
SC Enterprise Risk Management

Risk Appetite Dashboard Report – June 2016 Data

July 2016

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Santander Consumer USA

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RAS Executive Summary – July 2016 (June 2016 Data)

RAS Metric Triggers & Breaches:

► There are **5 Open MRIAs** reported for June 2016, breaching the red limit of **0**.

- Action plans for this metric have been submitted and are currently under review.

MONTHLY METRICS	SC RISK APPETITE METRICS	AMBER TRIGGER	RED LIMIT	16-June	Action Plan Due Date
COMPLIANCE	Open MRIAs	Not Applicable	0	5	7/26/2016

RAS Summary:

► Please Note: Due to the delay in the closing of the General Ledger, the following metrics will not be reported on this version of the RAS Dashboard (A follow-up complete Dashboard will be published after the General Ledger has closed):

- Common Equity Tier 1 Ratio
- Tier 1 Leverage Ratio
- Tangible Common Equity Ratio
- Total Capital Ratio
- Total Risk Weighted Assets
- Subprime Assets as a % of SHUSA Credit Exposure
- Available Committed Liquidity / Average Projected Net Originations
- NII % (+/- 100bps shock)
- MVE % (+/- 100bps shock)
- Gross Operational Risk Losses / Gross Margin

► The following metrics are currently under review and will be reported on the complete Dashboard:

- Material Operational Risk Events
- Validation of Legacy Tier 1 Models

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SC Risk Appetite Dashboard – July 2016

		Jun 16	May 16	Apr 16
1. Capital Adequacy	Due to the delay in the closing of the General Ledger, these metrics will not be reported on this version of the RAS Dashboard (A follow-up complete Dashboard will be published after the General Ledger has closed).		G	G
2. Credit Risk	Auto Net Charge-Off deteriorated as the values increased from 7.98% in May'16 to 8.11% in Jun'16. Due to an increase of high risk thin file/out of buy box loans from 2015 originations in SC's credit mix, charge-offs on the auto portfolio have risen and will continue to rise in 2016. Credit buy box actions were taken at the end of Mar'16, however, the effects are not expected to be seen until 2017. Note: Due to the 2016 RAS Update the limits for NCO & 61+ were updated to the following: (NCO Amber'15: 7.90%, Amber'16: 9.30%, Red'15: 8.60%, Red'16: 9.60%) (61+ Amber'15: 4.40%, Amber'16: 5.10%, Red'15: 4.90%, Red'16: 9.60%)	G	A	A
3. Residual Value Risk	Net Residual Value remains within Risk Appetite. This metric is forecasted to remain Green in the foreseeable future (at least 90 days).	G	G	G
4. Liquidity / Funding Risk	Due to the delay in the closing of the General Ledger, this metric will not be reported on this version of the RAS Dashboard (A follow-up complete Dashboard will be published after the General Ledger has closed).		G	G
5. Interest Rate Risk	Due to the delay in the closing of the General Ledger, these metrics will not be reported on this version of the RAS Dashboard (A follow-up complete Dashboard will be published after the General Ledger has closed).		G	G
6. Mark-to-Market Portfolio Risk	Not applicable to SC Risk Appetite.			
7. Operational Risk	Due to the delay in the closing of the General Ledger, these metrics will not be reported on this version of the RAS Dashboard (A follow-up complete Dashboard will be published after the General Ledger has closed).		G	G
8. Model Risk	Currently Not Available.			
9. Compliance	There are 5 Open MRIs reported for June 2016. Action plans for this metric have been submitted and are currently under review.	R		
10. Reputational Risk	Service for Others monthly Net Charge-Off rate improved slightly as the value decreased from 0.81% May'16 to 0.79% Jun'16 and remained within Risk Appetite.	G	G	G

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SC Risk Appetite Dashboard – June 2016

MONTHLY METRICS	SC RISK APPETITE METRICS	AMBER TRIGGER	RED LIMIT	LIMIT TYPE	Mar-16	Apr-16	May-16	Jun-16	Trend Line
CAPITAL	Common Equity Tier 1 Ratio ³	11.00%	9.45%	Floor	11.38%	12.11%	12.40%	Not Available	
	Tier 1 Leverage Ratio ¹	11.60%	10.35%	Floor	12.04%	11.97%	12.18%	Not Available	
	Tangible Common Equity Ratio ³	11.50%	10.25%	Floor	11.88%	11.98%	12.29%	Not Available	
	Total Capital Ratio ¹	12.50%	11.25%	Floor	12.73%	13.47%	13.76%	Not Available	
	Total Risk Weighted Assets (RWAs) RWA excluding Personal Lending	\$39.8bn*	\$41.8bn*	Ceiling	\$38.9bn \$37.5bn	\$37.0bn \$36.0bn	\$37.1bn \$36.0bn	Not Available	
CREDIT	Auto Net Charge-Off ³	9.30%	9.60%	Ceiling	7.67%	7.90%	7.98%	8.11% ³	
	Auto 61+ ³	5.10%	5.30%	Ceiling	4.02%	4.04%	4.08%	4.14% ³	
	Subprime Assets as % of SHUSA Credit Exposure	23.00%	25.00%	Ceiling	20.05%	20.30%	20.29%	Not Available	
RESIDUAL	Net Residual Value Exposure ³	-3.00%	-5.00%	Floor	2.26%	2.32%	2.63%	2.68% ³	
LIQUIDITY	Available Committed Liquidity / Average Projected Net Originations ^{2 3}	4	3	Floor	6.8	8.1	14.1	Not Available	
MARKET	NII % (+/- 100bps shock) ³	-2.00%	-2.50%	Floor	-1.31%	-1.32%	-0.84%	Not Available	
	MVE % (+/- 100bps shock) ³	-3.00%	-4.00%	Floor	-4.70%	-4.77%	-2.77%	Not Available	
COMPLIANCE	Open MRIAs ¹	Not Applicable	0	Ceiling	Not Applicable	Not Applicable	Not Applicable	5	
REPUTATIONAL	Serviced for Others (SFO) Monthly Net Charge- Off Rate (BoFA & RBC Only)	1.50%	2.00%	Ceiling	0.84%	0.84%	0.81%	0.79%	
QUARTERLY METRICS	SC RISK APPETITE METRICS	AMBER TRIGGER	RED LIMIT	LIMIT TYPE	Q3 - 2015	Q4 - 2015	Q1 - 2016	Q2 - 2016	Trend Line
OPERATIONAL	Gross Operational Risk Losses / Gross Margin ^{2 3}	1.50%	2.00%	Ceiling	0.80%	0.57%	0.53%	Not Available	
	Material Operational Risk Events ^{2 3}	5	7	Ceiling	4	1	6	Not Available	
MODEL	Validation of Legacy Tier 1 Models ¹	Not Applicable	18	Ceiling	Not Applicable	Not Applicable	Not Applicable	Not Available	
ANNUAL METRICS	SC RISK APPETITE METRICS	AMBER TRIGGER	RED LIMIT	LIMIT TYPE	Annual				
CCAR Stressed									
CAPITAL	Common Equity Tier 1 Ratio	7.80%	6.25%	Floor	8.37%				
	Tier 1 Leverage Ratio	8.00%	6.75%	Floor	8.53%				
	Tangible Common Equity Ratio	8.00%	6.75%	Floor	8.97%				
	Total Capital Ratio	9.00%	7.75%	Floor	9.73%				
CREDIT	Total Credit Losses - Auto	\$8,790MM	\$9,038MM	Ceiling	\$8,439MM				
	Total Credit Losses - Unsecured	\$859MM	\$883MM	Ceiling	\$849MM				
RESIDUAL	Residual value deterioration	\$222MM	\$228MM	Ceiling	\$219MM				
STRATEGIC	Impairment to Pre-Provision Net Revenue (PPNR)	\$3,646MM	\$3,749MM	Ceiling	\$3,603MM				

1. 2016 RAS Update includes adding the following new RAS metrics, starting with Jun' 16 data: Tier 1 Leverage Ratio, Total Capital Ratio, Open MRIAs, & Validation of Legacy Tier 1 Models. (Refer to the 2016 RAS Update Proposal)

2. 2016 RAS Update includes calculatoin changes to the following RAS metrics starting with Jun'16 data: Available Committed Liquidity, Gross Operational Risk Losses/Gross Margin, & Material Operational Risk Events. (Refer to the 2016 RAS Update Proposal)

3. 2016 RAS Update includes limit changes to the following RAS metrics starting with Jun'16 data: Common Equity Tier 1 Ratio, Tangible Common Equity Ratio, Net Charge-off, 61+ DPD, Net Residual Value Exposure/CRLIT, Available Committed Liquidity, Market Value Equity, Net Interest Income, Gross Operational Risk Losses/Gross Margin, & Material Operational Risk Events. (Refer to the 2016 RAS Update Proposal)

*Total RWA's Amber Trigger and Red Limit moves month to month in line with CET1 movement. The calculation for the Red Limit is Prior Month's CET1 divided by 11%. The Amber Trigger is Red Limit less 2BN.