Resolution Plan for Santander Bank, N.A.

Public Section

December 31, 2013

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1 Section 1: Public Section

Introduction

IDI Resolution Plan

Santander Bank, N.A. (“SBNA” or the “Bank”) has developed its resolution plan (the “Plan”) as required by the Federal Deposit Insurance Corporation (“FDIC”) for covered insured depository Institutions pursuant to 12 C.F.R. Section 360.10 (the “IDI Rule”).

The IDI Rule mandates that a bank with assets of $50 billion or more develop a plan for the Bank’s rapid and orderly resolution in the event of material financial distress or failure. The purpose of this provision is to provide the FDIC with a tool to assist in the liquidation of a failing depository institution that may pose a risk to the financial stability of the United States in a manner that mitigates such risk.

The Plan provides a detailed roadmap for the orderly resolution of the Bank under a hypothetical stress scenario.

SBNA is a national banking association having over 750 retail branches, over 2,300 ATMs and approximately 8,900 team members, with principal markets in the mid-Atlantic and northeastern United States. The Bank’s primary business consists of attracting deposits from its network of retail branches and originating small business loans, middle market, large and global commercial loans, large multi-family loans, residential mortgage loans, home equity loans and lines of credit, and auto and other consumer loans in the communities served by those offices.

The Bank uses its deposits, as well as other financing sources, to fund its loan and investment portfolios. The Bank earns interest income on its loan and investment portfolios. In addition, the Bank generates non-interest income from a number of sources, including deposit and loan services, sales of loans and investment securities, capital markets products and bank-owned life insurance.

SBNA converted from a federally-chartered savings bank to a national banking association on January 26, 2012. In connection with its charter conversion, the Bank changed its name from Sovereign Bank to Sovereign Bank, National Association. On October 17, 2013, the Bank changed its name to Santander Bank, N.A. The Bank’s home office is in Wilmington, Delaware.

SBNA is wholly owned by Banco Santander, S.A. (“Santander”) through its U.S. - based holding company Santander Holdings USA, Inc. (“SHUSA”). Santander is a global banking organization headquartered in Madrid, Spain, with major operations in Spain, the United Kingdom (the “U.K”), Latin America and the United States (the “U.S.”). Santander is treated as a bank holding company under Section 8(a) of the International Banking Act of 1978 and has elected to be treated as a financial holding company pursuant to the Gramm-Leach-Bliley Act of 1999. The legal entity structure of Santander in the United States is a reflection of its business model based on independent subsidiaries. One of the main principles of Santander is the self-contained capital and liquidity of its subsidiaries. Therefore, each subsidiary is required to measure, control and manage its capital and liquidity needs without reliance on other Santander affiliates or Santander.

Consistent with the IDI Rule, this Plan addresses the resolution of the Bank as an insured depository institution. For purposes of the Plan, SBNA has identified four affiliates of the Bank that are material entities (“Material Entities”), Geoban, S.A (“Geoban”)., Ingenieria de Software Bancario, S.L. (“Isban”), Produban Servicios Informaticos Generales, S.L. (“Produban”) and Santander Global Facilities, S.L

("SGF") (all described in Section A below) and three core business lines ("CBLs"): SBNA Core Consumer, SBNA Mortgage Banking and SBNA Commercial Real Estate (all described in Section B below).

Santander Group

The Santander group is structured as a coordinated whole of differentiated parts. This is the result of a series of organizational and management practices rooted in the group, such as:

- From a business point of view, the group's activities are divided first by geographic areas, in such a way that each major local market comprises a business unit (e.g., the U.S., Brazil, the U.K., Portugal or Poland).

- Legally, the geographic business units are arranged as sub-groups of subsidiaries, even though in some of the most relevant financial markets (e.g., New York and London) local branches also exist.

- This structure of subsidiaries which are legally independent is essential to fully identifying and appropriately separating the different relationships (with respect to, for example, capital, financing, lending, servicing, and custody) within the group.

- Financially, each local subgroup must obtain its own liquidity resources and maintain capital commensurate with its activities.

- From a technological and operational viewpoint, each local sub-group either uses its own resources or contracts with third parties, and increasingly obtains these services from the group's "Factories[1]". All these service relationships are appropriately identified and documented, making it possible to differentiate between them and, where applicable, separate them.

Accordingly, the group's organizational structure permits clear and precise distinction between the main business units. It also makes it possible to separate them from the rest of the group if the intention were to dispose of any particular unit or should it be necessary to isolate any unit in the case of its being affected by a crisis.

In addition, the existence of local units established as legal entities with their own corporate governance facilitates the work of local authorities, as they can identify properly the objects of supervision and the responsible parties, enabling a much more intense local supervision than would be possible with branches. It also makes it possible to know in detail and continually supervise the relationships between each unit and others of the group. As a result, the autonomy of the group's subsidiaries would limit, in times of crisis, contagion among its various units, reducing systemic risk and facilitating management and resolution of crises while generating incentives for good local management.

This structure, and the Financial Stability Board requirements established for each resolution strategy, make the "multiple points of entry" the most appropriate resolution strategy for the Santander group, as confirmed by our Crisis Management Group. Under this approach separate resolution actions may be taken at its operating subsidiaries. This would allow for the orderly resolution of each of the subsidiaries under applicable national laws and regulations, with cross border cooperation but limited jurisdictional actions.

I.A The Names of Material Entities

For resolution planning purposes, SBNA has identified the following affiliate companies as Material Entities under the IDI Rule. A Material Entity is a company that is significant to the activities of a critical

[1] See section A for more detail.

service or Core Business Line of SBNA. The affiliated Material Entities, also known as Factories, are listed below.

I.A.1 Geoban, S.A. ("Geoban")

Geoban is a Spanish limited liability company subsidiary of Santander that is a global service provider of certain operations and back office functions for the subsidiaries of Santander.

I.A.2 Ingenieria de Software Bancario, S.L. ("Isban")

Isban is a Spanish limited liability company subsidiary of Santander that develops software and provides of system integration and maintenance services.

I.A.3 Produban Servicios Informaticos Generales, S.L. ("Produban")

Produban is a Spanish limited liability company subsidiary of Santander that is a global service provider and IT production services company for the Santander group. It provides and maintains servers, applications and telecommunications lines and components that various entities use in their daily activity. Produban hosts all of the equipment in appropriate data centers and provides IT systems connectivity. Produban also installs and updates software required, and contracts for third-parties' maintenance of hardware, software and telecommunication lines. Produban is responsible for building the infrastructure part of technological projects; purchasing, installing and configuring IT systems; and analyzing possibilities to make IT infrastructure more efficient.

I.A.4 Santander Global Facilities, SL ("SGF")

SGF is a Spanish limited liability company subsidiary of Santander that provides services to SBNA and its affiliates, including integrated management of real estate, general services, human resources services and physical security.

These entities, the Factories, are affiliates of Santander; are legally independent of any bank within the Santander group; have their own capital; are self-financed through income directly received from customers (not exclusively through Santander); and provide services under detailed, arms'-length contracts for each service provided. The resolution strategies consider as a key element the continuity of the services provided by them.

I.B Description of Core Business Lines

The IDI Rule defines CBLs as those "business lines of the covered insured depository institution ("CIDI"), including associated operations, services, functions and support that, in the view of the CIDI, upon failure would result in a material loss of revenue, profit, or franchise value.

I.B.1 SBNA Core Consumer

SBNA Core Consumer is primarily comprised of activities, excluding the residential mortgage business, conducted out of the Bank's branch locations. The branches offer a wide range of products and services to customers, and attract deposits by offering a variety of deposit instruments, including demand and interest-bearing demand deposit accounts, money market and savings accounts, certificates of deposit, and retirement savings products. The branches also offer consumer loans, such as home equity loans, auto loans and secured and unsecured lines of credits. The branches also offer business banking and small business loans and related products to individuals and small businesses.

I.B.2 SBNA Mortgage Banking

SBNA Mortgage Banking is a traditional mortgage banking business conducted out of the Bank, which includes originating and purchasing fixed rate and adjustable rate residential mortgage loans that are secured by underlying 1-4 family residential properties. A portion of the Bank's fixed rate mortgage loan production is sold to investors in the secondary market without recourse. The Bank also services residential real estate loans for the benefit of others and owns the mortgage servicing rights (the "MSRs") for that portfolio.

I.B.3 SBNA Commercial Real Estate

SBNA Commercial Real Estate is a commercial real estate lending business that is comprised of two major component parts: a commercial multifamily loan business, operated primarily through mortgage brokers with a concentration of multifamily assets in the greater metropolitan New York area; and a traditional commercial real estate loan business operating primarily in the northeastern and mid-Atlantic regions of the U.S., offering a full complement of real estate loans, including construction, term, bridge, and REIT loans. The CBL includes commercial real estate loan origination and loan servicing capacity, as well as the asset portfolios. Loans may include interests in syndicated loans, and SBNA may buy and sell commercial loan interests as part of its overall portfolio of commercial loans.

I.C Summary of Financial Information

The following is SBNA's balance sheet at December 31, 2012:

Table I.C-1: SBNA Balance Sheet Information (in $mm), as of December 31, 2012

	EoP Balance		EoP Balance
Cash and Due from Banks	960.2	Non-interest bearing deposits	8,425.5
Deposits with Banks	1,280.3	Interest bearing deposits	42,508.8
Investments	18,644.6	Borrowings and other short-term debt obligations	2,833.0
Third Party Loans	53,232.6	Long-Term Debt	908.0
Allowance for Loan Losses	(1,013.5)	Other borrowed money	13,339.8
Net Loans	52,219.1	Other Liabilities	2,217.5
Premises and equipment, net	329.8	Total Liabilities	70,232.5
Accrued interest receivable	193.0	Preferred Stock	0.0
Bank owned life insurance	1,595.2	Surplus	13,766.6

Table I.C-1: SBNA Balance Sheet Information (in $mm), as of December 31, 2012			
	EoP Balance		**EoP Balance**
Goodwill	3,409.7	Accumulated other comprehensive income	54.3
Intangible Assets	573.1	Retained earnings	(971.6)
Other real estate owned	66.0	Total Equity	12,849.3
Other Assets	3,811.0		
Total Assets	83,081.8	Total Liabilities & Total Equity	83,081.8

Capital: SBNA's regulatory capital and capital ratios are as follows:

Table I.C-2: SBNA Capital Ratios as of December 31, 2012	
Detail	**SBNA**
Tier 1 Common	$8.03bn
Tier 2 Capital	N/A
Risk Weighted Assets	$62.4bn
Tier 1 Common	12.86%
Tier 1 RBC	12.86%
Leverage Ratio	10.52%

SBNA is "well-capitalized" under regulatory requirements.

SBNA's major funding sources are described below:

Table I.C-3: SBNA Funding Profile as of December 31, 2012	
Funding Sources and Uses	**($mm)**
Federal Home Loan Bank ("FHLB")	
FHLB Maximum Borrowing Capacity	19,579
FHLB Advances	13,205
Minimum Capital Stock Required	652

Table I.C-3: SBNA Funding Profile as of December 31, 2012	
Funding Sources and Uses	**($mm)**
Current Capital Stock Position	652
Total Available FHLB Funding Capacity	6,374
Federal Reserve Total Collateral	10,378
Federal Reserve Discount Window Capacity	7,883
Federal Reserve Account Cash	1,325
Total Unencumbered Security Collateral	11,247
Fed Funds	
Estimated Fed Funds Lines Available	1,576
Fed Funds Usage	340
Fed Funds Available	1,236
Total Liquidity Available	28,065

SBNA's borrowing profile is summarized below.

Table I.C-4 SBNA Borrowings as of December 31, 2012	
Debt Summary	**SBNA ($mm)**
Short-Term[2]	9,621
Long-Term	6,405
Total Wholesale Borrowings	16,026
Senior	-
Subordinated	908
REIT Preferred	150.4
Total Bank Debt	1,058.4
Secured	-
Unsecured	-
Trust Preferred	-

[2] Includes Customer Repos $385mm

Table I.C-4 SBNA Borrowings as of December 31, 2012	
Debt Summary	**SBNA ($mm)**
Total Bancorp Debt	-
Brokered Deposits	3,651.4
Non-Brokered Deposits	47,282.8
Total Deposits	50,934.2

I.D Description of Derivative and Hedging Activities

SBNA enters into derivative and trading transactions for the following specific purposes:

- To facilitate trades to satisfy customer needs
- To execute hedging strategies

SBNA offers derivative products to its customers based on each customer's needs. When a customer request for a derivative product is received, SBNA executes the transaction with the customer if appropriate. In addition, SBNA enters into an offsetting derivative transaction to immediately eliminate the risk of the derivative position on the Bank's balance sheet.

SBNA also uses derivative instruments as part of its overall risk management strategy to hedge against unfavorable movements in interest rates, foreign exchange and other market-related risks. Consistent with its Risk Management Policy, SBNA does not speculate when mitigating risks. Therefore, mitigation steps are limited to hedging identified exposures, and only within the limits of the Bank's risk management policy with counterparties believed to be financially responsible at the time of the agreement.

I.E Memberships in Payment, Clearing and Settlement Systems

SBNA maintains memberships in the following material payment, clearing and settlement systems:

Table I.E-1: SBNA FMU Overview	
System	**Purpose**
Fedwire	Fedwire is a wire service for payments from institutional counterparties. Customers who do not have a DDA at SBNA can choose to send wires via the Fedwire system
FED ACH	Electronic exchange of debit and credit transactions through the network
EPN	Automated clearing network for smaller dollar payments
SWIFT	Provides secure messaging services and interface software to wholesale financial entities. All Non-USD payments settle through the Nostro account. Nostro accounts are non-USD accounts owned by Santander at external banks overseas.
DTCC	Provides SBNA with clearing and settling services for equity related transactions

Table I.E-1: SBNA FMU Overview	
System	**Purpose**
FICC	Provides SBNA with clearing and settling services for debt related transactions

I.F Description of Foreign Operations

SBNA's only foreign operation is a Cayman Islands licensed electronic banking facility located in the Cayman Islands, which held offshore Eurodollar sweep accounts of approximately $523mm as of December 31, 2012. The Class B license authorizes the holder to conduct offshore activities from the Caymans; however, under this license category, the deposits are neither considered onshore to the Cayman Islands nor to the U.S. The offshore deposits are invested in overnight Eurodollar CDs.

I.G Material Supervisory Authorities

As a national bank, SBNA is subject to various laws and regulations and to supervision and examination by several material supervisory authorities. Its primary federal regulator is the Office of the Comptroller of the Currency (the "OCC"), which is the Bank's prudential regulator for safety and soundness. The FDIC insures and regulates its deposit taking activities; and the Federal Reserve Board (the "FRB") promulgates rules regulating its reserves and certain other matters. In addition, the Consumer Financial Protection Bureau regulates the Bank's consumer financial products and services.

I.H Principal Officers

Table I.H-1: SBNA Principal Officers as of August 31, 2013	
Title	**Name**
President / Chief Executive Officer	Roman Blanco
Chief Financial Officer, and Senior Executive Vice President	Juan Carlos Alvarez
Comptroller, and Senior Executive Vice President	Guillermo Sabater
Chief Risk Officer, and Senior Executive Vice President	Juan Andres Yanes
Director of 4R Project Office and Executive Vice President	Maria Calero
Managing Director of Human Resources, Organizational Efficiency and Senior Executive Vice President	Carmen Briongos
Chief Internal Auditor and Executive Vice President	Enrique Larrainzar
General Counsel and Senior Executive Vice President	Christopher Pfirrman
Chief Risk Management Officer and Senior Executive Vice President	Alfonso de Castro
Managing Director of Technology and Operations, and Senior Executive Vice President	Julio Somoza

Table I.H-1: SBNA Principal Officers as of August 31, 2013	
Title	**Name**
Managing Director of Retail Banking and Senior Executive Vice President	Nuno Matos
Managing Director of Real Estate and Commercial Banking and Executive Vice President	Michael Lee
Managing Director of Global Banking and Markets and Senior Executive Vice President	Federico Papa
Managing Director of Specialty and Government Banking and Senior Executive Vice President	Juan Davila
Managing Director of Investment Services and Executive Vice President	Fernando Battle
Managing Director of Auto Finance and Executive Vice President	Jason Hardgrave
Chief Compliance Officer and Executive Vice President	Carol Hunley
Director of Marketing	Katherine Kingler
Director of Communications and Corporate Affairs	Peter Greiff

I.I Resolution Planning Corporate Governance

The Santander group has developed a Group Recovery and Resolution Project (the “RRP”), designed to fulfill both applicable local and international regulations.

Under this project, seven coordinated recovery plans (for Santander and six other local relevant units of the group – Santander US, Santander México, Santander Brazil, Santander UK, Santander Alemania and Santander Portugal) have been developed, and approved at both local and corporate levels.

I.I.1 Santander Group’s Corporate Recovery and Resolution Program

To prepare and maintain a sound and credible recovery and resolution plan, a priority of Santander’s Board of Directors and senior management, and to comply with regulatory requirements, a Santander corporate-wide program has been developed based on the following three pillars:

- The Corporate Committee is chaired by the Chief Executive Officer and comprised by the heads of the main divisions.
- Santander’s Corporate Living Will Office (the “CLWO”) coordinates all of the efforts related to each of the plans developed by the respective Santander units and the group as a global systemically important financial institution.
- The CLWO reviews the documents and makes suggestions and recommendations, ensuring proper coordination at the group level.

- A Corporate Technical Committee that supports the CLWO in carrying out its functions, made up of members designated by each of the major divisions, that are responsible for providing the information necessary to develop the Santander corporate plan, as well as coordinating the generation of information from their respective local divisions in order to prepare the plans for each local unit.

I.I.2 IDI Resolution Program

SBNA has created a Plan governance infrastructure that integrates resolution planning throughout SBNA and its CBLs through specific management committees with reporting lines to the Board of Directors. The Plan governance infrastructure incorporates existing committees, roles, responsibilities, and management systems for both SBNA and the CBLs. Accordingly, SBNA has fully integrated resolution planning into its corporate structure.

The management structure for this Plan and the resolution planning process uses several layers of board and management committees to generate, manage, monitor, and maintain the Plan.

The highest board-level committee overseeing this Plan is the Board Enterprise Risk Committee (“BERC”) and the Executive Management Committee (the “EMC”) of SHUSA. Reporting to the EMC is the Capital Planning Committee (the “CPC”), chaired by Roman Blanco, SBNA President and Chief Executive Officer. Two subcommittees report to the CPC, the Resolution Plan Steering Committee (the "RPSC"), chaired by Juan Andres Yanes, Chief Risk Officer of SBNA, and the Capital Management Committee (the "CMC"), chaired by Juan Carlos Alvarez, SBNA’s Treasurer.

Among the CPC’s functions is monitoring the development and oversight of the resolution planning process. The CPC membership includes the Chief Executive Officer, the Chief Financial Officer, the Comptroller, the General Counsel, the Chief Risk Officer, Director of the 4R Project Office and the Director of Technology and Operations. Attending these meetings also are the Director of Capital Planning, and the Chief Internal Auditor.

The Executive Committee created the RPSC to provide resolution planning oversight and governance for the preparation of initial and subsequent resolution plan submissions under the IDI Rule. The RPSC meets monthly to review the progress of this Plan and address any issues which arise during its development and implementation.

SBNA has also created the Local Living Wills Office ("LLWO”), a management office to oversee and design the resolution planning governance and processes and to manage the day-to-day development and execution of this Plan. The LLWO, which coordinates with the CLWO, has six specific mandates:

- Perform detailed analysis of rules and guidance;
- Design resolution planning governance and process;
- Oversee day-to-day plan development, execution, and project management;
- Recommend actions and escalate issues and critical decisions to the RPSC;
- Define terms and maintain documentation of analysis and implementation efforts; and
- Produce, assemble, and deliver this Plan and related documentation for approvals.

In addition to preparing this Plan, the LLWO reports continually on its process to the CLWO in order to ensure coordination between both. After the development and submission of this Plan, the RPSC will monitor and maintain the resolution planning process, reporting its findings to the CPC for review and submission to the Board and reports to regulators.

I.J Description of Material Management Information Systems

SBNA utilizes MIS for risk management, accounting, financial, and regulatory reporting, as well as internal management reporting and analysis. These systems are primarily platform technologies with interface applications that are used to collect, maintain, and report information to management and externally for regulatory compliance. The MIS are also used by the CBLs to perform the functions necessary to run these businesses and operations.

The majority of the MIS software used by SBNA has been developed internally or by its Material Entity affiliates and is supplemented with third-party vendor developed applications. Governance, control and maintenance of critical applications are critical components of the Material Entity's technology process, which emphasizes minimal recovery times in the event of material financial distress or disruption. Although all systems and applications are essential to smooth and effective operations SBNA classifies "material" systems to be all necessary systems to originate, underwrite, service, transact, manage, and report to regulatory agencies for products and accounts associated with its three CBLs.

At SBNA, MIS falls under the technology and operations group's responsibility. Material Entities that are involved with MIS activities are:

- Isban: Responsible for application development and support of in-house applications. "Partenon," also known as the "SBNA IT Core," is a product of Isban and serves as SBNA's core IT platform.

- Produban: Responsible for infrastructure management and operations of in-house applications and certain material third-party systems.

- Geoban: Responsible for application configuration, parameterization, data quality and business process monitoring.

The Chief Information Officer ("CIO") is responsible for providing the technology in accordance with corporate policies, and for the control of services provided by Isban and Produban. On an annual basis, the CIO develops a plan with the systems' requirements (in accordance with the business' needs), which are produced by the Factories, under the supervision of the CIO.

Geoban is overseen by the head of Operations.

I.K High-Level Description of Resolution Strategy

SBNA's value is based in large part on its deposit position in the mid-Atlantic and Northeastern U.S., as well as its market share in specific commercial real estate markets. Due to SBNA's regional footprint, it would be an appropriate fit for a single purchaser seeking entry into those markets. Alternatively, due to the relative independence of the CBLs within SBNA, each CBL could be sold independently. Under this Plan, SBNA would enter into an FDIC receivership on a Friday evening at the end of a 30-day runway period (the "Runway Period"), and its CBLs would be open for business by the following Monday morning, making its insured deposits available to customers within the statutory timeframe. After SBNA entered into the FDIC receivership, the two most likely strategies for resolution would be: (i) a sale of SBNA over the resolution weekend (the "Resolution Weekend") to a qualified depository institution or; (ii) a transfer of SBNA's assets and liabilities to a bridge bank (the "Bridge Bank") for subsequent sale in whole or in part, followed by a wind-down/liquidation of its remaining assets and liabilities.

I.K.1 Bank Resolution Weekend Sale

The preferred strategy for SBNA would be for the FDIC, as receiver, to enter into a whole-bank purchase and assumption transaction (a "P&A Transaction") with a qualified FDIC-insured institution, pursuant to which the acquirer would assume all of the insured deposits and purchase substantially all of the assets of SBNA, including the CBLs, and open for business on the Monday morning following the Resolution Weekend.

I.K.2 Delayed Bank Sale

If the Bank's sale to an insured depository institution cannot be executed, the FDIC could establish a Bridge Bank, which is a new national bank organized by the FDIC in accordance with 12 U.S.C. § 1821(n) that preserves continuity and maintains the value of the closed bank's business and assets. The FDIC would enter into a whole-bank P&A Transaction with the Bridge Bank, pursuant to which the Bridge Bank, managed by the FDIC, would open for business on the Monday following the Resolution Weekend. Subsequently, the Bridge Bank would be resolved by the FDIC in a whole-bank P&A Transaction or by selling its CBLs separately. Any unsold assets and the remaining liabilities would be wound down and liquidated in the receivership.