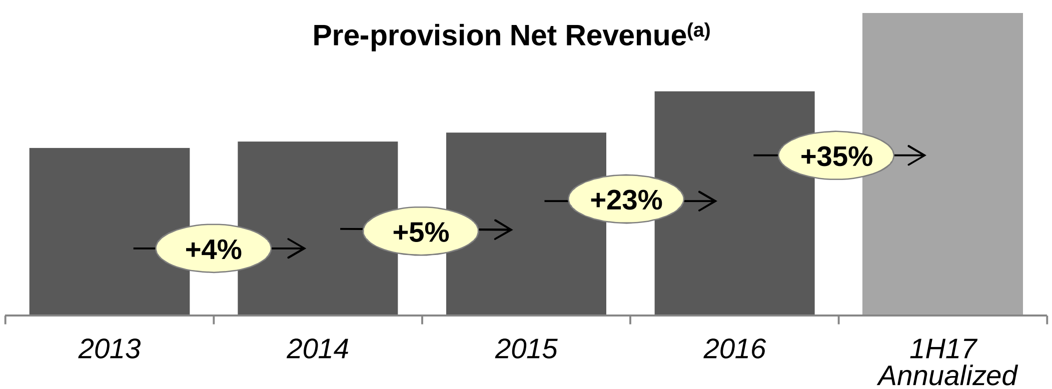
Accelerating Revenue Momentum

- **Continued momentum with core relationship strategy**
- **Enhancing products and capabilities**
  - *Strategic partnerships*
  - *Payments solutions*
  - *Robust digital tools and capabilities*
  - *Targeted industry verticals*
- **Investing in talent and a more productive workforce**
  - *Growth in senior bankers and client-facing FTE*
- **Executing on First Niagara revenue synergies**

Continuing Expense Discipline

- **Achieving remaining First Niagara cost savings**
- **Reducing costs in the legacy Key franchise**
  - *Transforming and simplifying the client experience*
  - *Multi-channel optimization*
  - *Continued square footage reduction (branch and corporate space)*
  - *Leveraging technology for operational efficiencies*

Pre-provision Net Revenue[(a)]



(a) Non-GAAP measure and excludes notable items (one-time gain in merchant services, purchase accounting finalization, merger-related charges and charitable contribution in 2Q17; merger-related charges in 2015 and 2016); see Key's Form 10-K dated December 31, 2016 and Key's Form 10-Q dated June 30, 2017 for reconciliations and detail on notable items and merger-related charges

First Niagara Opportunity

Incremental opportunity from cost savings and revenue synergies

Cost Savings

Achieved $400 MM in annualized savings

Executing incremental $50 MM by 1H18

1. **Systems conversions**
   - *Leasing, loan collections, consumer loan/mortgage servicing*
2. **Occupancy**
   - *Corporate and back office space*
3. **Third party/vendor management**
   - *Contract savings*

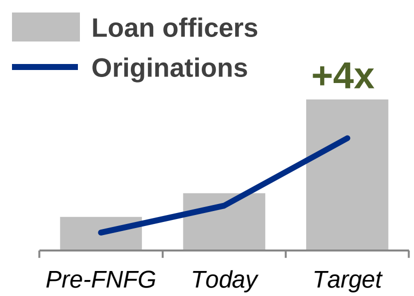
$450 MM annualized cost savings in total

46% of FNFG FY2015 noninterest expense

Revenue Synergies

Targeting $300 million in annual revenue synergies in 2-3 years

1. Residential Mortgage

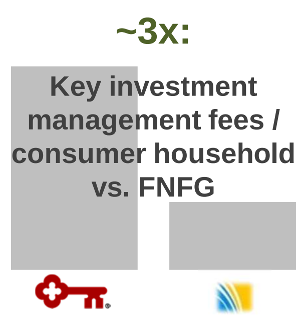


2. Commercial Payments

~2x: Key payments penetration vs. FNFG[(a)]

23% Progress on FNFG fee opportunity

3. Private Banking



4. Commercial Banking & Capital Markets

~3x: Key commercial deposit penetration vs. FNFG[(a)]

>$200 MM FNFG commercial mortgages placed into capital markets (through 2Q17)

(a) Penetration represents payments fee income or commercial deposits, both as a percentage of loan commitments, for Key's Business Bank, Middle Market and Commercial Real Estate, compared to First Niagara

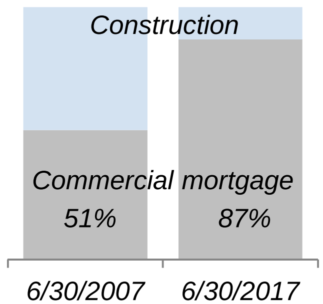
Risk Management

Maintaining a strong risk culture and moderate risk profile

Business Discipline

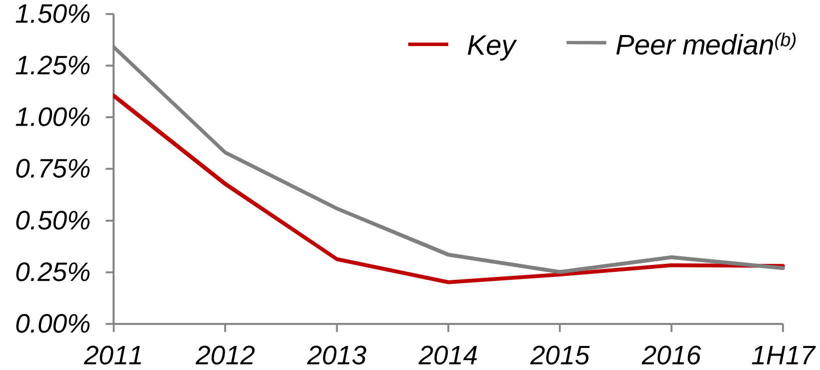
- Enterprise-wide approach to managing risks and concentrations
- Maintaining enhanced underwriting standards
- Focus on specific segments and sectors with expertise
- Selective, targeted approach to specific markets and asset classes

Commercial Real Estate Mix Shift

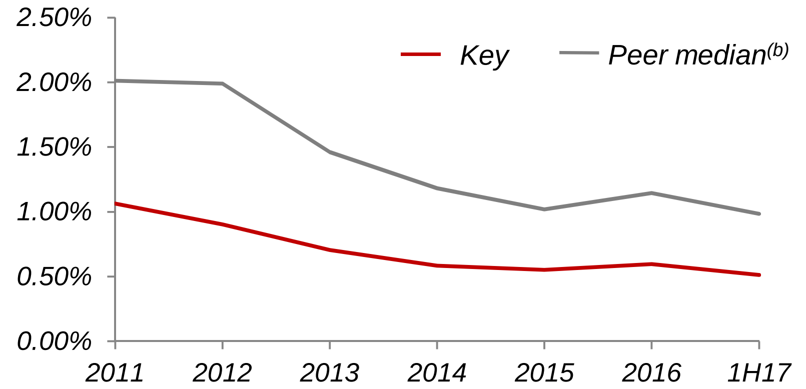


Strong Asset Quality[a]

Net Charge-offs to Average Loans



Nonperforming Assets to Total Assets



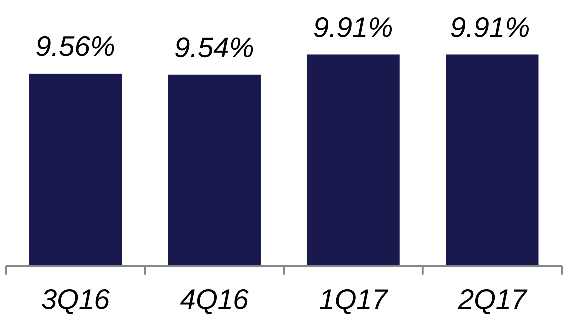
(a) Source: SNL Financial
(b) Peers include: BBT, CFG, CMA, FITB, HBAN, MTB, PNC, RF, STI, USB, and ZION

Capital Management

Disciplined in how we manage, invest, deploy and return our strong capital position

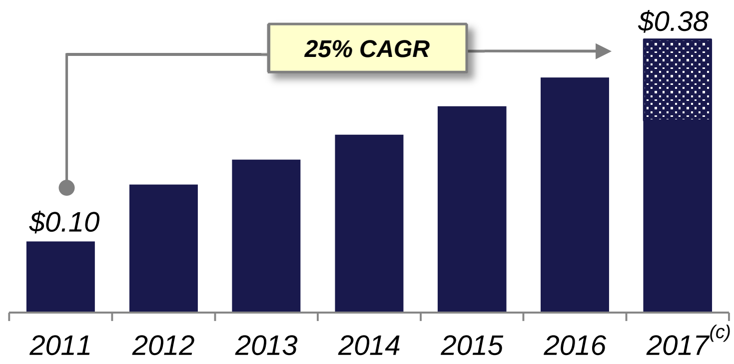
Strong Capital Position

Common Equity Tier 1[a]



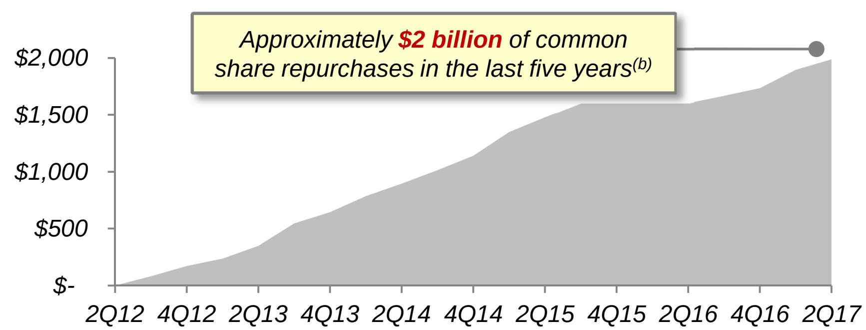
Focus on Dividends

Cash Dividends Per Common Share



Cumulative Common Share Repurchases[b]

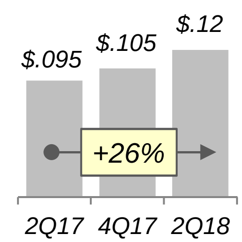
$ in millions



2017 Capital Plan

two

common share dividend increases, subject to Board approval



$800MM

common share repurchase authorization

(a) Non-GAAP measure: see Appendix for reconciliation
(b) Common share repurchase amount includes repurchases to offset issuances of common shares under our employee compensation plans
(c) 2017 includes an increase from $.095 to $.105 per quarter per common share in 4Q17, subject to Board approval

Why KEY

Differentiated value proposition for consumer and middle market clients, while continuing to improve efficiency, manage risk and increase returns

Why KEY

- **Transformed company, with distinctive business model and offering**
  - *Balanced and diverse franchise*
  - *Demonstrating step-change in performance*
- **Positioned for revenue growth**
  - *Executing core relationship strategy*
  - *Investing strategically in people, products and capabilities*
  - *Achieving revenue synergies from acquisition*
- **Delivering positive operating leverage by improving efficiency and returns**
  - *Momentum across business → acquiring and expanding relationships*
  - *Executing cost savings discipline to reinvest in businesses*
- **Strong risk profile and capital management**

Executing on LT Targets

Positive operating leverage

4 consecutive years[(a)]

Cash efficiency ratio: <60%

59% in 2Q17[(b)]

Moderate risk profile:
Net charge-offs to avg. loans targeted range of 40-60 bps

31 bps in 2Q17

Return on avg. tangible common equity: 13-15%

13% in 2Q17[(a), (b)]

(a) Excludes merger-related charges and notable items; see Appendix for detail on merger-related charges and notable items
(b) Non-GAAP measure; see Appendix for reconciliation

Appendix

Outlook and Expectations

	FY 2017 [a]
Average Balance Sheet	• Loans: low-end of \$87.0 B - \$88.0 B range for FY17 average balances • Deposits: FY17 average balances in the range of \$102.5 B - \$103.0 B
Net Interest Income	• Net interest income expected to be in the range of \$3.8 B - \$3.9 B – Reflects consistent decline in purchase accounting accretion (approx. \$100 MM remaining in 2H17) • Outlook includes no additional rate increases in 2017
Noninterest Income	• Expected to be in the range of \$2.35 B - \$2.45 B
Noninterest Expense	• Expected to be in the range of \$3.7 B - \$3.8 B – Includes impact of merchant services and HelloWallet
Credit Quality	• Net charge-offs to average loans below targeted range of 40 – 60 bps • Provision expected to slightly exceed net charge-offs to provide for loan growth
Taxes	• GAAP tax rate in the range of 26% - 28%

Long-term Targets

Positive operating leverage	***Cash efficiency ratio:*** *<60%*	***Moderate risk profile:*** *Net charge-offs to avg. loans targeted range of 40-60 bps*	***ROTCE:*** *13-15%*

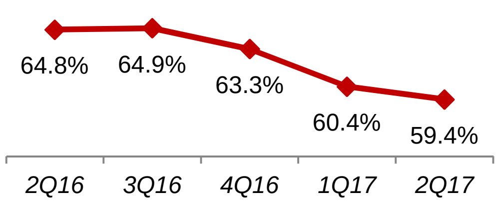
(a) Guidance provided does not include merger-related charges

Financial Highlights

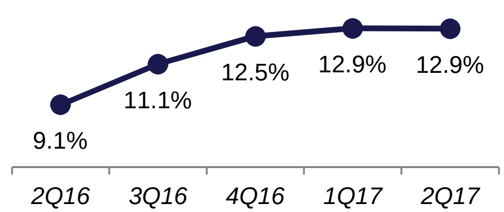
Continuing operations, unless otherwise noted

		2Q17	1Q17	2Q16	LQ Δ	Y/Y Δ
Profitability	EPS – assuming dilution	$ .36	$ .27	$ .23	33 %	57 %
	Impact of notable items[(a),(b)] on EPS	.02	(.05)	(.04)		
	Cash efficiency ratio[(a)]	59.3 %	65.8 %	69.0 %	(650) bps	(970) bps
	Cash efficiency –excl. notable items[(a), (b)]	59.4	60.4	64.8	(100)	(540)
	Return on average tangible common equity[(a)]	13.80	10.98	7.94	282	586
	ROTCE – excl. notable items[(a), (b)]	12.86	12.87	9.09	(1)	377
Capital[(c)]	Common Equity Tier 1[(a)]	9.91 %	9.91 %	11.10 %	- bps	(119) bps
	Tier 1 risk-based capital	10.73	10.74	11.41	(1)	(68)
	Tangible common equity to tangible assets[(a)]	8.56	8.51	9.95	5	(139)
Asset Quality	NCOs to average loans	.31 %	.27 %	.28 %	4 bps	3 bps
	NPLs to EOP portfolio loans[(d)]	.59	.67	1.00	(8)	(41)
	Allowance for loan and lease losses to EOP loans	1.01	1.01	1.38	-	(37)

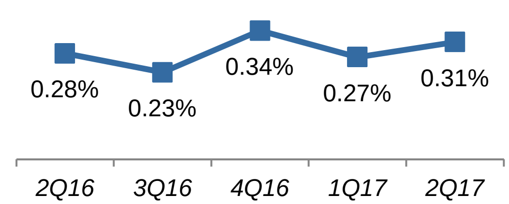
Cash Efficiency Ratio[(a)]
excl. notable items[(b)]



ROTCE[(a)]
excl. notable items[(b)]



NCOs to Avg. Loans



EOP = End of Period

(a) Non-GAAP measure: see slides 32-33 for reconciliation

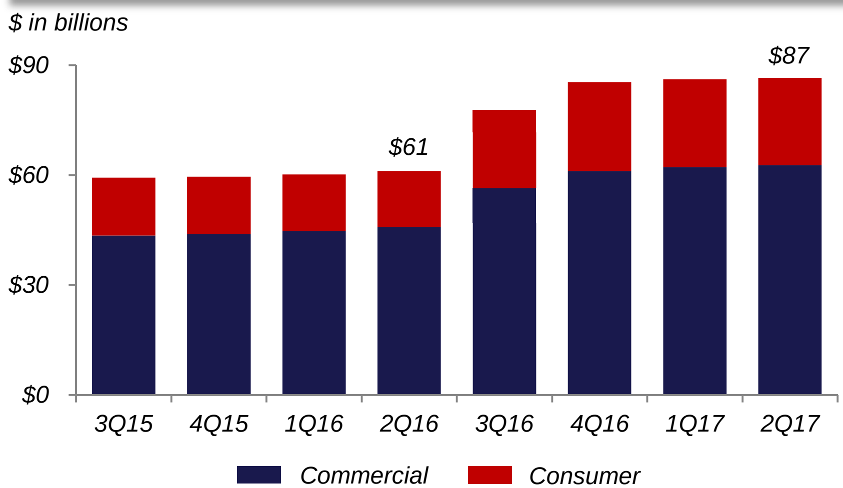
(b) Notable items include one-time gain in merchant services, purchase accounting finalization, merger-related charges and charitable contribution in 2Q17 and merger-related charges in prior periods; see slide 31 for detail on merger-related charges

(c) From consolidated operations

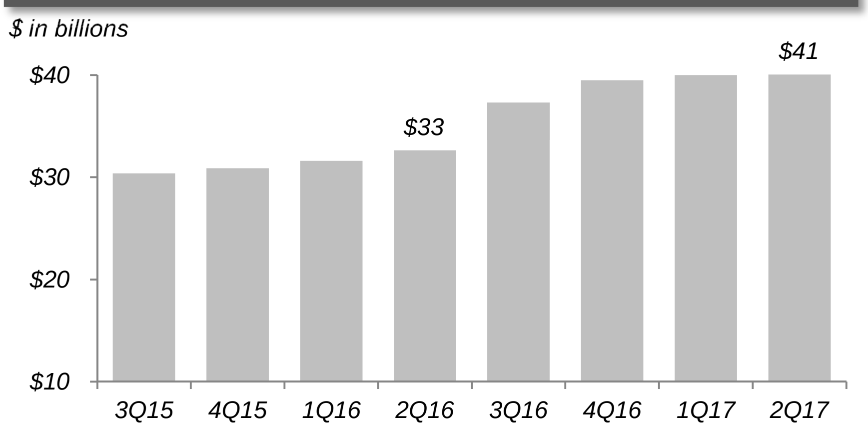
(d) Nonperforming loan balances exclude $835 million, $812 million, and $11 million of purchased credit impaired loans at June 30, 2017, March 31, 2017, and June 30, 2016, respectively

Loans

Total Average Loans



Average Commercial & Industrial Loans



Highlights

vs. Prior Year

- **Average loans up 41% from 2Q16**
  - **Growth primarily reflects impact of FNFG**
  - **C&I continues to be a driver**

vs. Prior Quarter

- **Average loans up .4% from 1Q17**
- **C&I growth (+2%) more than offset lower consumer loan balances**
  - **Strength in middle market lending**
  - **Consumer loans primarily reflect continued decline in the home equity portfolio**

Loan Portfolio Detail, at 6/30/17

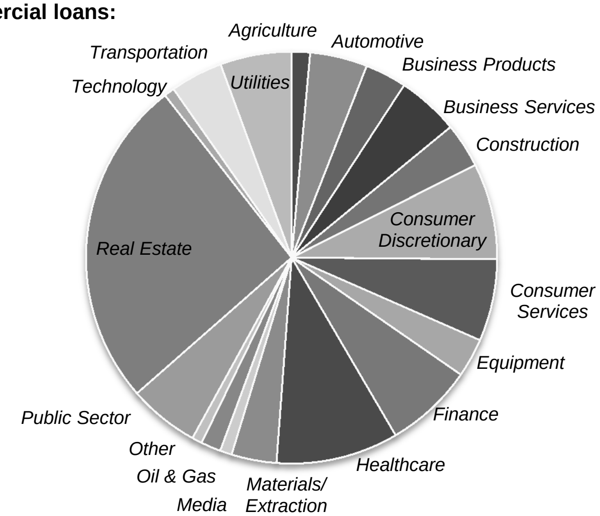
Total Loans

$ in billions		6/30/17	% of total loans
Commercial and industrial	$	40.9	47
Commercial real estate		17.0	20
Commercial lease financing		4.7	5
Total Commercial	$	62.6	72
Residential mortgage	$	5.5	6
Home equity		12.4	14
Consumer direct		1.8	2
Credit card		1.0	1
Consumer indirect		3.1	4
Total Consumer	$	23.9	28

Commercial Loans

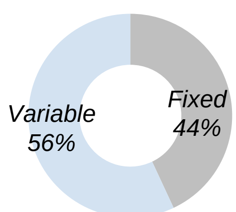
Diversified Portfolio by Industry

Total commercial loans:



Home Equity

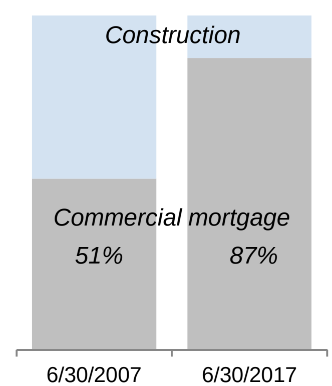
		Outstanding Balances			Average Loan Size	Average FICO	2008/ prior vintage
First lien	$	7,356	59 %	$	72,576	773	22 %
Second lien		5,049	41		46,407	769	38
Total home equity	**$**	**12,405**					



- Combined weighted-average LTV at origination: 71%
- $875 million in lines outstanding (7% of the total portfolio) come to end of draw period by 4Q19

Commercial Real Estate

- Focused on relationships with CRE owners
- Aligned with targeted industry verticals
- Primarily commercial mortgage; selective approach to construction
- Criticized non-accruals: 0.2% of period-end balances(a)



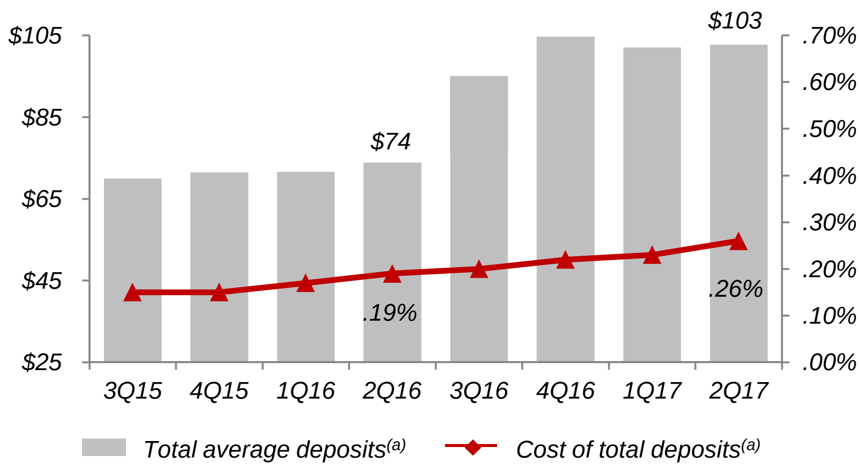
Tables may not foot due to rounding

(a) Loan and lease outstandings; excludes purchase credit impaired loans from the First Niagara acquisition

Deposits

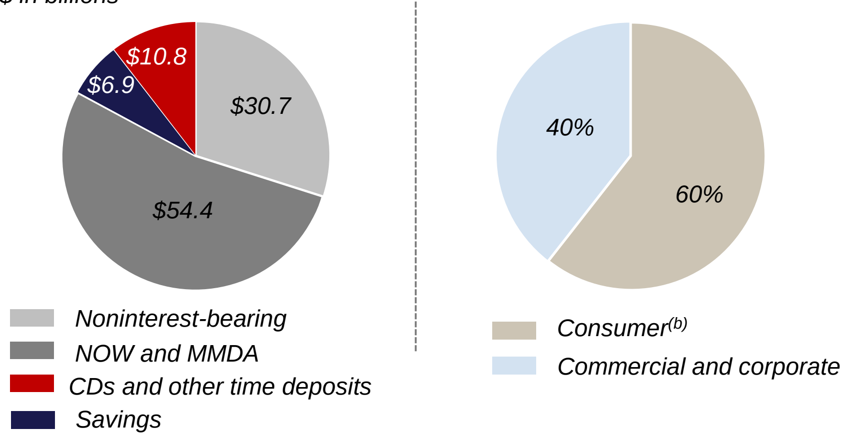
Average Deposits[a]

$ in billions



2Q17 Average Deposit Mix

$ in billions



Highlights

- **Deposit cost up 3 bps from 1Q17**
  - **Contractual commercial rate increases**
  - **Growth in higher-yielding deposit products**

vs. Prior Year

- **Average deposit growth of 39% from 2Q16**
  - **Growth primarily reflects impact of FNFG**
  - **Core retail and commercial deposit growth**

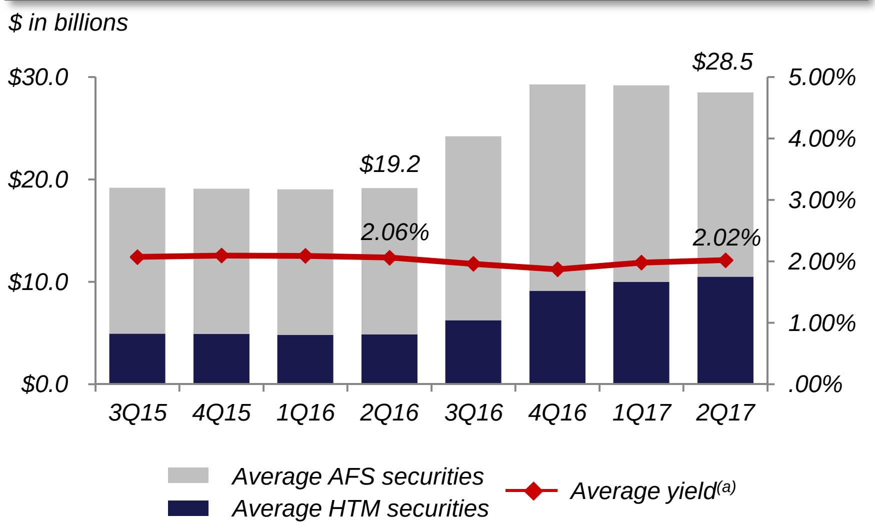
vs. Prior Quarter

- **Average deposit balances up .7% from 1Q17**
  - **Core deposit growth in CDs, NOW and MMDA, partially offset by a decline in escrow deposits**

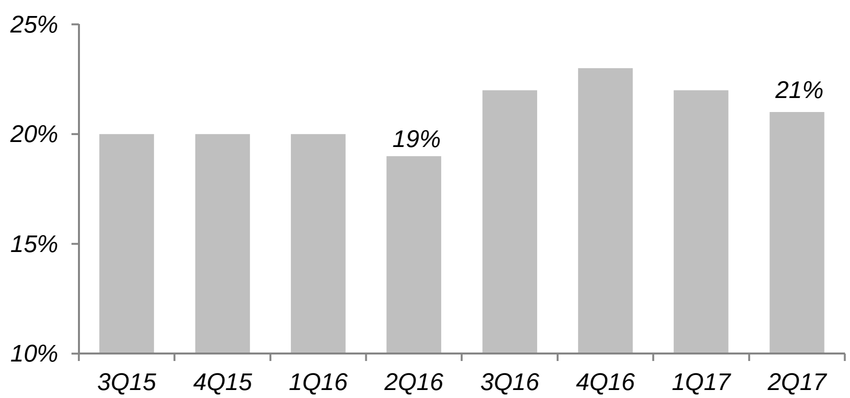
(a) Excludes deposits in foreign office
(b) Consumer includes retail banking, small business, and private banking

Investment Portfolio

Average Total Investment Securities



Securities to Total Assets[b]



Highlights

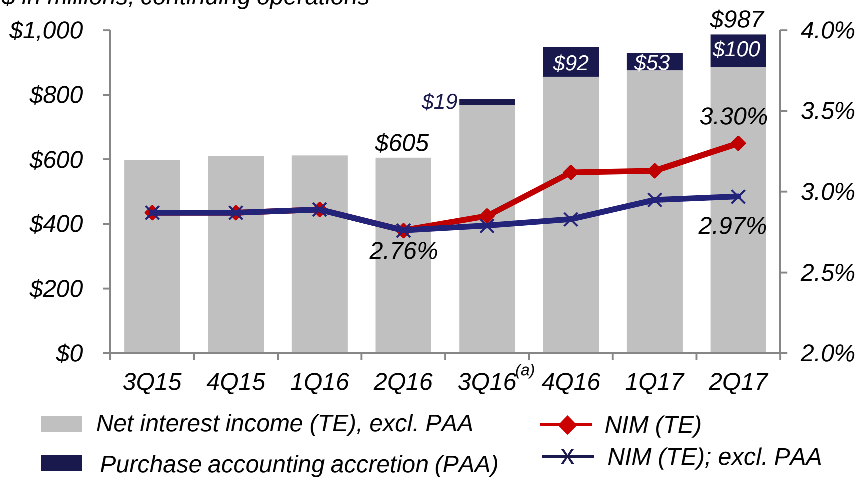
- **Portfolio composed primarily of GNMA and GSE-backed MBS and CMOs; primarily fixed rate**
- **Continue to position portfolio for regulatory liquidity requirements:**
  - **Reinvesting cash flows into High Quality Liquid Assets, including GNMA securities (49% of 2Q17 average balances)**
- **Portfolio used for funding and liquidity management**
  - **Securities cash flows of $1.4 billion in 2Q17 and $1.5 billion in 1Q17**
  - **Reinvested all of 2Q17 cash flows**
- **Average portfolio life at 6/30/17 of 4.2 years (4.3 years at 3/31/17)**

(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



	2Q16	3Q16	4Q16	1Q17	2Q17
NIM – reported	**2.76%**	**2.85%**	**3.12%**	**3.13%**	**3.30%**
PAA	-	.06	.19	.18	.19
PAA refinement/ finalization	-	-	.11	-	.14
NIM – excl. PAA	**2.76**	**2.79**	**2.82**	**2.95**	**2.97**
NII – reported ($MM)	**$ 605**	**$ 788**	**$ 948**	**$ 929**	**$ 987**
PAA	-	19	58	53	58
PAA refinement/ finalization	-	-	34	-	42

$37 MM related to contractual maturities;
$21 MM related to prepayments

Highlights

- **2Q17 net interest income includes $42 MM, or 14 bps, related to purchase accounting finalization**
- **Excluding impact of PAA, 2Q17 net interest income was $887 MM and net interest margin was 2.97%**

vs. Prior Year

- **Net interest income up $282 MM from 2Q16, excl. PAA**
  - **Largely driven by the impact of FNFG, and higher earnings asset yields and balances**

vs. Prior Quarter

- **Net interest income up $11 MM from 1Q17, excl. PAA**
  - **Reflects higher earning asset yields, offset by funding cost and loan fees**

NIM Change vs. Prior Quarter	***1Q17:***	***3.13%***
PAA finalization		.14
Higher earning asset yields		.06
PAA (2Q vs. 1Q)		.01
Funding cost		(.03)
Loan fees		(.01)
Total change		**.17**
	2Q17:	***3.30%***

- FNFG loan mark at 6/30/17: $345 MM ($274 MM purchased performing, $71 MM purchased credit impaired)
- Purchased credit impaired accretable yield at 6/30/17: $137 MM

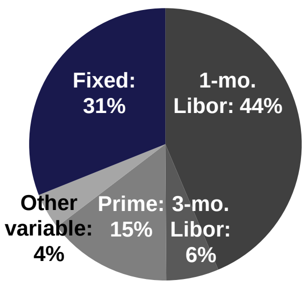
TE = Taxable equivalent
PAA = Purchase accounting accretion
(a) 3Q16 Net interest income included $6 million of merger-related charges; see slide 31 for detail on merger-related charges

Interest Rate Risk Management

Naturally Asset Sensitive Balance Sheet with Relatively Short Duration[(a)]

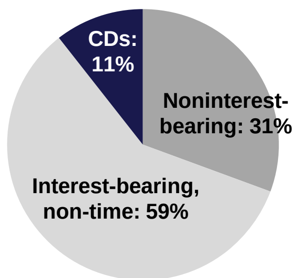
Loans

$87 B



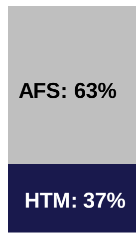
Deposits

$103 B



Investment Portfolio

$29 B



Primarily fixed rate
Average life: 4.2 yrs
2Q17 cash flows: $1.4 B

Actively Managing Rate Risk

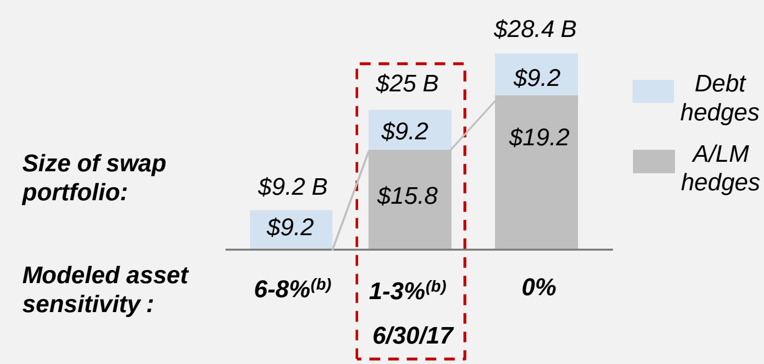
- **Key manages interest rate risk through security purchases, debt issuance, and the use of swaps**
- **Swaps modify the rate characteristics of assets and liabilities**
  - $15.8 B of swaps for A/L management with 1.8 year WAM
  - $9.2 B of debt hedges
- **Modestly asset sensitive[(b)]**
  - NII impact of 1%-3% for a 200 bps increase over 12 months
    - Reflects a beta of 0% - 55% for deposit repricing for the first 25 bps change in rates and ~55% for the next 175 bps
    - Assumes replacement of swaps and securities cash flows

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

Utilize Swaps to Achieve and Adjust Modest Asset Sensitivity

- **A/LM hedges aligned to floating rate LIBOR-based loans**
- **Short weighted average maturity of A/LM swaps**
  - Provides flexibility to reprice and adjust overall sensitivity
  - Fairly even pace of maturities ($2.8 B remaining in 2017)
- **Replacement swaps reflect forward curve at time of origination**

Swaps ($ in B)	6/30/17 Notional Amt.	Wtd. Avg. Maturity (Yrs.)	Receive Rate	Pay Rate
A/L Management (receive fixed / pay variable)	$ 15.8	1.8	1.1%	1.1%
Debt	9.2	2.9	1.6	1.1
	$ 25	**2.2**	**1.3%**	**1.1%**



(a) Loan, deposit and investment portfolio balances reflect 6-30-17 period-end balances
(b) Simulation analysis for net interest income is described in Figure 29 of Key's 2Q17 Form 10-Q

Noninterest Income

Noninterest Income

$ in millions *Up / (Down)*	2Q17	vs. 2Q16	vs. 1Q17
Trust and investment services income	$ 134	$ 24	$ (1)
Investment banking and debt placement fees	135	37	8
Service charges on deposit accounts	90	22	3
Operating lease income and other leasing gains	30	12	7
Corporate services income	55	2	1
Cards and payments income	70	18	5
Corporate-owned life insurance	33	5	3
Consumer mortgage income	6	3	-
Mortgage servicing fees	15	5	(3)
Net gains (losses) from principal investing	-	(11)	(1)
Other income	85	63	54
Total noninterest income	**$ 653**	**$ 180**	**$ 76**
Notable items[(a)]	61	61	61
Total noninterest income, excluding notable items[(b)]	**$ 592**	**$ 119**	**$ 15**

Highlights

- **2Q17 notable items of $61 MM include: $64 MM one-time gain in merchant services and $(3) MM associated with purchase accounting finalization**

vs. Prior Year

- **Noninterest income up $119 MM from 2Q16, excl. notable items[(a),(b)]**
  - **Reflects the impact of FNFG, as well as business momentum**
  - **Strength in investment banking and debt placement fees from higher commercial mortgage banking, underwriting and advisory fees**

vs. Prior Quarter

- **Noninterest income up $15 MM from 1Q17, excl. notable items[(a),(b)]**
  - **Continued growth in fee-based businesses, including investment banking and debt placement fees and cards and payments income**
  - **Higher operating lease income and other leasing gains**

(a) Notable items include $64 MM one-time gain in merchant services and $(3) MM associated with purchase accounting finalization
(b) Non-GAAP measure

Noninterest Expense

Noninterest Expense

$ in millions *Up / (Down)*	2Q17	vs. 2Q16	vs. 1Q17
Personnel	$ 551	$ 124	$ (5)
Net occupancy	78	19	(9)
Computer processing	55	10	(5)
Business services, professional fees	45	5	(1)
Equipment	27	6	-
Operating lease expense	21	7	2
Marketing	30	8	9
FDIC assessment	21	13	1
Intangible asset amortization	22	15	-
OREO expense, net	3	1	1
Other expense	142	36	(11)
Total noninterest expense	**$ 995**	**$ 244**	**$ (18)**
Merger-related charges[(a)]	44	(1)	(37)
Other notable items[(a)]	16	16	16
Total noninterest expense, excluding notable items[(a),(c)]	**$ 935**	**$ 229**	**$ 3**

Highlights

- **Notable items:**

$ in millions	2Q17	2Q16	1Q17
Merger-related charges	$44	$45	$81
Charitable contribution[(b)]	20		
Purchase accounting finalization[(b)]	(4)		
	$60	$45	$81

- **Achieved $400 MM of annual run rate cost savings**

vs. Prior Year

- **Noninterest expense up $229 MM, excl. notable items[(a),(c)]**
  - Primarily reflects impact of FNFG
  - Higher incentive compensation (stronger capital markets performance)

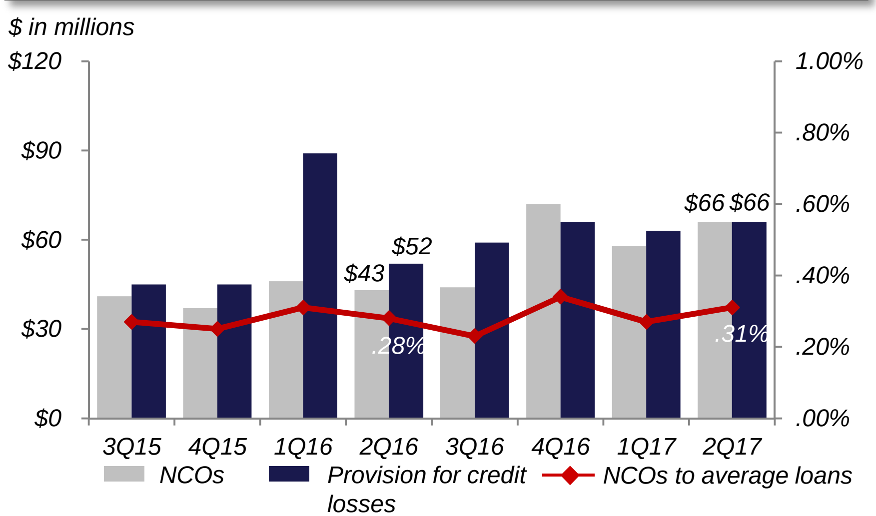
vs. Prior Quarter

- **Noninterest expense up $3 MM, excl. notable items[(a),(c)]**
  - Reflects normal seasonal trends, including increased marketing

(a) Notable items of $60 MM in 2Q17 (merger-related charges, charitable contribution and purchase accounting finalization), $45 MM in 2Q16 (merger-related charges) and $81 MM in 1Q17 (merger-related charges); see slide 31 for detail on merger-related charges
(b) Charitable contribution and the impact from finalization of purchase accounting in other expense
(c) Non-GAAP measure

Credit Quality

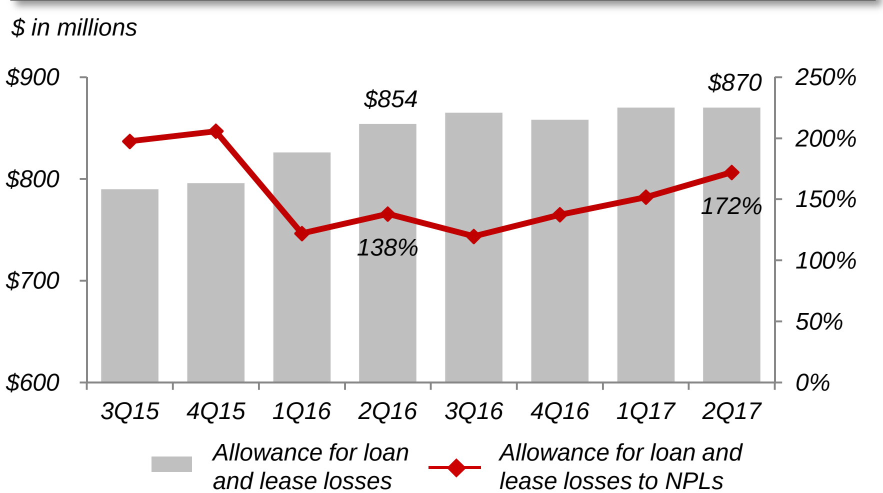
Net Charge-offs & Provision for Credit Losses



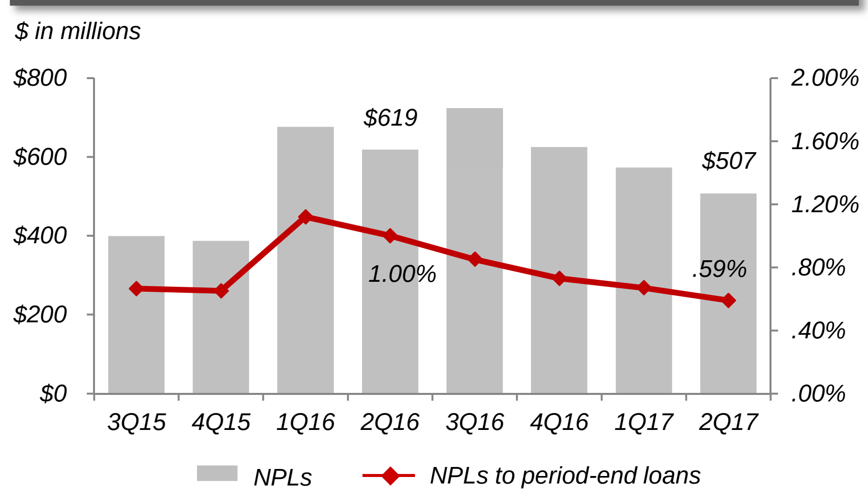
Highlights

- Portfolios continue to perform well
- Net loan charge-offs of $66 MM
  - 31 basis points of average loans, below targeted range
- Nonperforming loans down 12% from 1Q17 and represent 59 bps of period-end loans

Allowance for Loan and Lease Losses



Nonperforming Loans[(a)]

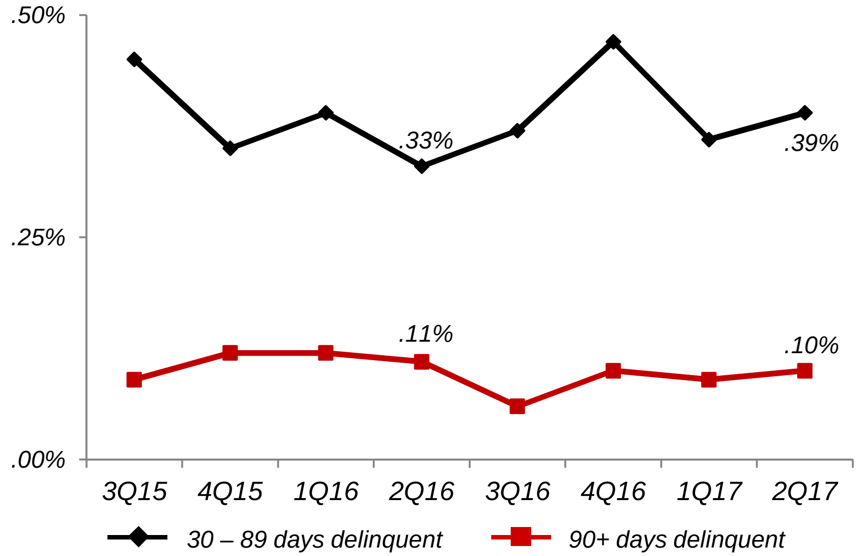


(a) Nonperforming loan balances exclude $835 million, $812 million, and $11 million of purchased credit impaired loans at June 30, 2017, March 31, 2017, and June 30, 2016, respectively

Credit Quality Trends

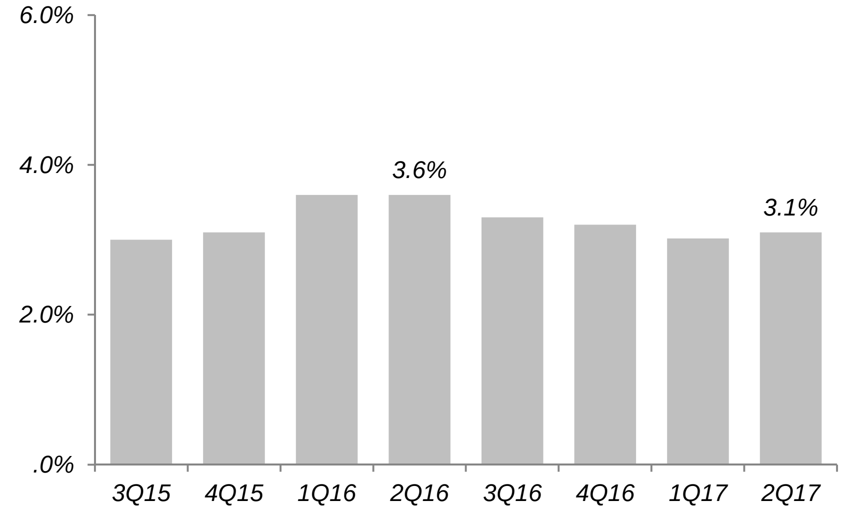
Delinquencies to Period-end Total Loans

Continuing operations



Criticized Outstandings(a) to Period-end Total Loans

Continuing operations



Metric(b)	2Q17		1Q17		4Q16		3Q16		2Q16	
Delinquencies to EOP total loans: 30-89 days	.39	%	.36	%	.47	%	.37	%	.33	%
Delinquencies to EOP total loans: 90+ days	.10		.09		.10		.06		.11	
NPLs to EOP portfolio loans(c)	.59		.67		.73		.85		1.00	
NPAs to EOP portfolio loans + OREO + Other NPAs(c)	.64		.72		.79		.89		1.03	
Allowance for loan losses to period-end loans	1.01		1.01		1.00		1.01		1.38	
Allowance for loan losses to NPLs	171.6		151.8		137.3		119.6		138.0	

(a) Loan and lease outstandings; excludes purchase credit impaired loans from the First Niagara acquisition
(b) From continuing operations
(c) Nonperforming loan balances exclude \$835 million, \$812 million, \$865 million, \$959 million, and \$11 million of purchased credit impaired loans at June 30, 2017, March 31, 2017, December 31, 2016, September 30, 2016, and June 30, 2016, respectively

Credit Quality

Credit Quality by Portfolio

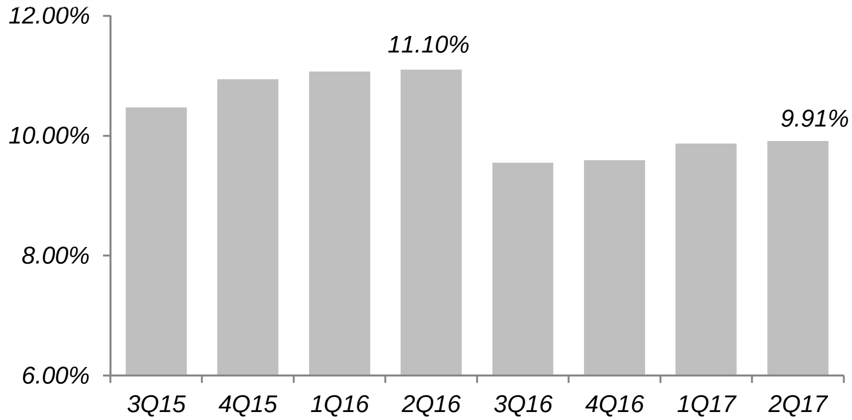
$ in millions	Period-end loans	Average loans	Net loan charge-offs	Net loan charge-offs[b] / average loans (%)	Nonperforming loans[c]	Ending allowance	Allowance / period-end loans (%)	Allowance / NPLs (%)
	6/30/17	2Q17	2Q17	2Q17	6/30/17	6/30/17	6/30/17	6/30/17
Commercial and industrial[a]	$ 40,914	$ 40,666	$ 38	.37%	$ 178	$ 528	1.29%	296.63%
Commercial real estate:								
Commercial Mortgage	14,813	15,096	3	.08	34	144	.97	423.53
Construction	2,168	2,204	-	-	4	28	1.29	700.00
Commercial lease financing[d]	4,737	4,690	1	.09	11	40	.84	363.64
Real estate – residential mortgage	5,517	5,509	3	.22	58	9	.16	15.52
Home equity	12,405	12,473	4	.13	208	42	.34	20.19
Credit cards	1,049	1,044	10	3.84	2	44	4.19	N/M
Consumer direct loans	1,755	1,743	6	1.38	2	25	1.42	N/M
Consumer indirect loans	3,145	3,077	1	.13	10	10	.32	100.00
Continuing total[e]	**$ 86,503**	**$ 86,502**	**$ 66**	**.31%**	**$ 507**	**$ 870**	**1.01%**	**171.60%**
Discontinued operations	1,436	1,459	2	.55	5	21	1.46	420.00
Consolidated total	**$ 87,939**	**$ 87,961**	**$ 68**	**.31%**	**$ 512**	**$ 891**	**1.01%**	**174.02%**

N/M = Not meaningful

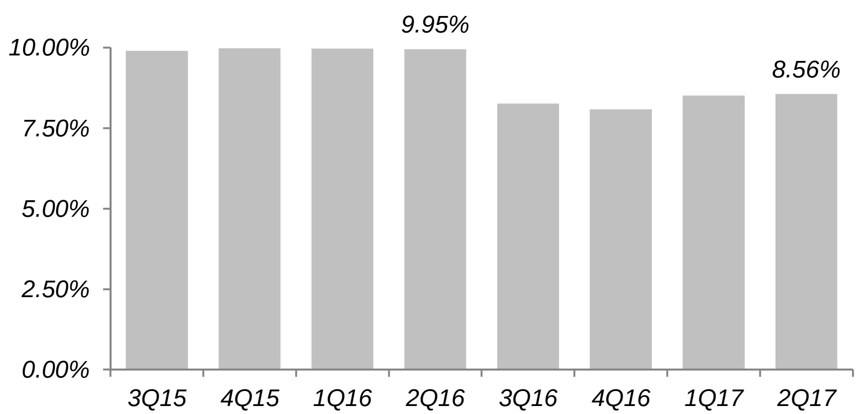
(a) 6-30-17 ending loan balance includes $118 million of commercial credit card balances; average loan balance includes $117 million of assets from commercial credit cards
(b) Net loan charge-off amounts are annualized in calculation
(c) 6-30-17 NPL amount excludes $835 million of purchased credit impaired loans
(d) Commercial lease financing includes receivables held as collateral for a secured borrowing of $47 million at June 30, 2017. Principal reductions are based on the cash payments received from these related receivables.
(e) 6-30-17 ending loan balance includes purchased loans of $17.8 billion, of which $835 million were purchased credit impaired

Capital

Common Equity Tier 1[(a)]



Tangible Common Equity to Tangible Assets[(a)]



Highlights

- **Strong capital position with Common Equity Tier 1 ratio of 9.91% at 6/30/17**
- **Increased common dividend 12% in 2Q17**
- **Repurchased $94 MM[(b)] in common shares during 2Q17**
- **No objection from the Federal Reserve on 2017 capital plan, which includes:**
  - Two common share dividend increases (4Q17 and 2Q18), subject to Board approval
  - Common share repurchase program of up to $800 MM

(a) Non-GAAP measure: see slides 32-33 for reconciliation
(b) Common share repurchase amount includes repurchases to offset issuances of common shares under our employee compensation plans

FNFG Merger-related Charges

$ in millions *Increase / (Decrease)*	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16	4Q15
Net interest income	**-**	**-**	**-**	**$ (6)**	**-**	**-**	**-**
Operating lease income and other leasing gains	-	-	-	$ (2)	-	-	-
Other income	-	-	$ 9	(10)	-	-	-
Noninterest income	**-**	**-**	**$ 9**	**$ (12)**	**-**	**-**	**-**
Personnel expense	**$ 31**	**$ 30**	**$ 80**	**$ 97**	**$ 35**	**$ 16**	**-**
Net Occupancy	$ (1)	$ 5	$ 29	-	-	-	-
Business services and professional fees	6	5	22	$ 32	$ 5	$ 7	$ 5
Computer processing	2	5	38	15	-	-	-
Marketing	6	6	13	9	3	1	-
All other non-personnel	-	30	25	36	2	-	1
Total non-personnel expense	**$ 13**	**$ 51**	**$ 127**	**$ 92**	**$ 10**	**$ 8**	**$ 6**
Total merger-related charges	**$ 44**	**$ 81**	**$ 198**	**$ 207**	**$ 45**	**$ 24**	**$ 6**
EPS impact	**$ (.03)**	**$ (.05)**	**$ (.11)**	**$ (.14)**	**$ (.04)**	**$ (.02)**	**-**

GAAP to Non-GAAP Reconciliation

$ in millions	Three months ended 6-30-17	3-31-17	12-31-16	9-30-16	6-30-16
Common Equity Tier 1 at period end					
Key shareholders' equity (GAAP)	$15,253	$14,976	$15,240	$ 14,996	$ 11,313
Less: Preferred Stock [(a)]	1,009	1,009	1,640	1,150	281
Common Equity Tier 1 capital before adjustments and deductions	14,244	13,967	13,600	13,846	11,032
Less: Goodwill, net of deferred taxes	2,411	2,379	2,405	2,450	1,031
Intangible assets, net of deferred taxes	257	194	155	216	30
Deferred tax assets	5	11	4	6	1
Net unrealized gains (losses) on available-for-sale securities, net of deferred taxes	(145)	(179)	(185)	101	129
Accumulated gains (losses) on cash flow hedges, net of deferred taxes	(64)	(76)	(52)	39	77
Amounts in accumulated other comprehensive income (loss) attributed to pension and postretirement benefit costs, net of deferred taxes	(334)	(335)	(339)	(359)	(362)
Total Common Equity Tier 1 capital	$ 12,114	$ 11,973	$ 11,612	$ 11,393	$ 10,126
Net risk-weighted assets (regulatory)	$ 131,832	$ 120,852	$ 121,671	$ 119,120	$ 91,195
Common Equity Tier 1 ratio (non-GAAP)	9.91%	9.91%	9.54%	9.56%	11.10%
Average tangible common equity					
Average Key shareholders' equity (GAAP)	$ 15,200	$ 15,184	$ 14,901	$ 13,552	$ 11,147
Less: Intangible assets (average) [(b)]	2,756	2,772	2,874	2,255	1,076
Preferred Stock (average)	1,025	1,480	1,274	648	290
Average tangible common equity (non-GAAP)	$ 11,419	$ 10,932	$ 10,753	$ 10,649	$ 9,781
Return on average tangible common equity from continuing operations					
Net income (loss) from continuing operations attributable to Key common shareholders (GAAP)	$ 393	$ 296	$ 213	$ 165	$ 193
Plus: Notable items, after tax	(27)	51	124	132	28
Net income (loss) from continuing operations attributable to Key common shareholders excl. notable items	$ 366	$ 347	$ 337	$ 297	$ 221
Average tangible common equity (non-GAAP)	11,419	10,932	10,753	10,649	9,781
Return on average tangible common equity from continuing operations (non- GAAP)	13.80%	10.98%	7.88%	6.16%	7.94%
Return on average tangible common equity from continuing operations excl. notable items (non- GAAP)	12.86%	12.87%	12.47%	11.10%	9.09%
Cash efficiency ratio					
Noninterest expense (GAAP)	$ 995	$ 1,013	$ 1,220	$ 1,082	$ 751
Less: Intangible asset amortization	22	22	27	13	7
Adjusted noninterest expense (non-GAAP)	$ 973	$ 991	$ 1,193	$ 1,069	$ 744
Less: Notable items [(c)]	60	81	207	189	45
Adjusted noninterest expense excluding notable items (non-GAAP)	$ 913	$ 910	$ 986	$ 880	$ 699
Net interest income (GAAP)	$ 973	$ 918	$ 938	$ 780	$ 597
Plus: Taxable-equivalent adjustment	14	11	10	8	8
Noninterest income	653	577	618	549	473
Total taxable-equivalent revenue (non-GAAP)	$ 1,640	$ 1,506	$ 1,566	$ 1,337	$ 1,078
Plus: Notable items [(d)]	(103)	-	(9)	18	-
Adjusted total taxable-equivalent revenue excl. notable items (non-GAAP)	$ 1,537	$ 1,506	$ 1,557	$ 1,355	$ 1,078
Cash efficiency ratio (non-GAAP)	59.3%	65.8%	76.2%	80.0%	69.0%
Cash efficiency ratio excluding notable items (non-GAAP)	59.4%	60.4%	63.3%	64.9%	64.8%

(a) Net of capital surplus
(b) For the three months ended June 30, 2017, March 31, 2017, December 31, 2016, September 30, 2016, and June 30, 2016, average intangible assets exclude $36 million, $40 million, $42 million, $51 million, and $38 million, respectively, of average purchased credit card receivables
(c) Notable items for the three months ended June 30, 2017, includes $44 million of merger-related expense, $20 million charitable contribution, and a credit of $4 million related to purchase accounting finalization; notable items in prior periods are comprised of merger-related charges
(d) Notable items for the three months ended June 30, 2017, includes $64 million related to the merchant services gain and $39 million related to purchase accounting finalization; notable items in prior periods are comprised of merger-related charges

GAAP to Non-GAAP Reconciliation (continued)

$ in millions	Three months ended 6-31-17	3-31-17	12-31-16	9-30-16	6-30-16
Tangible common equity to tangible assets at period end					
Key shareholders' equity (GAAP)	$15,253	$14,976	$ 15,240	$ 14,996	$ 11,313
Less: Intangible assets [a]	2,866	2,751	2,788	2,855	1,074
Preferred Stock [b]	1,009	1,009	1,640	1,150	281
Tangible common equity (non-GAAP)	$11,378	$11,216	$ 10,812	$ 10,991	$ 9,958
Total assets (GAAP)	$135,824	$134,476	$ 136,453	$ 135,805	$ 101,150
Less: Intangible assets [a]	2,866	2,751	2,788	2,855	1,074
Tangible common equity to tangible assets ratio (non-GAAP)	$132,958	$131,725	$ 133,665	$ 132,950	$ 100,076
Tangible common equity to tangible assets ratio (non-GAAP)	8.56%	8.51%	8.09%	8.27%	9.95%
Notable Items					
Merger-related charges	$ (44)	$ (81)	$ (198)	$ (207)	$ (45)
Merchant services gain	64	-			-
Purchase accounting finalization, net	43	-			-
Charitable contribution	(20)	-			-
Total notable items	$ 43	$ (81)	$ (198)	$ (207)	$ (45)
Income taxes	16	(30)	(74)	(75)	(17)
Total notable items after tax	$ 27	$ (51)	$ (124)	$ (132)	$ (28)
Pre-provision net revenue excluding notable items					
Net interest income (GAAP)	$ 973	$ 918	$ 938	$ 780	$ 597
Plus: Taxable-equivalent adjustment	14	11	10	8	8
Noninterest income	653	577	618	549	473
Less: Noninterest expense	995	1,013	1,220	1,082	751
Pre-provision net revenue from continuing operations	$ 645	$ 493	$ 346	$ 255	$ 327
Plus: Notable items	(43)	81	198	207	45
Pre-provision net revenue from continuing operations excluding notable items (non-GAAP)	$ 602	$ 574	$ 544	$ 462	$ 372

	Twelve months ended 12-31-16	12-31-15	12-31-14	12-31-13	12-31-12
Noninterest income excluding principal investing and large transactional gains[c]					
Noninterest income (GAAP)	$ 2,071	$ 1,880	$ 1,797	$ 1,766	$ 1,856
Less: Net gains (losses) from principal investing	20	51	78	52	72
Large transactional gains [c]	-	-	-	146	-
Noninterest income excluding principal investing and large transactional gains[c]	$ 2,051	$ 1,829	$ 1,719	$ 1,568	$ 1,784

(a) For the three months ended June 30, 2017, March 31, 2017, and June 30, 2016, intangible assets exclude $33 million, $38 million, and $36 million, respectively, of period-end purchased credit card receivables
(b) Net of capital surplus
(c) Large transactional gains of >$100 MM (2013 gain from sale of Victory Capital Management)