Banco Santander, S.A.
Resolution Plan for U.S. Operations

Public Section

December 31, 2013

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1. Section 1: Public Section

Introduction

U.S. Resolution Plan

Banco Santander, S.A. ("Santander") has developed this resolution plan (the "Plan") for the U.S. operations of Santander as required under Title I, Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and the regulations jointly promulgated by the Board of Governors of the Federal Reserve System (the "FRB") at 12 C.F.R. Part 243 and the Federal Deposit Insurance Corporation (the "FDIC") at 12 C.F.R. Part 243 (the "SIFI Rule").

The Dodd-Frank Act mandates that a bank holding company – or a foreign bank regulated as a bank or financial holding company under Section 8(a) of the International Banking Act of 1978 - with assets of $50 billion or more develop a plan for its rapid and orderly resolution in the event of material financial distress or failure. The purpose of this provision is to provide regulators with plans that would enable them to liquidate failing financial companies that pose a significant risk to the financial stability of the United States in a manner that mitigates such risk.

The Plan provides a detailed roadmap for the orderly resolution of the U.S. operations of Santander under a hypothetical stress scenario and failure.

Santander is a global banking organization headquartered in Madrid, Spain, and is treated as a bank holding company under Section 8(a) of the International Banking Act of 1978, and has elected to be treated as a financial holding company pursuant to the Gramm-Leach-Bliley Act of 1999. Santander is the "Covered Company" for the purposes of the Plan. The legal entity structure of Santander in the United States is a reflection of its business model based on independent subsidiaries, as explained later in this Plan.

Consistent with the SIFI Rule, Santander's Plan addresses its U.S. operations, which are conducted through material entities ("Material Entities"): Santander Holdings USA, Inc. ("SHUSA"), Santander Bank, N.A. ("SBNA" or the "Bank"), Santander Consumer USA, Inc. ("SCUSA"), Geoban, S.A. ("Geoban"), Ingenieria de Software Bancario, S.L. ("Isban"), Produban Servicios Informaticos Generales, S.L. ("Produban") and Santander Global Facilities, S.L. ("SGF"); and, core business lines ("CBLs"): SBNA Core Consumer, SBNA Mortgage Banking, SBNA Commercial Real Estate, and SCUSA Auto Lending, as explained in Sections A and B below.

In addition to the Material Entities, Santander owns, directly or indirectly, the following subsidiaries or branches: Santander's New York branch, a foreign branch with $14.8 billion in assets regulated by the New York State Department of Financial Services ("Santander NYB"); Abbey National Treasury Services plc's Connecticut branch, a foreign branch with $7.8 billion in assets regulated by the Connecticut Department of Banks; Santander Investment Securities Inc., a New York. broker-dealer regulated by the Securities Exchange Commission (the "SEC") and the Financial Industry Regulatory Authority ("FINRA") that is subject to resolution as a member of the Securities Investor Protection Corporation ("SIPC"); and Banco Santander International, an Edge Act corporation based in Miami Florida with $5 billion in assets, subject to supervision by the FRB. Santander's Portuguese bank subsidiary, Totta & Accores Inc., is based in Newark, New Jersey.

Other U.S. subsidiaries include Santander BanCorp, a bank holding company in Puerto Rico with $7.5 billion in assets[1] regulated and supervised by the FRB, and its main subsidiary, Banco Santander Puerto Rico, a commercial bank with $7.2 billion in assets, regulated and supervised by the Office of the Commissioner of Financial Institutions of Puerto Rico ("OCIF") and the FDIC, and is subject to the FDIC's resolution authority; and Santander Securities, LLC, a broker-dealer subject to SEC and FINRA supervision and a member of the SIPC and Santander Financial Services, a consumer finance company. Also, Santander owns, directly or indirectly, the following subsidiaries in Puerto Rico: Santander Overseas Bank (international banking entity), BST International Bank (international banking entity), and Crefisa, Inc.

In accordance with the SIFI Rule, the Plan does not address resolution strategies for entities not identified as Material Entities or subject to U.S. resolution regimes.

Santander Group

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

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

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

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

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

- From a technological and operational viewpoint, each local sub-group either uses its own resources or contracts with third parties, and increasingly obtains these services from the group's "Factories[2]" All these service relationships are appropriately identified and documented, making it possible to differentiate between them and, where applicable, separate them.

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

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

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[1] Consolidated with Banco Santander Puerto Rico
[2] See section A for more detail.

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

Santander Group Business Model

Santander group is a retail and commercial banking group based in Spain, with a presence in ten core markets: Spain, the U.K., Germany, Poland, Portugal, the U.S., Brazil, Mexico, Argentina and Chile. Santander is the largest bank in the euro zone by market capitalization. Founded in 1857, Santander had EUR 1.342 trillion in managed funds, 102 million customers, 14,680 branches – more than any other international bank – and 186,783 employees at June 30, 2013. Santander was named Best Global Bank by Euromoney magazine in 2005, 2008 and 2012, ranked as a top Greenest Global Bank in 2013 by Bloomberg BusinessWeek and named 2013 Sustainable Global Bank of the Year by the Financial Times.

The operating business units of the Santander group are structured in two levels:

- Principal (or geographic) level: Geographic areas segment the activity of the group's operating units. This coincides with the group's first level of management and reflects Santander's positioning in the world's three main currency areas (euro, sterling and dollar). These segments are:
    - Continental Europe: This includes all retail banking business, wholesale banking and asset management and insurance conducted in this region, as well as the unit of run-off real estate in Spain.
    - U.S.: This includes the businesses of SBNA and Santander Consumer USA, Inc. ("SCUSA"), which is accounted for as an equity method investment and all other businesses in the U.S.
    - U.K.: This includes retail and wholesale banking and asset management and insurance conducted by the various units and branches of the group in the U.K.
    - Latin America: This includes all of the group's financial activities conducted through several banks and other subsidiaries. It also includes the specialized units of Santander Private Banking, as an independent and globally managed unit.
- Secondary (or business) level: This categorizes the activity of the operating units by type of business. The segments are: retail banking, wholesale banking, asset management and insurance.
    - Retail Banking: This includes all consumer banking businesses, including private banking (except corporate banking, which is managed through Santander's global customer relationship model). Hedging positions in each country are conducted through assets and liability committees.
    - Global Wholesale Banking ("GBM"): This business reflects revenues from global corporate banking, investment banking and markets worldwide, including all treasuries managed globally, (both trading and distribution to customers), as well as equities business.
    - Asset Management and Insurance: This includes the contribution of the various units to the group in the design and management of mutual and pension funds and insurance. The group uses, and remunerates through agreements, the retail networks that place these products.

I.A The Names of Material Entities

For U.S. resolution planning purposes, Santander has identified the following companies as Material Entities, which are defined under the SIFI Rule as "a subsidiary or foreign office of the covered company that is significant to the activities of a critical operation or core business line." The identified Material Entities are listed below.

I.A.1 Santander Holdings USA, Inc. ("SHUSA")

SHUSA is the parent company of Santander Bank, N.A. and owns a 65% non-controlling interest in Santander Consumer USA, Inc. ("SCUSA"). With the conversion of SBNA to a national association on January 26, 2012, SHUSA became a bank holding company and an intermediary bank holding company of Santander that, for purposes of resolution planning, presently owns or has an interest in all of Santander's CBLs operating in the United States.

SHUSA's principal executive offices are located at 75 State Street, Boston, Massachusetts. SHUSA is a wholly-owned subsidiary of Santander.

I.A.2 Santander Bank, N.A. ("SBNA" or the "Bank")

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

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

I.A.3 Santander Consumer USA, Inc. ("SCUSA")

SCUSA is a specialized consumer finance company headquartered in Dallas, Texas and engaged in the purchase, securitization and servicing of retail installment contracts originated by automobile dealers and direct origination of retail installment contracts over the internet. SCUSA is accounted for as an equity method investment.

I.A.4 Geoban, S.A. ("Geoban")

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

I.A.5 Ingenieria de Software Bancario, S.L. ("Isban")

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

I.A.6 Produban Servicios Informaticos Generales, S.L. (“Produban”)

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

I.A.7 Santander Global Facilities, SL (“SGF”)

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

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

I.B Description of Core Business Line

The SIFI Rule defines CBLs as those “…business lines of a Covered Company, including associated operations, services, functions and support that, in the view of the Covered Company, upon failure would result in a material loss of revenue, profit, or franchise value.”

Based on these criteria, Santander identified four CBLs in the US: SBNA Core Consumer, SBNA Mortgage Banking, SBNA Commercial Real Estate, and SCUSA Auto Lending, as described below:

I.B.1 SBNA Core Consumer

SBNA Core Consumer is the traditional consumer banking business, excluding the residential mortgage business, conducted by SBNA out of its branch locations and on-line, which is largely in the northeast and mid-Atlantic regions of the United States. The branches offer a wide range of consumer loan products and services to customers, such as home equity loans, auto loans and secured and unsecured lines of credits; and attract consumer deposits by offering a variety of FDIC-insured deposit instruments, including demand and interest-bearing demand deposit accounts, money market and savings accounts, certificates of deposit, and retirement savings products. The branches also offer a variety of products and services related to consumer banking on a fee basis, such as safe deposit boxes, cashiers’ checks, etc. as well as a range of small business products and services, including small business loans, transaction accounts and related services, to small businesses and individuals. The CBL includes the banking business described above and the associated consumer and small business loan portfolios.

I.B.2 SBNA Mortgage Banking

SBNA Mortgage Banking is a traditional mortgage banking business conducted out of SBNA, which includes originating and purchasing fixed-rate and adjustable rate residential mortgage loans that are secured by underlying 1-4 family residential properties. A portion of SBNA's fixed-rate mortgage loan production is sold to investors in the secondary market without recourse.

SBNA also services residential real estate loans for the benefit of others, owning the mortgage servicing rights ("MSRs") for this portfolio.

I.B.3 SBNA Commercial Real Estate

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

I.B.4 SCUSA Auto Lending

SCUSA Auto Lending is an originator and servicer of auto loans, offering a full spectrum of auto lending programs on direct and indirect platforms. The CBL primarily engages in the purchase, securitization and servicing of retail installment contracts in auto finance, recreational vehicles and other similar segments. SCUSA Auto Lending acquires retail installment contracts principally from manufacturer franchised dealers in conjunction with their sale of used and new automobiles and light duty trucks to retail consumers.

I.C Summary Financial Information

For the purposes of this resolution planning, Santander, as a foreign-based Covered Company, is presenting consolidated financial information for its U.S. operations despite the fact that the entities within the U.S. operation other than SBNA are not legally or for regulatory purposes consolidated into SHUSA. Accordingly, certain financial information may not wholly correspond with Santander's public financial reporting, since it includes financial information of entities that are not subsidiaries of SHUSA under U.S. securities laws.

In addition, the description of Santander's organizational structure contained in the Plan may not wholly correspond to the reports filed by Santander with the FRB because certain Santander subsidiaries that are engaged in activities in the United States are exempt from such filings.

Consolidated financial information for the U.S. operations of the Covered Company is included in the table below.

Table I.C-1: Santander U.S. Consolidated Balance Sheet, as of December 31, 2012 [3]			
Assets	**($mm)**	**Liabilities and Equity**	**($mm)**
Cash and Due from Banks	12,575.0	Deposits	$70,708.0
Investment Securities	27,587.0	Debt Obligations	25,154.0
Loans	64,149.0	Other Liabilities	11,443.0
Allowance for Loan Losses	(1,211.0)	Total Liabilities	107,304.0
Goodwill and Intangibles	3,678.0		
Fixed Assets	773.0	Shareholders' Equity	16,376.0
Other Assets	16,128.0		
Total Assets	123,680.0	Total Liabilities and Equity	123,680.0

Production of financial statement information is driven by the consolidation of the respective entities within the U.S. operations of Santander. Consolidation activities are based upon the aggregation of asset and liability values in addition to the removal of related intercompany transactions. To arrive at values for the U.S. operations of Santander, consolidation activities occur across all the entities that operate within the U.S. The financial information for these individual entities, representing the consolidating schedule for purposes of the Plan, has been included in the table below.

Table I.C-2: Santander Group U.S. Unconsolidated Balance Sheet, as of December 31, 2012						
($mm)	**SHUSA**	**Santander BanCorp**	**Intl. Private Bank – Miami**	**Santander NY[4]**	**Abbey U.S.[5]**	**Others [6]**
Cash and Due from Banks	2,221.0	710.0	1,959.0	6,047.0	639.0	1,210.0
Investment Securities	19,738.0	449.0	30.0	142.0	7,158.0	145.0
Loans	53,232.0	5,336.0	2,866.0	2,174.0	58.0	483.0
Allowance for Loan Losses	(1,013.0)	(132.0)	(2.0)	(54.0)	-	(10.0)
Goodwill and Core Deposit Intangibles	3,493.0	147.0	38.0	-	-	-

[3] Total assets and liabilities have been calculated by adding the individual balances and deducting the U.S. related intercompanies. Total assets include intercompany balances of $ 11.0 Bn, of which $1.4 Bn consists of a loan from Santander NYB to SCUSA. Total liabilities include intercompany balances in the amount of $14.1bn.

[4] Santander NY includes Santander NYB, a branch of Santander, and Santander Investment Securities (SIS), a broker-dealer.

[5] Abbey National Treasury Services plc issues USD commercial paper through Abbey National North America, LLC. ("ANNA") and Abbey National Securities Inc ("ANSI" - inactive). Since branches have no capital, the line "Other" includes the difference between assets and liabilities plus shareholder equity of ANSI and ANNA

[6] Others: Totta U.S., Santander Overseas Bank, Santander Financial Services, Inc. (previously known as Crefisa, Inc.) and Abbey National (America) Holdings Inc. (ANAH), Abbey National Capital Trust I and Abbey National Capital LP. The numbers do not include intercompany eliminations.

Table I.C-2: Santander Group U.S. Unconsolidated Balance Sheet, as of December 31, 2012						
($mm)	SHUSA	Santander BanCorp	Intl. Private Bank – Miami	Santander NY[4]	Abbey U.S.[5]	Others [6]
Fixed Assets	749.0	18.0	3.0	3.0	-	-
Other Assets	7,371.0	915.0	130.0	7,641.0	2.0	72.0
Total Assets	85,790.0	7,443.0	5,024.0	15,953.0	7,856.0	1,900.0
Deposits	50,790.0	5,822.0	4,199.0	6,679.0	3,094.0	336.0
Debt Obligations	19,264.0	431.0	41.0	272.0	4,778.0	366.0
Other Liabilities	2,494.0	304.0	87.0	8,545.0	4.0	10.0
Total Liabilities	72,548.0	6,557.0	4,327.0	15,496.0	7,876.0	712.0
Other	-	-	-	304.0	-	-
Capital	12,407.0	450.0	486.0	290.0	45	1,252.0
Warrants	-	-	-	-	-	-
OCI	54.0	(35.0)	-	-	(0.2)	-
Retained Earnings	781.0	471.0	211.0	(137.0)	(64)	(64.0)
Total S.H. Equity	13,242.0	886.0	697.0	457.0	(19.2)	1,188.0
Total Liabilities & Equity	85,790.0	7,443.0	5,024.0	15,953.0	7,856.0	1,900.0

I.C.1 Capital

Capital for Santander's U.S. operations is primarily held within SHUSA, SBNA and SCUSA. SHUSA, as a bank holding company under federal regulations, is required to prepare an annual capital plan and is required to maintain prescribed regulatory capital ratios in accordance with FRB requirements Capital for resolution planning purposes is described below.

Table I.C-3: SHUSA Consolidated Capital Ratios as of December 31, 2012	
Detail	SHUSA (Consolidated)
Tier 1 Common	$8.08bn
Tier 2 Capital	$1.62bn

Table I.C-3: SHUSA Consolidated Capital Ratios as of December 31, 2012	
Detail	**SHUSA (Consolidated)**
Risk Weighted Assets	$65.0bn
Tier 1 Common	12.43%
Tier 1 Risk Based Capital Ratio	13.08%
Leverage Ratio	10.79%

SHUSA maintains "well capitalized" capital ratios under the FRB's requirements. Its Tier 1 Common ratio is well above the FRB's minimum for Tier 1 Common ratios.

I.C.2 Sources of Funds

SHUSA's borrowing profile is displayed on a consolidated and a stand-alone basis. SHUSA is primarily funded by debt issuances and capital contributions from Santander and dividends and distributions from SBNA and SCUSA.

Table I.C-4: SHUSA Borrowings as of December 31, 2012	
Debt Summary	**($mm)**
Short-term	-
Long-term	-
Total Wholesale Borrowings	-
Senior	-
Subordinated	-
REIT* Preferred	-
Total Bank Debt	-
Secured	-
Unsecured	1,826.90
Trust Preferred	741.52
Total Bancorp Debt	2,568.42
Brokered Deposits	-

Table I.C-4: SHUSA Borrowings as of December 31, 2012	
Debt Summary	**($mm)**
Non-Brokered Deposits[7]	358.88
Total Deposits	358.88

SHUSA's subordinated debt includes a $750mm note issued to Santander. This note bears interest at 5.75% per annum.

The Long-term Debt Schedule below reflects that the majority of SHUSA's debt matures in 2015 and beyond. Its first debt matures in 2015.

Table I.C-5: SHUSA Debt Schedule as of December 31, 2012	
Long-term Debt Schedule	**($mm)**
2013	-
2014	-
2015	600
2016	476.04
2017	-
2018 +	1,492.38
Total Long-term Debt	2,568.42

I.D Description of Derivative and Hedging Activities

In the United States, U.S. Material Entities engage in derivatives activities for balance sheet-related interest rate risk hedging purposes and to meet customer needs. None of Santander's U.S. Material Entities are market makers in derivative products nor do they use derivatives for speculative purposes.

As part of their overall risk hedging strategies, the U.S. Material Entities use derivative contracts as hedges to mitigate exposure to changes in the fair value of an asset, liability or firm commitment attributable to a particular risk, such as interest rate risk, and to mitigate exposure to variability in expected future cash flows. The majority of derivative contracts are booked at SBNA; however, SHUSA and SCUSA may book derivative positions from time-to-time to mitigate interest rate risk.

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

[7] Deposits at SBNA

I.E Memberships in Material Payment, Clearing and Settlement Systems

SBNA is a member in material payment, clearing and settlement systems, also known as Financial Market Utilities ("FMUs"), as set forth below. FMUs allow SBNA to conduct financial transactions, provide payment services and perform derivatives transactions as needed to manage risk, secure funding and meet the needs of customers and clients.

SBNA is Santander's only U.S. domiciled Material Entity that is a member of an FMU.

Table I.E-1: Santander FMU Overview

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

I.F Description of Foreign Operations

No material components of Santander's U.S. operations are based outside the United States. Santander's U.S. operations do not have any foreign branches, subsidiaries, or offices. SBNA does have an electronic banking facility in the Cayman Islands that provides a vehicle for its Eurodollar Sweep accounts, a standard product offered in the industry, which invests client deposits automatically overnight in Eurodollar accounts to maximize interest earned. As of December 31, 2013, SBNA had approximately $523mm reported on the Call Report Schedule RC-E in this electronic banking facility.

SBNA has a Class B license from the Cayman Islands government, and approved by U.S. Department of Treasury regulators (formerly the OTS), which allows SBNA to accept electronic deposits outside of the U.S.; however, under this license class, the deposits are neither considered onshore to the Cayman Islands nor to the U.S.

I.G Material Supervisory Authorities

As a Spanish financial services company, Santander is subject to prudential supervision by the Bank of Spain. If Santander were to be resolved or taken over in the event of a failure, the Bank of Spain would normally designate the Fund for the Orderly Restructuring of the Banking Sector (the "FROB") as a "special manager" to assume control of Santander and its domestic subsidiaries. Santander's foreign subsidiaries – including those based in the U.S. – are also subject to local laws, regulations and supervision administered by the regulators in those countries. Santander's U.S. operations are subject to the extensive regulatory framework applicable to bank holding companies, banks and U.S. branches of foreign banks.

Since Santander is a financial holding company in the U.S., its U.S. operations are subject to the supervision and regulation of the FRB, as is SHUSA, a bank holding company. As a Securities and Exchange Commission ("SEC") registrant, SHUSA is also subject to applicable SEC regulations and financial reporting and filing requirements.

As a national bank, SBNA is subject to primary regulation, supervision and examination by the OCC, and to additional banking regulation by the FDIC and the FRB. In addition, the Consumer Financial Protection Bureau (the "CFPB") regulates SBNA's consumer financial products and services.

SCUSA is subject to supervision by the FRB, the CFPB and the Federal Trade Commission.

Santander NYB is subject to the supervision of the FRB and the New York Department of Financial Services. Abbey National's U.S. branches are subject to the supervision of the FRB and the Connecticut Department of Banking.

Santander's other U.S. subsidiaries are also subject to various laws and regulations, as well as supervision and examination by other regulatory agencies, all of which directly or indirectly affect its operations and management and its ability to make distributions to stockholders. Its U.S. broker-dealer subsidiaries are subject to regulation and supervision by the SEC and FINRA with respect to their securities activities.

Additional relevant information can be found in SHUSA's Annual Report on Form 10-K for 2012 filed with the SEC.

I.H Principal Officers

Table I.H-1: SHUSA Principal Officers as of August 31, 2013

Title	Name
President / Chief Executive Officer	Roman Blanco
SHUSA Chief Financial Officer, and Senior Executive Vice President	Juan Carlos Alvarez
Director of 4R Project (Risk, Recommendations, Regulators, Remediation) and Executive Vice President	Maria Calero
SHUSA Comptroller, and Senior Executive Vice President	Guillermo Sabater
U.S. Chief Risk Officer, and Senior Executive Vice President	Juan Andres Yanes
SHUSA Chief Internal Auditor and Executive Vice President	Enrique Larrainzar
Managing Director of Human Resources, Organizational Efficiency and Senior Executive Vice President	Carmen Briongos
Managing Director of Technology and Operations, and Senior Executive Vice President	Julio Somoza

Table I.H-1: SHUSA Principal Officers as of August 31, 2013	
Title	**Name**
General Counsel and Senior Executive Vice President	Christopher Pfirrman

I.I Resolution Planning Corporate Governance Structure and Processes

I.I.1 Summary

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

Under this project, seven coordinated recovery plans (for Santander and for six other relevant local units of the group – Santander U.S., Santander Mexico, Santander Brazil, Santander UK, Santander Germany and Santander Portugal) have been developed and approved at both the local and corporate level. In addition, these units have provided to the relevant authorities the information required to develop their resolution plans. In the case of the U.S. operations of Santander and as required by U.S. law, this plan has been developed.

I.I.2 Corporate Program

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

- The Corporate Living Will Committee is chaired by Santander's Chief Executive Officer and comprised of the heads of the main divisions.
- The Corporate Living Will Office (the "CLWO") coordinates all of the efforts related to each of the plans developed by the different Santander units, and the group as a whole, as a global systemically important financial institution.
- The CLWO reviews the documents and makes suggestions and recommendations, ensuring proper coordination at the group level.
- A Corporate Technical Committee that supports the CLWO in carrying out its functions, made up of members designated by each of the major divisions who are responsible for providing the information necessary to develop the corporate plan, as well as coordinating the generation of information from the respective local divisions in order to prepare the plans for each local unit.

I.I.2.1 U.S. Resolution

Santander has created a plan governance infrastructure which integrates resolution planning throughout Santander and its U.S. Material Entities and CBLs, through specific management committees with reporting lines to its Board of Directors. The plan governance infrastructure incorporates existing committees, roles, responsibilities, and management systems for Santander and its U.S. MEs and CBLs. To this end, Santander has fully integrated resolution planning into its corporate structure.

The management structure for the Plan and the resolution planning process in the U.S. uses several layers of Board and management committees to generate, manage, monitor, and maintain the resolution planning process.

The highest Board-level committee overseeing the Plan is the Board Enterprise Risk Committee (the "BERC") and the Executive Management Committee (the "EMC") of SHUSA. Reporting to the EMC is the Capital Planning Committee ("CPC"), chaired by Roman Blanco, Santander's U.S. Country Head and President and Chief Executive Officer of SHUSA and SBNA. Two subcommittees report to the CPC, the Resolution Plan Steering Committee (the "RPSC"), chaired by Juan Andres Yanes, Chief Risk Officer of SHUSA and SBNA, and the Capital Management Committee ("CMC"), chaired by Juan Carlos Alvarez, SHUSA's Chief Financial Officer.

Among the CPC's functions is monitoring the development and oversight of the resolution planning process. The CPC membership includes SHUSA's CEO, CFO, Comptroller, General Counsel, Chief Risk Officer, Director of the 4R Project Office and Managing Director of Information Technology and Operations. Attending these meetings include the Director of Capital Planning, and the Chief Internal Auditor.

The Executive Committee created the RPSC to provide resolution planning oversight and governance for the preparation of initial and subsequent resolution plan submissions pursuant to the SIFI Rule. The RPSC meets monthly to review the progress of the Plan and address any issues which may arise during its development. The RPSC has eleven specific roles:

- Provide strategic oversight to the Plan preparation and review process;
- Approve the U.S. resolution planning project and business as usual ("BAU") governance and oversight framework, including any required policies, procedures, and internal controls;
- Determine and allocate appropriate resources and budget for all U.S. resolution planning efforts and initiatives;
- Appoint appropriate U.S. Local Living Wills Office ("LLWO") leader(s) to oversee day-to-day plan development, execution, and project management for resolution planning;
- Appoint appropriate senior executives or working groups to lead established project workstreams for CBLs and Material Entities;
- Approve U.S. resolution planning project or governance charters, project plans, timelines and milestones;
- Monitor resolution project status and resolve any issues arising from resource or prioritization conflicts;
- Review, make and/or approve all key resolution planning strategies and methodologies, including any significant scoping or approach change decisions;
- Conduct regular committee meetings to monitor and review resolution planning project status;
- Communicate progress and/or issues to SHUSA/SAN US and SBNA Executive Management Committees, SBNA's Board of Directors or Santander's Board of Directors, as appropriate; and
- Coordinate with the head office for resolution planning initiatives.

Santander has also created the LLWO, a management office to oversee and design the resolution planning governance and process and manage the day-to-day Plan development and execution. The LLWO, which coordinates with the CLWO, has six specific mandates:

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

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

I.J Description of Material Management Information Systems

The Material Entities, in which the CBLs reside, SBNA and SCUSA, utilize management information systems (“MIS”) for risk management, accounting, financial, and regulatory reporting, as well as internal management reporting and analysis. These systems are primarily platform technologies with interface applications that are used to collect, maintain, and report information to management and externally for regulatory compliance. The MIS are also used by the CBLs to perform the functions necessary to run their businesses and operations. Below is a brief description of MIS as it applies to SBNA and SCUSA.

I.J.1 SBNA

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

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

- Isban: Responsible for application development and support of in-house applications. "Partenon," also known as the "Santander IT Core," is a product of Isban and serves as SBNA’s core IT platform.
- Produban: Responsible for infrastructure management and operations of in-house applications and certain key third-party systems.
- Geoban: Responsible for application configuration, parameterization, data quality and business process monitoring.

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

Geoban is overseen by the head of Operations.

I.J.2 SCUSA

At SCUSA, MIS is managed by the in-house information technology group. While some of its key systems are developed internally, several systems are obtained through third-party software providers. Although all systems and applications are essential to smooth and effective operations, SCUSA classifies all systems with a recovery time of 24 hours or less as "key" and vital to its business and operations.

MIS focuses on analytic and reporting systems, key reports and the general process for regulatory access to MIS, and is provided by in-house as well as by third-party systems.

I.K High-level Description of Resolution Strategy

As required by the SIFI Rule, the Plan assumes that an idiosyncratic and adverse event occurs that causes failure of the Covered Company and its Material Entities at a time when the U.S. and global financial systems are not experiencing a system-wide financial panic or crisis.

The Plan describes a strategy for resolving Santander's U.S. operations, including its U.S. Material Entities and the four CBLs that operate within those Material Entities, in a manner that would substantially mitigate the risks that the resolutions would have serious adverse effects on U.S. or global financial stability.

The Covered Company does not conduct any "critical operation" (a "CO"), as defined by the Dodd-Frank Act and the SIFI Rule, within the U.S. or through its Material Entities or CBLs.

The Plan includes strategies designed to ensure continuity of the CBLs during the hypothetical resolution of the Material Entities. The strategies incorporate the importance of continued access to critical services including, but not limited to, technology, employees, facilities, intellectual property and supplier relationships.

Under the Plan's hypothetical resolution scenario, SBNA would be placed into FDIC receivership and other Material Entities that are subject to U.S. resolution regimes would be placed into bankruptcy under Chapter 7 or Chapter 11 of the U.S. Bankruptcy Code.

I.K.1 Resolution of SBNA

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

A number of insured depository institutions have been identified as purchasers capable of acquiring SBNA in an orderly resolution. In addition, the CBLs operated within SBNA could be sold by the FDIC independent of a whole-bank resolution.

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

I.K.2 Resolution of SHUSA

The preferred resolution for SHUSA would be liquidation under Chapter 7 or Chapter 11 of the Bankruptcy Code. No material obstacles have been identified in connection with an orderly resolution of SHUSA.

The resolution strategies for SBNA and SHUSA mentioned above consider as a key issue the continuity of the services provided by the Factories, which is assured by the following factors:

- Legally, the Factories provide services under contracts which govern the relationships, with detailed service level agreements which are established for each function, including a provision for continuity of the services for a minimum of 6 months following any action that would terminate the contract (although an extension period can be attempted to be negotiated).

- Financially, the Factories are entities that are well capitalized, self – financed through income obtained from a diversified customer base and flexible as their cost structure is based mainly on variable costs.

Furthermore, it is in the best interest of the resolution authorities to ensure that the services will continue to be provided in accordance with the service agreements, given that:

- Santander's bank affiliates retain value as long as the services they receive from the Factories are not interrupted;

- The Factories retain value only as they continue to render services to their bank affiliates; and

- One of the resolving authorities` main objectives is to avoid systemic contagion.

I.K.3 Resolution of SCUSA

The preferred resolution for SCUSA and its CBL would be a sale of all of its assets as a going concern to a single buyer. If a prospective purchaser for all of SCUSA's business could not be found, SCUSA would seek purchasers for various business lines and classes of assets. Chapter 11 of the Bankruptcy Code would be used as a vehicle to facilitate the sale because of the ability of a debtor under Chapter 11 to sell its assets free and clear of all other interests, and because a competitive sales process, using a "stalking horse" buyer identified prior to filing the Chapter 11 petition, would be the most likely way of generating the highest sales price for the business.