



**Resolution Plan for  
Santander Bank, N.A.**

**Public Section**

**December 16, 2015**

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## Table of Contents: Public Section

	<b>Executive Summary</b>	<b>4</b>
<b>1.1</b>	<b>Material Entities</b>	<b>5</b>
<b>1.2</b>	<b>Core Business Lines</b>	<b>6</b>
<b>1.3</b>	<b>Summary of Financial Information</b>	<b>10</b>
<b>1.4</b>	<b>Derivative and Hedging Activities</b>	<b>13</b>
<b>1.5</b>	<b>Memberships in Payment, Clearing, and Settlement Systems</b>	<b>14</b>
<b>1.6</b>	<b>Foreign Operations</b>	<b>15</b>
<b>1.7</b>	<b>Material Supervisory Authorities</b>	<b>16</b>
<b>1.8</b>	<b>Principal Officers</b>	<b>17</b>
<b>1.9</b>	<b>Resolution Planning Corporate Governance</b>	<b>18</b>
<b>1.10</b>	<b>Material Management Information Systems</b>	<b>19</b>
<b>1.11</b>	<b>High-Level Description of Resolution Strategy</b>	<b>20</b>

## Public Section

### Definition of Terms

The following are definitions for common terms used throughout the document:

Term	Definition
"Santander"	Banco Santander, S.A. - a Madrid-based Spanish Bank; it is the parent company to SHUSA and the Factories, as well as other U.S. legal entities.
"SHUSA"	Santander Holdings USA, Inc. - a bank holding company subsidiary of Santander; it is the parent company of SBNA.
"SBNA"	Santander Bank, N.A. - the U.S.-based Covered Insured Depository Institution ("CIDI") that is a subsidiary of SHUSA.
"Factories"	Santander's wholly-owned global shared service entities.
"Plan"	The U.S. resolution plan required to be submitted by SBNA by December 31, 2015.

## Executive Summary

### CIDI Resolution Plan

Santander Bank, N.A. ("SBNA" or the "Bank") has developed this resolution plan (the "Plan") as required by the Federal Deposit Insurance Corporation ("FDIC") for Covered Insured Depository Institutions ("CIDI") pursuant to 12 C.F.R. Section 360.10 (the "IDI Rule").

The IDI Rule mandates that a bank with assets of \$50bn or more develop a plan for its resolution in a manner that ensures that depositors receive rapid access to their insured deposits, maximizes the net present value ("NPV") return from the sale or disposition of its assets, and minimizes the amount of any loss realized by the creditors in the resolution. The purpose of this requirement is to ensure that the FDIC has access to all of the material information it needs to efficiently resolve a CIDI in the event of its failure and to mitigate systemic risk to the broader economy. This Plan provides a detailed road map for the orderly resolution of the Bank under a hypothetical stress scenario.

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, National Association. The Bank has its home banking office in Wilmington, Delaware, and its headquarters in Boston, Massachusetts.

SBNA is wholly owned by Banco Santander, S.A. ("Santander") through its U.S. company Santander Holdings USA, Inc. ("SHUSA"). The Santander Group is a global banking organization headquartered in Madrid, Spain, with major operations in Spain, the United Kingdom (the "U.K."), continental Europe, Latin America, and the United States (the "U.S."). Santander is a Bank Holding Company ("BHC") under the Bank Holding Company Act, as amended ("BHC Act") and has elected to be treated as a financial holding company, regulated by the Federal Reserve Board ("FRB"). The legal entity structure of the Santander Group in the United States is a reflection of its business model based on independent subsidiaries. One of the main principles of the Santander Group 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 Group 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") described in [Section 1.1 Material Entities](#) below and four core business lines ("CBLs") described in [Section 1.2 Core Business Lines](#) below. Information in this Plan is as of December 31, 2014, unless otherwise indicated.

## 1.1 Material Entities

A Material Entity is a company that is "significant to the activities of a critical service or core business line." For resolution planning purposes, SBNA has identified the following Material Entities under the IDI Rule.

### Santander Bank, N.A.

SBNA is the entity that houses all of the Bank's CBLs. SBNA is a national banking association having over 700 retail branches, approximately 2,100 ATMs, and over 9,000 team members, with principal markets in the northeastern and mid-Atlantic 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.

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 to Sovereign Bank, National Association and, on October 17, 2013, to Santander Bank, N.A. The Bank has its home banking office in Wilmington, Delaware, and its headquarters in Boston, Massachusetts.

### The Factories

The following four affiliated MEs, also known as "Factories," are subsidiaries of Santander and are legally independent of any bank within the Santander Group. Each Factory has its own capital, is self-financed through income directly received from customers, and provides services under detailed, arm's-length contracts for each service provided. The resolution strategies consider as a key element the continuity of the services provided by the Factories.

### **Ingenieria de Software Bancario, S.L. ("Isban")**

Isban is a Spanish limited liability company subsidiary of Santander based in Madrid, Spain, that develops software and provides systems integration and maintenance services.

### **Produban Servicios Informaticos Generales, S.L. ("Produban")**

Produban is a Spanish limited liability company subsidiary of Santander based in Madrid, Spain, that is a global provider of IT production services for the Santander Group. It provides and maintains servers, applications, and telecommunications lines and components that various Santander entities use in their daily activity. Produban hosts all of the equipment in 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.

### **Santander Global Facilities, SL ("SGF")**

SGF is a Spanish limited liability company subsidiary of Santander based in Madrid, Spain, that provides services to Santander and its affiliates including integrated management of real estate, general services, physical security, and employee payroll and benefits.

### **Geoban, S.A. ("Geoban")**

Geoban is a Spanish limited liability company subsidiary of Santander based in Madrid, Spain, that is a global service provider responsible for carrying out certain operations and back-office functions for the subsidiaries of Santander.

## 1.2 Core Business Lines

The IDI Rule defines CBLs as those business lines of the 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.

Based on these criteria, SBNA identified four CBLs: SBNA Retail Banking and Customer Experience (also referred to as "Retail Banking"), SBNA Commercial Banking, SBNA Auto Finance, and SBNA Global Banking and Markets.

### SBNA Retail Banking and Customer Experience

The Retail Banking and Customer Experience business is organized into six geographic markets that comprise over 700 branch locations and approximately 2,100 ATMs to serve approximately 1.7mm customers. SBNA's branches offer a wide range of products and services. These include a variety of deposit instruments and certain consumer loans, such as home equity loans and other consumer loan products. SBNA's branches also provide small business loans.

SBNA's product groups reach customers through two major distribution units:

- The "Network," consisting of SBNA's retail branches and district and regional banking offices; and
- Alternative Channels, consisting of ATMs, the Customer Call Center, outbound telemarketing, the public website, online banking, and mobile banking.

The Retail Banking and Customer Experience segment includes product units: Consumer, Mortgage, Cards, and Small Business Banking.

- **Consumer:** The Consumer unit (also referred to as Core Consumer) provides consumer deposit accounts and transactional services, home equity lines of credit, direct auto loans, and unsecured personal loans. This unit focuses on serving customers in SBNA's primary service area through the Network and Alternative Channels. The Consumer unit also coordinates Retail Banking and Customer Experience's overall marketing strategy and analysis efforts.
- **Mortgage:** The Mortgage unit (also referred to as Mortgage Banking) originates and services mortgages secured by 1- to 4-unit residential properties. The vast majority of its business involves agency-conforming, 30-year mortgages for customers in SBNA's primary service area. Mortgage also offers government-insured loans (typically sold "servicing released" to correspondent banks), as well as "jumbo" mortgages that exceed agency-conforming loan limits. Mortgage originates loans through approximately 224 Mortgage Development Officers ("MDOs") and 326 independent mortgage brokers located in SBNA's primary service area. Most MDOs do not work from branch locations but are affiliated with individual SBNA branches. SBNA currently sells approximately sixty percent of its conforming mortgage production and holds the rest on-balance sheet in the form of whole loans or agency MBS.
- **Cards:** The Cards unit issues credit cards as well as network-branded debit cards to consumer and business checking customers. The unit also provides merchant processing services through a partnership with First Data Corp. The Cards unit focuses on customers in SBNA's primary service area. It also serves a small number of out-of-footprint merchant processing customers referred by First Data Corp.
- **Small Business Banking:** Small Business Banking products include business checking accounts that are both interest- and non-interest bearing. Within the interest-bearing checking portfolio, some balances are held in automated investment sweep accounts, primarily repurchase

agreements. These deposits are managed by the Director of Small Business Products, as part of the Retail Banking and Customer Experience area managed by the Managing Director of Retail Banking. Within the business line, deposits are managed by a product-focused team and supported by a product analyst.

### **SBNA Commercial Banking**

The Commercial Banking segment provides the majority of SBNA's Real Estate ("RE") platforms, such as Commercial Real Estate ("CRE"), Multifamily, Middle Market, and Business Banking, as well as Specialty Businesses and Products and International Business.

- **Commercial Real Estate:** CRE originates commercial mortgages secured by stabilized income-producing properties in SBNA's primary service area, as well as loans to finance construction and repositioning of such properties.
- **Multifamily:** The Multifamily business (also known as "Santander Real Estate Capital Multifamily") specializes in long-term permanent financing of stabilized market-rate and affordable multifamily buildings with a concentration in Metro New York.
- **Middle Market:** The Middle Market unit focuses on serving businesses with annual revenues of \$20mm to \$500mm in SBNA's primary service area. Middle Market offers customers secured and unsecured commercial financing, commercial equipment leasing, and specialized products provided by other Corporate Banking units, GBM, and Retail Banking and Customer Experience. It also originates and manages syndicated loans and participates in or co-manages loan syndications arranged by other institutions.
- **Business Banking:** The Business Banking unit focuses on serving businesses with annual revenues of \$5mm to \$20mm in SBNA's primary service area. Business Banking offers customers secured and unsecured commercial financing, commercial equipment leasing, and specialized products provided by other Corporate Banking units, GBM, and Retail Banking and Customer Experience.
- **Asset Based Lending:** The Asset Based Lending group provides business customers with revolving, formula-based lines of credit secured by accounts receivable and inventory, term loans secured by fixed assets, and RE loans secured by owner-occupied real estate. It also originates and manages syndicated asset-based loans and participates in or co-manages asset-based loan syndications arranged by other institutions.
- **Specialty Businesses:** Specialty Businesses includes the Mortgage Warehouse, Oil and Gas (Energy), and Government Banking businesses.
  - **Mortgage Warehouse:** The Mortgage Warehouse group provides revolving lines of credit to mortgage bankers secured by residential mortgages pending sale to secondary market investors.
  - **Energy Finance:** The Energy Finance group provides financing mainly to exploration and production companies through reserve-based lending and to midstream operators in the oil and gas industry.
  - **Government Banking:** The Government Banking group provides customized treasury management solutions for the public sector. Specific treasury solutions include deposits, payables, receivables, information reporting, and merchant and payroll taxes.

- **Products and International Business Group:** The Products and International Business Group is made up of the following sub-groups:
  - **Transaction Banking Group:** The Transaction Banking group provides cash management and transactional services to GBM, Commercial and Government Banking, and Small Business banking.
  - **Trade Finance Group:** The Trade Finance group covers the sale of trade services and international solutions to all Commercial and Retail Banking and Customer Experience clients of the Bank.
  - **International Desk:** The International Desk services customers in the U.S. referred by other members of the Santander Group abroad and supports U.S. clients when they need to establish a local presence in another market by providing market advice and full access to local products and Relationship Managers ("RMs"). Business segments supported are Commercial Banking and Retail Banking and Customer Experience.
  - **International Financial Institutions Group:** The International Financial Institutions Group provides relationship coverage for domestic and foreign financial institutions and facilitates trade, transactional services, and treasury business for other units of the Bank.
  - **Equipment Finance and Leasing Group:** The Equipment Finance and Leasing group services GBM and Commercial Banking clients of the Bank with equipment finance facilities.

### **SBNA Auto Finance**

SBNA Auto Finance is comprised of three distinct business lines: Consumer Leasing, Commercial Equipment Vehicle Finance Group ("CEVFG"), and Dealer Lending.

#### **Consumer Leasing**

Consumer Leasing provides Prime and Super-Prime consumer automobile leases, ranging on average from two to four years, for the Chrysler, Jeep, Dodge, Ram, and Fiat brands nationwide.

SBNA contracted with its affiliate SCUSA to originate and service the consumer leasing portfolio under the "Chrysler Capital" brand on SBNA's behalf. This contract began on January 17, 2014. SBNA chose to let this contract expire on May 9, 2015, and the business line is not currently originating any new applications. At the time of operation, an automated origination process was conducted through franchised Chrysler dealers nationwide and was originated on the dealer platforms. Deals conforming to SBNA's credit policy were funded directly by SBNA.

In addition to originations, SCUSA has also been engaged to manage servicing related to SBNA's leasing business. The servicing contract with SCUSA will remain in place until the portfolio matures. During this time, all operational compliance is executed by SCUSA in accordance with SBNA policies. SBNA monitors compliance through site visits, monitoring of reports and KPIs, and through select transactional testing. The servicing contract includes maintaining systems, billing, customer services, and end-of-term functions.

#### **Commercial Equipment Vehicle Finance Group ("CEVFG")**

CEVFG is a national finance business located in Melville, New York, comprised of three main businesses:

- **Commercial Vehicle Finance Group:** The Commercial Vehicle Finance Group provides term loan financing for commercial vehicles, with a concentration in the towing sector. Santander has affiliations with AAA and Miller Industries that act as sources of new loan applicants.

- **Municipal Lease Financing:** Municipal Lease Financing provides funding for municipalities to acquire essential use equipment such as transportation vehicles, police vehicles, fire trucks, and emergency communication equipment.
- **Vehicle Funding:** Vehicle Funding provides the funding of lessors to purchase and lease vehicles.

CEVFG performs the servicing of the accounts including underwriting, funding, billing, and collections for the majority of the loans/leases.

## **Dealer Lending**

Dealer Lending provides commercial credit to franchised automobile dealers in the U.S. It is delivered under two brands: within SBNA's footprint under the Santander Bank brand (all manufacturers) and nationally to Chrysler or related dealers under the Chrysler Capital brand. The flagship product is a specialized commercial revolving line of credit called a "floorplan" line which is used to provide vehicle inventory financing. In addition to floorplan lines, dealerships occasionally require other traditional commercial credit offerings, such as commercial real estate construction loans and mortgages for their dealership properties, term loans, and lines of credit, as well as deposit products and cash management services.

## **SBNA Global Banking and Markets**

GBM covers clients that, due to their size, complexity, or sophistication, require a tailored service of high value-added wholesale products. SBNA's GBM unit is part of a global business, which leverages global capabilities and networks to cover client needs.

SBNA's GBM unit in the U.S. operates out of Boston and New York and maintains a staff of approximately 143 individuals. SBNA's GBM unit provides services in the U.S. to global clients and books the revenue from these services locally. GBM has a client coverage group that currently covers two different types of clients:

- **MRG (Global Relationship Model - from Spanish Modelo de Relacion Global):** U.S. clients with sales of over \$2bn, presence in two or more of Banco Santander, S.A.'s core markets, and potential customers of at least three products. In addition, the needs of the U.S. subsidiaries of non-U.S. MRG clients are covered directly by the GBM U.S. team.
- **Large Corporates:** U.S.-based companies with sales between \$500mm and \$2bn and usually operating within SBNA's core U.S. industry segments.

GBM has three product teams which assist clients in obtaining access to certain product categories. These product teams are Global Transactional Banking ("GTB"), Financial Services and Advisory ("FSA"), and Rates.

## 1.3 Summary of Financial Information

The following is SBNA's balance sheet as of December 31, 2014.

<b>Exhibit 1.3 - 1: Santander Bank, N.A. Balance Sheet as of December 31, 2014</b>	
<b>Balance Sheet</b>	<b>(\$mm)</b>
<b>Assets</b>	
Non-Interest Bearing Balances and Currency and Coin	825
Interest Bearing Balances	1,344
AFS Securities	15,908
Gross Loans	50,568
Allowance for Loan & Lease Losses	(610)
Trading Assets	1,120
Premises and Equipment, Net	462
Investment in Unconsolidated Subsidiaries	114
Goodwill	3,403
Other Intangible Assets	470
OREO	65
Other Assets	6,804
<b>Total Assets</b>	<b>80,473</b>
<b>Liabilities and Equity</b>	
Non-Interest Bearing Deposits	10,108
Interest Bearing Deposits	44,540
Securities Sold Under Agreements to Repo	356
Trading Liabilities	247
Other Borrowed Money	9,609
Subordinated Notes	674
Other Liabilities	1,747
<b>Total Liabilities</b>	<b>67,281</b>
Preferred Stock	—
Common Stock	—
Surplus	13,233
AOCI (Accumulated Other Comprehensive Income)	(99)
Retained Earnings (Deficit)	58
<b>Total Equity</b>	<b>13,192</b>
<b>Total Liabilities and Equity</b>	<b>80,473</b>

SBNA's regulatory capital and capital ratios as of December 31, 2014, are as follows.

<b>Exhibit 1.3 - 2: Santander Bank, N.A. Capital Ratios as of December 31, 2014</b>	
<b>Santander Bank, N.A.</b>	<b>Detail (\$bn)</b>
Common Equity Tier 1 Capital	9.7
Tier 1 Capital	9.7
Tier 2 Capital	1.0
Total Risk Based Capital	10.8
Total Risk Weighted Assets	69.7
<b>Ratios</b>	
Common Equity Tier 1 Ratio (CET1)	13.95%
Tier 1 Capital Ratio (T1C)	13.95%
Total Capital Ratio (TC)	15.44%
Tier 1 Leverage Ratio (T1L)	13.06%

SBNA is "well-capitalized" under regulatory requirements.

SBNA's borrowing profile is summarized below. All wholesale borrowing is transacted through SBNA. However, SHUSA also provides a source of strength for SBNA. Although SBNA primarily funds itself through its deposits and other borrowings, SHUSA supports SBNA's ability to fund its activities through contributions to capital from time to time.

SBNA Borrowings as of December 31, 2014, are detailed in the exhibit below.

<b>Exhibit 1.3 - 3: Santander Bank, N.A. Borrowings as of December 31, 2014</b>	
<b>SBNA Debt Summary by Type</b>	<b>(\$mm)</b>
Short-Term	6,070
Long-Term	3,385
<b>Total Wholesale Borrowings</b>	<b>9,455</b>
Senior	—
Subordinated	674
REIT Preferred	153
<b>Total Bank Debt</b>	<b>827</b>
Brokered Deposits	2,350
Non-Brokered Deposits	52,298
<b>Total Deposits</b>	<b>54,648</b>

As of December 31, 2014 SBNA's secured and unsecured liabilities were as follows:

<b>Exhibit 1.3 - 4: Santander Bank, N.A. Secured and Unsecured Liabilities as of December 31, 2014</b>		
<b>Liabilities (\$mm)</b>	<b>Secured</b>	<b>Unsecured</b>
Customer Deposits	—	50,402
Government/Municipal Deposits	4,246	—
Securities Sold Under Agreements to Repo	—	356
Trading Liabilities	247	—
Other Borrowed Money	9,609	—
Subordinated Notes	—	674
Other Liabilities	—	1,747
<b>Total</b>	<b>14,102</b>	<b>53,179</b>

The Long-Term Debt Schedule below indicates that the majority of SBNA's debt maturities occur in 2015 – 2020.

<b>Exhibit 1.3 - 5: Santander Bank, N.A. Debt Schedule as of December 31, 2014</b>	
<b>Debt Schedule</b>	<b>(\$mm)</b>
2015	6,070
2016	900
2017	1,985
2018	998
2019	142
2020+	188
<b>Total Long-Term Debt</b>	<b>10,283</b>

## 1.4 Derivative and Hedging Activities

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

- To facilitate trades to satisfy customer needs; and
- To execute hedging strategies.

To satisfy customer needs, 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 with the market to immediately eliminate the risk of the 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 assessed to be financially responsible at the time of the agreement.

## 1.5 Memberships in Material Payment, Clearing, and Settlement Systems

SBNA maintains membership in, or accesses through correspondent relationships, various FMUs to facilitate payment, clearing, and settlement activities. The Federal Reserve's suite of financial services is leveraged for all payment activity, including Fedwire payments, check clearing, and Automated Clearing House ("ACH ") network payments. In resolution, it is considered highly unlikely that the Federal Reserve would revoke SBNA's access to its suite of payment solutions, potentially creating disorder and instability in the resolution process.

SBNA maintains a relationship with Bank of New York Mellon ("BoNY Mellon") which provides settlement and custody services for the Bank's securities transactions; therefore, SBNA does not maintain direct relationships with FMUs such as the DTCC or FICC. Given the riskless nature of the transactions settled via BoNY Mellon (delivery versus payment), there would be no reason for BoNY Mellon to terminate its settlement services with SBNA. Additionally, SBNA's custody relationship with BoNY Mellon can be terminated no less than 90 days after written notice is provided by either party, thus mitigating a disorderly transition to another custody provider, if necessary.

SBNA maintains a relationship with UBS for the clearance of interest rate derivative transactions. If SBNA were to go into resolution and default on any open interest rate derivative transactions, these transactions would be moved to a centralized clearing house to be closed out, with any resulting gain remitted to SBNA or any resulting loss shared among the clearinghouse members.

A summary of FMUs related to payments clearing and settlements for SBNA is in the exhibit below.

<b>Exhibit 1.5 - 1: SBNA FMU Overview</b>	
<b>FMU</b>	<b>Purpose</b>
Fedwire Funds	Fedwire Funds is a wire service for payments from institutional counterparties. Customers who do not have a DDA at Santander Bank, N.A. can choose to send wires via the Fedwire system.
FedACH	FedACH is a batched payment service that enables an electronic exchange of debit and credit transactions through the ACH network.
Fed Check Image Clearing	Check Image Clearing provides image capture of all check items presented by the Federal Reserve Banks and associated clearing services.

## **1.6 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 \$633mm as of December 31, 2014. The Class B license authorizes the holder to conduct offshore activities from the Cayman Islands. 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.

## 1.7 Material Supervisory Authorities

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

## 1.8 Principal Officers

The following chart lists SBNA's Principal Officers as of June 30, 2015.

<b>Exhibit 1.8 - 1: SBNA Principal Officers as of June 30, 2015<sup>1</sup></b>	
<b>Name</b>	<b>Title</b>
Roman Blanco <sup>2</sup>	President and Chief Executive Officer
Melissa Ballenger	Chief Financial Officer and Executive Vice President
Marcelo Brutti	Chief Risk Officer and Senior Executive Vice President
Lisa VanRoekel	Chief Human Resources Officer and Executive Vice President
Christina Patilis <sup>3</sup>	Chief Internal Auditor
Laura O'Hara	General Counsel and Senior Executive Vice President
David Chaos <sup>4</sup>	Managing Director of Technology and Operations and Senior Executive Vice President
Maria Tedesco	Managing Director of Retail Banking and Senior Executive Vice President
Michael Lee	Managing Director of Commercial Real Estate and Executive Vice President
Cameron Letters	Managing Director of Commercial Banking and Executive Vice President
Federico Papa	Managing Director of Global Banking and Markets and Senior Executive Vice President
Jack Murphy	Managing Director of Auto Finance and Alliances and Executive Vice President
James Kappel	Chief Communications Officer and Senior Vice President

<sup>1</sup> After June 30, 2015, Michael Cleary was appointed to a new position named Head of Consumer Banking and Senior Executive Vice President.

<sup>2</sup> Roman Blanco was replaced by Scott Powell as President and CEO on July 30, 2015.

<sup>3</sup> Christina Patilis left SBNA and was succeeded by Antonio Martinez on July 30, 2015. Antonio Martinez is the interim replacement, and a formal replacement is expected.

<sup>4</sup> David Chaos was replaced by Fernando Diaz as Managing Director of SBNA Technology and Operations after June 30, 2015.

## 1.9 Resolution Planning Corporate Governance

Governance of this Resolution Plan integrates oversight by key stakeholders and senior executives from SBNA's CBLs, shared services, and operations with review and recommendation for approval from certain management and board-level committees before being presented to SBNA's Boards of Directors for final approval.

The highest U.S. management-level and board-level committees overseeing this Plan are the SBNA Asset Liability Committee ("ALCO") and the SBNA Board Risk Committee.

SBNA ALCO monitors the development and oversight of the resolution planning process. ALCO members include, among others: SBNA's Chief Financial Officer, Chief Risk Officer, Treasurer, Chief Market Risk Officer, Comptroller, and Managing Director for Technology & Operations.

SBNA ALCO meets regularly and reviews the progress of this Plan and addresses any issues which may arise during its development and to fulfill the following roles:

- Provide strategic oversight to this Plan's preparation and review process;
- Review, make, and/or approve all key resolution planning strategies and methodologies, including any significant scoping or approach change decisions;
- Communicate progress and/or issues to SBNA Board Risk Committee and Board of Directors as appropriate; and
- Recommend approval of the IDI Resolution Plan.

In addition, the Chief, USRRP, and members of the USRRP Team regularly engage senior executives, including SBNA's CEO, CFO, CRO, and General Counsel, as necessary, to facilitate key decisions with respect to the Resolution Plan and supporting processes.

USRRP oversees and designs the resolution planning governance process and manages the day-to-day Resolution Plan development and execution. In this role, it performs the following:

- Detailed analysis of rules and guidance;
- Design resolution planning governance and processes;
- Oversee day-to-day Plan development, execution, and project management;
- Recommend action and escalate issues and critical decisions to ALCO;
- Design and implement a resolution planning policy;
- Provide oversight and assist with identification of initiatives designed to enhance resolvability of the organization;
- Define terms and maintain documentation of analysis and implementation efforts; and
- Produce, assemble, and deliver this Plan and documentation for approvals.

## 1.10 Material Management Information Systems

MIS refers broadly to the technology and information utilized by SBNA to make effective decisions in the management of their various businesses and support functions. MIS includes the infrastructure relied upon for the operation of applications and the production of information used to make daily decisions in the management of the businesses. SBNA utilize MIS for risk management, accounting, and financial and regulatory reporting, as well as internal management reporting and analysis. These systems are primarily platform technologies with interface applications used to collect, maintain, and report information to management and externally for regulatory compliance. The MIS are also used by CBLs to perform the functions necessary to run their businesses and operations.

Governance, control, and maintenance of critical applications are the primary components of the MEs' technology processes, which emphasize minimal recovery times in the event of disruption. Although all systems and applications are essential to smooth and effective operations, SBNA classifies as critical all necessary systems used by Retail Banking and Customer Experience, Commercial Banking, Auto Finance, and Global Banking and Markets business lines to manage, originate, underwrite, fulfill, report and process related business transactions, and support access to products and accounts by existing and new bank customers.

All MIS requests for Produban and Isban pass through the CIO group, which in turn works with these Factories to either build or procure the system. The business initiatives turn into project requests, which are evaluated and reviewed by the CIO group. Produban and Isban, in conjunction with the CIO group, provide the proposals for the execution of such project requests, which upon funding approval become part of the workstream of ongoing strategic and tactical projects for the improvement of existing systems or the creation of new solutions for SBNA.

## 1.11 High-Level Description of Resolution Strategy

For the 2015 IDI plan submission, SBNA analyzed four resolution strategies for SBNA: an Immediate Whole Bank Sale, a Delayed Whole Bank Sale, a Multiple Acquirer Strategy ("MAS"), and a Liquidation. The MAS strategy was developed to include the elements described in the FDIC's December 17, 2014, Guidance for Covered Insured Depository Institution Resolution Plan Submissions. In each of these resolution strategies, the OCC would close SBNA and place it into FDIC receivership at the close of business on Friday afternoon following idiosyncratic events and a runway period ("Runway Period") that occurs over 30 days.

In a resolution scenario, the FDIC would likely determine that the preferred resolution strategy is the Immediate Whole Bank Sale. The Immediate Whole Bank Sale produces proceeds with a similar NPV to both the Delayed Bank Sale and the MAS. However, the Immediate Whole Bank Sale minimizes execution risk by having assets and insured deposits immediately transfer to a qualified financial institution with minimal management by the FDIC. This strategy would also have the quickest final distribution of proceeds to claimants. For a description of the different resolution strategies, see below.

### Immediate Whole Bank Sale

The preferred strategy for SBNA would be for the FDIC, as receiver, to enter into a whole-bank purchase and assumption transaction ("P&A Transaction") with a qualified financial institution ("Acquiring Institution" or "AI") over the Resolution Weekend. In this strategy, whole bank bid packages would be prepared during the Runway Period requesting bids on all of SBNA's assets on an "as is" discounted basis (i.e., no guarantees). This strategy would benefit the FDIC because the FDIC would have no further financial obligation to the qualified AI, and it would reduce the amount of assets held by the FDIC for liquidation in the receivership.

Over the Resolution Weekend, the FDIC would then take the final steps to consummate the P&A Transaction with the successful bidder and work with the AI's management and staff to prepare for a Monday opening so depositors would have access to deposits and a smooth transition would be completed. The AI would open SBNA's former branches for business on the Monday morning following the Resolution Weekend and continue to operate the CBLs.

This strategy is achievable in part because there are several potential purchasers with the ability and strategic rationale to purchase SBNA. The most suitable potential purchasers are banks that have greater than \$80bn in assets, strong capital adequacy, similar business models that would minimize integration costs, and overlapping or adjacent geographic markets. However, the preferred potential purchasers could not be so large that the acquisition of SBNA would cause a violation of deposit caps or any other market concentration limits. As a result, Global Systemically Important Financial Institutions ("G-SIFIs") were not considered.

### Delayed Whole Bank Sale

If SBNA's sale to a single qualified AI could not be completed over the Resolution Weekend, the strategy the FDIC would likely determine to be the second preferred strategy is the Delayed Whole Bank Sale. Under this strategy, the FDIC would establish a bridge depository institution ("Bridge Bank") under Section 11(n) of the FDIA and, as receiver, enter into a P&A transaction with the Bridge Bank over the Resolution Weekend in anticipation of a subsequent whole bank sale to a qualified AI. In this strategy, the FDIC would open the Bridge Bank on the Monday following the Resolution Weekend in order for insured depositors to access their deposits and would operate the Bridge Bank before consummating a sale to a third party in approximately ninety days.

Because of the similarities between an Immediate Whole Bank Sale and a Delayed Whole Bank Sale, the potential purchasers for this strategy would have a profile similar to the purchaser profiles described above.

### Multiple Acquirer Strategy

A MAS presents an alternative method of resolving SBNA in resolution. Based on guidance published by the FDIC in December 2014, SBNA analyzed a MAS whereby the Bridge Bank would sell off a sizable portion of its operations and would execute an IPO for the remaining entity. Although net present valuations for this strategy are in the same range as those in the Immediate Whole Bank Sale and Delayed Whole Bank Sale, this strategy would likely be considered the third best strategy due to the time it would take to fully execute.

The MAS contemplated by this Plan would be accomplished through the establishment of a bridge bank that would acquire, in a whole-bank P&A Transaction, all of the assets of SBNA remaining at the end of the Runway Period but only the insured deposits. The size of the Bridge Bank would be reduced through the sale and runoff of certain lines of business. The proceeds from these actions would be distributed to the receivership as long as the Bridge Bank maintained healthy capital and liquidity levels. If a distribution would cause the capital or liquidity to fall below a healthy level, the cash would remain on the Bridge Bank's balance sheet.

After these sales, the Bridge Bank would operate as a retail and commercial bank that would be sufficiently capitalized. This retail and commercial bank would then go through the IPO process. At the culmination of the IPO process, the FDIC would issue ownership interest in the Bridge Bank through a stock sale to the public.

The profile of potential purchasers of assets and businesses from the Bridge Bank prior to the IPO is similar to that for the Whole Bank Sales. However, the list of potential purchasers is larger than that for a Whole Bank Sale because regulatory issues and business model issues are reduced when buying assets and lines of business since there are no deposits being assumed.

### Liquidation

If SBNA could not be resolved by the FDIC in an Immediate Whole Bank Sale, Delayed Whole Bank Sale, or through a MAS, the FDIC could close SBNA over Resolution Weekend and pay depositors the amount of their insured deposits immediately following Resolution Weekend. In its receivership capacity, the FDIC could liquidate all of its assets to pay claims against the receivership.

The profile of potential purchasers for SBNA's lines of business or portfolios under the Liquidation strategy is similar to that for the Whole Bank Sales. However, the list of potential purchasers for the Liquidation strategy is larger than for a Whole Bank Sale for the same reasons as are described in the MAS.