

# **§165(d) Tailored Resolution Plan**

KeyCorp

December, 2017 - Public Section



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## Executive Summary of Resolution Plan

### Introduction

Title I, Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), and the related rule, 12 C.F.R. Part 243 and 12 C.F.R. Part 381 (the "165(d) Rule" or the "Rule"), require each bank holding company ("BHC") with assets greater than \$50 billion to regularly submit to the Board of Governors of the Federal Reserve System (the "Federal Reserve") and the Federal Deposit Insurance Corporation (the "FDIC") a plan for such company's rapid and orderly resolution in the event of material financial distress or failure ("Resolution Plan"). KeyCorp, a BHC with consolidated assets greater than \$50 billion, is required to submit a Resolution Plan in accordance with the 165(d) Rule.

Separately, the FDIC, pursuant to its authority under the Federal Deposit Insurance Act ("FDIA"), has issued a rule, 12 C.F.R. Part 360 (the "IDI Rule"), which requires covered insured depository institutions ("CIDIs") with assets of \$50 billion or more to regularly submit a Resolution Plan that would enable the FDIC, as receiver, to resolve the CIDI in the event of the institution's failure. KeyBank National Association, an insured depository institution ("IDI") with consolidated assets greater than \$50 billion and the principal subsidiary of KeyCorp, is required to submit a separate Resolution Plan in accordance with the IDI Rule.

Throughout this Resolution Plan, the term "Parent" is used to refer to the parent BHC on an unconsolidated basis, and the term "Bank" is used to refer to the CIDI on an unconsolidated basis. The term "KeyCorp" is used to refer to the Parent on a consolidated basis with its subsidiaries, and the term "KeyBank" is used to refer to KeyBank National Association on a consolidated basis with its subsidiaries.

The Bank is the principal subsidiary and sole IDI subsidiary of the Parent. Through KeyBank and other subsidiaries, KeyCorp provides a wide range of retail and commercial banking, commercial leasing, investment management, consumer finance, and investment banking products and services to individual, commercial, and institutional clients.

This public section provides, as required by the Rule, an overview of the Resolution Plan for KeyCorp. The Resolution Plan contemplates resolution strategies for resolving the Parent and KeyCorp's other Material Entities ("MEs") in the unlikely event of material financial distress or failure of these entities. The strategies are aimed at providing for rapid and orderly resolution in a manner that minimizes risk to depositors, taxpayers, regulators, and the financial system. The Resolution Plan is intended to serve as a roadmap to facilitate resolution of KeyCorp and its MEs under applicable insolvency regimes, including receivership under the FDIA, reorganization or liquidation under the United States Bankruptcy Code, and liquidation under the Securities Investor Protection Act of 1970 ("SIPA").

In accordance with the Rule and direction provided by the Federal Reserve and FDIC, this Resolution Plan assumes the occurrence of an idiosyncratic event that results in material financial distress to KeyBank and KeyCorp, and evaluates the resolution strategies under economic conditions consistent with each of the baseline, adverse, and supervisory severely adverse scenarios developed by the Federal Reserve pursuant to 12 U.S.C. § 5365. The Resolution Plan further assumes that the capital markets and other market participants are functioning in accordance with the conditions described in each applicable scenario. Unless otherwise noted in this document, the underlying information provided herein is as of December 31, 2016.

### Resolution Planning and Resolvability

KeyCorp has a robust Enterprise Risk Management ("ERM") framework and culture in support of its business strategies, consistent with industry standards and regulatory expectations. This framework has been designed to achieve and maintain KeyCorp's desired risk profile and risk appetite by major risk type, to report and monitor its risk profile against its desired risk profile, and to manage and, when appropriate, remediate risks. Four primary objectives have been established for this framework:

- Identify and manage existing and emerging risks;
- Ensure that business profiles and plans are consistent with risk appetite;
- Optimize risk/reward ratio by making informed decisions at the line of business level, while maintaining strong and independent review and challenge structures; and
- Ensure that all line of business growth plans are properly supported by effective risk infrastructures.

This framework supports an operating model and organizational structure that KeyCorp believes is straightforward, particularly as applied to a large BHC. This operating model and organizational structure have the following characteristics that support an efficient resolution:

- The vast majority of KeyCorp's revenues and profits are generated by, and nearly all of KeyCorp's assets and liabilities are held by, KeyBank;
- Critical support functions and technology reside largely within KeyBank. This has the benefit of limiting the risk of interconnectivity between KeyBank and its non-bank affiliates, and of protecting KeyBank from relying on the non-bank affiliates for such functions and technology;
- KeyCorp's operations and employees are primarily located in the United States and the vast majority of revenues, profits, assets, and liabilities are related to KeyCorp's domestic operations;
- KeyCorp has a limited number of operating companies, the majority of which engage in traditional banking activities; and
- KeyCorp's derivatives activity volume is made up of a mix of customer-driven activity and hedges to manage interest rate risk. Activity consists of well-accepted and understood financial instruments (primarily interest rate swaps, equity derivatives, and foreign exchange ("FX") contracts).

KeyCorp believes that its business model, organizational structure, and governance structure allow for a rapid and orderly resolution of its legal entities. In addition, KeyCorp continues to improve its ease of resolution by integrating resolution planning into its business processes and by identifying new issues and impediments to resolution that are then directed to the relevant subject matter experts in the line of business or support area to be addressed or remediated.

KeyCorp has taken a number of steps to improve KeyCorp's ability to be resolved under the various insolvency regimes. The following steps are among the actions KeyCorp has taken:

- **Developed Governance Policies, Processes, and Procedures:** KeyCorp has adopted governance processes and policies intended to expedite the resolution of KeyCorp. In 2015, KeyCorp incorporated resolution planning into its Enterprise Risk Management Policy and has established formal procedures at the core team level. Procedures are also in place for most of the line of business / support group teams participating in the resolution planning process.
- **Simplified Organizational Structure:** KeyCorp has worked to eliminate redundant, dormant, or inactive subsidiaries. In addition, KeyBank's legal entity structure has been simplified through the following actions:
  - KeyCorp Real Estate Capital Markets, Inc., at the time a subsidiary of the Bank, was merged into the Bank after the close of business on September 30, 2013;
  - Key Equipment Finance, Inc., at the time a subsidiary of the Bank, was merged into the Bank after the close of business on December 31, 2013;
  - KeyTrust Company National Association, at the time a subsidiary of the Bank, was merged into the Bank after the close of business on September 30, 2014;
  - First Niagara Bank was merged into the Bank after the close of business on October 7, 2016;
  - First Niagara Commercial Finance, Inc., at the time a subsidiary of the Bank, was merged into the Bank after the close of business on July 31, 2017.
- **Enhancing Operational Readiness:** KeyCorp continues to identify and address any potential impediments to the execution of the Resolution Plan, including the continued use of its most critical management information systems and material payment, clearing, and settlement systems during a resolution event. In 2015, KeyCorp expanded the size of its Heightened Awareness Vendor ("HAV") listing and initiated a review of critical third-party vendor contracts for appropriate "resolution-friendly" language. KeyCorp intends to revise contract language when necessary with vendor consent.

#### **Acquisition of First Niagara Financial Group, Inc.**

On October 30, 2015, KeyCorp announced that it had entered into a definitive agreement and plan of merger pursuant to which it would acquire all of the outstanding capital stock of First Niagara Financial Group, Inc. ("FNFG"), a publicly-held regional BHC headquartered in Buffalo, New York, for cash and stock consideration in the amount of \$4.0 billion. The merger of the two holding companies occurred on August 1, 2016, at which time First

Niagara Bank, National Association ("FNB") became a direct subsidiary of the Parent. FNB subsequently merged into KeyBank on October 7, 2016. KeyCorp does not believe this transaction materially affects KeyBank's organizational structure or operational readiness, nor, in KeyCorp's opinion, does it adversely affect the financial stability of the United States.

### **Forward-Looking Statements**

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements do not relate strictly to historical or current facts. Forward-looking statements usually can be identified by the use of words such as "goal," "objective," "plan," "expect," "assume," "anticipate," "intend," "project," "believe," "estimate," or other words of similar meaning. Forward-looking statements provide KeyCorp's current expectations or forecasts of future events, circumstances, results, or aspirations. Forward-looking statements, by their nature, are subject to assumptions, risks, and uncertainties, many of which are outside of KeyCorp's control. KeyCorp's actual results may differ materially from those set forth in its forward-looking statements. There is no assurance that any list of risks and uncertainties or risk factors is complete. Factors that could cause actual results to differ from those described in forward-looking statements can be found in KeyCorp's Annual Report on Form 10-K for the year ended December 31, 2016, including in Item 1A. Risk Factors, and in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation under the heading "Risk Management," as well as in KeyCorp's subsequent Securities and Exchange Commission ("SEC") filings, all of which are accessible on KeyCorp's website at [www.key.com/ir](http://www.key.com/ir) and on the SEC's website at [www.sec.gov](http://www.sec.gov). KeyCorp does not undertake any obligation to update any forward-looking statement to reflect the impact of subsequent events or circumstances that may arise after the date of the forward-looking statements.

## **A. The Names of Material Entities**

Consistent with the requirements of the Rule, KeyCorp has identified three MEs for the purposes of resolution planning. These entities are identified below.

### **KeyCorp**

The Parent is a BHC under the Bank Holding Company Act of 1956, as amended ("BHCA"), organized in 1958 under the laws of the State of Ohio. The Parent is the parent holding company for KeyBank, its principal subsidiary, through which most of KeyCorp's banking services are provided.

### **KeyBank National Association ("KeyBank")**

KeyBank, a national bank, is the Parent's principal subsidiary and offers a wide range of banking services to its customers through its 15-state retail bank branch network, as well as through its website, mobile applications, contact centers, and sales force across the United States.

### **KeyBanc Capital Markets Inc. ("KBCMI")**

KBCMI, an Ohio corporation, is a wholly-owned subsidiary of the Parent. KBCMI is a securities broker and dealer, whose business is comprised of underwriting, investment banking, and brokerage transactions on behalf of institutional customers. KBCMI is registered with the Securities and Exchange Commission ("SEC") as a securities broker and dealer.

## **B. Description of Core Business Lines**

For resolution planning purposes and in accordance with the Rule, KeyCorp has identified two Core Business Lines ("CBLs") that, upon failure, would result in material loss of revenue, profit, or franchise value. These CBLs, while identified solely for resolution planning purposes, correspond to the operating segments that KeyCorp uses for management reporting purposes in its SEC-disclosed reports.

### **Community Banking**

The Community Banking CBL serves individuals and small to mid-sized businesses by offering a variety of deposit and investment, lending, credit card, and personalized wealth management products and business advisory services through its branch network and district offices. Community Banking services clients through a network of 1,217 branches and 1,593 automated teller machines ("ATMs") across a 15-state footprint, as well as through its website, mobile applications, contact centers, and sales force.

### **Corporate Banking**

The Corporate Banking CBL provides a full array of commercial and investment banking products and services to clients nationally, both within and beyond KeyBank's 15-state retail branch network. Corporate Banking offers products and services including syndicated finance, debt and equity capital markets, commercial payments, equipment finance, commercial mortgage banking, derivatives, FX, financial advisory, and public finance to large corporations, middle-market companies, and public sector entities.

### C. Consolidated Financial Information Regarding Assets, Liabilities, Capital, and Major Funding Sources

The balance sheets of KeyCorp and KeyBank are presented below, as of December 31, 2016. This financial information was extracted from regulatory filings submitted for that date, specifically the FR Y-9C (KeyCorp) and FFIEC031 (KeyBank) Reports.

#### KeyCorp

Consolidated Balance Sheet - December 31, 2016

(\$ in millions)

Assets		Liabilities	
Cash and due from depository institutions	\$ 3,486	Total deposits	\$ 104,130
Securities	30,444	Federal funds purchased and securities sold under repurchase agreements	1,502
Federal funds sold and reverse repurchase agreements	10	Trading liabilities	1,378
Loans and leases held for sale	1,104	Other borrowed funds	10,358
Loans and leases, net of unearned income and allowance	86,776	Subordinated debt	2,026
Trading account assets	1,585	All other liabilities	2,192
Bank premises and fixed assets	978	<b>Total Liabilities</b>	<b>\$ 121,586</b>
Other real estate owned	69		
Investments in unconsolidated subsidiaries and real estate ventures	1,318		
Goodwill and other intangibles	3,214		
All other assets	7,840	<b>Equity Capital</b>	<b>\$ 15,240</b>
<b>Total Assets</b>	<b>\$ 136,826</b>	<b>Total Liabilities and Capital</b>	<b>\$ 136,826</b>

Source: FR Y-9C Report

#### KeyBank

Consolidated Balance Sheet - December 31, 2016

(\$ in millions)

Assets		Liabilities	
Cash and due from depository institutions	\$ 3,414	Total deposits	\$ 107,452
Securities	30,434	Federal funds purchased and securities sold under repurchase agreements	1,502
Federal funds sold and reverse repurchase agreements	10	Trading liabilities	578
Loans and leases held for sale	1,104		
Loans and leases, net of unearned income and allowance	86,716	Other borrowed funds	7,470
Trading account assets	768	Subordinated debt	1,173
Bank premises and fixed assets	962	All other liabilities	1,622
Other real estate owned	69	<b>Total Liabilities</b>	<b>\$ 119,796</b>
Investments in unconsolidated subsidiaries and real estate ventures	1,303		
Goodwill and other intangibles	2,972		
All other assets	6,608	<b>Equity Capital</b>	<b>\$ 14,566</b>
<b>Total Assets</b>	<b>\$ 134,362</b>	<b>Total Liabilities and Capital</b>	<b>\$ 134,362</b>

Source: FFIEC031 Report

## Capital

KeyCorp's Common Equity Tier 1 ratio and tangible common equity ratio were strong at December 31, 2016. KeyBank qualified as "well capitalized" at December 31, 2016. Capital ratios for both KeyCorp and KeyBank are presented below, as reported in KeyCorp's Form 10-K and FFIEC031 Report filings for KeyCorp and KeyBank, respectively, as of December 31, 2016. The regulatory capital ratios provided below for KeyCorp and KeyBank are based upon the standardized (Basel III) risk-based capital rules that became effective on January 1, 2015.

<b>KeyCorp</b>	
Year ended December 31, 2016	
<b>Capital Ratios</b>	
Common Equity Tier 1 Capital to Net Risk-Weighted Assets	9.54%
Tier 1 Capital to Net Risk-Weighted Assets	10.89%
Total Capital to Net Risk-Weighted Assets	12.85%
Tier 1 Leverage	9.90%
Tangible Common Equity to Tangible Assets	8.09%
<i>Source: Form 10-K</i>	

<b>KeyBank National Association</b>	
Year ended December 31, 2016	
<b>Capital Ratios</b>	
Common Equity Tier 1 Capital to Net Risk-Weighted Assets	10.76%
Tier 1 Capital to Net Risk-Weighted Assets	10.76%
Total Capital to Net Risk-Weighted Assets	12.36%
Tier 1 Leverage	9.46%
Tangible Common Equity to Tangible Assets	9.12%
<i>Source: FFIEC031 Report</i>	

KeyCorp's Corporate Treasury department is responsible for managing KeyCorp's capital, and has fully integrated capital management for KeyBank into a consolidated, corporation-wide process. KeyCorp has four primary capital-related processes that are integrally aligned with strategic planning, performance management, and risk management activities. These four activities include capital planning, capital adequacy, capital attribution, and capital allocation.

## Funding and Liquidity Risk

Liquidity and funding risk are also managed through the central Corporate Treasury function. KeyCorp's primary sources of liquidity include customer deposits, wholesale funding, and liquid assets. If the cash flows needed to support operating and investing activities are not satisfied by deposit balances, KeyCorp relies on wholesale funding or liquid assets. Conversely, excess cash generated by operating, investing, and deposit-gathering activities may be used to repay outstanding debt, pay dividends to or repurchase shares from shareholders, or to invest in liquid assets.

Liquidity risk is the risk of not being able to accommodate liability maturities and/or deposit withdrawals, or of not being able to meet contractual obligations to fund new business opportunities at a reasonable cost, in a timely manner, and without adverse consequences. Market conditions or other events could negatively affect the level or cost of funding, affecting KeyCorp's ongoing ability to accommodate liability maturities and deposit withdrawals, meet contractual obligations, and fund asset growth and new business transactions at a reasonable cost. KeyCorp has implemented strategies to maintain or pursue sufficient and diverse sources of funding to accommodate planned as well as unanticipated changes in assets and liabilities under both normal and adverse conditions, or any substantial, unexpected, and/or prolonged change in the level or cost of liquidity that could have a material, adverse effect.

KeyCorp manages liquidity risk primarily through managing and assessing the adequacy of the liquid asset portfolio ("LAP"), including the Parent's cash balance. This process includes understanding the risk associated with products, the limitations of funding sources under adverse conditions for both KeyBank and the Parent, and the ability to respond to liquidity stress events.

KeyCorp's long-term liquidity strategy is to be predominantly funded by core deposits. However, wholesale funds may be used to sustain an adequate LAP, meet daily cash demands, and allow flexibility to execute business initiatives. The targeted loan-to-deposit ratio is 90% to 100%, which is calculated as total loans (including loans held for sale and excluding securitized loans) divided by domestic deposits. As of December 31, 2016, KeyCorp's loan-to-deposit ratio was approximately 85.2%. KeyCorp's client-based relationship strategy provides a strong core deposit base which, in conjunction with intermediate and long-term wholesale funds managed to a diversified maturity structure and investor base, supports KeyCorp's liquidity risk management strategy.

KeyCorp monitors liquidity risk and its strategies on a consolidated basis within its ERM framework. The management of consolidated liquidity risk is centralized within Corporate Treasury. Oversight and governance is provided by the Board, the ERM Committee, the Asset Liability Committee (the "ALCO"), and the Chief Risk Officer. The Asset Liability Management Policy provides the framework for the oversight and management of liquidity risk and is administered by the ALCO. Our current liquidity risk management practices are in compliance with the Federal Reserve's Enhanced Prudential Standards and the Office of the Comptroller of the Currency ("OCC's") Heightened Standards for Large Insured National Banks. These committees regularly review liquidity and funding summaries, liquidity trends, peer comparisons, variance analyses, liquidity projections, hypothetical funding erosion stress tests, and goal tracking reports. The reviews generate a discussion of positions, trends, and directives on liquidity risk and shape a number of our decisions. When liquidity pressure is elevated, positions are monitored more closely and reporting is more intensive. To ensure that emerging issues are identified, we also communicate with individuals inside and outside of KeyCorp on a daily basis.

KeyCorp has several liquidity programs that enable the Parent and KeyBank to raise funds in the public and private markets when the capital markets are functioning normally. The proceeds from most of these programs can be used for general corporate purposes. Each of the programs is replaced or renewed regularly.

The Parent's primary sources of funding are returns on its equity investments in subsidiaries and wholesale term debt issuances. Returns on equity investments in subsidiaries, in the form of intercompany dividends, are dependent on earnings at those subsidiaries. In particular, a lack of consistent earnings at KeyBank may restrict the flow of dividends to the Parent. Further, a proposed dividend may be restricted if it would reduce KeyBank's capital levels below regulatory requirements or is otherwise inconsistent with internal capital requirements, which are set above regulatory requirements. The Parent maintains a conservative cash cushion, in the form of deposits at KeyBank, to protect against such an adverse event.

#### **D. Description of Derivative Activities and Hedging Activities**

KeyCorp is a party to various derivative instruments, mainly through its principal subsidiary, KeyBank. The primary derivatives used by KeyCorp are interest rate swaps, caps, floors, and futures; FX contracts; commodity derivatives; and credit derivatives. Generally, these instruments help KeyCorp manage exposure to interest rate risk, mitigate the credit risk inherent in the loan portfolio, hedge against changes in foreign currency exchange rates, and meet client financing and hedging needs.

KeyCorp uses interest rate swaps primarily to hedge interest rate risk for asset and liability management purposes. These derivative instruments modify the interest rate characteristics of specified on-balance sheet assets and liabilities.

KeyCorp purchases credit default swaps ("CDSs") to reduce the credit risk associated with the debt securities held in its trading portfolio. KeyCorp may also sell credit derivatives to offset its purchased CDS position prior to maturity. Although CDSs are used for risk management purposes, they are not treated as hedging instruments for GAAP purposes. Like other financial services institutions, KeyCorp originates loans and extends credit, both of which activities expose it to credit risk. KeyCorp actively manages its overall loan portfolio and the associated credit risk in a manner consistent with asset quality objectives and concentration risk tolerances to mitigate portfolio credit risk. Purchasing CDSs enables KeyCorp to transfer to a third party a portion of the credit risk associated with a particular extension of credit, including in situations where there is a forecast sale of loans.

KeyCorp also enters into derivative contracts for other purposes, including:

- Interest rate swap, cap, and floor contracts entered into generally to accommodate the needs of commercial loan clients;
- Energy and base metal swap and option contracts entered into to accommodate the needs of clients;

- Futures contracts and positions with third parties that are intended to offset or mitigate the interest rate or market risk related to client positions discussed above; and
- FX forward and option contracts entered into primarily to accommodate the needs of clients.

KeyCorp's accounting policies related to derivatives reflect current U.S. generally accepted accounting principles ("GAAP"), which require that all derivatives be recognized as either assets or liabilities on the balance sheet at fair value, after taking into account the effects of master netting agreements. Accounting for changes in the fair value (i.e., gains or losses) of a particular derivative depends on whether the derivative has been designated and qualifies as part of a hedging relationship and, further, on the type of hedging relationship.

A fair value hedge is used to limit exposure to changes in the fair value of existing assets, liabilities, and commitments caused by changes in interest rates or other economic factors. KeyCorp designates certain "receive fixed/pay variable" interest rate swaps as fair value hedges. Such contracts convert certain fixed-rate, long-term debt into variable-rate obligations, modifying KeyCorp's exposure to changes in interest rates. The effective portion of a change in the fair value of an instrument designated as a fair value hedge is recorded in earnings at the same time as a change in fair value of the hedged item, resulting in no effect on net income. The ineffective portion of a change in the fair value of such a hedging instrument is recognized in "other income" on the income statement, with no corresponding offset.

A cash flow hedge is used to minimize the variability of future cash flows caused by changes in interest rates or other economic factors. KeyCorp designates certain other "receive fixed/pay variable" interest rate swaps as cash flow hedges. These contracts effectively convert certain floating-rate loans into fixed-rate loans to reduce the potential effect of interest rate decreases on future interest income. The effective portion of a gain or loss on a cash flow hedge is recorded as a component of accumulated other comprehensive income ("AOCI") on the balance sheet, and reclassified to earnings in the same period in which the hedged transaction affects earnings. The ineffective portion of a cash flow hedge is included in "other income" on the income statement.

A net investment hedge is used to hedge the exposure of changes in the carrying value of investments as a result of changes in the related FX rates. The effective portion of a gain or loss on a net investment hedge is recorded as a component of AOCI on the balance sheet when the terms of the derivative match the notional and currency risk being hedged. The effective portion is subsequently reclassified into income when the hedged transaction affects earnings. The ineffective portion of a net investment hedge is included in "other income" on the income statement.

Bilateral collateral and master netting agreements allow KeyCorp to settle all derivative contracts held with a single counterparty on a net basis, and to offset net derivative positions with related cash collateral, where applicable. As a result, KeyCorp might have derivative contracts with negative fair values included in derivative assets on the balance sheet, and contracts with positive fair values included in derivative liabilities. Where master netting agreements do not exist or are not enforceable agreements under bankruptcy laws, those derivative assets and liabilities with counterparties are recorded on a gross basis. Securities collateral related to legally enforceable master netting agreements is not offset on the balance sheet.

At December 31, 2016, after taking into account the effects of bilateral collateral and master netting agreements, KeyCorp had \$85 million of derivative assets and \$66 million of derivative liabilities that related to contracts entered into for hedging purposes. The hedging derivative liabilities are in an asset position largely due to contracts with positive fair values as a result of master netting agreements. As of the same date, after taking into account the effects of bilateral collateral and master netting agreements and a reserve for potential future losses, KeyCorp had derivative assets of \$718 million and derivative liabilities of \$570 million that were not designated as hedging instruments.

## **E. List of Memberships in Material Payment, Clearing, and Settlement Systems**

KeyCorp participates in payment, clearing, and settlement systems to provide payment services to customers and clients, and to facilitate the clearing and settlement of security, derivative, and cash transactions. These systems, known as Financial Market Utilities ("FMUs"), are an essential part of doing business in the financial services industry. KeyCorp maintains memberships and/or participates in the FMUs listed below.

- The Chicago Mercantile Exchange;
- CLS Bank, a subsidiary of CLS Group Holdings AG;
- The Depository Trust Company;

- Electronic Payments Network;
- Fed Check Services;
- FedACH;
- Fedwire Funds Service;
- Fedwire Securities Service;
- Intercontinental Exchange Group, Inc.;
- LCH.Clearnet Group Ltd.;
- MasterCard International Incorporated;
- National Securities Clearing Corporation;
- Small Value Payments Company; and
- Society for Worldwide Interbank Financial Telecommunication

## **F. Description of Foreign Operations**

KeyCorp operates primarily within the United States through its retail branch network and other offices outside the retail footprint. KeyBank previously used a banking license in the Cayman Islands to support certain deposit activities, but discontinued this product in December, 2015. KeyBank offers a limited set of products and services internationally through its equipment leasing subsidiaries, with the origination of new equipment leasing business now limited to North America. KBCMI conducts limited business in China through representative offices in Beijing, China and Taipei, Taiwan and limited business in the United Kingdom through its subsidiary company, Pacific Crest Securities UK Limited. The international equipment leasing activities are not considered a material component of KeyBank's business, nor are the activities of Pacific Crest Securities UK Limited or KBCMI's representative offices in Beijing and Taipei considered a material component of KeyCorp's broker-dealer business.

## **G. Identities of Material Supervisory Authorities**

KeyCorp is subject to supervision by the following authorities and agencies:

- Board of Governors of the Federal Reserve System;
- Federal Deposit Insurance Corporation;
- Securities and Exchange Commission;
- Office of the Comptroller of the Currency;
- Consumer Financial Protection Bureau;
- Financial Industry Regulatory Authority;
- National Futures Association;
- Commodity Futures Trading Commission; and
- New York Stock Exchange

As a BHC, the Parent is subject to regulation, supervision, and examination by the Federal Reserve under the BHCA. As such, the Parent is subject to various restrictions on its activities and investments. KeyCorp common shares are traded on the New York Stock Exchange ("NYSE") with the Parent subject to supervision by the NYSE.

Federal law establishes a system of prudential and functional federal regulation under which the Federal Reserve is the umbrella regulator for BHCs. Their affiliates are principally regulated by prudential and functional regulators such as the OCC for national banks and federal savings associations, the Federal Reserve for member state banks, the FDIC for non-member state banks and savings associations, the Consumer Financial Protection Bureau ("CFPB") for federal consumer financial laws and consumer financial products or services, the SEC and the Financial Industry Regulatory Authority, Inc. ("FINRA") for securities broker-dealer activities, the SEC, the National Futures Association ("NFA"), and the Commodity Futures Trading Commission ("CFTC") for swaps and other derivatives, and state insurance regulators for insurance activities. Certain specific activities, including traditional bank trust and fiduciary activities, may be conducted in a bank without the bank's being deemed a "broker" or a "dealer" in securities for purposes of securities functional regulation. Although the states generally must regulate bank insurance activities in a non-discriminatory manner, the states may continue to adopt and enforce rules that specifically regulate bank insurance activities in certain identifiable risks.

KeyBank is subject to regulation, supervision, and examination by the OCC. The Bank has one national bank subsidiary that is limited to fiduciary activities and is also subject to regulation, supervision, and examination by the OCC. The FDIC also has certain regulatory, supervisory, and examination authority over KeyBank and the Parent under the FDIA and the Dodd-Frank Act.

The Parent has other financial services subsidiaries that are subject to regulation, supervision, and examination by the Federal Reserve, as well as by other applicable state and federal regulatory agencies and self-regulatory organizations. KeyCorp's securities brokerage and asset management subsidiaries are subject to supervision and regulation by the SEC, FINRA, and state securities regulators, while its insurance subsidiaries are subject to regulation by the insurance regulatory authorities of the states in which they operate. KeyCorp's other non-bank subsidiaries are subject to laws and regulations of both the federal government and the various states in which they are authorized to do business.

## H. Identities of Principal Officers

The principal officers of KeyCorp and their positions, as of June 30, 2017, are listed below.

Name	Position
Beth E. Mooney	Chairman of the Board, Chief Executive Officer and President
Amy G. Brady	Chief Information Officer
Craig A. Buffie	Chief Human Resources Officer
Edward J. Burke	Co-President, Community Bank, Commercial & Private Banking
Robert A. DeAngelis	Director of Quality and Productivity Management
Dennis A. Devine	Co-President, Community Bank, Consumer & Small Business
Trina M. Evans	Director, Corporate Center
Christopher M. Gorman	Vice Chairman and President of Banking
Paul N. Harris	General Counsel and Secretary
William L. Hartmann	Chief Risk Officer
Donald R. Kimble	Vice Chairman and Chief Financial Officer
Angela G. Mago	Co-Head, Corporate Bank
Andrew J. Paine III	Co-Head, Corporate Bank
Kevin T. Ryan	Chief Risk Review Officer and General Auditor
Douglas M. Schosser	Chief Accounting Officer

The principal officers of KeyBank and their positions, as of June 30, 2017, are listed below.

Name	Position
Christopher M. Gorman	Chairman of the Board, Chief Executive Officer, and President
Edward J. Burke	Co-President, Community Bank
Dennis A. Devine	Co-President, Community Bank
Paul N. Harris	General Counsel and Secretary
William L. Hartmann	Chief Risk Officer
Angela G. Mago	Co-Head, Corporate Bank
Andrew J. Paine III	Co-Head, Corporate Bank
Kevin T. Ryan	Chief Risk Review Officer and General Auditor
Douglas M. Schosser	Chief Financial Officer
Joseph M. Vayda	Treasurer

## I. Description of Corporate Governance Structure and Processes Related to Resolution Planning

KeyCorp assumes and manages risk in support of its vision, mission, and strategy. The Resolution Plan framework draws upon KeyCorp's existing risk management planning, controls, procedures, and commitments. KeyCorp

assumes risk and ensures that existing and emerging risks are identified and managed consistently within approved risk appetites and tolerances.

Following the submission of KeyCorp's 2013 Resolution Plan, KeyCorp transitioned the resolution planning function from a project management governance structure into a business-as-usual ("BAU") function responsible for the preparation, development, and maintenance of the Resolution Plan on an ongoing basis. On January 1, 2014, the resolution planning function was formally moved into KeyCorp's Corporate Treasury unit, which reports to KeyCorp's Chief Financial Officer ("CFO").

KeyCorp has established a robust governance structure for resolution planning. As part of the BAU governance structure, the Resolution Planning Core Team ("RPCT") was formed; this team includes the Resolution and Recovery Planning Manager and additional support staff. The Resolution and Recovery Planning Manager coordinates KeyCorp's resolution planning efforts across the enterprise using a decentralized process that involves a dedicated working group of subject matter experts representing teams from the lines of business and support areas across KeyCorp.

The RPCT receives sponsorship and direction from a Resolution Planning Executive Oversight Team, comprised of the CFO and Chief Risk Officer, along with KeyCorp's Corporate Treasurer, Strategic Balance Sheet Optimization Director, and Resolution and Recovery Planning Manager. The hypothetical insolvency event scenario is discussed, reviewed and approved by the Scenario Development Working Group (the "SDWG"), a group comprised of senior executives from the Risk Management and Finance divisions.

The Resolution Plan is also reviewed by a group of senior executives from throughout KeyCorp who are not otherwise involved in the development or oversight of the Plan. In 2017, this group was comprised of the following officers:

- General Counsel;
- Chief Accounting Officer;
- Deputy General Counsel of Corporate Bank;
- Chief Compliance Officer;
- Chief Market Risk Officer;
- Chief Operational Risk Officer;
- Senior Portfolio Executive, Credit Portfolio Management;
- Treasury Director of Capital Management; and,
- Treasury Director of Market Strategy

KeyCorp also engages the services of external counsel to ensure completeness of the content and alignment with guidance provided by the regulators. KeyCorp's 2017 Resolution Plan has been reviewed and approved by the Enterprise Risk Management Committee (the "ERMC") and the Parent's Board of Directors (the "Board"). The Resolution Plan is approved by the Board prior to its submission to the regulators.

## J. Description of Material Management Information Systems

KeyCorp recognizes the need to have timely access to critical management information systems and reports (collectively referred to as "MIS") at the time of resolution. As required by the Rule, this Resolution Plan provides information on critical risk, finance, accounting, and regulatory MIS. KeyCorp has a robust and sound MIS that includes a wide variety of application systems, platforms, databases, and infrastructure that enable business users to promptly generate standard and *ad hoc* reports and perform business analytics. Additionally, KeyCorp maintains a comprehensive Business Continuity Program ("BCP"), one component of a recovery planning function, to ensure that KeyCorp has the capability to recover information assets and business processes lost or interrupted as a result of an unexpected business disruption. It is KeyCorp's policy that all lines of business and subsidiaries develop, implement, maintain, and test viable and comprehensive business continuity plans. In addition, all critical vendors are required to maintain a BCP and Disaster Recovery Plan that is subject to KeyCorp's approval and must meet the specified criteria set forth in the agreement governing the vendor relationship. KeyCorp has the right to audit such plans. The Board, acting through its Audit Committee, is responsible for overseeing KeyCorp's BCP and ensuring that resources are dedicated to this activity.

KeyCorp has established a central authority responsible for the overall governance of the enterprise BCP. This authority maintains the program based on KeyCorp's risk appetite, delivers internal consulting and training, builds awareness, and provides management reporting on KeyCorp's recovery posture. KeyCorp regularly and independently tests the BCP's controls and procedures using both internal and external means.

## K. High-level Description of Resolution Strategy Including Such Items as the Range of Potential Purchasers of Certain Assets of KeyCorp and the CIDI, its MEs, and CBLs

As required by the Rule, KeyCorp has developed strategies for resolution in the unlikely and hypothetical event of failure. These strategies, subject to certain assumptions, include the resolution scenarios of designated MEs and CBLs, and the considerations for delivery and continuation of critical services ("CSs"), including MIS, intellectual property, contractual relationships, facilities, and personnel, during resolution. The resolution strategies identify a range of sale and disposition options for KeyBank, KBCMI, and other Company assets. Depending on the timing and circumstances of resolution of KeyCorp, a range of potential purchasers could include, but is not limited to, international, national, and regional financial institutions.

### Resolution Under Chapter 11

In the unlikely event of failure, the Parent would be resolved through bankruptcy proceedings under Chapter 11 of the United States Bankruptcy Code, 11 U.S.C. § 1101 *et seq.* ("Chapter 11"). The Bankruptcy Code and the Chapter 11 process offer a number of protections to a Chapter 11 debtor, including the ability to continue operating as a going concern (generally free from creditor interference) in order to fashion an orderly Chapter 11 plan of reorganization. Absent extenuating circumstances, a Chapter 11 debtor's management continues to operate the business in the ordinary course, as "debtor-in-possession," and its board of directors remains in control of the fundamental business direction and emergence strategy.

### FDIC Receivership and Bridge Depository Institution

In the unlikely event of failure, KeyBank, a CIDI, would be resolved under the FDIA. The FDIC would succeed to all the rights, titles, powers, and privileges of the IDI and of its stockholders, officers, and directors with respect to the failed bank and its assets, subject to the provisions of the FDIA. The specific actions taken by the FDIC as receiver, including the decision whether to cause any KeyBank subsidiaries to commence bankruptcy proceedings, would depend in part upon the circumstances under which the FDIC is appointed as receiver. Among other things, the FDIC's decisions could be affected by KeyBank's rate of deterioration, the then-current state of the economy, the availability of potential purchasers, and the potential impact of the failure on the Deposit Insurance Fund ("DIF").

When resolving an IDI, the FDIC can pursue several alternative options. Historically, when a buyer is found at or before the commencement of the receivership, the FDIC has effected an immediate sale of assets, deposits, and selected other liabilities of the failed bank through a whole-bank purchase and assumption ("P&A") agreement. Where this is not possible, the FDIC will typically establish a Bridge Depository Institution ("BDI") to maintain the assets and operations of the failed bank until a buyer (or buyers) is found.

### **Preferred Resolution Method for KeyBank and CBLs**

This Resolution Plan provides five different strategies, including a liquidation scenario for the orderly resolution of KeyBank and the CBLs in the event of material financial distress or failure. The CBLs of KeyCorp are predominantly held within KeyBank and their resolution is largely dependent upon KeyBank's resolution. The strategies are based on KeyCorp's underlying financial assumptions and the hypothetical stress event that KeyCorp has assumed for purposes of developing the Resolution Plan. KeyCorp believes each strategy to be feasible and to not give rise to adverse effects on the financial stability of the United States. KeyCorp has concluded that an acquisition of KeyBank in the form of a single acquirer P&A would be the preferred approach to resolution.

### **Resolution Pursuant to the Securities Investor Protection Act of 1970 ("SIPA")**

In the unlikely event of failure, broker-dealer subsidiaries such as KBCMI would be resolved pursuant to SIPA. KBCMI's resolution thereunder would likely be administered by the Securities Investor Protection Corporation ("SIPC"). Under SIPA, the SEC or another regulatory agency would notify SIPC that KBCMI is in difficulty. If SIPC determines that KBCMI (a) has failed or is in danger of failing to meet its obligations to its customers, or (b) is insolvent, in bankruptcy, or is not in compliance with regulatory requirements, SIPC would move forward toward a liquidation process.