



# SANTANDER HOLDINGS USA, INC.

Fixed Income Investor Presentation

Fourth Quarter 2019

March 11, 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 Pre-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 ("SSLLC"), as well as several other subsidiaries. Effective July 2, 2018, Santander transferred Santander Asset Management, LLC ("SAM") to SHUSA. The contribution of SAM to the Company transferred approximately \$5.4 million of assets, \$1.0 million of liabilities, and \$4.4 million of equity to SHUSA. Although SAM is an entity under common control, its results of operations, financial condition, and cash flows are immaterial to the historical financial results of SHUSA. As a result, SHUSA elected to report the results of SAM on a prospective basis beginning July 2, 2018. As a result of the 2017 contribution of SFS in 2017 and SAM in 2018, SHUSA's net income is understated \$1.0 million and \$6.0 million for the year ended December 31, 2018 and 2017, respectively, and a contribution to stockholder's equity of \$4.4million and \$322.1 million was recorded on July 2, 2018, and July 1, 2017, respectively, which are immaterial to the overall presentation of the Company's financial statements for each of the periods presented.

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 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, as well as in the impact of changes in and interpretations of generally accepted accounting principles in the United States of America ("GAAP"), 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; (2) the slowing or reversal of the current U.S. economic expansion 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; (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 or collateral; (4) 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; (5) 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; (6) 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; (7) 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; (8) 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; (9) 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; (10) changes in credit ratings assigned to SHUSA or its subsidiaries; (11) the ability to manage risks inherent in our businesses, including through effective use of systems and controls, insurance, derivatives and capital management; (12) 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; (13) 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; (14) Santander Consumer USA Inc.'s ("SC's") agreement with Fiat Chrysler Automobiles US LLC ("FCA") may not result in currently anticipated levels of growth, is subject to performance conditions that could result in termination of the agreement, and is also subject to an option giving FCA the right to acquire an equity participation in the Chrysler Capital portion of SC's business; (15) consumers and small businesses may decide not to use banks for their financial transactions, which could impact our net income; (16) changes in customer spending, investment or savings behavior; (17) loss of customer deposits that could increase our funding costs; (18) 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; (19) 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; (20) changes to income 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; (21) the costs and effects of regulatory or judicial actions or proceedings, including possible business restrictions resulting from such actions or proceedings; and (22) adverse publicity and negative public opinion, whether specific to SHUSA or regarding other industry participants or industry-wide factors, or other reputational harm; and (23) acts of terrorism or domestic or foreign military conflicts; and acts of God, including pandemics and other significant health emergencies, and other natural disasters.

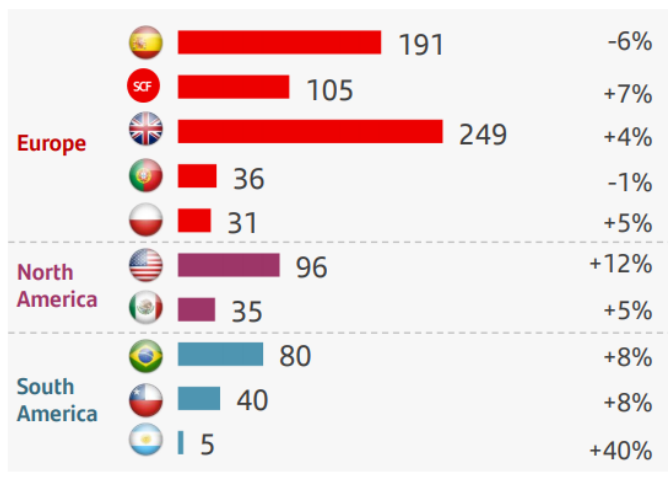
Because this information is intended only to assist investors, it does not constitute investment advice or an offer to invest, and in making this presentation available, SHUSA gives no advice and makes no recommendation to buy, sell, or otherwise deal in shares or other securities of Banco Santander, S.A. ("Santander"), SHUSA, Santander Bank, N.A. ("Santander Bank" or "SBN"), 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

Banco Santander, S.A. (SAN SM, STD US, BNC LN) is a leading retail and commercial bank, founded in 1857 and 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.

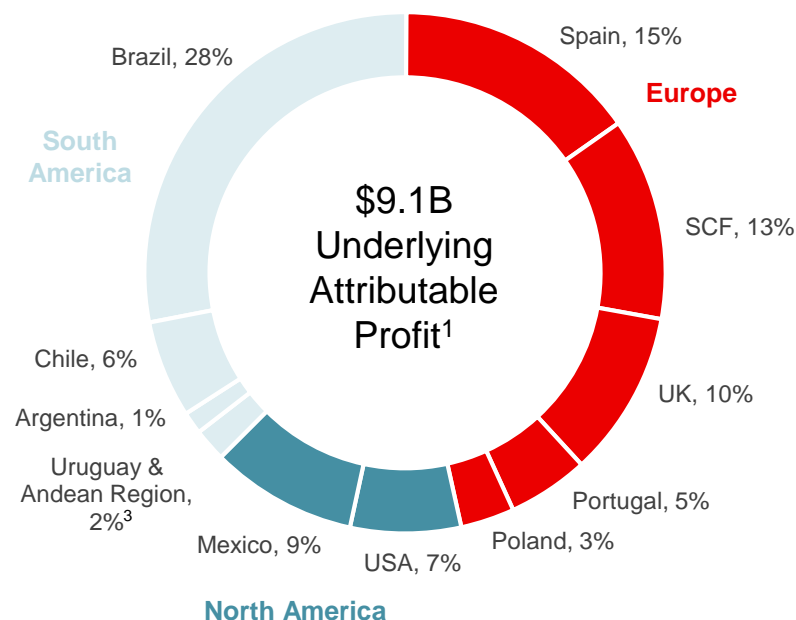
**The United States is a core market for Santander Group, contributing 7% to 2019 underlying attributable profit**

2019 Loans & Advances to Customers<sup>1</sup>



**+4%**

Contribution to 2019 Underlying attributable profit<sup>2</sup>



3

- <sup>1</sup> Loans and advances to customers excluding reverse repos
- <sup>2</sup> Excluding corporate center (EUR -2,096M) and Santander global platform
- <sup>3</sup> Uruguay and Andean region underlying profit (EUR 213M)

# SANTANDER US

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

## SHUSA Highlights



**7 major locations**



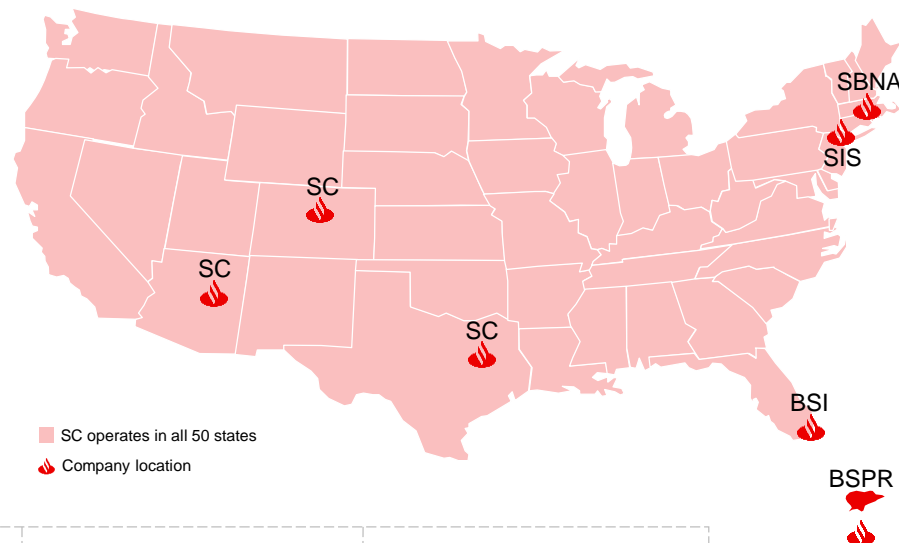
**> \$149B in assets**



**More than 15,000 employees**



**> More than 5M customers**



**Santander**

**SHUSA  
100% Ownership**

**SBNA – Retail Bank  
100% Ownership**

**\$85B Assets**

Products include:

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

**SC – Auto Finance  
72.4% Ownership<sup>1</sup>**

**\$49B Assets**

- Preferred auto finance provider to Fiat-Chrysler
- Leading auto loan and lease originator and servicer
- #1 retail 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**

**\$2B Assets**

Investment banking services include:

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

**BSPR – Retail Bank  
100% Ownership**

**\$6B Assets**

- Top 3 retail bank in Puerto Rico
- Established in 1972
- SHUSA recently agreed to sell Puerto Rico’s retail and commercial franchise to FirstBank Puerto Rico

# SANTANDER BANK

SBNA is a regional retail consumer bank with a stable deposit base in the northeast US

## SBNA Highlights



> 575 branches



> 2,000 ATMs

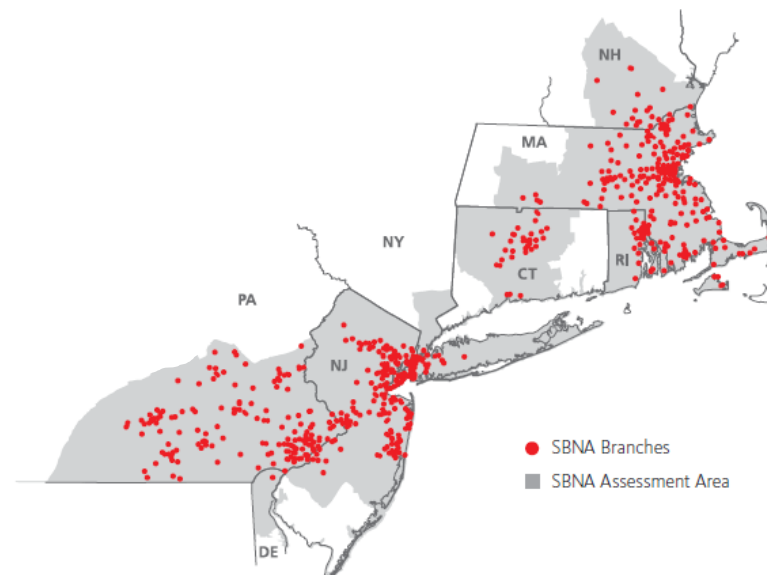
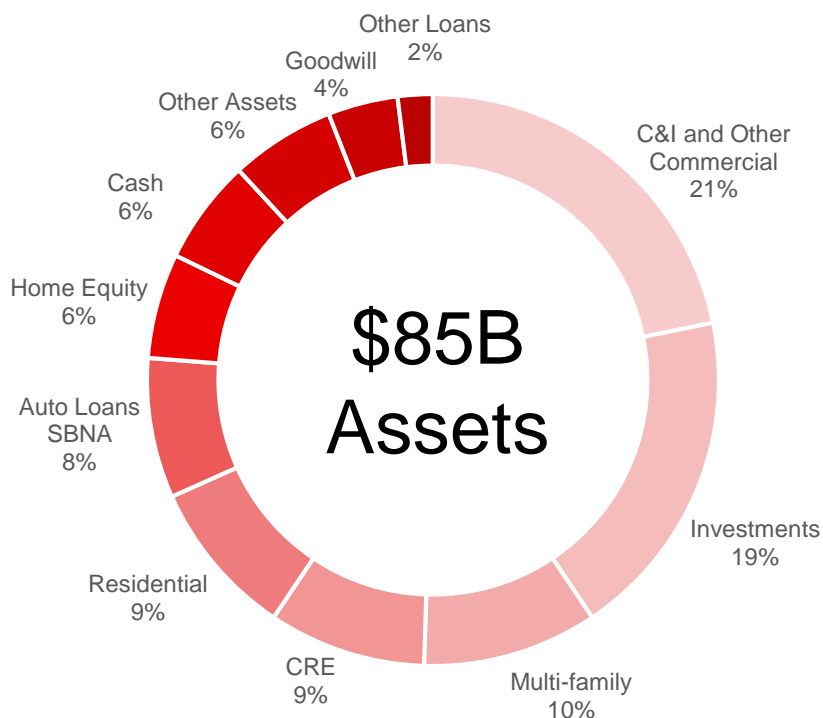
Includes 1,000 in CVS Pharmacy® locations.



9,900 employees



> 2.3 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 customers growth of 7% QPYQ\* driven by roll-out of enhancements and digital capabilities

# SANTANDER CONSUMER USA

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

## SC Highlights



9 servicing centers



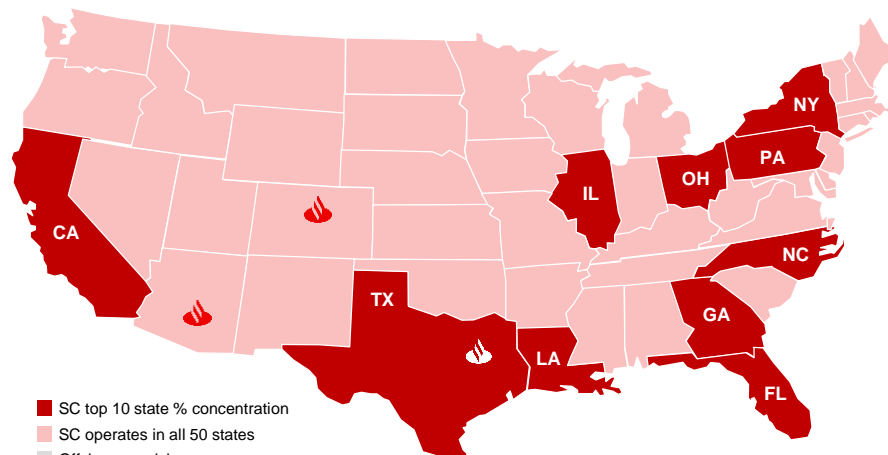
> 1.1M loans/leases



5,000 employees



> 2.9M customers



## Indirect Auto and OEM Relationships



## Direct Auto



## Digital Auto



- ▶ \$59 billion in managed assets (includes \$29B of loans, \$17B of leases and \$10B of assets serviced for others)
- ▶ Preferred auto finance provider for FCA US LLC providing loans, leases, dealer floorplan
- ▶ Leading auto ABS issuer in 2019

# FY 2019 SHUSA HIGHLIGHTS

- » SHUSA net income for the full year 2019 was more than \$1B
- » SHUSA 2019 return on average equity 4.23% vs. 4.11% in 2018
- » SHUSA paid common stock dividends to Santander, the Company's sole shareholder, of \$125 million per quarter. SC also announced a quarterly cash dividend of \$0.22 per share, and an authorization to repurchase up to \$1.1 billion of SC's outstanding common stock through the end of the second quarter of 2020
- » SHUSA entered into an agreement to sell Santander BanCorp to FirstBank Puerto Rico. The transaction includes the sale of 27 branches (~\$6.2B of assets) for a total consideration of ~\$1.1B
- » SBNA completed the sale of 14 bank branches located in central Pennsylvania (\$471M of deposits and \$102M of retail and business loans) to First Commonwealth Bank
- » SBNA auto loan program with SC generated \$7B in loans
- » SC announced an amendment to its agreement with FCA US LLC establishing an operating framework that is mutually beneficial for both parties for the remainder of the contract
- » SC was the leading auto loan and lease ABS issuer with \$11.9 billion in ABS, and also launched its first-ever nonprime revolving ABS platform "SREV"
- » SC completed acquisition of \$1.1 billion indirect auto loan portfolio from Gateway One Lending.
- » Ana Botin, Executive Chairman of Banco Santander, joined the Boards of Directors of SHUSA and SBNA.
- » Timothy Wennes became President and Chief Executive Officer ("CEO") of SBNA. He joined SBNA from MUFG Union Bank in California.
- » Juan Carlos Alvarez became SHUSA and SBNA CFO and serves on the board of SC.

# SANTANDER US KEY INITIATIVES

## SHUSA

- » Integrate U.S. operations and support functions to improve efficiency
- » Optimize balance sheet and capital across U.S. businesses
- » Operate at large financial institution standards

## SBNA

- » Continue to improve loyalty and customer experience across digital/physical channels
- » Enhance Earning Asset mix to drive further improvement in margins

## SC

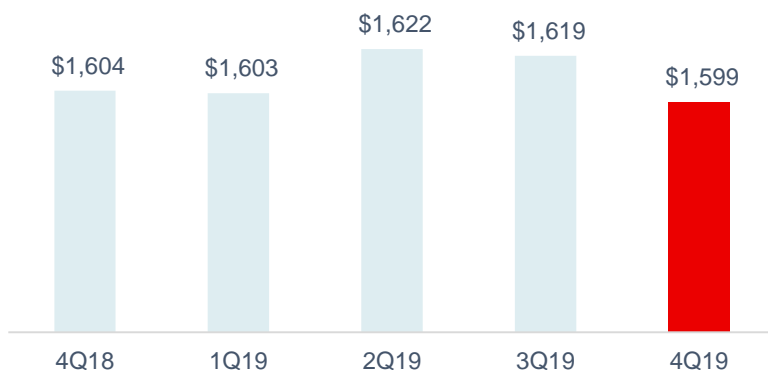
- » Optimize originations and maintain appropriate risk-return profile
- » Enhance dealer and customer experience to drive originations growth
- » Focus on strong operations, credit risk management and pricing to drive profitability



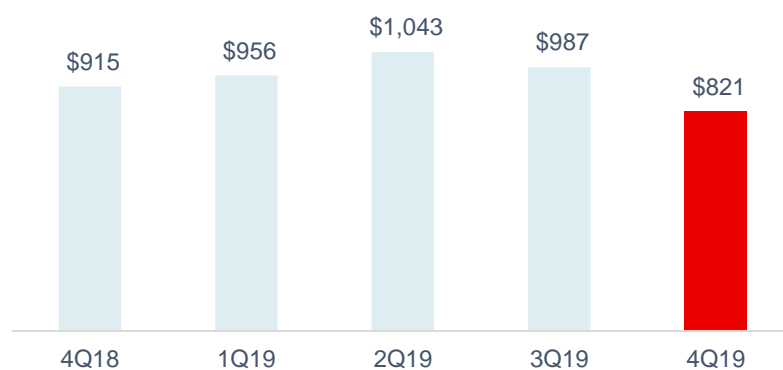
# SHUSA QUARTERLY PROFITABILITY<sup>1,2</sup>

FY19 net income improved YoY

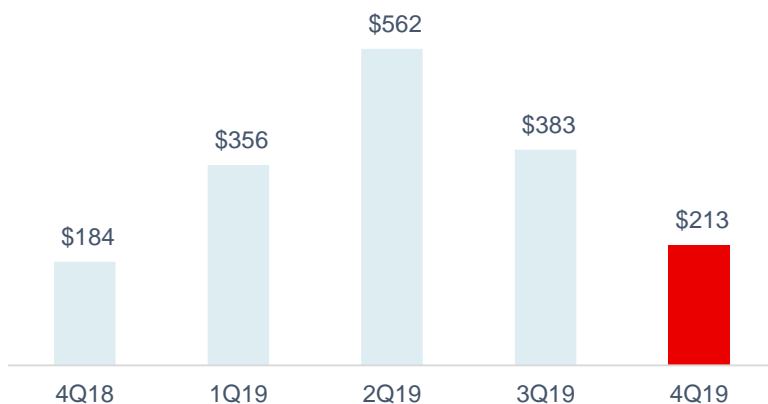
## NET INTEREST INCOME (\$M)



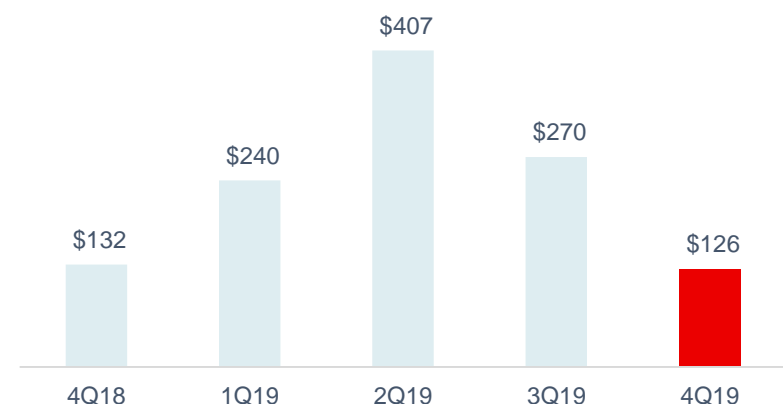
## PRE-TAX PRE-PROVISION INCOME (\$M)



## PRE-TAX INCOME (\$M)



## NET INCOME (\$M)



# NIM AND INTEREST RATE RISK (IRR) SENSITIVITY

SHUSA's asset sensitive position has decreased since 4Q18

## NET INTEREST MARGIN

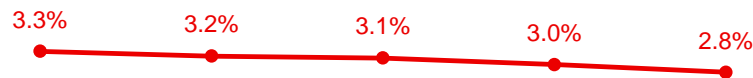
SC



SHUSA



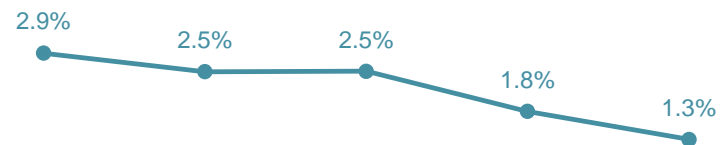
SBNA



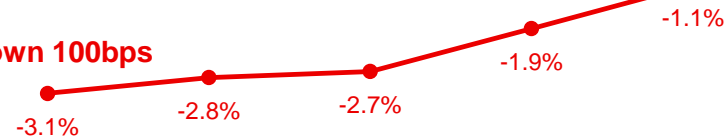
## SHUSA INTEREST RATE RISK

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

Up 100bps

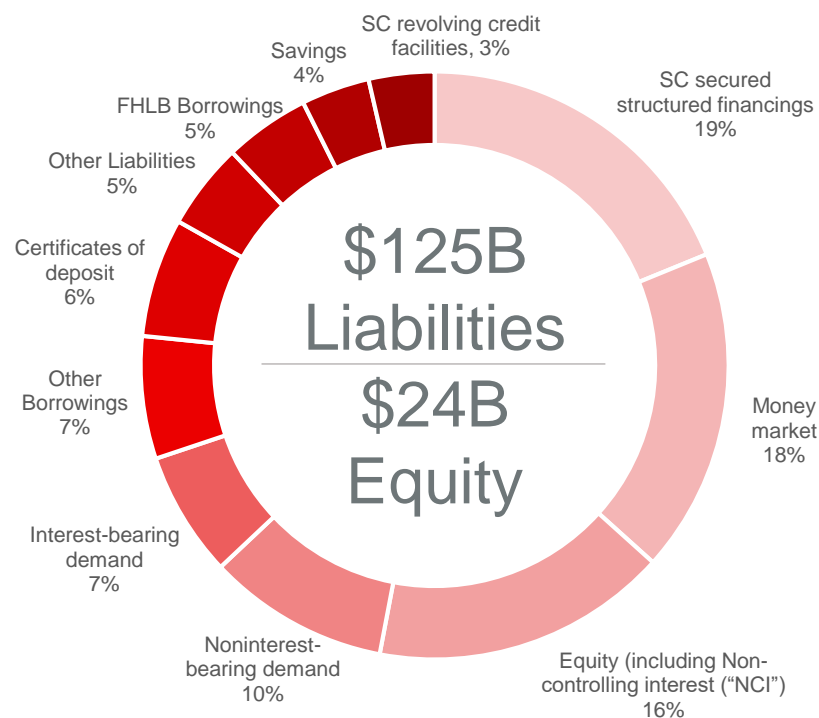
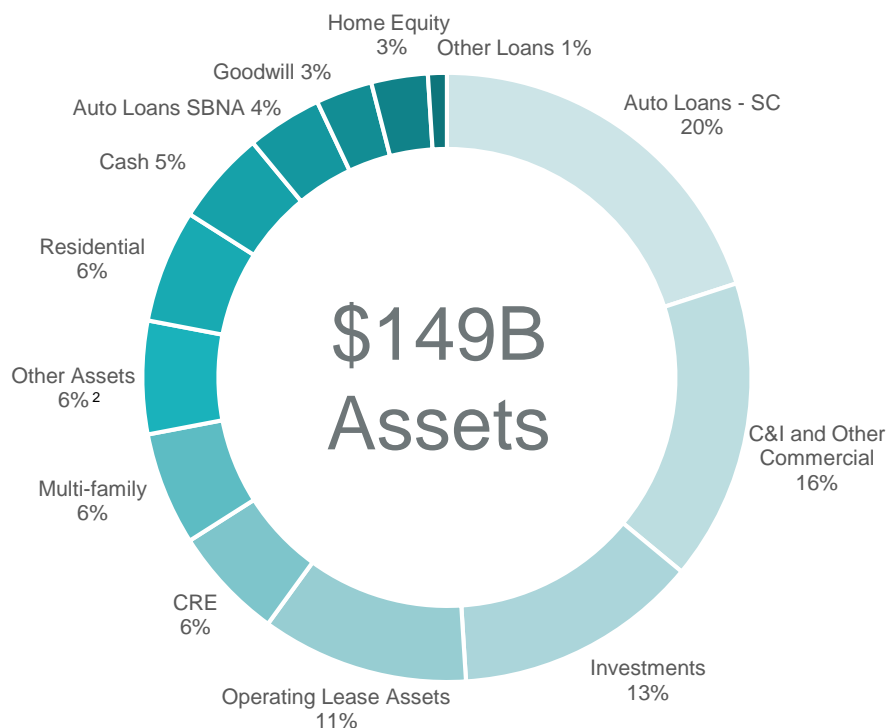


Down 100bps



# BALANCE SHEET OVERVIEW

SHUSA's balance sheet<sup>1</sup> reflects the combination of bank-funded core deposits and an auto finance company with diversified liquidity

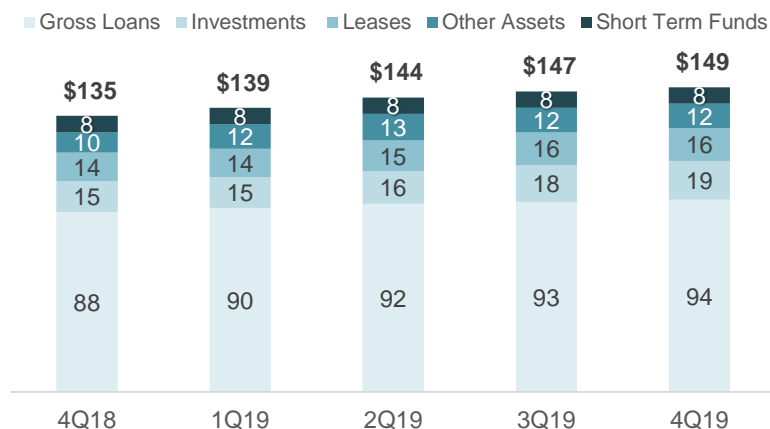


11 <sup>1</sup> See page 24 for the consolidated balance sheet  
<sup>2</sup> Includes loans held for sale and allowance for loan and lease losses

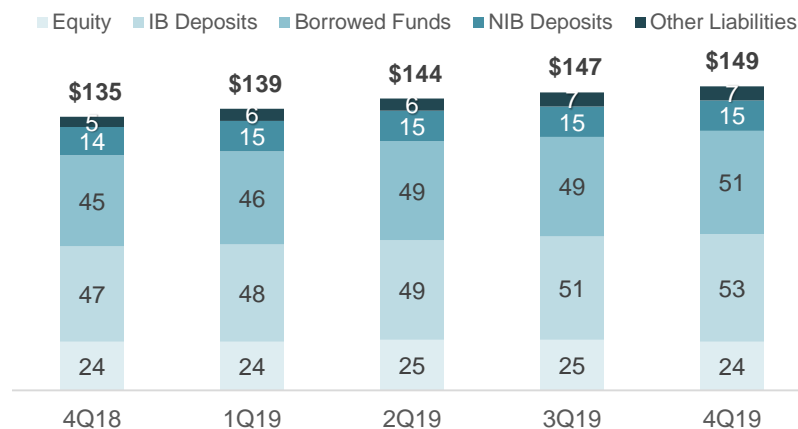
# BALANCE SHEET TRENDS<sup>1</sup>

Balance sheet trend reflects loan and lease growth funded by deposits and borrowed funds

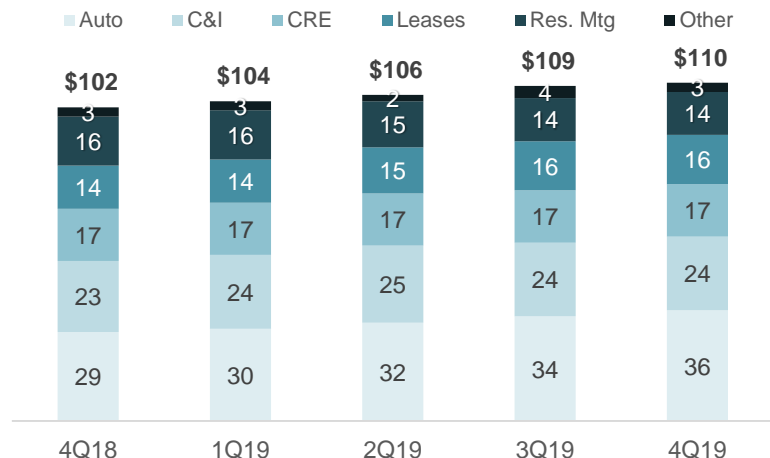
## ASSETS (\$B)



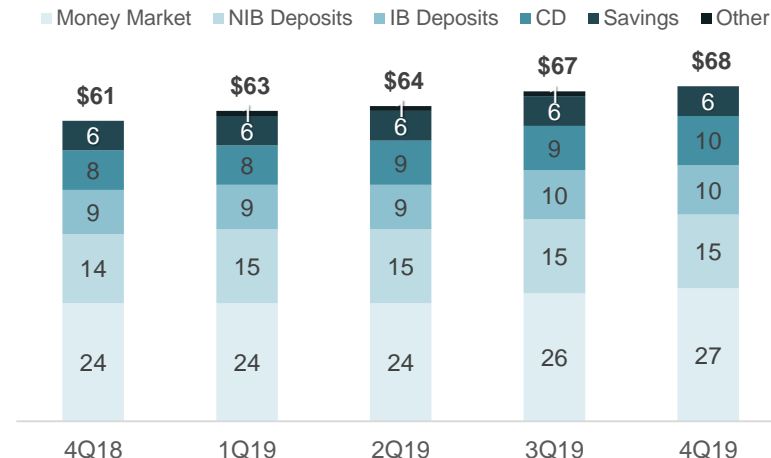
## LIABILITIES & EQUITY (\$B)



## LOANS & LEASES (\$B)



## DEPOSITS (\$B)

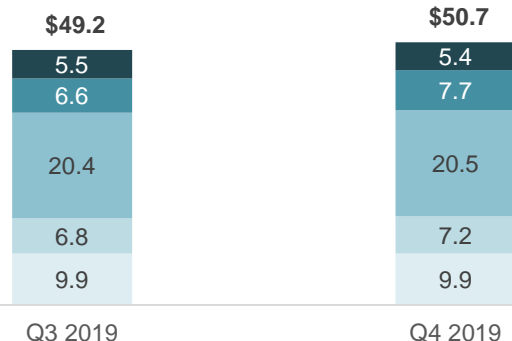


# BORROWED FUNDS PROFILE

Public issuances consist of SHUSA unsecured debt and SC auto ABS

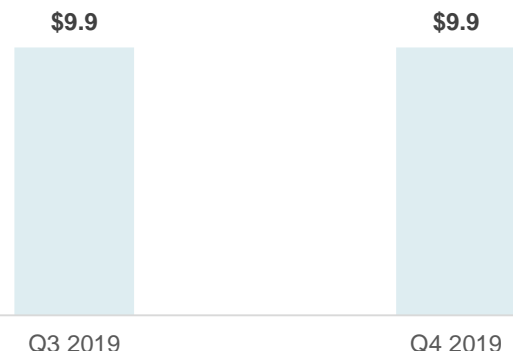
## SHUSA CONSOLIDATED (\$B)

SHUSA Debt SBNA SC ABS SC Private Amortizing SC 3rd Party & Other



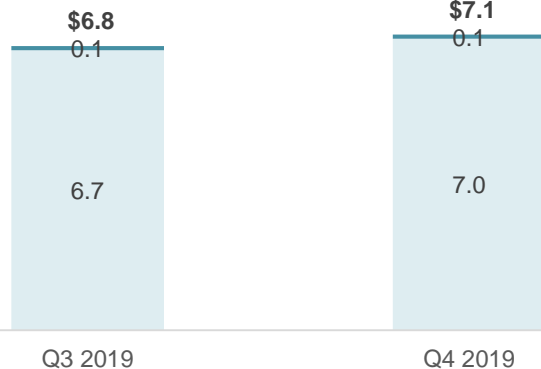
## SHUSA HOLDCO (\$B)

SHUSA Debt



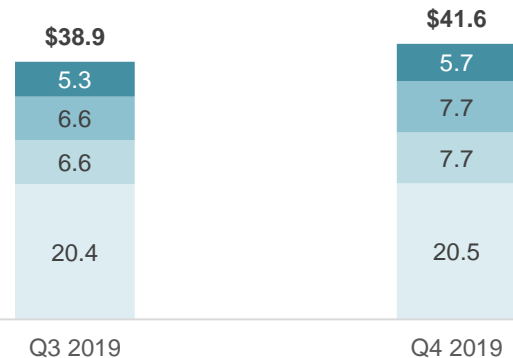
## SBNA (\$B)

FHLB Bank Debt



## SC (\$B)

ABS Private Amortizing 3rd Party Intragroup<sup>1</sup>



# SHUSA DEBT & TLAC

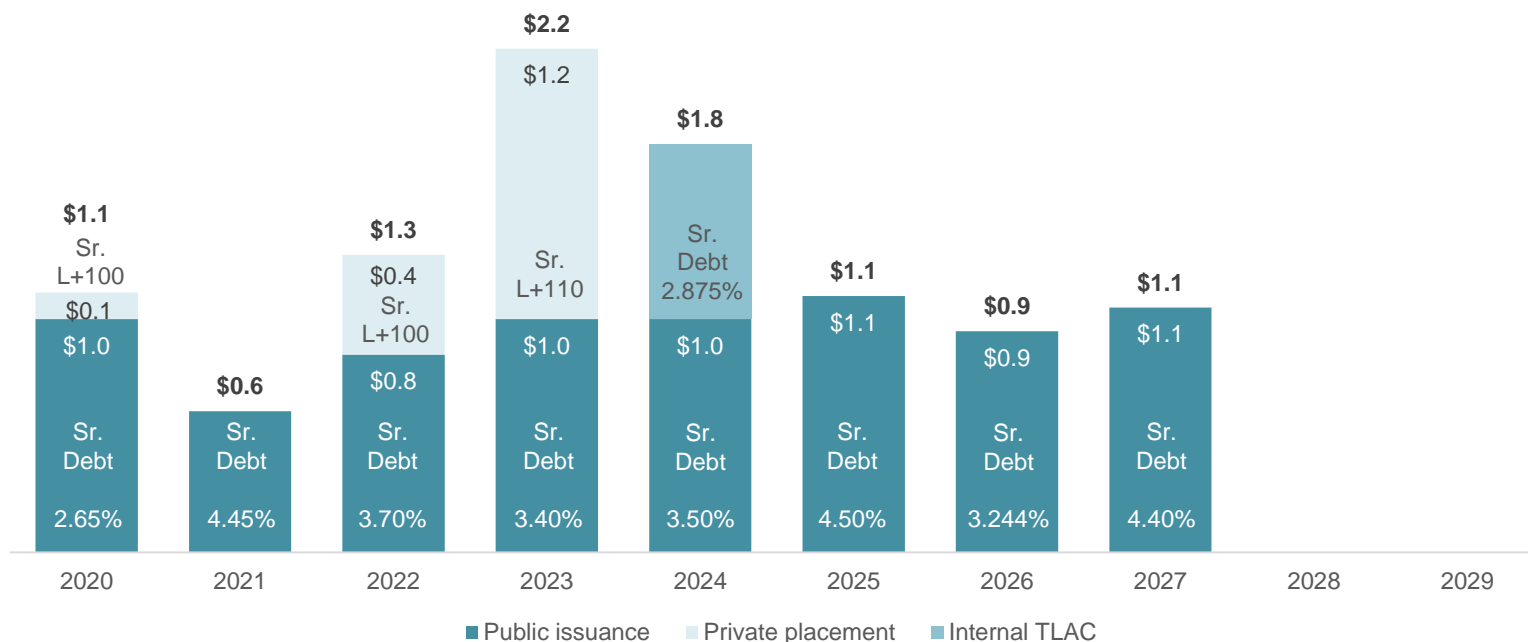
During 4Q19:

- » SHUSA redeemed \$0.3B of debt owned by BSI clients
- » SHUSA issued \$0.4B debt due July 2023 to BSI clients
- » On October 29, 2019, SHUSA injected \$20MM of capital into SLLC

In October, SHUSA exchanged \$0.95B of the 4.45% debt (due 2021) and 3.70% debt (due 2022) for new 3.24% debt (due 2026)

As of 4Q19, SHUSA met the Federal Reserve TLAC and Long-term debt ("LTD") requirements, with 21.6% TLAC, 6.6% LTD<sup>1</sup> and a CET1 ratio of 14.6%

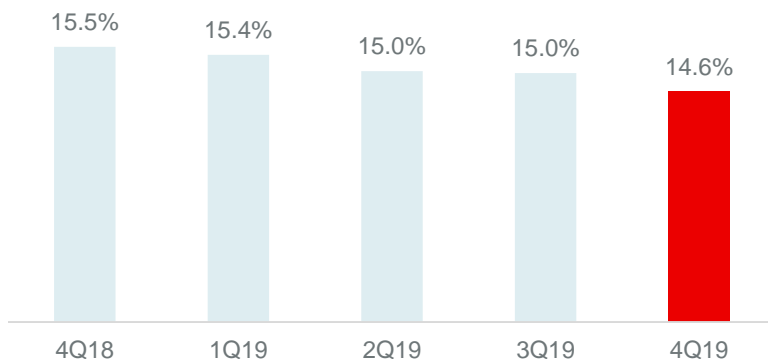
## DEBT MATURITY SCHEDULE (\$ in Billions)



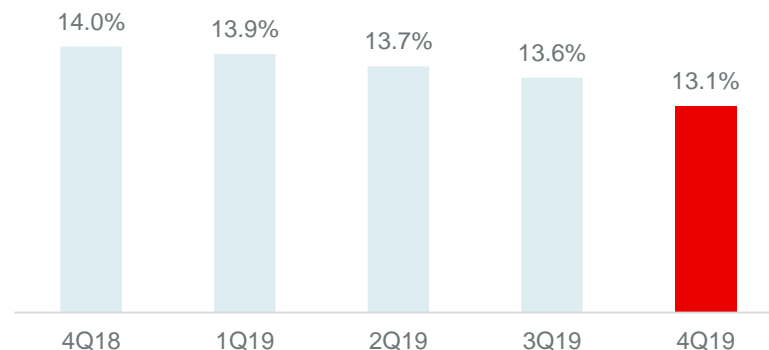
# CAPITAL RATIOS<sup>1</sup>

SHUSA capital ratios remain at the top of peers, with recent trend driven by asset growth<sup>2</sup>

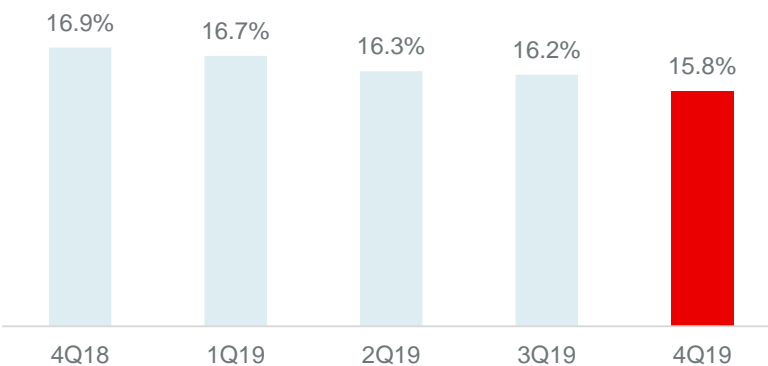
CET1



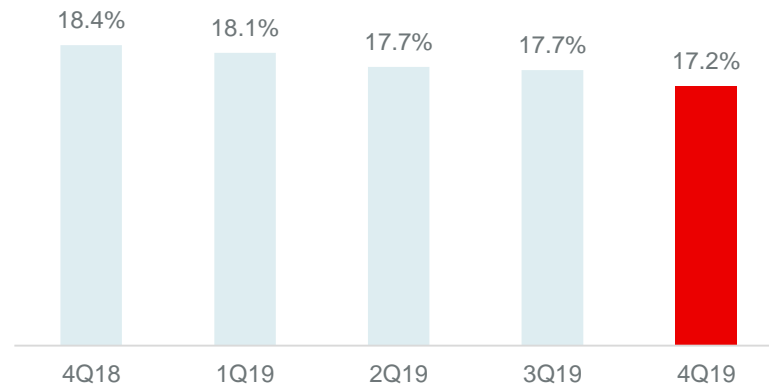
TIER 1 LEVERAGE RATIO



TIER 1 RISK-BASED CAPITAL RATIO



TOTAL RISK-BASED CAPITAL RATIO



# ESTIMATED CURRENT EXPECTED CREDIT LOSSES ("CECL") IMPACT

<i>Dollars in Millions</i>	(Estimated) <sup>1</sup>	(Audited)	(Audited)
<b>Allowance Ratios</b>	<b>January 1, 2020</b>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Total Loans Held for Investment (LHFI)	\$92,705	\$92,705	\$87,046
Total Allowance for Credit Loss (ACL)	~\$6,267	\$3,738	\$3,993
<b>Total Allowance Ratio</b>	<b>~6.8%</b>	<b>4.0%</b>	<b>4.6%</b>

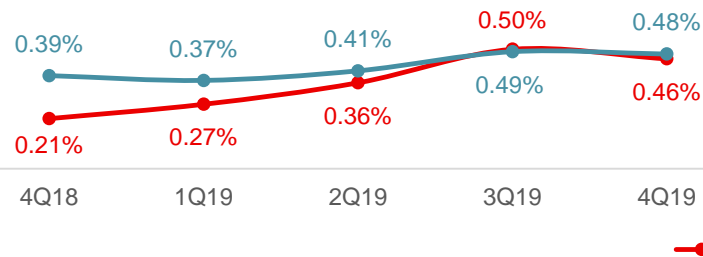
- » Estimated Day 1 CECL impact is expected to increase Q4 2019 allowance for credit loss by ~\$2.5B
  - Total allowance coverage ratio increases to ~6.8%
- » Expected impact to Q1 2020 CET1 ratio of -24 basis points, with phase-in, and -97 basis points, fully phased-in.
- » Expected impact to Q1 2020 total capital ratio of -23 basis points, with phase-in, and -92 basis points, fully phased-in.
- » Day 2 post-implementation impact will depend on several factors:
  - Mix and credit trends in the portfolio
  - Balance sheet growth
  - Outlook of macroeconomic conditions



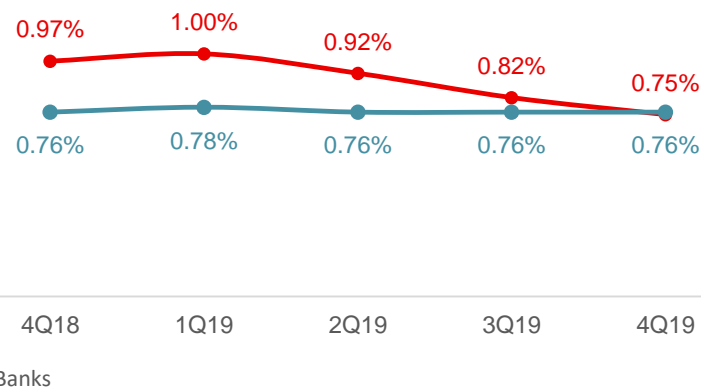
# SBNA ASSET QUALITY

SBNA asset quality metrics remain stable and in-line with bank peers

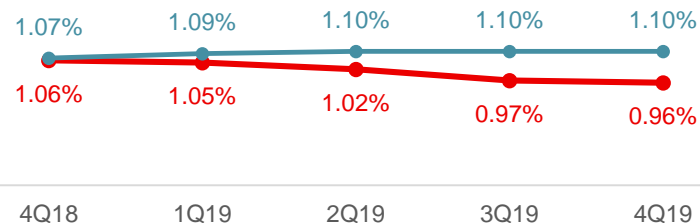
## ANNUALIZED NET CHARGE-OFF RATIO



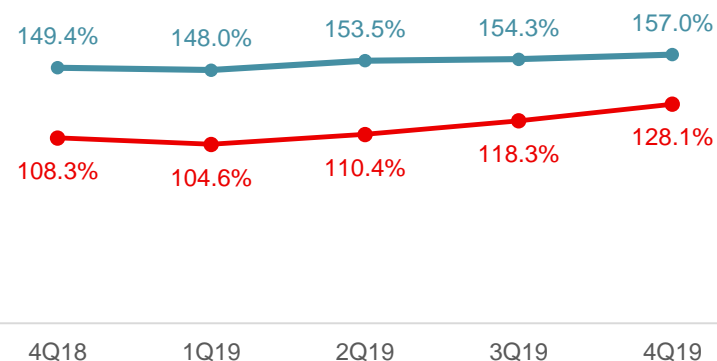
## NPL RATIO<sup>1</sup>



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



## RESERVE COVERAGE (ALLL/NPL)



17 <sup>1</sup> NPLs = Non accruing loans *plus* accruing loans 90+ days past due ("DPD")  
<sup>2</sup> ALLL = Allowance for loan and lease losses  
<sup>\*</sup> Source: SNL Bank level data; Large Bank = BAC, COF, C, KEY, BMO, HSBA, PNC, RBS, JPM, UNB, TD, USB, and WFC

# SC ORIGINATIONS

	Twelve Months Ended		Variance
<i>Dollars in Millions</i>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FYoFY (%)</b>
Total Core Retail Auto	\$ 9,416	\$ 10,033	7%
Chrysler Capital Loans (<640) <sup>1</sup>	5,718	5,617	(2%)
Chrysler Capital Loans (≥640) <sup>1</sup>	3,921	7,146	82%
Total Chrysler Capital Retail	9,638	12,763	32%
Total Leases <sup>2</sup>	9,752	8,538	(12%)
<b>Total Auto Originations<sup>3</sup></b>	<b>\$ 28,807</b>	<b>\$ 31,316</b>	<b>9%</b>
SBNA Originations <sup>4</sup>	\$1,855	\$6,960	275%

<sup>1</sup> Approximate FICOs

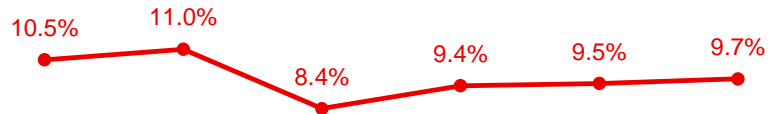
<sup>2</sup> Includes nominal capital lease originations

<sup>3</sup> Includes SBNA Originations

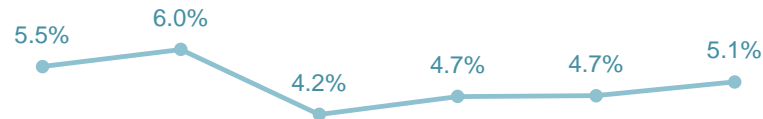
<sup>4</sup> SBNA Originations remain off SC's balance sheet, servicing rights retained

# SC ASSET QUALITY

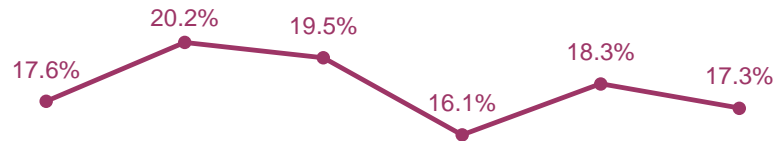
Delinquency Ratios: 30-59 Days Delinquent



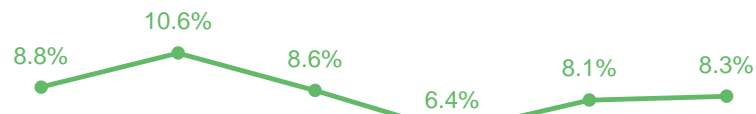
Delinquency Ratios: >59 Days Delinquent



Gross Charge-off Rates



Net Charge-off Rates



Q3 2018    Q4 2018    Q1 2019    Q2 2019    Q3 2019    Q4 2019

○ **Early stage delinquencies** improved 130 bps YoY

○ **Late stage delinquencies** improved 90 bps YoY

○ **Gross charge-off rates** decreased 290 bps YoY

○ **Net charge-offs** decreased 230 bps YoY

# RATING AGENCIES



On September 13, 2019, S&P affirmed SHUSA's ratings at BBB+/A-2 and SBNA's ratings at A-/A-2. The outlook for both remains Stable.



On July 15, 2019, Fitch affirmed the ratings for SHUSA and SBNA at BBB+/F-2 and the outlook at Stable.



On December 14, 2017, Moody's upgraded SBNA's long-term rating by 1 notch from Baa2 to Baa1. SHUSA's ratings were not impacted.

December 2019	Santander			SHUSA			SBNA		
	S&P	Moody's	Fitch	S&P	Moody's	Fitch	S&P	Moody's	Fitch
Short Term Deposits	A-1	P-1	F-2	A-2	N/A	F-2	A-2	P-1	F-2
Long-Term Deposits	A-1	A2	A	N/A	N/A	N/A	A-2	A2	A-
Senior Debt	A	A2	A-	BBB+	Baa3	BBB+	A-	Baa1	BBB+
Outlook	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable	Stable



# APPENDIX

# CONSOLIDATING INCOME STATEMENT (FULL YEAR)

For the year ended period December 31, 2019

(US \$ Millions)	SBNA	SC	Other <sup>(1)</sup>	IHC Entities <sup>(2)</sup>	SHUSA
Interest income	\$ 2,824	\$ 5,303	\$ 57	\$ 466	\$ 8,650
Interest expense	(685)	(1,335)	(123)	(64)	(2,207)
<b>Net interest income</b>	<b>\$ 2,139</b>	<b>\$ 3,968</b>	<b>\$ (66)</b>	<b>\$ 402</b>	<b>\$ 6,443</b>
Fees & other income/(expense)	603	2,764	(96)	452	3,723
Other non interest income/(loss)	6	-	(1)	1	6
<b>Net revenue/(loss)</b>	<b>\$ 2,748</b>	<b>\$ 6,732</b>	<b>\$ (163)</b>	<b>\$ 855</b>	<b>\$ 10,172</b>
General & administrative, and other expenses	(2,250)	(3,284)	(193)	(639)	(6,366)
Other expenses	-	-	-	-	-
Provision for credit losses	(208)	(2,094)	3	7	(2,292)
<b>Income/(loss) before taxes</b>	<b>\$ 290</b>	<b>\$ 1,354</b>	<b>\$ (353)</b>	<b>\$ 223</b>	<b>\$ 1,514</b>
Income tax (expense)/benefit	(45)	(360)	19	(86)	(472)
<b>Net income/(loss)</b>	<b>\$ 245</b>	<b>\$ 994</b>	<b>\$ (334)</b>	<b>\$ 137</b>	<b>\$ 1,042</b>
Less: Net income attributable to NCI <sup>(3)</sup>	-	289	-	-	289
<b>Net income attributable to SHUSA</b>	<b>\$ 245</b>	<b>\$ 705</b>	<b>\$ (334)</b>	<b>\$ 137</b>	<b>\$ 753</b>

22 <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 INCOME STATEMENT (Q4)

For the three-month period ended December 31, 2019

(US \$ Millions)

	SBNA	SC	Other <sup>(1)</sup>	IHC Entities <sup>(2)</sup>	SHUSA
Interest income	\$ 695	\$ 1,325	\$ 17	\$ 111	\$ 2,148
Interest expense	(175)	(332)	(26)	(16)	(549)
<b>Net interest income</b>	<b>\$ 520</b>	<b>\$ 993</b>	<b>\$ (9)</b>	<b>\$ 95</b>	<b>\$ 1,599</b>
Fees & other income/(expense)	151	638	\$ (32)	109	866
Other non interest income	3	-	-	-	3
<b>Net revenue/(loss)</b>	<b>\$ 674</b>	<b>\$ 1,631</b>	<b>\$ (41)</b>	<b>\$ 204</b>	<b>\$ 2,468</b>
General, administrative and other expenses	(612)	(864)	(33)	(138)	(1,647)
Other expenses	-	-	-	-	-
Provision for credit losses	(63)	(545)	(1)	1	(608)
<b>Income/(loss) before taxes</b>	<b>\$ (1)</b>	<b>\$ 222</b>	<b>\$ (75)</b>	<b>\$ 67</b>	<b>\$ 213</b>
Income tax (expense)/benefit	(1)	(76)	20	(30)	(87)
<b>Net income/(loss)</b>	<b>\$ (2)</b>	<b>\$ 146</b>	<b>\$ (55)</b>	<b>\$ 37</b>	<b>\$ 126</b>
Less: Net income attributable to NCI <sup>(3)</sup>	-	39	-	-	39
<b>Net income attributable to SHUSA</b>	<b>\$ (2)</b>	<b>\$ 107</b>	<b>\$ (55)</b>	<b>\$ 37</b>	<b>\$ 87</b>

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

December 31, 2019

(US \$ millions)	SBNA	SC	Other <sup>(1)</sup>	IHC Entities <sup>(2)</sup>	SHUSA
<b>Assets</b>					
Cash and cash equivalents	\$ 4,878	\$ 82	\$ (93)	\$ 2,777	\$ 7,644
Investments available-for-sale at fair value	10,958	92	-	3,290	14,340
Investments held-to-maturity	3,939	-	-	-	3,939
Other investment securities <sup>(3)</sup>	990	-	2	4	996
Loans held for investment ("HFI")	54,973	30,810	(40)	6,962	92,705
Less ALLL	(533)	(3,043)	2	(72)	(3,646)
Total loans HFI, net	<b>54,440</b>	<b>27,767</b>	<b>(38)</b>	<b>6,890</b>	<b>89,059</b>
Goodwill	3,403	74	967	-	4,444
Other assets	6,063	20,908	305	1,801	29,077
<b>Total assets</b>	<b>\$ 84,671</b>	<b>\$ 48,923</b>	<b>\$ 1,143</b>	<b>\$ 14,762</b>	<b>\$ 149,499</b>
<b>Liabilities and Stockholder's Equity</b>					
Deposits	\$ 61,698	\$ -	\$ (3,357)	\$ 8,986	\$ 67,327
Borrowings and other debt obligations	7,161	39,194	4,297	2	50,654
Other liabilities	2,131	2,410	146	2,432	7,119
Total liabilities	<b>70,990</b>	<b>41,604</b>	<b>1,086</b>	<b>11,420</b>	<b>125,100</b>
Stockholder's equity including noncontrolling interest	13,681	7,319	57	3,342	24,399
<b>Total liabilities and stockholder's equity</b>	<b>\$ 84,671</b>	<b>\$ 48,923</b>	<b>\$ 1,143</b>	<b>\$ 14,762</b>	<b>\$ 149,499</b>

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.



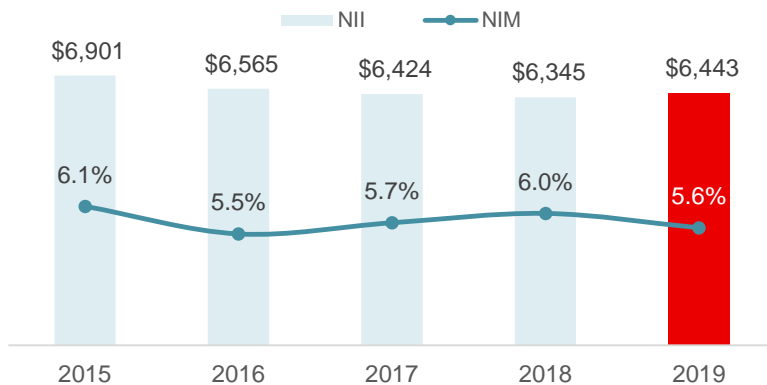
# QUARTERLY TRENDING STATEMENT OF OPERATIONS

(US \$ Millions)

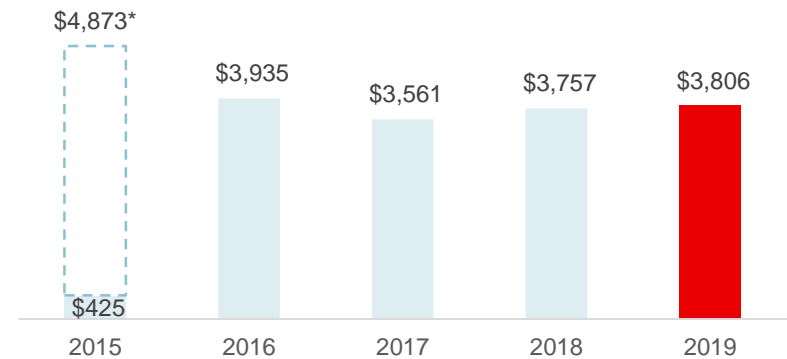
	4Q18	1Q19	2Q19	3Q19	4Q19
Interest income	\$ 2,095	\$ 2,141	\$ 2,176	2,185	2,148
Interest expense	(491)	(538)	(554)	(566)	(549)
<b>Net interest income</b>	<b>1,604</b>	<b>1,603</b>	<b>1,622</b>	<b>1,619</b>	<b>1,599</b>
Fees & other income	807	897	961	999	866
Other non interest income	(5)	(2)	2	2	3
<b>Net revenue</b>	<b>2,406</b>	<b>2,498</b>	<b>2,585</b>	<b>2,620</b>	<b>2,468</b>
General, administrative, and other expenses	(1,491)	(1,542)	(1,542)	(1,633)	(1,647)
Provision for credit losses	(731)	(600)	(481)	(604)	(608)
<b>Income before taxes</b>	<b>184</b>	<b>356</b>	<b>562</b>	<b>383</b>	<b>213</b>
Income tax (expense)/benefit	(52)	(116)	(155)	(113)	(87)
<b>Net income</b>	<b>\$ 132</b>	<b>\$ 240</b>	<b>\$ 407</b>	<b>\$ 270</b>	<b>\$ 126</b>
Less: Net income attributable to NCI	32	73	111	67	39
<b>Net income attributable to SHUSA</b>	<b>\$ 100</b>	<b>\$ 167</b>	<b>\$ 296</b>	<b>\$ 203</b>	<b>\$ 87</b>

# ANNUAL PROFITABILITY<sup>1</sup>

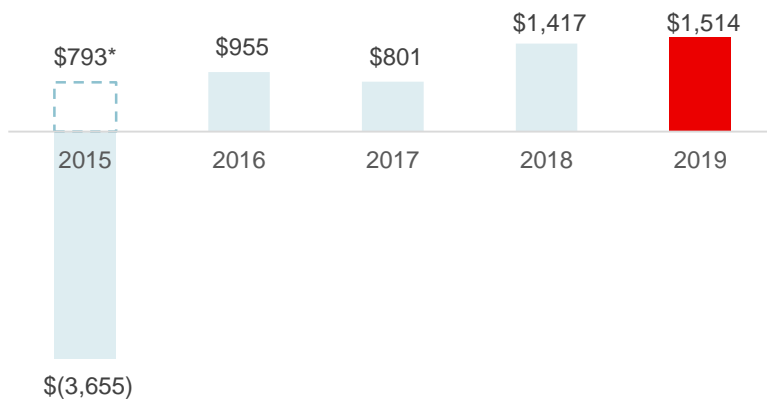
## NET INTEREST INCOME (\$M)



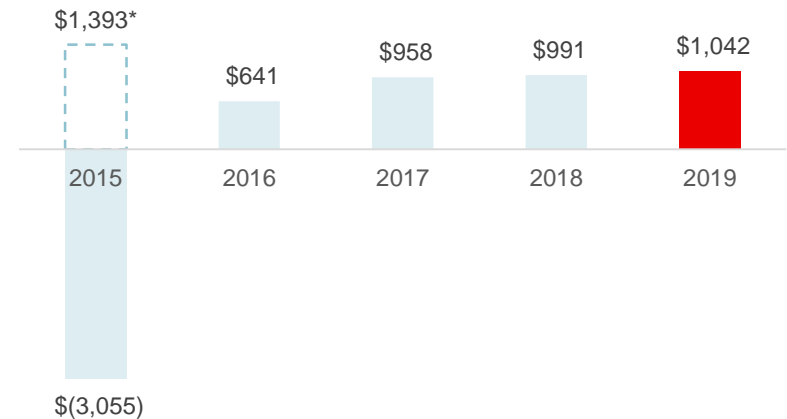
## PRE-TAX PRE-PROVISION INCOME (\$M)



## PRE-TAX INCOME (\$M)

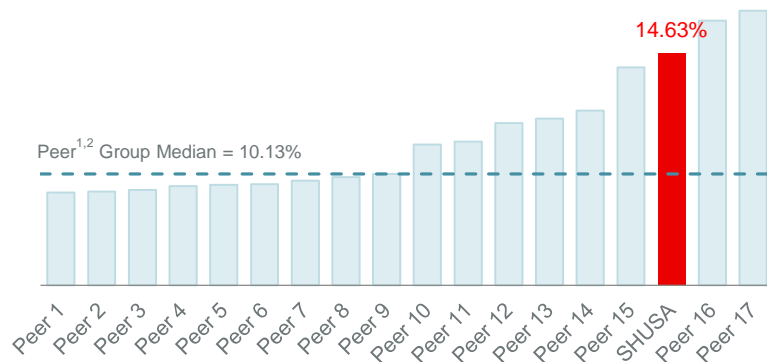


## NET INCOME (\$M)

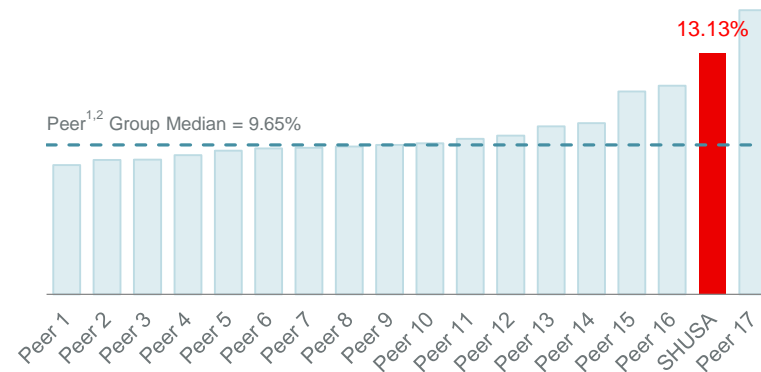


# SHUSA CAPITAL RATIOS PEER COMPARISON

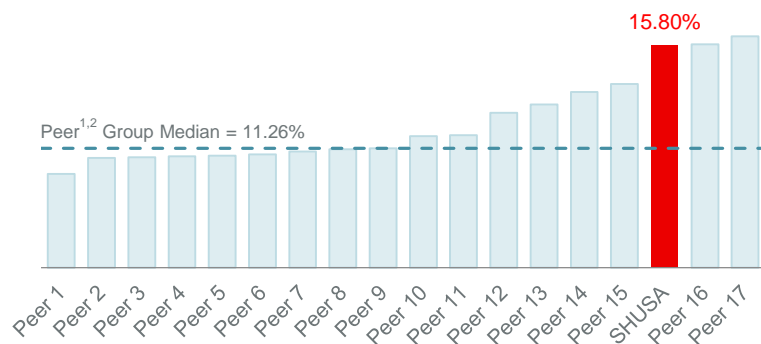
## CET1



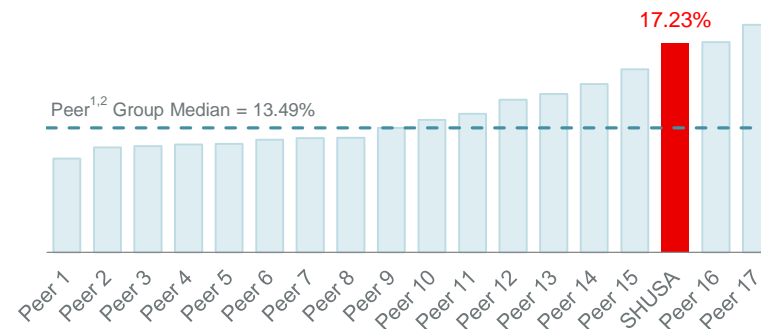
## TIER 1 LEVERAGE RATIO



## TIER 1 RISK-BASED CAPITAL RATIO



## TOTAL RISK-BASED CAPITAL RATIO



# NON-GAAP TO GAAP RECONCILIATIONS

\$ Millions

<b>SHUSA Pre-Tax Pre-Provision Income</b>	<b>4Q18</b>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>
Pre-tax income, as reported	\$ 184	\$ 356	\$ 562	\$ 383	\$ 213
Add back:					
Provision for credit losses	731	600	481	604	608
<b>Pre-tax pre-provision income</b>	<b>\$ 915</b>	<b>\$ 956</b>	<b>\$ 1,043</b>	<b>\$ 987</b>	<b>\$ 821</b>

<b>CET 1 to Risk-Weighted Assets</b>	<b>4Q18</b>	<b>1Q19</b>	<b>2Q19</b>	<b>3Q19</b>	<b>4Q19</b>
CET 1 capital	\$ 16,759	\$ 16,979	\$ 17,277	\$ 17,504	\$ 17,392
Risk-weighted assets	107,916	110,469	114,877	116,652	118,898
<b>Ratio</b>	<b>15.5%</b>	<b>15.4%</b>	<b>15.0%</b>	<b>15.0%</b>	<b>14.6%</b>

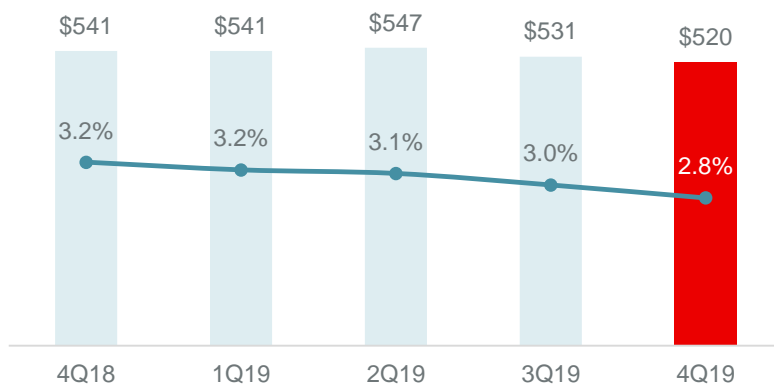
<b>Tier 1 Leverage</b>					
Tier 1 capital	\$ 18,193	\$ 18,397	\$ 18,695	\$ 18,888	\$ 18,781
Average total assets for leverage capital purposes	129,681	132,154	136,165	139,301	143,057
<b>Ratio</b>	<b>14.0%</b>	<b>13.9%</b>	<b>13.7%</b>	<b>13.6%</b>	<b>13.1%</b>

<b>Tier 1 Risk-Based</b>					
Tier 1 capital	\$ 18,193	\$ 18,397	\$ 18,695	\$ 18,888	\$ 18,781
Risk-weighted assets	107,916	110,469	114,877	116,652	118,898
<b>Ratio</b>	<b>16.9%</b>	<b>16.7%</b>	<b>16.3%</b>	<b>16.2%</b>	<b>15.8%</b>

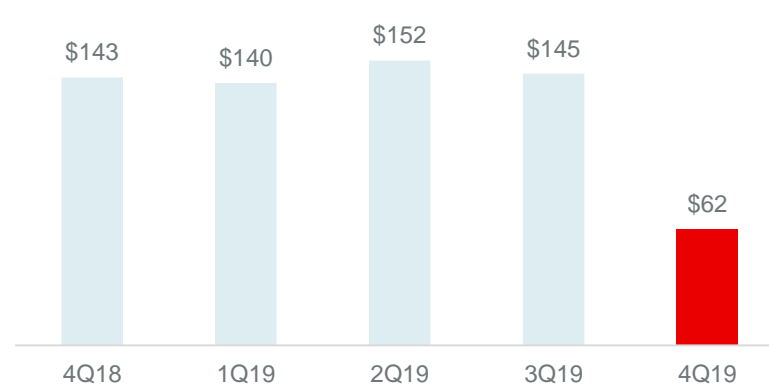
<b>Total Risk-Based</b>					
Risk-based capital	\$ 19,807	\$ 20,039	\$ 20,391	\$ 20,601	\$ 20,480
Risk-weighted assets	107,916	110,469	114,877	116,652	118,898
<b>Ratio</b>	<b>18.4%</b>	<b>18.1%</b>	<b>17.7%</b>	<b>17.7%</b>	<b>17.2%</b>

# SBNA: QUARTERLY PROFITABILITY

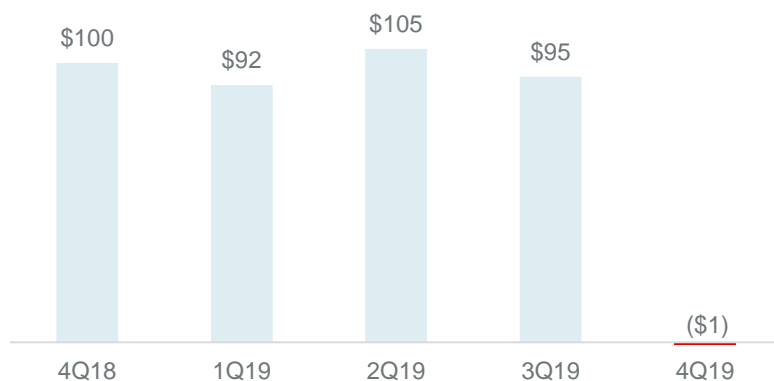
## NET INTEREST INCOME (\$M)



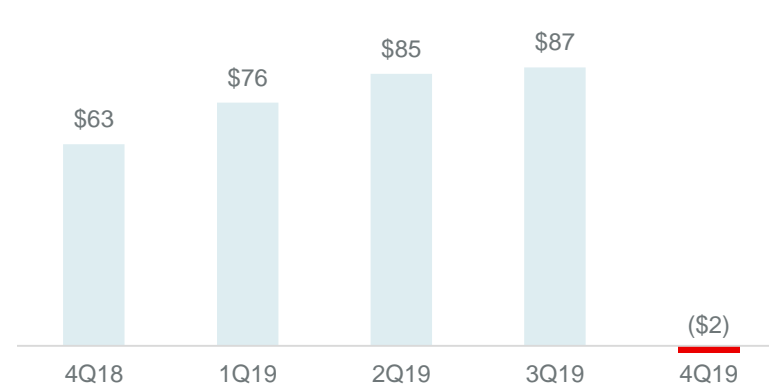
## PRE-TAX PRE-PROVISION INCOME (\$M)<sup>1</sup>



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



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



# SBNA: QUARTERLY TRENDING STATEMENT OF OPS

(US\$ in Millions)

	4Q18	1Q19	2Q19	3Q19	4Q19
Interest income	\$ 680	\$ 698	\$ 719	\$ 712	\$ 695
Interest expense	(139)	(157)	(172)	(181)	(175)
<b>Net interest income</b>	<b>\$ 541</b>	<b>\$ 541</b>	<b>\$ 547</b>	<b>\$ 531</b>	<b>\$ 520</b>
Fees & other income	138	130	142	180	151
Other non-interest income	(5)	(2)	2	2	3
<b>Net revenue</b>	<b>\$ 674</b>	<b>\$ 669</b>	<b>\$ 691</b>	<b>\$ 713</b>	<b>\$ 674</b>
General, administrative & other expense	(531)	(529)	(539)	(568)	(612)
Release of/(provision for) credit losses	(43)	(48)	(47)	(50)	(63)
<b>Income before taxes</b>	<b>\$ 100</b>	<b>\$ 92</b>	<b>\$ 105</b>	<b>\$ 95</b>	<b>\$ (1)</b>
Income tax expense	(37)	(16)	(20)	(8)	(1)
<b>Net income/(loss)</b>	<b>\$ 63</b>	<b>\$ 76</b>	<b>\$ 85</b>	<b>\$ 87</b>	<b>\$ (2)</b>

	4Q18	1Q19	2Q19	3Q19	4Q19
<b>Net interest margin before provision</b>	<b>3.25%</b>	<b>3.15%</b>	<b>3.11%</b>	<b>2.97%</b>	<b>2.81%</b>

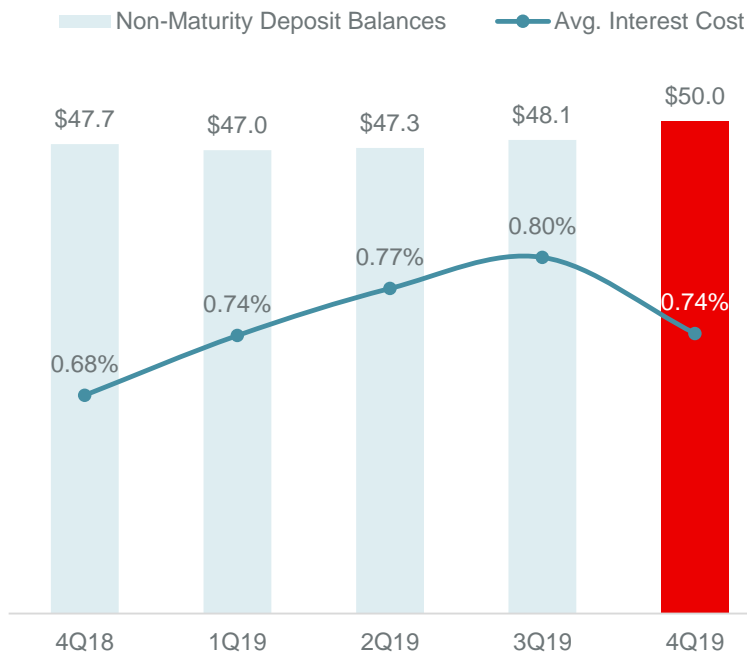
# SBNA: QUARTERLY AVERAGE BALANCE SHEET

(In millions)

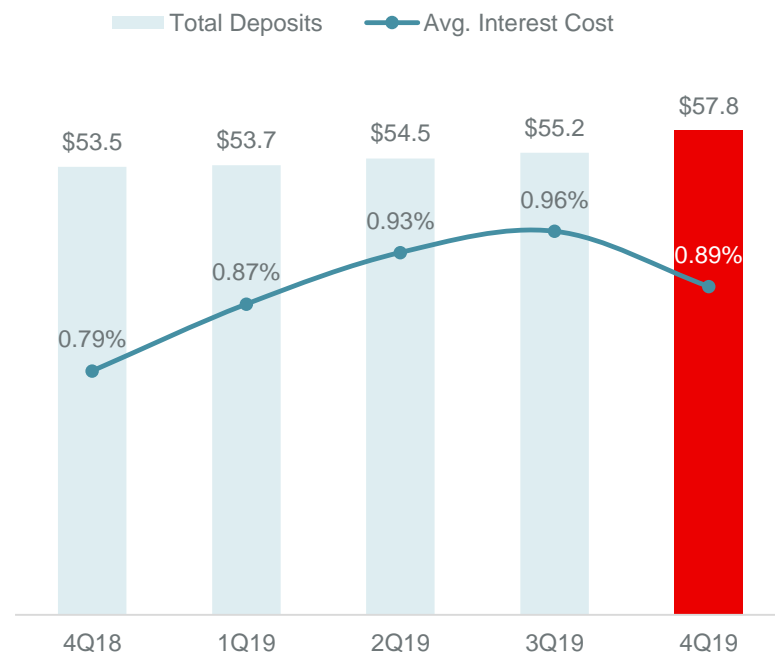
	4Q19		3Q19		Change		4Q18	
	Average Balance	Yield/Rate	Average Balance	Yield/Rate	Average Balance	Yield/Rate	Average Balance	Yield/Rate
Deposits and investments	\$ 18,159	2.12%	\$16,207	2.25%	\$ 1,952	-0.13%	\$15,739	2.49%
Loans	56,042	4.28%	55,337	4.49%	705	-0.21%	51,583	4.52%
Allowance for loan losses	(542)	---	(553)	---	11	---	(536)	---
Other assets	9,889	---	9,757	---	132	---	8,629	---
<b>TOTAL ASSETS</b>	<b>\$ 83,548</b>	<b>3.33%</b>	<b>\$80,748</b>	<b>3.53%</b>	<b>\$ 2,800</b>	<b>-0.20%</b>	<b>\$75,415</b>	<b>3.61%</b>
Interest-bearing demand deposits	8,937	0.48%	8,920	0.69%	17	-0.21%	8,369	0.63%
Noninterest-bearing demand deposits	12,223	---	12,245	---	(22)	---	12,025	---
Savings	3,731	0.06%	3,813	0.07%	(82)	-0.01%	3,812	0.64%
Money market	28,201	1.17%	26,357	1.28%	1,844	-0.11%	26,737	1.06%
Certificates of deposit	7,839	1.91%	7,077	2.06%	762	-0.15%	5,808	1.70%
Borrowed funds	6,502	2.57%	6,255	2.82%	247	-0.25%	3,614	3.19%
Other liabilities	2,278	---	2,226	---	52	---	1,747	---
Equity	13,837	---	13,855	---	(18)	---	13,301	---
<b>TOTAL LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	<b>\$ 83,548</b>	<b>0.84%</b>	<b>\$80,748</b>	<b>0.90%</b>	<b>\$ 2,800</b>	<b>-0.06%</b>	<b>\$75,413</b>	<b>0.74%</b>
<b>NIM</b>		<b>2.81%</b>		<b>2.97%</b>		<b>-0.16%</b>		<b>3.25%</b>

# SBNA: FUNDING – DEPOSITS

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



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

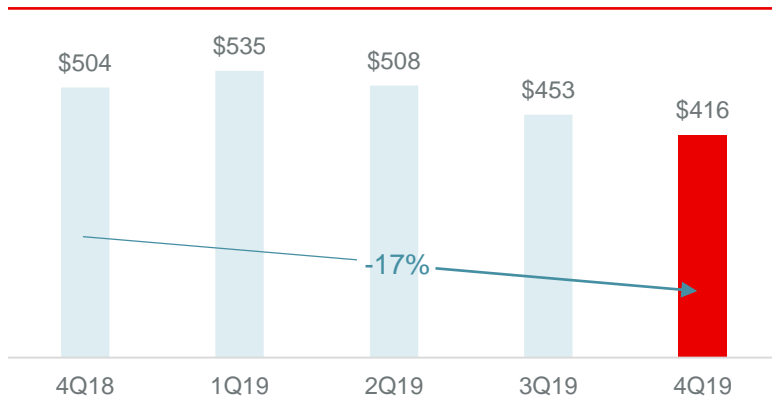




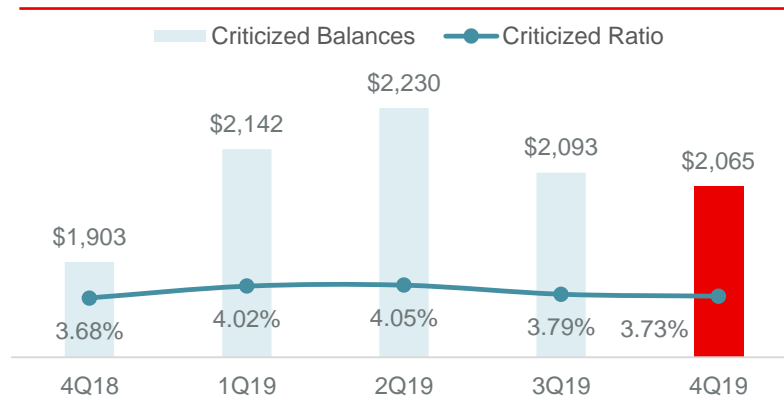
# SBNA: ASSET QUALITY

SBNA asset quality metrics remain in line with large bank peers

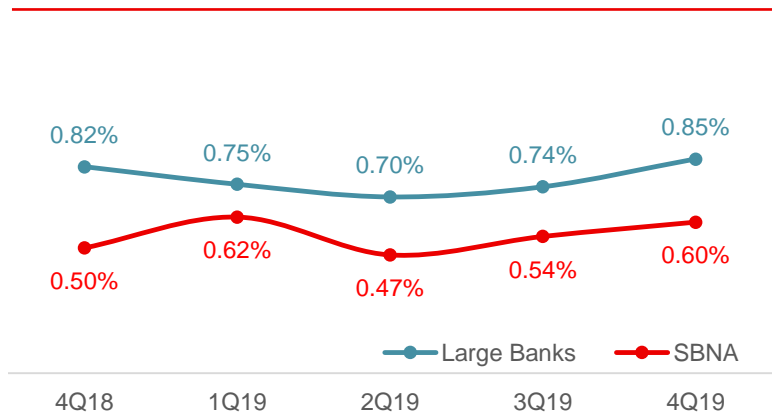
## NPLs



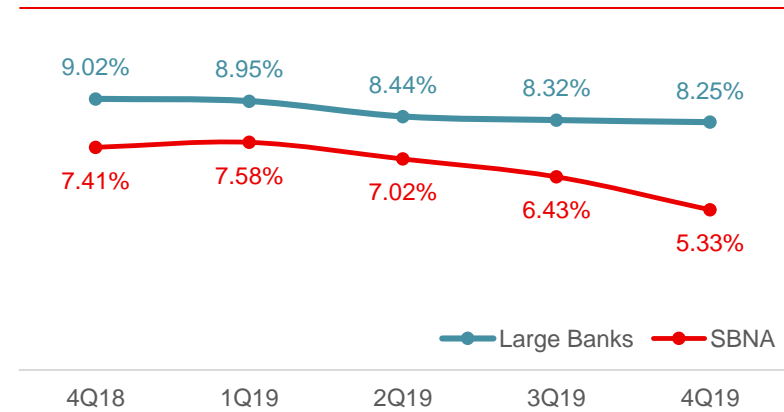
## CRITICIZED BALANCES<sup>1</sup>



## DELINQUENCY<sup>2</sup>



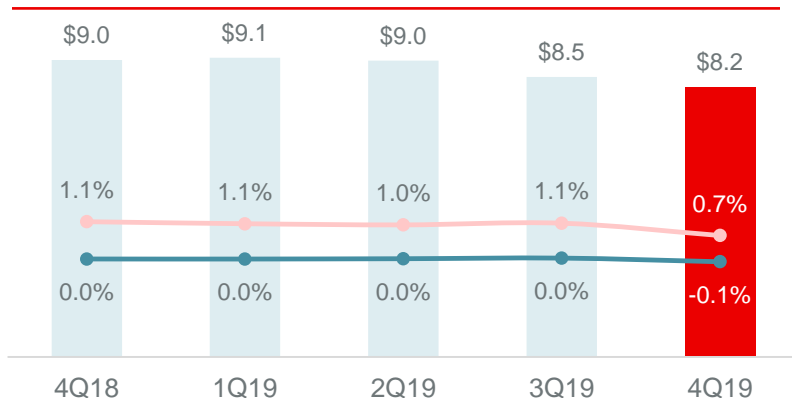
## TEXAS RATIO<sup>3</sup>



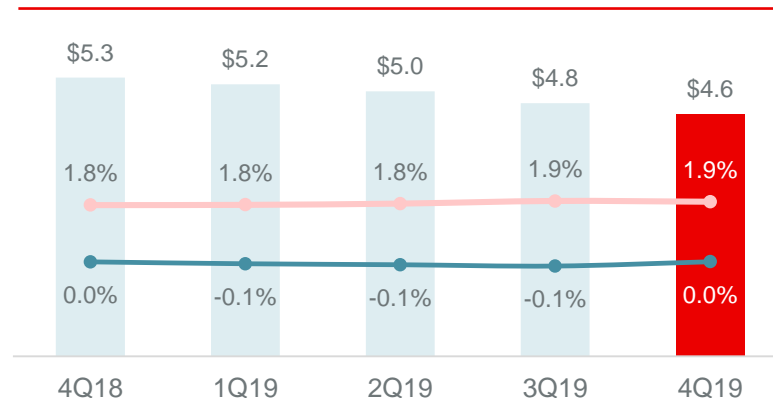
# SBNA: ASSET QUALITY (CONTINUED)

Outstandings\* NPLs to Total Loans Net Charge-Offs

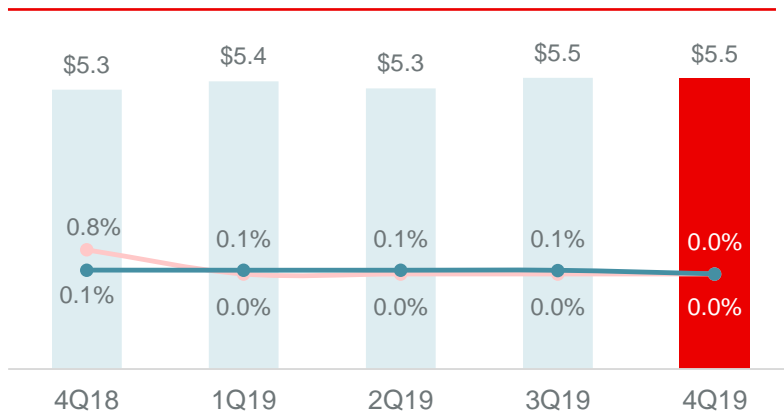
## MORTGAGES



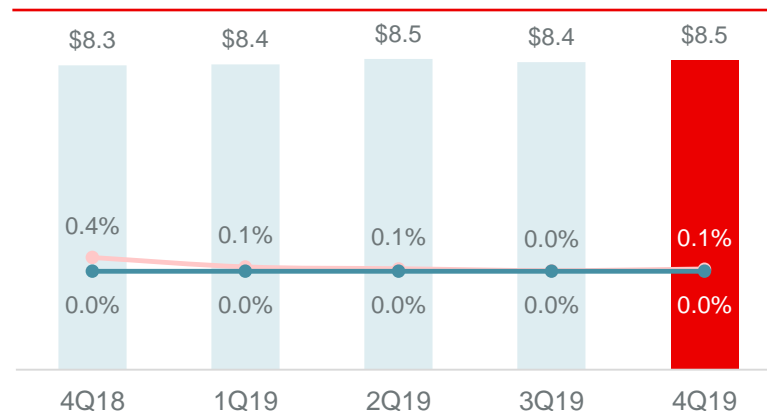
## HOME EQUITY



## COMMERCIAL REAL ESTATE<sup>1</sup>



## SANTANDER REAL ESTATE CAPITAL (SREC)

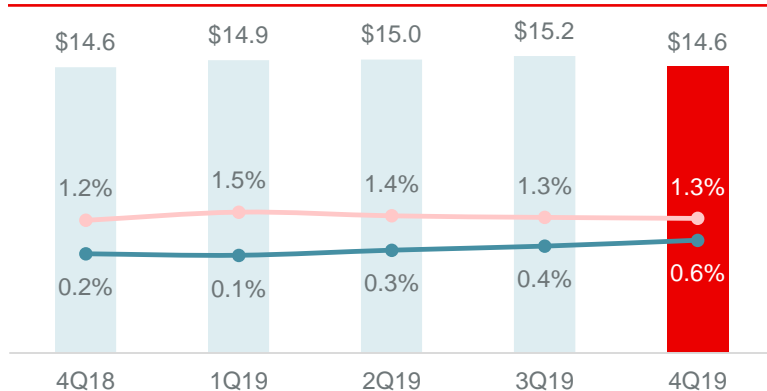


OUTSTANDINGS \$ NPL RATIO % Net Charge Off Rate %

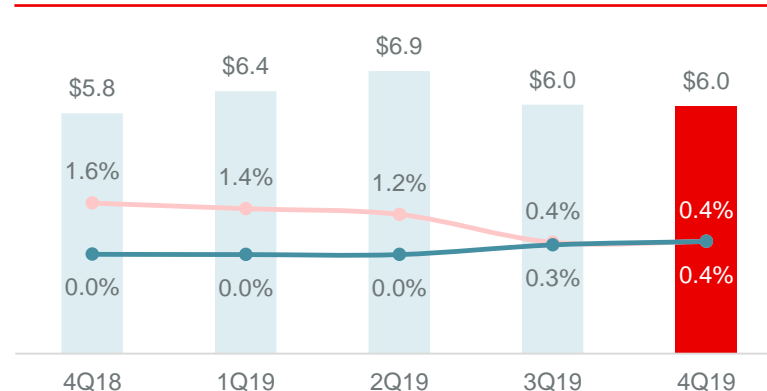
# SBNA: ASSET QUALITY (CONTINUED)

Outstandings\* NPLs to Total Loans Net Charge-Offs

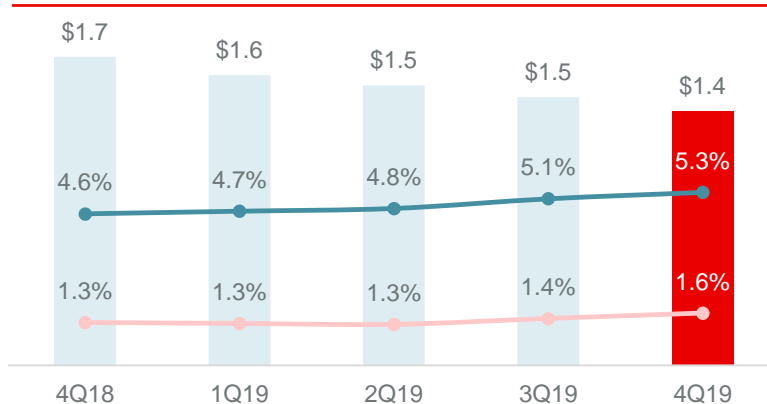
## COMMERCIAL BANKING<sup>1</sup>



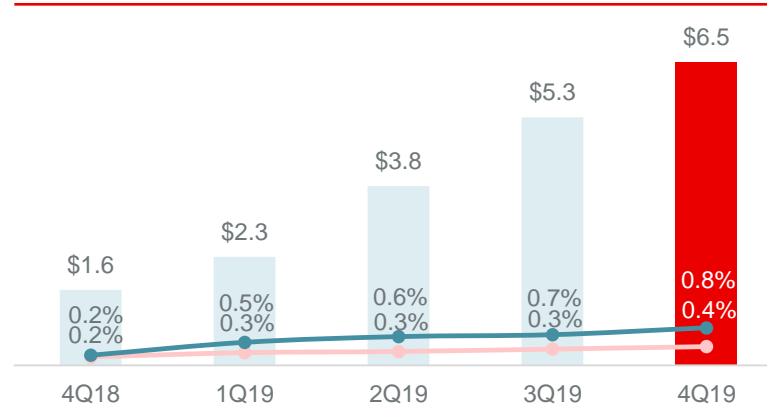
## CORPORATE & INVESTMENT BANKING



## 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.

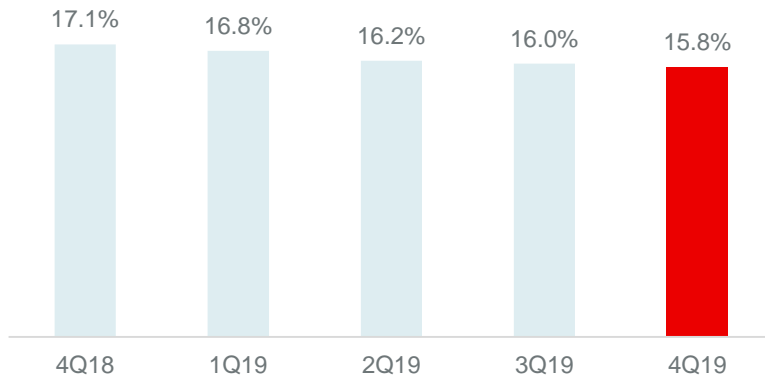
<sup>2</sup> Other Consumer = Direct Consumer, Indirect Consumer, RV/Marine, Credit Cards, SFC, & Retail run-off

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

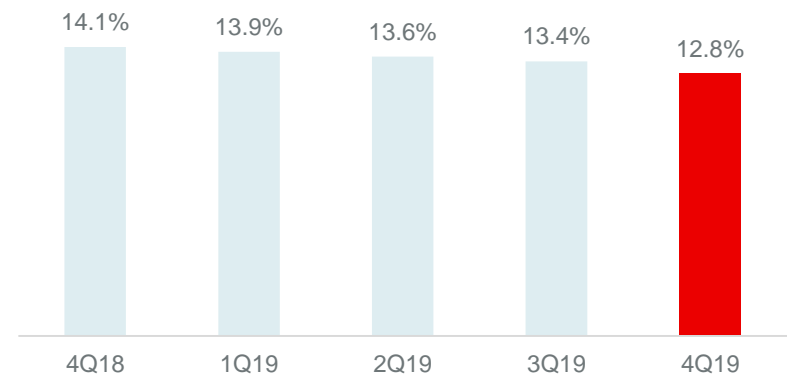
\* Dollars in billions

# SBNA: CAPITAL RATIOS

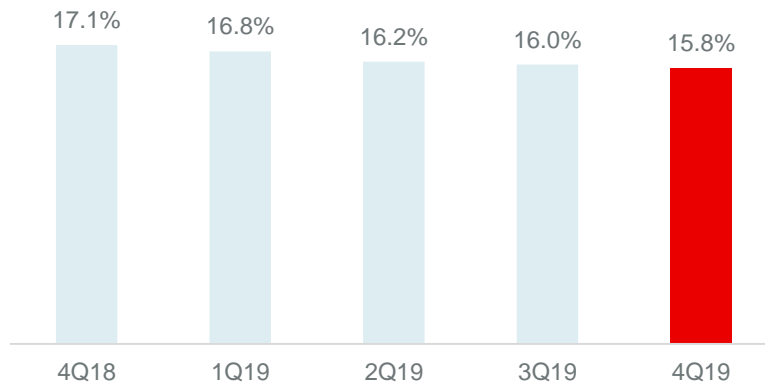
**CET1**



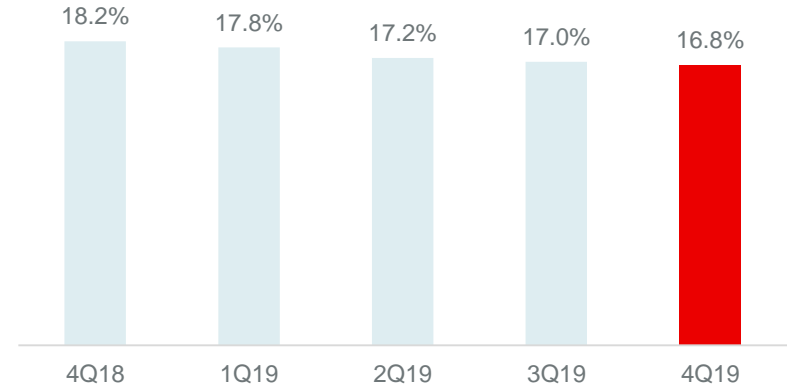
**TIER 1 LEVERAGE RATIO**



**TIER 1 RISK-BASED CAPITAL RATIO**



**TOTAL RISK-BASED CAPITAL RATIO**



# SBNA: NON-GAAP TO GAAP RECONCILIATIONS

\$ Millions											
SBNA Pre-Tax Pre-Provision Income		4Q18		1Q19		2Q19		3Q19		4Q19	
Pre-tax income, as reported		\$	100	\$	92	\$	105	\$	95	\$	(1)
Add back:											
(Release of)/provision for credit losses			43		48		47		50		63
Pre-tax pre-provision income		\$	143	\$	140	\$	152	\$	145	\$	62
CET 1 to Risk-Weighted Assets		4Q18		1Q19		2Q19		3Q19		4Q19	
CET 1 capital		\$	10,179	\$	10,239	\$	10,303	\$	10,335	\$	10,220
Risk-weighted assets			59,394		61,057		63,635		64,543		64,678
Ratio			17.1%		16.8%		16.2%		16.0%		15.8%
Tier 1 Leverage											
Tier 1 capital		\$	10,179	\$	10,239	\$	10,303	\$	10,335	\$	10,220
Average total assets for leverage capital purposes			72,309		73,903		75,719		77,262		80,007
Ratio			14.1%		13.9%		13.6%		13.4%		12.8%
Tier 1 Risk-Based											
Tier 1 capital		\$	10,179	\$	10,239	\$	10,303	\$	10,335	\$	10,220
Low level recourse deduction			-		-		-		-		-
Risk-weighted assets			59,394		61,057		63,635		64,543		64,678
Ratio			17.1%		16.8%		16.2%		16.0%		15.8%
Total Risk-Based											
Risk-based capital		\$	10,820	\$	10,890	\$	10,952	\$	10,965	\$	10,844
Risk-weighted assets			59,394		61,057		63,635		64,543		64,678
Ratio			18.2%		17.8%		17.2%		17.0%		16.8%

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

SBNA Texas Ratio	4Q18	1Q19	2Q19	3Q19	4Q19
Total Equity	\$ 13,408	\$ 13,561	\$ 13,736	\$ 13,799	\$ 13,681
Less:					
	(3,636)	(3,607)	(3,632)	(3,635)	(3,643)
	-	-	-	-	-
Add: Allowance for loan losses	546	560	560	536	533
Total equity and loss allowances for Texas Ratio	\$ 10,318	\$ 10,514	\$ 10,664	\$ 10,700	\$ 10,571
Nonperforming assets	\$ 526	\$ 558	\$ 528	\$ 470	\$ 433
90+ DPD accruing	7	7	6	6	6
Accruing troubled debt restructurings	232	232	215	212	122
Total nonperforming assets	\$ 765	\$ 797	\$ 749	\$ 688	\$ 561
Texas ratio	7.4%	7.6%	7.0%	6.4%	5.3%

# 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.**<sup>®</sup>



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