



# SANTANDER HOLDINGS USA, INC.

Fixed Income Investor Presentation

Second Quarter 2020

August 4, 2020

# DISCLAIMER

This presentation of Santander Holdings USA, Inc. ("SHUSA") contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 regarding the financial condition, results of operations, business plans and future performance of SHUSA. Words such as "may," "could," "should," "will," "believe," "expect," "anticipate," "estimate," "intend," "plan," "goal" or similar expressions are intended to indicate forward-looking statements.

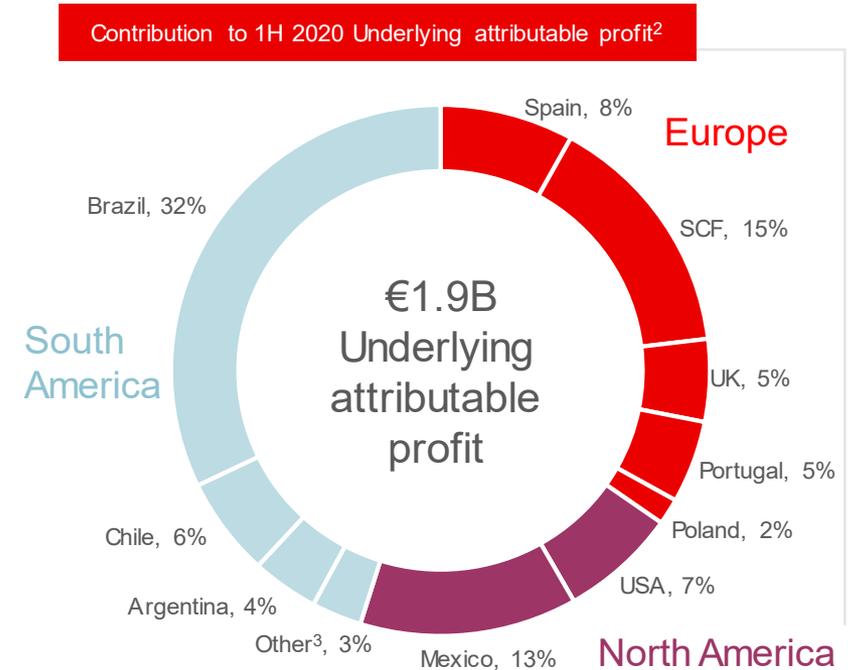
In this presentation, we may sometimes refer to certain non-GAAP figures or financial ratios to help illustrate certain concepts. These ratios, each of which is defined in this document, if utilized, may include Pre-Tax Provision Income, the Tangible Common Equity to Tangible Assets Ratio, and the Texas Ratio. This information supplements our results as reported in accordance with GAAP and should not be viewed in isolation from, or as a substitute for, our GAAP results. We believe that this additional information and the reconciliations we provide may be useful to investors, analysts, regulators and others as they evaluate the impact of these items on our results for the periods presented due to the extent to which the items are indicative of our ongoing operations. Where applicable, we provide GAAP reconciliations for such additional information. The enhanced prudential standards mandated by Section 165 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "DFA") (the "Final Rule") were enacted by the Federal Reserve System (the "Federal Reserve") to strengthen regulatory oversight of foreign banking organizations ("FBOs"). Under the Final Rule, FBOs with over \$50 billion of U.S. Non-branch assets, including Santander, were required to consolidate U.S. subsidiary activities under an intermediate holding company ("IHC"). Due to its U.S. non-branch total consolidated asset size, Santander is subject to the Final Rule. As a result of this rule, Santander transferred substantially all of its equity interests in U.S. bank and non-bank subsidiaries previously outside the Company to the Company, which became an IHC effective July 1, 2016. These subsidiaries included Santander Bancorp ("SBC"), Banco Santander International ("BSI"), Santander Investment Securities, Inc. ("SIS"), Santander Securities LLC ("SLLC"), as well as several other subsidiaries. On July 1, 2017, an additional Santander subsidiary, SFS, a finance company located in Puerto Rico, was transferred to the Company. Additionally, effective July 2, 2018, Santander transferred Santander Asset Management, LLC to the IHC.

Although SHUSA believes that the expectations reflected in these forward-looking statements are reasonable as of the date on which the statements are made, these statements are not guarantees of future performance and involve risks and uncertainties based on various factors and assumptions, many of which are beyond SHUSA's control. Among the factors that could cause SHUSA's financial performance to differ materially from that suggested by forward-looking statements are: (1) the adverse impact of a novel strain of coronavirus ("COVID-19") on our business, financial condition, liquidity and results of operations; (2) the effects of regulation, actions and/or policies of the Board of Governors of the Federal Reserve System (the "Federal Reserve"), the Federal Deposit Insurance Corporation (the "FDIC"), the Office of the Comptroller of the Currency (the "OCC") and the Consumer Financial Protection Bureau (the "CFPB"), and other changes in monetary and fiscal policies and regulations, including policies that affect market interest rates and money supply, actions related to COVID-19 as well as in the impact of changes in and interpretations of generally accepted accounting principles in the United States of America ("GAAP"), including adoption of the Financial Accounting Standards Board's current expected credit losses credit reserving framework, the failure to adhere to which could subject SHUSA and/or its subsidiaries to formal or informal regulatory compliance and enforcement actions and result in fines, penalties, restitution and other costs and expenses, changes in our business practices, and reputational harm; (3) SHUSA's ability to manage credit risk that may increase to the extent our loans are concentrated by loan type, industry segment, borrower type or location of the borrower of collateral; (4) the extent of recessionary conditions in the U.S. related to COVID-19 and the strength of the U.S. economy in general and regional and local economies in which SHUSA conducts operations in particular, which may affect, among other things, the level of non-performing assets, charge-offs, and provisions for credit losses; (5) acts of God, including pandemics and other significant public health emergencies, and other natural disasters and SHUSA's ability to deal with disruptions caused by such acts, emergencies, and disasters; (6) inflation, interest rate, market and monetary fluctuations, including effects from the pending discontinuation of the London Interbank Offered Rate as an interest rate benchmark, may, among other things, reduce net interest margins, and impact funding sources and the ability to originate and distribute financial products in the primary and secondary markets; (7) the pursuit of protectionist trade or other related policies, including tariffs by the U.S., its global trading partners, and/or other countries, and/or trade disputes generally; (8) the ability of certain European member countries to continue to service their debt and the risk that a weakened European economy could negatively affect U.S.-based financial institutions, counterparties with which SHUSA does business, as well as the stability of global financial markets, including economic instability and recessionary conditions in Europe and the eventual exit of the United Kingdom from the European Union; (9) adverse movements and volatility in debt and equity capital markets and adverse changes in the securities markets, including those related to the financial condition of significant issuers in SHUSA's investment portfolio; (10) SHUSA's ability to grow revenue, manage expenses, attract and retain highly skilled people and raise capital necessary to achieve its business goals and comply with regulatory requirements; (11) SHUSA's ability to effectively manage its capital and liquidity, including approval of its capital plans by its regulators and its subsidiaries' ability to pay dividends to it; (12) changes in credit ratings assigned to SHUSA or its subsidiaries; (13) the ability to manage risks inherent in our businesses, including through effective use of systems and controls, insurance, derivatives and capital management; (14) SHUSA's ability to timely develop competitive new products and services in a changing environment that are responsive to the needs of SHUSA's customers and are profitable to SHUSA, the success of our marketing efforts to customers, and the potential for new products and services to impose additional unexpected costs, losses or other liabilities not anticipated at their initiation, and expose SHUSA to increased operational risk; (15) competitors of SHUSA may have greater financial resources or lower costs, or be subject to different regulatory requirements than SHUSA, may innovate more effectively, or may develop products and technology that enable those competitors to compete more successfully than SHUSA and cause SHUSA to lose business or market share; (16) Santander Consumer USA Inc.'s ("SC's") agreement with Fiat Chrysler Automobiles US LLC ("FCA") may not result in currently anticipated levels of growth and is subject to performance conditions that could result in termination of the agreement; (17) consumers and small businesses may decide not to use banks for their financial transactions, which could impact our net income; (18) changes in customer spending, investment or savings behavior; (19) loss of customer deposits that could increase our funding costs; (20) the ability of SHUSA and its third-party vendors to convert, maintain and upgrade, as necessary, SHUSA's data processing and other information technology ("IT") infrastructure on a timely and acceptable basis, within projected cost estimates and without significant disruption to our business; (21) SHUSA's ability to control operational risks, data security breach risks and outsourcing risks, and the possibility of errors in quantitative models SHUSA uses to manage its business, including as a result of cyber-attacks, technological failure, human error, fraud or malice, and the possibility that SHUSA's controls will prove insufficient, fail or be circumvented; (22) changes to tax laws and regulations and the outcome of ongoing tax audits by federal, state and local income tax authorities that may require SHUSA to pay additional taxes or recover fewer overpayments compared to what has been accrued or paid as of period-end; (23) the costs and effects of regulatory or judicial actions or proceedings, including possible business restrictions resulting from such actions or proceedings; and (24) adverse publicity and negative public opinion, whether specific to SHUSA or regarding other industry participants or industry-wide factors, or other reputational harm; and (25) acts of terrorism or domestic or foreign military conflicts; and (26) the other factors that are described in Part I, Item 1A – Risk Factors of SHUSA's 2019 Annual Report on Form 10-K. Because this information is intended only to assist investors, it does not constitute investment advice or an offer to invest, and in making this presentation available, SHUSA gives no advice and makes no recommendation to buy, sell, or otherwise deal in shares or other securities of Banco Santander, S.A. ("Santander"), SHUSA, Santander Bank, N.A. ("Santander Bank" or "SBNA"), SC or any other securities or investments. It is not our intention to state, indicate, or imply in any manner that current or past results are indicative of future results or expectations. As with all investments, there are associated risks, and you could lose money investing. Prior to making any investment, a prospective investor should consult with its own investment, accounting, legal, and tax advisers to evaluate independently the risks, consequences, and suitability of that investment. No offering of securities shall be made in the United States except pursuant to registration under the U.S. Securities Act of 1933, as amended, or an exemption therefrom.

# SANTANDER GROUP

Santander (SAN SM, STD US, BNC LN) is a leading retail and commercial bank headquartered in Spain. It has a meaningful presence in 10 core markets in Europe and the Americas, and is one of the largest banks in the world by market capitalization.

**The United States is a core market for the Santander Group, contributing 7% to 1H 2020 underlying attributable profit**



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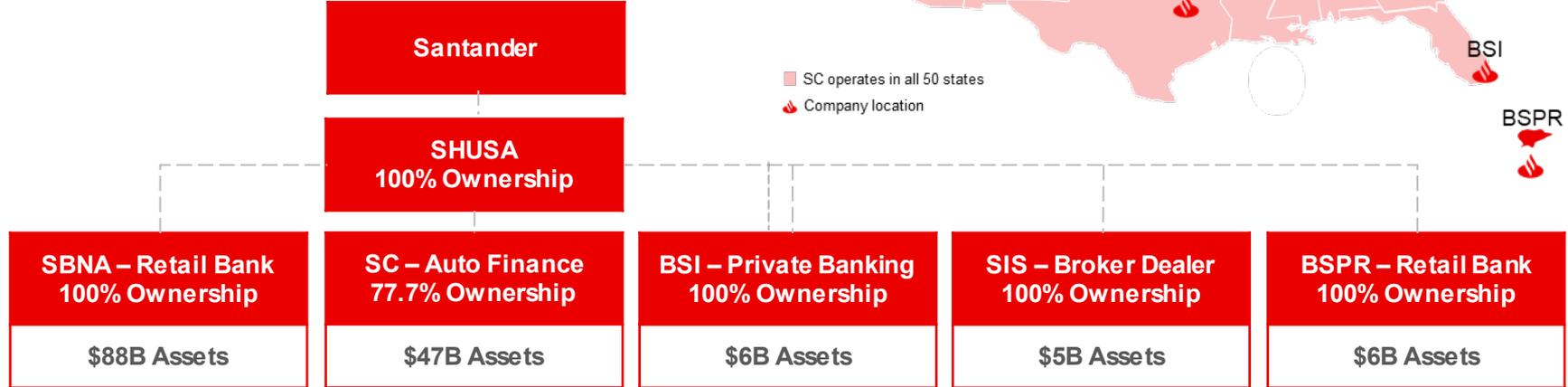
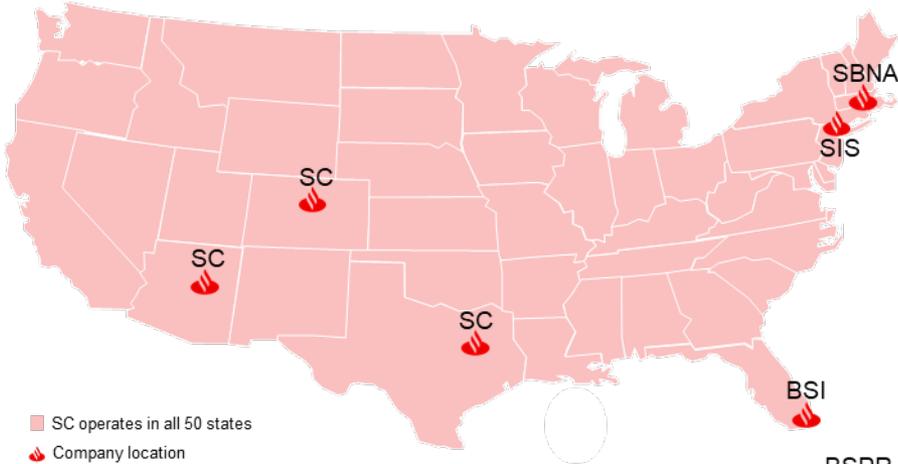
<sup>1</sup> Loans and advances to customers excluding reverse repos  
<sup>2</sup> Underlying profit weight excludes Corporate Centre and Santander Global Platform  
<sup>3</sup> South America's Other weight includes Uruguay & Andean Region

# SANTANDER HOLDINGS USA, INC.

SHUSA is an intermediate holding company (“IHC”) for Santander US entities and issues under the ticker symbol “SANUSA”

## SHUSA Highlights

-  **7 major locations**
-  **\$152B in assets**
-  **16,900 employees**
-  **5M customers**



**SBNA – Retail Bank**  
100% Ownership

**\$88B Assets**

Products include:

- C&I and commercial
- Multi-family
- Residential mortgage
- Dealer floorplan financing

**SC – Auto Finance**  
77.7% Ownership

**\$47B Assets**

- Preferred auto finance provider to Fiat Chrysler
- Leading auto loan and lease originator and servicer
- #1 auto ABS issuer in 2019

**BSI – Private Banking**  
100% Ownership

**\$6B Assets**

- Private wealth management for HNW and UHNW clients

**SIS – Broker Dealer**  
100% Ownership

**\$5B Assets**

Investment banking services include:

- Global markets
- Global transaction banking
- Global debt financing
- Corporate finance

**BSPR – Retail Bank**  
100% Ownership

**\$6B Assets**

- SHUSA recently agreed to sell Puerto Rico’s retail and commercial franchise to FirstBank Puerto Rico

# SANTANDER BANK

SBNA is a regional Northeast retail consumer bank with a stable deposit base

## SBNA Highlights



**575 branches**



**2,000 ATMs**

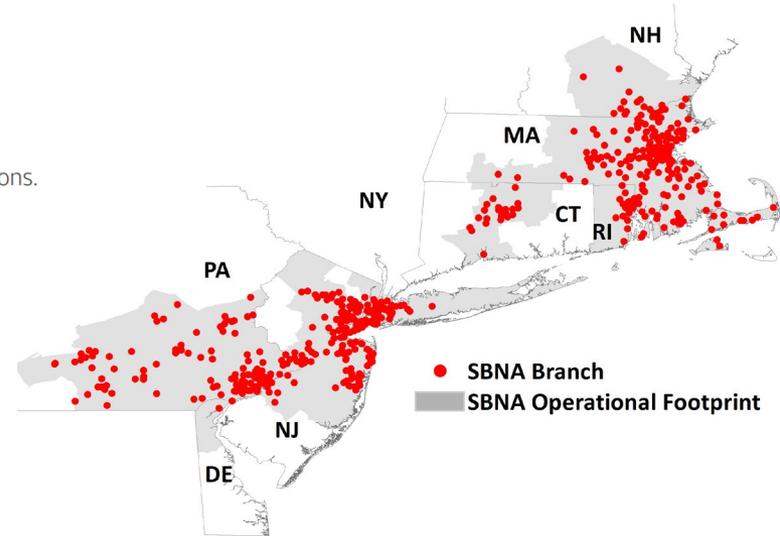
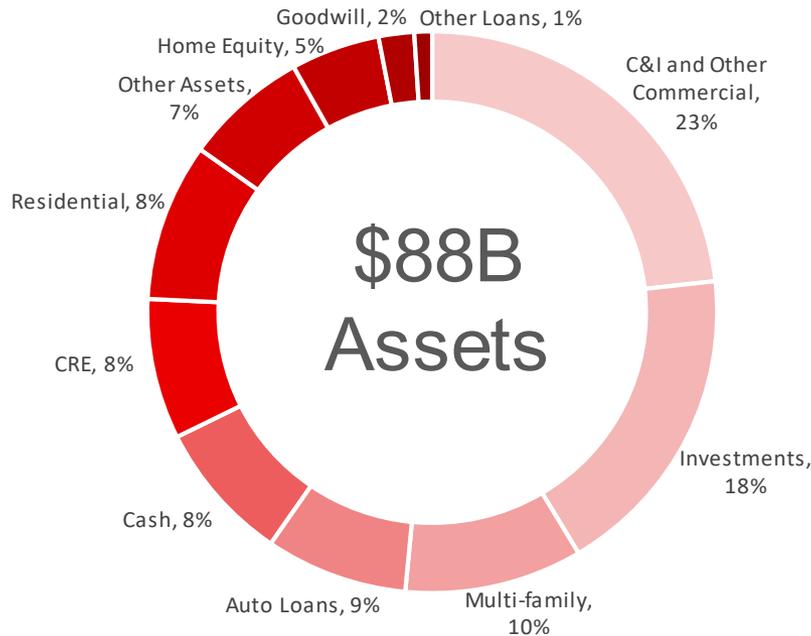
Includes 1,000 in CVS Pharmacy® locations.



**10,000 employees**



**2.1 million customers**



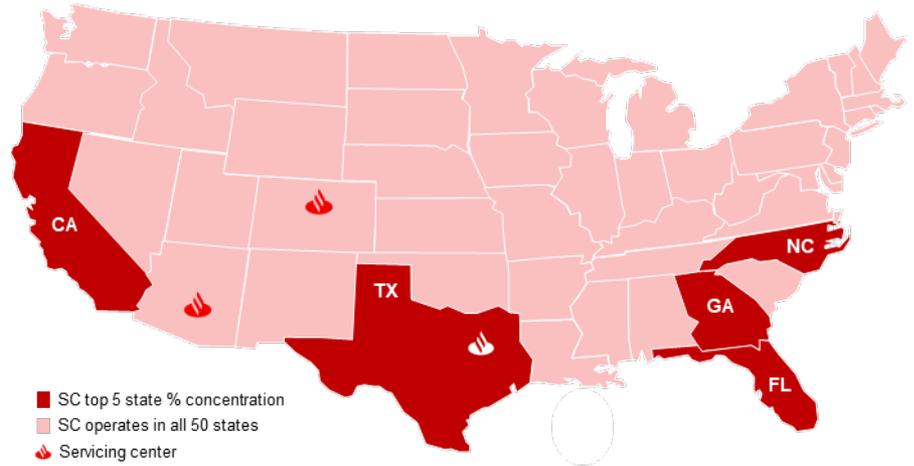
- ▶ Continue to improve loyalty and the customer experience across digital & physical channels in consumer bank
- ▶ Improve earning asset mix to drive further improvement in margins
- ▶ Online digital customer growth of 6% versus the prior quarter driven by roll-out of enhancements and digital capabilities

# SANTANDER CONSUMER USA

SC is a large and established, nationwide auto finance provider across the full credit spectrum with demonstrated success through credit cycles

## SC Highlights

-  **9 servicing centers**  **1.1M loans/leases**
-  **5,000 employees**  **3.1M customers**



## Indirect Auto and OEM Relationships

## Direct Auto

- ▶ \$61 billion in managed assets (includes \$32B of loans, \$18B of leases and \$11B of assets serviced for others)
- ▶ Preferred auto finance provider for FCA US LLC providing loans, leases, dealer floorplan
- ▶ Leading auto ABS issuer in 2019

## Santander US COVID-19 Relief Efforts

### Employees

- ▶ 90%+ of employees outside the retail network are working from home
- ▶ Temporary Emergency Paid Leave Program, premium compensation to frontline employees
- ▶ 75% of Santander Bank branches remain open with enhanced sanitization protocols

### Communities

- ▶ SAN US will provide \$25M in financing to Community Development Financial Institutions
- ▶ SC donated \$3M to organizations serving vulnerable populations hardest hit by the crisis

### SC

- ▶ Granted ~730,000 loan and ~70,000 lease deferrals since the beginning of the pandemic<sup>1</sup>
- ▶ Enhanced digital tools to manage accounts

### SBNA

- ▶ Temporary payment suspension, refunding late payment and overdraft fees
- ▶ Suspended collection calls and mortgage/HELOC foreclosures
- ▶ Waiving CD early withdrawal penalties and outgoing wire fees
- ▶ SBNA deployed substantial resources to support the Paycheck Protection Program (“PPP”)

# EARNINGS HIGHLIGHTS

## Balance Sheet and Liquidity Remain Strong

### Deposits & Auto Volume

- ▶ Santander Bank deposits of \$62.6B, up 15% YoY in-line with balance sheet growth
- ▶ SC total auto originations of \$7.8B, including \$1.7B in loans generated through Santander Bank
- ▶ SC's penetration rate with Fiat Chrysler 37%, up from 36% during Q2 2019

### Liquidity & Capital

- ▶ Access to funding improved during Q2 notwithstanding COVID-19 stress
- ▶ SHUSA accessed \$1.7B in funding during Q2; SC issued \$2.4B in ABS in Q2 and an additional \$1.4B in July
- ▶ SHUSA's ownership of SC increased to 77.7%<sup>1</sup> driven by share repurchases in the quarter
- ▶ CET1 ratio<sup>2</sup> of 14.4%

### Credit & Legal

- ▶ Santander Bank NPL ratio of 0.78% down 14 bps YoY
- ▶ SC net charge-off ratio of 6.0%, down 40 bps YoY
- ▶ SC voluntary settlement with 33 states alleging SC violated consumer protection laws dating back to 2010

### Goodwill & Reserves

- ▶ Goodwill impairment of \$1.8B (non-cash, no capital impact)
- ▶ \$588M of incremental reserves due to macroeconomic factors, primarily driven by COVID-19
- ▶ Allowance ratio of 8.0%, up 70 bps from Q1 2020

# DFAST RESULTS & CAPITAL UPDATE

Based on its 2020 Dodd-Frank Act Stress Test (“DFAST”) results, SHUSA's minimum capital ratios under the Federal Reserve’s severely adverse scenario ranked in the top quartile among participating banks

- ▶ On July 31, SC announced that SHUSA's request for certain exceptions to the Federal Reserve’s interim policy related to the DFAST and Comprehensive Capital Analysis and Review has been approved
- ▶ SC's Board of Directors has declared a quarterly cash dividend of \$0.22 per share of common stock payable to shareholders of record as of August 13, 2020. The dividend will be payable to shareholders of record on August 24, 2020.
- ▶ The Federal Reserve’s approval also permits the Company to authorize SC to continue its share repurchase program of SC's outstanding common stock through the end of the third quarter of 2020

# ALLOWANCE FOR CREDIT LOSSES (“ACL”)

<b>Allowance Ratios</b> <i>(Dollars in Millions)</i>	<b>June 30, 2020</b> <i>(Unaudited)</i>	<b>March 31, 2020</b> <i>(Unaudited)</i>	<b>December 31, 2019</b> <i>(Audited)</i>
Total loans held for investment (“LHF”)	\$91,294	\$93,006	\$92,705
Total ACL <sup>1</sup>	\$7,382	\$6,794	\$3,738
<b>Total Allowance Ratio</b>	<b>8.0%</b>	<b>7.3%</b>	<b>4.0%</b>

- » As of the end of Q2 2020, total allowance increased \$588M compared to Q1 2020, driven by macroeconomic factors primarily related to COVID-19
- » Total allowance coverage ratio increased to 8.0%
- » Allowance is ~85% of DFAST losses under the severely adverse scenario

# SHUSA QUARTERLY PROFITABILITY

Goodwill impairment of \$1.8B (non-cash, no capital impact) driven primarily by the Consumer and Business Banking unit, which has the most exposure to the low interest rate environment

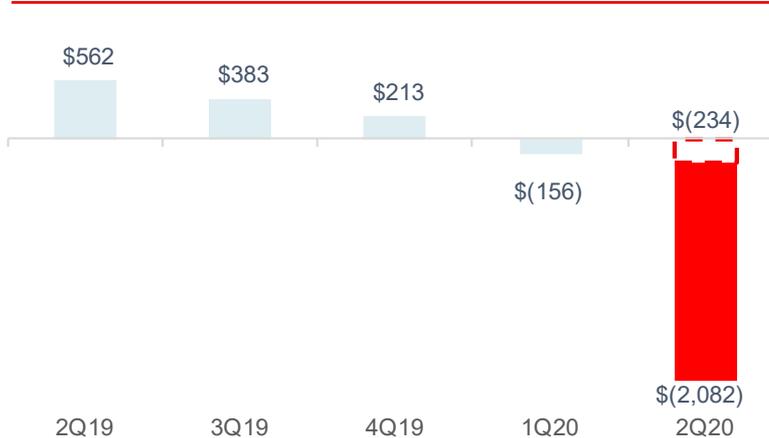
NET INTEREST INCOME (\$M)



PRE-TAX PRE-PROVISION INCOME (\$M)



PRE-TAX INCOME (\$M)



NET INCOME<sup>1,2</sup> (\$M)



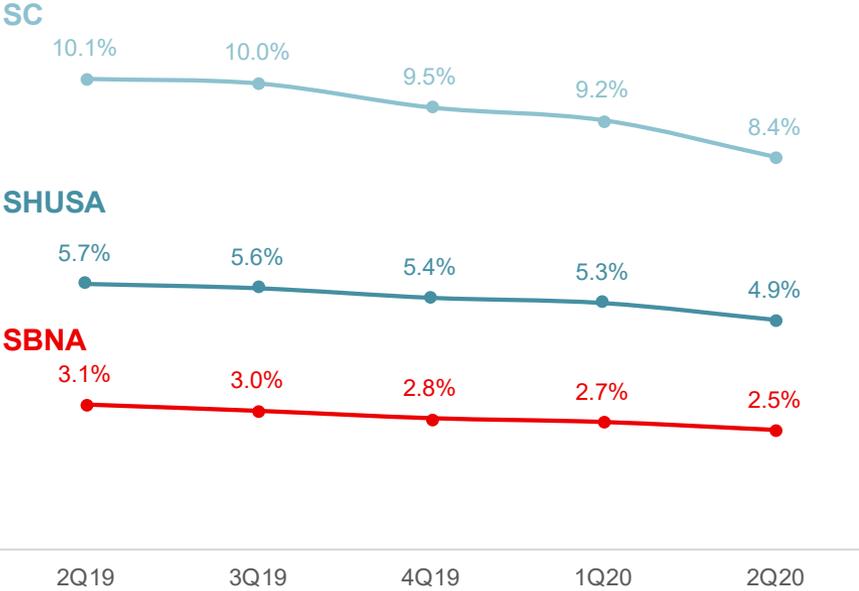
11 1 | Net income includes noncontrolling interest ("NCI").  
2 | See page 23 for the consolidating income statement.

 Non-GAAP measure, excludes goodwill impairment

# NIM AND INTEREST RATE RISK (IRR) SENSITIVITY

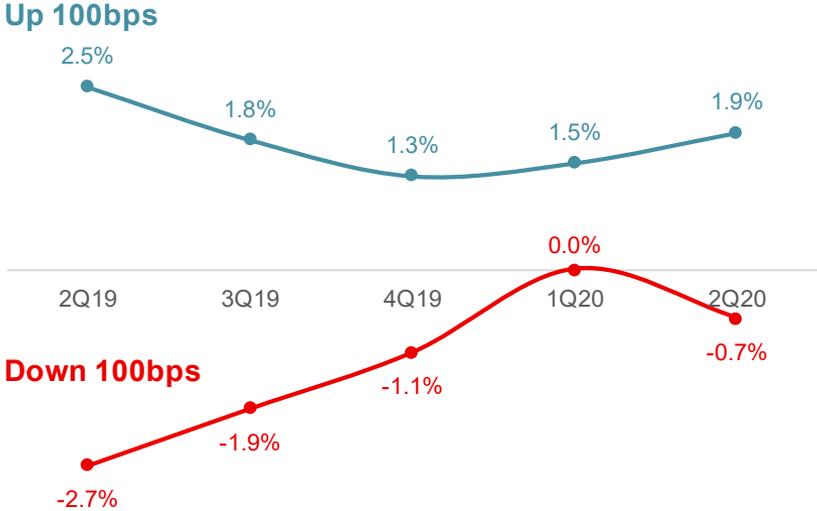
SHUSA's asset-sensitive position has decreased since Q1 2019

## NET INTEREST MARGIN



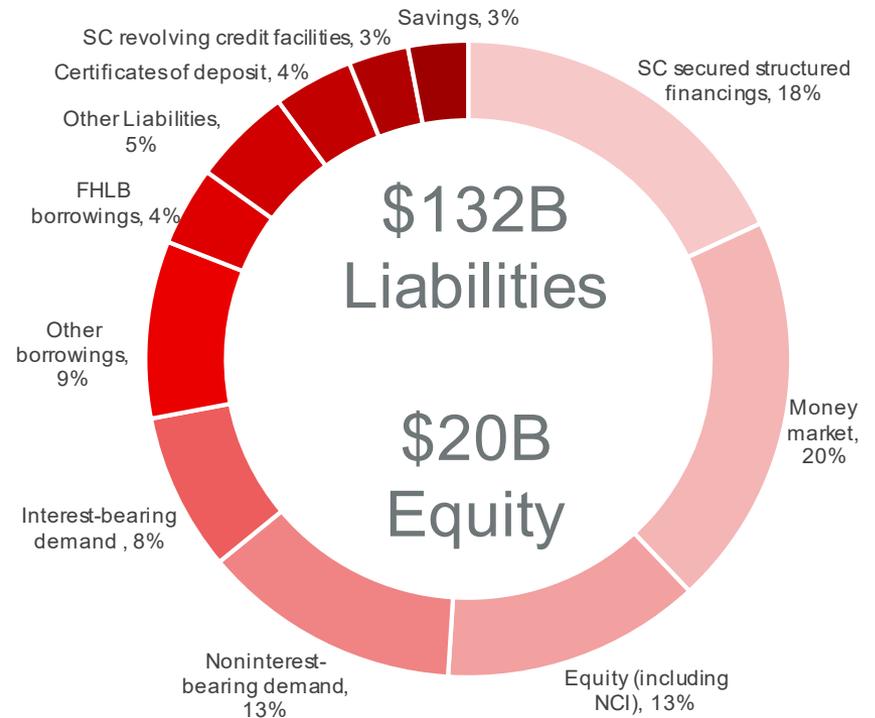
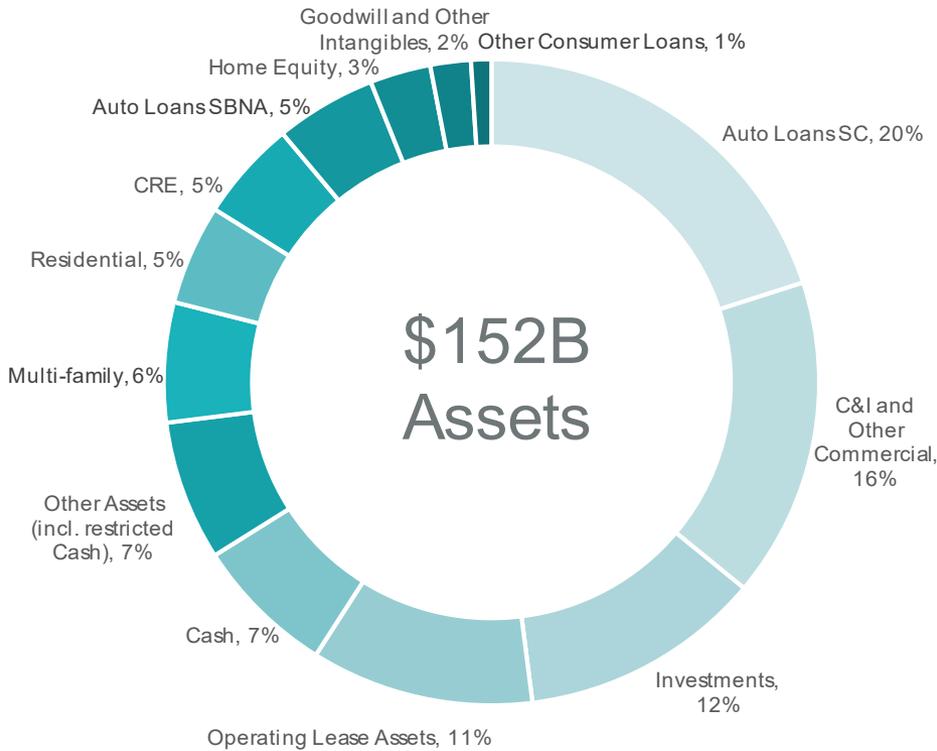
## SHUSA INTEREST RATE RISK

(Change in annual net interest income for parallel rate movements)



# BALANCE SHEET OVERVIEW

SHUSA's balance sheet<sup>1</sup> grew 6% YoY driven by auto, CIB and PPP loans

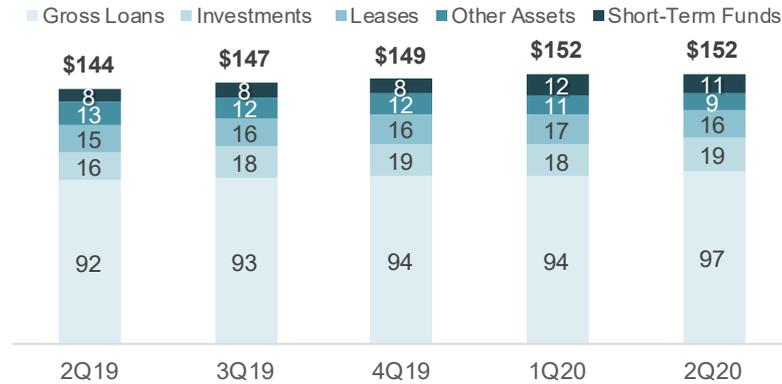


13 | 1 See page 24 for the consolidated balance sheet  
2 Includes loans held for sale and allowance for loan and lease losses

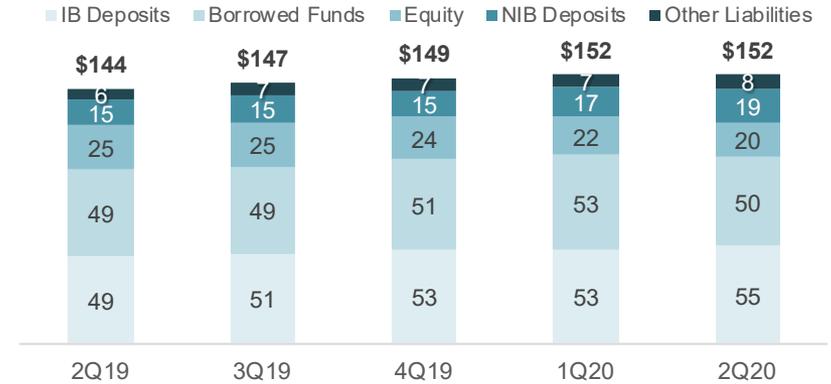
# BALANCE SHEET TRENDS

## Deposit growth of 16% YOY

### ASSETS (\$B)



### LIABILITIES & EQUITY (\$B)



### LOANS & LEASES (\$B)



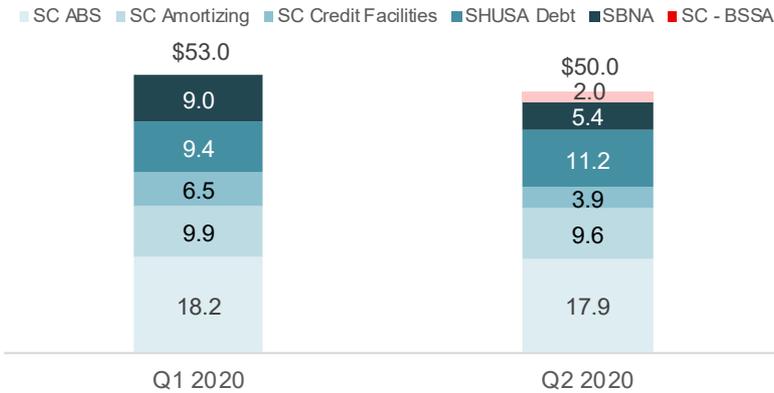
### DEPOSITS (\$B)



# BORROWED FUNDS PROFILE

Public issuances consist of SHUSA unsecured debt and SC auto ABS

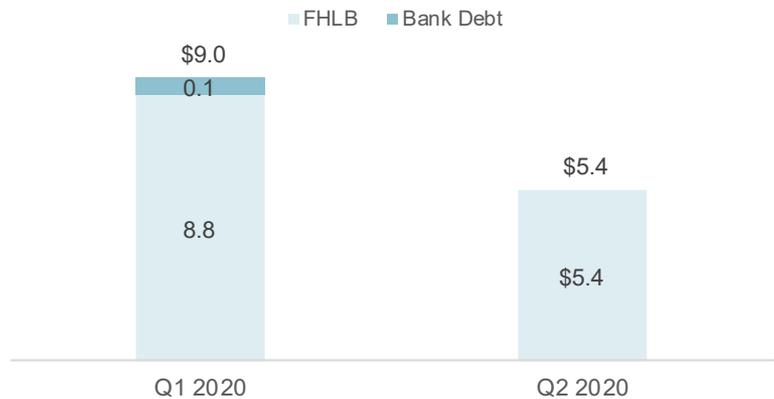
## SHUSA CONSOLIDATED (\$B)



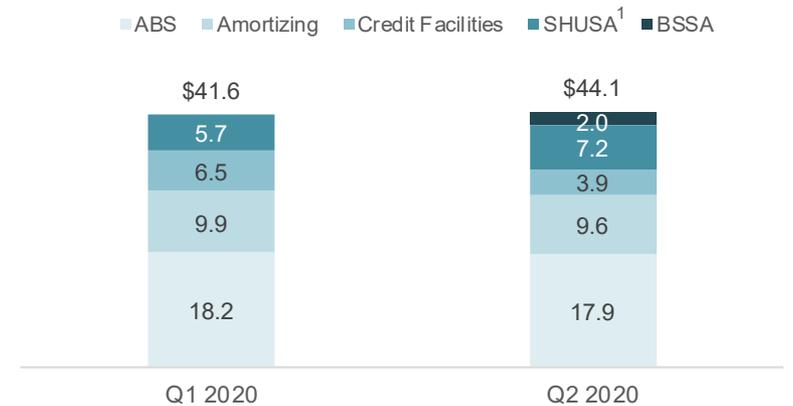
## SHUSA HOLDCO (\$B)



## SBNA (\$B)



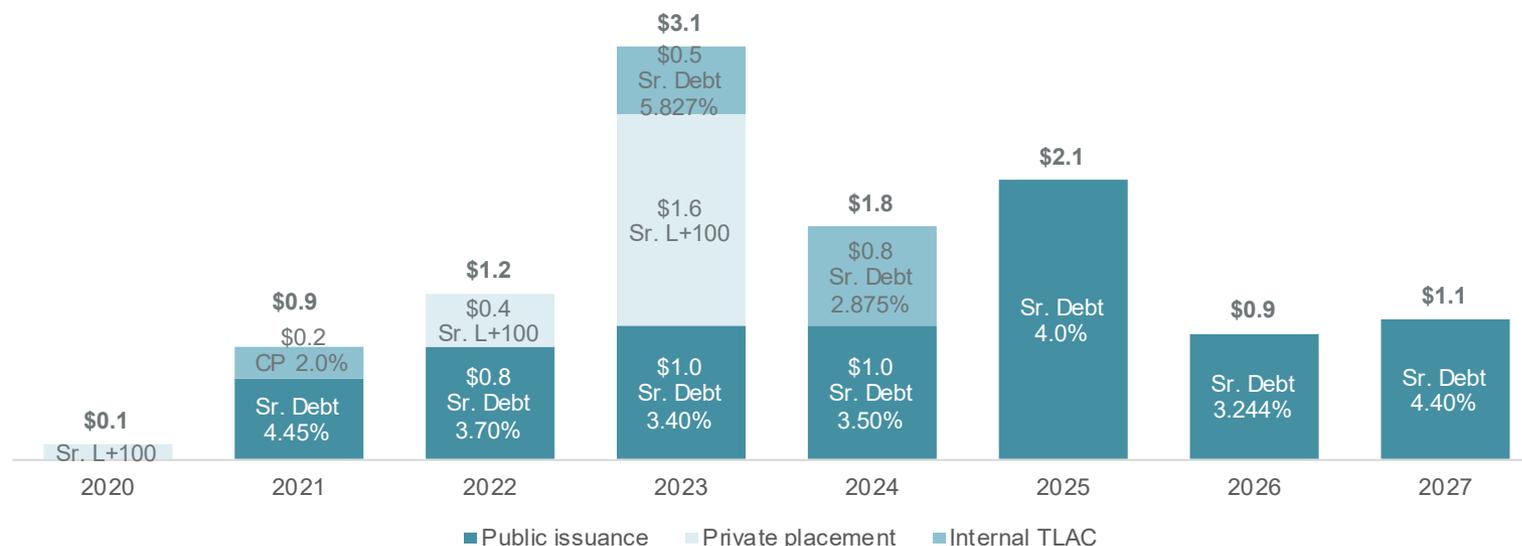
## SC (\$B)



# SHUSA DEBT & TLAC

- ▶ SHUSA publicly issued \$1.0B of 3.450% senior notes due June 2025
- ▶ Privately placed \$0.45B of 3.50% senior unsecured notes due April 2023; and \$0.25B of other unsecured debt
- ▶ As of 2Q20, SHUSA met the Federal Reserve total loss-absorbing capacity (“TLAC”) and long-term debt (“LTD”) requirements<sup>1</sup>, with 22.7% TLAC, 8.3% LTD<sup>1</sup> and a CET1 ratio<sup>2</sup> of 14.4%

## DEBT MATURITY SCHEDULE (\$ in Billions)



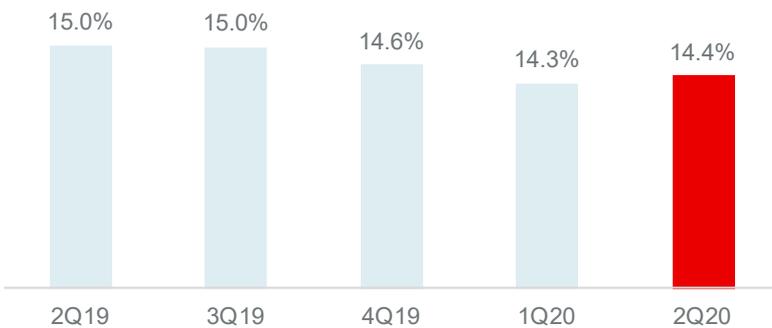
<sup>1</sup> SHUSA's requirement is 20.5% for TLAC and 6.0% for LTD as a percentage of risk-weighted assets

<sup>2</sup> Our regulatory capital ratios for the period ended June 30, 2020 are preliminary, based on information available as of the date of this presentation, and subject to completion of management's final reviews and financial closing procedures. These preliminary capital ratios may differ from our actual capital ratios, which will be included in our Form 10-Q for the quarter ended June 30, 2020, which we expect to file on or about August 7, 2020.

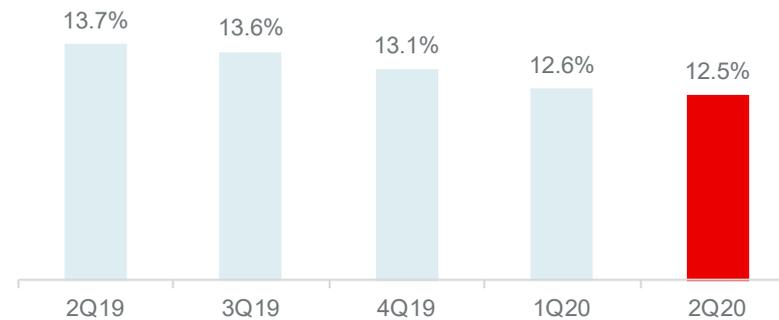
# CAPITAL RATIOS

Modest decline in ratios<sup>1,2</sup> due to asset growth and regulator-approved capital actions

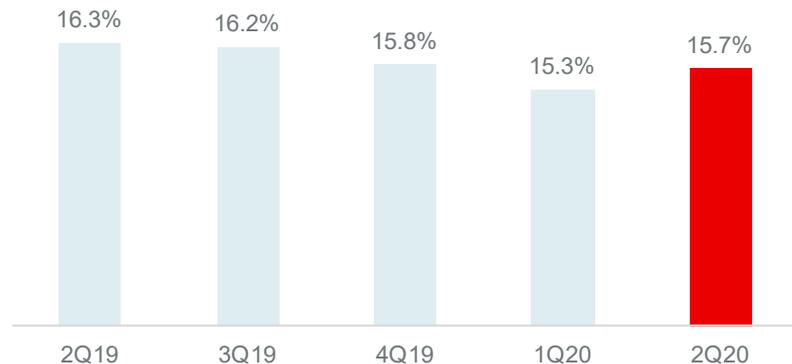
## CET1



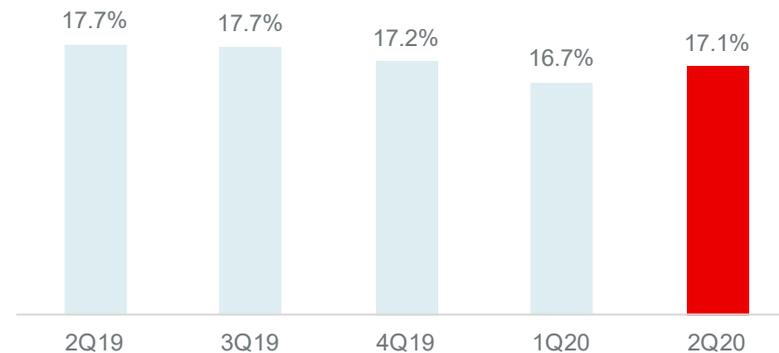
## TIER 1 LEVERAGE RATIO



## TIER 1 RISK-BASED CAPITAL RATIO



## TOTAL RISK-BASED CAPITAL RATIO



<sup>1</sup> Capital ratios through March 31, 2020 calculated under the U.S. Basel III framework on a transitional basis. Capital ratios starting in the first quarter of 2020 calculated under CECL transition provisions permitted by the CARES Act.

<sup>2</sup> Our regulatory capital ratios for the period ended June 30, 2020 are preliminary, based on information available as of the date of this presentation, and subject to completion of management's final reviews and financial closing procedures. These preliminary capital ratios may differ from our actual capital ratios, which will be included in our Form 10-Q for the quarter ended June 30, 2020, which we expect to file on or about August 7, 2020.

# SBNA ASSET QUALITY

CECL and macroeconomic reserves contributed to allowance increases in 2020

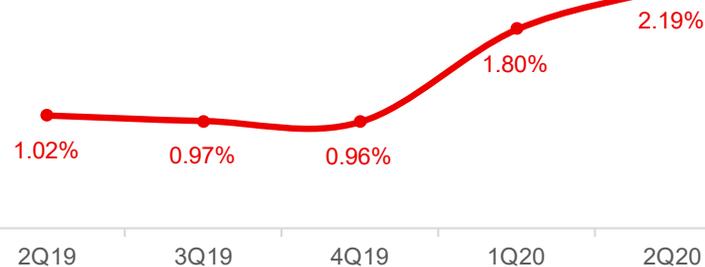
## ANNUALIZED NET CHARGE-OFF RATIO



## NPL RATIO<sup>1</sup>



## ALLL TO TOTAL LOANS<sup>2</sup>



## RESERVE COVERAGE (ALLL/NPL)



18 1 | NPLs = Non accruing loans plus accruing loans 90+ days past due ("DPD")  
2 | ALLL = Allowance for loan and lease losses

# SC AUTO ORIGINATIONS (QUARTERLY)

(\$ in Millions)	Three Months Ended Originations			% Variance	
	Q2 2020	Q1 2020	Q2 2019	QoQ	YoY
Total Core Retail Auto	\$ 2,135	\$ 2,306	\$ 2,414	(7%)	(12%)
Chrysler Capital Loans (<640) <sup>1</sup>	1,131	1,190	1,473	(5%)	(23%)
Chrysler Capital Loans (≥640) <sup>1</sup>	3,557	1,432	1,980	148%	80%
Total Chrysler Capital Retail	4,688	2,622	3,453	79%	36%
Total Leases <sup>2</sup>	989	2,024	2,525	(51%)	(61%)
<b>Total Auto Originations<sup>3</sup></b>	<b>\$ 7,812</b>	<b>\$ 6,952</b>	<b>\$ 8,392</b>	<b>12%</b>	<b>(7%)</b>
Asset Sales <sup>4</sup>	\$ 512	-	-	NA	NA
SBNA Originations <sup>4</sup>	\$ 1,724	\$ 1,081	\$ 1,917	59%	(10%)

1 | Approximate FICOs

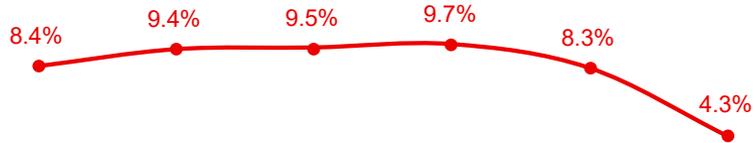
2 | Includes nominal capital lease originations

3 | Includes SBNA originations

4 | Asset sales and SBNA originations remain off of SC's balance sheet in the Service For Others portfolio

# SC DELINQUENCY AND LOSS (QUARTERLY)

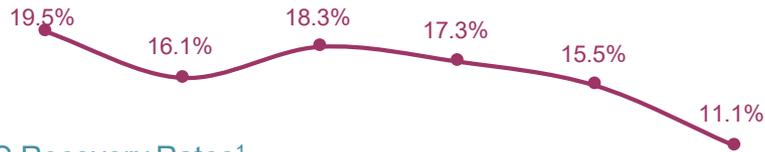
Delinquency Ratios: 30-59 Days Delinquent, RICs, HFI



Delinquency Ratios: >59 Days Delinquent, Retail Installment Contracts ("RICs"), HFI



Gross Charge-off Rates



SC Recovery Rates<sup>1</sup>



Net Charge-off Rates<sup>2</sup>



COVID-19 hardship relief programs led to lower delinquencies and charge-offs during the period

○ **Early stage delinquencies** decreased 510 bps YoY

○ **Late stage delinquencies** decreased 230 bps YoY

○ **Gross charge-off rates** decreased 500 bps YoY

○ **SC's Q2 recovery rate of 45.7%** reflects lower recoveries due to reduced repossessions and units sold

○ **Net charge-offs** decreased 40 bps YoY

20 1 | Recovery Rate – Per the financial statements includes insurance proceeds, bankruptcy/deficiency sales, and timing impacts  
2 | Net Charge-off rates on retail installment contracts, held for investment

# RATING AGENCIES

SHUSA and SBNA ratings impacted by the overall ratings of Banco Santander

## SR. DEBT RATINGS BY SANTANDER ENTITY

**FitchRatings**  Negative outlook  
(June 30, 2020)

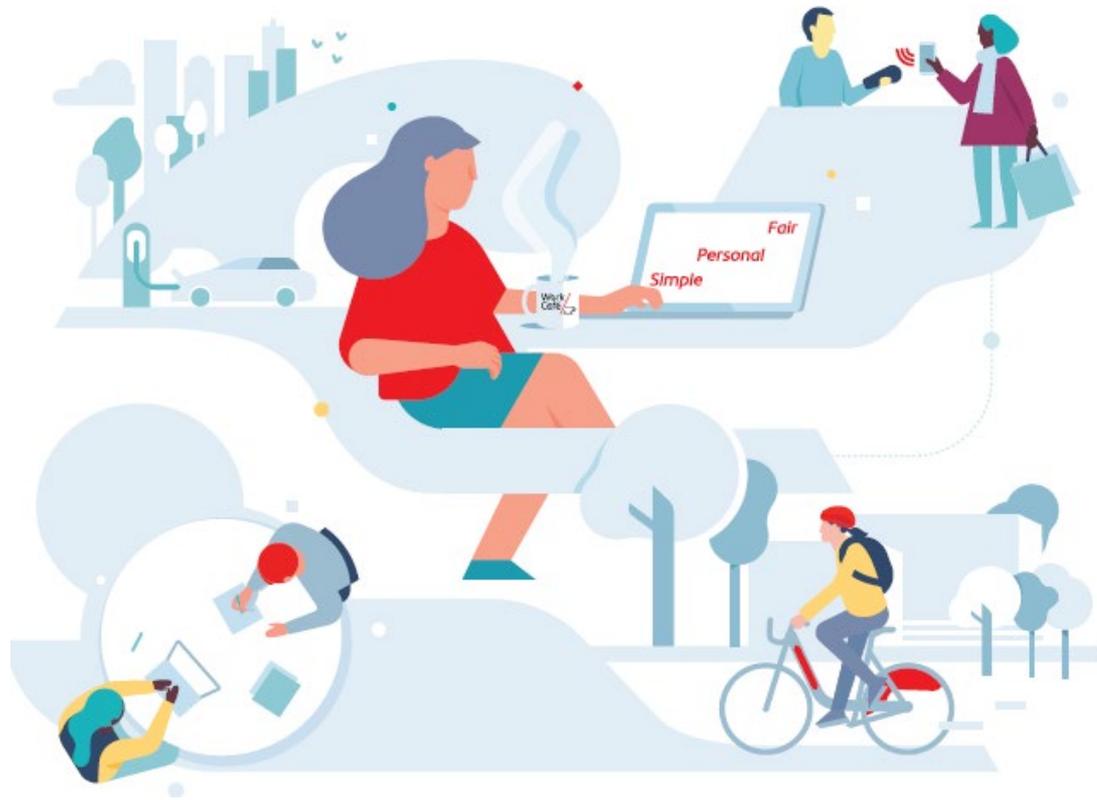
Banco Santander <sup>1</sup>	A
SHUSA	BBB+
SBNA	BBB+

**MOODY'S**  Stable outlook  
(April 22, 2020)

Banco Santander <sup>1</sup>	A2
SHUSA	Baa3
SBNA <sup>2</sup>	Baa1

**STANDARD & POOR'S**  Negative outlook  
(July 10, 2020)

Banco Santander <sup>1</sup>	A
SHUSA	BBB+
SBNA	A-



# APPENDIX

# CONSOLIDATING INCOME STATEMENT

For the three-month period ended June 30, 2020

(\$ in Millions)	SBNA	SC	Other <sup>(1)</sup>	IHC Entities <sup>(2)</sup>	SHUSA
Interest income	\$ 591	\$ 1,293	\$ 4	\$ 80	\$ 1,968
Interest expense	(89)	(309)	(23)	(8)	(429)
Net interest income	\$ 502	\$ 984	\$ (19)	\$ 72	\$ 1,539
Fees & other income/(expense)	132	668	\$ (20)	131	911
Other non-interest income	22	-	-	1	23
Net revenue/(loss)	\$ 656	\$ 1,652	\$ (39)	\$ 204	\$ 2,473
General, administrative and other expenses	(2,343)	(920)	(33)	(135)	(3,431)
Provision for credit losses	(266)	(862)	-	4	(1,124)
Income/(loss) before taxes	\$ (1,953)	\$ (130)	\$ (72)	\$ 73	\$ (2,082)
Income tax (expense)/benefit	198	33	(24)	(21)	186
Net income/(loss)	(1,755)	(97)	(96)	52	(1,896)
Less: Net income attributable to NCI <sup>(3)</sup>	-	(23)	-	-	(23)
Net income attributable to SHUSA	(1,755)	(74)	(96)	52	(1,873)

23 <sup>1</sup> Includes holding company activities, IHC eliminations, and eliminations and purchase accounting marks related to SC consolidation.

<sup>2</sup> The entities acquired in the formation of the IHC are presented within "other" in SHUSA's financial statement segment presentation due to immateriality.

<sup>3</sup> SHUSA net income includes NCI.

# CONSOLIDATING BALANCE SHEET

(\$ in Millions)

For the three-month period ended June 30, 2020

Assets	SBNA	SC	Other <sup>(1)</sup>	IHC Entities <sup>(2)</sup>	SHUSA
Cash and cash equivalents	\$ 7,322	\$ 176	\$ 2,379	\$ 1,208	\$ 11,085
Investments available-for-sale at fair value	10,291	96	1,661	-	12,048
Investments held-to-maturity	4,709	23	(119)	617	5,230
Other investment securities <sup>(3)</sup>	954	-	24	750	1,728
LHFI	56,635	30,606	(41)	4,094	91,294
Less ALLL	(1,249)	(5,860)	(143)	(7)	(7,259)
Total loans HFI, net	\$ 55,386	\$ 24,746	\$ (184)	\$ 4,087	\$ 84,035
Goodwill	1,554	74	968	-	2,596
Other assets	7,535	22,152	5,739	206	35,632
Total assets	\$ 87,751	\$ 47,267	\$ 10,468	\$ 6,868	\$ 152,354
Liabilities and Stockholder's Equity					
Deposits	\$ 67,055	\$ -	\$ 1,816	\$ 5,092	\$ 73,963
Borrowings and other debt obligations	5,400	40,637	3,812	8	49,857
Other liabilities	3,346	1,735	3,008	218	8,307
Total liabilities	\$ 75,801	\$ 42,372	\$ 8,636	\$ 5,318	\$ 132,127
Stockholder's equity including NCI	11,950	4,895	1,832	1,550	20,227
Total liabilities and stockholder's equity	\$ 87,751	\$ 47,267	\$ 10,468	\$ 6,868	\$ 152,354

24 1 Includes holding company activities, IHC eliminations, and eliminations and purchase accounting marks related to SC consolidation.

2 The entities acquired in the formation of the IHC are presented within "other" in SHUSA's financial statement segment presentation due to immateriality.

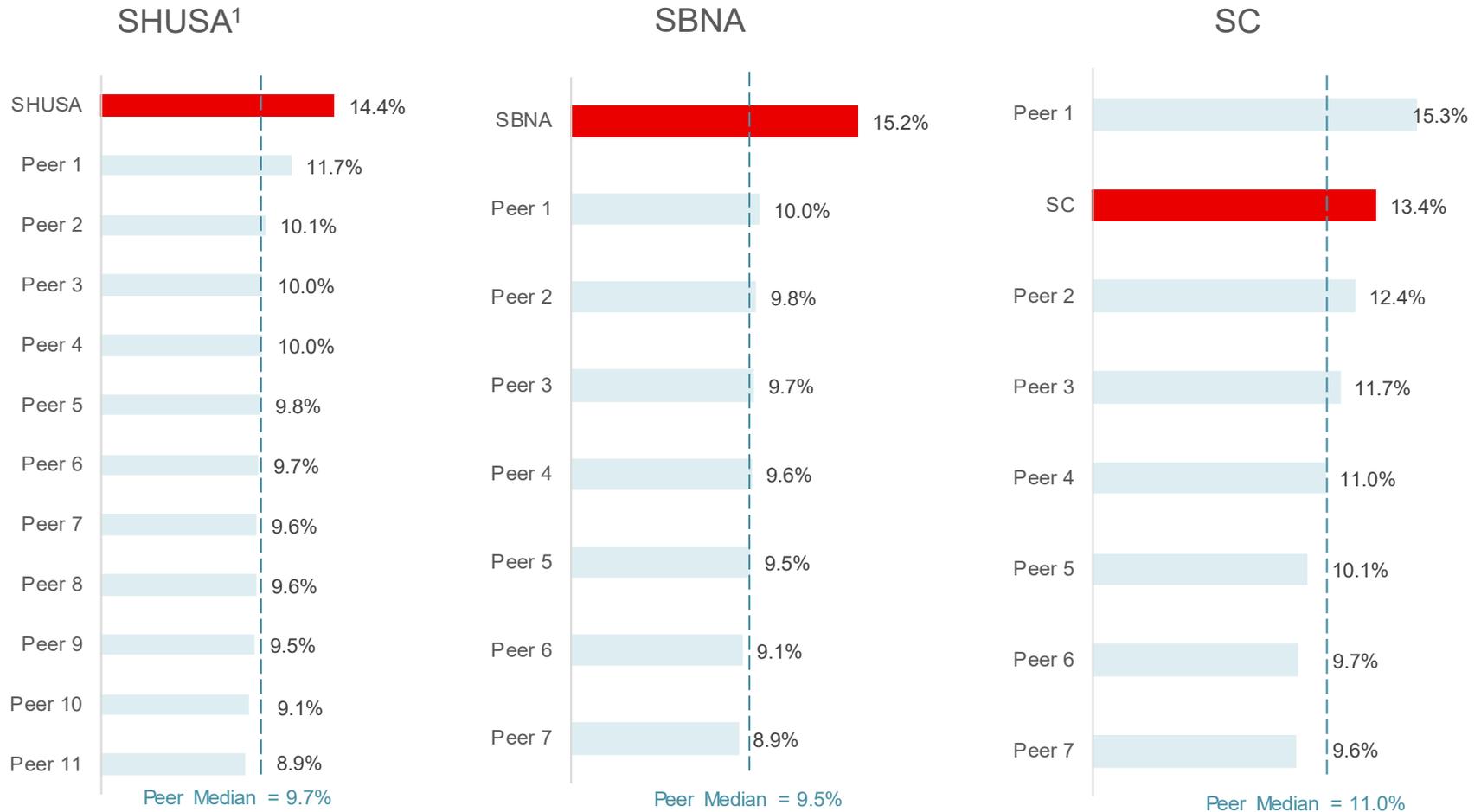
3 Other investment securities include trading securities.

# SHUSA: QUARTERLY TRENDED STATEMENT OF OPS

(\$ in Millions)	2Q19	3Q19	4Q19	1Q20	2Q20
Interest income	\$ 2,176	\$ 2,185	\$ 2,148	\$ 2,110	\$ 1,968
Interest expense	(554)	(566)	(549)	(524)	(429)
Net interest income	\$ 1,622	\$ 1,619	\$ 1,599	\$ 1,586	\$ 1,539
Fees & other income	961	999	866	1,018	911
Other non-interest income	2	2	3	9	23
Net revenue	\$ 2,585	\$ 2,620	\$ 2,468	\$ 2,613	\$ 2,473
General, administrative, and other expenses	(1,542)	(1,633)	(1,647)	(1,583)	(3,431)
Provision for credit losses	(481)	(604)	(608)	(1,186)	(1,124)
Income before taxes	\$ 562	\$ 383	\$ 213	\$ (156)	\$ (2,082)
Income tax (expense)/benefit	(155)	(113)	(87)	33	186
Net income	407	270	126	(123)	(1,896)
Less: Net income attributable to NCI	111	67	39	4	(23)
Net income attributable to SHUSA	296	203	87	(127)	(1,873)
	2Q19	3Q19	4Q19	1Q20	2Q20
NIM	5.7%	5.6%	5.4%	5.3%	4.9%

# CAPITAL RATIO (CET1) COMPARISON

Santander US entities remain well-capitalized versus peers<sup>1</sup>



<sup>1</sup> Our regulatory capital ratios for the period ended June 30, 2020 are preliminary, based on information available as of the date of this presentation, and subject to completion of management's final reviews and financial closing procedures. These preliminary capital ratios may differ from our actual capital ratios, which will be included in our Form 10-Q for the quarter ended June 30, 2020, which we expect to file on or about August 7, 2020.

\* Peers: ALLY, BBVA, BMO, BNP, COF, CIT, CFG, CMA, DFS, FITB, HBAN, KEY, MTB, MUFG, RF, TD, TF

# SHUSA: NON-GAAP RECONCILIATIONS

(\$ in Millions)	2Q19	3Q19	4Q19	1Q20	2Q20
SHUSA pre-tax pre-provision income					
Pre-tax income, as reported	\$ 562	\$ 383	\$ 213	\$ (156)	\$ (2,082)
Provision for credit losses	481	604	608	1,186	1,124
Pre-tax pre-provision Income	\$ 1,043	\$ 987	\$ 821	1,030	(958)
CET 1 to risk-weighted assets					
CET 1 capital	\$ 17,277	\$ 17,504	\$ 17,392	\$ 17,113	\$ 17,209
Risk-weighted assets	114,877	116,652	118,898	120,055	119,865
Ratio	15.0%	15.0%	14.6%	14.3%	14.4%
Tier 1 leverage					
Tier 1 capital	\$ 18,695	\$ 18,888	\$ 18,781	\$ 18,311	\$ 18,862
Avg total assets, leverage capital purposes	136,165	139,301	143,057	144,758	151,184
Ratio	13.7%	13.6%	13.1%	12.6%	12.5%
Tier 1 risk-based					
Tier 1 capital	\$ 18,695	\$ 18,888	\$ 18,781	\$ 18,311	\$ 18,862
Risk-weighted assets	114,877	116,652	118,898	120,055	119,865
Ratio	16.3%	16.2%	15.8%	15.3%	15.7%
Total risk-based					
Risk-based capital	\$ 20,391	\$ 20,601	\$ 20,480	\$ 20,007	\$ 20,541
Risk-weighted assets	114,877	116,652	118,898	120,055	119,865
Ratio	17.7%	17.7%	17.2%	16.7%	17.1%

# SHUSA: GOODWILL RECONCILIATION

<b>SHUSA Pre-tax Pre-Provision Income</b>	<b>2Q20</b>
Pre-tax pre-provision income, as reported	\$ (958)
Add back: Impairment	1,848
Pre-tax Pre-Provision Income, adjusted	890

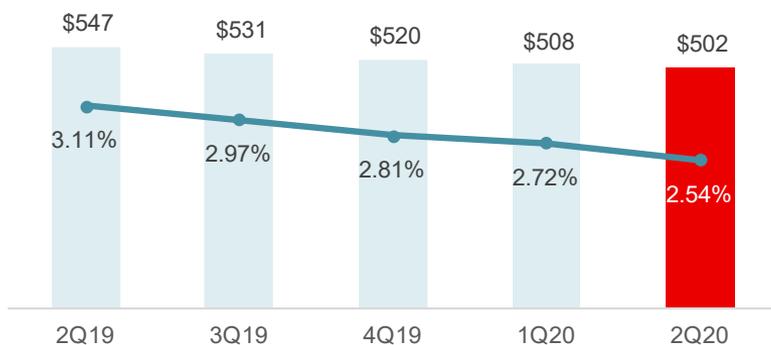
<b>Pre-Tax Income/(Loss)</b>	<b>2Q20</b>
Pre-tax income, as reported	\$ (2,082)
Add back: Impairment	1,848
Pre-Tax Income/(Loss), adjusted	(234)

<b>Net Income/(Loss), as reported</b>	<b>2Q20</b>
Pre-tax income, as reported	\$ (2,082)
<i>Tax rate</i>	(8.9%)
Income tax (expense)/benefit	186
Net Income, as reported	(1,896)

<b>Net Income/(Loss), adjusted</b>	<b>2Q20</b>
Pre-tax income, adjusted	\$ (234)
<i>Tax rate</i>	(23.5%)
Income tax (expense)/benefit	55
Net Income/(Loss), adjusted	(179)

# SBNA: QUARTERLY PROFITABILITY

## NET INTEREST INCOME (\$M)



## PRE-TAX PRE-PROVISION INCOME (\$M)<sup>1</sup>



## PRE-TAX INCOME (\$M)<sup>1</sup>



## NET INCOME/(LOSS) (\$M)<sup>1</sup>



# SBNA: QUARTERLY TRENDED STATEMENT OF OPS

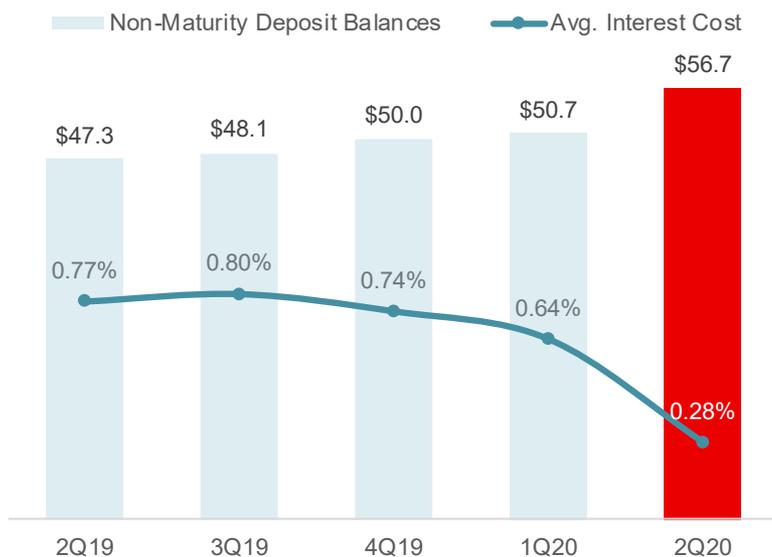
(\$ in Millions)	2Q19	3Q19	4Q19	1Q20	2Q20
Interest income	\$ 719	\$ 712	\$ 695	\$ 665	\$ 591
Interest expense	(172)	(181)	(175)	(157)	(89)
Net interest income	\$ 547	\$ 531	\$ 520	\$ 508	\$ 502
Fees & other income	142	180	151	135	132
Other non-interest income	2	2	3	11	22
Net revenue	\$ 691	\$ 713	\$ 674	\$ 654	\$ 656
General, administrative & other expenses	(539)	(568)	(612)	(520)	(2,343)
Release of/(provision for) credit losses	(47)	(50)	(63)	(255)	(266)
Income before taxes	\$ 105	\$ 95	\$ (1)	\$ (121)	\$ (1,953)
Income tax expense	(20)	(8)	(1)	42	198
Net income/(loss)	85	87	(2)	(79)	(1,755)
	2Q19	3Q19	4Q19	1Q20	2Q20
Net interest margin before provision	3.1%	3.0%	2.8%	2.7%	2.5%

# SBNA: QUARTERLY AVERAGE BALANCE SHEET

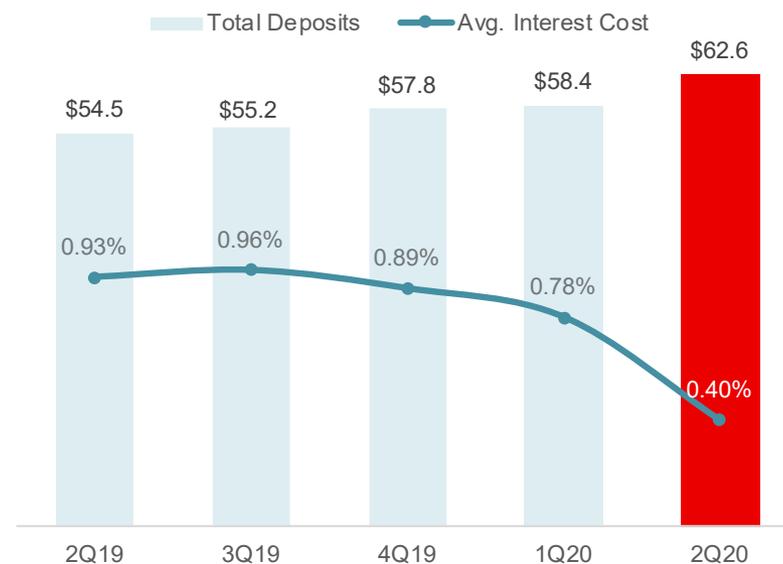
(\$ in Millions)	2Q20		1Q20		QoQ Change		2Q19	
	Average Balance	Yield/Rate	Average Balance	Yield/Rate	Average Balance	Yield/Rate	Average Balance	Yield/Rate
<b>Assets</b>								
Deposits and investments	\$ 21,766	1.34%	\$ 19,703	2.05%	\$ 2,063	(0.71%)	\$ 15,997	2.40%
Loans	57,233	3.62%	55,011	4.10%	2,222	(0.48%)	54,330	4.59%
Allowance for loan losses	(1,035)	---	(886)	---	(149)	---	(560)	---
Other assets	11,080	---	10,311	---	769	---	9,322	---
<b>Total assets</b>	<b>\$ 89,044</b>	<b>2.66%</b>	<b>\$ 84,139</b>	<b>3.16%</b>	<b>\$ 4,905</b>	<b>(0.50%)</b>	<b>\$ 79,089</b>	<b>3.64%</b>
<b>Liabilities and stockholder's equity</b>								
Interest-bearing demand deposits	\$ 9,844	0.03%	\$ 8,817	0.48%	\$ 1,027	(0.45%)	\$ 8,791	0.71%
Noninterest-bearing demand deposits	14,930	---	12,206	---	2,724	---	12,514	---
Savings	4,215	0.04%	3,777	0.07%	438	(0.03%)	3,885	0.06%
Money market	30,254	0.51%	28,648	1.02%	1,606	(0.51%)	25,576	1.24%
Certificates of deposit	5,967	1.59%	7,723	1.74%	(1,756)	(0.15%)	7,213	2.00%
Borrowed funds	7,205	1.41%	6,910	2.26%	295	(0.85%)	5,317	3.07%
Other liabilities	2,825	---	2,385	---	440	---	2,101	---
Equity	13,807	---	13,673	---	134	---	13,692	---
<b>Total liabilities and stockholder's equity</b>	<b>\$ 89,047</b>	<b>0.40%</b>	<b>\$ 84,139</b>	<b>0.74%</b>	<b>\$ 4,908</b>	<b>(0.34%)</b>	<b>\$ 79,089</b>	<b>0.87%</b>
<b>Net interest margin</b>		<b>2.54%</b>		<b>2.72%</b>		<b>(0.18%)</b>		<b>3.11%</b>

# SBNA: FUNDING – DEPOSITS

## AVERAGE NON-MATURITY DEPOSIT BALANCES<sup>1</sup> (\$B)



## AVERAGE TOTAL DEPOSIT BALANCE<sup>1</sup> (\$B)



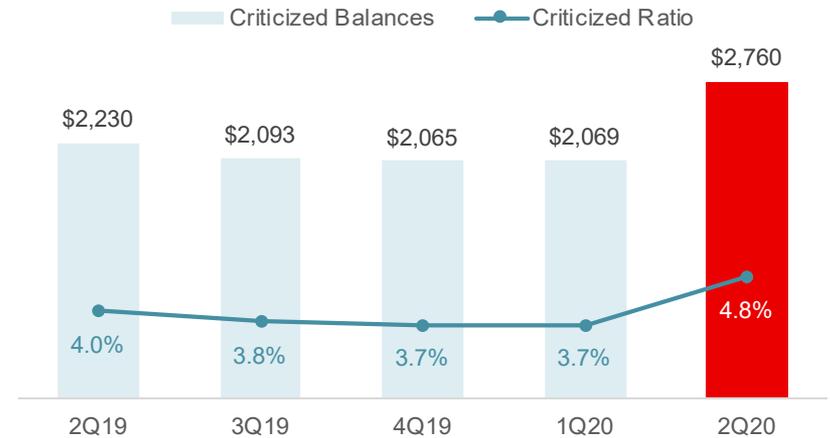
32 <sup>1</sup> Represents average quarterly balances.  
 \* | SBNA total deposits less the SHUSA cash deposit held at SBNA.

# SBNA: ASSET QUALITY

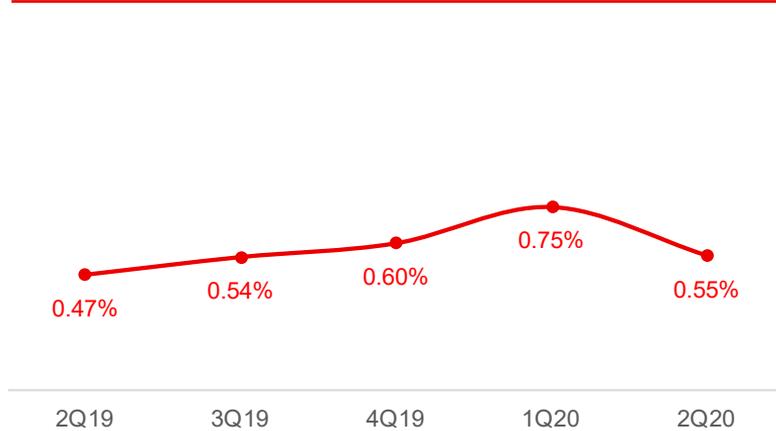
## NPLs



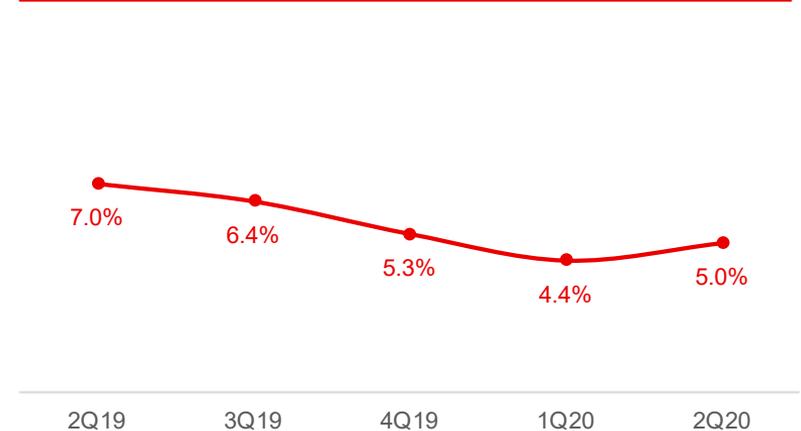
## CRITICIZED BALANCES<sup>1</sup>



## DELINQUENCY<sup>2</sup>



## TEXAS RATIO<sup>3</sup>



33 <sup>1</sup> Criticized = loans that are categorized as special mention, substandard, doubtful, or loss  
<sup>2</sup> Delinquency = accruing loans 30-89 DPD plus accruing loans 90+ DPD  
<sup>3</sup> See page 37 for non-GAAP measurement reconciliation of Texas Ratio

# SBNA: ASSET QUALITY (CONTINUED)

Outstandings\*      NPLs to Total Loans      Net Charge-Offs

## MORTGAGES



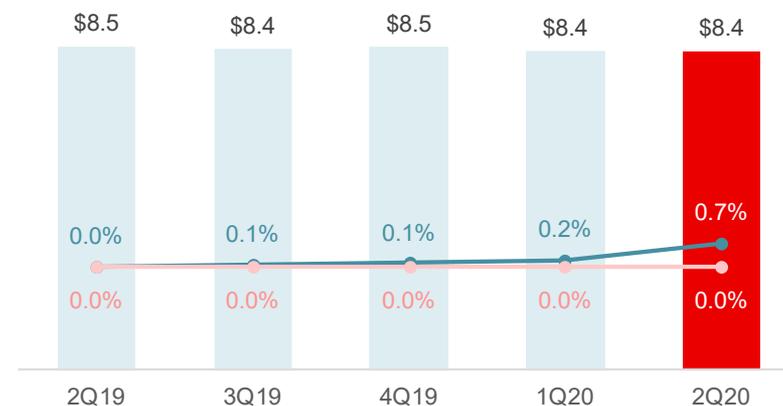
## HOME EQUITY



## CRE<sup>1</sup>



## SANTANDER REAL ESTATE CAPITAL ("SREC")



34 <sup>1</sup> CRE is comprised of the commercial real estate and continuing care retirement communities business segments (SREC segment included in separate graph)  
 \* Dollars in billions

# SBNA: ASSET QUALITY (CONTINUED)

Outstandings\*      NPLs to Total Loans      Net Charge-Offs

## COMMERCIAL BANKING<sup>1</sup>



## CIB



## OTHER CONSUMER<sup>2</sup>



## INDIRECT AUTO<sup>3</sup>



<sup>1</sup> Commercial Banking = Equipment Finance & Leasing, Commercial Equipment Vehicle Finance-Strategic, Financial Institutions Coverage, International Trade Banking, Middle Market, Asset Based Lending, Institutional-NonProfit, Government Banking, Life Sciences & Technology, Professional & Business Services, Energy Finance, Mortgage Warehouse, Other Non-Core Commercial, Chrysler Auto Finance, Footprint Dealer Floorplan and Commercial Banking Not Classified Elsewhere and all other Commercial Business segments.

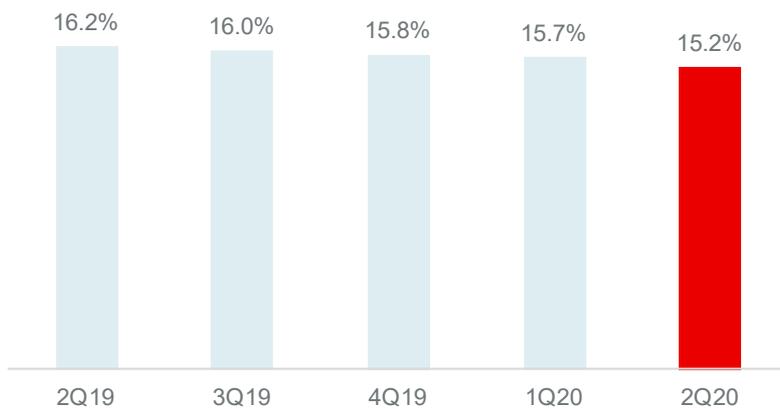
<sup>2</sup> Other Consumer = Direct Consumer, Indirect Consumer, RV/Marine, Credit Cards, SFC, & Retail run-off

<sup>3</sup> Indirect Auto = Origination program assets through SC, full roll-out in Q2'18

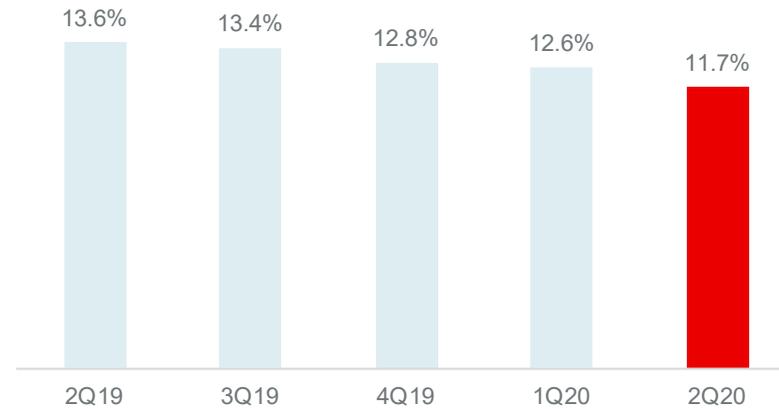
\* Dollars in billions

# SBNA: CAPITAL RATIOS<sup>1,2</sup>

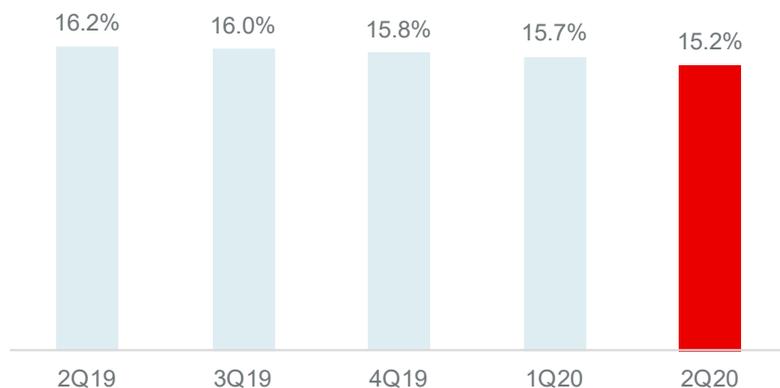
## CET1



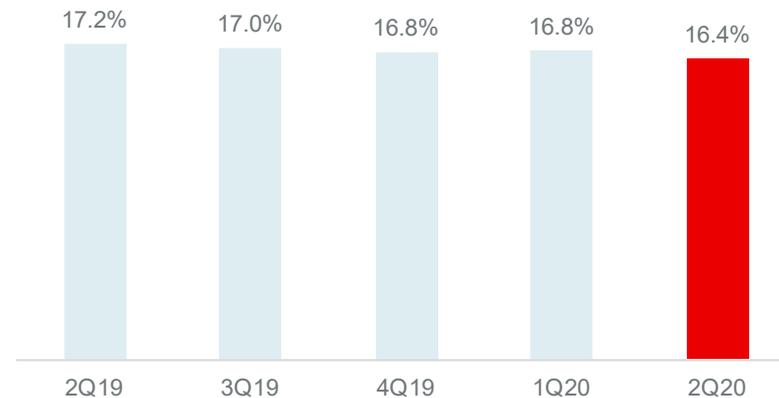
## TIER 1 LEVERAGE RATIO



## TIER 1 RISK-BASED CAPITAL RATIO



## TOTAL RISK-BASED CAPITAL RATIO

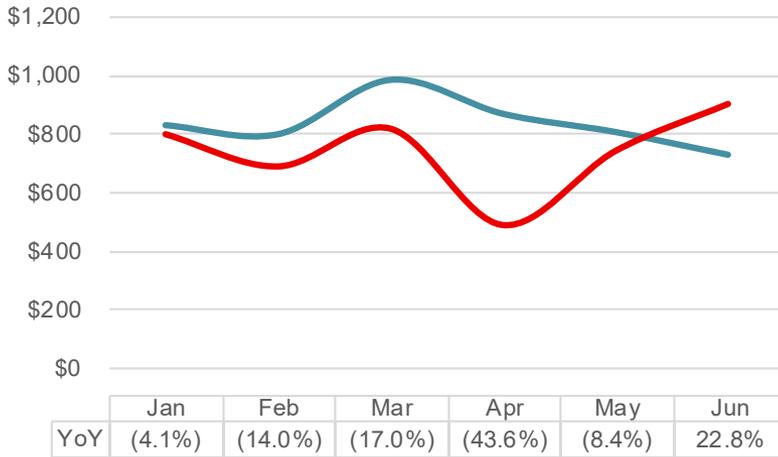


<sup>1</sup> Capital ratios through March 31, 2020 calculated under the U.S. Basel III framework on a transitional basis. Capital ratios starting in the first quarter of 2020 calculated under CECL transition provisions permitted by the CARES Act.

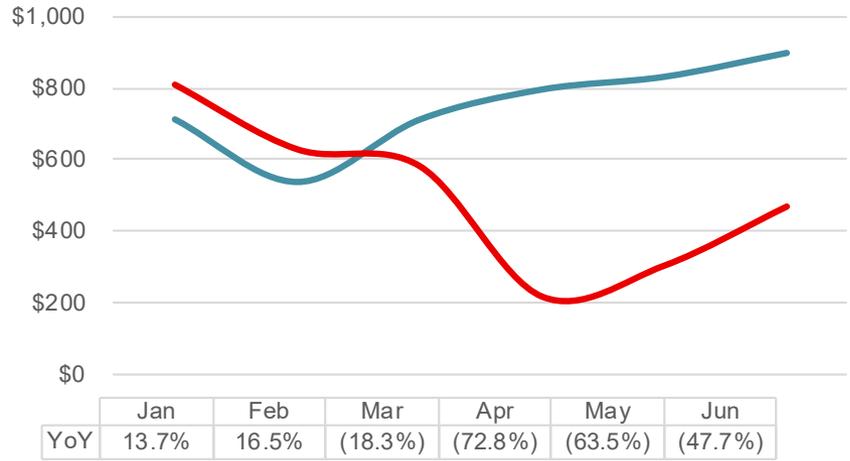
<sup>2</sup> Our regulatory capital ratios for the period ended June 30, 2020 are preliminary, based on information available as of the date of this presentation, and subject to completion of management's final reviews and financial closing procedures. These preliminary capital ratios may differ from our actual capital ratios, which will be included in our Form 10-Q for the quarter ended June 30, 2020, which we expect to file on or about August 7, 2020.

# SC AUTO ORIGINATIONS (MONTHLY)

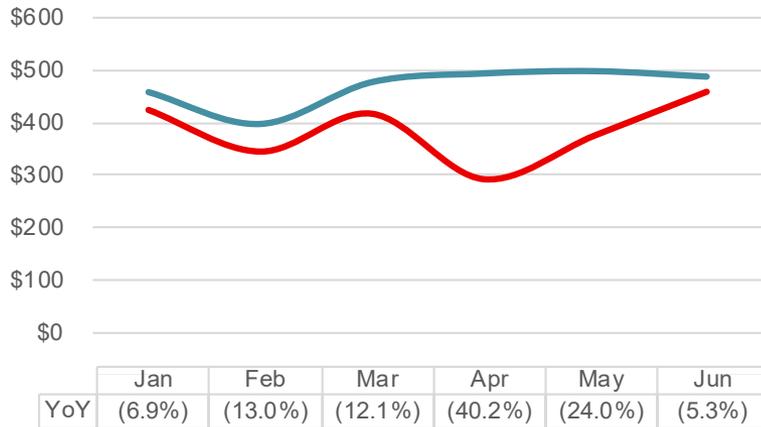
Core Retail Auto (\$ in millions)



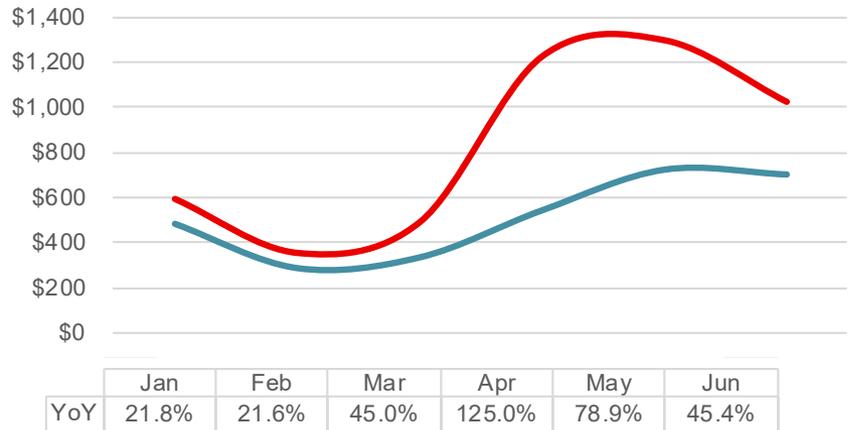
Chrysler Lease<sup>1</sup> (\$ in millions)



Chrysler Capital Loans, <640<sup>2</sup> (\$ in millions)



Chrysler Capital Loans, ≥640<sup>2</sup> (\$ in millions)



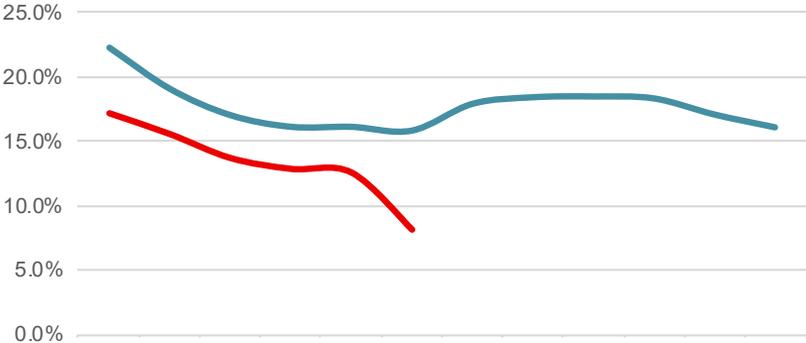
37 1 | Includes nominal capital lease originations  
2 | Approximate FICOs

— 2019 — 2020



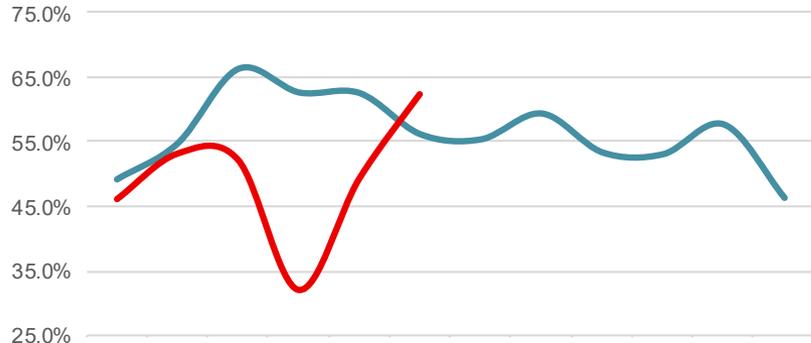
# SC DELINQUENCY AND LOSS (MONTHLY)

Gross Charge-off Ratio (%)



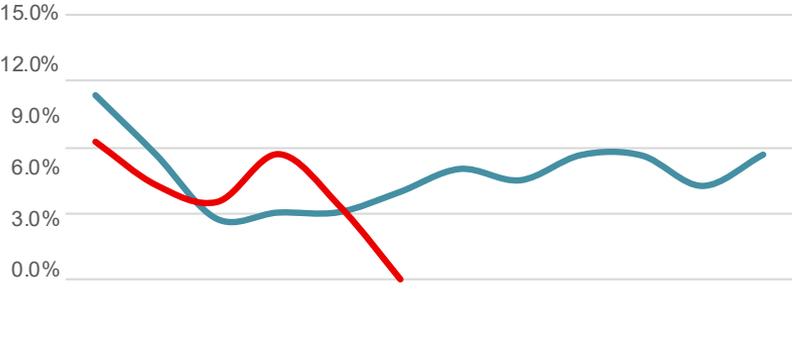
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	22.3	19.1	17.0	16.1	16.1	15.8	17.9	18.4	18.5	18.3	17.1	16.1
2020	17.2	15.6	13.7	12.9	12.6	8.1						

Recovery Rates (%)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	49.0	54.6	66.1	62.5	62.4	56.0	55.2	59.2	53.2	52.9	57.5	46.2
2020	46.0	53.0	52.1	32.1	49.1	62.1						

Net Charge-off Ratio (%)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019	11.3	8.7	5.8	6.1	6.1	7.0	8.0	7.5	8.6	8.6	7.3	8.7
2020	9.3	7.3	6.6	8.7	6.4	3.1						

# SBNA: NON-GAAP RECONCILIATIONS

(\$ in Millions)

	2Q19	3Q19	4Q19	1Q20	2Q20
SBNA pre-tax pre-provision income					
Pre-tax income, as reported	\$ 105	\$ 95	\$ (1)	\$ (121)	\$ (1,953)
(Release of)/provision for credit losses	47	50	63	255	266
Pre-tax pre-provision Income	\$ 152	\$ 145	\$ 62	134	(1,687)

## CET 1 to risk-weighted assets

CET 1 capital	\$ 10,303	\$ 10,335	\$ 10,220	\$ 10,173	\$ 10,168
Risk-weighted assets	63,635	64,543	64,678	64,971	67,065
Ratio	16.2%	16.0%	15.8%	15.7%	15.2%

## Tier 1 leverage

Tier 1 capital	\$ 10,303	\$ 10,335	\$ 10,220	\$ 10,173	\$ 10,168
Avg total assets, leverage capital purposes	75,719	77,262	80,007	80,825	86,547
Ratio	13.6%	13.4%	12.8%	12.6%	11.7%

## Tier 1 risk-based

Tier 1 capital	\$ 10,303	\$ 10,335	\$ 10,220	\$ 10,173	\$ 10,168
Risk-weighted assets	63,635	64,543	64,678	64,971	67,065
Ratio	16.2%	16.0%	15.8%	15.7%	15.2%

## Total risk-based

Risk-based capital	\$ 10,952	\$ 10,965	\$ 10,844	\$ 10,930	\$ 11,005
Risk-weighted assets	63,635	64,543	64,678	64,971	67,065
Ratio	17.2%	17.0%	16.8%	16.8%	16.4%

## SBNA: NON-GAAP RECONCILIATIONS (cont.)

### SBNA Texas Ratio

(\$ in Millions)

	2Q19	3Q19	4Q19	1Q20	2Q20
Total Equity	\$13,736	\$13,799	\$13,681	\$14,014	\$12,306
Goodwill and other intangibles	(3,632)	(3,635)	(3,643)	(3,637)	(1,788)
Allowance for loan losses	560	536	533	999	1,249
Total equity and loss allowances for Texas Ratio	\$10,664	\$10,700	\$10,571	\$11,376	\$11,767
Nonperforming assets	\$ 528	\$ 470	\$ 433	\$ 384	\$ 453
90+ DPD accruing	6	6	6	6	6
Accruing troubled debt restructurings	215	212	122	112	132
Total nonperforming assets	\$ 749	\$ 688	\$ 561	\$ 502	\$ 591
Texas ratio	7.0%	6.4%	5.3%	4.4%	5.0%

# THANK YOU

Our purpose is to help people  
and businesses prosper.

Our culture is based on believing  
that everything we do should be:

**Simple Personal Fair.**



MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM

