Santander Holdings USA, Inc.

Response to MRIA 2

November 7, 2014

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SHUSA MRIA 2 Response

1. INTRODUCTION

1.1. Executive Summary

Santander Holdings USA, Inc. ("SHUSA") is submitting this narrative in response to the matter requiring immediate attention ("MRIA") 2, as set forth in the September 10, 2014 letter issued by the Federal Reserve Bank of Boston ("Federal Reserve") to SHUSA. SHUSA appreciates the significance and severity of the issues raised by the Federal Reserve concerning SHUSA's management and oversight of new, expanded, or modified products, services, and business initiatives (collectively, "New Products/Business Activities" or "NPBAs") and is committed to taking all the necessary steps to remediate those deficiencies. As part of this response to MRIA 2, SHUSA has developed a set of enhanced policies and procedures, including the *SHUSA NPBA Policy* (***Exhibit 2.A.***), that establishes an enterprise-wide process (the "NPBA Process") for managing NPBAs at SHUSA and its subsidiaries, Santander Bank, N.A. ("SBNA") and Santander Consumer USA Inc. ("SCUSA"). The key enhancements reflected in these policies and procedures include:

First, the adoption of an enhanced definition of NPBAs, which encompasses new, expanded, or modified products, services, and business initiatives, and the decision that NPBAs may be initiatives that are either: (i) included in the subsidiary's strategic plan; or (ii) proposed by a sponsoring unit outside of the organization's strategic planning process. In both instances, the SBNA Executive Management Committee ("EMC") or the SCUSA EMC will determine whether a proposed initiative meets the definition of NPBA and, if so, whether the institution should pursue the NPBA on the basis of its alignment with the subsidiary's respective strategic and financial objectives and expressed risk tolerance.

Second, the establishment of an enterprise-wide governance structure with active oversight from the board of directors and senior management at SHUSA, SBNA, and SCUSA, and final approval of all NPBAs by SHUSA's board of directors ("SHUSA's Board" or "Board"). The NPBA Process requires the board and senior management at SBNA and SCUSA to review their respective NPBAs and provide a recommendation for approval to SHUSA's Board. SBNA and SCUSA will not launch any NPBAs without formal approval of SHUSA's Board.

Third, the assignment of detailed roles and responsibilities across the lines of business, control and oversight functions, including the Risk Management and Compliance functions, and Internal Audit, to ensure adequate management of all proposed NPBAs.

Fourth, the establishment of protocols, systems, and internal controls to evaluate and manage each proposed NPBA, including an assessment of the risks posed by the proposed NPBA, an evaluation of the strength of mitigating controls, and a post-implementation review of product performance.

SHUSA's Board approved the *SHUSA NPBA Policy* on November 6, 2014 and management has begun implementation. SBNA and SCUSA have developed operating policies and procedures consistent with the standards set forth in the SHUSA-level policy and are currently reviewing them with their respective management teams before seeking final approval and beginning implementation.

Recognizing the importance of having a robust NPBA Process, SHUSA will severely restrict NPBAs until such process is substantially implemented at SHUSA and its subsidiaries. Until SHUSA makes such a determination, SBNA and SCUSA will implement a number of measures with respect to their 2014 NPBA pipelines. More specifically, the EMCs at SBNA and SCUSA will:

- Review their respective 2014 NPBA pipelines and determine which initiatives meet the enhanced definition of NPBA and should enter the NPBA Process. The EMCs at SBNA and SCUSA will refer to other review and approval processes (e.g., the credit review process and the third-party provider review process) those initiatives they deem to be outside the scope of the NPBA Process and will document their decisions in writing;

- Postpone the review and approval of NPBAs identified in the SBNA and SCUSA pipelines until SHUSA determines that the enhanced NPBA Process has been sufficiently implemented; and

- Subject those NPBAs that SBNA and SCUSA approved in 2014 and are in the process of launching to the post-implementation review requirements of the enhanced NPBA Process.

To the extent that SBNA or SCUSA intend to pursue a NPBA, they will seek approval from SHUSA's Board before taking any action. SHUSA's EMC will monitor the implementation of these measures through regular reporting from each subsidiary's EMC.

The following pages contain SHUSA's response (the "Response") to the above-mentioned MRIA. The Response includes a narrative section describing the enhancements made to the NPBA policies and procedures, an associated implementation plan (the "Plan"), attached as an exhibit, and a number of supporting materials, also attached as exhibits.

1.2. Response Overview

The narrative section describes the enhancements SHUSA has made to its NPBA policies and procedures and outlines SHUSA's plans for implementing these enhanced policies and procedures throughout SHUSA and its subsidiaries. The Plan is organized into two sections: the first section sets out the detailed tasks SHUSA and its subsidiaries have undertaken, or are in the process of undertaking, to enhance the NPBA policies and procedures; and the second section defines the detailed tasks that SHUSA and its subsidiaries will, or in a few instances have already begun to, undertake to implement those policies and procedures throughout the organization. In addition, the Plan includes timeframes for completing each task as well as parties accountable for their execution.

1.2.1 Response Governance

SHUSA's EMC reviewed the Response and approved it for submission to the Board's Regulatory Oversight Committee ("ROC") on October 29, 2014. The ROC also reviewed the Response and approved it for submission to the full Board during its meeting on October 29, 2014. SHUSA's Board reviewed the Response and approved its submission to the Federal Reserve on November 6, 2014.

SHUSA's Board has designated Christopher Pfirrman, SHUSA's General Counsel, with overall responsibility for the administration of the NPBA Process, as well as for execution of the Plan. SHUSA's Project Management Office ("PMO") will assist him with the administrative aspects of the implementation effort. SHUSA's General Counsel and the PMO will report to SHUSA's EMC and ROC on a regular basis on their progress in implementing the Plan, as well as on any difficulties encountered during the implementation phase. SHUSA's Board will receive periodic updates on Plan execution in conjunction with SHUSA's regular updates on its regulatory remediation efforts.

1.2.2 Validation

SHUSA's Board requested that SHUSA's Internal Audit department develop a plan for validating SHUSA's execution of the Plan. This validation plan will be developed by December 31, 2014 and will be provided at that time.

1.2.3 Budget and Resources

The Board approved a budget of $1.1 million for implementing the Plan. This budget represents planned spending in terms of additional internal and external personnel resources required to execute tasks over the duration of the Plan.

2. Enhanced NPBA Policies and Procedures

Outlined below is the text of MRIA 2, followed by a summary of the enhancements made to the NPBA policies and procedures and a description of SHUSA's plans for implementing those enhancements.

"Within 60 days, SHUSA's board of directors and senior management must improve the policies, procedures, and practices surrounding new business initiatives. The policy should clearly define what a new business initiative is, assure new business initiatives are aligned to the corporate strategy, and include a full risk assessment and a formal evaluation of controls and operational readiness as well as have proper sign-offs. The procedure should define the necessary actions and controls to implement the policy in a safe and sound manner, and practices should adhere to the policy and procedure. The board should be provided sufficient time and information to evaluate proposed initiatives prior to approval and to review new initiatives against their goals and objectives post launch."

SHUSA has developed enhanced policies and procedures to manage NPBAs and has created a distinct, management-level committee, the SHUSA NPBA Committee, to support the management and oversight of NPBAs. These enhanced policies and procedures establish enterprise-wide processes for identifying, reviewing, and approving NPBAs at SHUSA and its subsidiaries and set forth the governance structure, including roles and responsibilities, for overseeing those processes. As part of these enhanced policies and procedures, SHUSA has amended the existing *SHUSA Product Commercialization Policy* (renamed NPBA Policy*)* and developed the *SHUSA NPBA Procedures* (***Exhibit 2.B.***). The *SHUSA NPBA Policy* sets forth the principles and standards by which SHUSA and its subsidiaries will manage NPBAs; while the *SHUSA NPBA Procedures* implement the provisions contained in the *SHUSA NPBA Policy*. SHUSA's Board approved the *SHUSA NPBA Policy* and the *SHUSA NPBA Committee Charter* (***Exhibit 2.C.***) on November 6, 2014. SHUSA's NPBA Committee is scheduled to approve the *SHUSA NPBA Procedures* on November 21, 2014. SBNA and SCUSA are in the process of adopting operating policies (***Exhibit 2.D.*** and ***Exhibit 2.E.***, respectively) and associated procedures (***Exhibit 2.F.*** and ***Exhibit 2.G.***, respectively) that align with the *SHUSA NPBA Policy*. The boards of SBNA and SCUSA are scheduled to approve their respective NPBA policies on December 11 and December 16, 2014. The NPBA Committees at SBNA and SCUSA, to be formed by December 11 and December 16, 2014, are scheduled to approve their respective NPBA procedures on December 19, 2014.

The key enhancements reflected in the above-mentioned policies and procedures include the:

- Adoption of an enhanced definition of NPBAs;
- Creation of an enterprise-wide governance structure with active board and senior management oversight at SHUSA, SBNA, and SCUSA and final approval of all NPBAs by the Board of SHUSA;
- Assignment of detailed roles and responsibilities across the lines of business, control and oversight functions, including the Risk Management and Compliance functions, and Internal Audit; and

- Establishment of a number of protocols, systems, and internal controls to evaluate and manage each proposed NPBA, including an assessment of the risks posed by the proposed NPBA, an evaluation of the strength of mitigating controls, and a post-implementation review of product performance.

Outlined below is an overview of these enhancements as well as a summary of SHUSA's plans to implement the enhanced NPBA policies and procedures at SHUSA and its subsidiaries.

2.1. Enhanced Definition of NPBAs

SHUSA and its subsidiaries have enhanced the definition of "new products or services" to include new business initiatives and existing products, services, or business initiatives that: (i) involve a material change to current practices, such as changes to the target customer base, marketing practices, distribution channels, third-party provider arrangements, pricing structures, or other financial terms; (ii) have enhanced scale and scope resulting in increased, or different types of, risk exposures; (iii) require significant alterations to the control environment; or (iv) involve the introduction of new, or the replacement of existing, information technology ("IT"). The EMCs at SBNA and SCUSA are responsible for determining whether a proposed initiative meets the definition of a NPBA and whether their respective institutions should pursue the NPBA on the basis of its alignment with the organization's strategic and financial objectives and expressed risk tolerance. The EMCs at SBNA and SCUSA will document their decisions and refer to other review and approval processes (e.g., the credit review process, the third party provider review process, and the transactions with affiliates review process) those initiatives that they do not deem to be subject to the NPBA Process.

2.2. Enterprise-wide Governance Structure

SHUSA is committed to building and maintaining a NPBA Process that effectively addresses and oversees the identification, review, and approval of all NPBAs in accordance with applicable regulatory expectations and within SHUSA's Board-approved risk tolerance. As such, SHUSA has established a centralized governance structure that requires support and oversight at all levels of the organization, from the Board and senior management of SHUSA and its subsidiaries to the Corporate Marketing Committee ("CMC") and the Corporate Monitoring Committee ("CCS")[1] of Banco Santander, S.A. ("Santander" or the "Group"). As part of this structure, SHUSA's Board will oversee all NPBA-related activities across the organization and will serve as the final approval body for all NPBAs proposed by its subsidiaries.

[1] To avoid duplications, SHUSA has adopted the Spanish abbreviation for the Corporate Monitoring Committee (*Comité Corporativo de Seguimiento* or CCS).

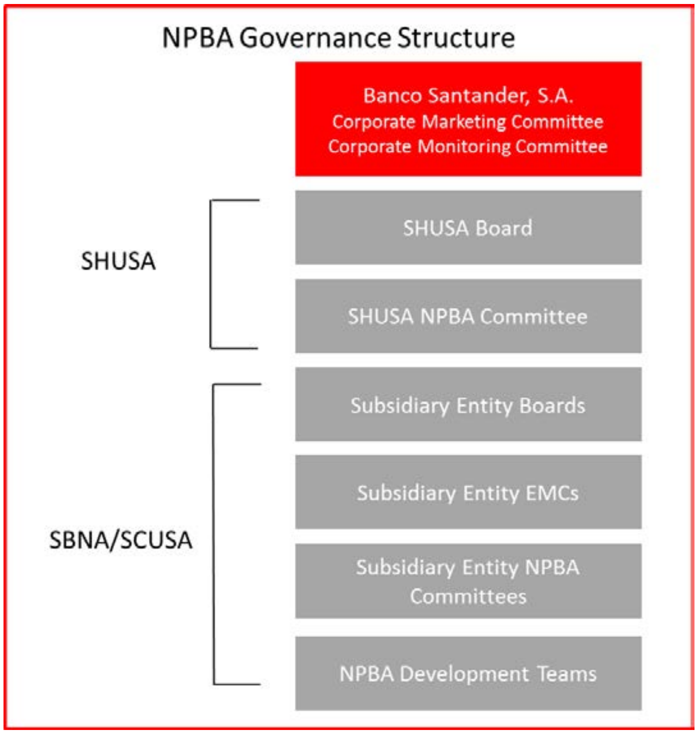

Figure 1: NPBA Governance Structure

Figure 1 above illustrates the key governance bodies involved in the NPBA Process, including the:

- *Group CMC*, responsible for reviewing all NPBAs proposed by SHUSA and its subsidiaries and providing its non-objection to their introduction;[2]
- *Group CCS,* responsible for monitoring the implementation of approved NPBAs across Santander's operations;
- *SHUSA Board*, responsible for approving all NPBAs proposed by its subsidiaries;
- *SHUSA EMC*, responsible for delegating authority to the SHUSA NPBA Committee to oversee the NPBA Process throughout the organization, including at the SBNA and SCUSA level;
- *SHUSA NPBA Committee,* responsible for evaluating the NPBA diligence and assessment performed by the subsidiary NPBA Committees and recommending all NPBAs to the Group CMC;
- *Subsidiary Boards*, responsible for reviewing proposed NPBAs at their respective organizations and recommending them for approval to SHUSA's Board;

[2] As required by Group policy applicable to all global subsidiaries, the Group CMC provides its non-objection to the introduction of a proposed NPBA prior to review by the boards of SBNA or SCUSA and final approval by SHUSA's Board.

- *Subsidiary EMCs*, responsible for determining whether a proposed initiative meets the revised definition of NPBA and, if so, whether it should enter the NPBA Process on the basis of its alignment with the organization's approved strategic and financial objectives and expressed risk tolerance; and

- *Subsidiary NPBA Committees*, responsible for reviewing and challenging the due diligence and risk assessment activities performed by the sponsoring unit and the "Development Team," as further described below.

These governance bodies will receive periodic reporting on NPBA-related activities, including information regarding proposed NPBAs, approved NPBAs, and post-implementation performance monitoring and reviews.

2.3. Roles and Responsibilities

SHUSA and its subsidiaries have assigned specific roles and responsibilities to the lines of business, control and oversight functions, and Internal Audit in accordance with the organization's three lines of defense model. These roles and responsibilities are as follows:

- The lines of business, as the first line of defense and typically the proponents of NPBAs, are responsible for designing and developing all aspects and features of any NPBAs; conducting the NPBA risk assessment; performing thorough due diligence; seeking the required approvals; and satisfying applicable pre- and post-approval requirements, including requirements regarding performance monitoring, testing, and reporting;

- The control and oversight functions, as the second line of defense, are responsible for independently reviewing and challenging the risk assessment analyses prepared by the proponents and ensuring that the proponents have satisfied all applicable requirements and conditions, prior to launch; and

- Internal Audit, as the third line of defense, is responsible for conducting independent reviews of the NPBA Process, participating in the NPBA Committees,[3] and performing product post-launch reviews, audits, and testing.

To facilitate the development of proposed NPBAs and support the proponents in their analyses, SHUSA and its subsidiaries have established the role of the "Development Team", a cross-functional unit, comprised of representatives from the first and second lines of defense (e.g., Compliance, Risk Management, Legal, Human Resources, Accounting, Operations, and IT) and tasked with assisting the proponent in developing the necessary due diligence materials and performing a comprehensive

[3] The participation of Internal Audit in the NPBA Process is for purposes of providing robust analysis and challenge of due diligence and risk assessment processes. Internal Audit will attend the NPBA Committee meetings as an observer but will not approve or endorse the approval of any NPBA.

assessment of the risks posed by the NPBA and the associated mitigating controls, as further detailed below.

2.4. NPBA Protocols, Systems, and Internal Controls

SHUSA and its subsidiaries have established a number of protocols, systems, and internal controls for identifying, evaluating, and managing NPBAs in accordance with sound risk management practices throughout each phase of the product lifecycle, from proposal through due diligence, risk assessment, approval, and post-launch monitoring and reporting. Examples of these protocols, systems, and internal controls include:

- A preliminary determination of whether a proposed NPBA should be subject to the NPBA Process based on how the proposed NPBA relates to the organization's strategic goals, financial objectives, and expressed risk tolerance;
- A thorough review and evaluation of the characteristics of a proposed NPBA as well as the regulatory and non-regulatory requirements (e.g., staffing, technology, and operational needs) associated with its introduction with sign-off from the functions impacted by, or involved with, the proposed NPBA;
- A comprehensive assessment of the risks posed by each proposed NPBA as well as an evaluation of the strength of proposed mitigating controls and the organization's operational readiness to launch the proposed NPBA. The risk assessment provides senior management and the boards of SHUSA, SBNA, and SCUSA with a holistic view of the risks associated with the proposed NPBA; informs the need for action plans (also referred to as monitoring plans) to strengthen existing, or implement new, controls; helps determine whether the proponent should launch a pilot to test the proposed NPBA; and defines the frequency of post-launch monitoring and reporting activities;
- Senior management and board review of all the diligence and risk assessment activities prepared by the proponent within reasonable timeframes, as set forth in the SHUSA and subsidiary NPBA Procedures;
- Development of new, or revision of existing, policies and procedures to ensure the approved NPBA is adequately addressed and incorporated into existing practices;
- Training of all personnel responsible for developing, implementing, and administering the approved NPBA;
- Inclusion of the approved NPBA in the organization's risk management, compliance, and internal audit processes (e.g., annual compliance plan and internal audit plan);
- Regular communication with the applicable regulatory bodies on the organization's plans to develop NPBAs, including periodic updates throughout the development, review, approval, and post-implementation phases; and

- Ongoing monitoring throughout the post-implementation phase with periodic reporting on key performance metrics, trends, and issues to help the board and senior management evaluate whether the approved NPBA is meeting business, operational, and strategic expectations.

2.5. Implementation Plan

The following aspects of the Plan to implement the enhanced NPBA policies and procedures at SHUSA, SBNA, and SCUSA warrant emphasis:

- SHUSA has developed a communication plan to inform the organization of the establishment of the enhanced NPBA Process. In implementing this communication plan, SHUSA's General Counsel, as the owner of the NPBA Process, will release a high-level summary of the SHUSA NPBA Policy to all lines of business, control and oversight functions, and support units across SHUSA, SBNA, and SCUSA, by November 17, 2014. Legal representatives at SBNA and SCUSA will issue targeted communications addressing relevant NPBA-related topics for distribution to key stakeholders, including the lines of business, senior management, and their respective boards by December 17, 2014. In addition, SHUSA's General Counsel will inform Santander of the most significant changes to the NPBA Process;

- SHUSA will hold a number of training sessions to help the lines of business, control and oversight functions, senior management, and the boards at SHUSA, SBNA, and SCUSA understand the NPBA Process and their respective responsibilities. These training sessions will take place in December 2014 and will be tailored to each relevant stakeholder and include a review of the NPBA Process through a series of practical examples at SBNA and SCUSA. In addition, SHUSA will work with SBNA and SCUSA to develop an online training module specific to the NPBA Process for inclusion in their respective 2015 annual training plans as well as in the onboarding materials for new hires;

- SHUSA will conduct a staffing assessment of relevant functions involved in the NPBA Process at SHUSA, SBNA, and SCUSA to determine whether they each have sufficient resources and those resources possess the requisite expertise to carry out their responsibilities as part of the NPBA Process. These staffing assessments will take place in November and December 2014. Senior management at SHUSA and its subsidiaries will review the results of the staffing assessment and will determine whether to take further action, including enhancing existing training and/or increasing staffing levels;

- In July and December 2015, Internal Audit will conduct a review of existing NPBA practices at SHUSA, SBNA, and SCUSA to validate their adherence to the provisions set forth in the enhanced NPBA policies and procedures and assess the effectiveness of the NPBA Process. Separately, SHUSA's Legal function, with support from SBNA and SCUSA, will also assess the effectiveness of the NPBA Process and determine whether changes are warranted; and

- SHUSA and its subsidiaries will prepare a plan to design, develop, and implement a document repository that will allow the organization to store NPBA-related materials, including due diligence and approval documentation, and to track NPBAs throughout the development, approval, and implementation phases.

3. ATTACHMENTS

MRIA 2 New Products/Business Activities Implementation Plan

Exhibit 2.A.: SHUSA New Products/Business Activities Policy

Exhibit 2.B.: SHUSA New Products/Business Activities Procedures (Draft)

Exhibit 2.C.: SHUSA New Products/Business Activities Committee Charter

Exhibit 2.D.: SBNA New Products/Business Activities Policy (Draft)

Exhibit 2.E.: SCUSA New Products/Business Activities Policy (Draft)

Exhibit 2.F.: SBNA New Products/Business Activities Procedures (Draft)

Exhibit 2.G.: SCUSA New Products/Business Activities Procedures (Draft)

MRIA 2 Response Plan

Confidential and Supervisory Inspection Information

ID	WBS	Task Name	Duratio	Start	Finish	Accountable Executive
1	**1**	**MRIA 2: New Product/Business Activity ("NPBA") Implementation Plan**	**349d**	**Mon 9/1/14**	**Thu 12/31/15**	**Chris Pfirrman**
2	**1.1**	**Develop enhanced NPBA policies, procedures, protocols, systems, and internal controls**	**93d**	**Mon 9/1/14**	**Wed 1/7/15**	**Chris Pfirrman**
3	1.1.1	Review existing policies and procedures covering the identification, review, and approval of NPBAs at SHUSA, SBNA, and SCUSA against regulatory expectations and industry best practices to identify gaps	10d	Mon 9/1/14	Fri 9/12/14	
4	**1.1.2**	**Address any identified gaps and develop enhanced policies and procedures at SHUSA, SBNA, and SCUSA. These enhanced policies and procedures include the:**	**39d**	**Mon 9/15/14**	**Thu 11/6/14**	**Chris Pfirrman**
5	1.1.2.1	Adoption of an expanded and revised definition of "NPBA"	39d	Mon 9/15/14	Thu 11/6/14	
6	1.1.2.2	Establishment of a governance structure and approval process that requires involvement at various levels of the organization, including ultimate approval by the SHUSA Board of all proposed NPBAs	39d	Mon 9/15/14	Thu 11/6/14	
7	1.1.2.3	Assignment of specific roles and responsibilities to the parties involved in the NPBA review and approval process	39d	Mon 9/15/14	Thu 11/6/14	
8	1.1.2.4	Development of a set of protocols, systems, and internal controls for identifying, evaluating, and managing NPBAs, including a risk assessment process, due diligence forms, and pre- and post- launch monitoring and reporting requirements	39d	Mon 9/15/14	Thu 11/6/14	
9	**1.1.3**	**Develop charters for the NPBA Committee at SHUSA, SBNA, and SCUSA**	**21d**	**Thu 10/23/14**	**Thu 11/20/14**	**Chris Pfirrman**
10	1.1.3.1	Draft SHUSA NPBA Committee Charter	3d	Thu 10/23/14	Mon 10/27/14	
11	1.1.3.2	Draft SBNA NPBA Committee Charter	10d	Fri 11/7/14	Thu 11/20/14	
12	1.1.3.3	Draft SCUSA NPBA Committee Charter	10d	Fri 11/7/14	Thu 11/20/14	

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ID	WBS	Task Name	Duratio	Start	Finish	Accountable Executive
13	**1.1.4**	**Develop NPBA desktop procedures for SBNA and SCUSA for:**	**11d**	**Fri 11/21/14**	**Fri 12/5/14**	
14	1.1.4.1	Lines of business	11d	Fri 11/21/14	Fri 12/5/14	
15	1.1.4.2	Control and oversight functions	11d	Fri 11/21/14	Fri 12/5/14	
16	1.1.4.3	Internal audit	11d	Fri 11/21/14	Fri 12/5/14	
17	**1.1.5**	**Develop NPBA reporting templates for SHUSA, SBNA, and SCUSA, including**	**23d**	**Mon 12/8/14**	**Wed 1/7/15**	**Chris Pfirrman**
18	1.1.5.1	NPBA Pipeline	23d	Mon 12/8/14	Wed 1/7/15	
19	1.1.5.2	Post-implementation reporting and reviews	23d	Mon 12/8/14	Wed 1/7/15	
20	**1.1.6**	**Submit the enhanced policies, procedures, and committee charters to the appropriate approval bodies at SHUSA, SBNA, and SCUSA and obtain necessary approvals**	**65d**	**Fri 9/19/14**	**Fri 12/19/14**	**Chris Pfirrman**
21	1.1.6.1	Submit enhanced policies, procedures, and committee charters	26d	Fri 9/19/14	Fri 10/24/14	
22	**1.1.6.2**	**SHUSA NPBA Policies, Procedures, and Committee Charters**	**18d**	**Tue 10/28/14**	**Fri 11/21/14**	**Chris Pfirrman**
23	1.1.6.2.1	Submit the SHUSA NPBA Policy to the SHUSA EMC	0d	Tue 10/28/14	Tue 10/28/14	
24	1.1.6.2.2	Obtain EMC's recommendation for board approval of the SHUSA NPBA Policy	0d	Wed 10/29/14	Wed 10/29/14	
25	1.1.6.2.3	Submit the SHUSA NPBA Policy to the SHUSA Board for approval	0d	Fri 10/31/14	Fri 10/31/14	
26	1.1.6.2.4	Obtain SHUSA Board approval	0d	Thu 11/6/14	Thu 11/6/14	
27	1.1.6.2.5	Submit the SHUSA NPBA Committee Charter to the EMC for approval	0d	Fri 10/31/14	Fri 10/31/14	
28	1.1.6.2.6	Obtain EMC approval for the SHUSA NPBA Committee	0d	Thu 11/6/14	Thu 11/6/14	
29	1.1.6.2.7	Submit the SHUSA NPBA Committee Charter to the SHUSA Board for approval	0d	Fri 10/31/14	Fri 10/31/14	
30	1.1.6.2.8	Obtain Board approval for the SHUSA NPBA Committee Charter	0d	Thu 11/6/14	Thu 11/6/14	

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ID	WBS	Task Name	Duratio	Start	Finish	Accountable Executive
31	1.1.6.2.9	Submit the SHUSA Procedures to the SHUSA NPBA Committee	0d	Fri 11/14/14	Fri 11/14/14	
32	1.1.6.2.10	Convene the SHUSA NPBA Committee and obtain approval for the SHUSA NPBA Procedures	0d	Fri 11/21/14	Fri 11/21/14	
33	**1.1.6.3**	**SBNA NPBA Policies, Procedures, and Committee Charters**	**19d**	**Mon 11/24/14**	**Fri 12/19/14**	
34	1.1.6.3.1	Submit the SBNA NPBA Policy and the SBNA NPBA Committee Charter to the SBNA EMC	0d	Mon 11/24/14	Mon 11/24/14	
35	1.1.6.3.2	Obtain EMC's recommendation for board approval of the SBNA NPBA Policy and, if applicable, of the SBNA NPBA Committee Charter	0d	Wed 11/26/14	Wed 11/26/14	
36	1.1.6.3.3	Submit the SBNA NPBA Policy and, if applicable, the SBNA NPBA Committee Charter to the SBNA Board for approval	0d	Sat 12/6/14	Sat 12/6/14	
37	1.1.6.3.4	Obtain approval from the SBNA Board	0d	Thu 12/11/14	Thu 12/11/14	
38	1.1.6.3.5	Submit the SBNA NPBA Procedures to the SBNA NPBA Committee	0d	Wed 12/17/14	Wed 12/17/14	
39	1.1.6.3.6	Convene the SBNA NPBA Committee and obtain approval for the SBNA NPBA Procedures	0d	Fri 12/19/14	Fri 12/19/14	
40	**1.1.6.4**	**SCUSA NPBA Policy, Procedures, and Committee Charters**	**19d**	**Mon 11/24/14**	**Fri 12/19/14**	**Eldridge Burns**
41	1.1.6.4.1	Submit the SCUSA NPBA Policy and the SCUSA NPBA Committee Charter to the SCUSA EMC	0d	Mon 11/24/14	Mon 11/24/14	
42	1.1.6.4.2	Obtain EMC's recommendation for board approval of the SCUSA NPBA Policy and, if applicable, of the SCUSA NPBA Committee Charter	0d	Wed 11/26/14	Wed 11/26/14	
43	1.1.6.4.3	Submit the SCUSA NPBA Policy and, if applicable, the SCUSA NPBA Committee Charter to the SCUSA Board for approval	0d	Fri 12/12/14	Fri 12/12/14	
44	1.1.6.4.4	Obtain approval from the SCUSA Board	0d	Tue 12/16/14	Tue 12/16/14	

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ID	WBS	Task Name	Duratio	Start	Finish	Accountable Executive
45	1.1.6.4.5	Submit the SCUSA NPBA Procedures to the SCUSA NPBA Committee	0d	Wed 12/17/14	Wed 12/17/14	
46	1.1.6.4.6	Convene the SCUSA NPBA Committee and obtain approval for the SCUSA NPBA Procedures	0d	Fri 12/19/14	Fri 12/19/14	
47	**1.2**	**Implement approved policies and procedures at SHUSA, SBNA, and SCUSA**	**304d**	**Mon 11/3/14**	**Thu 12/31/15**	**Chris Pfirrman**
48	**1.2.1**	**Prepare and roll out communications addressing the adoption of the enhanced NPBA policies and procedures at SHUSA, SBNA, and SCUSA**	**32d**	**Mon 11/3/14**	**Wed 12/17/14**	**Chris Pfirrman**
49	1.2.1.1	Prepare communications about the revised policies and procedures at SHUSA, SBNA, and SCUSA	4d	Mon 11/3/14	Thu 11/6/14	
50	1.2.1.2	Roll out first set of communications regarding SHUSA NPBA Policy	0d	Mon 11/17/14	Mon 11/17/14	
51	1.2.1.3	Roll out second set of communications regarding SBNA and SCUSA NPBA Policies	0d	Wed 12/17/14	Wed 12/17/14	
52	**1.2.2**	**Conduct staffing assessment at SHUSA, SBNA, and SCUSA and prepare report containing staffing recommendations**	**25d**	**Mon 11/17/14**	**Fri 12/19/14**	**Carmen Briongos**
53	1.2.2.1	Perform staffing assessment at SHUSA	5d	Mon 11/17/14	Fri 11/21/14	
54	1.2.2.2	Perform staffing assessment at SBNA	15d	Mon 11/17/14	Fri 12/5/14	
55	1.2.2.3	Perform staffing assessment at SCUSA	15d	Mon 11/17/14	Fri 12/5/14	
56	1.2.2.4	Submit to the NPBA Committee at SHUSA, SBNA, and SCUSA the staffing assessment report, including number of resources needed to administer the NPBA process and number of resources that will participate in the NPBA process	0d	Fri 12/5/14	Fri 12/5/14	
57	1.2.2.4	Develop hiring plan, as appropriate	10d	Mon 12/8/14	Fri 12/19/14	
58	**1.2.3**	**Develop and roll out training sessions to help the lines of business, control and oversight functions, senior management, and the Board understand the NPBA process and their respective responsibilities**	**30d**	**Mon 11/10/14**	**Mon 12/22/14**	**Chris Pfirrman/Carm Briongos**

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ID	WBS	Task Name	Duratio	Start	Finish	Accountable Executive
59	1.2.3.1	Develop training materials for SHUSA	15d	Mon 11/10/14	Fri 11/28/14	
60	1.2.3.2	Develop training materials for SBNA	22d	Mon 11/17/14	Tue 12/16/14	
61	1.2.3.3	Develop training materials for SCUSA	22d	Mon 11/17/14	Tue 12/16/14	
62	**1.2.3.4**	**Schedule and roll out training at SHUSA, SBNA, and SCUSA**	**13d**	**Wed 12/3/14**	**Mon 12/22/14**	
63	**1.2.3.4.1**	**SHUSA**	**2d**	**Wed 12/3/14**	**Fri 12/5/14**	
64	1.2.3.4.1.1	SHUSA Control and Oversight Function	0d	Wed 12/3/14	Wed 12/3/14	
65	1.2.3.4.1.2	SHUSA Senior Management	0d	Thu 12/4/14	Thu 12/4/14	
66	1.2.3.4.1.3	SHUSA Board	0d	Fri 12/5/14	Fri 12/5/14	
67	**1.2.3.4.2**	**SBNA**	**2d**	**Thu 12/18/14**	**Mon 12/22/14**	
68	1.2.3.4.2.1	SBNA Control and Oversight Function	0d	Mon 12/22/14	Mon 12/22/14	
69	1.2.3.4.2.2	SBNA Senior Management	0d	Thu 12/18/14	Thu 12/18/14	
70	1.2.3.4.2.3	SBNA Board	0d	Thu 12/18/14	Thu 12/18/14	
71	1.2.3.4.2.4	SBNA Lines of business	0d	Mon 12/22/14	Mon 12/22/14	
72	**1.2.3.4.3**	**SCUSA**	**2d**	**Thu 12/18/14**	**Mon 12/22/14**	
73	1.2.3.4.3.1	SCUSA Control and Oversight Function	0d	Mon 12/22/14	Mon 12/22/14	
74	1.2.3.4.3.2	SCUSA Senior Management	0d	Thu 12/18/14	Thu 12/18/14	
75	1.2.3.4.3.3	SCUSA Board	0d	Thu 12/18/14	Thu 12/18/14	
76	1.2.3.4.3.4	SCUSA Lines of business	0d	Mon 12/22/14	Mon 12/22/14	
77	**1.2.4**	**Conduct training needs assessment for inclusion in the 2015 Training Plans at SHUSA, SBNA, and SCUSA and roll out 2015 training**	**56d**	**Fri 12/12/14**	**Sat 2/28/15**	**Carmen Briongos**
78	1.2.4.1	Identify functions, units, and candidates that would benefit from NPBA training at SHUSA, SBNA, and SCUSA	7d	Fri 12/12/14	Mon 12/22/14	
79	1.2.4.2	Incorporate NPBA training into the 2015 training plans at SHUSA, SBNA, and SCUSA	7d	Tue 12/23/14	Wed 12/31/14	
80	1.2.4.3	Develop training module(s), including training for new hires	6d	Fri 1/2/15	Fri 1/9/15	

ID	WBS	Task Name	Duratio	Start	Finish	Accountable Executive
81	1.2.4.4	Roll out 2015 NPBA training in accordance with the approved training plans at SHUSA, SBNA, and SCUSA	21d	Mon 2/2/15	Sat 2/28/15	
82	**1.2.5**	**Conduct NPBA process assessment of the organization's adherence to the revised set of policies and procedures at SHUSA, SBNA, and SCUSA six and twelve months after implementation and evaluate effectiveness of the NPBA process separately by Legal and IA**	**132d**	**Wed 7/1/15**	**Thu 12/31/15**	**Enrique Larrainzar/Chri Pfirrman**
83	1.2.5.1	Conduct NPBA process assessment 6 months after implementation	23d	Wed 7/1/15	Fri 7/31/15	
84	1.2.5.2	Conduct NPBA process assessment twelve months after implementation	23d	Tue 12/1/15	Thu 12/31/15	
85	1.2.6	Prepare a plan to design, develop, and implement a NPBA document repository	67d	Mon 12/29/14	Tue 3/31/15	
86	1.3	Develop and implement task completion validation procedures for the deliverables in this MRIA 2 plan	38d	Mon 11/10/14	Wed 12/31/14	Enrique Larrainzar

Exhibit 2.A.

Santander Holdings USA (SHUSA)

NEW PRODUCTS/BUSINESS ACTIVITIES POLICY

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1. Introduction

1.1 Purpose of the document

This document sets out the principles and standards by which Santander Holdings USA Inc. ("SHUSA") and its subsidiaries will evaluate and manage new, expanded, or modified products, services, and business initiatives (collectively "New Products/Business Activities" or "NPBAs").

SHUSA is a wholly-owned subsidiary of Banco Santander, S.A. ("Banco Santander" or the "Group") and is part of the Group's operations in the United States. This SHUSA NPBA Policy (the "Policy") is a component of the overall SHUSA Enterprise Risk Management ("ERM") Framework and is consistent with the NPBA principles and standards set forth at the Group level.

1.2 Scope

The Policy applies to all lines of business, oversight and control functions, and support units within SHUSA and its subsidiaries. It also provides the foundation and principles for SHUSA's subsidiaries, Santander Bank, N.A. ("SBNA") and Santander Consumer USA Inc. ("SCUSA"), to develop corresponding operating policies and procedures commensurate with their strategies and business activities.

The principles set forth herein apply to all strategies and activities that subject SHUSA to risks associated with the introduction of NPBAs.

1.3 Document Approval and Maintenance

The Policy is authored and owned by the SHUSA Chief Legal Officer ("CLO"). The SHUSA NPBA Committee is responsible for final presentation of this Policy to, and approval by, the SHUSA Board of Directors ("SHUSA Board").

The Policy will be reviewed by the SHUSA NPBA Committee and approved by the SHUSA Board at least annually, or when changes to the treatment or definition of NPBAs or the NPBA review and approval process occur, to ensure that it remains applicable to SHUSA's strategy and current and planned activities. Ad-hoc Policy reviews can be performed at the discretion of the SHUSA CLO. The SHUSA NPBA Committee or SHUSA Board may also initiate updates to the Policy in response to changing conditions, such as changes to market or regulatory factors, which affect the NPBA process. Changes or updates to the Policy must be developed in consultation with the SHUSA CLO and approved by the SHUSA Board.

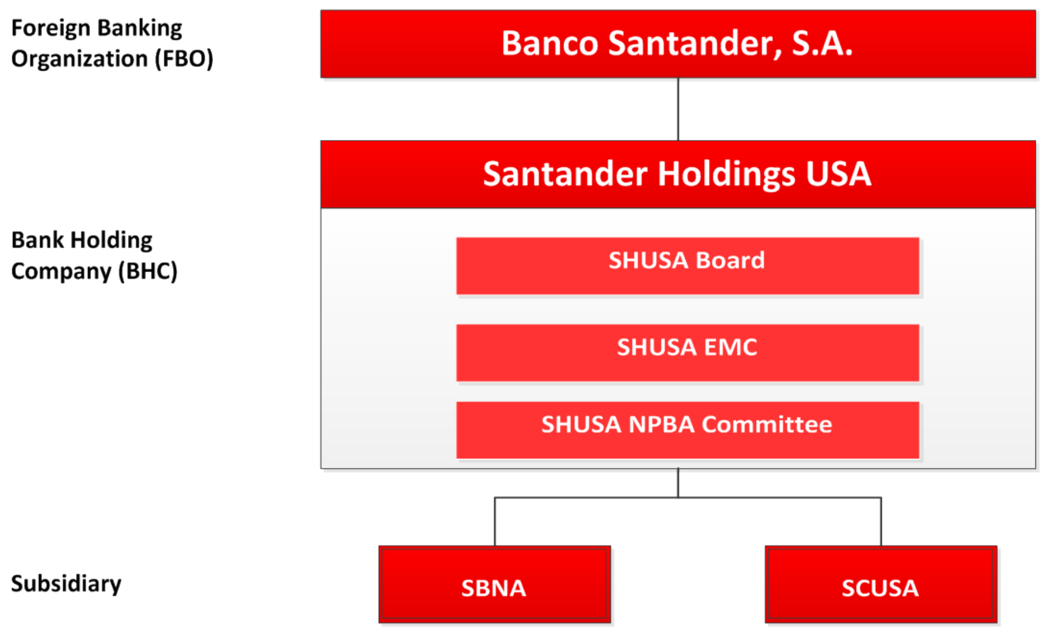
1.4 Definitions

“New Product/Business Activity” or “NPBA.” For a list of examples, refer to ***Appendix A.***

- A product, service, or business initiative not previously offered by SHUSA’s subsidiary ;
- A product, service, or business initiative not offered by SHUSA’s subsidiary for at least 12 months;
- A material change to an existing product, service, or business initiative;
- A change to the scale and scope of an existing product, service, or business initiative resulting in increased, or different types of, risk exposures;
- A significant alteration to the control environment for an existing product, service, or business initiative; or
- The replacement of, or significant enhancement to, the information technology (“IT”) supporting an existing product, service, or business initiative.

2. Governance and Accountability

2.1 SHUSA NPBA Governance



SHUSA has established the following governance structure to oversee the management of its NPBAs and the implementation and administration of the Policy.

- The SHUSA Board will:
    - Review and approve the Policy;
    - Review and approve annual updates and ad-hoc revisions to the Policy, including revisions that address changes in the risk profile of the organization;
    - Oversee the implementation of the Policy, including ensuring its sufficient alignment with the SHUSA ERM Framework and Risk Tolerance Statement;
    - Require that SHUSA deploys adequate resources to effectively implement the Policy;
    - Request that the boards of SBNA and SCUSA adopt and implement the Policy within their respective organizations; and
    - Monitor compliance with the Policy.
- The SHUSA Executive Management Committee ("SHUSA EMC") will:
    - Delegate authority to the SHUSA NPBA Committee to oversee the NPBA review and approval process.
- The SHUSA NPBA Committee will:

- Present the Policy for approval to the SHUSA Board;
- Monitor the NPBA pipeline and approval activities of subsidiary boards;
- Provide direction to the CLO at SHUSA, SBNA, and SCUSA regarding NPBAs, as necessary;
- Escalate key risks to the SHUSA EMC and the SHUSA Board;
- Provide periodic reporting on the NPBA pipeline of SBNA and SCUSA and post-launch performance indicators to the SHUSA Board and the SHUSA EMC;
- Provide periodic reporting on the NPBA pipeline of SBNA and SCUSA to the Group Corporate Marketing Committee ("CMC") and on post-launch performance indicators to the Group Corporate Monitoring Committee ("CCS")[1]; and
- Provide recommendations regarding changes to this Policy and oversee senior management in the implementation of the Policy.

- Senior management across lines of business, oversight and control functions, and support units will oversee the implementation of the Policy.

The SHUSA Board may, from time to time, designate committees or subcommittees to support the oversight and management of NPBAs.

Refer to Section 5.2 (NPBA Roles and Responsibilities) for a detailed list of the roles and responsibilities of the governance bodies and other relevant parties involved in the management and oversight of NPBAs.

2.2 SHUSA NPBA Committee

The SHUSA NPBA Committee will include representatives from relevant control and oversight functions and support units, including Compliance, Risk Management, Legal, Finance, Treasury, Accounting, Human Resources, Operations, and IT, as well as representatives from the lines of business at SBNA and SCUSA.

[1] To avoid duplications, SHUSA has adopted the Spanish abbreviation of the Group Corporate Monitoring Committee (Comité Corporativo de Seguimiento or CCS).

3. Policy

3.1 Policy Statement

It is the policy of SHUSA that NPBAs will be undertaken only after completion of careful efforts to identify associated risks, and after the proposing unit (also referred to as the "Proponent") has demonstrated to the appropriate governance bodies, including the SHUSA NPBA Committee and the SHUSA Board, its preparedness to control the risks associated with the proposed NPBA. Neither SHUSA nor its subsidiaries will launch NPBAs without formal approval of the SHUSA Board. Following the launch of NPBAs, the SHUSA NPBA Committee, the SHUSA Board, and the applicable subsidiary board(s) will jointly monitor post-launch product performance against expectations and approval requirements, and track any remedial activities to their successful conclusion. In addition, the SHUSA NPBA Committee will provide the Group CCS with information on product performance on, at a least, a quarterly basis.

SHUSA's subsidiaries will each maintain a NPBA review and approval process that includes protocols, systems, and internal controls for identifying, evaluating, and managing NPBAs in accordance with sound risk management practices throughout each phase of the product lifecycle, from proposal, through due diligence and risk assessment, approval, and post-launch monitoring and reporting.

SHUSA's subsidiaries will identify proposed initiatives and determine if they should be subject to the NPBA review and approval process based on the definition of NPBA set forth in this Policy (see Section 3.2.1). The Proponent will present an initial assessment of the NPBA to the subsidiary's EMC. The subsidiary's EMC will determine whether the NPBA should be considered, based on alignment with the subsidiary's strategic and financial objectives and expressed risk tolerance. A subsidiary EMC member will sponsor each proposal. Following preliminary approval by the subsidiary EMC, the Proponent will notify the Risk, Recommendation, Regulators, and Remediation (4R) Project Office, which will inform relevant regulatory bodies. The NPBA Project Management Office ("PMO") will coordinate the NPBA process and form an NPBA Development Team to assist the Proponent in developing the NPBA and completing all the necessary due diligence (see Section 3.2.2) and risk assessment (see Section 3.2.3) activities. The subsidiary's NPBA Committee will review the diligence and risk assessment materials before recommending the NPBA to the SHUSA NPBA Committee. The Proponent will also inform the 4R Project Office of the completed diligence and risk assessment materials for the purpose of updating relevant regulatory bodies. The 4R Project Office will provide the NPBA Development Team with any feedback from the regulators regarding the proposed NPBA.

The SHUSA NPBA Committee will review all NPBAs, evaluate diligence materials and risk assessments, and recommend all NPBAs to the Group CMC. The SHUSA NPBA Committee will perform its review and provide a recommendation in an expeditious manner. The SHUSA NPBA Committee will also review and consolidate reports from the subsidiary NPBA Committees on NPBA pipelines and post-launch performance monitoring activities (see Section 3.2.6), and provide quarterly reports to the SHUSA EMC, the SHUSA Board, and the Group CCS. The subsidiary EMC may, at its request, also receive quarterly reports from the SHUSA NPBA Committee.

Following non-objection by the Group CMC, the subsidiary board will review and recommend the NPBA to the SHUSA Board for approval. The SHUSA Board will review and approve all NPBAs. Upon approval of the NPBA by the SHUSA Board, the 4R Project Office will also inform the relevant regulatory bodies.

The SHUSA Board will provide oversight of the overall NPBA process. In connection with its oversight, the SHUSA Board will review quarterly reports from the SHUSA NPBA Committee.

At each review, recommendation, and approval stage, the reviewers may request additional analysis and information to support their decisions.

3.2 Review and Approval Process

3.2.1 Identification

The identification of NPBAs that will enter the review and approval process includes the following steps:

- Determining whether a proposed initiative should be subject to the NPBA review and approval process based on the definition of "NPBA" set forth in this Policy;
- Evaluating whether the organization should pursue the proposed NPBA[2] on the basis of its alignment with the organization's strategic and financial objectives, and expressed risk tolerance;
- Informing the 4R Project Office of the plans for developing the proposed NPBA.

The subsidiary EMCs are responsible for determining whether a proposed initiative should be subject to the NPBA review and approval process. In those instances where the subsidiary EMCs determine that a proposed initiative is not an NPBA, the subsidiary EMCs will refer the initiative to other review and approval processes (e.g., the credit review process, the transactions with affiliates review process, the third-party provider review process) within their respective organization. The subsidiary EMCs will inform the SHUSA EMC of their decisions through regular distribution of meeting minutes.

3.2.2 Due Diligence

The Proponent, with assistance from the NPBA Development Team, will conduct due diligence to ensure SHUSA and its subsidiaries have a thorough understanding of the characteristics of the proposed NPBA,

[2] Products, services, and activities that are described in the strategic plan approved by the subsidiary EMC will be considered for development and analysis under the NPBA process. The subsidiary EMC will review other potential NPBAs that arise outside of the strategic planning cycle on ad hoc basis.

as well as the regulatory and non-regulatory requirements associated with its introduction. The due diligence process includes the following activities:

- Documenting the rationale for developing the proposed NPBA, which should include an explanation of whether, and how, the NPBA fits within or deviates from the approved business strategy and risk profile;
- Evaluating the impact of the proposed NPBA on the current and potential customer base;
- Determining the requirements for complying with applicable laws, regulations, and regulatory guidance;
- Determining the expertise and staffing levels needed to effectively manage the proposed NPBA, including the need to acquire additional expertise;
- Conducting a training needs assessment and preparing a plan to train personnel involved in the management and distribution of the proposed NPBA for implementation prior to launch;
- Identifying any capital and operational needs, including new or enhanced technology, necessary to implement the proposed NPBA, and assessing the operational readiness of the organization prior to launch;
- Developing a business and financial plan for bringing the proposed NPBA to market;
- Ensuring that third-party providers involved in the development and implementation of the proposed NPBA have been evaluated and approved in accordance with applicable regulatory requirements and internal standards;
- Identifying and reviewing any models associated with the implementation of the proposed NPBA and ensuring they have been approved and validated in accordance with applicable supervisory expectations and internal standards;
- Developing a plan for monitoring and reporting on the actual performance of the proposed NPBA against pre-determined projections and metrics, and test the adequacy and effectiveness of controls; and
- Developing viable alternatives, including an exit strategy, in the event the proposed NPBA fails to perform as expected.

3.2.3 Risk Assessment

The Proponent will conduct a risk assessment to identify the risks posed by the proposed NPBA and evaluate the strength of the control environment.[3] The Proponent will consider each of the risk areas identified in the SHUSA ERM Framework and adhere to the standards established in the SHUSA Risk Identification and Assessment Policy when conducting the risk assessment. The relevant control and oversight functions comprising the NPBA Development Team, including the applicable risk disciplines (e.g., Compliance, Liquidity Risk, Credit Risk, Operational Risk), will oversee the Proponent's risk assessment and challenge the results of the risk assessment. The subsidiary NPBA Committee will review the risk assessment performed by the NPBA Development Team and determine the overall risk level of the proposed NPBA, based on the results of the risk assessment. The SHUSA NPBA Committee will confirm the risk assessment analysis, including the determination of the overall risk level of the proposed NPBA, and will evaluate the adequacy of the due diligence performed.

3.2.4 Approval

SBNA or SCUSA will not launch any NPBA without all the necessary management and board-level approvals, as described in Section 3.1. The SHUSA Board may require the Proponent to undergo a pilot of the NPBA prior to a full-scale launch. Under these circumstances, the SHUSA Board will only approve the NPBA after reviewing the results of the pilot and remediation of any issues identified during the pilot.

3.2.5 Launch

Prior to launching an approved NPBA, the NPBA Development Team, or other designated team, will develop appropriate risk management controls and processes for:

- Training personnel responsible for implementing and administering the approved NPBA;
- Developing new, or amending existing, risk management policies and procedures to ensure the NPBA is adequately addressed, as proposed in the identification of required controls in the risk assessment phase; and
- Capturing the NPBA in existing risk management, compliance, and internal audit processes.

[3] The Proponent is responsible for identifying risks, assigning inherent risk ratings, and evaluating the control environment. The relevant control and oversight functions are responsible for reviewing and challenging the proponent's evaluation of the inherent risks and the control environment as well as assessing the quality of risk management. The proponent combines the results of this analysis into the NPBA Risk Assessment Template to determine the residual risk ratings. For a more detailed description of the NPBA risk assessment process, see the *SBNA and SCUSA NPBA Procedures.*

3.2.6 Monitoring and Reporting

The Proponent will propose monitoring plans for the NPBA, including protocols for addressing identified risk trends and concerns, altering business plans, and adopting exit strategies and will report to the subsidiary NPBA Committee per the Plan's provisions.

Following the launch of a NPBA, the line of business responsible for the NPBA will monitor actual product performance, including, but not limited to, customer service metrics (e.g., consumer complaints and inquiries, quality control reviews of customer calls), financial performance, the number of new customers, controls or operational issues and remedial activities, effectiveness of controls, and any other metric identified by the NPBA Committee, subsidiary Board, SHUSA Board, or Group CMC. The line of business will provide ongoing reports of post-launch performance information to the subsidiary NPBA Committee and the 4R Project Office to inform relevant regulatory bodies, as appropriate. The duration and frequency of reporting will be determined in the monitoring plans, and will take into consideration the risk profile of the NPBA and any approval requirements. The subsidiary NPBA Committee will develop NPBA management information for the subsidiary boards and the SHUSA NPBA Committee. The SHUSA NPBA Committee will review and consolidate reports from the subsidiary NPBA Committees and provide quarterly reporting to the SHUSA EMC, the SHUSA Board, and the Group CCS. The SHUSA NPBA Committee, the SHUSA EMC, the SHUSA Board, and the Group CCS may request more frequent ad-hoc reports, if necessary or desirable. The subsidiary EMC may, at its request, also receive quarterly reports from the SHUSA NPBA Committee.

3.3 Issue Management/Escalation

The Proponent must report material issues[4] that arise in conjunction with the introduction of a NPBA in a timely manner to the appropriate subsidiary NPBA Committee. The Proponent must develop a remediation plan acceptable to the NPBA Committee at SBNA or SCUSA and report progress against the plan.

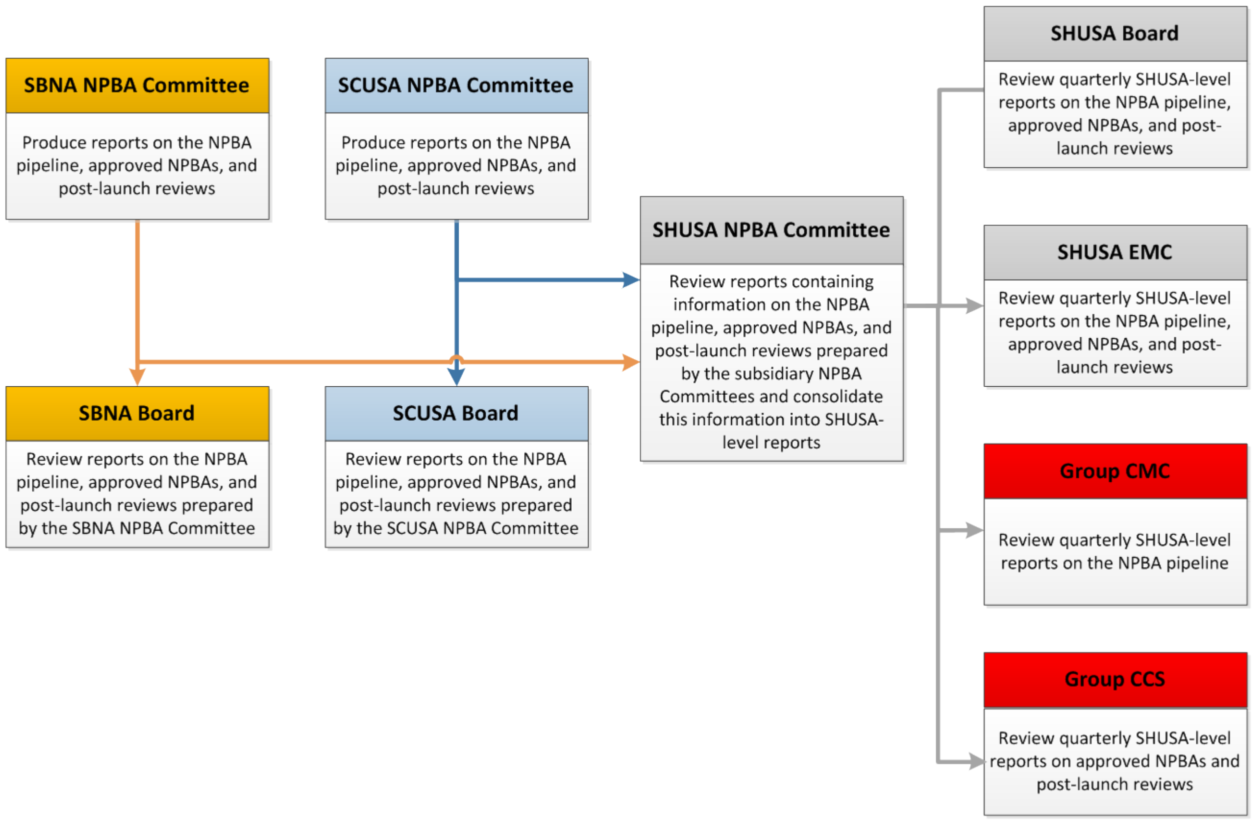
3.4 Training

The Proponent will develop a training plan that will be implemented and completed prior to the launch of the NPBA. The training plan should include sufficient detail to satisfy the relevant approval bodies at the subsidiary and SHUSA level that personnel involved in the distribution of the proposed NPBA will be fully versed in its features, regulatory requirements, and in the procedures developed to guide the performance of their responsibilities.

[4] Material issues include, for example, the ineffectiveness of risk management controls.

4. Reporting Structure

The NPBA process reporting structure, described in Section 3.1, is shown in the following diagram:



5. Roles and Responsibilities

5.1 Three Lines of Defense

As described in the SHUSA ERM Framework, SHUSA has established a "three lines of defense" model to organize the roles and responsibilities of the critical parties involved in the identification, review, and approval of NPBAs. This model includes the following:

- The first line of defense consists of risk-taking functions (lines of business) and corporate functions (or support units), such as Finance and IT.
- The second line of defense consists of Risk Management, Risk Consolidation, and Compliance.
- The third line of defense consists of Internal Audit.

Refer to the SHUSA ERM Framework for a complete definition of the model and the roles and responsibilities for each of the three lines of defense.

5.2 NPBA Roles and Responsibilities

Outlined below are the responsibilities of the relevant parties involved in the management and oversight of the risks associated with the introduction of NPBAs.

NPBA Roles and Responsibilities	
Group Corporate Marketing Committee	The Group CMC is responsible for reviewing all NPBAs proposed by SHUSA and its subsidiaries and providing non-objection to their introduction. The Group CMC reviews quarterly reports prepared by the SHUSA NPBA Committee with respect to the NPBA pipeline of its subsidiaries.
Group Corporate Monitoring Committee	The Group CCS is responsible for reviewing quarterly reports on the post-launch monitoring activities of its subsidiaries with respect to approved NPBAs.
SHUSA Board of Directors	The SHUSA Board is responsible for reviewing and approving proposed NPBAs. The SHUSA Board ensures SHUSA's subsidiaries effectively adopt and implement the Policy and reviews quarterly reports prepared by the SHUSA NPBA Committee.

NPBA Roles and Responsibilities	
SHUSA NPBA Committee	The SHUSA NPBA Committee is responsible for recommending for approval proposed NPBAs to the Group CMC and overseeing the approval process, including post-launch monitoring, to ensure compliance with applicable regulatory guidance as well as enterprise-wide standards. The SHUSA NPBA Committee prepares quarterly reports on the NPBA activities of SBNA and SCUSA for distribution to the SHUSA Board, the SHUSA EMC, and the Group CCS.
Subsidiary Board	The subsidiary board ensures the subsidiary effectively adopts and implements the NPBA Policy. The subsidiary board reviews proposed NPBAs and determines whether to recommend them for approval to the SHUSA Board. In addition, the subsidiary board reviews periodic NPBA pipeline and post-launch performance reports provided by the subsidiary NPBA Committee.
Subsidiary NPBA Committee	The subsidiary NPBA Committee is responsible for recommending for approval proposed NPBAs to the SHUSA NPBA Committee and overseeing the approval process, including post-launch monitoring, to ensure compliance with applicable regulatory guidance as well as enterprise-wide standards.
Subsidiary Executive Management Committee	The EMC is responsible for determining: (i) whether a proposed initiative meets the definition of “NPBA” set forth in this Policy; and, if so, (ii) which NPBAs should enter the NPBA review and approval process.
Chief Legal Officer	The SHUSA CLO is responsible for overseeing the design and administration of the NPBA review and approval process and chairing the SHUSA NPBA Committee.
Legal	The Legal function is responsible for owning, designing, and managing the SHUSA NPBA review and approval process.

NPBA Roles and Responsibilities	
Chief Risk Officer	The SHUSA CRO is responsible for defining and overseeing the implementation of the process that will help the organization identify and assess the risks associated with the introduction of proposed NPBAs. In addition, the CRO, as a member of the SHUSA NPBA Committee, is responsible for approving all NPBAs and evaluating, among other factors, the liquidity costs, benefits, and risks of those NPBAs that could have a significant effect on SHUSA's liquidity risk profile.
Risk Management and Compliance	The Risk Management function and the Compliance function are responsible for reviewing and challenging the risk assessment analysis prepared by the Proponent and ensuring that the Proponent has satisfied all applicable conditions and requirements before presentation to the subsidiary NPBA Committee.
Lines of Business	The lines of business are typically the Proponents of NPBAs and are responsible for developing NPBAs, seeking the required approvals, and satisfying applicable pre- and post-approval requirements, including requirements regarding performance monitoring, testing, and reporting.
NPBA Development Team	The NPBA Development Teams are cross-functional teams including representatives from the applicable risk disciplines, including Compliance, and corporate functions (e.g., IT, Operations, Legal, Human Resources, Treasury, and Finance). The NPBA Development Teams are responsible for assisting the Proponent in developing the diligence materials and performing the risk assessment.
NPBA PMO	The NPBA PMO is responsible for coordinating the NPBA process as well as coordinating the activities of the NPBA Development Team. The NPBA PMO will partner with the Legal function to support the NPBA process.

NPBA Roles and Responsibilities	
Internal Audit	Internal Audit is responsible for conducting independent reviews of the NPBA process, participating in the approval of NPBAs, and performing product post-launch reviews, audits, and testing. Internal Audit participates in the NPBA process for purposes of providing robust analysis and challenge of due diligence and risk assessment processes. Internal Audit will attend the meetings of the NPBA Committee as an observer and will not approve or endorse the approval of any NPBA.

6. Non-Compliance

All lines of business, control and oversight functions, and support units at SHUSA and its subsidiaries are responsible for complying with this Policy. Non-compliance with the Policy may result in a violation of the SHUSA Code of Conduct. Senior management across the organization is responsible for ensuring adherence to the Policy and taking appropriate action in case of non-compliance.

Document History and Version Control

6.1 Ownership and Authorship

Version	Date	Author	Owner	Reason for Change

6.2 Sign off

Approving Body	Governance Committee Approval	Final Approval Date

7. Appendices

Appendix A. Examples of Initiatives Within the Scope of the NPBA Process

Examples of Initiatives Within the Scope of the NPBA Process	
1. A product, service, or business initiative not previously offered by SHUSA's subsidiary.	*"The organization has decided to purchase a portfolio of assets that are not part of its current offerings."* *"The organization currently offers only consumer credit and has decided to offer commercial loans to large corporate borrowers."*
2. Material changes to an existing product, service, or business initiative include changes to the target customer base, marketing practices, distribution channels, third-party provider arrangements, pricing structures, or other financial terms. Outlined below are examples of initiatives that meet the definition of "material change."	
• The target customer base	Expansion/diversification of target customer base *"The organization is currently offering personal unsecured loans to high FICO score customers (>720 FICO) and decides to extend this offering to low FICO score customers (600-719 FICO) and vice versa."*
• Marketing practices	Changes to marketing channels *"The organization is currently marketing products to cardmembers through inbound sales calls and decides to market those same products through both inbound and outbound customer sales calls."*
• Distribution channels	Changes to distribution channels *"The organization is currently offering auto loans through dealers but has decided to support factory-direct Internet sales."*
• Third-party provider arrangements to provide products and services to	Outsourcing marketing or collections activities to a new third-party provider *"The organization is outsourcing its marketing activities to*

Examples of Initiatives Within the Scope of the NPBA Process	
customers	*telemarketing vendor A and decides to contract telemarketing vendor B."*
• Pricing structure	Changes from fixed to floating pricing structure *"The organization currently offers fixed rate commercial loans for a three year term and decides to offer an adjustable rate product that includes a fixed rate for the first year and a floating rate for the duration of the loan."*
• Other financial terms	Changes to product tiers *"The organization decides to launch a "premium" version of the ABC card or adjusts the underwriting requirements for a mortgage loan from 80% loan-to-value to 90% loan-to-value."*
3. A change to the scale and scope of an existing product, service, or business initiative resulting in increased, or different types of, risk exposures.	*"The organization is offering auto loans only in California and Oregon and decides to provide this offering nation-wide or decides to expand sales efforts to the existing customer base that could result in a [15%] increase in volume in the first year."* *"The organization has decided to expand its existing dealer finance loan portfolio by purchasing a portfolio of similar loans from another institution. This purchase resulted in an [x] increase in the overall size of the organization's dealer finance loan portfolio."*
4. A significant alteration to the control environment for an existing product, service, or business initiative.	Significant alterations to the control environment include, for example, changes to policies, procedures, and systems; changes to strategies and objectives, and changes in the application of controls. *"The organization has decided to replace an existing automated process with a manual process to cut costs."*
5. The replacement of, or significant enhancement to, the information	*"The organization is offering unsecured loans only at its branches but has decided to build an online portal or*

Examples of Initiatives Within the Scope of the NPBA Process	
technology supporting an existing product, service, or business initiative.	*enhance its smartphone application to accommodate remote deposit capture."*

The subsidiary EMC is ultimately responsible for determining whether an initiative should be subject to the NPBA Process. Listed in the table below are initiatives that the subsidiary EMC may exclude from the NPBA Process and refer to other review and approval processes within the organization. The SHUSA EMC will be informed of the decisions of the subsidiary EMCs through regular distribution of meeting minutes.

Examples of Initiatives Outside the Scope of the NPBA Process	
1. Financing initiatives, balance sheet management initiatives	*"The organization has decided to issue another securitization of automobile loans."* *"In an effort to manage its balance sheet, the organization has decided to sell some of its assets to another financial institution."*
2. Investments in the purchasing, selling, or servicing of loans or other lines of credit	*"The organization has a turn-down relationship with institution A for the origination of consumer loans and has decided to enter a similar relationship with institution B. When compared to the relationship with institution A, the proposed relationship with institution B does not involve any material change in customer base, underwriting criteria, jurisdiction, contractual materials, and other factors, as determined by the EMC."*
3. Changes in back-office systems with no customer impact	*"The organization has decided to replace its general ledger with a more advanced system."*
4. Changes in existing third party providers that are not directly involved in the offering of products and services to customers.	*"The organization wishes to replace an existing telecom vendor."*

Appendix B. Laws and Regulations

For purposes of the Policy, “laws and regulations” define the legal and regulatory requirements that apply to SHUSA’s operations, including but not limited to:

- Applicable U.S. laws.
- Rules, regulations, guidelines, standards, directives, and interpretations issued by the Board of Governors of the Federal Reserve System (“FRB”) and state and local jurisdictions.
- Agreements or understandings reached with SHUSA’s regulatory bodies.
- Federal Accounting Standards that govern the preparation of financial reports.

Key Laws, Regulations, and Regulatory Guidance

- FRB, Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations (March 27, 2014).
- Office of the Comptroller of the Currency, Risk Management of New, Expanded, or Modified Bank Products and Services, Bulletin 2004-20 (May 10, 2004).

Appendix C. Related Policies, Procedures, and Other Documents

- SHUSA ERM Framework
- SHUSA Enterprise Risk ID and Assessment Policy
- SHUSA Enterprise Third Party Provider Risk Management Policy
- SHUSA NPBA Procedures

Exhibit 2.B.

Santander Holdings USA (SHUSA)

New Products/Business Activities Procedures

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1. Introduction

1.1 Background

Santander Holdings USA, Inc. ("SHUSA") is subject to regulatory expectations and requirements relating to the prudent management of risks associated with new, expanded, or modified products, services, and business initiatives (collectively, "New Products/Business Activities" or "NPBAs").[1] Applicable regulatory requirements or expectations include those issued by:

- The Board of Governors of the Federal Reserve System ("FRB"); and
- State and local jurisdictions.

In particular, SHUSA is subject to the FRB's Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations. The bulletin on Risk Management of New, Expanded, or Modified Bank Products and Services (Bulletin 2004-20) issued by the Office of the Comptroller of the Currency ("OCC") also provides helpful guidance regarding supervisory expectations surrounding NPBAs.

SHUSA, through its subsidiaries, engages in the development of NPBAs. The FRB requires senior management of bank holding companies to approve all NPBAs after evaluating, amongst other factors, the liquidity costs, benefits, and risks of each NPBA that could have a significant effect on the organization's liquidity risk profile. Similarly, the OCC expects banks to introduce NPBAs only after determining the risks of the NPBA, ensuring that the proposed NPBA is consistent with their strategic direction, and implementing appropriate risk management controls and practices. The OCC expects banks to oversee NPBAs through an effective risk management process to avoid costly oversight failures and to ensure that banks continue to operate in a safe and sound manner.

1.2 Purpose of the Document

As part of its ongoing efforts to ensure compliance with applicable regulatory expectations and requirements, SHUSA is enhancing its procedures to oversee and govern the timely identification, review, and approval of NPBAs that are proposed by its subsidiaries. These SHUSA New Products/Business Activities Procedures ("Procedures") describe the processes (the "NPBA Process") for managing NPBAs and implementing the requirements set forth in the SHUSA New Products/Business Activities Policy ("Policy"). These Procedures are intended to provide sufficient level of detail to ensure that SHUSA employees understand, implement, and perform the NPBA Process described herein in a timely and consistent manner.

[1] For a definition of NPBA, refer to the SHUSA New Products/Business Activities Policy.

The objectives of SHUSA's NPBA Process are to:

- Ensure NPBAs are consistent with SHUSA's strategic plan;
- Introduce NPBAs in a risk-appropriate manner;
- Review and verify the due diligence performed on, and properly consider all the risks associated with, NPBAs, including consideration of customer impact;
- Provide the necessary senior management and board recommendations and approvals; and
- Meet applicable regulatory expectations relating to NPBAs. In doing so, this process attempts to ensure that:
    - Strategic, reputational, credit, market, liquidity, operational, compliance, regulatory, data, model, and other risks are identified, evaluated, mitigated, and/or managed, as practicable and appropriate;
    - All risks are evaluated and communicated to the appropriate personnel responsible for managing those risks; and
    - The proposing business line and oversight and control functions are fully prepared to support proposed NPBAs.

SHUSA, or its subsidiaries, must not launch any NPBAs without review and approval by the SHUSA Board of Directors ("SHUSA Board"), in accordance with the Policy and these Procedures.

1.3 Scope

These Procedures apply to all NPBAs, as defined in the Policy, and to **all** SHUSA's oversight and control functions, and support units.

1.4 Document Maintenance and Approval

These Procedures are authored and owned by the NPBA Project Management Office ("PMO") and are approved by the SHUSA NPBA Committee.

The NPBA PMO reviews and updates these Procedures at least annually, or when changes occur. Changes or updates must be approved by the SHUSA NPBA Committee.

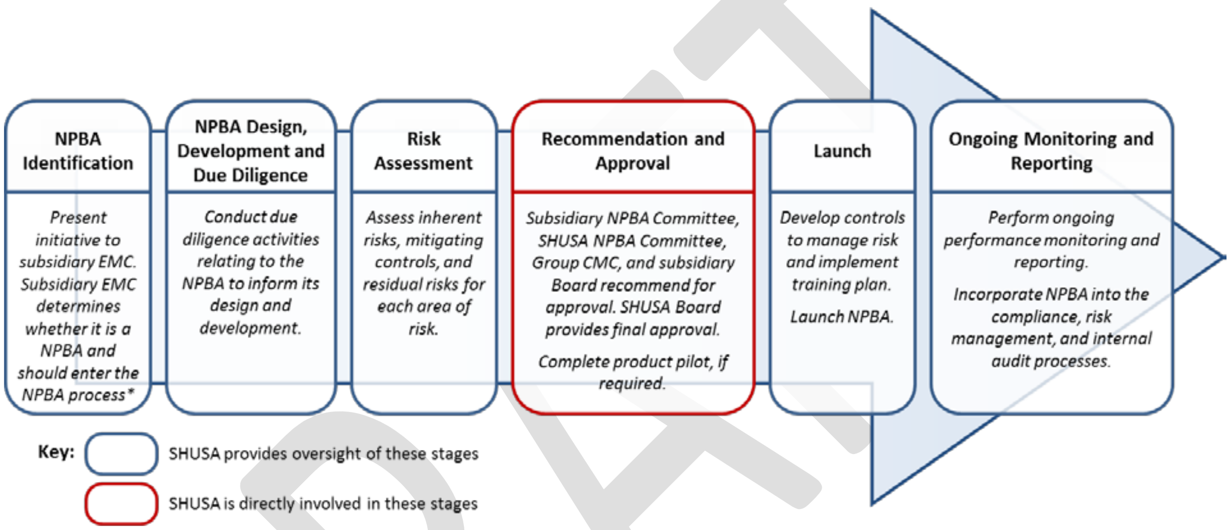
2. NPBA Process

2.1 NPBA Process Overview

In accordance with the Policy, SHUSA must monitor, and mitigate the risks associated with NPBAs, and ensure adequate oversight throughout the product lifecycle, from proposal through due diligence, risk assessment, approval, and post-launch monitoring and reporting.

Figure 1 outlines the key, high-level steps in the NPBA Process.

Figure 1: Overview of the SHUSA NPBA Process



2.2 SHUSA's Role in the NPBA Process

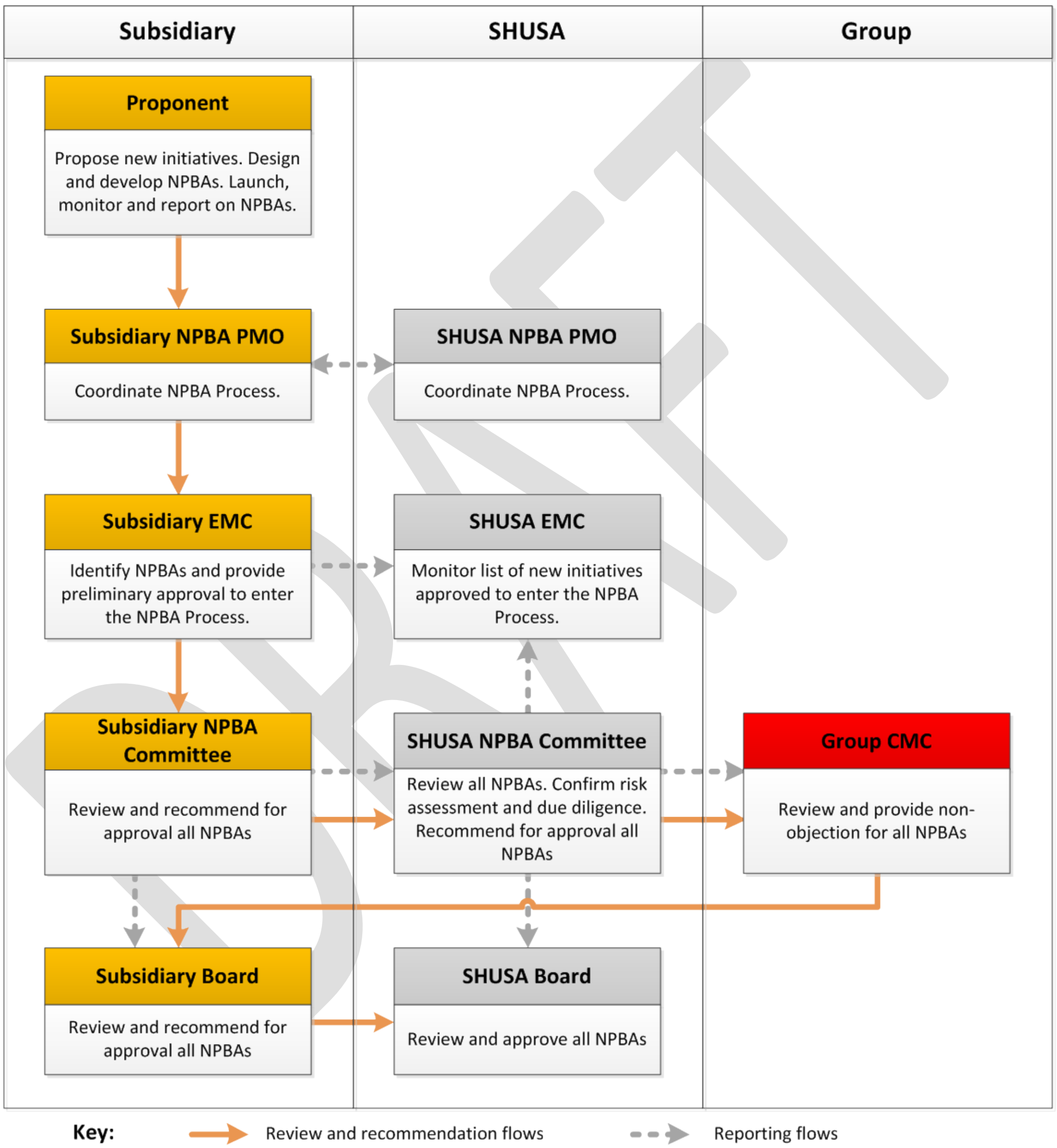
SHUSA provides oversight of the entire NPBA Process through regular reporting to the SHUSA NPBA Committee and the SHUSA Board. In addition, SHUSA is directly involved in the review, recommendation, and approval of NPBAs during the stages highlighted in red in Figure 1.

- The subsidiary EMC approves NPBAs to enter the NPBA Process. SHUSA becomes aware of new proposals by reviewing the subsidiary EMC's meeting minutes;
- Upon completion of the requisite due diligence and risk assessment, the subsidiary NPBA Committee reviews the NPBA submission package and recommends the NPBA to the SHUSA NPBA Committee. The SHUSA NPBA Committee is responsible for reviewing the submission package, verifying the subsidiary NPBA Committee's conclusions, and recommending the NPBA to the Group Corporate Marketing Committee ("CMC");
- The NPBA PMO facilitates the delivery of the submission package to the Group CMC and then to the subsidiary Board;
- Following subsidiary Board review and recommendation, the SHUSA Board reviews the NPBA and determines whether to provide approval to launch; and

SHUSA is continually apprised of the status of the NPBA pipeline and post-implementation performance through monitoring and reporting at the subsidiary-level. The SHUSA NPBA Committee aggregates reports and prepares a quarterly report to the SHUSA EMC and the SHUSA Board.

Figure 2 outlines the recommendation and approval stages in the NPBA Process.

Figure 2: Recommendation and Approval Stages



2.3 Roles and Responsibilities

The roles and responsibilities of the critical parties involved in the NPBA Process are as follows:

NPBA Roles and Responsibilities	
NPBA PMO	The SHUSA NPBA PMO is responsible for coordinating the NPBA Process and managing the SHUSA NPBA pipeline, which includes the NPBAs recommended by the subsidiary NPBA Committees. The NPBA PMO provides guidance to the subsidiary NPBA PMOs, particularly with respect to the formation of the Development Team and the preparation of all the applicable due diligence and risk assessment materials, and advises the sponsoring unit (also referred to as the "Proponent") on how to navigate the review and approval process at the SHUSA level in the most efficient manner. The SHUSA NPBA PMO partners with the Legal function to support the NPBA Process.
SHUSA Risk Management and Compliance	The SHUSA Risk Management function and the Compliance function are responsible for assisting the SHUSA NPBA Committee and the SHUSA Board by reviewing and challenging the risk assessment analysis prepared by the Proponent and NBPA Development Teams.
SHUSA Executive Management Committee ("EMC")	The SHUSA EMC delegates authority for oversight of the NPBA Process to the SHUSA NPBA Committee. The SHUSA EMC receives and reviews the minutes of subsidiary EMC meetings to remain informed of the initiatives that will be subject to the NPBA process.
SHUSA NPBA Committee	The SHUSA NPBA Committee is responsible for reviewing the due diligence materials for each NPBA, recommending for approval all NPBAs to the Group CMC, and overseeing the approval process, including post-launch monitoring. The SHUSA NPBA Committee also prepares quarterly reporting packages for the SHUSA Board, SHUSA EMC, as well as the Group CMC with respect to the NPBA pipeline and the Group Corporate Monitoring Committee ("CCS")[2] with respect to post-launch reviews.
SHUSA Board of Directors ("Board")	The SHUSA Board ensures SHUSA and its subsidiaries effectively adopt and implement the Policy. The SHUSA Board reviews and approves all NPBAs, and reviews regular NPBA pipeline and post-launch performance reports prepared by the SHUSA NPBA Committee.

[2] To avoid duplications, SHUSA has adopted the Spanish abbreviation of the Group Corporate Monitoring Committee (Comité Corporativo de Seguimiento or CCS).

NPBA Roles and Responsibilities	
Internal Audit	Internal Audit is responsible for conducting independent reviews of the NPBA Process, participating in the review of NPBAs, and performing product post-launch reviews, audits, and testing. Internal Audit participates in the NPBA Process for purposes of providing robust analysis and challenge of due diligence and risk assessment processes. Internal Audit attends the NPBA Committee meetings as an observer and does not approve or endorse the approval of any NPBA.

3. Procedures

3.1 NPBA Identification

NPBAs may be proposed by one of two methods: (i) they are agreed to and included as part of the subsidiary's approved strategic plan; or (ii) they are proposed by a Line of Business Proponent during the year, but are not part of the existing strategic plan.

When a line of business becomes aware of a new initiative, the Proponent submits the initiative to the subsidiary EMC. The subsidiary EMC provides a preliminary approval for the NPBA to enter the NPBA pipeline and process.

The SHUSA EMC receives and reviews the minutes of the subsidiary EMC meeting to monitor the list of NPBAs that enter the NPBA pipeline and ensure that NPBAs are aligned with SHUSA's strategic plans. By reviewing the minutes, the SHUSA EMC monitors the list of initiatives that are not deemed to be NPBAs and ensures that the subsidiary EMC made the appropriate determination with respect to in scope or out of scope initiatives. The NPBA PMO notifies SHUSA's Risk, Recommendation, Regulators, and Remediation ("4R") Project Office of the subsidiary EMC's decision to provide preliminary approval for the NPBA, and provides a copy of the Proposed Initiative Evaluation Form (the "Intake Form") (See ***Appendix II***) to the 4R Project Office. The 4R Project Office determines which regulatory agency(ies) should be notified of the proposed NPBA, depending on the subsidiary and line of business proposing the NPBA, the nature of the NPBA, and the outlook and concerns of the various regulatory agencies. The 4R Project Office notifies the SHUSA EMC of its intention to inform a regulatory agency(ies) of the proposed NPBA.

The 4R Project Office obtains further information or clarification of the NPBA from the Proponent, if necessary, to accurately represent the NPBA to the regulatory agency(ies). The 4R Project Office may also include the Proponent in any communications with the regulatory agency(ies).

<u>Documentation Requirements</u>

- *Subsidiary EMC meeting minutes*

3.2 NPBA Design, Development, and Due Diligence

3.2.1 Governance

The NPBA PMO coordinates the NPBA Process and ensures consistent treatment of each NPBA. The SHUSA NPBA PMO provides guidance to the subsidiary NPBA PMO, including answering questions relating to the formation of the NPBA Development Team, creation of a governance framework to oversee the design, development, and implementation of the NPBA, and production of a project plan.

3.2.2 NPBA Development

The Proponent and the NPBA Development Team design and develop the NPBA in accordance with the project plan. During the NPBA development, the SHUSA NPBA Committee receives and reviews regular progress and status updates provided by the SHUSA NPBA PMO. The frequency and level of detail of such reporting will be defined by the NPBA PMO and the SHUSA NPBA Committee and will take into account the characteristics of the NPBA, including prospective risk.

3.3 Risk Assessment

Once the NPBA is sufficiently developed and due diligence has been undertaken, the Proponent, with advice and challenge from Risk Management, including the applicable risk disciplines (e.g., Compliance Risk, Liquidity Risk, Credit Risk, and Operational Risk), and the rest of the NPBA Development Team, completes the risk assessment, which consists of identification of risk events, determination of inherent risks, identification and evaluation of mitigating controls, and determination of residual risk.

3.4 Recommendation and Approval

3.4.1 SHUSA NPBA Committee Recommendation

Upon completion of the due diligence and risk assessment phases, the Proponent prepares a package comprised of the Intake Form, the NPBA Proposal Form (see ***Appendix III***), and all other documentation relevant to the NPBA (the "NPBA Submission Package"), for presentation to the subsidiary NPBA Committee.

Following the subsidiary NPBA Committee's recommendation, the NPBA PMO delivers the NPBA Submission Package to the SHUSA NPBA Committee for consideration in the SHUSA NPBA Committee's meeting agenda. The NPBA PMO informs the 4R Project Office of the completion of the NPBA Submission Package. The 4R Project Office updates the relevant regulatory agency(ies) of the progress of the NPBA. If requested by the regulatory agency(ies), the 4R Project Office obtains the current version of the NPBA Submission Package from the NPBA PMO and provides it to the regulatory agency(ies).

The SHUSA NPBA Committee reviews the NPBA Submission Package and determines whether to recommend the NPBA to the Group CMC. The SHUSA NPBA Committee may request the Proponent to present the NPBA Submission Package at the meeting. The Proponent may invite members of the NPBA Development Team to also present at the meeting.

During this review, the SHUSA NPBA Committee ensures that the NPBA is consistent with SHUSA's strategic and financial objectives and risk profile, in addition to the strategic and financial objectives and risk profile of the subsidiary entity that will offer the NPBA. The SHUSA NPBA Committee verifies the completeness of the NPBA Submission Package, reviews the financial forecasts, and assesses the adequacy of the overall residual risk rating assigned by the subsidiary NPBA Committee. The SHUSA NPBA Committee also verifies any conditions recommended by the subsidiary NPBA Committee, such as the completion of a pilot, as well as post-launch requirements, such as caps on volume or restraint on the composition of the desired customer base.

The SHUSA NPBA Committee may deem the proposal to be deficient, or ask the Proponent to provide additional analysis or information to support its decision.

Should a proposal be denied, the SHUSA NPBA Committee provides an explanation of why the proposal was denied and guidance to the Proponent on how to proceed. Circumstances under which the SHUSA NPBA Committee may deny the proposal include a diminished appetite for the NPBA, or substantial differences in the updated estimates relating to the NPBA (e.g., differences in financial projections or in the results of the risk analysis since the submission of the Intake Form).

Documentation Requirements

- *SHUSA NPBA Committee recommendation/rejection notice*

3.4.2 Further Recommendations

The NPBA PMO sends the SHUSA NPBA Committee's recommendation, along with the NPBA Submission Package and supporting documentation, to the Group CMC. To ensure timely review, the NPBA PMO submits documentation to the Group CMC in accordance with the timeframes specified in Section 3.6.

The Group CMC reviews the NPBA and provides its non-objection. Following review by the Group CMC, the NPBA PMO delivers the NPBA Submission Package and all supporting documentation to the subsidiary Board.[3]

The subsidiary Board reviews the NPBA Submission Package and determines whether to recommend the NPBA to the SHUSA Board for final approval.

3.4.3 Approval

After the subsidiary Board's recommendation, the NPBA PMO delivers the NPBA Submission Package to the SHUSA Board for consideration and final approval, and schedules the NPBA for consideration in the SHUSA Board's meeting agenda.

Prior to the meeting of the SHUSA Board, the SHUSA NPBA Committee coordinates with the subsidiary NPBA Committee to verify that all conditions have been met, including results of completed pilots and remediation of any outstanding issues, and notifies the SHUSA Board.

[3] The subsidiary Board receives periodic reports on the status of the NPBA Process, including pipeline information.

The SHUSA Board confirms with the SHUSA NPBA Committee and the subsidiary NPBA Committee that the Proponent has met all conditions and remediated any outstanding issues. The SHUSA Board reviews the NPBA and determines whether to provide final approval.

If the subsidiary NPBA Committee or SHUSA NPBA Committee has recommended the completion of a pilot, the SHUSA Board determines whether to provide approval for the pilot to commence. Upon completion of the pilot and remediation of any outstanding issues, the NPBA is presented again to the SHUSA Board for final approval.

Should a proposal be denied or deemed deficient by the SHUSA Board, the SHUSA Board provides guidance to the Proponent on how to proceed. For example, the SHUSA Board may ask the Proponent to provide additional analysis or information to inform its decision.

Documentation Requirements

- *SHUSA Board final approval/rejection notice*

3.5 Ongoing Monitoring and Reporting

3.5.1 Monitoring

After the NPBA has been launched, the Proponent assesses the effectiveness of the controls he/she has implemented to mitigate the risks associated with the approved NPBA, and provides post-implementation reporting regarding the NPBA performance against the Submission Package, including projected financial and strategic goals as well as other metrics, as appropriate. The subsidiary's Risk Management, Compliance, and Internal Audit functions also perform ongoing monitoring on product performance, incorporating data regarding, for example, customer service metrics, including consumer complaints and inquiries and quality of customer service calls, financial performance, the number of new customers, operational issues, remedial activities, and effectiveness of controls.

The SHUSA NPBA Committee reviews product performance reports provided by the subsidiary NPBA Committees and consolidates this information for distribution to the Group Corporate Monitoring Committee ("CCS"),[4] at least on a quarterly basis. Based on the NPBA's performance, the SHUSA NPBA Committee may instruct the Proponent to change business plans and develop strategy options to address identified risk trends, control gaps, or concerns based on pre-determined triggers and/or thresholds.

3.5.2 Reporting

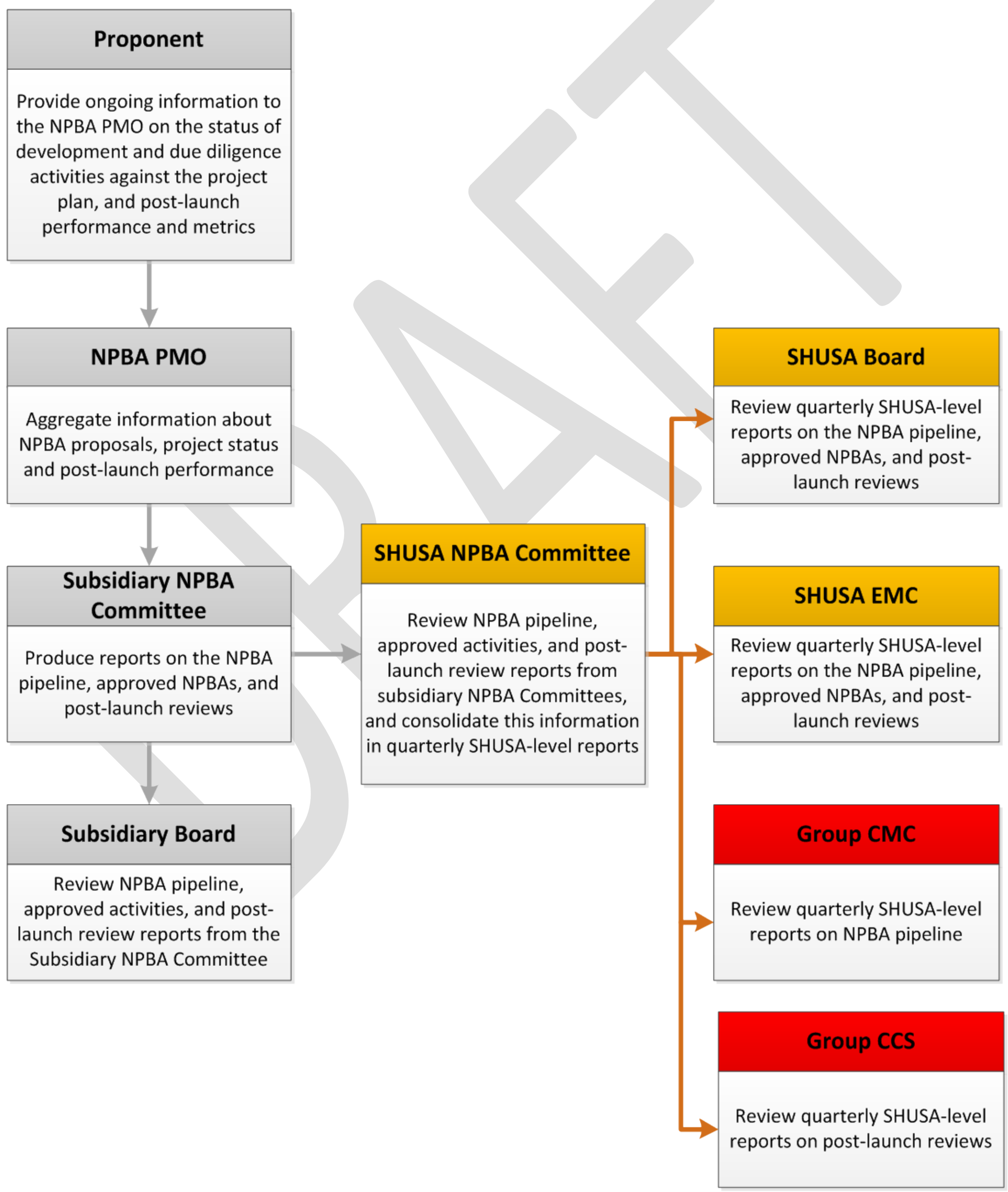
The SHUSA NPBA Committee receives a monthly report on the NPBA pipeline, approved NPBAs, and post-launch performance reviews from the subsidiary NPBA Committees. The SHUSA NPBA Committee

[4] To avoid duplications, SHUSA has adopted the Spanish abbreviation of the Group Corporate Monitoring Committee (Comité Corporativo de Seguimiento or CCS).

aggregates the information from the subsidiary reports and develops consolidated quarterly reports, using the reporting template maintained in the document repository (see Section 4). The SHUSA NPBA Committee provides the report to the SHUSA Board, the SHUSA EMC, the Group CMC (with respect to the NPBA pipeline), and the Group CCS (with respect to post-launch reviews) on, at least, a quarterly basis.

Figure 3 outlines the reporting protocols in the NPBA Process.

Figure 3: NPBA Process Reporting Protocols



3.6 Timing

The various stakeholders in the process should follow the timeframes listed below for each stage of the review and approval process.

Stage of Process	Committee/Board Meeting Frequency	Materials Submission Deadline
SHUSA NPBA Committee Recommendation	The SHUSA NPBA Committee meets [on the x of every month]	The [NPBA PMO] submits the NPBA Submission Package to [the committee secretary] [x days] prior to the meeting
Group CMC non-objection	The Group CMC meets [on the x of every month]	The [NPBA PMO] submits the NPBA Submission Package to [the committee secretary] [x days] prior to the meeting
Subsidiary Board Recommendation	The subsidiary board meets [on the x of each quarter]	The [NPBA PMO] submits the Submission Package to [the board secretary] [x days] prior to the meeting
SHUSA Board Approval	The SHUSA Board meets [on the x of each quarter]	The [NPBA PMO] submits the Submission Package to [the board secretary] [x days] prior to the meeting

4. Recordkeeping

The SHUSA NPBA PMO maintains a NPBA document repository for the NPBA Process that contains the documentation relevant to the NPBA Process, such as related policies and procedures, forms and templates to be completed by the Proponent, due diligence and risk assessment materials, recommendation and approval notices for the various governing bodies, and reporting templates.

The Proponent continually uploads all records generated in accordance with these Procedures, including the latest NPBA Submission Package, to the NPBA document repository and retains such documentation pursuant to the SHUSA Recordkeeping Policy.

5. Non-Compliance

The Legal function is responsible for monitoring adherence with the Policy. Non-compliance with the Policy may result in a violation of the SHUSA Code of Conduct. All Employees should report any violations of the Policy to the Legal function or the SHUSA NPBA PMO.

5.1 Examples of Violations

A violation is defined as the non-compliance by any Employees with the Policy.

Examples of violations are listed below:

- A new initiative that may fall under the definition of a NPBA is not presented to the EMC for review and determination of whether the initiative is a NPBA.
- A NPBA that should be subject to the NPBA Process is developed or launched without following the NPBA Process.
- A NPBA is developed or launched without following all of the steps defined by the NPBA Policy (e.g., all stakeholder approvals identified in the project plan are not obtained prior to launch).
- A NPBA is launched without adhering to any conditions of approval, or the NPBA is launched with terms that differ from those included in the approved proposal.

5.2 Reporting Violations

When an Employee becomes aware of a violation of the Policy, he/she should provide specific details of the violation to the Legal function or the NPBA PMO, including reasons for the violation and the date of its occurrence, as applicable.

The SHUSA NPBA PMO will present details of the violation to the SHUSA NPBA Committee. The SHUSA NPBA Committee will determine whether further investigation is required, and take appropriate action, including disciplinary action. If necessary, the SHUSA NPBA Committee will escalate the violation to the SHUSA Board.

6. Document History and Version Control

6.1 Ownership and Authorship

Version	Date	Author	Owner	Reason for Change

6.2 Sign off

Approval		Final Approval Date

7. Appendices

APPENDIX I. Related Policies, Procedures, and Other Documents

- SHUSA New Products/Business Activities Policy
- SHUSA NPBA Committee Charter

APPENDIX II. Intake Form

[See Attached]

APPENDIX III. NPBA Proposal Form

[See Attached]

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Appendix II - Intake Form

As of October 2014

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Executive Management Committee ("EMC") – Proposed Initiative Evaluation Form (the "Intake Form")[1]	
Date:	Click here to enter a date.
Proposal Name:	Click here to enter text.
Head of Business Offering the Service:	Click here to enter text.
Project Manager:	Click here to enter text.
Applicable/Impacted Jurisdictions to be Reviewed:	Click here to enter text.
Legal Entity or Branch through which Proposal will be Offered:	Click here to enter text.
Proposed Launch Date:	Click here to enter a date.

1.	**PROPOSAL DESCRIPTION**
1.1	Does the scope include any of the following:
Choose an item.	
If N/A or Other, please explain why the Proposal does not represent a New Product/Business Activity	
Click here to enter text.	

1.2	Detail the targeted customer base and market:
Click here to enter text.	

1.3	Detail the distribution channel:
Click here to enter text.	

1.2	Provide a summary of the Proposal sufficient to provide a high level understanding of the Proposal. Limit responses to one page:
Click here to enter text.	

2.	**KEY RISKS & MITIGATION**
2.1	Identify the principle risks of the Proposal to the sponsoring business unit, the Company generally, and any mitigants proposed. Limit responses to one page:
Click here to enter text.	

2.2	Does this Proposal have risk or operational characteristics that are similar to an existing product or service?	Yes ☐ No ☐
If YES, please describe and discuss any implications.		
Click here to enter text.		

2.3	Identify the impact to the sponsoring business unit of not proceeding with the Proposal.
Click here to enter text.	

[1] This Form will be reviewed by the SCUSA or SBNA EMC. Please submit the completed Intake Form to the NPBA Project Manager by close of business Friday prior to the meeting of the EMC.

2.4	Has written advice from external legal resources or consulting firms been obtained?	Yes ☐ No ☐
If YES, please attach as an appendix.		
Click here to enter text.		

3.	**STRATEGIC PLAN**	
3.1	Is the Proposal part of the Company's approved Strategic Plan?	Yes ☐ No ☐
IF NO, please describe:		
3.1(a)	How the Proposal relates to the Company's strategic objectives and risk profile.	
Click here to enter text.		
3.1(b)	Its value proposition.	
Click here to enter text.		
3.1(c)	Existing alternatives.	
Click here to enter text.		
3.1(d)	Proposed sources of funding.	
Click here to enter text.		
3.1(e)	Estimated resource requirements (e.g., staffing and IT needs).	
Click here to enter text.		

4.	**REVIEWERS**
REQUIRED Please ensure that the submitted Intake Form includes the review of all function areas listed below. Please list the name of the reviewer and attach an email confirmation of their participation and review. **Proposals missing any of the below required fields will be returned to the Proponent.**	
Risk	
Compliance	
Legal	
Finance[2]:	

[2] Required only when Proposal is not approved in the Company's Strategic Plan

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Appendix III - NPBA Proposal Form
As of October 2014
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New Product and Business Activity Committee ("NPBA") Proposal Form[1]	
Date:	Click here to enter a date.
Proposal Name:	Click here to enter text.
Head of Business Offering the Service:	Click here to enter text.
Project Manager:	Click here to enter text.
Applicable/Impacted Jurisdictions to be Reviewed:	Click here to enter text.
Legal Entity or Branch through which Proposal will be Offered:	Click here to enter text.
Date of Legal Entity New Business Approval:	Click here to enter a date.
Proposal Scope:	Choose an item.
Projected Launch Date:	Click here to enter a date.
Targeted Customer Base:	
Overall Risk Rating:	Determined by NPBA Only

Overall Risk Rating for Each Area of Risk[2]		
Risk Category	**Risk Rating**	**Drivers**
Strategic		
Reputation		
Credit		
Market		
Liquidity		
Operational		
Compliance		
Regulatory		
Data		
Model		
Other		

[1] Submit the completed Proposal Form to the NPBA Project Manager for scheduling.
[2] Summarize the results of the NPBA Risk Assessment by reporting the overall residual risk rating for each area of risk as well as the associated drivers. Attach as an appendix the NPBA Risk Assessment Template, completed for each applicable area of risk. Refer to the SBNA and SCUSA New Products/Business Activities Procedures for information on how to complete the NPBA Risk Assessment Template.

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1.	Executive Summary
The Executive Summary is a summary of the Proposal sufficient to provide a high level understanding of the risks and benefits of the Proposal. Please limit response to one page or less.	

Click here to enter text.

As of October 2014
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2. FINANCIALS[3]			
	Year 1	**Year 2**	**Year 3**
Pre-tax NIR			
Pre-tax Fee Revenue			
Direct Expense			
Indirect Expense			
Net Income Before Tax			
Tax Rate			
Net Income after Taxes			
New Balance Sheet Assets			
Capital Expenditures			
Additions to Headcount in Business Unit			
Additions to Headcount in Functional Areas			
Other financial indicators relevant to understanding this Proposal			
New Off-balance Sheet Notional Balances[4]			
Basel Risk Weighted Assets			
Basel Securitization Determination			
Economic Capital			
Anticipated VaR Exposure for Products with Market Risk			

[3] This table includes minimum required financial information. Provide a most-likely business case projection and include additional metrics, as appropriate. These projections will be used in the post-implementation review process.
[4] Off balance sheet might include lines or letters of credit, unused loan commitments, derivative contracts, etc.

2.1	State the assumptions material to the forgoing projection(s) and key financial risks in achieving goals. Describe the proposed strategy for managing those risks and how the Proposal is consistent from a financial perspective with the Company's return objectives.
Click here to enter text.	

2.2	Outline the business case for pursuing this opportunity. In order to understand the sensitivity of these figures, please provide perspective on the likely impact of assuming a Worst Case and Best Case Analysis.
Click here to enter text.	

2.3	How feasible is it to exit the Proposal, if approved? What cost would be associated if the product is no longer viable? Please provide a detailed perspective of operational, financial, and reputational impact of terminating the product?
Click here to enter text.	

2.4	State the assumptions underlying the product pricing and fee structure and whether clients may view the product/service as a product enhancement that does not require an additional fee.
Click here to enter text.	

2.5	Are the capital and ongoing expenses identified covered in the budget for the current year (or in the proposed budget for the next year, if the Proposal submission is made in the 4th quarter)?	Yes ☐ No ☐
If No, please explain funding.		
Click here to enter text.		

2.6	Discuss the tax implications of the Proposal.	
2.6(a)	Will tax withholding be required on payments made to the customer?	Yes ☐ No ☐
2.6(b)	Will payments be made to a payee outside of the continental United States?	Yes ☐ No ☐
2.6(c)	Will payments be received from outside of the continental United States?	Yes ☐ No ☐
2.6(d)	Will the Proposal require utilization of the Company's tax capacity?	Yes ☐ No ☐
2.6(e)	Will the Company be required to report information to the customer?	Yes ☐ No ☐
If Yes to any, please describe implications and list the applicable tax forms associated with the Proposal.		
Click here to enter text.		

2.7	Has an Internal Capital Adequacy Assessment Process (ICAAP) evaluation been used in this Proposal?[5]	Yes ☐ No ☐
Click here to enter text.		

3.	**DETAILED ANALYSIS**	
3.1	Discuss the business purpose of the Proposal. Describe how the Proposal operates, covering product/service lifecycle from both the customer and internal perspective.	
Click here to enter text.		

3.2	Describe the impact this Proposal may have on other business units or functional areas.
Click here to enter text.	

3.3	Will product or service be offered at a discount to the organization's or affiliate's employees?	Yes ☐ No ☐
Click here to enter text.		

3.4	Describe how the Proposal will be marketed to customers including the controls in place to review marketing and client communications.
Click here to enter text.	

3.5	Describe the incentive and compensation structures that will support marketing and sales activities.
Click here to enter text.	
3.6	Describe the training needs for the back and front office.
Click here to enter text.	

3.7	Does the Proposal require expertise that the business unit(s) and other functions involved in the implementation and administration of the Proposal do not currently possess?	Yes ☐ No ☐
If yes, how will the expertise be obtained?		
Click here to enter text.		

3.8	Does this Proposal entail the development of new, or revised, policies and procedures? If yes, please list.	Yes ☐ No ☐
Click here to enter text.		

[5] An ICAAP analysis is required if total revenue from the product is projected in any year to be greater than $[ ] million or [ ]% of the regulatory capital, whichever is greater, of the legal entity through which the product is to be offered.

3.9(a)	Does the Proposal involve third-party providers?	Yes ☐ No ☐
3.9(b)	If Yes, is this a new third-party provider?	Yes ☐ No ☐
Describe the types of activities that will be outsourced.		
Click here to enter text.		

3.10	Discuss IT and other infrastructure requirements and whether those are being outsourced or developed internally.
Click here to enter text.	

3.11	Does this Proposal entail a change in the existing operating model of the business unit or any other product or services?	Yes ☐ No ☐
If Yes, have necessary operational procedures been developed?		
Click here to enter text.		

3.12	Does this Proposal entail a product or service currently offered by a competitor?	Yes ☐ No ☐
If Yes, please identify principal competitors, and the differences or similarities between the Proposal and the competitive offerings. Please discuss competitor's success or difficulties with the product and, to the extent identifiable, the financial resources devoted, compliance and risk management processes and contractual terms.		
Click here to enter text.		

4.	KEY RISKS & MITIGATION
4.1	Identify the principle risks of the Proposal to the sponsoring business unit, the Company generally, and any mitigants proposed.
Click here to enter text.	

4.2	Assuming the Company is not able to manage or mitigate the risks associated with the Proposal, discuss the potential for adverse impact of the Proposal on the sponsoring business unit, other business units, or the Company generally.
Click here to enter text.	

4.3	Are the identified risks consistent with the organization's risk tolerance statement and risk limits?	Yes ☐ No ☐
If No, detail which risks are inconsistent and the plan to bring the Proposal in-line with the Company's expressed risk tolerance.		
Click here to enter text.		

4.4	Identify the impact to the sponsoring business unit of not proceeding with the Proposal.
Click here to enter text.	

4.5	Does this Proposal have risk or operational characteristics that are similar to an existing product or service?	Yes ☐ No ☐
If Yes, please discuss any implications.		
Click here to enter text.		

4.6	Discuss how changing dynamics in markets and/or uncertainty of stress conditions on new markets may impact the Proposal (e.g. effects of changing interest rates).	
Click here to enter text.		

4.7	Does the Proposal entail the use of models?	Yes ☐ No ☐
If yes, please consult with Model Risk Management.		
Click here to enter text.		

5.	**COMPLIANCE**	
5.1	Will this Proposal require new compliance procedures or monitoring processes?	Yes ☐ No ☐
If Yes, please describe and include the current state of their development.		
Click here to enter text.		

5.2	Does the Proposal incorporate the adoption of elements of a compliance model or system that are inconsistent with the existing compliance model?	Yes ☐ No ☐
If Yes, what is the conversion plan associated with retiring or converting this model?		
Click here to enter text.		

5.3	Has a designated AML Officer reviewed this Proposal for its potential impact to our Anti-Money Laundering (AML) program?	Yes ☐ No ☐
Click here to enter text.		

5.4	Will this Proposal be offered to restricted or prohibited customer types?	Yes ☐ No ☐
Click here to enter text.		

5.5	Does your targeted Customer Base include customers that would be subject to heightened regulatory scrutiny. If yes please detail and include analysis of applicable regulations.
Click here to enter text.	
5.6	Describe how customers will be screened at on-boarding from a BSA/AML/OFAC perspective.
Click here to enter text.	

5.7	Describe how customers will be screened each time OFAC lists are updated.
Click here to enter text.	

5.8	Does this Proposal contemplate the acquisition of non-public, personally identifiable information on behalf of Customers or their underlying Customers?	Yes ☐ No ☐
If Yes, please contact Data Privacy for review and discuss implications.		
Click here to enter text.		

6.	**LEGAL & REGULATORY**	
6.1	What is the Standard of Care?	
Click here to enter text.		

6.2	Please describe any contractual protections and whether acceptability of those terms in the marketplace has been tested	
Click here to enter text.		

6.3	Discuss proposed authorization levels within business units and/or Legal for exception approval from any such terms.	
Click here to enter text.		

6.4	Has written advice from external legal resources or consulting firms been obtained?	Yes ☐ No ☐
Click here to enter text.		

6.5	Will the organization be acting as a Fiduciary in offering this Proposal?	Yes ☐ No ☐
If Yes, does the status arise out of law or contract?		Law ☐ Contract ☐
Is the Proposal offered to clients for whom the organization acts as a fiduciary in other capacities?		Yes ☐ No ☐
If Yes, to any, explain how the sponsoring unit proposes to offer the Proposal consistent with the organization's fiduciary obligations and explain any mitigation to reduce fiduciary risk. Please attach as an appendix disclosures of potential conflicts of interest and compensation agreements.		
Click here to enter text.		

6.6	Will this Proposal be offered to ERISA clients?	Yes ☐ No ☐
Are we proposing to rely upon any exemptions from prohibited transactions?		Yes ☐ No ☐
If Yes to any, review by internal or external counsel experienced with ERISA is required.		
Click here to enter text.		

6.7	Is the Proposal being offered to/or does it affect jurisdictions outside the United States?	Yes ☐ No ☐
6.8	Will this Proposal be offered in multiple jurisdictions or through multiple legal entities?	Yes ☐ No ☐

If Yes to either, please consult with the legal representatives for such entities or jurisdictions to confirm that applicable regulatory issues are being addressed. Please include a discussion of Regulation K implications.		
Click here to enter text.		

6.9	Does this Proposal entail the offshoring or migration of services to a new location?	
If Yes, consult with management of the impacted business unit to ensure that any client relationship issues the Proposal may create are addressed. Please discuss below.		
Click here to enter text.		

6.10	List applicable regulatory and licensing requirements.	
Click here to enter text.		

6.11	Does this Proposal operate under a regulatory framework that is new to the organization?	Yes ☐ No ☐
If Yes, have these regulatory licensing requirements been evaluated in all jurisdictions and entities listed in this Proposal?		Yes ☐ No ☐
Describe the risks and requirements of the new regulatory framework.		
Click here to enter text.		

6.12	Does this Proposal contemplate transactions with affiliates?	Yes ☐ No ☐
If Yes, please include Regulation W analysis and provide evidence of appropriate approval(s).		
Click here to enter text.		

7.	**CAPITAL, LIQUIDITY & ACCOUNTING**	
7.1	Please provide an analysis of the economic, regulatory, and GAAP capital implication of the Proposal.	
Click here to enter text.		

7.2	Please provide an analysis of balance sheet leverage and liquidity implications of the Proposal.
Click here to enter text.	

7.3	Please provide an analysis of the corporate accounting and accounting systems implications.
Click here to enter text.	

7.4	Does the Proposal involve contingent financial liabilities?	Yes ☐ No ☐
Click here to enter text.		

7.5	Are there any derivatives and/or hedges required for this Proposal?	Yes ☐

		No ☐
Click here to enter text.		

8.	**CONDITIONS & REQUIREMENTS**	
8.1	Does the business sponsor recommend any conditions/requirements be imposed prior to the launch of the Proposal? If yes, please describe the proposed conditions/requirements.	Yes ☐ No ☐
Click here to enter text.		

8.2	Does the business sponsor recommend any conditions/requirements be imposed after the launch of the Proposal? If yes, please describe the proposed conditions/requirements.	Yes ☐ No ☐
Click here to enter text.		

9.	**MONITORING PLANS & POST-IMPLEMENTATION REVIEW**
9.1	Describe the monitoring plans to implement new or enhanced controls, assess control effectiveness, and monitor the performance of the Proposal.
Click here to enter text.	

9.2	Please identify the individuals who have responsibility for the post-implementation review documentation and presentation. The level of review required is determined by the risk rating assigned to each Proposal.
Click here to enter text.	

10.	**REVIEWERS**
REQUIRED Please ensure that the submitted Proposal includes the review of all function areas listed below. Please list the name of the reviewer and attach an email confirmation of their participation and review. **Proposals missing any of the below required fields will be returned to the Proponent.**	
Risk	
Compliance	
Legal	
Finance	
Treasury	
Corporate Accounting	
Regulatory Legal	
Operations	
HR	
IT	

AS NEEDED	
Business Continuity	
Third Party Approval	
Model Risk Management	

Transactions with Affiliates	
Tax	
Data Privacy	
Real Estate	
Information Security	
Other:	
Other:	
Other:	

11. **Appendices**	
REQUIRED: Please attach all of the below required documentation or provide justification why it is not required.	**Page Number**
A. Risk Assessment Template	
B. Business and Financial Plan	
C. Exit strategy	
D. Pricing and Fee structure	
E. Process Flows	
F. Client Disclosure Documents	
G. Marketing Materials	
H. Training Needs Assessment and Plan	
I. Contractual Terms	
J. Other Applicable Legal and Contractual Documentation	

AS NEEDED	**Page Number**
External Legal Counsel Memo	
Consulting Firm Memo	
ICAAP Analysis	
ERISA Analysis	
disclosures of potential conflicts of interest and compensation agreements related to Fiduciary obligations	
Other:	
Other:	
Other:	

Exhibit 2.C.

SANTANDER HOLDINGS USA, INC.
NEW PRODUCTS AND BUSINESS ACTIVITIES COMMITTEE CHARTER

Purpose of the Committee

The Santander Holdings USA, Inc. ("SHUSA" or the "Company") New Products and Business Activities Committee (the "Committee") is a management committee, the purpose of which is to evaluate, and recommend for approval as applicable, new, expanded, or modified products, services and business activities as set forth in the SHUSA New Products/Business Activities Policy (collectively "Proposals").

Authority

The Committee is established under the authority of the Executive Management Committee ("EMC") of SHUSA, which authorizes the Committee to perform the oversight responsibilities described in this Charter.

Responsibilities

The Committee shall have the following duties and responsibilities:

- Review all Proposals, evaluate potential benefits, and provide independent challenge of the risk assessment and business diligence associated with each Proposal.
- Recommend to the EMC of SHUSA, where appropriate, that the Company proceed with a Proposal.
- Review, at least annually, SHUSA's new products and business activities framework, policy and related documentation and recommend to the EMC of SHUSA and, if applicable, the SHUSA Board of Directors any changes for further review and approval.

Committee Operations

Charter Review and Changes to the Charter

The Committee shall review and reassess this Charter and the adequacy of the information the Committee receives, in each case no less frequently than annually and shall recommend any changes to the EMC of SHUSA for further review. The Committee shall complete an annual self-assessment in order to review the Committee's own performance and shall present the results of such review to the Committee and the EMC of SHUSA.

Changes to this Charter must be approved by the Committee and SHUSA's Board of Directors, and will be maintained by the Office of the Corporate Secretary.

Meeting Frequency

The Committee shall meet monthly, or as frequently as is required to perform its duties. Special meetings may be called at the discretion of the Chair. Notice of the meetings will be sent via email to the involved parties.

The Committee shall follow operating procedures established by the Company for management committee meetings.

Committee Membership

The Committee will be chaired by the Chief Legal Officer of SHUSA or, in his or her absence, by the Vice Chair or a Committee member designated by the Chair. If no Committee member has been so designated, a Chair for the meeting shall be elected by a majority vote of the members present at the meeting.

Members:
- Chief Legal Officer of SHUSA (Chair)
- Chief Risk Officer of SHUSA (Vice Chair)
- Chief Compliance Officer of SHUSA
- Chief Financial Officer of SHUSA
- Comptroller of SHUSA
- Chief Internal Auditor of SHUSA
- Head of Human Resources of SHUSA
- Head of Technology and Operations of SHUSA
- Senior member of Communications and Corporate Affairs
- Senior member of Commercial Banking and Real Estate
- Senior member of Retail Banking
- Senior member of U.S. Global Banking and Markets
- Senior member of Auto Finance
- Senior member Santander Consumer USA Holdings Inc. (“SCUSA”)

Observers:
- New Product and Business Committee Project Manager (Secretary)

The Chair has authority to appoint and withdraw membership of the Committee. Participation in the Committee is also open to any member of the EMC of SHUSA not already a member of the Committee. Any changes to Committee membership must be reported to the EMC of SHUSA.

The Chair will determine other persons who may be invited to attend Committee meetings as observers.

Responsibilities of the Chair

The Chair or his or her designee will be responsible for setting meeting agendas, presiding over meetings, and helping the Committee follow through on action items. The Chair will also be responsible for providing (or designating a Committee member to provide) reports of actions taken and recommendations made by the Committee to the EMC of SHUSA, the Corporate Marketing Committee of Banco Santander, S.A, and the SHUSA Board.

Agendas

For a matter to be considered for inclusion on the agenda for any given Committee meeting, the Proposal sponsor must submit the Proposal to the Committee Secretary no later than seven business days before the day of the scheduled meeting. The inclusion of a matter in the agenda is at the discretion of the Chair. At the discretion of the Chair, matters not included on a Committee meeting’s agenda may nonetheless be brought before the meeting. The agendas and meeting materials will be circulated to the members by the Chair or his or her designee no later than five calendar days prior to the meeting.

Quorum

A quorum must be present for the Committee to make a decision. A majority of members present, either in person or by telephone, shall constitute a quorum. When a quorum is present, decisions to approve or to recommend for approval must be unanimous.

Secretary and Minutes

Minutes will be taken for each meeting by the Secretary or, in the Secretary's absence, by another Committee member appointed by the Chair. The minutes will be sent to all Committee members prior to the next Committee meeting.

Maintenance of Materials

Committee materials shall be stored electronically and maintained by the Committee Secretary. Materials shall be stored in a manner where they may be accessed by all Committee members during normal business hours.

Reporting Relationships

The Committee shall report to the EMC of SHUSA. The Committee shall receive regular (and in any event, no less frequently than quarterly) reports from the New Products and Business Activities Committees of Santander Bank, N.A. ("SBNA") and SCUSA. Reporting shall include a summary of the submitted Proposals in the pipeline, all actions taken concerning any Proposals, summaries of post-launch reviews, and also a report on efficiency measures applicable to such committees.

The New Products and Business Activities Committees of SBNA and SCUSA shall conduct post-implementation reviews for all Proposals approved within their business areas. The New Products and Business Activities Committees of SBNA and SCUSA shall report post-implementation reviews to the Committee.

The Committee shall provide regular (and in any event, no less frequently than quarterly) reporting to the EMC of SHUSA, the Corporate Marketing Committee of Banco Santander, S.A, and the SHUSA Board of Directors. Reporting shall include a summary of the submitted Proposals in the pipeline, all actions taken concerning any Proposals, summaries of post-implementation reviews, and a report on efficiency measures.

Exhibit 2.D.

Santander Bank, N.A.

NEW PRODUCTS/BUSINESS ACTIVITIES POLICY

DRAFT

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1. Introduction

1.1 Purpose of the document

This document provides guidance on the processes through which Santander Bank, N.A. ("SBNA" or the "Bank") will evaluate and manage new, expanded, or modified products, services, and business initiatives (collectively "New Products/Business Activities" or "NPBAs").

SBNA is a subsidiary of Santander Holdings USA, Inc. ("SHUSA") and is part of the operations of Banco Santander, S.A. ("Banco Santander" or the "Group") in the United States. This SBNA NPBA Policy (the "Policy") is an operating policy and implements the standards set forth in the SHUSA NPBA Policy.

1.2 Scope

The Policy applies to all lines of business, oversight and control functions, and support units within SBNA as well as to the strategies and activities that subject SBNA to risks associated with the introduction of NPBAs.

1.3 Document Approval and Maintenance

The Policy is authored and owned by the SBNA Chief Legal Officer ("CLO"). The SBNA NPBA Committee is responsible for final presentation of the Policy to, and approval by, the SBNA Board of Directors (the "SBNA Board").

The Policy will be reviewed by the SBNA NPBA Committee and approved by the SBNA Board at least annually, or when changes to the treatment or definition of NPBAs or the NPBA review and approval process occur, to ensure that it remains applicable to SBNA's strategy and current and planned activities. Ad-hoc Policy reviews can be performed at the discretion of the SBNA CLO. The SBNA NPBA Committee or SBNA Board may also initiate updates to the Policy in response to changing conditions, such as changes to market or regulatory factors, that affect the NPBA process. Changes or updates to the Policy must be developed in consultation with the SBNA CLO and approved by the SBNA Board.

1.4 Definitions

SBNA adopts the definition of "NPBA" established at the SHUSA level. SHUSA defines NPBAs as follows:

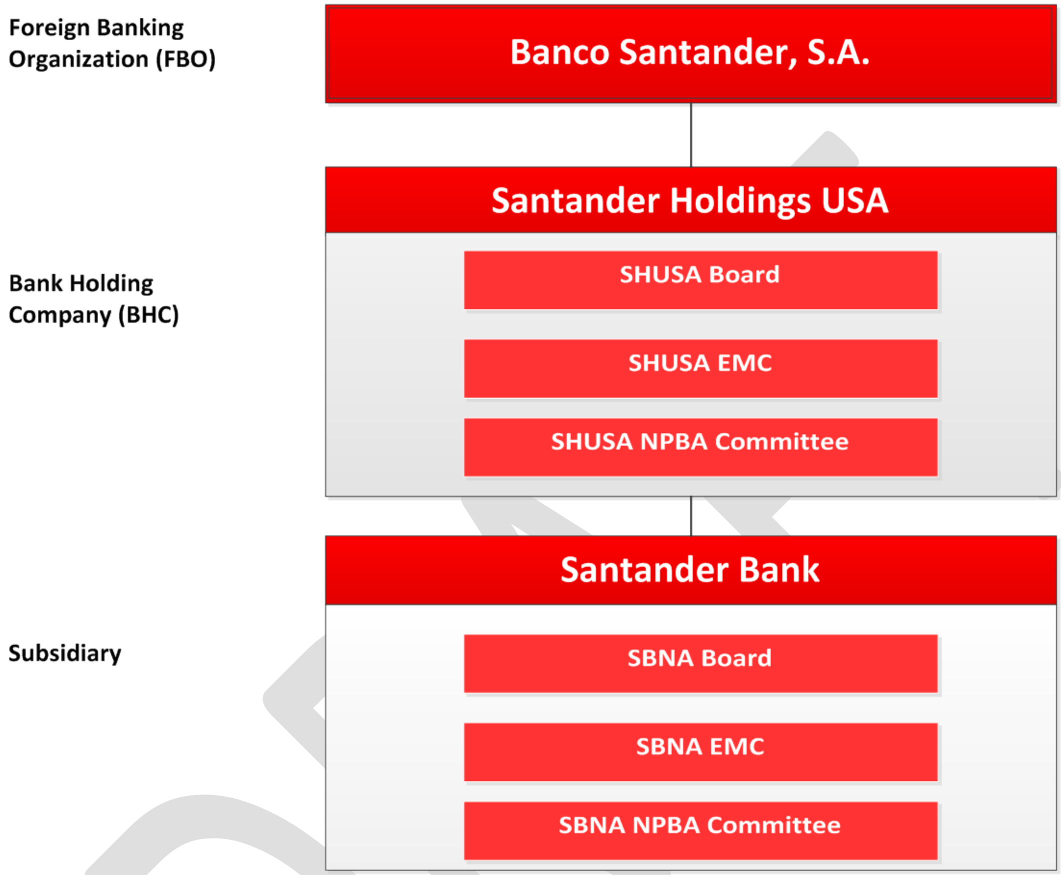
- A product, service, or business initiative not previously offered by SHUSA's subsidiary;
- A product, service, or business initiative not offered by SHUSA's subsidiary for at least 12 months;
- A material change to an existing product, service, or business initiative;
- A change to the scale and scope of an existing product, service, or business initiative resulting in increased, or different types of, risk exposures;
- A significant alteration to the control environment for an existing product, service, or business initiative; or
- The replacement of, or significant enhancement to, the information technology ("IT") supporting an existing product, service, or business initiative.

For a list of examples, refer to ***Appendix A.***

2. Governance and Accountability

2.1 SBNA NPBA Governance

Figure 1: SBNA NPBA Governance Structure



As depicted in ***Figure 1*** above, SBNA has established the following governance structure to oversee the management of its NPBAs and the implementation and administration of the Policy.

- The SBNA Board will:
  - Review and approve the Policy;
  - Review and approve annual updates and ad-hoc revisions to the Policy, including revisions that address changes in the risk profile of the organization;
  - Oversee the implementation of the Policy, including ensuring its sufficient alignment with the Bank's enterprise-wide risk management practices and Risk Tolerance Statement;
  - Require that SBNA deploys adequate resources to effectively implement the Policy; and
  - Monitor compliance with the Policy.

- The SBNA Executive Management Committee (“SBNA EMC”) will:
    - Delegate authority to the SBNA NPBA Committee to oversee the NPBA review and approval process; and
    - Determine whether a proposed initiative meets the definition of “NPBA” and, if so, whether the proposed NPBA should enter the NPBA review and approval process.
- The SBNA NPBA Committee will:
    - Present the Policy for approval to the SBNA Board;
    - Monitor the Bank’s NPBA pipeline and approval activities;
    - Provide direction to the SBNA CLO regarding NPBAs, as necessary;
    - Escalate key risks to the SBNA EMC, the SHUSA NPBA Committee, and the SBNA Board;
    - Provide periodic reporting on the NPBA pipeline and post-launch performance indicators to the SBNA Board and the SHUSA NPBA Committee; and
    - Provide recommendations regarding changes to the Policy and oversee senior management in the implementation of the Policy.
- Senior management across lines of business, oversight and control functions, and support units will oversee the implementation of the Policy.

The SBNA Board may, from time to time, designate committees or subcommittees to support the oversight and management of NPBAs.

Refer to Section 5.2 (NPBA Roles and Responsibilities) for a detailed list of the roles and responsibilities of the governance bodies and other relevant parties involved in the management and oversight of NPBAs.

2.2 SBNA NPBA Committee

The SBNA NPBA Committee will include representatives from relevant control and oversight functions and support units, including Compliance, Risk Management, Legal, Finance, Treasury, Accounting, Human Resources, Operations, and IT, as well as representatives from SBNA’s lines of business.

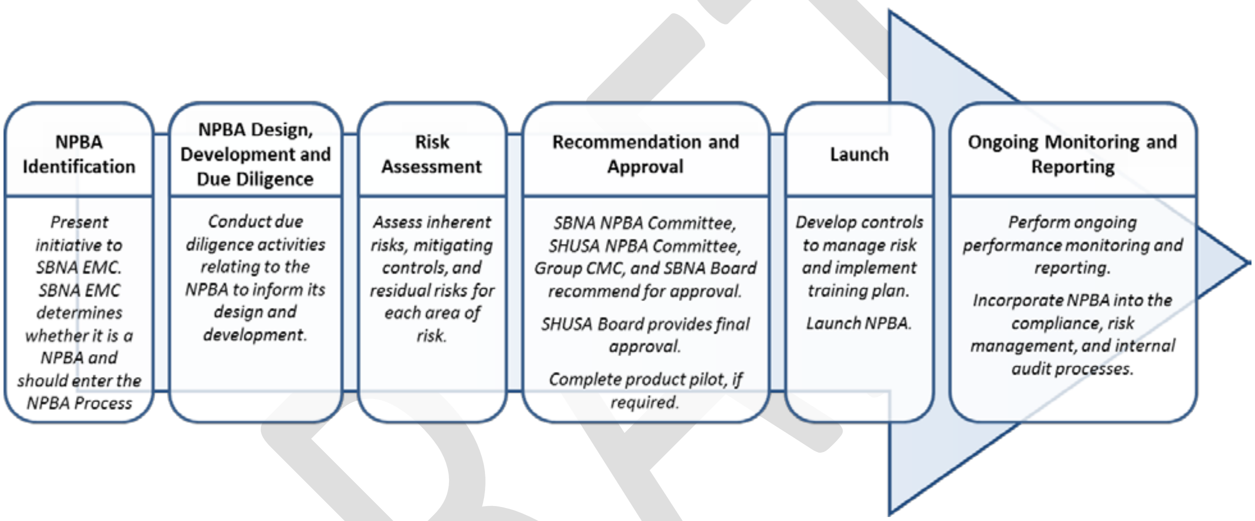
3. Policy

3.1 Policy Statement

In accordance with the requirements set forth in the SHUSA NPBA Policy, SBNA will pursue NPBAs only after thorough evaluation of the risks associated with the introduction of each NPBA and assessment of the organization's preparedness to control those risks. In addition, SBNA will not launch any NPBAs without formal approval of the SHUSA Board.

Figure 2 below illustrates the key, high-level steps in the NPBA review and approval process.

Figure 2: Overview of the SBNA NPBA Review and Approval Process



SBNA will identify proposed initiatives and determine if they should be subject to the NPBA review and approval process based on the definition of NPBA adopted in Section 1.4. The sponsoring unit (also referred to as the "Proponent") will present an initial assessment of the proposed NPBA to the Bank's EMC, which will determine whether the proposed NPBA should be considered, on the basis of its alignment with the Bank's strategic and financial objectives and expressed risk tolerance. Following preliminary approval by the Bank's EMC, the proponent will notify the Risk, Recommendation, Regulators, and Remediation ("4R") Project Office, which will inform relevant regulatory bodies of the Bank's plans to develop the NPBA. The NPBA Project Management Office ("PMO") will coordinate the NPBA process and form an NPBA Development Team to assist the proponent in developing the NPBA and completing all the necessary due diligence (see Section 3.2.2) and risk assessment (see Section 3.2.3) activities. The Bank's NPBA Committee will review the diligence and risk assessment materials before recommending the NPBA to the SHUSA NPBA Committee. The proponent will also inform the 4R Project Office of the completed diligence and risk assessment materials for the purpose of updating relevant regulatory bodies. The 4R Project Office will provide the NPBA Development Team with any feedback from the regulators regarding the NPBA and associated diligence and risk assessment materials.

The SHUSA NPBA Committee will review proposed NPBAs, evaluate diligence materials and risk assessments, and recommend proposed NPBAs to the Group Corporate Marketing Committee ("CMC"). Following non-objection by the Group CMC, the SBNA Board will review and recommend the proposed NPBA to the SHUSA Board for approval. The SHUSA Board will review and determine whether to approve the proposed NPBA. Upon approval by the SHUSA Board, the 4R Project Office will also inform the relevant regulatory bodies.

The SBNA Board will provide oversight of the NPBA process at the Bank and will ensure that SBNA deploys, develops, and retains adequate resources to implement and administer the NPBA process in accordance with the standards and requirements set forth at the SHUSA level, as further described below.

3.2 Review and Approval Process

3.2.1 Identification

The identification of NPBAs that will enter the review and approval process includes the following steps:

- Determining whether a proposed initiative should be subject to the NPBA review and approval process based on the definition of "NPBA," as set forth in the SHUSA NPBA Policy and adopted by SBNA;
- Evaluating whether the Bank should pursue the proposed NPBA[1] on the basis of its alignment with the organization's strategic and financial objectives, and expressed risk tolerance; and
- Informing the 4R Project Office of the plans for developing the proposed NPBA.

The Bank's EMC ultimately is responsible for determining whether a proposed initiative should be subject to the NPBA review and approval process. In those instances where the Bank's EMC determines that a proposed initiative is not an NPBA, the Bank's EMC will refer the initiative to other review and approval processes (e.g., the credit review process, the transactions with affiliates review process, the third-party provider review process) within the organization. The Bank's EMC will inform the SHUSA EMC of its decision through regular distribution of its meeting minutes.

3.2.2 Due Diligence

The proponent, with assistance from the NPBA Development Team, will conduct due diligence to ensure the Bank has a thorough understanding of the characteristics of the proposed NPBA, as well as the regulatory and non-regulatory requirements associated with its introduction. The due diligence process includes the following activities:

---

[1] Products, services, and activities that are described in the strategic plan approved by the SBNA EMC will be considered for development and analysis under the NPBA process. The SBNA EMC will review other potential NPBAs that arise outside of the strategic planning cycle on ad hoc basis.

- Documenting the rationale for developing the proposed NPBA, which should include an explanation of whether, and how, the NPBA fits within or deviates from the Bank's business strategy and risk profile;
- Evaluating the impact of the proposed NPBA on the current and potential customer base;
- Determining the requirements for complying with applicable laws, regulations, and regulatory guidance;
- Determining the expertise and staffing levels needed to effectively manage the proposed NPBA, including the need to acquire additional expertise;
- Conducting a training needs assessment and preparing a plan to train personnel involved in the management and distribution of the proposed NPBA for implementation prior to launch;
- Identifying any capital and operational needs, including new or enhanced technology, necessary to implement the proposed NPBA, and assessing the operational readiness of the organization prior to launch;
- Developing a business and financial plan for bringing the proposed NPBA to market;
- Ensuring that third-party providers involved in the development and implementation of the proposed NPBA have been evaluated and approved in accordance with applicable regulatory requirements and internal standards;
- Identifying and reviewing any models associated with the implementation of the proposed NPBA and ensuring they have been approved and validated in accordance with applicable supervisory expectations and internal standards;
- Developing a plan for monitoring and reporting on the actual performance of the proposed NPBA against pre-determined projections and metrics, and test the adequacy and effectiveness of controls; and
- Developing viable alternatives, including an exit strategy, in the event the proposed NPBA fails to perform as expected.

3.2.3 Risk Assessment

The proponent will conduct a risk assessment to identify the risks posed by the proposed NPBA and evaluate the strength of the control environment.[2] The proponent will consider each of the risk areas identified in the SHUSA Enterprise Risk Management ("ERM") Framework and adhere to the standards established in the SHUSA Risk Identification and Assessment Policy, as implemented by SBNA, when

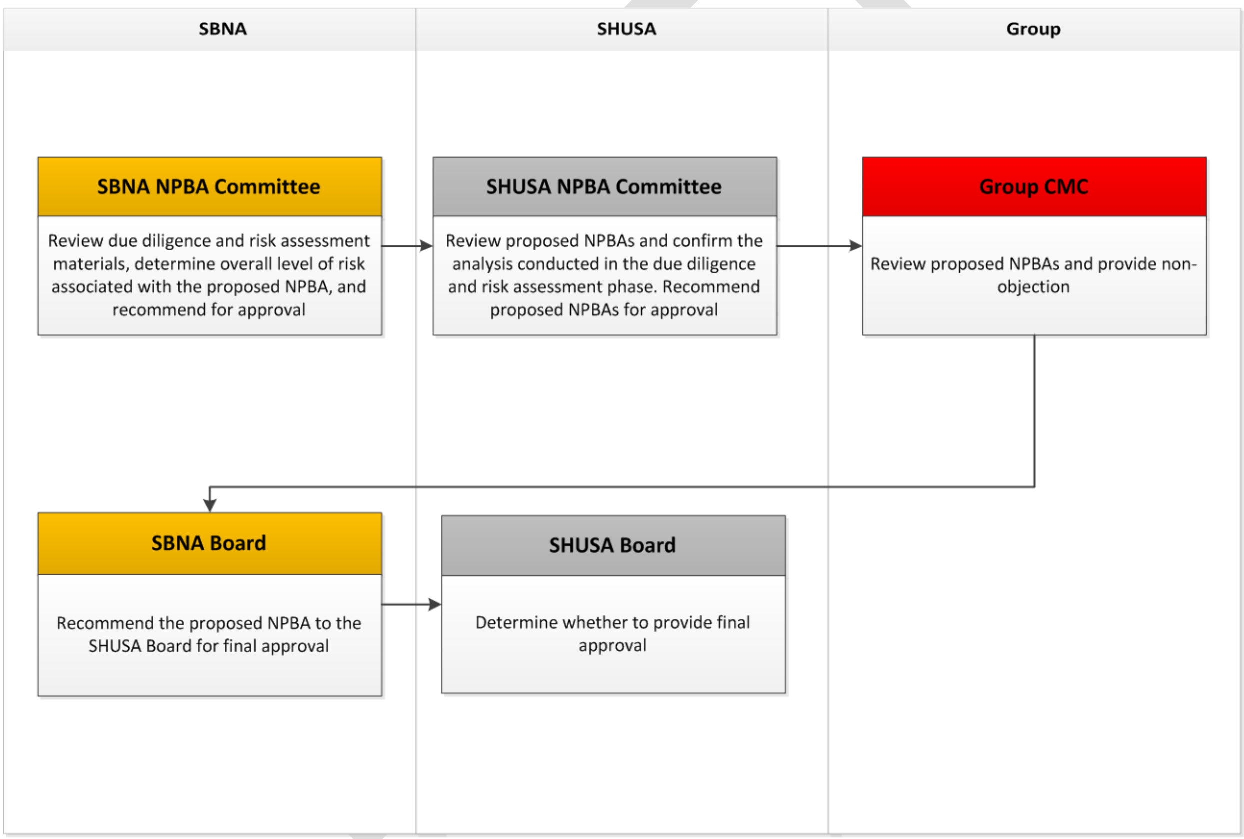
[2] The proponent is responsible for identifying risks, assigning inherent risk ratings, and evaluating the control environment. The relevant control and oversight functions are responsible for reviewing and challenging the proponent's evaluation of the inherent risks and the control environment as well as assessing the quality of risk management. The proponent combines the results of this analysis into the NPBA Risk Assessment Template to determine the residual risk ratings. For a more detailed description of the NPBA risk assessment process, see the *SBNA NPBA Procedures.*

conducting the risk assessment. The relevant control and oversight functions comprising the NPBA Development Team, including the applicable risk disciplines (e.g., Compliance, Liquidity Risk, Credit Risk, and Operational Risk), will oversee the Proponent's risk assessment and challenge the results of the risk assessment. The SBNA NPBA Committee will use the results of the risk assessment to identify conditions for approval; determine the need, scale, and duration of pilot programs; and define the frequency of post-launch monitoring and reporting activities.

3.2.4 Recommendation and Approval

Upon completion of the necessary due diligence and risk assessment activities, each proposed NPBA will be subject to review at SBNA, SHUSA, and Banco Santander, as illustrated below in ***Figure 3***.

Figure 3: Recommendation and Approval Phase



As part of the recommendation and approval phase, the Bank's NPBA Committee will review the due diligence and risk assessment materials prepared by the NPBA Development Team to ensure that the proposed NPBA is consistent with the Bank's strategic objectives and risk profile and will determine the overall level of risk associated with the introduction of the proposed NPBA. Based on the results of its review, the Bank's NPBA Committee will determine whether to recommend the proposed NPBA to the SHUSA NPBA Committee.

The SHUSA NPBA Committee will confirm the risk assessment analysis, including the determination of the overall risk level of the proposed NPBA by the Bank's NPBA Committee, and will evaluate the adequacy of the due diligence performed by the Bank. The SHUSA NPBA Committee will submit the proposed NPBA to the Group CMC for non-objection. Following non-objection by the Group CMC, the SBNA Board will review the proposed NPBA for recommendation to the SHUSA Board.

The SBNA Board (or other approval body in the NPBA process) may recommend to the SHUSA Board that the proponent undergo a pilot of the proposed NPBA prior to a full-scale launch. Under these circumstances, the SHUSA Board will provide approval to commence the pilot and will determine whether to provide final approval only after reviewing the results of the pilot and ensuring appropriate remediation of the issues identified during the pilot.

3.2.5 Launch

Prior to launching an approved NPBA, the NPBA Development Team, or other designated team, will develop appropriate risk management controls and processes for:

- Training personnel responsible for implementing and administering the approved NPBA;
- Developing new, or amending existing, risk management policies and procedures to ensure the NPBA is adequately addressed and incorporated into existing processes, as proposed in the identification of required controls in the risk assessment phase; and
- Capturing the NPBA in existing risk management, compliance, and internal audit processes.

3.2.6 Ongoing Monitoring and Reporting

The proponent will propose monitoring plan(s) for the proposed NPBA, including protocols for addressing identified risk trends and concerns, altering business plans, and adopting exit strategies and will report to the SBNA NPBA Committee per the plan's provisions, after approval.

Following the launch of a NPBA, the line of business responsible for the NPBA will monitor actual product performance, including, but not limited to, customer service metrics (e.g., consumer complaints and inquiries, quality control reviews of customer calls), financial performance, the number of new customers, controls or operational issues and remedial activities, effectiveness of controls, and any other metric identified by the Bank's NPBA Committee, the SBNA Board, the SHUSA Board, or the Group CMC. The line of business will provide ongoing reports of post-launch performance information to the Bank's NPBA Committee and the 4R Project Office to inform relevant regulatory bodies, as appropriate. The duration and frequency of reporting will be determined in the monitoring plans, and will take into consideration the risk profile of the NPBA and any approval requirements. The Bank's NPBA Committee will develop NPBA management information for distribution to the SBNA Board and the SHUSA NPBA Committee. The SHUSA NPBA Committee will review and consolidate reports from SHUSA's subsidiaries, including SBNA, and will provide quarterly reporting to the SHUSA EMC, the SHUSA Board, and the

Group Corporate Monitoring Committee ("CCS").[3] The various approval bodies at SBNA, SHUSA, or Banco Santander may request more frequent ad-hoc reports, if necessary or desirable. The Bank's EMC may, at its request, also receive quarterly reports from the SHUSA NPBA Committee.

3.3 Issue Management/Escalation

The proponent must report material issues[4] that arise in conjunction with the introduction of a NPBA in a timely manner to the SBNA NPBA Committee. The proponent must develop a remediation plan acceptable to the SBNA NPBA Committee and report progress against the plan.

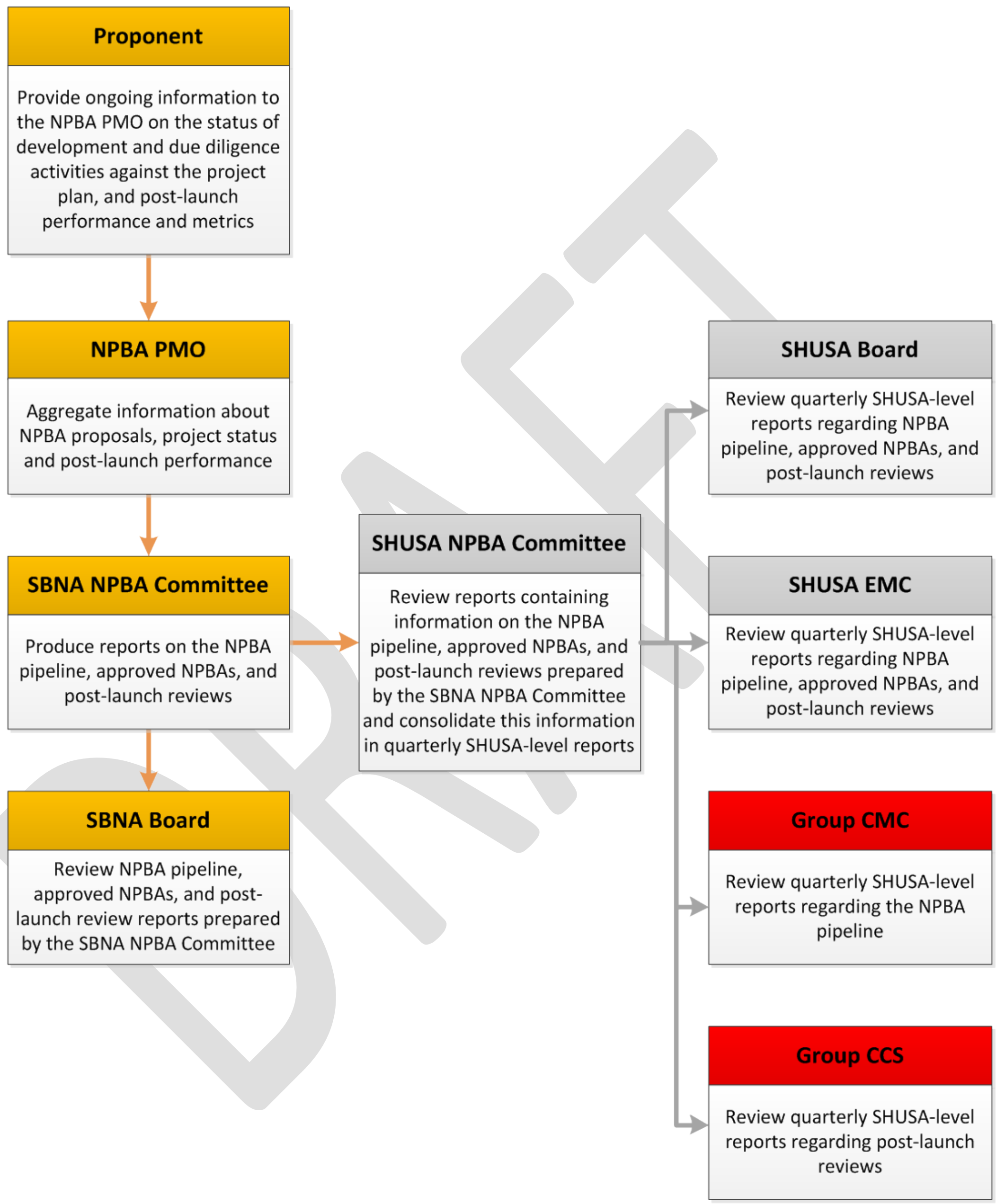
3.4 Training

As part of his/her due diligence activities (see Section 3.2.2), the Proponent will develop a training plan that will be implemented and completed prior to the launch of the NPBA. The training plan should include sufficient detail to satisfy the relevant approval bodies that personnel involved in the distribution of the proposed NPBA will be fully versed in its features, regulatory requirements, and in the procedures developed to guide the performance of their responsibilities.

[3] To avoid duplications, SHUSA and its subsidiaries have adopted the Spanish abbreviation of the Group Corporate Monitoring Committee (Comité Corporativo de Seguimiento or CCS).
[4] Material issues include, for example, the ineffectiveness of risk management controls.

4. Reporting Structure

The Bank's NPBA process reporting structure, described in Section 3.1, is shown in the following diagram:



The Bank's NPBA reports will include information regarding:

- Proposed NPBAs comprising the Bank's NPBA pipeline;
- NPBAs that are being piloted;

- Approved NPBAs, including implementation timeframes;
- Post-implementation reviews; and
- Significant issues with respect to individual NPBAs as well as the overall NPBA process.

SBNA will provide this information to the SBNA Board as well as the SHUSA NPBA Committee for consolidation into SHUSA-wide reports.

5. Roles and Responsibilities

5.1 Three Lines of Defense

In accordance with enterprise-wide risk management practices, SBNA has adopted a “three lines of defense” model to organize the roles and responsibilities of the critical parties involved in the identification, review, and approval of NPBAs. This model includes the following:

- The first line of defense consists of risk-taking functions (lines of business) and corporate functions (or support units), such as finance and IT.
- The second line of defense consists of Risk Management, Risk Consolidation, and Compliance.
- The third line of defense consists of Internal Audit.

Refer to the SHUSA ERM Framework for a complete definition of the model and the roles and responsibilities for each of the three lines of defense.

5.2 NPBA Roles and Responsibilities

Outlined below are the responsibilities of the relevant parties involved in the management and oversight of the risks associated with the introduction of NPBAs.

NPBA Roles and Responsibilities	
Group Corporate Marketing Committee	The Group CMC is responsible for reviewing all NPBAs proposed by SHUSA and its subsidiaries and providing non-objection to their introduction. The Group CMC reviews quarterly reports prepared by the SHUSA NPBA Committee with respect to the NPBA pipeline of its subsidiaries.
Group Corporate Monitoring Committee	The Group CCS is responsible for reviewing quarterly reports on the post-launch monitoring activities of its subsidiaries with respect to approved NPBAs.
SHUSA Board of Directors	The SHUSA Board is responsible for reviewing and approving all NPBAs. The SHUSA Board ensures SHUSA’s subsidiaries effectively adopt and implement the SHUSA NPBA Policy and reviews quarterly reports prepared by the SHUSA NPBA Committee.

NPBA Roles and Responsibilities	
SHUSA NPBA Committee	The SHUSA NPBA Committee is responsible for recommending for approval all NPBAs to the Group CMC and overseeing the approval process, including post-launch monitoring, to ensure compliance with applicable regulatory guidance as well as enterprise-wide standards. The SHUSA NPBA Committee prepares quarterly reports on the NPBA activities of SHUSA's subsidiaries for distribution to the SHUSA Board, the SHUSA EMC, and the Group CCS.
SBNA Board	The SBNA Board approves this Policy and ensures that the Bank effectively implements the NPBA process in accordance with the requirements set forth in the SHUSA NPBA Policy. The SBNA Board reviews proposed NPBAs and determines whether to recommend them for approval to the SHUSA Board. In addition, the SBNA Board reviews periodic NPBA pipeline and post-launch performance reports provided by the Bank's NPBA Committee.
SBNA NPBA Committee	The SBNA NPBA Committee is responsible for recommending for approval proposed NPBAs to the SHUSA NPBA Committee and overseeing the approval process, including post-launch monitoring, to ensure compliance with applicable regulatory guidance as well as the standards and other requirements set forth in the SHUSA NPBA Policy.
SBNA Executive Management Committee	The SBNA EMC is responsible for determining (i) whether a proposed initiative meets the definition of "NPBA" adopted in this Policy and, if so, (ii) which NPBAs should enter the NPBA review and approval process. In those instances where the SBNA EMC has determined that the proposed initiative should not be subject to the NPBA process, the SBNA EMC is responsible for referring the initiative to other review and approval processes within the organization and documenting its decision in writing.
Chief Legal Officer	The Bank's CLO is responsible for overseeing the design and administration of the NPBA review and approval process and chairing the Bank's NPBA Committee.
Legal	The Bank's Legal function is responsible for owning, designing, and managing the NPBA review and approval process for SBNA in accordance with the standards set forth at the SHUSA level.

NPBA Roles and Responsibilities	
Chief Risk Officer	The Bank's CRO is responsible for defining and overseeing the implementation of the process that will help the organization identify and assess the risks associated with the introduction of proposed NPBAs. In addition, the Bank's CRO, as a member of the SBNA NPBA Committee, is responsible for approving all NPBAs and evaluating, among other factors, the liquidity costs, benefits, and risks of those NPBAs that could have a significant effect on the Bank's liquidity risk profile.
Risk Management and Compliance	The Bank's Risk Management function and the Compliance function are responsible for reviewing and challenging the risk assessment analysis prepared by the Proponent and ensuring that the Proponent has satisfied all applicable conditions and requirements before presentation to the Bank's NPBA Committee.
Lines of Business	The lines of business are typically the proponents of NPBAs and are responsible for developing NPBAs, seeking the required approvals, and satisfying applicable pre- and post-approval requirements, including requirements regarding performance monitoring, testing, and reporting.
NPBA Development Team	The Bank's NPBA Development Teams are cross-functional teams including, at a minimum, representatives from the applicable risk disciplines, including Compliance, and corporate functions (e.g., IT, Operations, Legal, Human Resources, Treasury, and Finance). The NPBA Development Teams are responsible for assisting the Proponent in developing the diligence materials and performing the risk assessment.
NPBA PMO	The NPBA PMO is responsible for coordinating the NPBA process as well as coordinating the activities of the NPBA Development Team. The NPBA PMO will partner with the Legal function to support the NPBA process.

NPBA Roles and Responsibilities	
Internal Audit	Internal Audit is responsible for conducting independent reviews of the NPBA process, participating in the approval of NPBAs, and performing product post-launch reviews, audits, and testing. Internal Audit participates in the NPBA process for purposes of providing robust analysis and challenge of due diligence and risk assessment processes. Internal Audit will attend the meetings of the NPBA Committee as an observer and will not approve or endorse the approval of any NPBA.

6. Non-Compliance

All lines of business, control and oversight functions, and support units at SBNA are responsible for complying with this Policy. Non-compliance with this Policy may result in a violation of the SBNA Code of Conduct. Senior management across the organization is responsible for ensuring adherence to this Policy and taking appropriate action in case of non-compliance.

Document History and Version Control

6.1 Ownership and Authorship

Version	Date	Author	Owner	Reason for Change

6.2 Sign off

Approving Body	Governance Committee Approval	Final Approval Date

7. Appendices

Appendix A. Examples of Initiatives Within the Scope of the NPBA Process

Examples of Initiatives Within the Scope of the NPBA Process	
1. A product, service, or business initiative not previously offered by SHUSA's subsidiary.	*"The organization has decided to purchase a portfolio of assets that are not part of its current offerings."* *"The organization currently offers only consumer credit and has decided to offer commercial loans to large corporate borrowers."*
2. Material changes to an existing product, service, or business initiative include changes to the target customer base, marketing practices, distribution channels, third-party provider arrangements, pricing structures, or other financial terms. Outlined below are examples of initiatives that meet the definition of "material change."	
• The target customer base	Expansion/diversification of target customer base *"The organization is currently offering personal unsecured loans to high FICO score customers (>720 FICO) and decides to extend this offering to low FICO score customers (600-719 FICO) and vice versa."*
• Marketing practices	Changes to marketing channels *"The organization is currently marketing products to cardmembers through inbound sales calls and decides to market those same products through both inbound and outbound customer sales calls."*
• Distribution channels	Changes to distribution channels *"The organization is currently offering auto loans through dealers but has decided to support factory-direct Internet sales."*
• Third-party provider arrangements to provide products and services to	Outsourcing marketing or collections activities to a new third-party provider *"The organization is outsourcing its marketing activities to*

Examples of Initiatives Within the Scope of the NPBA Process	
customers	*telemarketing vendor A and decides to contract telemarketing vendor B."*
• Pricing structure	Changes from fixed to floating pricing structure *"The organization currently offers fixed rate commercial loans for a three year term and decides to offer an adjustable rate product that includes a fixed rate for the first year and a floating rate for the duration of the loan."*
• Other financial terms	Changes to product tiers *"The organization decides to launch a "premium" version of the ABC card or adjusts the underwriting requirements for a mortgage loan from 80% loan-to-value to 90% loan-to-value."*
3. A change to the scale and scope of an existing product, service, or business initiative resulting in increased, or different types of, risk exposures.	*"The organization is offering auto loans only in California and Oregon and decides to provide this offering nation-wide or decides to expand sales efforts to the existing customer base that could result in a [15%] increase in volume in the first year."* *"The organization has decided to expand its existing dealer finance loan portfolio by purchasing a portfolio of similar loans from another institution. This purchase resulted in an [x] increase in the overall size of the organization's dealer finance loan portfolio."*
4. A significant alteration to the control environment for an existing product, service, or business initiative.	Significant alterations to the control environment include, for example, changes to policies, procedures, and systems; changes to strategies and objectives, and changes in the application of controls. *"The organization has decided to replace an existing automated process with a manual process to cut costs."*
5. The replacement of, or significant enhancement to, the information	*"The organization is offering unsecured loans only at its branches but has decided to build an online portal or*

Examples of Initiatives Within the Scope of the NPBA Process	
technology supporting an existing product, service, or business initiative.	*enhance its smartphone application to accommodate remote deposit capture.”*

The SBNA EMC is ultimately responsible for determining whether an initiative should be subject to the NPBA Process. Listed in the table below are initiatives that the SBNA EMC may exclude from the NPBA Process and refer to other review and approval processes within the organization.

Examples of Initiatives Outside the Scope of the NPBA Process	
1. Financing initiatives, balance sheet management initiatives	*“The organization has decided to issue another securitization of automobile loans.”* *“In an effort to manage its balance sheet, the organization has decided to sell some of its assets to another financial institution.”*
2. Investments in the purchasing, selling, or servicing of loans or other lines of credit	*“The organization has a turn-down relationship with institution A for the origination of consumer loans and has decided to enter a similar relationship with institution B. When compared to the relationship with institution A, the proposed relationship with institution B does not involve any material change in customer base, underwriting criteria, jurisdiction, contractual materials, and other factors, as determined by the EMC.”*
3. Changes in back-office systems with no customer impact	*“The organization has decided to replace its general ledger with a more advanced system.”*
4. Changes in existing third party providers that are not directly involved in the offering of products and services to customers.	*“The organization wishes to replace an existing telecom vendor.”*

Appendix B. Laws and Regulations

For purposes of the Policy, “laws and regulations” define the legal and regulatory requirements that apply to SBNA’s operations, including but not limited to:

- Applicable U.S. laws.
- Rules, regulations, guidelines, standards, directives, and interpretations issued by the Office of the Comptroller of the Currency (“OCC”) and state and local jurisdictions.
- Agreements or understandings reached with SBNA’s and SHUSA’s regulatory bodies.
- Federal Accounting Standards that govern the preparation of financial reports.

Key Laws, Regulations, and Regulatory Guidance

- OCC, Risk Management of New, Expanded, or Modified Bank Products and Services, Bulletin 2004-20 (May 10, 2004).
- Federal Reserve Board of Governors, Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations (March 27, 2014).

Appendix C. Related Policies, Procedures, and Other Documents

- SHUSA ERM Framework
- SHUSA Enterprise Risk ID and Assessment Policy and associated operating policies at the Bank
- SHUSA Enterprise Third Party Provider Risk Management Policy and associated operating policies at the Bank
- SHUSA NPBA Procedures
- SBNA NPBA Procedures

Exhibit 2.E.

Santander Consumer USA

NEW PRODUCTS/BUSINESS ACTIVITIES POLICY

DRAFT

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1. Introduction

1.1 Purpose of the document

This document provides guidance on the processes through which Santander Consumer USA Inc. (“SCUSA”) will evaluate and manage new, expanded, or modified products, services, and business initiatives (collectively “New Products/Business Activities” or “NPBAs”).

SCUSA is a subsidiary of Santander Holdings USA, Inc. (“SHUSA”) and is part of the operations of Banco Santander, S.A. (“Banco Santander” or the “Group”) in the United States. This SCUSA NPBA Policy (the “Policy”) is an operating policy and implements the standards set forth in the SHUSA NPBA Policy.

1.2 Scope

The Policy applies to all lines of business, oversight and control functions, and support units within SCUSA as well as to the strategies and activities that subject SCUSA to risks associated with the introduction of NPBAs.

1.3 Document Approval and Maintenance

The Policy is authored and owned by the SCUSA Chief Legal Officer (“CLO”). The SCUSA NPBA Committee is responsible for final presentation of the Policy to, and approval by, the SCUSA Board of Directors (the “SCUSA Board”).

The Policy will be reviewed by the SCUSA NPBA Committee and approved by the SCUSA Board at least annually, or when changes to the treatment or definition of NPBAs or the NPBA review and approval process occur, to ensure that it remains applicable to SCUSA’s strategy and current and planned activities. Ad-hoc Policy reviews can be performed at the discretion of the SCUSA CLO. The SCUSA NPBA Committee or SCUSA Board may also initiate updates to the Policy in response to changing conditions, such as changes to market or regulatory factors, that affect the NPBA process. Changes or updates to the Policy must be developed in consultation with the SCUSA CLO and approved by the SCUSA Board.

1.4 Definitions

SCUSA adopts the definition of "NPBA" established at the SHUSA level. SHUSA defines NPBAs as follows:

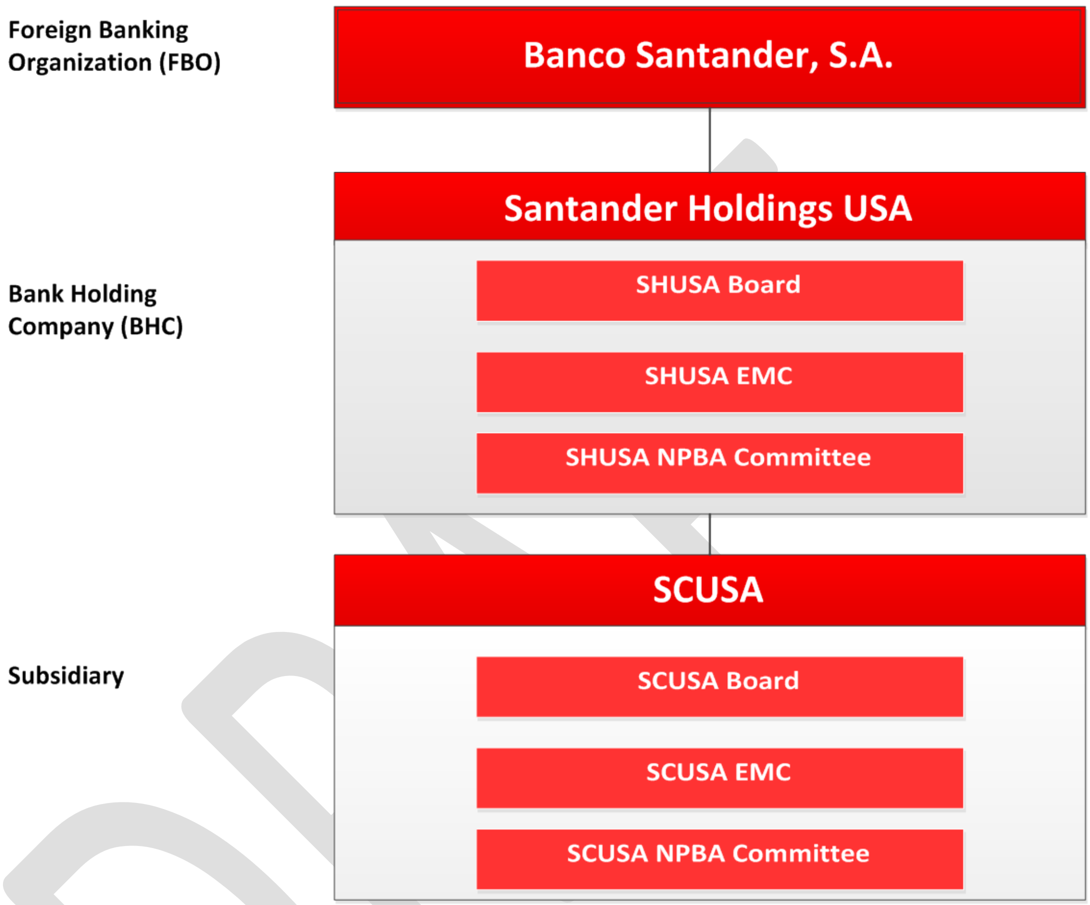
- A product, service, or business initiative not previously offered by SHUSA's subsidiary;
- A product, service, or business initiative not offered by SHUSA's subsidiary for at least 12 months;
- A material change to an existing product, service, or business initiative;
- A change to the scale and scope of an existing product, service, or business initiative resulting in increased, or different types of, risk exposures;
- A significant alteration to the control environment for an existing product, service, or business initiative; or
- The replacement of, or significant enhancement to, the information technology ("IT") supporting an existing product, service, or business initiative.

For a list of examples, refer to ***Appendix A.***

2. Governance and Accountability

2.1 SCUSA NPBA Governance

Figure 1: SCUSA NPBA Governance Structure



As depicted in ***Figure 1*** above, SCUSA has established the following governance structure to oversee the management of its NPBAs and the implementation and administration of the Policy.

- The SCUSA Board will:
  - Review and approve the Policy;
  - Review and approve annual updates and ad-hoc revisions to the Policy, including revisions that address changes in the risk profile of the organization;
  - Oversee the implementation of the Policy, including ensuring its sufficient alignment with SCUSA's enterprise-wide risk management practices and Risk Tolerance Statement;
  - Require that SCUSA deploys adequate resources to effectively implement the Policy; and
  - Monitor compliance with the Policy.

- The SCUSA Executive Management Committee ("SCUSA EMC") will:

- Delegate authority to the SCUSA NPBA Committee to oversee the NPBA review and approval process; and
- Determine whether a proposed initiative meets the definition of "NPBA" and, if so, whether the proposed NPBA should enter the NPBA review and approval process.

- The SCUSA NPBA Committee will:
  - Present the Policy for approval to the SCUSA Board;
  - Monitor SCUSA's NPBA pipeline and approval activities;
  - Provide direction to the SCUSA CLO regarding NPBAs, as necessary;
  - Escalate key risks to the SCUSA EMC, the SHUSA NPBA Committee, and the SCUSA Board;
  - Provide periodic reporting on the NPBA pipeline and post-launch performance indicators to the SCUSA Board and the SHUSA NPBA Committee; and
  - Provide recommendations regarding changes to the Policy and oversee senior management in the implementation of the Policy.
- Senior management across lines of business, oversight and control functions, and support units will oversee the implementation of the Policy.

The SCUSA Board may, from time to time, designate committees or subcommittees to support the oversight and management of NPBAs.

Refer to Section 5.2 (NPBA Roles and Responsibilities) for a detailed list of the roles and responsibilities of the governance bodies and other relevant parties involved in the management and oversight of NPBAs.

2.2 SCUSA NPBA Committee

The SCUSA NPBA Committee will include representatives from relevant control and oversight functions and support units, including Compliance, Risk Management, Legal, Finance, Treasury, Accounting, Human Resources, Operations, and IT, as well as representatives from SCUSA's lines of business.

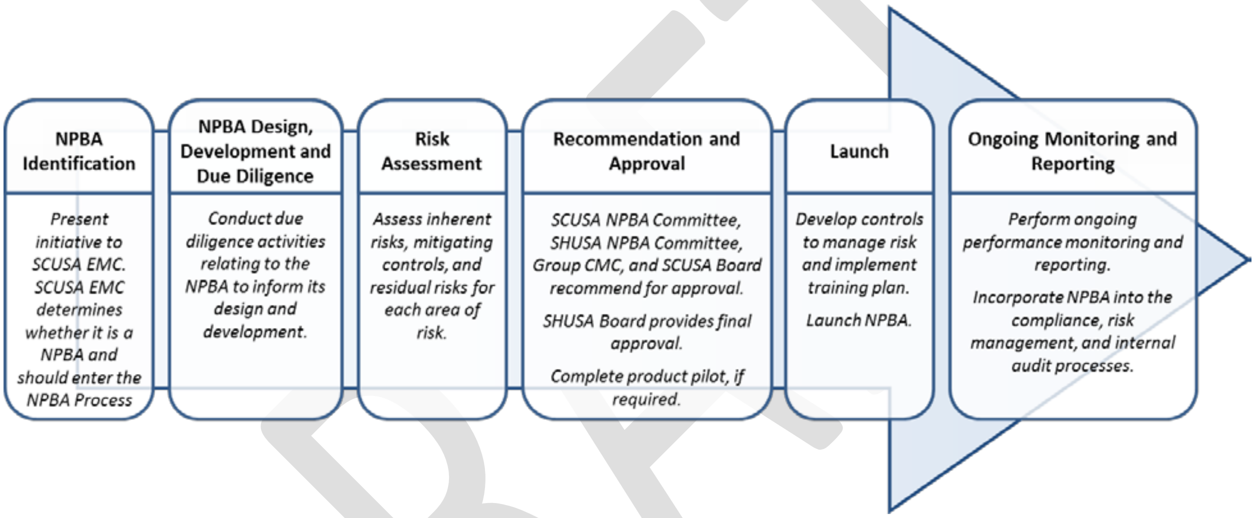
3. Policy

3.1 Policy Statement

In accordance with the requirements set forth in the SHUSA NPBA Policy, SCUSA will pursue NPBAs only after thorough evaluation of the risks associated with the introduction of each NPBA and assessment of the organization's preparedness to control those risks. In addition, SCUSA will not launch any NPBAs without formal approval of the SHUSA Board.

Figure 2 below illustrates the key, high-level steps in the NPBA review and approval process.

Figure 2: Overview of the SCUSA NPBA Review and Approval Process



SCUSA will identify proposed initiatives and determine if they should be subject to the NPBA review and approval process based on the definition of NPBA adopted in Section 1.4. The sponsoring unit (also referred to as the "Proponent") will present an initial assessment of the proposed NPBA to the SCUSA EMC, which will determine whether the proposed NPBA should be considered, on the basis of its alignment with SCUSA's strategic and financial objectives and expressed risk tolerance. Following preliminary approval by the SCUSA EMC, the proponent will notify the Risk, Recommendation, Regulators, and Remediation ("4R") Project Office, which will inform relevant regulatory bodies of SCUSA's plans to develop the NPBA. The NPBA Project Management Office ("PMO") will coordinate the NPBA process and form an NPBA Development Team to assist the proponent in developing the NPBA and completing all the necessary due diligence (see Section 3.2.2) and risk assessment (see Section 3.2.3) activities. The SCUSA NPBA Committee will review the diligence and risk assessment materials before recommending the NPBA to the SHUSA NPBA Committee. The proponent will also inform the 4R Project Office of the completed diligence and risk assessment materials for the purpose of updating relevant regulatory bodies. The 4R Project Office will provide the NPBA Development Team with any feedback from the regulators regarding the NPBA and associated diligence and risk assessment materials.

The SHUSA NPBA Committee will review proposed NPBAs, evaluate diligence materials and risk assessments, and recommend proposed NPBAs to the Group Corporate Marketing Committee ("CMC"). Following non-objection by the Group CMC, the SCUSA Board will review and recommend the proposed NPBA to the SHUSA Board for approval. The SHUSA Board will review and determine whether to approve the proposed NPBA. Upon approval by the SHUSA Board, the 4R Project Office will also inform the relevant regulatory bodies.

The SCUSA Board will provide oversight of the NPBA process at SCUSA and will ensure that SCUSA deploys, develops, and retains adequate resources to implement and administer the NPBA process in accordance with the standards and requirements set forth at the SHUSA level, as further described below.

3.2 Review and Approval Process

3.2.1 Identification

The identification of NPBAs that will enter the review and approval process includes the following steps:

- Determining whether a proposed initiative should be subject to the NPBA review and approval process based on the definition of "NPBA," as set forth in the SHUSA NPBA Policy and adopted by SCUSA;
- Evaluating whether SCUSA should pursue the proposed NPBA[1] on the basis of its alignment with the organization's strategic and financial objectives, and expressed risk tolerance; and
- Informing the 4R Project Office of the plans for developing the proposed NPBA.

The SCUSA EMC ultimately is responsible for determining whether a proposed initiative should be subject to the NPBA review and approval process. In those instances where the SCUSA EMC determines that a proposed initiative is not an NPBA, the SCUSA EMC will refer the initiative to other review and approval processes (e.g., the credit review process, the transactions with affiliates review process, the third-party provider review process) within the organization. The SCUSA EMC will inform the SHUSA EMC of its decision through regular distribution of its meeting minutes.

3.2.2 Due Diligence

The proponent, with assistance from the NPBA Development Team, will conduct due diligence to ensure SCUSA has a thorough understanding of the characteristics of the proposed NPBA, as well as the regulatory and non-regulatory requirements associated with its introduction. The due diligence process includes the following activities:

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[1] Products, services, and activities that are described in the strategic plan approved by the SCUSA EMC will be considered for development and analysis under the NPBA process. The SCUSA EMC will review other potential NPBAs that arise outside of the strategic planning cycle on ad hoc basis.

- Documenting the rationale for developing the proposed NPBA, which should include an explanation of whether, and how, the NPBA fits within or deviates from SCUSA's business strategy and risk profile;
- Evaluating the impact of the proposed NPBA on the current and potential customer base;
- Determining the requirements for complying with applicable laws, regulations, and regulatory guidance;
- Determining the expertise and staffing levels needed to effectively manage the proposed NPBA, including the need to acquire additional expertise;
- Conducting a training needs assessment and preparing a plan to train personnel involved in the management and distribution of the proposed NPBA for implementation prior to launch;
- Identifying any capital and operational needs, including new or enhanced technology, necessary to implement the proposed NPBA, and assessing the operational readiness of the organization prior to launch;
- Developing a business and financial plan for bringing the proposed NPBA to market;
- Ensuring that third-party providers involved in the development and implementation of the proposed NPBA have been evaluated and approved in accordance with applicable regulatory requirements and internal standards;
- Identifying and reviewing any models associated with the implementation of the proposed NPBA and ensuring they have been approved and validated in accordance with applicable supervisory expectations and internal standards;
- Developing a plan for monitoring and reporting on the actual performance of the proposed NPBA against pre-determined projections and metrics, and test the adequacy and effectiveness of controls; and
- Developing viable alternatives, including an exit strategy, in the event the proposed NPBA fails to perform as expected.

3.2.3 Risk Assessment

The proponent will conduct a risk assessment to identify the risks posed by the proposed NPBA and evaluate the strength of the control environment.[2] The proponent will consider each of the risk areas identified in the SHUSA Enterprise Risk Management ("ERM") Framework and adhere to the standards established in the SHUSA Risk Identification and Assessment Policy, as implemented by SCUSA, when

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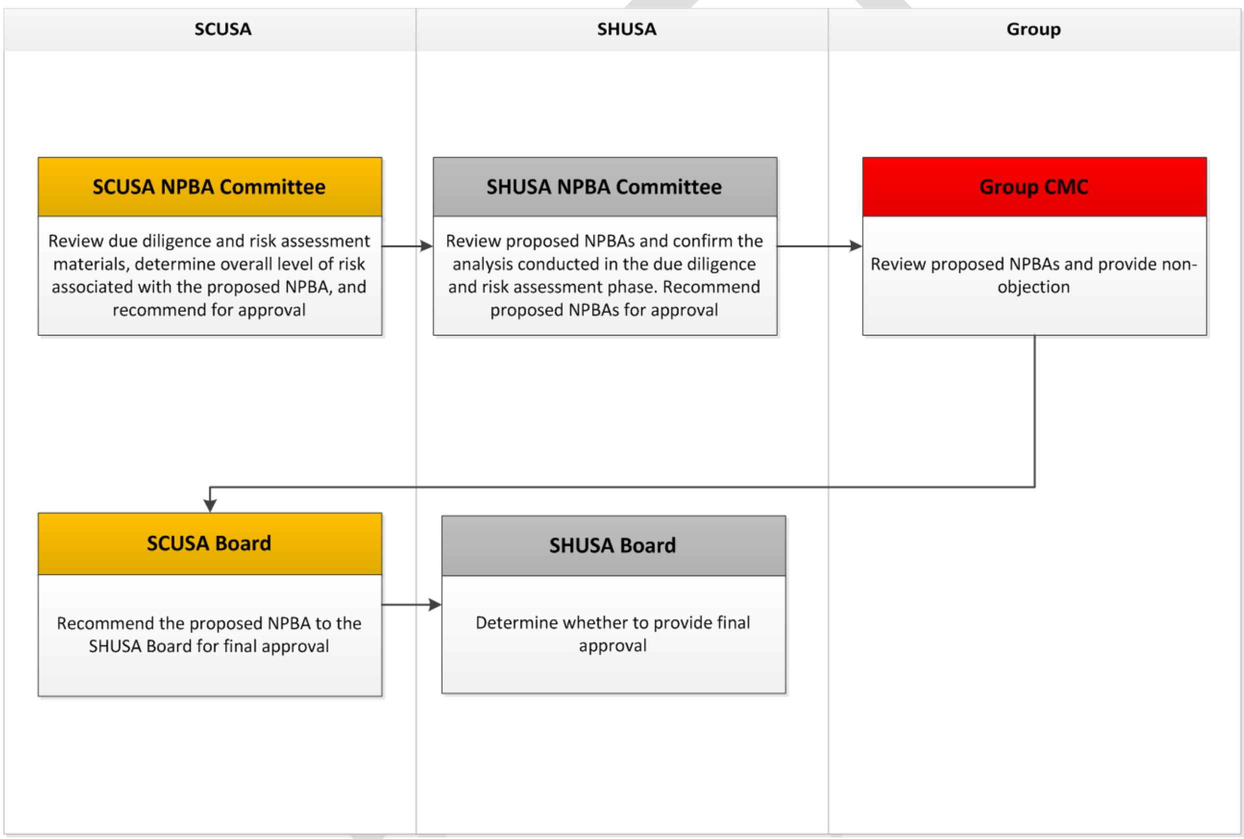
[2] The proponent is responsible for identifying risks, assigning inherent risk ratings, and evaluating the control environment. The relevant control and oversight functions are responsible for reviewing and challenging the proponent's evaluation of the inherent risks and the control environment as well as assessing the quality of risk management. The proponent combines the results of this analysis into the NPBA Risk Assessment Template to determine the residual risk ratings. For a more detailed description of the NPBA risk assessment process, see the *SCUSA NPBA Procedures.*

conducting the risk assessment. The relevant control and oversight functions comprising the NPBA Development Team, including the applicable risk disciplines (e.g., Compliance, Liquidity Risk, Credit Risk, and Operational Risk), will oversee the Proponent's risk assessment and challenge the results of the risk assessment. The SCUSA NPBA Committee will use the results of the risk assessment to identify conditions for approval; determine the need, scale, and duration of pilot programs; and define the frequency of post-launch monitoring and reporting activities.

3.2.4 Recommendation and Approval

Upon completion of the necessary due diligence and risk assessment activities, each proposed NPBA will be subject to review at SCUSA, SHUSA, and the Group, as illustrated below in ***Figure 3***.

Figure 3: Recommendation and Approval Phase



As part of the recommendation and approval phase, the SCUSA NPBA Committee will review the due diligence and risk assessment materials prepared by the NPBA Development Team to ensure that the proposed NPBA is consistent with SCUSA's strategic objectives and risk profile and will determine the overall level of risk associated with the introduction of the proposed NPBA. Based on the results of its review, the SCUSA NPBA Committee will determine whether to recommend the proposed NPBA to the SHUSA NPBA Committee.

The SHUSA NPBA Committee will confirm the risk assessment analysis, including the determination of the overall risk level of the proposed NPBA by the SCUSA NPBA Committee, and will evaluate the adequacy of the due diligence performed by SCUSA. The SHUSA NPBA Committee will submit the proposed NPBA to the Group CMC for non-objection. Following non-objection by the Group CMC, the SCUSA Board will review the proposed NPBA for recommendation to the SHUSA Board.

The SCUSA Board (or other approval body in the NPBA process) may recommend to the SHUSA Board that the proponent undergo a pilot of the proposed NPBA prior to a full-scale launch. Under these circumstances, the SHUSA Board will provide approval to commence the pilot and will determine whether to provide final approval for launch only after reviewing the results of the pilot and ensuring appropriate remediation of the issues identified during the pilot.

3.2.5 Launch

Prior to launching an approved NPBA, the NPBA Development Team, or other designated team, will develop appropriate risk management controls and processes for:

- Training personnel responsible for implementing and administering the approved NPBA;
- Developing new, or amending existing, risk management policies and procedures to ensure the NPBA is adequately addressed and incorporated into existing processes, as proposed in the identification of required controls in the risk assessment phase; and
- Capturing the NPBA in existing risk management, compliance, and internal audit processes.

3.2.6 Ongoing Monitoring and Reporting

The proponent will propose monitoring plan(s) for the proposed NPBA, including protocols for addressing identified risk trends and concerns, altering business plans, and adopting exit strategies and will report to the SCUSA NPBA Committee per the plan's provisions, after approval.

Following the launch of a NPBA, the line of business responsible for the NPBA will monitor actual product performance, including, but not limited to, customer service metrics (e.g., consumer complaints and inquiries, quality control reviews of customer calls), financial performance, the number of new customers, controls or operational issues and remedial activities, effectiveness of controls, and any other metric identified by the SCUSA NPBA Committee, the SCUSA Board, the SHUSA Board, or the Group CMC. The line of business will provide ongoing reports of post-launch performance information to the SCUSA NPBA Committee and the 4R Project Office to inform relevant regulatory bodies, as appropriate. The duration and frequency of reporting will be determined in the monitoring plans, and will take into consideration the risk profile of the NPBA and any approval requirements. The SCUSA NPBA Committee will develop NPBA management information for distribution to the SCUSA Board and the SHUSA NPBA Committee. The SHUSA NPBA Committee will review and consolidate reports from SHUSA's subsidiaries, including SCUSA, and will provide quarterly reporting to the SHUSA EMC, the

SHUSA Board, and the Group Corporate Monitoring Committee ("CCS").[3] The various approval bodies at SCUSA, SHUSA, or Banco Santander may request more frequent ad-hoc reports, if necessary or desirable. The SCUSA EMC may, at its request, also receive quarterly reports from the SHUSA NPBA Committee.

3.3 Issue Management/Escalation

The proponent must report material issues[4] that arise in conjunction with the introduction of an NPBA in a timely manner to the SCUSA NPBA Committee. The proponent must develop a remediation plan acceptable to the SCUSA NPBA Committee and report progress against the plan.

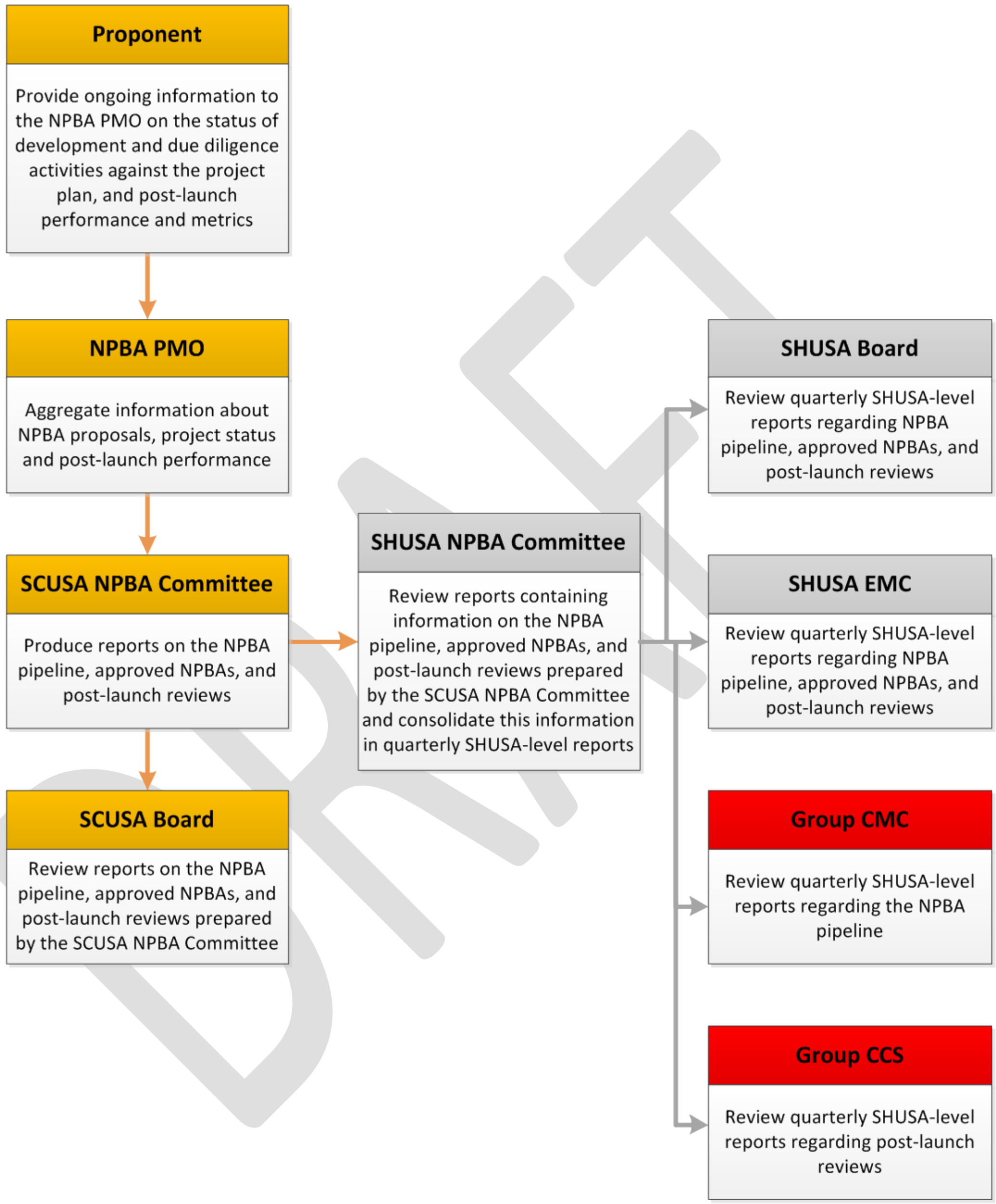
3.4 Training

As part of his/her due diligence activities (see Section 3.2.2), the Proponent will develop a training plan that will be implemented and completed prior to the launch of the NPBA. The training plan should include sufficient detail to satisfy the relevant approval bodies that personnel involved in the distribution of the proposed NPBA will be fully versed in its features, regulatory requirements, and in the procedures developed to guide the performance of their responsibilities.

[3] To avoid duplications, SHUSA and its subsidiaries have adopted the Spanish abbreviation of the Group Corporate Monitoring Committee (Comité Corporativo de Seguimiento or CCS).
[4] Material issues include, for example, the ineffectiveness of risk management controls.

4. Reporting Structure

The SCUSA NPBA process reporting structure, described in Section 3.1, is shown in the following diagram:



SCUSA's NPBA reports will include information regarding:

- Proposed NPBAs comprising SCUSA's NPBA pipeline;
- NPBAs that are being piloted;
- Approved NPBAs, including implementation timeframes;

- Post-implementation reviews; and
- Significant issues with respect to individual NPBAs as well as the overall NPBA process.

SCUSA will provide this information to the SCUSA Board as well as the SHUSA NPBA Committee for consolidation into SHUSA-wide reports.

5. Roles and Responsibilities

5.1 Three Lines of Defense

In accordance with enterprise-wide risk management practices, SCUSA has adopted a "three lines of defense" model to organize the roles and responsibilities of the critical parties involved in the identification, review, and approval of NPBAs. This model includes the following:

- The first line of defense consists of risk-taking functions (lines of business) and corporate functions (or support units), such as Finance and IT.
- The second line of defense consists of Risk Management, Risk Consolidation, and Compliance.
- The third line of defense consists of Internal Audit.

Refer to the SHUSA ERM Framework for a complete definition of the model and the roles and responsibilities for each of the three lines of defense.

5.2 NPBA Roles and Responsibilities

Outlined below are the responsibilities of the relevant parties involved in the management and oversight of the risks associated with the introduction of NPBAs.

NPBA Roles and Responsibilities	
Group Corporate Marketing Committee	The Group CMC is responsible for reviewing all NPBAs proposed by SHUSA and its subsidiaries and providing non-objection to their introduction. The Group CMC reviews quarterly reports prepared by the SHUSA NPBA Committee with respect to the NPBA pipeline of its subsidiaries.
Group Corporate Monitoring Committee	The Group CCS is responsible for reviewing quarterly reports on the post-launch monitoring activities of its subsidiaries with respect to approved NPBAs.
SHUSA Board of Directors	The SHUSA Board is responsible for reviewing and approving all NPBAs. The SHUSA Board ensures SHUSA's subsidiaries effectively adopt and implement the SHUSA NPBA Policy and reviews quarterly reports prepared by the SHUSA NPBA Committee.

NPBA Roles and Responsibilities	
SHUSA NPBA Committee	The SHUSA NPBA Committee is responsible for recommending for approval all NPBAs to the Group CMC and overseeing the approval process, including post-launch monitoring, to ensure compliance with applicable regulatory guidance as well as enterprise-wide standards. The SHUSA NPBA Committee prepares quarterly reports on the NPBA activities of SHUSA's subsidiaries for distribution to the SHUSA Board, the SHUSA EMC, and the Group CCS.
SCUSA Board	The SCUSA Board approves this Policy and ensures that SCUSA effectively implements the NPBA process in accordance with the requirements set forth in the SHUSA NPBA Policy. The SCUSA Board reviews proposed NPBAs and determines whether to recommend them for approval to the SHUSA Board. In addition, the SCUSA Board reviews periodic NPBA pipeline and post-launch performance reports provided by the SCUSA NPBA Committee.
SCUSA NPBA Committee	The SCUSA NPBA Committee is responsible for recommending for approval proposed NPBAs to the SHUSA NPBA Committee and overseeing the approval process, including post-launch monitoring, to ensure compliance with applicable regulatory guidance as well as the standards and other requirements set forth in the SHUSA NPBA Policy.
SCUSA Executive Management Committee	The SCUSA EMC is responsible for determining (i) whether a proposed initiative meets the definition of "NPBA" adopted in this Policy and, if so, (ii) which NPBAs should enter the NPBA review and approval process. In those instances where the SCUSA EMC has determined that the proposed initiative should not be subject to the NPBA process, the SCUSA EMC is responsible for referring the initiative to other review and approval processes within the organization and documenting its decision in writing.
Chief Legal Officer	The SCUSA CLO is responsible for overseeing the design and administration of the NPBA review and approval process and chairing the SCUSA NPBA Committee.
Legal Function	SCUSA's Legal function is responsible for owning, designing, and managing the NPBA review and approval process for SCUSA in accordance with the standards set forth at the SHUSA level.

NPBA Roles and Responsibilities	
Chief Risk Officer	The SCUSA CRO is responsible for defining and overseeing the implementation of the process that will help the organization identify and assess the risks associated with the introduction of proposed NPBAs. In addition, the SCUSA CRO, as a member of the SCUSA NPBA Committee, is responsible for approving all NPBAs and evaluating, among other factors, the liquidity costs, benefits, and risks of those NPBAs that could have a significant effect on SCUSA's liquidity risk profile.
Risk Management and Compliance	SCUSA's Risk Management function and the Compliance function are responsible for reviewing and challenging the risk assessment analysis prepared by the Proponent and ensuring that the Proponent has satisfied all applicable conditions and requirements before presentation to the SCUSA NPBA Committee.
Lines of Business	The lines of business are typically the proponents of NPBAs and are responsible for developing NPBAs, seeking the required approvals, and satisfying applicable pre- and post-approval requirements, including requirements regarding performance monitoring, testing, and reporting.
NPBA Development Team	The SCUSA NPBA Development Teams are cross-functional teams including, at a minimum, representatives from the applicable risk disciplines, including Compliance, and corporate functions (e.g., IT, Operations, Legal, Human Resources, Treasury, and Finance). The NPBA Development Teams are responsible for assisting the Proponent in developing the diligence materials and performing the risk assessment.
NPBA PMO	The NPBA PMO is responsible for coordinating the NPBA process as well as coordinating the activities of the NPBA Development Team. The NPBA PMO will partner with the Legal function to support the NPBA process.

NPBA Roles and Responsibilities	
Internal Audit	Internal Audit is responsible for conducting independent reviews of the NPBA process, participating in the approval of NPBAs, and performing product post-launch reviews, audits, and testing. Internal Audit participates in the NPBA process for purposes of providing robust analysis and challenge of due diligence and risk assessment processes. Internal Audit will attend the meetings of the NPBA Committee as an observer and will not approve or endorse the approval of any NPBA.

6. Non-Compliance

All lines of business, control and oversight functions, and support units at SCUSA are responsible for complying with this Policy. Non-compliance with the Policy may result in a violation of the SCUSA Code of Conduct. Senior management across the organization is responsible for ensuring adherence to the Policy and taking appropriate action in case of non-compliance.

Document History and Version Control

6.1 Ownership and Authorship

Version	Date	Author	Owner	Reason for Change

6.2 Sign off

Approving Body	Governance Committee Approval	Final Approval Date

7. Appendices

Appendix A. Examples of Initiatives Within the Scope of the NPBA Process

Examples of Initiatives Within the Scope of the NPBA Process	
1. A product, service, or business initiative not previously offered by SHUSA's subsidiary.	*"The organization has decided to purchase a portfolio of assets that are not part of its current offerings."* *"The organization currently offers only consumer credit and has decided to offer commercial loans to large corporate borrowers."*
2. Material changes to an existing product, service, or business initiative include changes to the target customer base, marketing practices, distribution channels, third-party provider arrangements, pricing structures, or other financial terms. Outlined below are examples of initiatives that meet the definition of "material change."	
• The target customer base	Expansion/diversification of target customer base *"The organization is currently offering personal unsecured loans to high FICO score customers (>720 FICO) and decides to extend this offering to low FICO score customers (600-719 FICO) and vice versa."*
• Marketing practices	Changes to marketing channels *"The organization is currently marketing products to cardmembers through inbound sales calls and decides to market those same products through both inbound and outbound customer sales calls."*
• Distribution channels	Changes to distribution channels *"The organization is currently offering auto loans through dealers but has decided to support factory-direct Internet sales."*
• Third-party provider arrangements to provide products and services to	Outsourcing marketing or collections activities to a new third-party provider *"The organization is outsourcing its marketing activities to*

Examples of Initiatives Within the Scope of the NPBA Process	
customers	*telemarketing vendor A and decides to contract telemarketing vendor B."*
• Pricing structure	Changes from fixed to floating pricing structure *"The organization currently offers fixed rate commercial loans for a three year term and decides to offer an adjustable rate product that includes a fixed rate for the first year and a floating rate for the duration of the loan."*
• Other financial terms	Changes to product tiers *"The organization decides to launch a "premium" version of the ABC card or adjusts the underwriting requirements for a mortgage loan from 80% loan-to-value to 90% loan-to-value."*
3. A change to the scale and scope of an existing product, service, or business initiative resulting in increased, or different types of, risk exposures.	*"The organization is offering auto loans only in California and Oregon and decides to provide this offering nation-wide or decides to expand sales efforts to the existing customer base that could result in a [15%] increase in volume in the first year."* *"The organization has decided to expand its existing dealer finance loan portfolio by purchasing a portfolio of similar loans from another institution. This purchase resulted in an [x] increase in the overall size of the organization's dealer finance loan portfolio."*
4. A significant alteration to the control environment for an existing product, service, or business initiative.	Significant alterations to the control environment include, for example, changes to policies, procedures, and systems; changes to strategies and objectives, and changes in the application of controls. *"The organization has decided to replace an existing automated process with a manual process to cut costs."*
5. The replacement of, or significant enhancement to, the information	*"The organization is offering unsecured loans only at its branches but has decided to build an online portal or*

Examples of Initiatives Within the Scope of the NPBA Process	
technology supporting an existing product, service, or business initiative.	*enhance its smartphone application to accommodate remote deposit capture."*

The SCUSA EMC is ultimately responsible for determining whether an initiative should be subject to the NPBA Process. Listed in the table below are initiatives that the SCUSA EMC may exclude from the NPBA Process and refer to other review and approval processes within the organization.

Examples of Initiatives Outside the Scope of the NPBA Process	
1. Financing initiatives, balance sheet management initiatives	*"The organization has decided to issue another securitization of automobile loans."* *"In an effort to manage its balance sheet, the organization has decided to sell some of its assets to another financial institution."*
2. Investments in the purchasing, selling, or servicing of loans or other lines of credit	*"The organization has a turn-down relationship with institution A for the origination of consumer loans and has decided to enter a similar relationship with institution B. When compared to the relationship with institution A, the proposed relationship with institution B does not involve any material change in customer base, underwriting criteria, jurisdiction, contractual materials, and other factors, as determined by the EMC."*
3. Changes in back-office systems with no customer impact	*"The organization has decided to replace its general ledger with a more advanced system."*
4. Changes in existing third party providers that are not directly involved in the offering of products and services to customers.	*"The organization wishes to replace an existing telecom vendor."*

Appendix B. Laws and Regulations

For purposes of the Policy, "laws and regulations" define the legal and regulatory requirements that apply to SCUSA's operations, including but not limited to:

- Applicable U.S. laws.
- Rules, regulations, guidelines, standards, directives, and interpretations issued by the Board of Governors of the Federal Reserve System ("FRB") and state and local jurisdictions.
- Agreements or understandings reached with SCUSA's and SHUSA's regulatory bodies.
- Federal Accounting Standards that govern the preparation of financial reports.

Key Laws, Regulations, and Regulatory Guidance

- FRB, Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations (March 27, 2014).
- Office of the Comptroller of the Currency, Risk Management of New, Expanded, or Modified Bank Products and Services, Bulletin 2004-20 (May 10, 2004).

Appendix C. Related Policies, Procedures, and Other Documents

- SHUSA ERM Framework
- SHUSA Enterprise Risk ID and Assessment Policy and associated operating policies at SCUSA
- SHUSA Enterprise Third Party Provider Risk Management Policy and associated operating policies at SCUSA
- SHUSA NPBA Procedures
- SCUSA NPBA Procedures

Exhibit 2.F.

Santander Bank, N.A.

New Products/Business Activities Procedures

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1. Introduction

1.1 Background

Santander Bank, N.A. ("SBNA" or the "Bank") is subject to regulatory expectations and requirements relating to the prudent management of risks associated with new, expanded, or modified products, and services, business initiatives (collectively, "New Products/Business Activities" or "NPBAs").[1] Applicable regulatory expectations and requirements include those issued by:

- The Office of the Comptroller of the Currency ("OCC"); and
- State and local jurisdictions.

In particular, SBNA is subject to the OCC's bulletin on Risk Management of New, Expanded, or Modified Bank Products and Services (Bulletin 2004-20). The Enhanced Prudential Standards for Bank Holding Companies and Foreign Banking Organizations issued by the Board of Governors of the Federal Reserve System ("FRB") also provide helpful guidance regarding supervisory expectations surrounding NPBAs.

For example, the OCC expects that banks introduce NPBAs only after determining the risks of the NPBA, ensuring the proposed NPBA is consistent with their strategic direction, and implementing appropriate risk management controls and practices. The OCC expects banks to oversee NPBAs through an effective risk management process to avoid costly oversight failures and to ensure that banks continue to operate in a safe and sound manner. Similarly, the FRB requires senior management of bank holding companies to approve all NPBAs after evaluating, amongst other factors, the liquidity costs, benefits, and risks of each NPBA that could have a significant effect on the organization's liquidity risk profile.

1.2 Purpose of the Document

As part of its ongoing efforts to ensure compliance with applicable regulatory expectations and requirements, the Bank is enhancing its procedures to oversee and govern the timely identification, review, and approval of NPBAs. These SBNA New Products/Business Activities Procedures (the "Procedures") describe the processes (the "NPBA Process") for managing NPBAs and implementing the requirements set forth in the SBNA New Products/Business Activities Policy (the "Policy"). These Procedures are intended to provide sufficient level of detail to ensure that the Bank's lines of business, oversight and control functions, and support units understand, implement, and perform the NPBA Process described herein in a timely and consistent manner.

[1] For a definition of NPBA, refer to the SBNA New Products/Business Activities Policy.

The objectives of the Bank's NPBA Process are to:

- Ensure NPBAs are consistent with SBNA's strategic plan;
- Introduce NPBAs in a risk-appropriate manner;
- Conduct due diligence on, and properly consider all the risks associated with, NPBAs, including consideration of customer impact;
- Obtain the necessary senior management and board recommendations and approvals at the SBNA and Santander Holdings USA, Inc. ("SHUSA") level; and
- Meet applicable regulatory expectations relating to NPBAs. In doing so, this process attempts to ensure that:
  - Strategic, reputational, credit, market, liquidity, operational, compliance, regulatory, data, model, and other risks are identified, evaluated, mitigated, and/or managed, as practicable and appropriate;
  - All risks are evaluated and communicated to the appropriate personnel responsible for managing those risks; and
  - The proposing business line and oversight and control functions are fully prepared to support proposed NPBAs.

SBNA must not launch any NPBAs without review and approval by the SHUSA Board of Directors ("SHUSA Board") in accordance with the Policy and the Procedures.

1.3 Scope

The Procedures apply to all NPBAs, as defined in the Policy, and to **all** the Bank's lines of business, oversight and control functions, and support units.

1.4 Document Maintenance and Approval

The Procedures are authored and owned by the NPBA PMO and are approved by the SBNA NPBA Committee.

The NPBA PMO reviews and updates the Procedures at least annually, or when changes occur. Changes or updates must be approved by the SBNA NPBA Committee.

2. NPBA Process

2.1 NPBA Process Overview

In accordance with the Policy, the Bank must identify, monitor, and mitigate the risks associated with NPBAs, and ensure adequate oversight throughout the product lifecycle, from proposal, due diligence and risk assessment, through approval and post-launch monitoring and reporting.

Figure 1 outlines the key, high-level steps in the NPBA Process. For a detailed description of the NPBA Process, see work flows in **Appendix I**.

Figure 1: Overview of the SBNA NPBA Process

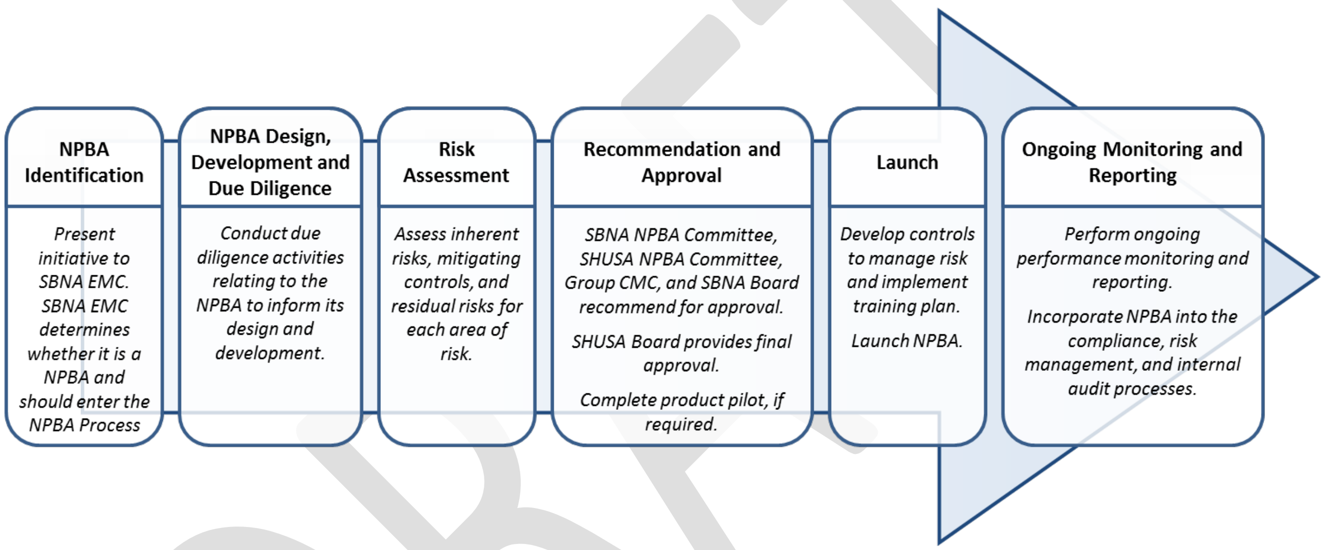
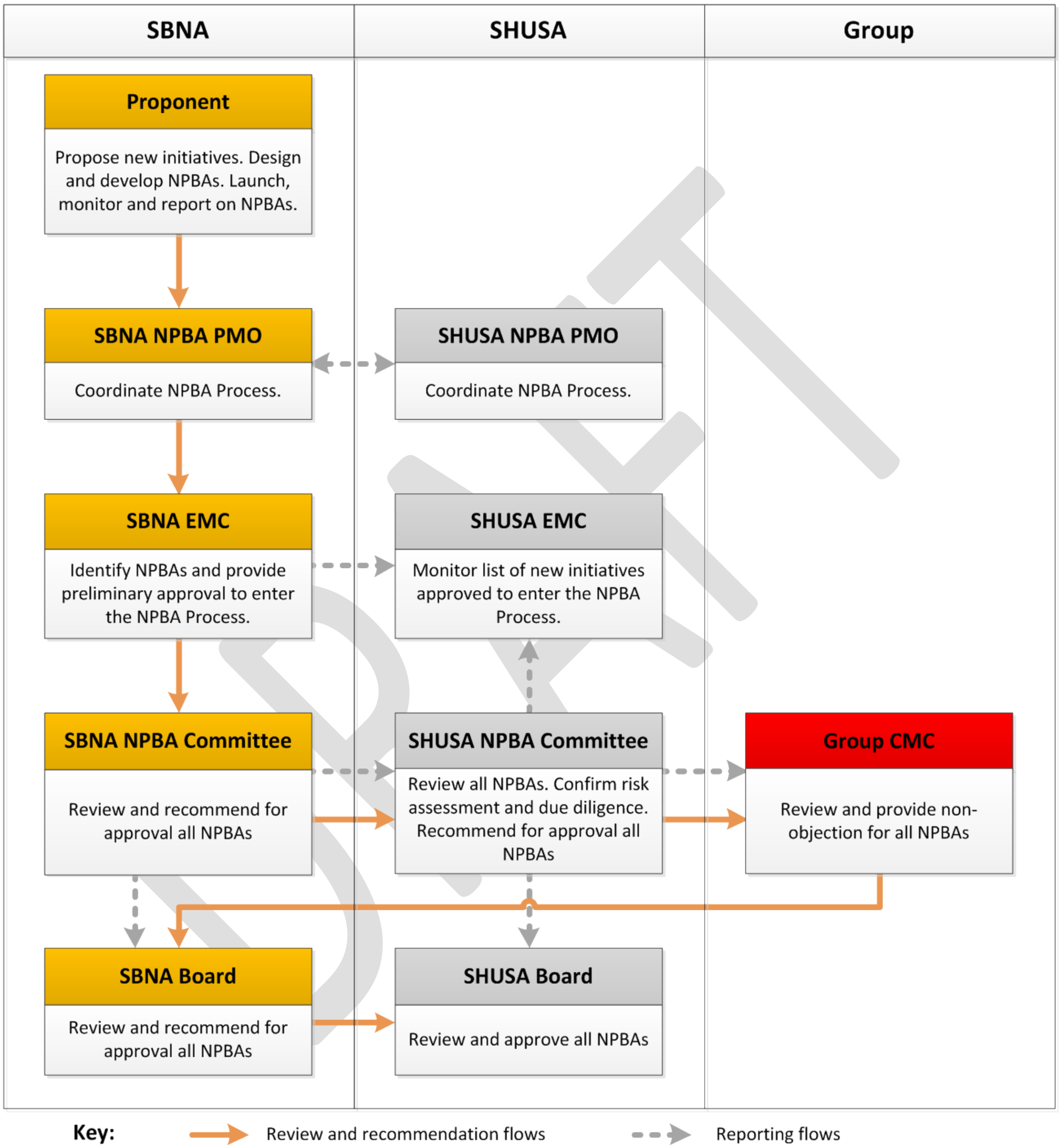


Figure 2 outlines the recommendation and approval stages in the NPBA Process.

Figure 2: Recommendation and Approval Stages



2.2 Roles and Responsibilities

The roles and responsibilities of the critical parties involved in the NPBA Process are as follows:

NPBA Roles and Responsibilities	
Sponsoring Unit (the "Proponent")	The Proponent conceives the NPBA. The Proponent is responsible for leading the design and development of the NPBA, conducting thorough due diligence, completing the risk assessment, presenting the NPBA to the applicable approval committees, seeking the required recommendations and approvals, and satisfying applicable pre- and post-approval requirements, including requirements regarding performance monitoring, testing, and reporting. The Proponent is typically a manager in the business line.
NPBA Development Team	The NPBA Development Team is a cross-functional team including representatives from Risk Management, including the relevant risk disciplines such as Compliance Risk, Liquidity Risk, Credit Risk, Operational Risk, and corporate functions (e.g., Information Technology ("IT"), Operations, Legal, Human Resources ("HR"), Treasury, and Finance). The NPBA Development Team is responsible for advising and providing critical input in the Proponent's development of the NPBA, assisting the Proponent in developing the due diligence materials, overseeing the risk assessment, and challenging the results of the risk assessment.
NPBA Project Management Office	The SBNA PMO is responsible for coordinating the NPBA Process, managing the Bank's NPBA pipeline, forming and coordinating the activities of the NPBA Development Team, and providing support to the Proponent and the NPBA Development Team. The SBNA PMO advises the Proponent on how to navigate the NPBA Process in the most efficient manner, attends NPBA Development Team meetings, and prepares regular reports on the NPBA Process for distribution to the SBNA NPBA Committee.
Risk Management and Compliance	The Risk Management function and the Compliance function are responsible for reviewing and challenging the risk assessment analysis prepared by the Proponent and ensuring that the Proponent has satisfied all applicable conditions and requirements before presentation to the SBNA NPBA Committee. The Risk Management and Compliance functions also provide expertise to the Proponent throughout the product lifecycle and monitor the NPBA during implementation and post-launch.

NPBA Roles and Responsibilities	
Executive Management Committee ("EMC")	The SBNA EMC is responsible for determining (i) whether a proposed initiative meets the definition of a "NPBA," and (ii), if so, whether a NPBA is sufficiently aligned with the Bank's strategic plan for entry to the NPBA Process.
SBNA NPBA Committee	The SBNA NPBA Committee is responsible for reviewing each NPBA Submission Package, recommending for approval all NPBAs to the SHUSA NPBA Committee, and overseeing the approval process, including post-launch monitoring. The SBNA NPBA Committee also prepares monthly reporting packages for the SHUSA NPBA Committee.
SBNA Board of Directors ("Board")	The SBNA Board ensures the Bank effectively adopts and implements the Policy. The Board reviews all NPBAs at the Bank and decides whether to recommend them for final approval to the SHUSA Board. In addition, the SBNA Board reviews periodic NPBA pipeline and post-launch performance reports provided by the SBNA NPBA Committee.
Internal Audit	Internal Audit is responsible for conducting independent reviews of the NPBA Process, participating in the review of NPBAs, and performing product post-launch reviews, audits, and testing. Internal Audit participates in the NPBA process for purposes of providing robust analysis and challenge of due diligence and risk assessment processes. Internal Audit will attend the NPBA Committee meetings as an observer and does not approve or endorse the approval of any NPBA.

3. Procedures

3.1 NPBA Identification

NPBAs may be proposed by one of two methods: (i) they are agreed to and included as part of the subsidiary's approved strategic plan; or (ii) they are proposed by a Proponent during the year, but are not part of the existing strategic plan.

When a line of business becomes aware of a new initiative, the Proponent completes all sections of the Proposed Initiative Evaluation Form (the "Intake Form") (see **Appendix III**), providing details of the proposing unit and full details on the description of the proposed initiative, including key features, risk profile, and business needs. The head of the business line, the NPBA PMO, and the business line's Legal, Compliance, and Risk representatives review the completed Intake Form for accuracy, and provide guidance to the Proponent if the form requires additional detail. The head of the business line is accountable for ensuring all initiatives are correctly handled. The NPBA PMO maintains a record of all new initiatives that it becomes aware of, including those that do not meet the definition of a NPBA. This list may be used by the SBNA NPBA Committee to ensure consistent application, and monitor compliance with, the Policy.

Documentation Requirements

- *Completed Intake Form*

3.1.1 Preliminary Approval

The Proponent submits the completed Intake Form to the SBNA EMC, with assistance from the NPBA PMO. To ensure timely review, the Proponent submits the Intake Form to the SBNA EMC in accordance with the timeframes specified in Section 3.7. Proponents are not invited to present the Intake Form submissions at the SBNA EMC meeting. The SBNA EMC reviews the Intake Form, confirms that the proposal meets the definition of a NPBA, ensures the NPBA aligns with the Bank's strategic plans, and provides a preliminary approval for the NPBA to enter the NPBA pipeline and process.

The SBNA EMC may determine that the initiative does not meet the definition of NPBA and that the initiative is subject to an alternate risk management, review, and approval process (e.g., credit review process). The Proponent develops such initiatives outside of this process, in accordance with the SBNA EMC's determination.

The EMC elects an EMC member, typically the head of the relevant business line, to sponsor the NPBA. Upon preliminary approval for the NPBA to enter the NPBA Process, the Proponent, with the assistance of the NPBA PMO, coordinates with, and provides a copy of Intake Form to, the Risk, Recommendation, Regulators and Remediation ("4R") Project Office. The 4R Project Office notifies relevant regulatory bodies of the Bank's plans regarding the NPBA, and continues to do so throughout the NPBA Process.

Should a proposal be denied, the EMC will provide guidance to the Proponent on how to proceed.

Documentation Requirements

- *EMC preliminary approval/rejection notice; and*
- *Initial presentation of the NPBA to relevant regulatory bodies in the form of a verbal or written communication.*

3.2 NPBA Design, Development, and Due Diligence

3.2.1 Governance

The EMC sends its preliminary approval to the NPBA PMO. The NPBA PMO coordinates the NPBA Process.

The NPBA PMO forms a NPBA Development Team that advises and assists the Proponent in the development of the NPBA. Representatives from the line of business, oversight and control functions, and support units, including Risk Management, Legal, Compliance, IT, Tax, Accounting, Treasury, Operations, Service Quality, and HR, amongst others, comprise the NPBA Development Team. The NPBA PMO selects members of the NPBA Development Team on the basis of the nature, risk, and complexity of the NPBA, and the skills and expertise required to develop the NPBA. The NPBA PMO may subsequently add or remove members of the NPBA Development Team, as appropriate.

The NPBA PMO collaborates with the Proponent and the NPBA Development Team to create a governance framework, detailing the roles and responsibilities of the parties involved in the development, review, recommendation, and approval of the NPBA. The NPBA PMO, the Proponent, and NPBA Development Team identify documentation requirements, including the approvals and certifications the Proponent needs prior to presentation of the NPBA to the Bank's NPBA Committee, such as IT certifications, expense request approvals, and risk committee(s) approvals. Collectively, they produce a robust and feasible project plan for the development of the NPBA, including milestones and associated timelines to monitor the progress of the project. The Proponent should use the timeframes, set out in Section 0, to inform the timelines in the project plan, working backwards from the target SBNA and SHUSA Board meetings at which they would like to present the NPBA.

Documentation Requirements

- *NPBA Development Team member list;*
- *Governance framework, including roles and responsibilities, and a list of approvals and certifications required to be obtained; and*
- *Project plan, including milestones and timelines.*

3.2.2 NPBA Development

The Proponent and NPBA Development Team design and develop the NPBA in accordance with the project plan. The Proponent maintains a log of questions that arise during the development and due diligence phases. The log of questions is used throughout the NPBA Process to track issues through to remediation and to inform and record information entered into and gathered from the due diligence and risk assessment activities.

During the development of the proposed NPBA, the Proponent provides regular progress and status updates to the NPBA PMO and the Bank's NPBA Committee. The frequency and level of detail of such reporting will be defined by the NPBA PMO and SBNA NPBA Committee.

<u>Documentation Requirements</u>

- *The Proponent should retain appropriate and relevant records of its interactions with the NPBA Development Team and other relevant functions during the development stage; and*
- *Development Team Questions Log.*

3.2.3 Due Diligence

The due diligence phase takes place in parallel with the design and development of the NPBA and provides the basis and context for the Risk Assessment (see Section 3.3). The information gathered and the analysis performed during the due diligence phase ensure the SBNA NPBA Committee has a realistic understanding of the risks and rewards of the NPBA being considered, and help provide credible challenge to the NPBA.

The due diligence phase culminates in the completion of NPBA Proposal Form (see **Appendix IV*)***, which, together with the Intake Form and the Risk Assessment, comprise the NPBA Submission Package submitted to the SBNA NPBA Committee for recommendation.

The Proponent, with support and input from the NPBA Development Team, conducts the following due diligence activities prior to and during the development phase. The following activities are not an exhaustive list, but serve as a guide to the Proponent as to the factors that may be considered when developing the NPBA. Accordingly, the NPBA Development team may determine that some of the activities listed here are not applicable to the NPBA.

- Prepare a detailed business case for the introduction of the NPBA that outlines why SBNA should pursue this opportunity, analyzes the competitive landscape, and provides an overview of the desired customer base, including an analysis of possible risks to customers.
- Develop business and financial plans that assess the objectives and strategies for how the NPBA will be brought to market.
- Produce financial projections under various scenarios (normal and stressed conditions) to support the financial plans and to monitor and assess the performance of the NPBA post-launch.

- Develop a pricing process and fee structure for the NPBA.
- Prepare a detailed analysis of resource requirements, including staffing needs, expertise required to manage the NPBA, and capital and operating expenditure projections.
- Work with the IT and Operations to assess the IT and data-related needs to support the development, implementation, and administration of the NPBA and prepare all necessary documentation (e.g., business requirement document, budget, and implementation plan for IT build-out).
- Produce an analysis of regulatory requirements applicable to the NPBA and work with Legal to ensure the list is comprehensive and appropriately mapped to the NPBA.
- Work with Legal to produce a list of applicable licensing requirements.
- Work with Accounting to identify applicable accounting and tax requirements, and submit required forms, as necessary.
- Produce a training needs assessment with adequate documented analysis to support the determination of the level and form of training required, such as the rollout of communications or use of the Bank's learning management system.
- Develop a training plan to be implemented prior to the launch of the NPBA. The plan should include sufficient detail to enable personnel involved in the distribution of the NPBA to be fully versed in the features and performance of the NPBA.
- Work with Risk Management, and other relevant functions, to document, develop, validate and approve all proposed models in accordance with the SBNA Model Risk Management Policy.
- Work with Legal to develop customer and third-party legal and contractual documentation required, such as loan purchase agreements, originations agreements, service level agreements, and servicing agreements.
- Work with Legal and Compliance to develop proposed marketing materials and obtain the necessary approvals.
- Work with Legal and Compliance to draft other necessary legal documentation, such as terms and conditions, term sheets, disclosures, servicing letters, and customer statements, and obtain the necessary approvals.
- Provide details of any transactions with affiliates and work with Compliance to gather the necessary approvals for such transactions.
- Provide details of any third-party service providers ("TPPs") involved in the NPBA, conducts sufficient due diligence on each TPP, including questionnaires, risk assessments, monitoring plans, and work with the TPP Risk Management Group to gather the necessary approvals.
- Work with relevant risk areas to compile a list of new policies and procedures to be developed, or existing policies and procedures to be revised, to address the NPBA.
- Develop ongoing business unit monitoring plans that include key performance metrics (e.g., customer service metrics, such as consumer complaints, inquiries, or mystery shopper results, financial performance, number of new customers, operational issues, impact on systems, effectiveness of controls, and other quantitative benchmarks), significant issues and their remedial activities. Relevant control functions also develop monitoring plans (e.g., compliance

monitoring plan, internal audit plan) covering the metrics they deem appropriate to ensure adequate oversight. Monitoring plans are tied to exit strategies.

- Develop an exit strategy that is tied to the ongoing performance monitoring of the NPBA post-launch, including resolution and recovery strategies along varying degrees of the product's degradation to the point of exit. The exit strategy may explore various options available to the Bank, such as ceasing to offer the NPBA, rolling-off as the NPBA offered expires or comes due, selling off the portfolio, cancelling facilities offered to customers, or the offering of an alternative product. The exit strategy may also discuss loss estimates, time to exit, accelerated strategies, and haircuts.

Once the Proponent and the NPBA Development Team have conducted sufficient due diligence, the Proponent documents his/her due diligence activities in the NPBA Proposal Form, which provides a detailed overview of the NPBA and outlines all applicable requirements, including staffing and technology needs. The NPBA PMO reviews Form 2 for completeness prior to submission to the SBNA NPBA Committee.

Documentation Requirements

- *Completed NPBA Proposal Form, including supporting documentation such as:*
  - *Detailed business case;*
  - *Business and financial plans;*
  - *Financial projections;*
  - *Pricing and fee structure;*
  - *Resource requirements;*
  - *IT and operational requirements;*
  - *Regulatory requirements applicable to the NPBA;*
  - *Licensing requirements applicable to the NPBA;*
  - *Accounting and tax requirements, and submitted forms;*
  - *Training needs assessment and training plan;*
  - *Financial models development and validation;*
  - *Legal and contractual documentation;*
  - *Marketing materials;*
  - *Other legal documentation, including terms and conditions;*
  - *Analysis of transactions with affiliates, and approvals;*
  - *Due diligence on third-party service providers, and approvals;*
  - *List of required policies and procedures;*
  - *Monitoring plans; and*
  - *Exit strategies.*

3.3 Risk Assessment

As part of the NPBA Process, the Proponent and the Development Team take a number of steps to identify and assess the risks associated with the introduction of proposed NPBAs. These steps are:

- Risk identification;
- Determination of inherent risk;
- Identification of required controls and evaluation of existing controls, as appropriate; and
- Determination of residual risk.

These steps align with the overall risk assessment process, as outlined in the SBNA Risk Identification and Assessment Policy, but have been modified to address the specificities of the NPBA Process. For example, SBNA realizes that the Proponent and the Risk Management function may not be in a position to evaluate the overall effectiveness of the control environment as controls often need to be developed and/or enhanced to mitigate the specific risks posed by each proposed NPBA. Therefore, the NPBA risk assessment process includes only an evaluation of the design of the identified controls and the Proponent develops a plan to assess the effectiveness of controls post-implementation and provides reports to the SBNA NPBA Committee on the results of his/her assessment.

3.3.1 Risk Identification

As a first step in the NPBA risk assessment process, the Proponent prepares an inventory of the risks posed by the proposed NPBA and assigns them to specific risk events in the NPBA Risk Assessment Template (see ***Appendix V***) for review by Risk Management.[2] In identifying the risks associated with the proposed NPBA, the Proponent considers the characteristics of the proposed NPBA individually and in relation to the business lines and entities that will offer, manage, or sell the proposed NPBA. The Proponent may consider the Inherent Risk Questions, maintained in the document repository (see Section 4), to inform his/her identification of risk events and assignment of inherent risk ratings, as described in the next section.

3.3.2 Determination of Inherent Risk

After completing the risk inventory, the Proponent assigns an inherent risk rating to each of the identified risks on a scale of high, elevated, moderate, low-to-moderate, and low. The inherent risk rating includes an evaluation of the impact and likelihood of the identified risks, as set forth below in ***Figure 2***. SBNA has developed definitions of inherent risk ratings that include quantitative and qualitative factors in line with its RTS. These definitions of inherent risk ratings are intended to guide the Proponent in his/her assessment of the inherent risks associated with the introduction of the NPBA. The Proponent should expand on those pre-defined factors or consider additional factors, as appropriate,

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[2] The risk categories in the NPBA Risk Assessment Template align with the Enterprise Risk Management Framework, the Risk Tolerance Framework, and the Risk Tolerance Statement ("RTS") of SHUSA and SBNA.

including an evaluation of the potential for customer impact, and articulate the rationale behind his or her assessment with respect to each area of risk, as required in the NPBA Risk Assessment Template.

Figure 2: Inherent Risk Matrix

Inherent Risk						
Impact	High	Moderate	Elevated	Elevated	High	High
Impact	Elevated	Moderate	Moderate	Elevated	Elevated	High
Impact	Moderate	Low-to-Moderate	Moderate	Moderate	Elevated	Elevated
Impact	Low-to-Moderate	Low	Low-to-Moderate	Low-to-Moderate	Moderate	Elevated
Impact	Low	Low	Low	Low	Low-to-Moderate	Moderate
		5+ Years	5 Years	1 Year	6 Months	1 Month
		Likelihood				

3.3.3 Identification of Required Controls and Evaluation of Existing Controls

The Proponent works with the Risk Management function to identify the controls necessary to mitigate the risks associated with the proposed NPBA. As part of this process, the Proponent, with challenge and oversight from the Risk Management function, determines whether existing controls could be adopted; evaluates their design and operational readiness, and identifies the need for new and/or enhanced controls. The Proponent documents his/her analysis in the NPBA Risk Assessment Template and prepares a list of the identified controls, organized in terms of existing, enhanced (i.e., existing controls that require enhancement), and new controls.

The evaluation of existing controls consists of an assessment of the control environment as well as the Quality of Risk Management ("QRM") of the business line offering the NPBA on a scale of strong, effective, satisfactory, needs improvement, and weak, as set forth below in ***Figure 3***.

Figure 3: Evaluation of Controls Matrix

Evaluation of Controls						
Control Environment	Weak	**Weak**	**Weak**	**Weak**	**Weak**	**Weak**
Control Environment	Needs Improvement	**Needs Improvement**	**Needs Improvement**	**Needs Improvement**	**Weak**	**Weak**
Control Environment	Satisfactory	**Satisfactory**	**Satisfactory**	**Satisfactory**	**Needs Improvement**	**Weak**
Control Environment	Effective	**Effective**	**Effective**	**Effective**	**Satisfactory**	**Needs Improvement**
Control Environment	Strong	**Strong**	**Strong**	**Strong**	**Effective**	**Satisfactory**
		Strong	Effective	Satisfactory	Needs Improvement	Weak
		QRM				

SBNA has identified a set of quantitative and qualitative factors included in the NPBA Risk Assessment Template to guide the Proponent and the Risk Management function in their assessments of the control environment and QRM, respectively. These factors are not intended to be all-encompassing and should be supplemented by additional considerations, as appropriate.

Should new or enhanced controls be needed, the Proponent assigns a rating of “weak” to new controls and a rating of “needs improvement” to enhanced controls, and develops monitoring plans to assess the effectiveness of all required controls post implementation.

3.3.4 Determination of Residual Risk

After completing the assessment of the inherent risks and the controls for each proposed NPBA, the Proponent combines the results into the NPBA Risk Assessment Template to determine the residual risk rating for each area of risk on a scale of high, elevated, moderate, low-to-moderate, and low, as set forth below in ***Figure 4***.

Figure 4: Residual Risk Matrix

Residual Risk						
Inherent Risk	High	Moderate	Elevated	High	High	High
Inherent Risk	Elevated	Low-to-Moderate	Moderate	Elevated	Elevated	High
Inherent Risk	Moderate	Low	Low-to-Moderate	Moderate	Elevated	Elevated
Inherent Risk	Low-to-Moderate	Low	Low	Low-to-Moderate	Low-to-Moderate	Low-to-Moderate
Inherent Risk	Low	Low	Low	Low	Low	Low
		Strong	Effective	Satisfactory	Needs Improvement	Weak
		Evaluation of Controls				

In addition, the Proponent collaborates with the Risk Management function to consolidate the results of the risk assessment process into a NPBA Risk Matrix (***Figure 5***) that provides the SBNA NPBA Committee with a holistic view of the risks associated with the introduction of the proposed NPBA with respect to each area of risk. The SBNA NPBA Committee reviews the NPBA Risk Assessment Template and NPBA Risk Matrix and determines the overall residual risk rating for the proposed NPBA. In determining the overall residual risk rating, the SBNA NPBA Committee also considers from a Bank-wide perspective whether: (i) the NPBA, either individually or as part of the current portfolio of products and services, could disrupt or compromise the safety and soundness of SBNA; (ii) the NPBA involves areas of risk subject to heightened regulatory scrutiny, both generally and with respect to SBNA; (iii) the NPBA is targeted to protected classes of borrowers; or (iv) the NPBA poses heightened implementation risk.

Figure 5: NPBA Risk Matrix

NPBA Risk Matrix		
Risk Category	**Residual Risk Rating**	**Drivers**
Strategic Risk		
Reputational Risk		
Credit Risk		
Market Risk		
Liquidity Risk		
Operational Risk		
Compliance Risk		
Regulatory Risk		
Data Risk		
Model Risk		
Other		
Overall Residual Risk Rating*		

*To be completed by the SBNA NPBA Committee

The Proponent attaches the completed NPBA Risk Assessment Template to the NPBA Proposal Form.

Documentation Requirements

- *NPBA Risk Assessment Template and the NPBA Risk Matrix for inclusion in the NPBA Proposal Form.*

3.4 Recommendation and Approval

3.4.1 SBNA NPBA Committee Recommendation

Upon completion of the due diligence and risk assessment phases, the Proponent prepares the NPBA Submission Package for presentation to the SBNA NPBA Committee, including the Intake Form, the NPBA Proposal Form, and all other documentation relevant to the NPBA. The Proponent submits the NPBA Submission Package to the SBNA NPBA Committee for its review and recommendation to the SHUSA NPBA Committee. To ensure timely review, the Proponent submits the NPBA Submission Package, with the assistance of the NPBA PMO, to the SBNA NPBA Committee in accordance with the timeframes specified in Section 0.

During the SBNA NPBA Committee meeting, the Proponent presents the NPBA Submission Package to the SBNA NPBA Committee. The Proponent may invite members of the NPBA Development Team to present at the meeting.

The SBNA NPBA Committee reviews the NPBA Submission Package, including the results of the risk assessment, and determines whether to recommend the NPBA to the SHUSA NPBA Committee. The SBNA NPBA Committee ensures that the NPBA is consistent with SBNA's strategic objectives and risk profile. The SBNA NPBA Committee determines the overall risk level of the NPBA on the five-point scale, from low to high risk, as described in Section 3.3. As part of its recommendation to the SHUSA NPBA Committee, the SBNA NPBA Committee may include pre-launch requirements, such as the completion of a pilot, as well as post-launch requirements, such as limitations on volume or the composition of the desired customer base.

Should the SBNA NPBA Committee require the Proponent to conduct a pilot, the SBNA NPBA Committee uses the results of the risk assessment to determine the scale and duration of such pilot as well as the frequency of post-launch monitoring and reporting activities (see Section 3.4.2).

The Proponent notifies the 4R Project Office of the completion of the NPBA Submission Package and the 4R Project Office updates the relevant regulatory bodies of the progress of the NPBA.

Alternatively, the SBNA NPBA Committee may deem the proposal to be deficient, or ask the Proponent to provide additional analysis or information to support its decision (see Section 3.4.4).

Should a proposal be denied, the SBNA NPBA Committee provides an explanation of why the proposal was denied and guidance to the Proponent on how to proceed. Circumstances under which the SBNA NPBA Committee may deny the proposal include a diminished appetite for development of the NPBA, or substantial differences in the updated estimates relating to the NPBA (e.g., differences in financial projections or in the results of the risk analysis since the submission of the Intake Form).

Documentation Requirements

- *SBNA NPBA Committee recommendation/rejection notice.*

3.4.2 Pilot Programs

Based on the nature of the NPBA and the results of the risk assessment, the SBNA NPBA Committee or other approval body (e.g., the SHUSA NPBA Committee, the SBNA Board, or the SHUSA Board) may require the Proponent to conduct a pilot. If a pilot is recommended, the NPBA must still continue through the NPBA Process and receive approval for the pilot to commence from the SHUSA Board. Upon completion of the pilot, the NPBA is presented again to the SHUSA Board for final approval.

Should a pilot be required, the NPBA PMO and NPBA Development Team provide the Proponent with guidance on how to proceed. The Proponent develops a detailed pilot program for the NPBA, including protocols for documenting and reporting results of the pilot program. Pilot programs include parameters, tailored to the NPBA, for developing and evaluating the sufficiency of the pilot (e.g., size, duration, testing, and reporting metrics, such as those used to assess post-implementation performance as part of ongoing monitoring - see Section 3.6.1), and triggers or thresholds for escalation in the event the implementation of the NPBA exceeds the parameters.

The Proponent provides periodic updates to the NPBA PMO and the body that requested the pilot on the status of its execution.

Documentation Requirements

- *Pilot program.*

3.4.3 Further Recommendations

The SBNA NPBA Committee sends its recommendation, along with the NPBA Submission Package and all supporting documentation, to the SHUSA NPBA Committee. To ensure timely review, the SBNA NPBA Committee submits documentation to the SHUSA NPBA Committee, with assistance from the NPBA PMO, in accordance with the timeframes specified in Section 0. The SHUSA NPBA Committee confirms the risk assessment and the SBNA NPBA Committee's determination of the overall risk level of the NPBA and evaluates the adequacy of the due diligence performed. The SHUSA NPBA Committee recommends the NPBA to the Group Corporate Marketing Committee ("CMC").

Pursuant to Santander S.A. Corporate Circular 002-2011, the Group CMC reviews the NPBA and provides its non-objection to the SBNA Board.

The NPBA PMO facilitates the provision of the NPBA Submission Package to the SBNA Board following non-objection by the Group CMC. To ensure timely review, the NPBA PMO submits documentation to the SBNA Board in accordance with the timeframes specified in Section 0. The SBNA Board reviews the NPBA Submission Package and recommends the NPBA to the SHUSA Board for final approval.

The SHUSA NPBA Committee, the Group CMC, or the SBNA Board may ask the Proponent to provide additional analysis or information to support their decision (see Section 3.4.4).

Should a proposal be denied or deemed deficient by the SHUSA NPBA Committee, the Group CMC, or the SBNA Board, these governance bodies will provide guidance to the Proponent on how to proceed.

3.4.4 Requests for Information

In the event that additional information is requested by any of the committees responsible for recommending the NPBA for approval, the Proponent and NPBA Development Team assemble and submit the requested information to the relevant committee in an expeditious manner with the assistance of the NPBA PMO, preferably before the next regularly scheduled meeting of the committee requesting additional information. The SBNA NPBA Committee reviews any additional information to be provided to the SHUSA NPBA Committee, the Group CMC, or the SBNA Board.

3.4.5 Final Approval

After the SBNA Board's recommendation, the NPBA PMO delivers the NPBA Submission Package to the SHUSA Board for consideration and final approval, and schedules the NPBA for consideration in the SHUSA Board's meeting agenda.

Prior to the SHUSA Board meeting, the SHUSA NPBA Committee coordinates with the SBNA NPBA Committee to verify that all conditions have been met prior to approval, including remediation of any outstanding issues, and notifies the SHUSA Board. The SHUSA Board then reviews the NPBA and determines whether to provide final approval.

If the SBNA NPBA Committee or the SHUSA NPBA Committee has recommended the completion of a pilot, the SHUSA Board determines whether to provide approval for the pilot to commence. Upon completion of the pilot and remediation of any outstanding issues, the NPBA is presented again to the SHUSA Board for final approval.

Alternatively, the SHUSA Board may ask the Proponent to provide additional analysis or information to support its decision (see Section 3.4.4).

Should a proposal be denied or deemed deficient by the SHUSA Board, the SHUSA Board provides guidance to the Proponent on how to proceed.

Documentation Requirements

- *SHUSA Board final approval/rejection notice.*

3.5 Launch

3.5.1 Training

Prior to launching the NPBA, the Proponent implements the training plan developed during the due diligence phase and conducts any other training recommended by the SBNA NPBA Committee (or other approval body) following its review of the proposal. The Proponent documents the training and confirms the completion of training by the relevant employees. The Proponent also implements controls to monitor and supervise employees during the pilot, if applicable, and post-launch, and identifies additional training needs to remediate gaps in employee knowledge or skills required to offer the NPBA.

3.5.2 Product Launch

Prior to launch, the Proponent informs the 4R Project Office of the SHUSA Board's approval of the NPBA, so that the 4R Project Office can inform the relevant regulatory bodies.

The Proponent may launch the NPBA once he/she has obtained all necessary approvals, including final approval from the SHUSA Board. Prior to launch, the Proponent is responsible for developing new or amending existing procedures to reflect the introduction of the NPBA and ensuring completion of applicable training. Compliance and Risk Management are responsible for incorporating the NPBA into their respective compliance and risk management practices, including developing or amending policies and procedures to ensure oversight of the NPBA; while Internal Audit is responsible for including the NPBA in its annual Audit Plan.

3.6 Ongoing Monitoring and Reporting

3.6.1 Ongoing Monitoring

After the NPBA has been launched, the Proponent assesses the effectiveness of the controls he/she has implemented to mitigate the risks associated with the approved NPBA. The Proponent, the relevant risk disciplines (e.g., Risk Management, Compliance), and Internal Audit perform ongoing monitoring on product performance against the Submission Package, incorporating data regarding, for example, customer service metrics, including consumer complaints and inquiries and the quality of customer service calls, financial performance, the number of new customers, operational issues, remedial activities, and effectiveness of controls.

Based on the NPBA's performance, the Proponent may be required to change business plans and develop strategy options to address identified risk trends or concerns based on pre-determined triggers and/or thresholds. The Proponent identifies such triggers and/or thresholds as part of its monitoring plans. The NPBA Development Team is responsible for reviewing those plans and ensuring that the triggers and/or thresholds are appropriate for each NPBA.

The SBNA NPBA Committee may use information about the long-term performance of NPBAs, gathered as part of the Bank's ongoing management and monitoring of business-as-usual activities, line of business risk identification and assessment exercises, and periodic internal audit reports, to learn lessons about the effectiveness of the NPBA Process.

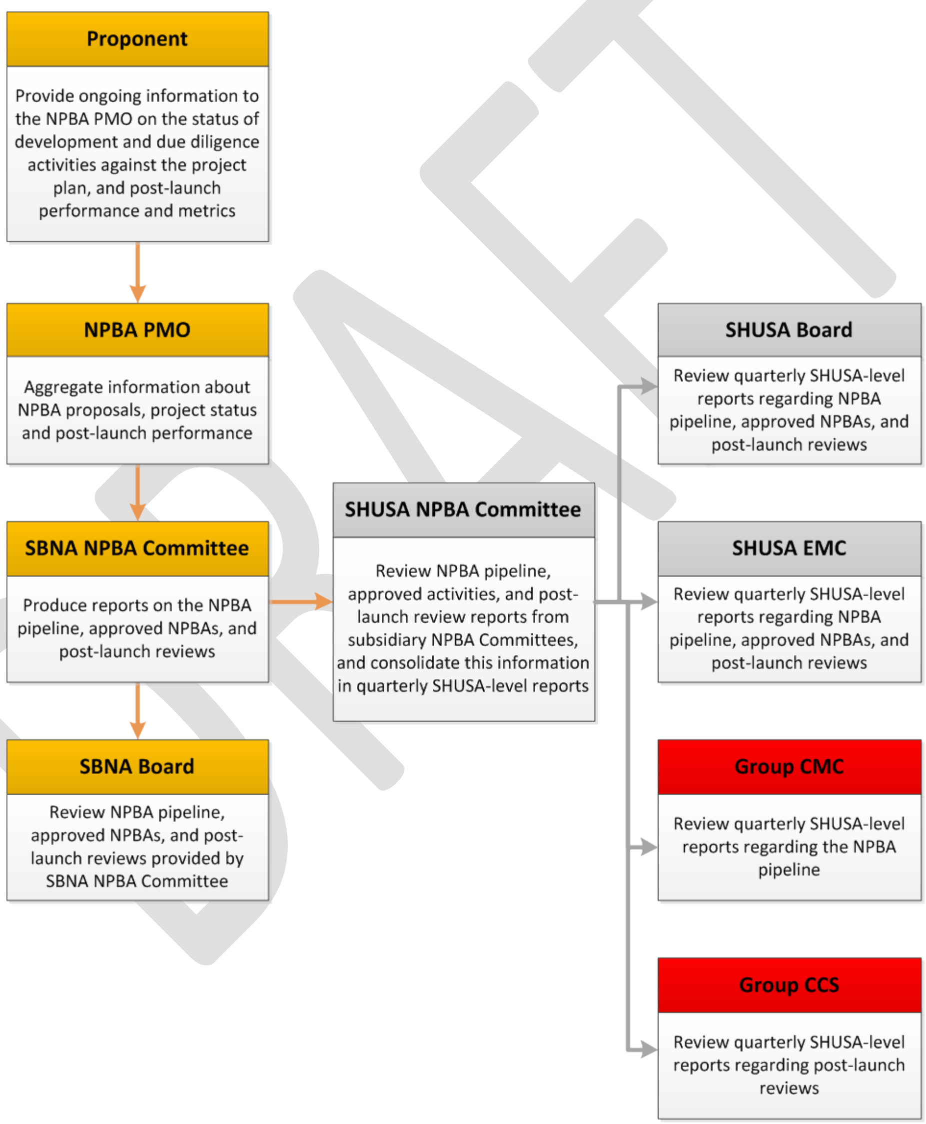
3.6.2 Reporting

The Proponent provides ongoing information to the NPBA PMO on the design and development of the NPBA. The Proponent may achieve this by providing regularly scheduled status updates to the NPBA PMO that track progress against the project plan and identify any issues or delays as they arise, along with planned remediation steps. The Proponent also provides information to the NPBA PMO on the results of any pilot, and detailed performance information post-launch in accordance with the ongoing monitoring plans. The monitoring plans should specify the frequency of reports to the NPBA PMO, but no less than quarterly.

The NPBA PMO aggregates information received from each Proponent and provides it to the SBNA NPBA Committee. The SBNA NPBA Committee produces a monthly report on the NPBA pipeline, approved activities, and post-launch reviews, using the reporting template maintained in the document repository (see Section 4). The SBNA NPBA Committee provides the report to the SBNA Board and the SHUSA NPBA Committee monthly for consolidation and distribution to other committees, including the Group Corporate Monitoring Committee (“CCS”),[3] at least on a quarterly basis.

Figure 6 outlines the reporting protocols in the NPBA Process.

Figure 6: NPBA Process Reporting Protocols



[3] To avoid duplications, SHUSA has adopted the Spanish abbreviation of the Group Corporate Monitoring Committee (Comité Corporativo de Seguimiento or CCS).

3.7 Timing

The various stakeholders in the process should follow the timeframes listed below for each stage of the review and approval process.

Stage of Process	Committee/Board Meeting Frequency	Materials Submission Deadline
Preliminary Approval	The Bank's EMC meets [every Wednesday]	The Proponent submits the Intake Form to [the committee secretary] [x days] prior to the meeting
SBNA NPBA Committee Recommendation	The SBNA NPBA Committee meets [on the x of every month]	The Proponent submits the NPBA Submission Package to [the committee secretary] [x days] prior to the meeting
SHUSA NPBA Committee Recommendation	The SHUSA NPBA Committee meets [on the x of every month]	The [SBNA NPBA Committee] submits the NPBA Submission Package to [the committee secretary] [x days] prior to the meeting
Group CMC non-objection	The Group CMC meets [on the x of every month]	The [SHUSA NPBA Committee] submits the NPBA Submission Package to [the committee secretary] [x days] prior to the meeting
SBNA Board Recommendation	The SBNA Board meets [on the x of each quarter]	The [SHUSA NPBA Committee] submits the Submission Package to [the board secretary] [x days] prior to the meeting
SHUSA Board Approval	The SHUSA Board meets [on the x of each quarter]	The [SBNA Board] submits the Submission Package to [the board secretary] [x days] prior to the meeting

4. Recordkeeping

The NPBA PMO maintains a NPBA document repository for the NPBA Process that contains all documentation relevant to the NPBA Process, such as related policies and procedures, forms and templates to be completed by the Proponent, due diligence and risk assessment materials, recommendation and approval notices for the various governing bodies, and reporting templates.

The Proponent continually uploads all records generated in accordance with these Procedures, including the latest NPBA Submission Package, to the NPBA document repository and retains such documentation pursuant to the SBNA Recordkeeping Policy.

5. Non-Compliance

The Legal function is responsible for monitoring adherence with the Policy. Non-compliance with the Policy may result in a violation of the SBNA Code of Conduct. All Employees should report any violations of the Policy to the Legal function or the NPBA PMO.

5.1 Examples of Violations

A violation is defined as the non-compliance by any Employees with the Policy.

Examples of violations are listed below:

- A new initiative that may fall under the definition of a NPBA is not presented to the EMC for review and determination of whether the initiative is a NPBA.
- A NPBA that should be subject to the NPBA Process is developed or launched without following the NPBA Process.
- A NPBA is developed or launched without following all of the steps defined by the NPBA Policy (e.g., all stakeholder approvals identified in the project plan are not obtained prior to launch).
- A NPBA is launched without adhering to any conditions of approval, or the NPBA is launched with terms that differ from those included in the approved proposal.

5.2 Reporting Violations

When an Employee becomes aware of a violation of the Policy, he/she should provide specific details of the violation to the Legal function or the NPBA PMO, including reasons for the violation and the date of its occurrence, as applicable.

The NPBA PMO will present details of the violation to the SBNA NPBA Committee. The SBNA NPBA Committee will determine whether further investigation is required, and take appropriate action, including disciplinary action. If necessary, the SBNA NPBA Committee will escalate the violation to the SBNA Board.

6. Document History and Version Control

Ownership and Authorship

Version	Date	Author	Owner	Reason for Change

Sign off

Approval		Final Approval Date

7. Appendices

APPENDIX I. Related Policies, Procedures, and Other Documents

- SBNA NPBA Committee Charter
- SBNA New Products/Business Activities Policy
- SHUSA New Products/Business Activities Policy
- SHUSA New Products/Business Activities Procedures

APPENDIX II. Detailed NPBA Work Flows

[See attached]

APPENDIX III. Intake Form

[*See attached*]

APPENDIX IV. NPBA Proposal Form

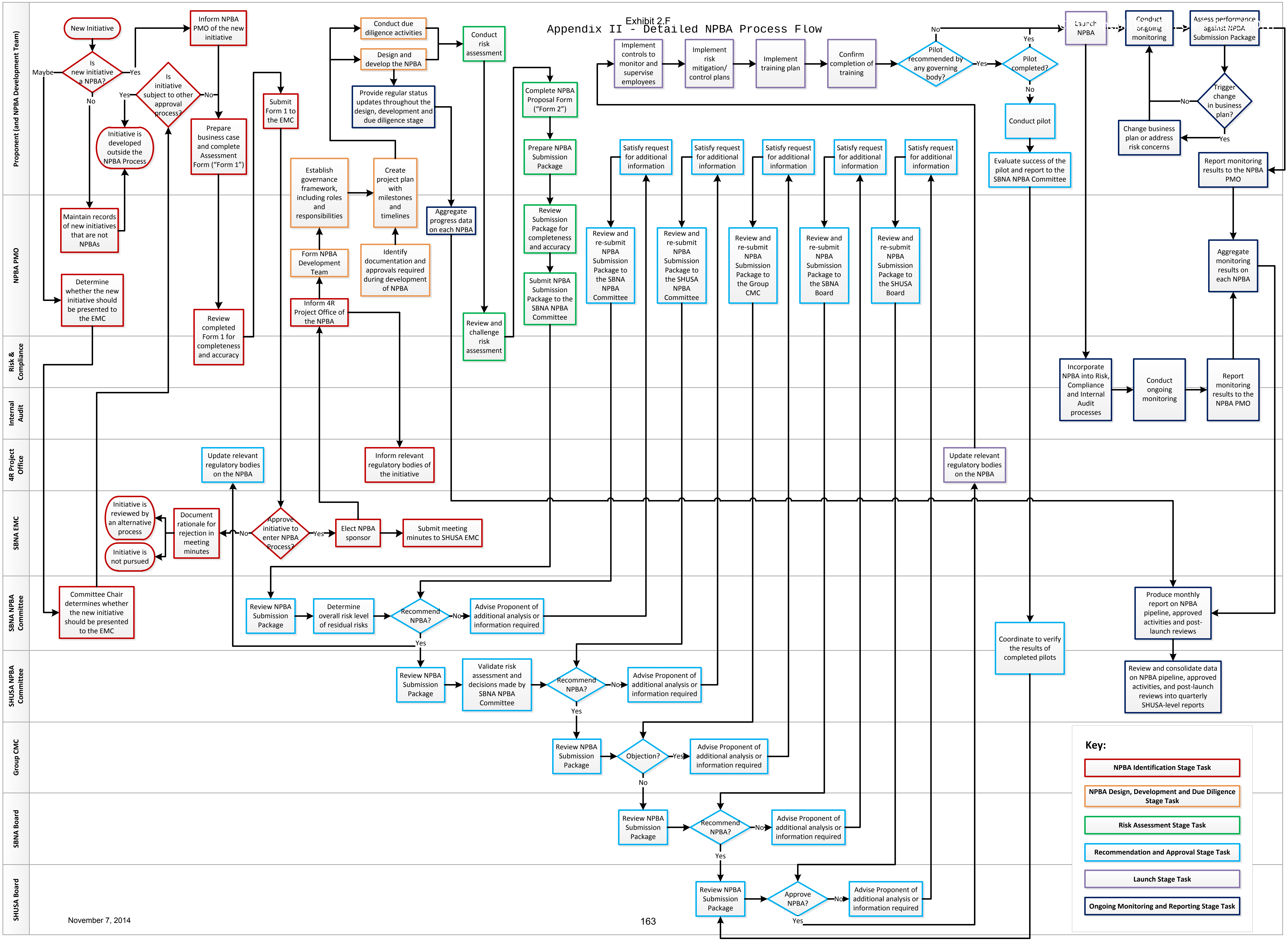
[*See attached*]

APPENDIX V. NPBA Risk Assessment Template

[*See attached*]

Exhibit 2.F

Appendix II - Detailed NPBA Process Flow



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Appendix III -Intake Form
As of October 2014
DRAFT

Executive Management Committee ("EMC") – Proposed Initiative Evaluation Form (the "Intake Form")[1]	
Date:	Click here to enter a date.
Proposal Name:	Click here to enter text.
Head of Business Offering the Service:	Click here to enter text.
Project Manager:	Click here to enter text.
Applicable/Impacted Jurisdictions to be Reviewed:	Click here to enter text.
Legal Entity or Branch through which Proposal will be Offered:	Click here to enter text.
Proposed Launch Date:	Click here to enter a date.

1.	**PROPOSAL DESCRIPTION**
1.1	Does the scope include any of the following:
Choose an item.	
If N/A or Other, please explain why the Proposal does not represent a New Product/Business Activity	
Click here to enter text.	

1.2	Detail the targeted customer base and market:
Click here to enter text.	

1.3	Detail the distribution channel:
Click here to enter text.	

1.2	Provide a summary of the Proposal sufficient to provide a high level understanding of the Proposal. Limit responses to one page:
Click here to enter text.	

2.	**KEY RISKS & MITIGATION**
2.1	Identify the principle risks of the Proposal to the sponsoring business unit, the Company generally, and any mitigants proposed. Limit responses to one page:
Click here to enter text.	

2.2	Does this Proposal have risk or operational characteristics that are similar to an existing product or service?	Yes ☐ No ☐
If YES, please describe and discuss any implications.		
Click here to enter text.		

2.3	Identify the impact to the sponsoring business unit of not proceeding with the Proposal.
Click here to enter text.	

[1] This Form will be reviewed by the SCUSA or SBNA EMC. Please submit the completed Intake Form to the NPBA Project Manager by close of business Friday prior to the meeting of the EMC.

As of October 2014
DRAFT

2.4	Has written advice from external legal resources or consulting firms been obtained?	Yes ☐ No ☐
If YES, please attach as an appendix.		
Click here to enter text.		

3.	**STRATEGIC PLAN**	
3.1	Is the Proposal part of the Company's approved Strategic Plan?	Yes ☐ No ☐
IF NO, please describe:		
3.1(a)	How the Proposal relates to the Company's strategic objectives and risk profile.	
Click here to enter text.		
3.1(b)	Its value proposition.	
Click here to enter text.		
3.1(c)	Existing alternatives.	
Click here to enter text.		
3.1(d)	Proposed sources of funding.	
Click here to enter text.		
3.1(e)	Estimated resource requirements (e.g., staffing and IT needs).	
Click here to enter text.		

4.	**REVIEWERS**
REQUIRED Please ensure that the submitted Intake Form includes the review of all function areas listed below. Please list the name of the reviewer and attach an email confirmation of their participation and review. **Proposals missing any of the below required fields will be returned to the Proponent.**	
Risk	
Compliance	
Legal	
Finance[2]:	

[2] Required only when Proposal is not approved in the Company's Strategic Plan

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Appendix IV - NPBA Proposal Form

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New Product and Business Activity Committee ("NPBA") Proposal Form[1]	
Date:	Click here to enter a date.
Proposal Name:	Click here to enter text.
Head of Business Offering the Service:	Click here to enter text.
Project Manager:	Click here to enter text.
Applicable/Impacted Jurisdictions to be Reviewed:	Click here to enter text.
Legal Entity or Branch through which Proposal will be Offered:	Click here to enter text.
Date of Legal Entity New Business Approval:	Click here to enter a date.
Proposal Scope:	Choose an item.
Projected Launch Date:	Click here to enter a date.
Targeted Customer Base:	
Overall Risk Rating:	Determined by NPBA Only

Overall Risk Rating for Each Area of Risk[2]		
Risk Category	**Risk Rating**	**Drivers**
Strategic		
Reputation		
Credit		
Market		
Liquidity		
Operational		
Compliance		
Regulatory		
Data		
Model		
Other		

[1] Submit the completed Proposal Form to the NPBA Project Manager for scheduling.
[2] Summarize the results of the NPBA Risk Assessment by reporting the overall residual risk rating for each area of risk as well as the associated drivers. Attach as an appendix the NPBA Risk Assessment Template, completed for each applicable area of risk. Refer to the SBNA and SCUSA New Products/Business Activities Procedures for information on how to complete the NPBA Risk Assessment Template.

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1.	Executive Summary
The Executive Summary is a summary of the Proposal sufficient to provide a high level understanding of the risks and benefits of the Proposal. Please limit response to one page or less.	

Click here to enter text.

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2. FINANCIALS[3]			
	Year 1	**Year 2**	**Year 3**
Pre-tax NIR			
Pre-tax Fee Revenue			
Direct Expense			
Indirect Expense			
Net Income Before Tax			
Tax Rate			
Net Income after Taxes			
New Balance Sheet Assets			
Capital Expenditures			
Additions to Headcount in Business Unit			
Additions to Headcount in Functional Areas			
Other financial indicators relevant to understanding this Proposal			
New Off-balance Sheet Notional Balances[4]			
Basel Risk Weighted Assets			
Basel Securitization Determination			
Economic Capital			
Anticipated VaR Exposure for Products with Market Risk			

[3] This table includes minimum required financial information. Provide a most-likely business case projection and include additional metrics, as appropriate. These projections will be used in the post-implementation review process.
[4] Off balance sheet might include lines or letters of credit, unused loan commitments, derivative contracts, etc.

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2.1	State the assumptions material to the forgoing projection(s) and key financial risks in achieving goals. Describe the proposed strategy for managing those risks and how the Proposal is consistent from a financial perspective with the Company's return objectives.
Click here to enter text.	

2.2	Outline the business case for pursuing this opportunity. In order to understand the sensitivity of these figures, please provide perspective on the likely impact of assuming a Worst Case and Best Case Analysis.
Click here to enter text.	

2.3	How feasible is it to exit the Proposal, if approved? What cost would be associated if the product is no longer viable? Please provide a detailed perspective of operational, financial, and reputational impact of terminating the product?
Click here to enter text.	

2.4	State the assumptions underlying the product pricing and fee structure and whether clients may view the product/service as a product enhancement that does not require an additional fee.
Click here to enter text.	

2.5	Are the capital and ongoing expenses identified covered in the budget for the current year (or in the proposed budget for the next year, if the Proposal submission is made in the 4th quarter)?	Yes ☐ No ☐
If No, please explain funding.		
Click here to enter text.		

2.6	Discuss the tax implications of the Proposal.	
2.6(a)	Will tax withholding be required on payments made to the customer?	Yes ☐ No ☐
2.6(b)	Will payments be made to a payee outside of the continental United States?	Yes ☐ No ☐
2.6(c)	Will payments be received from outside of the continental United States?	Yes ☐ No ☐
2.6(d)	Will the Proposal require utilization of the Company's tax capacity?	Yes ☐ No ☐
2.6(e)	Will the Company be required to report information to the customer?	Yes ☐ No ☐
If Yes to any, please describe implications and list the applicable tax forms associated with the Proposal.		
Click here to enter text.		

2.7	Has an Internal Capital Adequacy Assessment Process (ICAAP) evaluation been used in this Proposal?[5]	Yes ☐ No ☐
Click here to enter text.		

3.	**DETAILED ANALYSIS**
3.1	Discuss the business purpose of the Proposal. Describe how the Proposal operates, covering product/service lifecycle from both the customer and internal perspective.
Click here to enter text.	

3.2	Describe the impact this Proposal may have on other business units or functional areas.
Click here to enter text.	

3.3	Will product or service be offered at a discount to the organization's or affiliate's employees?	Yes ☐ No ☐
Click here to enter text.		

3.4	Describe how the Proposal will be marketed to customers including the controls in place to review marketing and client communications.
Click here to enter text.	

3.5	Describe the incentive and compensation structures that will support marketing and sales activities.
Click here to enter text.	
3.6	Describe the training needs for the back and front office.
Click here to enter text.	

3.7	Does the Proposal require expertise that the business unit(s) and other functions involved in the implementation and administration of the Proposal do not currently possess?	Yes ☐ No ☐
If yes, how will the expertise be obtained?		
Click here to enter text.		

3.8	Does this Proposal entail the development of new, or revised, policies and procedures? If yes, please list.	Yes ☐ No ☐
Click here to enter text.		

[5] An ICAAP analysis is required if total revenue from the product is projected in any year to be greater than $[ ] million or [ ]% of the regulatory capital, whichever is greater, of the legal entity through which the product is to be offered.

3.9(a)	Does the Proposal involve third-party providers?	Yes ☐ No ☐
3.9(b)	If Yes, is this a new third-party provider?	Yes ☐ No ☐
Describe the types of activities that will be outsourced.		
Click here to enter text.		

3.10	Discuss IT and other infrastructure requirements and whether those are being outsourced or developed internally.
Click here to enter text.	

3.11	Does this Proposal entail a change in the existing operating model of the business unit or any other product or services?	Yes ☐ No ☐
If Yes, have necessary operational procedures been developed?		
Click here to enter text.		

3.12	Does this Proposal entail a product or service currently offered by a competitor?	Yes ☐ No ☐
If Yes, please identify principal competitors, and the differences or similarities between the Proposal and the competitive offerings. Please discuss competitor's success or difficulties with the product and, to the extent identifiable, the financial resources devoted, compliance and risk management processes and contractual terms.		
Click here to enter text.		

4.	**KEY RISKS & MITIGATION**
4.1	Identify the principle risks of the Proposal to the sponsoring business unit, the Company generally, and any mitigants proposed.
Click here to enter text.	

4.2	Assuming the Company is not able to manage or mitigate the risks associated with the Proposal, discuss the potential for adverse impact of the Proposal on the sponsoring business unit, other business units, or the Company generally.
Click here to enter text.	

4.3	Are the identified risks consistent with the organization's risk tolerance statement and risk limits?	Yes ☐ No ☐
If No, detail which risks are inconsistent and the plan to bring the Proposal in-line with the Company's expressed risk tolerance.		
Click here to enter text.		

4.4	Identify the impact to the sponsoring business unit of not proceeding with the Proposal.
Click here to enter text.	

4.5	Does this Proposal have risk or operational characteristics that are similar to an existing product or service?	Yes ☐ No ☐
If Yes, please discuss any implications.		
Click here to enter text.		

4.6	Discuss how changing dynamics in markets and/or uncertainty of stress conditions on new markets may impact the Proposal (e.g. effects of changing interest rates).
Click here to enter text.	

4.7	Does the Proposal entail the use of models?	Yes ☐ No ☐
If yes, please consult with Model Risk Management.		
Click here to enter text.		

5.	**COMPLIANCE**	
5.1	Will this Proposal require new compliance procedures or monitoring processes?	Yes ☐ No ☐
If Yes, please describe and include the current state of their development.		
Click here to enter text.		

5.2	Does the Proposal incorporate the adoption of elements of a compliance model or system that are inconsistent with the existing compliance model?	Yes ☐ No ☐
If Yes, what is the conversion plan associated with retiring or converting this model?		
Click here to enter text.		

5.3	Has a designated AML Officer reviewed this Proposal for its potential impact to our Anti-Money Laundering (AML) program?	Yes ☐ No ☐
Click here to enter text.		

5.4	Will this Proposal be offered to restricted or prohibited customer types?	Yes ☐ No ☐
Click here to enter text.		

5.5	Does your targeted Customer Base include customers that would be subject to heightened regulatory scrutiny. If yes please detail and include analysis of applicable regulations.
Click here to enter text.	
5.6	Describe how customers will be screened at on-boarding from a BSA/AML/OFAC perspective.
Click here to enter text.	

5.7	Describe how customers will be screened each time OFAC lists are updated.
Click here to enter text.	

5.8	Does this Proposal contemplate the acquisition of non-public, personally identifiable information on behalf of Customers or their underlying Customers?	Yes ☐ No ☐
If Yes, please contact Data Privacy for review and discuss implications.		
Click here to enter text.		

6.	**LEGAL & REGULATORY**
6.1	What is the Standard of Care?
Click here to enter text.	

6.2	Please describe any contractual protections and whether acceptability of those terms in the marketplace has been tested
Click here to enter text.	

6.3	Discuss proposed authorization levels within business units and/or Legal for exception approval from any such terms.	
Click here to enter text.		

6.4	Has written advice from external legal resources or consulting firms been obtained?	Yes ☐ No ☐
Click here to enter text.		

6.5	Will the organization be acting as a Fiduciary in offering this Proposal?	Yes ☐ No ☐
If Yes, does the status arise out of law or contract?		Law ☐ Contract ☐
Is the Proposal offered to clients for whom the organization acts as a fiduciary in other capacities?		Yes ☐ No ☐
If Yes, to any, explain how the sponsoring unit proposes to offer the Proposal consistent with the organization's fiduciary obligations and explain any mitigation to reduce fiduciary risk. Please attach as an appendix disclosures of potential conflicts of interest and compensation agreements.		
Click here to enter text.		

6.6	Will this Proposal be offered to ERISA clients?	Yes ☐ No ☐
Are we proposing to rely upon any exemptions from prohibited transactions?		Yes ☐ No ☐
If Yes to any, review by internal or external counsel experienced with ERISA is required.		
Click here to enter text.		

6.7	Is the Proposal being offered to/or does it affect jurisdictions outside the United States?	Yes ☐ No ☐
6.8	Will this Proposal be offered in multiple jurisdictions or through multiple legal entities?	Yes ☐ No ☐

If Yes to either, please consult with the legal representatives for such entities or jurisdictions to confirm that applicable regulatory issues are being addressed. Please include a discussion of Regulation K implications.		
Click here to enter text.		

6.9	Does this Proposal entail the offshoring or migration of services to a new location?	
If Yes, consult with management of the impacted business unit to ensure that any client relationship issues the Proposal may create are addressed. Please discuss below.		
Click here to enter text.		

6.10	List applicable regulatory and licensing requirements.	
Click here to enter text.		

6.11	Does this Proposal operate under a regulatory framework that is new to the organization?	Yes ☐ No ☐
If Yes, have these regulatory licensing requirements been evaluated in all jurisdictions and entities listed in this Proposal?		Yes ☐ No ☐
Describe the risks and requirements of the new regulatory framework.		
Click here to enter text.		

6.12	Does this Proposal contemplate transactions with affiliates?	Yes ☐ No ☐
If Yes, please include Regulation W analysis and provide evidence of appropriate approval(s).		
Click here to enter text.		

7.	**CAPITAL, LIQUIDITY & ACCOUNTING**	
7.1	Please provide an analysis of the economic, regulatory, and GAAP capital implication of the Proposal.	
Click here to enter text.		

7.2	Please provide an analysis of balance sheet leverage and liquidity implications of the Proposal.	
Click here to enter text.		

7.3	Please provide an analysis of the corporate accounting and accounting systems implications.	
Click here to enter text.		

7.4	Does the Proposal involve contingent financial liabilities?	Yes ☐ No ☐
Click here to enter text.		

7.5	Are there any derivatives and/or hedges required for this Proposal?	Yes ☐

		No ☐
Click here to enter text.		

8.	CONDITIONS & REQUIREMENTS	
8.1	Does the business sponsor recommend any conditions/requirements be imposed prior to the launch of the Proposal? If yes, please describe the proposed conditions/requirements.	Yes ☐ No ☐
Click here to enter text.		

8.2	Does the business sponsor recommend any conditions/requirements be imposed after the launch of the Proposal? If yes, please describe the proposed conditions/requirements.	Yes ☐ No ☐
Click here to enter text.		

9.	MONITORING PLANS & POST-IMPLEMENTATION REVIEW
9.1	Describe the monitoring plans to implement new or enhanced controls, assess control effectiveness, and monitor the performance of the Proposal.
Click here to enter text.	

9.2	Please identify the individuals who have responsibility for the post-implementation review documentation and presentation. The level of review required is determined by the risk rating assigned to each Proposal.
Click here to enter text.	

10.	REVIEWERS
REQUIRED Please ensure that the submitted Proposal includes the review of all function areas listed below. Please list the name of the reviewer and attach an email confirmation of their participation and review. **Proposals missing any of the below required fields will be returned to the Proponent.**	
Risk	
Compliance	
Legal	
Finance	
Treasury	
Corporate Accounting	
Regulatory Legal	
Operations	
HR	
IT	

AS NEEDED	
Business Continuity	
Third Party Approval	
Model Risk Management	

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Transactions with Affiliates	
Tax	
Data Privacy	
Real Estate	
Information Security	
Other:	
Other:	
Other:	

11. Appendices	
REQUIRED: Please attach all of the below required documentation or provide justification why it is not required.	**Page Number**
A. Risk Assessment Template	
B. Business and Financial Plan	
C. Exit strategy	
D. Pricing and Fee structure	
E. Process Flows	
F. Client Disclosure Documents	
G. Marketing Materials	
H. Training Needs Assessment and Plan	
I. Contractual Terms	
J. Other Applicable Legal and Contractual Documentation	

AS NEEDED	Page Number
External Legal Counsel Memo	
Consulting Firm Memo	
ICAAP Analysis	
ERISA Analysis	
disclosures of potential conflicts of interest and compensation agreements related to Fiduciary obligations	
Other:	
Other:	
Other:	

NPBA Risk Assessment Template - Instructions

How to Complete the NPBA Risk Assessment Template*	
Responsible Party	**Steps**
Determination of Inherent Risk	
Proponent	1. Identify risk events for each area of risk.
	2. Assess the impact of each risk event by assigning a rating of "high, elevated, moderate, moderate-to-low, and low." Refer to ***Appendix B. Impact*** for the definition of each rating. **NOTE: "Significant Transactions," as defined in the NPBA Policy, are rated "high" by default.**
	3. Assess the likelihood of each risk event by assigning a rating of "high, elevated, moderate, moderate-to-low, and low." Refer to ***Appendix C. Likelihood*** for the definition of each rating.
The template will automatically generate an inherent risk rating for each risk event that combines "impact" and "likelihood" on the base of the "Inherent Risk Matrix" included in ***Appendix F. Risk Matrices****.*	
Proponent	4. Detail the rationale for each inherent risk rating.
Evaluation of Controls	
Proponent	5. Identify required controls and classify them in terms of "existing, enhanced, and new."
	6. Provide a brief description of each control.
	7. Evaluate the identified controls on a scale of "strong, effective, satisfactory, needs improvement, and weak." Refer to ***Appendix D. Control Environment*** for a definition of each rating. **NOTE: Controls marked as "new" will automatically receive a rating of "weak." Controls marked as "enhanced" will automatically receive a rating of "needs improvement."**
Risk Management	8. Evaluate the Quality of Risk Management ("QRM") with respect to the business line offering the NPBA on a scale of "strong, effective, satisfactory, needs improvement, and weak." Refer to ***Appendix E. QRM*** for a definition of each rating. **NOTE: Controls marked as "new" will automatically receive a rating of "weak." Controls marked as "enhanced" will automatically receive a rating of "needs improvement."**
The template will automatically generate a rating for the "control evaluation" on a scale of "strong, effective, satisfactory, needs improvement, and weak" on the base of the "Control Matrix" included in ***Appendix F. Risk Matrices.***	
Proponent and Risk Management	9. Detail the rationale for each "control evaluation" rating.
Determination of Residual Risk	
The template will automatically generate a residual risk rating for each risk event identified and will automatically combine those ratings to determine an overall residual risk rating by area of risk on the base of the "Inherent Risk Matrix" included ***Appendix F. Risk Matrices.*** ***NOTE: The Proponent may override the results only to increase the level of risk (e.g., from "moderate" to "elevated" or from "elevated" to "high").***	
Proponent	10. Provide a brief description of the rationale behind the residual risk rating for each area of risk.

****NOTE: The Risk Management function is responsible for providing challenge and oversight throughout the completion of the risk assessment template.***

Exhibit 2.F

New Products/Business Activities Risk Assessment Template

<<INSERT NPBA NAME>> <<INSERT ASSESSMENT DATE>>

Risk Area[1]	Risk Area Sub-Category to Consider (if applicable)	Risk Event *[Provide description of risk event]*	Inherent Risk Factors: Impact		Inherent Risk Factors: Likelihood		Inherent Risk Rating		Inherent Risk Drivers	Controls: Type of Control	Controls: Control Description *[Provide a description of each required control]*	Controls: Control Environment		Controls: QRM		Composite Control Environment Rating		Control Assessment Drivers	Residual Risk Rating for Each Risk Event		Residual Risk Rating for Each Area of Risk		Residual Risk Drivers
			High	5	Elevated	4	High	5				Effective	2	Strong	1	Effective	2		Elevated	4			
			Elevated	4	Elevated	4	Elevated	4				Needs Improvement	4	Needs Improvement	4	Needs Improvement	4		Elevated	4			
Strategic			Moderate-to-Low	2	Low	1	Moderate-to-Low	2				Effective	2	Effective	2	Effective	2		Moderate-to-Low	2	**Moderate**	3	
			High	5	High	5	High	5				Weak	5	Weak	5	Weak	5		High	5			
			High	5	High	5	High	5				Satisfactory	3	Satisfactory	3	Satisfactory	3		Elevated	4			
			Low	1	Low	1	Low	1				Satisfactory	3	Satisfactory	3	Satisfactory	3		Low	1			
			Elevated	4	Moderate	3	Elevated	4				Weak	5	Weak	5	Weak	5		Elevated	4			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
Reputational				##		##		##					##		##		#			##	**#N/A**	##	
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##									#			##			
				##		##		##									#			##			
				##		##		##									#			##			
Credit				##		##		##									#			##	**#N/A**	##	
				##		##		##									#			##			
				##		##		##									#			##			
				##		##		##									#			##			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
Market				##		##		##					##		##		#			##	**#N/A**	##	
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##									#			##			
				##		##		##									#			##			
				##		##		##									#			##			
Liquidity				##		##		##									#			##	**#N/A**	##	
				##		##		##									#			##			
				##		##		##									#			##			
				##		##		##									#			##			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
Operational				##		##		##					##		##		#			##	**#N/A**	##	
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##									#			##			
				##		##		##									#			##			

Exhibit 2.F

New Products/Business Activities Risk Assessment Template

<<INSERT NPBA NAME>> <<INSERT ASSESSMENT DATE>>

Risk Area[1]	Risk Area Sub-Category to Consider (if applicable)	Risk Event [*Provide description of risk event*]	Inherent Risk Factors		Inherent Risk Rating		Inherent Risk Drivers	Controls				Composite Control Environment Rating	Control Assessment Drivers	**Residual Risk Rating for Each Risk Event**	**Residual Risk Rating for Each Area of Risk**		**Residual Risk Drivers**
			Impact	Likelihood				Type of Control	Control Description [*Provide a description of each required control*]	Control Environment	QRM						
Compliance & Regulatory			##	##		##						#		##	**#N/A**	##	
			##	##		##						#		##			
			##	##		##						#		##			
			##	##		##						#		##			
			##	##		##						#		##			
			##	##		##				##	##	#		##			
			##	##		##				##	##	#		##			
			##	##		##				##	##	#		##			
Model			##	##		##				##	##	#		##	**#N/A**	##	
			##	##		##				##	##	#		##			
			##	##		##				##	##	#		##			
			##	##		##				##	##	#		##			
			##	##		##						#		##			
			##	##		##						#		##			
			##	##		##						#		##			
Data			##	##		##						#		##	**#N/A**	##	
			##	##		##						#		##			
			##	##		##						#		##			
			##	##		##						#		##			
			##	##		##				##	##	#		##			
			##	##		##				##	##	#		##			
			##	##		##				##	##	#		##			
Capital Adequacy			##	##		##				##	##	#		##	**#N/A**	##	
			##	##		##				##	##	#		##			
			##	##		##				##	##	#		##			
			##	##		##				##	##	#		##			
Other (Self-identified)			##	##		##						#		##	**#N/A**	##	

NOTES

[1] Risk areas align with the SHUSA Enterprise Risk Management Framework. However, this Assessment Template does not explicitly consider Pension/Severance, Fiduciary, and Insurance, because of the

Appendices	
A	Risk Areas Definitions
B	Rating Definitions for "Impact"
C	Rating Definitions for "Likelihood"
D	Rating Definitions for "Control Environment"
E	Rating Definitions for "QRM"
F	Risk Matrices

Appendix A. Risk Areas Definitions

Area of Risk	Definition
Strategic Risk	Strategic Risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve those goals, industry factors such as competition and customer preference, the resources deployed against these goals, and the quality of implementation.
Reputational Risk	Reputational Risk is the potential that a corporate practice, or a new fact or rumor concerning products and services sold by the firm or practices at the firm, change the public's perception, including that of investors, customers, regulatory bodies and rating agencies, of the corporation in a materially negative fashion.
Credit Risk	• Issuer/Borrower – Risk of financial loss arising should either the obligor of a loan, or the issuer of a financial instrument default otherwise not be able or willing to fulfill its obligations (unable to make full repayments) at the established date. Issuer risk is traditionally considered with fixed income instruments or loans, but can also apply to issuers of other investment instruments such as preferred shares or equities. • Counterparty – Risk that the counterparty to a transaction could default before the final settlement of the transaction’s cash flows, leading to a performance loss. While this can be applied to loan products, it covers a broad range of exposures due to transactions with broker/dealers, derivatives trades, clearing entities, etc. This risk can also occur in a secondary or contingent fashion in the case where counterparty offers a guarantee for a collateralized security or derivative, or where there is recourse in the event of collateral short-fall, such as in a clearing relationship. • Rating Migration – Risk of loss caused by the effect of changes in the credit quality of the issuer/borrower or the valuation of financial assets. • Concentration – Risk concentration refers to an exposure with the potential to produce losses large enough to threaten a financial institution’s health or ability to maintain its core operations. Risk concentrations can arise in a financial conglomerate’s assets, liabilities or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. The potential for loss reflects the size of the position and the extent of loss given a particular adverse circumstance. Risk concentrations can take many forms, including exposures to: individual counterparties; groups of individual counterparties or related entities; counterparties in specific geographical locations; industry sectors; specific products; service providers; e.g. back office services, and natural disasters or catastrophes. • Country – The risk of loss arising when a sovereign state freezes foreign currency payments (transfer/conversion risk) or when it defaults on its obligations (sovereign risk). • Settlement – Risk that settlement of individual transactions or some group of transactions, up to and including all transactions submitted to the system, does not occur as expected due to one, or more, participant’s failure to meet its obligations within the system, therefore resulting into Credit Risk.

Appendix A. Risk Areas Definitions

Area of Risk	Definition
Market Risk	• Price Risk – The risk to current or anticipated earnings or capital arising from adverse movements in: o Interest Rates (e.g. LIBOR, EURIBOR, OIS, etc.) o Foreign exchange rates (e.g. EUR/USD, EUR/GBP, etc.) o Equity or equity indices (e.g. Euro Stoxx 50, etc.) o Commodity prices (e.g. crude oil, copper) o Credit Spreads (includes counterparty Credit Valuation Adjustment - CVA). Price risk includes the potential economic impact (decrease in value of assets) coming from the bank's participation in equity and debt capital markets deals (underwriting) that is not fully sold, therefore keeping part of the position on its balance sheet. • Basis – Basis risk occurs when one subtype of market risk is offset with another subtype or tenor. For example, when 90-day LIBOR is hedged with 180-day LIBOR; or when MBS is hedged with LIBOR. Basis risk also applies when cash instruments are hedged with forwards or futures contracts. • Correlation – Potential economic impact (decrease in value of assets) coming from changes in the linear relationship or co-movement between risk factors or asset classes. • Non-Linear Risk – This includes behavioral risks and volatility: o Behavioral risks like the potential economic impact (decrease in value of assets) coming from early unscheduled return of principal on a fixed-income security or derivative of a security. This is a significant risk in mortgages and securities with underlying mortgage assets. o The volatility risk is the potential economic impact (decrease in value of assets) coming from adverse changes in the volatility of the risk factors.
Liquidity Risk	The risk to current or anticipated earnings or capital arising from an inability to meet its obligations when they come due without incurring unacceptable losses. The firm, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost. • Market Liquidity – The risk that the units cannot offset or eliminate a position or portfolio at the market price either due to lack of market depth, a reduction in market breadth, or a market disruption. • Funding Liquidity – The risk that the units will not be able to effectively and efficiently meet the expected and unexpected current and future cash flow and collateral needs without affecting either the daily operations or the financial condition of the units. • Contingent Liquidity – The risk that future events will create a greater need for cash than previously anticipated by management, given that commitments to lend are uncertain both in probability and amount. Contingency risk also describes the risk of finding new liabilities, or replacing liabilities under difficult market conditions.

Appendix A. Risk Areas Definitions

Area of Risk	Definition
Operational Risk	• Internal Fraud – The risk of losses from willful actions designed to defraud, misappropriate goods or evade business regulations, laws or policies (excluding diversity/discrimination events) in which at least one person linked to the company is implicated. Examples; misappropriation of assets, tax evasion, intentional mismarking of positions, bribery. • External Fraud – The risk of losses from willful actions designed to defraud, misappropriate goods or evade business regulations, by a third party separate from the company. Examples; theft of information, hacking damage, third-party theft and forgery. • Employment Practices and Workplace safety – The risk of losses from actions that is incompatible with legislation or agreements on labor, health or safety. Indemnity payments for damage to people, or diversity/discrimination events. Examples; discrimination, workers compensation, employee health and safety. • Clients, Products, and Business Practices – The risk of losses arising from accidental or negligent breaches of professional obligations with specific clients, (including fiduciary or suitability requirements), or from the nature or design of a product. Examples; market manipulation, antitrust, improper trade, product defects, fiduciary breaches, account churning. • Damage to Physical Assets – The risk of losses of non.-budgeted value or costs in material assets, derived from damages produced by natural disasters or other external events. Examples: natural disasters, terrorism, vandalism. • Business Disruptions and System Failures – The risk of losses and compensation caused by disruption of business or systems malfunctions. Examples; utility disruptions, software failures, hardware failures. • Execution, Delivery, and Process Management – The risk of losses arising from failed transaction processing or process management, from relationships with trade counterparties, suppliers and vendors. Examples; data entry errors, accounting errors, failed mandatory reporting, negligent loss of client assets.
Compliance and Regulatory Risk	Compliance Risk is the risk to current or anticipated earnings or capital arising from violations of, or nonconformance with laws, rules, regulations, prescribed practices, internal policies and procedures, or ethical standards. When the violations or nonconformance previously mentioned are related to the prevention and/or detection of money laundering, tax evasion, or other criminal activities, there is a BSA/AML compliance risk. Regulatory risk is the risk that a change in laws and regulations will materially impact a security, business, sector, or market. A change in laws and regulations made by the government or a regulatory body can increase the costs of operating a business, reduce the attractiveness of investment, and/or change the competitive landscape.
Model Risk	Potential for loss arising when a financial model used to measure a firm's risks or value transactions does not perform the tasks or capture the risks it was intended to. Typically this is due to either a conceptual flaw or implementation error; poor quality data or missing data, or due to the model being used inappropriately or in error.
Data Risk	The risk that processes, systems, or controls are insufficient to ensure the completeness, sufficiency, timeliness, and integrity of data used for risk aggregation, reporting, and ultimately decision-making. The materialization of this risk may result in an unplanned impact in achieving the Bank’s strategic objectives and/or financial loss.

Appendix B. Impact

Impact			
Score	Rating	Quantitative Scale	Qualitative Scale
1	Low	Less than $100,000	· Little or no potential for negative media attention/publicity and damage to reputation. · Little or no risk of legal action, regulatory fines, penalties or enforcement actions. · Little or no expected increase in the level of regulatory scrutiny. · Little or no expected financial or business impact associated with implementing corrective actions. · No customer interaction with representatives from the organization. · The NPBA will be offered to the existing customer base, which does not include customers subjected to heightened regulatory scrutiny. · TPPs are not involved in the delivery of the NPBA. · If issues arise, customers would not be impacted or become aware of the problem. · Minor changes to processes and practices may be required to implement the NPBA.
2	Moderate-to-Low	$100,001 - $1M	· Some potential for negative media attention/publicity and damage to reputation. · Some risk of legal action, regulatory fines, penalties, or enforcement actions. · Expected small increase in the level of regulatory scrutiny. · Expected small financial or business impact associated with implementing corrective actions. · Little to no customer interaction with representatives from the organization. · The NPBA will be offered to the existing customer base and/or a new customer segment, none of which include customers subject to heightened regulatory scrutiny. · TPPs play an insignificant role in the delivery of the NPBA. · If issues arise, the potential for customer impact would be low. · Small changes to processes and practices are required to implement the NPBA.

Appendix B. Impact

Impact			
Score	Rating	Quantitative Scale	Qualitative Scale
3	Moderate	\$1M - \$3M	· Moderate potential for negative media attention/publicity and damage to reputation. · Moderate risk of legal action, regulatory fines, penalties, or enforcement actions. · Expected moderate increase in regulatory scrutiny. · Expected moderate financial or business impact. · Expected moderate financial or business impact associated with implementing corrective actions. · Customers will interact with representatives from the organization on a sporadic basis. · The NPBA will be offered to the existing customer base, which may include customers subject to heightened regulatory scrutiny. · TPPs are responsible for aspects of some importance in the delivery of the NPBA, but there is limited customer interaction. · If issues arise, the potential for customer impact would be moderate. · Moderate changes to processes and practices are required to implement the NPBA.
4	Elevated	\$3M - \$15M	· Increased potential for negative media attention/publicity and damage to reputation. · Increased risk of legal action, regulatory fines, penalties, or enforcement actions. · Generally complex regulatory environment, increased regulatory scrutiny, and significant impact on business operations. · Expected large financial or business impact associated with implementing corrective actions. · Customers will interact with representatives from the organization on a frequent basis. · The NPBA will be offered to customers subject to heightened regulatory scrutiny. · TPPs are responsible for several important aspects in the delivery of the NPBA. · If issues arise, the potential for customer impact would be elevated. · Changes to processes and practices are required to implement the NPBA.

Appendix B. Impact

Impact			
Score	Rating	Quantitative Scale	Qualitative Scale
5	High	Over $15M	· Significant potential for negative publicity, damage to reputation, and loss of public confidence. · Complex regulatory environment, heightened regulatory scrutiny, and wide-spread impact to business operations. · Potential for significant litigation, regulatory fines, penalties, and enforcement actions. · Expected significant costs associated with implementing corrective actions. · The NPBA will be offered primarily to customers subject to heightened regulatory scrutiny. · TPPs are responsible for significant aspects in the delivery of the NPBA, including customer-facing activities. · If issues arise, the potential for customer impact would be high. · Customers will interact with representatives from the organization on a regular basis. · Significant changes to processes and practices are required to implement the NPBA. · Any "Significant Transactions," as defined in the NPBA Policy.

Appendix C. Likelihood

Likelihood		
Score	**Rating**	**Likelihood of Risk Occurring**
1	Low	· Five years after implementation. · Not a current area of regulatory focus. · No litigation and/or enforcement activities in the market in the past 24 months. · Non-complex regulatory requirements and no changes to requirements over the past 24 months. · No changes in the business environment relevant to the NPBA in the past 24 months.
2	Moderate-to-Low	· Within five years of implementation. · Minimal regulatory focus over the past 24 months. · Minimal litigation and enforcement activities in the market in the past 24 months. · Minimal complex regulatory requirements and minor changes to such requirements over the past 24 months. · Minimal changes in the business environment relevant to the NPBA in the past 24 months.
3	Moderate	· Within one year of implementation. · Moderate regulatory focus over the past 24 months. · Moderate litigation and enforcement activities in the market in the past 24 months. · Some complex regulatory requirements and some changes to requirements over the past 24 months. · Some changes in the business environment relevant to the NPBA in the past 24 months.
4	Elevated	· Within six months of implementation. · Heightened regulatory focus over the past 24 months. · Increased litigation and enforcement activities in the market in the past 24 months. · Complex regulatory requirements and changes to requirements over the past 24 months. · Major changes in the business environment relevant to the NPBA in the past 24 months.

Appendix C. Likelihood

Likelihood		
Score	Rating	Likelihood of Risk Occurring
5	High	· Within one month of implementation. · Significant regulatory focus in the past 12 months. · Significant litigation and enforcement activities in the market in the past 12 months. · Complex regulatory requirements and changes to requirements over the past 12 months. · Significant changes in the business environment relevant to the NPBA in the past 12 months.

Appendix D. Control Environment

Control Environment*		
Score	Rating	Description
1	Strong	· Existing control(s) are well-designed and can be used to mitigate the risks associated with the proposed NPBA. They are all preventive controls and mostly automated.
2	Effective	· Existing control(s) are well-designed and can be used to mitigate the risks associated with the proposed NPBA. They are mostly preventive and automated.
3	Satisfactory	· Existing control(s) can be used to mitigate the risks associated with the proposed NPBA but they are primarily detective controls and may be manual.
4	Needs Improvement	· Existing control(s) can be used to mitigate the risks associated with the proposed NPBA but need to be strengthened.
5	Weak	· New control(s)

**The evaluation of the control environment entails assessing the design and operational readiness of existing controls. Existing controls marked as "new" are rated "weak" while existing controls marked as "enhanced" are rated "needs improvement" by default.*

Appendix E. Quality of Risk Management

QRM Ratings*		
Score	Rating	Description
1	Strong	· There is a robust culture of compliance with strong governance and oversight. · Policies and procedures are clear and well-communicated throughout the business line. · Each function is adequately staffed in terms of staffing levels and required expertise. · Roles and responsibilities are well-defined and well-communicated throughout the business line. · Personnel receive appropriate training on a regular basis. · Robust MIS, IT, and data processes are in place.
2	Effective	· There is an effective culture of compliance with widespread governance and oversight. · Policies and procedures are well-documented and communicated. · Most functions are adequately staffed in terms of staffing levels and required expertise. · Roles and responsibilities are defined and communicated throughout the business line. · Personnel receive adequate training. · Adequate MIS, IT, and data processes are in place.
3	Satisfactory	· There is a satisfactory culture of compliance with sufficient governance and oversight. · Policies and procedures are generally well-documented. · Roles and responsibilities are generally understood. · Overall, functions are adequately staffed and personnel possess sufficient expertise. · Personnel receive sufficient training. · Sufficient MIS, IT, and data processes are in place.
4	Needs Improvement	· The compliance culture, governance, and oversight structures are lacking. · Roles and responsibilities are generally not well-defined nor well-communicated. · Policies and procedures are lacking and are not communicated and enforced. · The training offered is limited. · Basic MIS, IT, and data processes are in place.

Appendix E. Quality of Risk Management

QRM Ratings*		
Score	Rating	Description
5	Weak	· There is a weak culture of compliance with deficient governance and oversight structures. · Roles and responsibilities are not well-defined. · Policies and procedures are not clearly documented and communicated. · Personnel receive insufficient training. · MIS, IT, and data processes tend to be inadequate and insufficient.

**The Risk Management function evaluates the QRM for the business line that will offer the proposed NPBA.*

Appendix F. Risk Matrices

Inherent Risk Matrix						
Impact	High	Moderate	Elevated	Elevated	High	High
	Elevated	Moderate	Moderate	Elevated	Elevated	High
	Moderate	Low-to-Moderate	Moderate	Moderate	Elevated	Elevated
	Low-to-Moderate	Low	Low-to-Moderate	Low-to-Moderate	Moderate	Elevated
	Low	Low	Low	Low	Low-to-Moderate	Moderate
		5+ Years (Low)	5 Years (Moderate-to-Low)	1 Year (Moderate)	6 Months (Elevated)	1 Month (High)
		Likelihood				

Evaluation of Controls Matrix

Control Environment	Weak	Weak	Weak	Weak	Weak	Weak
	Needs Improvement	Needs Improvement	Needs Improvement	Needs Improvement	Weak	Weak
	Satisfactory	Satisfactory	Satisfactory	Satisfactory	Needs Improvement	Weak
	Effective	Effective	Effective	Effective	Satisfactory	Needs Improvement
	Strong	Strong	Strong	Strong	Effective	Satisfactory
		Strong	Effective	Satisfactory	Needs Improvement	Weak
		QRM				

Exhibit 2.F

Residual Risk Matrix						
Inherent Risk	High	Moderate	Elevated	High	High	High
	Elevated	Low-to-Moderate	Moderate	Elevated	Elevated	High
	Moderate	Low	Low-to-Moderate	Moderate	Elevated	Elevated
	Low-to-Moderate	Low	Low	Low-to-Moderate	Low-to-Moderate	Low-to-Moderate
	Low	Low	Low	Low	Low	Low
		Strong	Effective	Satisfactory	Needs Improvement	Weak
		Evaluation of Controls				

Exhibit 2.G.

Santander Consumer USA

New Products/Business Activities Procedures

DRAFT

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1. Introduction

1.1 Background

Santander Consumer USA Inc. ("SCUSA") is subject to regulatory expectations and requirements relating to the prudent management of risks associated with new, expanded, or modified products, services, and business initiatives (collectively, "New Products/Business Activities" or "NPBAs").[1] Applicable regulatory expectations and requirements include those issued by:

- The Board of Governors of the Federal Reserve System ("FRB");
- The Consumer Financial Protection Bureau; and
- State and local jurisdictions.

For example, the FRB expects senior management to approve NPBAs only after a thorough evaluation of the risks and benefits, including the impact on the liquidity risk profile of the organization, associated with each proposed NPBA.

The bulletin on Risk Management of New, Expanded, or Modified Bank Products and Services (Bulletin 2004-20) issued by the Office of the Comptroller of the Currency ("OCC") also provides helpful guidance regarding supervisory expectations surrounding NPBAs. For example, the OCC expects that banks introduce NPBAs only after determining the risks of the NPBA, ensuring the proposed NPBA is consistent with their strategic direction, and implementing appropriate risk management controls and practices.

1.2 Purpose of the Document

As part of its ongoing efforts to ensure compliance with applicable regulatory expectations and requirements, SCUSA is enhancing its procedures to oversee and govern the timely identification, review, and approval of NPBAs. These SCUSA New Products/Business Activities Procedures (the "Procedures") describe the processes (the "NPBA Process") for managing NPBAs and implementing the requirements set forth in the SCUSA New Products/Business Activities Policy (the "Policy"). These Procedures are intended to provide sufficient level of detail to ensure that SCUSA's lines of business, oversight and control functions, and support units understand, implement, and perform the NPBA Process described herein in a timely and consistent manner.

[1] For a definition of NPBA, refer to the SCUSA New Products/Business Activities Policy.

The objectives of SCUSA's NPBA Process are to:

- Ensure NPBAs are consistent with SCUSA's strategic plan;
- Introduce NPBAs in a risk-appropriate manner;
- Conduct due diligence on, and properly consider all the risks associated with, NPBAs, including consideration of customer impact;
- Obtain the necessary senior management and board recommendations and approvals at the SCUSA and Santander Holdings USA, Inc. ("SHUSA") level; and
- Meet applicable regulatory expectations relating to NPBAs. In doing so, this process attempts to ensure that:
    - Strategic, reputational, credit, market, liquidity, operational, compliance, regulatory, data, model, and other risks are identified, evaluated, mitigated, and/or managed, as practicable and appropriate;
    - All risks are evaluated and communicated to the appropriate personnel responsible for managing those risks; and
    - The proposing business line and oversight and control functions are fully prepared to support proposed NPBAs.

SCUSA must not launch any NPBAs without review and approval by the SHUSA Board of Directors ("SHUSA Board") in accordance with the Policy and the Procedures.

1.3 Scope

The Procedures apply to all NPBAs, as defined in the Policy, and to **all** SCUSA's lines of business, oversight and control functions, and support units.

1.4 Document Maintenance and Approval

The Procedures are authored and owned by the NPBA Project Management Office ("PMO") and are approved by the SCUSA NPBA Committee.

The NPBA PMO reviews and updates the Procedures at least annually, or when changes occur. Changes or updates must be approved by the SCUSA NPBA Committee.

2. NPBA Process

2.1 NPBA Process Overview

In accordance with the Policy, SCUSA must identify, monitor, and mitigate the risks associated with NPBAs, and ensure adequate oversight throughout the product lifecycle, from proposal, due diligence and risk assessment, through approval and post-launch monitoring and reporting.

Figure 1 outlines the key, high-level steps in the NPBA Process. For a detailed description of the NPBA Process, see work flows in **Appendix II**.

Figure 1: Overview of the SCUSA NPBA Process

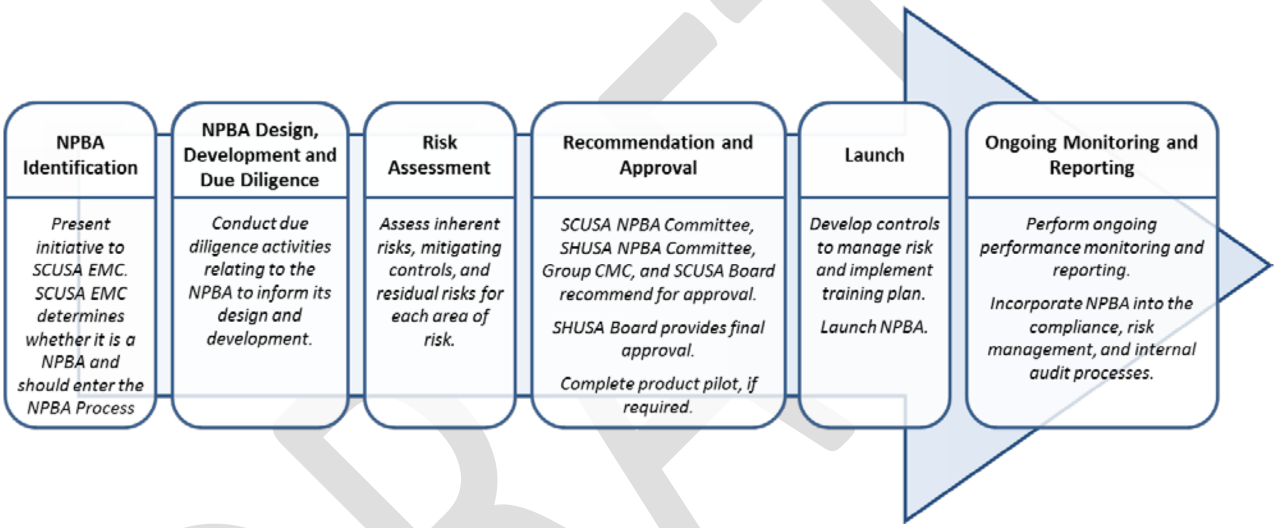
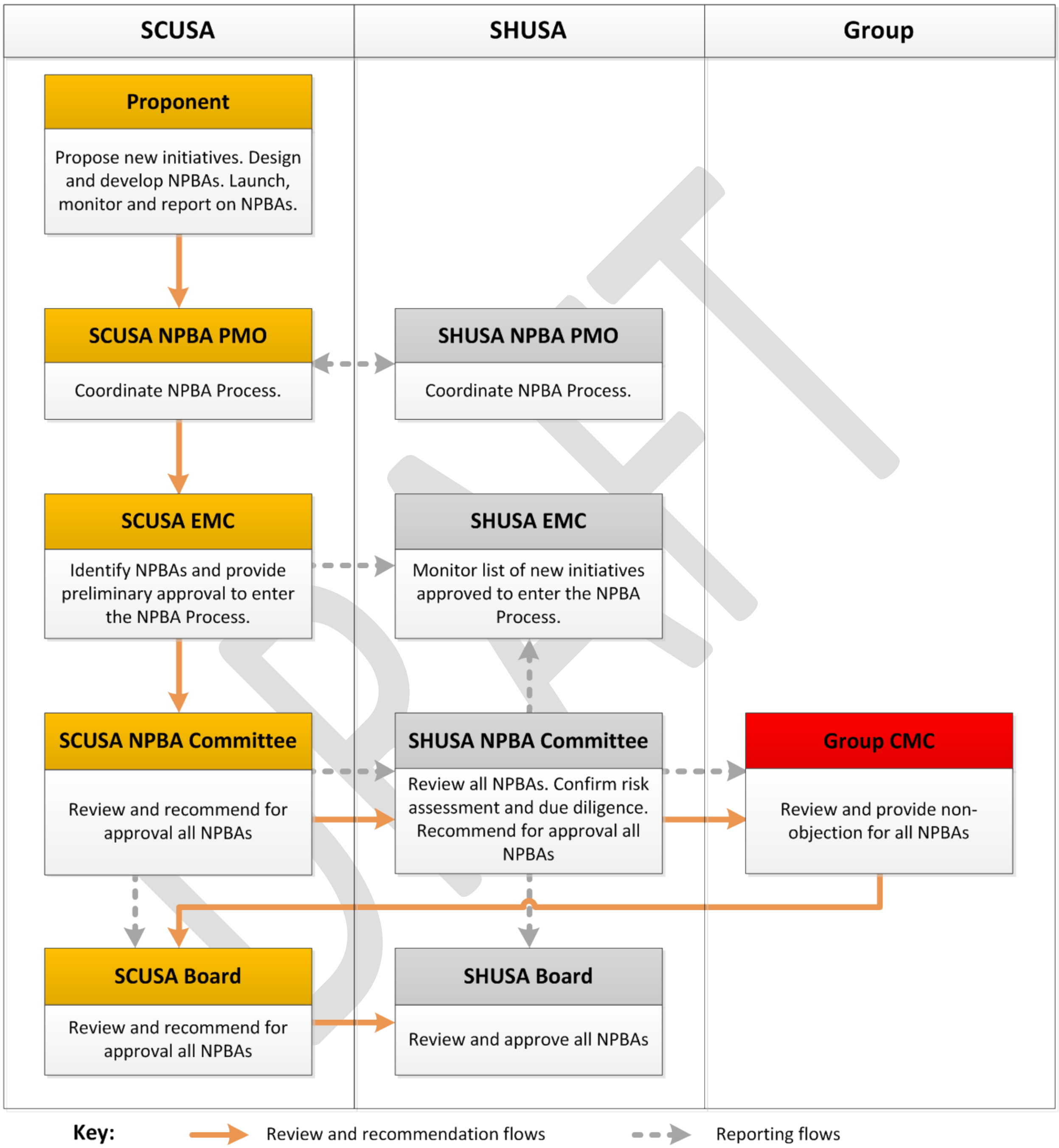


Figure 2 outlines the recommendation and approval stages in the NPBA Process.

Figure 2: Recommendation and Approval Stages



2.2 Roles and Responsibilities

The roles and responsibilities of the critical parties involved in the NPBA Process are as follows:

NPBA Roles and Responsibilities	
Sponsoring Unit (the "Proponent")	The Proponent conceives the NPBA. The Proponent is responsible for leading the design and development of the NPBA, conducting thorough due diligence, completing the risk assessment, presenting the NPBA to the applicable approval committees, seeking the required recommendations and approvals, and satisfying applicable pre- and post-approval requirements, including requirements regarding performance monitoring, testing, and reporting. The Proponent is typically a manager in the business line.
NPBA Development Team	The NPBA Development Team is a cross-functional team including representatives from Risk Management, including the relevant risk disciplines such as Compliance Risk, Liquidity Risk, Credit Risk, Operational Risk, and corporate functions (e.g., Information Technology ("IT"), Operations, Legal, Human Resources ("HR"), Treasury, and Finance). The NPBA Development Team is responsible for advising and providing critical input in the Proponent's development of the NPBA, assisting the Proponent in developing the due diligence materials, overseeing the risk assessment, and challenging the results of the risk assessment.
NPBA PMO	The SCUSA PMO is responsible for coordinating the NPBA Process, managing SCUSA's NPBA pipeline, forming and coordinating the activities of the NPBA Development Team, and providing support to the Proponent and the NPBA Development Team. The SCUSA PMO advises the Proponent on how to navigate the NPBA Process in the most efficient manner, attends NPBA Development Team meetings, and prepares regular reports on the NPBA Process for distribution to the SCUSA NPBA Committee.
Risk Management and Compliance	The Risk Management function and the Compliance function are responsible for reviewing and challenging the risk assessment analysis prepared by the Proponent and ensuring that the Proponent has satisfied all applicable conditions and requirements before presentation to the SCUSA NPBA Committee. The Risk Management and Compliance functions also provide expertise to the Proponent throughout the product lifecycle and monitor the NPBA during implementation and post-launch.

NPBA Roles and Responsibilities	
Executive Management Committee (“EMC”)	The EMC is responsible for determining (i) whether a proposed initiative meets the definition of a “NPBA,” and (ii), if so, whether a NPBA is sufficiently aligned with SCUSA’s strategic plan for entry to the NPBA Process.
SCUSA NPBA Committee	The SCUSA NPBA Committee is responsible for reviewing each NPBA Submission Package, recommending for approval all NPBAs to the SHUSA NPBA Committee, and overseeing the approval process, including post-launch monitoring. The SCUSA NPBA Committee also prepares monthly reporting packages for the SHUSA NPBA Committee.
SCUSA Board of Directors (“Board”)	The SCUSA Board ensures SCUSA effectively adopts and implements the Policy. The Board reviews all NPBAs at SCUSA and decides whether to recommend them for final approval to the SHUSA Board. In addition, the SCUSA Board reviews periodic NPBA pipeline and post-launch performance reports provided by the SCUSA NPBA Committee.
Internal Audit	Internal Audit is responsible for conducting independent reviews of the NPBA Process, participating in the review of NPBAs, and performing product post-launch reviews, audits, and testing. Internal Audit participates in the NPBA process for purposes of providing robust analysis and challenge of due diligence and risk assessment processes. Internal Audit will attend the NPBA Committee meetings as an observer and does not approve or endorse the approval of any NPBA.

3. Procedures

3.1 NPBA Identification

NPBAs may be proposed by one of two methods: (i) they are agreed to and included as part of the subsidiary's approved strategic plan; or (ii) they are proposed by a Proponent during the year, but are not part of the existing strategic plan.

When a line of business becomes aware of a new initiative, the Proponent completes all sections of the Proposed Initiative Evaluation Form (the "Intake Form") (see **Appendix III**), providing details of the proposing unit and full details on the description of the proposed initiative, including key features, risk profile, and business needs. The head of the business line, the NPBA PMO, and the business line's Legal, Compliance, and Risk representatives review the completed Intake Form for accuracy, and provide guidance to the Proponent if the form requires additional detail. The head of the business line is accountable for ensuring all initiatives are correctly handled. The NPBA PMO maintains a record of all new initiatives that it becomes aware of, including those that do not meet the definition of a NPBA. This list may be used by the SCUSA NPBA Committee to ensure consistent application, and monitor compliance with, the Policy.

Documentation Requirements

- *Completed Intake Form.*

3.1.1 Preliminary Approval

The Proponent submits the completed Intake Form to the SCUSA EMC, with assistance from the NPBA PMO. To ensure timely review, the Proponent submits the Intake Form to the SCUSA EMC in accordance with the timeframes specified in Section 3.7. Proponents are not invited to present the Intake Form submissions at the EMC meeting. The SCUSA EMC reviews the Intake Form, determines whether the proposal meets the definition of a NPBA, and, if so, ensures the NPBA aligns with SCUSA's strategic plans, and provides a preliminary approval for the NPBA to enter the NPBA pipeline and process.

The SCUSA EMC may determine that the initiative does not meet the definition of NPBA and that the initiative is subject to an alternate risk management, review, and approval process (e.g., credit review process). The Proponent develops such initiatives outside of this process, in accordance with the EMC's determination. The NPBA PMO maintains a record of all new initiatives presented to the EMC, including those that do not meet the definition of NPBA. This list may be used by the SCUSA NPBA Committee to ensure consistent application, and monitor compliance with, the Policy.

The SCUSA EMC elects an EMC member, typically the head of the relevant business line, to sponsor the NPBA. Upon preliminary approval for the NPBA to enter the NPBA Process, the Proponent, with the assistance of the NPBA PMO, coordinates with, and provides a copy of Intake Form to, the Risk, Recommendation, Regulators and Remediation ("4R") Project Office. The 4R Project Office notifies relevant regulatory bodies of SCUSA's plans regarding the NPBA, and continues to do so throughout the NPBA Process.

Should a proposal be denied, the SCUSA EMC will provide guidance to the Proponent on how to proceed.

Documentation Requirements

- *EMC preliminary approval/rejection notice; and*
- *Initial presentation of the NPBA to relevant regulatory bodies in the form of a verbal or written communication.*

3.2 NPBA Design, Development, and Due Diligence

3.2.1 Governance

The SCUSA EMC sends its preliminary approval to the NPBA PMO and the NPBA PMO coordinates the NPBA Process.

The NPBA PMO forms a NPBA Development Team that advises and assists the Proponent in the development of the NPBA. Representatives from the line of business, oversight and control functions, and support units, including Risk Management, Legal, Compliance, IT, Tax, Accounting, Treasury, Operations, Service Quality, and HR, amongst others, comprise the NPBA Development Team. The NPBA PMO selects members of the NPBA Development Team on the basis of the nature, risk, and complexity of the NPBA, and the skills and expertise required to develop the NPBA. The NPBA PMO may subsequently add or remove members of the NPBA Development Team, as appropriate.

The NPBA PMO collaborates with the Proponent and the NPBA Development Team to create a governance framework, detailing the roles and responsibilities of the parties involved in the development, review, recommendation, and approval of the NPBA. The NPBA PMO, the Proponent, and NPBA Development Team identify documentation requirements, including the approvals and certifications the Proponent needs prior to presentation of the NPBA to the SCUSA NPBA Committee, such as IT certifications, expense request approvals, and risk committee(s) approvals. Collectively, they produce a robust and feasible project plan for the development of the NPBA, including milestones and associated timelines to monitor the progress of the project. The Proponent should use the timeframes, set out in Section 3.7, to inform the timelines in the project plan, working backwards from the target SCUSA and SHUSA Board meetings at which they would like to present the NPBA.

Documentation Requirements

- *NPBA Development Team member list;*
- *Governance framework, including roles and responsibilities, and a list of approvals and certifications required to be obtained; and*
- *Project plan, including milestones and timelines.*

3.2.2 NPBA Development

The Proponent and NPBA Development Team design and develop the NPBA in accordance with the project plan. The Proponent maintains a log of questions that arise during the development and due diligence phases. The log of questions is used throughout the NPBA Process to track issues through to remediation and to inform and record information entered into and gathered from the due diligence and risk assessment activities.

During the development of the proposed NPBA, the Proponent provides regular progress and status updates to the NPBA PMO and the SCUSA NPBA Committee. The frequency and level of detail of such reporting will be defined by the NPBA PMO and SCUSA NPBA Committee.

Documentation Requirements

- *The Proponent should retain appropriate and relevant records of its interactions with the NPBA Development Team and other relevant functions during the development stage; and*
- *Development Team Questions Log.*

3.2.3 Due Diligence

The due diligence phase takes place in parallel with the design and development of the NPBA and provides the basis and context for the Risk Assessment (see Section 3.3). The information gathered and the analysis performed during the due diligence phase ensure the SCUSA NPBA Committee has a realistic understanding of the risks and rewards of the NPBA being considered, and help provide credible challenge to the NPBA.

The due diligence phase culminates in the completion of the NPBA Proposal Form (see ***Appendix IV)***, which, together with the Intake Form and the Risk Assessment, comprise the NPBA Submission Package submitted to the SCUSA NPBA Committee for recommendation.

The Proponent, with support and input from the NPBA Development Team, conducts the following due diligence activities prior to and during the development phase. The following activities are not an exhaustive list, but serve as a guide to the Proponent as to the factors that may be considered when developing the NPBA. Accordingly, the NPBA Development team may determine that some of the activities listed here are not applicable to the NPBA.

- Prepare a detailed business case for the introduction of the NPBA that outlines why SCUSA should pursue this opportunity, analyzes the competitive landscape, and provides an overview of the desired customer base, including an analysis of possible risks to customers.
- Develop business and financial plans that assess the objectives and strategies for how the NPBA will be brought to market.
- Produce financial projections under various scenarios (normal and stressed conditions) to support the financial plans and to monitor and assess the performance of the NPBA post-launch.

- Develop a pricing process and fee structure for the NPBA.
- Prepare a detailed analysis of resource requirements, including staffing needs, expertise required to manage the NPBA, and capital and operating expenditure projections.
- Work with the IT and Operations to assess the IT and data-related needs to support the development, implementation, and administration of the NPBA and prepare all necessary documentation (e.g., business requirement document, budget, and implementation plan for IT build-out).
- Produce an analysis of regulatory requirements applicable to the NPBA and work with Legal to ensure the list is comprehensive and appropriately mapped to the NPBA.
- Work with Legal to produce a list of applicable licensing requirements.
- Work with Accounting to identify applicable accounting and tax requirements, and submit required forms, as necessary.
- Produce a training needs assessment with adequate documented analysis to support the determination of the level and form of training required, such as the rollout of communications or use of SCUSA's learning management system.
- Develop a training plan to be implemented prior to the launch of the NPBA. The plan should include sufficient detail to enable personnel involved in the distribution of the NPBA to be fully versed in the features and performance of the NPBA.
- Work with Risk Management, and other relevant functions, to document, develop, validate and approve all proposed models in accordance with the SCUSA Model Risk Management Policy.
- Work with Legal to develop customer and third-party legal and contractual documentation required, such as loan purchase agreements, originations agreements, service level agreements, and servicing agreements.
- Work with Legal and Compliance to develop proposed marketing materials and obtain the necessary approvals.
- Work with Legal and Compliance to draft other necessary legal documentation, such as terms and conditions, term sheets, disclosures, servicing letters, and customer statements, and obtain the necessary approvals.
- Provide details of any transactions with affiliates and work with Compliance to gather the necessary approvals for such transactions.
- Provide details of any third-party service providers ("TPPs") involved in the NPBA, conducts sufficient due diligence on each TPP, including questionnaires, risk assessments, monitoring plans, and work with the TPP Risk Management Group to gather the necessary approvals.
- Work with relevant risk areas to compile a list of new policies and procedures to be developed, or existing policies and procedures to be revised, to address the NPBA.
- Develop ongoing business unit monitoring plans that include key performance metrics (e.g., customer service metrics, such as consumer complaints, inquiries, or mystery shopper results, financial performance, number of new customers, operational issues, impact on systems, effectiveness of controls, and other quantitative benchmarks), significant issues and their remedial activities. Relevant control functions also develop monitoring plans (e.g., compliance

monitoring plan, internal audit plan) covering the metrics they deem appropriate to ensure adequate oversight. Monitoring plans are tied to exit strategies.

- Develop an exit strategy that is tied to the ongoing performance monitoring of the NPBA post-launch, including resolution and recovery strategies along varying degrees of the product's degradation to the point of exit. The exit strategy may explore various options available to SCUSA, such as ceasing to offer the NPBA, rolling-off as the NPBA offered expires or comes due, selling off the portfolio, cancelling facilities offered to customers, or the offering of an alternative product. The exit strategy may also discuss loss estimates, time to exit, accelerated strategies, and haircuts.

Once the Proponent and the NPBA Development Team have conducted sufficient due diligence, the Proponent documents his/her due diligence activities in the NPBA Proposal Form, which provides a detailed overview of the NPBA and outlines all applicable requirements, including staffing and technology needs. The NPBA PMO reviews NPBA Proposal Form for completeness prior to submission to the SCUSA NPBA Committee.

<u>Documentation Requirements</u>

- *Completed NPBA Proposal Form, including supporting documentation such as:*
  - *Detailed business case;*
  - *Business and financial plans;*
  - *Financial projections;*
  - *Pricing and fee structure;*
  - *Resource requirements;*
  - *IT and operational requirements;*
  - *Regulatory requirements applicable to the NPBA;*
  - *Licensing requirements applicable to the NPBA;*
  - *Accounting and tax requirements, and submitted forms;*
  - *Training needs assessment and training plan;*
  - *Financial models development and validation;*
  - *Legal and contractual documentation;*
  - *Marketing materials;*
  - *Other legal documentation, including terms and conditions;*
  - *Analysis of transactions with affiliates, and approvals;*
  - *Due diligence on third-party service providers, and approvals;*
  - *List of required policies and procedures;*
  - *Monitoring plans; and*
  - *Exit strategies.*

3.3 Risk Assessment

As part of the NPBA Process, the Proponent and the Development Team take a number of steps to identify and assess the risks associated with the introduction of proposed NPBAs. These steps are:

- Risk identification;
- Determination of inherent risk;
- Identification of required controls and evaluation of existing controls, as appropriate; and
- Determination of residual risk.

These steps align with the overall risk assessment process, as outlined in the SCUSA Risk Identification and Assessment Policy, but have been modified to address the specificities of the NPBA Process. For example, SCUSA realizes that the Proponent and the Risk Management function may not be in a position to evaluate the overall effectiveness of the control environment as controls often need to be developed and/or enhanced to mitigate the specific risks posed by each proposed NPBA. Therefore, the NPBA risk assessment process includes only an evaluation of the design of the identified controls and the Proponent develops a plan to assess the effectiveness of controls post-implementation and provides reports to the SCUSA NPBA Committee on the results of his/her assessment.

3.3.1 Risk Identification

As a first step in the NPBA risk assessment process, the Proponent prepares an inventory of the risks posed by the proposed NPBA and assigns them to specific risk events in the NPBA Risk Assessment Template (see ***Appendix V***) for review by Risk Management.[2] In identifying the risks associated with the proposed NPBA, the Proponent considers the characteristics of the proposed NPBA individually and in relation to the business lines and entities that will offer, manage, or sell the proposed NPBA. The Proponent may consider the Inherent Risk Questions, maintained in the document repository (see Section 4), to inform his/her identification of risk events and assignment of inherent risk ratings, as described in the next section.

3.3.2 Determination of Inherent Risk

After completing the risk inventory, the Proponent assigns an inherent risk rating to each of the identified risks on a scale of high, elevated, moderate, low-to-moderate, and low. The inherent risk rating includes an evaluation of the impact and likelihood of the identified risks, as set forth below in ***Figure 2***. SCUSA has developed definitions of inherent risk ratings that include quantitative and qualitative factors in line with its RTS. These definitions of inherent risk ratings are intended to guide the Proponent in his/her assessment of the inherent risks associated with the introduction of the NPBA. The Proponent should expand on those pre-defined factors or consider additional factors, as appropriate, including an evaluation of the potential for customer impact, and articulate the rationale behind his or her assessment with respect to each area of risk, as required in the NPBA Risk Assessment Template.

Figure 2: Inherent Risk Matrix

[2] The risk categories in the NPBA Risk Assessment Template align with the Enterprise Risk Management Framework, the Risk Tolerance Framework, and the Risk Tolerance Statement ("RTS") of SHUSA and SCUSA.

Inherent Risk						
Impact	High	Moderate	Elevated	Elevated	High	High
	Elevated	Moderate	Moderate	Elevated	Elevated	High
	Moderate	Low-to-Moderate	Moderate	Moderate	Elevated	Elevated
	Low-to-Moderate	Low	Low-to-Moderate	Low-to-Moderate	Moderate	Elevated
	Low	Low	Low	Low	Low-to-Moderate	Moderate
		5+ Years	5 Years	1 Year	6 Months	1 Month
		Likelihood				

3.3.3 Identification of Required Controls and Evaluation of Existing Controls

The Proponent works with the Risk Management function to identify the controls necessary to mitigate the risks associated with the proposed NPBA. As part of this process, the Proponent, with challenge and oversight from the Risk Management function, determines whether existing controls could be adopted; evaluates their design and operational readiness, and identifies the need for new and/or enhanced controls. The Proponent documents his/her analysis in the NPBA Risk Assessment Template and prepares a list of the identified controls, organized in terms of existing, enhanced (i.e., existing controls that require enhancement), and new controls.

The evaluation of existing controls consists of an assessment of the control environment as well as the Quality of Risk Management ("QRM") of the business line offering the NPBA on a scale of strong, effective, satisfactory, needs improvement, and weak, as set forth below in ***Figure 3***.

Figure 3: Evaluation of Controls Matrix

Evaluation of Controls						
Control Environment	Weak	**Weak**	**Weak**	**Weak**	**Weak**	**Weak**
	Needs Improvement	**Needs Improvement**	**Needs Improvement**	**Needs Improvement**	**Weak**	**Weak**
	Satisfactory	**Satisfactory**	**Satisfactory**	**Satisfactory**	**Needs Improvement**	**Weak**
	Effective	**Effective**	**Effective**	**Effective**	**Satisfactory**	**Needs Improvement**
	Strong	**Strong**	**Strong**	**Strong**	**Effective**	**Satisfactory**
		Strong	Effective	Satisfactory	Needs Improvement	Weak
		QRM				

SCUSA has identified a set of quantitative and qualitative factors included in the NPBA Risk Assessment Template to guide the Proponent and the Risk Management function in their assessments of the control environment and QRM, respectively. These factors are not intended to be all-encompassing and should be supplemented by additional considerations, as appropriate.

Should new or enhanced controls be needed, the Proponent assigns a rating of “weak” to new controls and a rating of “needs improvement” to enhanced controls, and develops monitoring plans to assess the effectiveness of all required controls post implementation.

3.3.4 Determination of Residual Risk

After completing the assessment of the inherent risks and the controls for each proposed NPBA, the Proponent combines the results into the NPBA Risk Assessment Template to determine the residual risk rating for each area of risk on a scale of high, elevated, moderate, low-to-moderate, and low, as set forth below in ***Figure 4***.

Figure 4: Residual Risk Matrix

Residual Risk						
Inherent Risk	High	**Moderate**	**Elevated**	**High**	**High**	**High**
	Elevated	**Low-to-Moderate**	**Moderate**	**Elevated**	**Elevated**	**High**
	Moderate	**Low**	**Low-to-Moderate**	**Moderate**	**Elevated**	**Elevated**
	Low-to-Moderate	**Low**	**Low**	**Low-to-Moderate**	**Low-to-Moderate**	**Low-to-Moderate**
	Low	**Low**	**Low**	**Low**	**Low**	**Low**
		Strong	Effective	Satisfactory	Needs Improvement	Weak
		Evaluation of Controls				

In addition, the Proponent collaborates with the Risk Management function to consolidate the results of the risk assessment process into a NPBA Risk Matrix (***Figure 5***) that provides the SCUSA NPBA Committee with a holistic view of the risks associated with the introduction of the proposed NPBA with respect to each area of risk. The SCUSA NPBA Committee reviews the NPBA Risk Assessment Template and NPBA Risk Matrix and determines the overall residual risk rating for the proposed NPBA. In determining the overall residual risk rating, the SCUSA NPBA Committee also considers from a firm-wide perspective whether: (i) the NPBA, either individually or as part of the current portfolio of products and services, could disrupt or compromise the safety and soundness of SCUSA; (ii) the NPBA involves areas of risk subject to heightened regulatory scrutiny, both generally and with respect to SCUSA; (iii) the NPBA is targeted to protected classes of borrowers, or (iv) the NPBA poses heightened implementation risk.

Figure 5: NPBA Risk Matrix

NPBA Risk Matrix		
Risk Category	Residual Risk Rating	Drivers
Strategic Risk		
Reputational Risk		
Credit Risk		
Market Risk		
Liquidity Risk		
Operational Risk		
Compliance Risk		
Regulatory Risk		
Data Risk		
Model Risk		
Other		
Overall Residual Risk Rating*		

*To be determined by the SCUSA NPBA Committee

The Proponent attaches the completed NPBA Risk Assessment Template to the NPBA Proposal Form.

<u>Documentation Requirements</u>

- *NPBA Risk Assessment Template and the NPBA Risk Matrix for inclusion into the NPBA Proposal Form.*

3.4 Recommendation and Approval

3.4.1 SCUSA NPBA Committee Recommendation

Upon completion of the due diligence and risk assessment phases, the Proponent prepares the NPBA Submission Package for presentation to the SCUSA NPBA Committee, including the Intake Form, NPBA Proposal Form, and all other documentation relevant to the NPBA. The Proponent submits the NPBA Submission Package to the SCUSA NPBA Committee for its review and recommendation to the SHUSA NPBA Committee. To ensure timely review, the Proponent submits the NPBA Submission Package, with the assistance of the NPBA PMO, to the SCUSA NPBA Committee in accordance with the timeframes specified in Section 3.7.

During the SCUSA NPBA Committee meeting, the Proponent presents the NPBA Submission Package to the SCUSA NPBA Committee. The Proponent may invite members of the NPBA Development Team to present at the meeting.

The SCUSA NPBA Committee reviews the NPBA Submission Package, including the results of the risk assessment, and determines whether to recommend the NPBA to the SHUSA NPBA Committee. The SCUSA NPBA Committee ensures that the NPBA is consistent with SCUSA's strategic objectives and risk profile. The SCUSA NPBA Committee determines the overall risk level of the NPBA on the five-point scale, from low to high risk, as described in Section 3.3. As part of its recommendation to the SHUSA NPBA Committee, the SCUSA NPBA Committee may include pre-launch requirements, such as the completion of a pilot, as well as post-launch requirements, such as limitations on volume or the composition of the desired customer base.

Should the SCUSA NPBA Committee require the Proponent to conduct a pilot, the SCUSA NPBA Committee uses the results of the risk assessment to determine the scale and duration of such pilot as well as the frequency of post-launch monitoring and reporting activities (see Section 3.4.2).

The Proponent notifies the 4R Project Office of the completion of the NPBA Submission Package and the 4R Project Office updates the relevant regulatory bodies of the progress of the NPBA.

Alternatively, the SCUSA NPBA Committee may deem the proposal to be deficient, or ask the Proponent to provide additional analysis or information to support its decision (see Section 3.4.4).

Should a proposal be denied, the SCUSA NPBA Committee provides an explanation of why the proposal was denied and guidance to the Proponent on how to proceed. Circumstances under which the SCUSA NPBA Committee may deny the proposal include a diminished appetite for development of the NPBA, or substantial differences in the updated estimates relating to the NPBA (e.g., differences in financial projections or in the results of the risk analysis since the submission of Intake Form).

Documentation Requirements

- *SCUSA NPBA Committee recommendation/rejection notice.*

3.4.2 Pilot Programs

Based on the nature of the NPBA and the results of the risk assessment, the SCUSA NPBA Committee or other approval body (e.g., the SHUSA NPBA Committee, the SCUSA Board, or the SHUSA Board) may require the Proponent to conduct a pilot. If a pilot is recommended, the NPBA must still continue through the NPBA Process and receive approval for the pilot to commence from the SHUSA Board. Upon completion of the pilot, the NPBA is presented again to the SHUSA Board for final approval.

Should a pilot be required, the NPBA PMO and NPBA Development Team provide the Proponent with guidance on how to proceed. The Proponent develops a detailed pilot program for the NPBA, including protocols for documenting and reporting results of the pilot program. Pilot programs include parameters, tailored to the NPBA, for developing and evaluating the sufficiency of the pilot (e.g., size, duration, testing, and reporting metrics, such as those used to assess post-implementation performance as part of ongoing monitoring - see Section 3.6.1), and triggers or thresholds for escalation in the event the implementation of the NPBA exceeds the parameters.

The Proponent provides periodic updates to the NPBA PMO and the body that requested the pilot on the status of its execution.

Documentation Requirements

- *Pilot program.*

3.4.3 Further Recommendations

The SCUSA NPBA Committee sends its recommendation, along with the NPBA Submission Package and all supporting documentation, to the SHUSA NPBA Committee. To ensure timely review, the SCUSA NPBA Committee submits documentation to the SHUSA NPBA Committee, with assistance from the NPBA PMO, in accordance with the timeframes specified in Section 3.7. The SHUSA NPBA Committee confirms the risk assessment and the SCUSA NPBA Committee's determination of the overall risk level of the NPBA and evaluates the adequacy of the due diligence performed. The SHUSA NPBA Committee recommends the NPBA to the Group Corporate Marketing Committee ("CMC").

Pursuant to Santander S.A. Corporate Circular 002-2011, the Group CMC reviews the NPBA and provides its non-objection to the SCUSA Board.

The NPBA PMO facilitates the provision of the NPBA Submission Package to the SCUSA Board following non-objection by the Group CMC. To ensure timely review, the NPBA PMO submits documentation to the SCUSA Board in accordance with the timeframes specified in Section 3.7. The SCUSA Board reviews the NPBA Submission Package and recommends the NPBA to the SHUSA Board for final approval.

The SHUSA NPBA Committee, the Group CMC, or the SCUSA Board may ask the Proponent to provide additional analysis or information to support their decision (see Section 3.4.4).

Should a proposal be denied or deemed deficient by the SHUSA NPBA Committee, the Group CMC, or the SCUSA Board, these governance bodies will provide guidance to the Proponent on how to proceed.

3.4.4 Requests for Information

In the event that additional information is requested by any of the committees responsible for recommending the NPBA for approval, the Proponent and NPBA Development Team assemble and submit the requested information to the relevant committee in an expeditious manner with the assistance of the NPBA PMO, preferably before the next regularly scheduled meeting of the committee requesting additional information. The SCUSA NPBA Committee reviews any additional information to be provided to the SHUSA NPBA Committee, the Group CMC, or the SCUSA Board.

3.4.5 Final Approval

After the SCUSA Board's recommendation, the NPBA PMO delivers the NPBA Submission Package to the SHUSA Board for consideration and final approval, and schedules the NPBA for consideration in the SHUSA Board's meeting agenda.

Prior to the SHUSA Board meeting, the SHUSA NPBA Committee coordinates with the SCUSA NPBA Committee to verify that all conditions have been met prior to approval, including the remediation of any outstanding issues, and notifies the SHUSA Board. The SHUSA Board then reviews the NPBA and determines whether to provide final approval.

If the SCUSA NPBA Committee or the SHUSA NPBA Committee has recommended the completion of a pilot, the SHUSA Board determines whether to provide approval for the pilot to commence.. Upon completion of the pilot and remediation of any outstanding issues, the NPBA is presented again to the SHUSA Board for final approval.

Alternatively, the SHUSA Board may ask the Proponent to provide additional analysis or information to support its decision (see Section 3.4.4).

Should a proposal be denied or deemed deficient by the SHUSA Board, the SHUSA Board provides guidance to the Proponent on how to proceed.

<u>Documentation Requirements</u>

- *SHUSA Board final approval/rejection notice.*

3.5 Launch

3.5.1 Training

Prior to launching the NPBA, the Proponent implements the training plan developed during the due diligence phase, and conducts any other training recommended by the SCUSA NPBA Committee (or other approval body) following its review of the proposal. The Proponent documents the training and confirms the completion of training by the relevant employees. The Proponent also implements controls to monitor and supervise employees during the pilot, if applicable, and post-launch, and identifies additional training needs to remediate gaps in employee knowledge or skills required to offer the NPBA.

3.5.2 Product Launch

Prior to launch, the Proponent informs the 4R Project Office of the SHUSA Board's approval of the NPBA, so that the 4R Project Office can inform the relevant regulatory bodies.

The Proponent may launch the NPBA once he/she has obtained all necessary approvals, including final approval from the SHUSA Board. Prior to launch, the Proponent is responsible for developing new or amending existing procedures to reflect the introduction of the NPBA and ensuring completion of applicable training. Compliance and Risk Management are responsible for incorporating the NPBA into their respective compliance and risk management practices, including developing or amending policies and procedures to ensure oversight of the NPBA; while Internal Audit is responsible for including the NPBA in its annual Audit Plan.

3.6 Ongoing Monitoring and Reporting

3.6.1 Ongoing Monitoring

After the NPBA has been launched, the Proponent assesses the effectiveness of the controls he/she has implemented to mitigate the risks associated with the approved NPBA. The Proponent, the relevant risk disciplines (e.g., Risk Management, Compliance), and Internal Audit perform ongoing monitoring on product performance against the Submission Package, incorporating data regarding, for example, customer service metrics, including consumer complaints and inquiries and quality of customer service calls, financial performance, the number of new customers, operational issues, remedial activities, and effectiveness of controls.

Based on the NPBA's performance, the Proponent may be required to change business plans and develop strategy options to address identified risk trends or concerns based on pre-determined triggers and/or thresholds. The Proponent identifies such triggers and/or thresholds as part of its monitoring plans. The NPBA Development Team is responsible for reviewing those plans and ensuring that the triggers and/or thresholds are appropriate for each NPBA.

The SCUSA NPBA Committee may use information about the long-term performance of NPBAs, gathered as part of SCUSA's ongoing management and monitoring of business-as-usual activities, line of business risk identification and assessment exercises, and periodic internal audit reports, to learn lessons about the effectiveness of the NPBA Process.

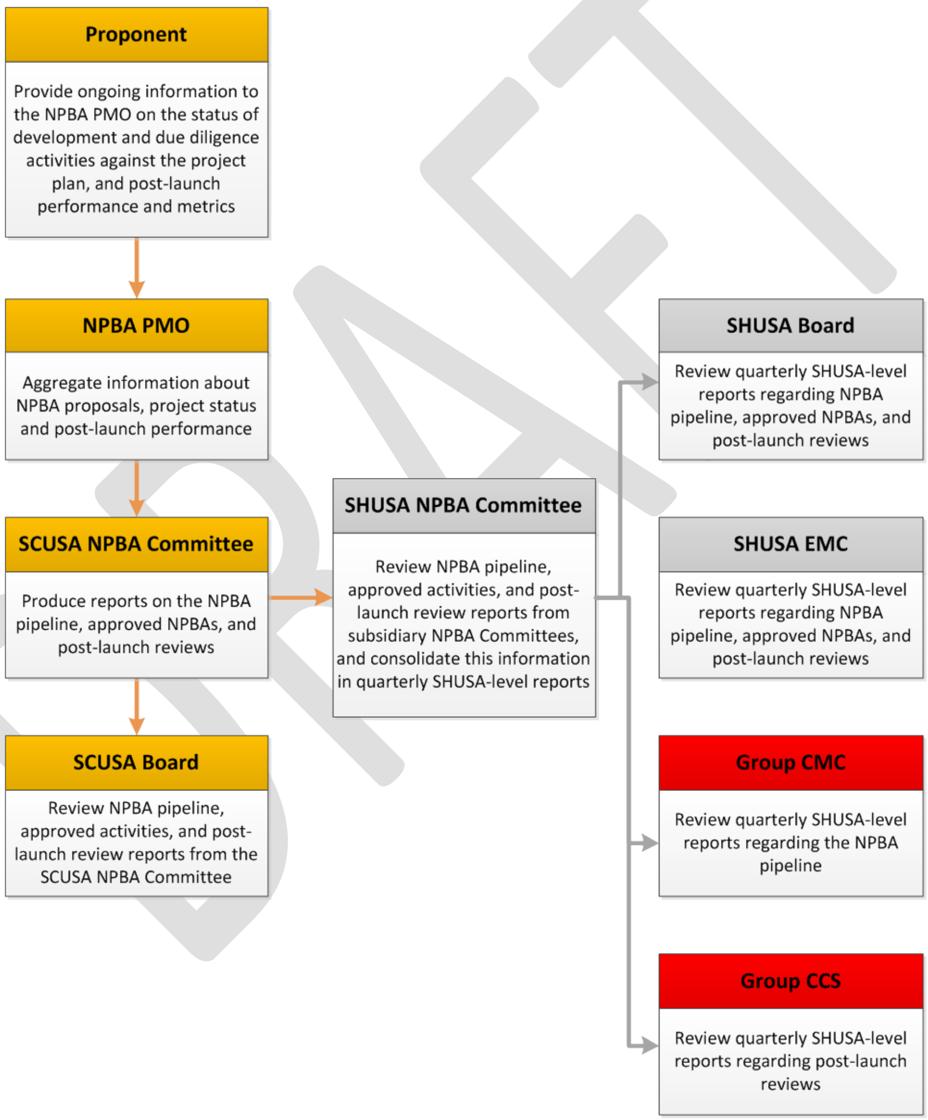
3.6.2 Reporting

The Proponent provides ongoing information to the NPBA PMO on the design and development of the NPBA. The Proponent may achieve this by providing regularly scheduled status updates to the NPBA PMO that track progress against the project plan and identify any issues or delays as they arise, along with planned remediation steps. The Proponent also provides information to the NPBA PMO on the results of any pilot, and detailed performance information post-launch in accordance with the ongoing monitoring plans. The monitoring plans should specify the frequency of reports to the NPBA PMO, but no less than quarterly.

The NPBA PMO aggregates information received from each Proponent and provides it to the SCUSA NPBA Committee. The SCUSA NPBA Committee produces a monthly report on the NPBA pipeline, approved activities, and post-launch reviews, using the reporting template maintained in the document repository (see Section 4). The SCUSA NPBA Committee provides the report to the SCUSA Board and the SHUSA NPBA Committee monthly for consolidation and distribution to other committees, including the Group Corporate Monitoring Committee ("CCS"),[3] at least on a quarterly basis.

Figure 6 outlines the reporting protocols in the NPBA Process.

Figure 6: NPBA Process Reporting Protocols



[3] To avoid duplications, SHUSA has adopted the Spanish abbreviation of the Group Corporate Monitoring Committee (Comité Corporativo de Seguimiento or CCS).

3.7 Timing

The various stakeholders in the process should follow the timeframes listed below for each stage of the review and approval process.

Stage of Process	Committee/Board Meeting Frequency	Materials Submission Deadline
Preliminary Approval	SCUSA's EMC meets [every Wednesday]	The Proponent submits the Intake Form to [the committee secretary] [x days] prior to the meeting
SCUSA NPBA Committee Recommendation	The SCUSA NPBA Committee meets [on the x of every month]	The Proponent submits the NPBA Submission Package to [the committee secretary] [x days] prior to the meeting
SHUSA NPBA Committee Recommendation	The SHUSA NPBA Committee meets [on the x of every month]	The [SCUSA NPBA Committee] submits the NPBA Submission Package to [the committee secretary] [x days] prior to the meeting
Group CMC non-objection	The Group CMC meets [on the x of every month]	The [SHUSA NPBA Committee] submits the NPBA Submission Package to [the committee secretary] [x days] prior to the meeting
SCUSA Board Recommendation	The SCUSA Board meets [on the x of each quarter]	The [SHUSA NPBA Committee] submits the Submission Package to [the board secretary] [x days] prior to the meeting
SHUSA Board Approval	The SHUSA Board meets [on the x of each quarter]	The [SCUSA Board] submits the Submission Package to [the board secretary] [x days] prior to the meeting

4. Recordkeeping

The NPBA PMO maintains a NPBA document repository for the NPBA Process that contains all documentation relevant to the NPBA Process, such as related policies and procedures, forms and templates to be completed by the Proponent, due diligence and risk assessment materials, recommendation and approval notices for the various governing bodies, and reporting templates.

The Proponent continually uploads all records generated in accordance with these Procedures, including the latest NPBA Submission Package, to the NPBA document repository and retains such documentation pursuant to the SCUSA Recordkeeping Policy.

5. Non-Compliance

The Legal function is responsible for monitoring adherence with the Policy. Non-compliance with the Policy may result in a violation of the SCUSA Code of Conduct. All Employees should report any violations of the Policy to the Legal function or the NPBA PMO.

5.1 Examples of Violations

A violation is defined as the non-compliance by any Employees with the Policy.

Examples of violations are listed below:

- A new initiative that may fall under the definition of a NPBA is not presented to the EMC for review and determination of whether the initiative is a NPBA.
- A NPBA that should be subject to the NPBA Process is developed or launched without following the NPBA Process.
- A NPBA is developed or launched without following all of the steps defined by the NPBA Policy (e.g., all stakeholder approvals identified in the project plan are not obtained prior to launch).
- A NPBA is launched without adhering to any conditions of approval, or the NPBA is launched with terms that differ from those included in the approved proposal.

5.2 Reporting Violations

When an Employee becomes aware of a violation of the Policy, he/she should provide specific details of the violation to the Legal function or the NPBA PMO, including reasons for the violation and the date of its occurrence, as applicable.

The NPBA PMO will present details of the violation to the SCUSA NPBA Committee. The SCUSA NPBA Committee will determine whether further investigation is required, and take appropriate action, including disciplinary action. If necessary, the SCUSA NPBA Committee will escalate the violation to the SCUSA Board.

6. Document History and Version Control

6.1 Ownership and Authorship

Version	Date	Author	Owner	Reason for Change

6.2 Sign Off

Approval		Final Approval Date

7. Appendices

APPENDIX I. Related Policies, Procedures, and Other Documents

- SCUSA NPBA Committee Charter;
- SCUSA New Products/Business Activities Policy;
- SHUSA New Products/Business Activities Policy; and
- SHUSA New Products/Business Activities Procedures.

APPENDIX II. Detailed NPBA Work Flows

[See attached]

APPENDIX III. Intake Form

[See attached]

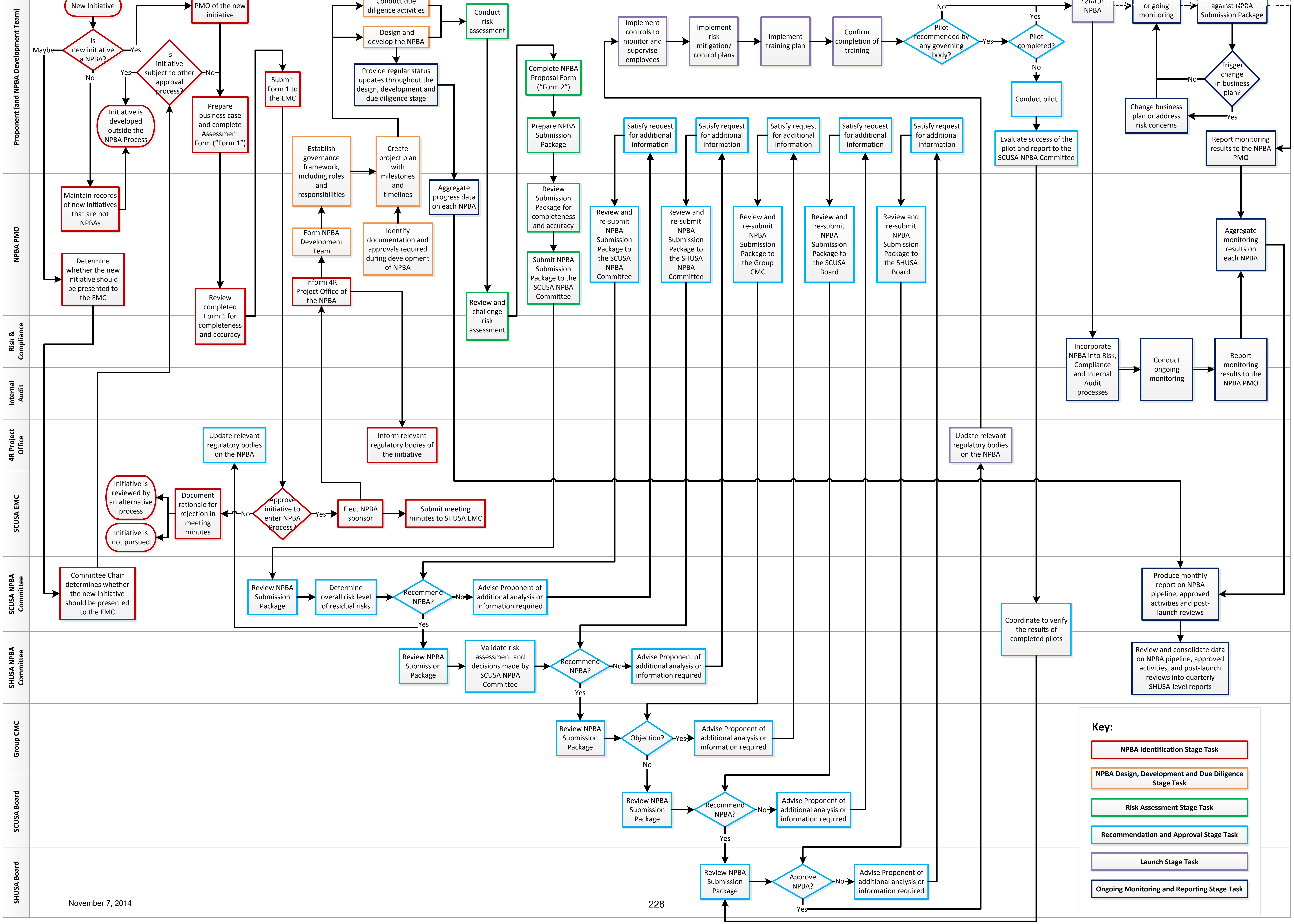
APPENDIX IV. NPBA Proposal Form

[See attached]

APPENDIX V. NPBA Risk Assessment Template

[See attached]

Appendix II - Detailed SCUSA NPBA Process Flow



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Appendix III - Intake Form
As of October 2014
DRAFT

Executive Management Committee ("EMC") – Proposed Initiative Evaluation Form (the "Intake Form")[1]	
Date:	Click here to enter a date.
Proposal Name:	Click here to enter text.
Head of Business Offering the Service:	Click here to enter text.
Project Manager:	Click here to enter text.
Applicable/Impacted Jurisdictions to be Reviewed:	Click here to enter text.
Legal Entity or Branch through which Proposal will be Offered:	Click here to enter text.
Proposed Launch Date:	Click here to enter a date.

1.	**PROPOSAL DESCRIPTION**
1.1	Does the scope include any of the following:
Choose an item.	
If N/A or Other, please explain why the Proposal does not represent a New Product/Business Activity	
Click here to enter text.	

1.2	Detail the targeted customer base and market:
Click here to enter text.	

1.3	Detail the distribution channel:
Click here to enter text.	

1.2	Provide a summary of the Proposal sufficient to provide a high level understanding of the Proposal. Limit responses to one page:
Click here to enter text.	

2.	**KEY RISKS & MITIGATION**
2.1	Identify the principle risks of the Proposal to the sponsoring business unit, the Company generally, and any mitigants proposed. Limit responses to one page:
Click here to enter text.	

2.2	Does this Proposal have risk or operational characteristics that are similar to an existing product or service?	Yes ☐ No ☐
If YES, please describe and discuss any implications.		
Click here to enter text.		

2.3	Identify the impact to the sponsoring business unit of not proceeding with the Proposal.
Click here to enter text.	

[1] This Form will be reviewed by the SCUSA or SBNA EMC. Please submit the completed Intake Form to the NPBA Project Manager by close of business Friday prior to the meeting of the EMC.

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2.4	Has written advice from external legal resources or consulting firms been obtained?	Yes ☐ No ☐
If YES, please attach as an appendix.		
Click here to enter text.		

3.	**STRATEGIC PLAN**	
3.1	Is the Proposal part of the Company's approved Strategic Plan?	Yes ☐ No ☐
IF NO, please describe:		
3.1(a)	How the Proposal relates to the Company's strategic objectives and risk profile.	
Click here to enter text.		
3.1(b)	Its value proposition.	
Click here to enter text.		
3.1(c)	Existing alternatives.	
Click here to enter text.		
3.1(d)	Proposed sources of funding.	
Click here to enter text.		
3.1(e)	Estimated resource requirements (e.g., staffing and IT needs).	
Click here to enter text.		
4.	**REVIEWERS**	

REQUIRED
Please ensure that the submitted Intake Form includes the review of all function areas listed below.
Please list the name of the reviewer and attach an email confirmation of their participation and review.
Proposals missing any of the below required fields will be returned to the Proponent.

Risk	
Compliance	
Legal	
Finance[2]:	

[2] Required only when Proposal is not approved in the Company's Strategic Plan

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Appendix IV - NPBA Proposal Form
As of October 2014
DRAFT

New Product and Business Activity Committee ("NPBA") Proposal Form[1]	
Date:	Click here to enter a date.
Proposal Name:	Click here to enter text.
Head of Business Offering the Service:	Click here to enter text.
Project Manager:	Click here to enter text.
Applicable/Impacted Jurisdictions to be Reviewed:	Click here to enter text.
Legal Entity or Branch through which Proposal will be Offered:	Click here to enter text.
Date of Legal Entity New Business Approval:	Click here to enter a date.
Proposal Scope:	Choose an item.
Projected Launch Date:	Click here to enter a date.
Targeted Customer Base:	
Overall Risk Rating:	Determined by NPBA Only

Overall Risk Rating for Each Area of Risk[2]

Risk Category	Risk Rating	Drivers
Strategic		
Reputation		
Credit		
Market		
Liquidity		
Operational		
Compliance		
Regulatory		
Data		
Model		
Other		

[1] Submit the completed Proposal Form to the NPBA Project Manager for scheduling.
[2] Summarize the results of the NPBA Risk Assessment by reporting the overall residual risk rating for each area of risk as well as the associated drivers. Attach as an appendix the NPBA Risk Assessment Template, completed for each applicable area of risk. Refer to the SBNA and SCUSA New Products/Business Activities Procedures for information on how to complete the NPBA Risk Assessment Template.

As of October 2014
DRAFT

1. Executive Summary
The Executive Summary is a summary of the Proposal sufficient to provide a high level understanding of the risks and benefits of the Proposal. Please limit response to one page or less.

Click here to enter text.

As of October 2014
DRAFT

2. FINANCIALS[3]			
	Year 1	**Year 2**	**Year 3**
Pre-tax NIR			
Pre-tax Fee Revenue			
Direct Expense			
Indirect Expense			
Net Income Before Tax			
Tax Rate			
Net Income after Taxes			
New Balance Sheet Assets			
Capital Expenditures			
Additions to Headcount in Business Unit			
Additions to Headcount in Functional Areas			
Other financial indicators relevant to understanding this Proposal			
New Off-balance Sheet Notional Balances[4]			
Basel Risk Weighted Assets			
Basel Securitization Determination			
Economic Capital			
Anticipated VaR Exposure for Products with Market Risk			

[3] This table includes minimum required financial information. Provide a most-likely business case projection and include additional metrics, as appropriate. These projections will be used in the post-implementation review process.
[4] Off balance sheet might include lines or letters of credit, unused loan commitments, derivative contracts, etc.

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2.1	State the assumptions material to the forgoing projection(s) and key financial risks in achieving goals. Describe the proposed strategy for managing those risks and how the Proposal is consistent from a financial perspective with the Company's return objectives.
Click here to enter text.	

2.2	Outline the business case for pursuing this opportunity. In order to understand the sensitivity of these figures, please provide perspective on the likely impact of assuming a Worst Case and Best Case Analysis.
Click here to enter text.	

2.3	How feasible is it to exit the Proposal, if approved? What cost would be associated if the product is no longer viable? Please provide a detailed perspective of operational, financial, and reputational impact of terminating the product?
Click here to enter text.	

2.4	State the assumptions underlying the product pricing and fee structure and whether clients may view the product/service as a product enhancement that does not require an additional fee.
Click here to enter text.	

2.5	Are the capital and ongoing expenses identified covered in the budget for the current year (or in the proposed budget for the next year, if the Proposal submission is made in the 4th quarter)?	Yes ☐ No ☐
If No, please explain funding.		
Click here to enter text.		

2.6	Discuss the tax implications of the Proposal.	
2.6(a)	Will tax withholding be required on payments made to the customer?	Yes ☐ No ☐
2.6(b)	Will payments be made to a payee outside of the continental United States?	Yes ☐ No ☐
2.6(c)	Will payments be received from outside of the continental United States?	Yes ☐ No ☐
2.6(d)	Will the Proposal require utilization of the Company's tax capacity?	Yes ☐ No ☐
2.6(e)	Will the Company be required to report information to the customer?	Yes ☐ No ☐
If Yes to any, please describe implications and list the applicable tax forms associated with the Proposal.		
Click here to enter text.		

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2.7	Has an Internal Capital Adequacy Assessment Process (ICAAP) evaluation been used in this Proposal?[5]	Yes ☐ No ☐
Click here to enter text.		

3.	**DETAILED ANALYSIS**
3.1	Discuss the business purpose of the Proposal. Describe how the Proposal operates, covering product/service lifecycle from both the customer and internal perspective.
Click here to enter text.	

3.2	Describe the impact this Proposal may have on other business units or functional areas.
Click here to enter text.	

3.3	Will product or service be offered at a discount to the organization's or affiliate's employees?	Yes ☐ No ☐
Click here to enter text.		

3.4	Describe how the Proposal will be marketed to customers including the controls in place to review marketing and client communications.
Click here to enter text.	

3.5	Describe the incentive and compensation structures that will support marketing and sales activities.
Click here to enter text.	
3.6	Describe the training needs for the back and front office.
Click here to enter text.	

3.7	Does the Proposal require expertise that the business unit(s) and other functions involved in the implementation and administration of the Proposal do not currently possess?	Yes ☐ No ☐
If yes, how will the expertise be obtained?		
Click here to enter text.		

3.8	Does this Proposal entail the development of new, or revised, policies and procedures? If yes, please list.	Yes ☐ No ☐
Click here to enter text.		

[5] An ICAAP analysis is required if total revenue from the product is projected in any year to be greater than $[ ] million or [ ]% of the regulatory capital, whichever is greater, of the legal entity through which the product is to be offered.

3.9(a)	Does the Proposal involve third-party providers?	Yes ☐ No ☐
3.9(b)	If Yes, is this a new third-party provider?	Yes ☐ No ☐
Describe the types of activities that will be outsourced.		
Click here to enter text.		

3.10	Discuss IT and other infrastructure requirements and whether those are being outsourced or developed internally.
Click here to enter text.	

3.11	Does this Proposal entail a change in the existing operating model of the business unit or any other product or services?	Yes ☐ No ☐
If Yes, have necessary operational procedures been developed?		
Click here to enter text.		

3.12	Does this Proposal entail a product or service currently offered by a competitor?	Yes ☐ No ☐
If Yes, please identify principal competitors, and the differences or similarities between the Proposal and the competitive offerings. Please discuss competitor's success or difficulties with the product and, to the extent identifiable, the financial resources devoted, compliance and risk management processes and contractual terms.		
Click here to enter text.		

4.	**KEY RISKS & MITIGATION**
4.1	Identify the principle risks of the Proposal to the sponsoring business unit, the Company generally, and any mitigants proposed.
Click here to enter text.	

4.2	Assuming the Company is not able to manage or mitigate the risks associated with the Proposal, discuss the potential for adverse impact of the Proposal on the sponsoring business unit, other business units, or the Company generally.
Click here to enter text.	

4.3	Are the identified risks consistent with the organization's risk tolerance statement and risk limits?	Yes ☐ No ☐
If No, detail which risks are inconsistent and the plan to bring the Proposal in-line with the Company's expressed risk tolerance.		
Click here to enter text.		

4.4	Identify the impact to the sponsoring business unit of not proceeding with the Proposal.
Click here to enter text.	

4.5	Does this Proposal have risk or operational characteristics that are similar to an existing product or service?	Yes ☐ No ☐
If Yes, please discuss any implications.		
Click here to enter text.		

4.6	Discuss how changing dynamics in markets and/or uncertainty of stress conditions on new markets may impact the Proposal (e.g. effects of changing interest rates).	
Click here to enter text.		

4.7	Does the Proposal entail the use of models?	Yes ☐ No ☐
If yes, please consult with Model Risk Management.		
Click here to enter text.		

5.	**COMPLIANCE**	
5.1	Will this Proposal require new compliance procedures or monitoring processes?	Yes ☐ No ☐
If Yes, please describe and include the current state of their development.		
Click here to enter text.		

5.2	Does the Proposal incorporate the adoption of elements of a compliance model or system that are inconsistent with the existing compliance model?	Yes ☐ No ☐
If Yes, what is the conversion plan associated with retiring or converting this model?		
Click here to enter text.		

5.3	Has a designated AML Officer reviewed this Proposal for its potential impact to our Anti-Money Laundering (AML) program?	Yes ☐ No ☐
Click here to enter text.		

5.4	Will this Proposal be offered to restricted or prohibited customer types?	Yes ☐ No ☐
Click here to enter text.		

5.5	Does your targeted Customer Base include customers that would be subject to heightened regulatory scrutiny. If yes please detail and include analysis of applicable regulations.
Click here to enter text.	
5.6	Describe how customers will be screened at on-boarding from a BSA/AML/OFAC perspective.
Click here to enter text.	

5.7	Describe how customers will be screened each time OFAC lists are updated.
Click here to enter text.	

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5.8	Does this Proposal contemplate the acquisition of non-public, personally identifiable information on behalf of Customers or their underlying Customers?	Yes ☐ No ☐
If Yes, please contact Data Privacy for review and discuss implications.		
Click here to enter text.		

6.	**LEGAL & REGULATORY**
6.1	What is the Standard of Care?
Click here to enter text.	

6.2	Please describe any contractual protections and whether acceptability of those terms in the marketplace has been tested
Click here to enter text.	

6.3	Discuss proposed authorization levels within business units and/or Legal for exception approval from any such terms.	
Click here to enter text.		

6.4	Has written advice from external legal resources or consulting firms been obtained?	Yes ☐ No ☐
Click here to enter text.		

6.5	Will the organization be acting as a Fiduciary in offering this Proposal?	Yes ☐ No ☐
If Yes, does the status arise out of law or contract?		Law ☐ Contract ☐
Is the Proposal offered to clients for whom the organization acts as a fiduciary in other capacities?		Yes ☐ No ☐
If Yes, to any, explain how the sponsoring unit proposes to offer the Proposal consistent with the organization's fiduciary obligations and explain any mitigation to reduce fiduciary risk. Please attach as an appendix disclosures of potential conflicts of interest and compensation agreements.		
Click here to enter text.		

6.6	Will this Proposal be offered to ERISA clients?	Yes ☐ No ☐
Are we proposing to rely upon any exemptions from prohibited transactions?		Yes ☐ No ☐
If Yes to any, review by internal or external counsel experienced with ERISA is required.		
Click here to enter text.		

6.7	Is the Proposal being offered to/or does it affect jurisdictions outside the United States?	Yes ☐ No ☐
6.8	Will this Proposal be offered in multiple jurisdictions or through multiple legal entities?	Yes ☐ No ☐

If Yes to either, please consult with the legal representatives for such entities or jurisdictions to confirm that applicable regulatory issues are being addressed. Please include a discussion of Regulation K implications.		
Click here to enter text.		

6.9	Does this Proposal entail the offshoring or migration of services to a new location?	
If Yes, consult with management of the impacted business unit to ensure that any client relationship issues the Proposal may create are addressed. Please discuss below.		
Click here to enter text.		

6.10	List applicable regulatory and licensing requirements.	
Click here to enter text.		

6.11	Does this Proposal operate under a regulatory framework that is new to the organization?	Yes ☐ No ☐
If Yes, have these regulatory licensing requirements been evaluated in all jurisdictions and entities listed in this Proposal?		Yes ☐ No ☐
Describe the risks and requirements of the new regulatory framework.		
Click here to enter text.		

6.12	Does this Proposal contemplate transactions with affiliates?	Yes ☐ No ☐
If Yes, please include Regulation W analysis and provide evidence of appropriate approval(s).		
Click here to enter text.		

7.	**CAPITAL, LIQUIDITY & ACCOUNTING**	
7.1	Please provide an analysis of the economic, regulatory, and GAAP capital implication of the Proposal.	
Click here to enter text.		

7.2	Please provide an analysis of balance sheet leverage and liquidity implications of the Proposal.
Click here to enter text.	

7.3	Please provide an analysis of the corporate accounting and accounting systems implications.
Click here to enter text.	

7.4	Does the Proposal involve contingent financial liabilities?	Yes ☐ No ☐
Click here to enter text.		

7.5	Are there any derivatives and/or hedges required for this Proposal?	Yes ☐

		No ☐
Click here to enter text.		

8.	**CONDITIONS & REQUIREMENTS**	
8.1	Does the business sponsor recommend any conditions/requirements be imposed prior to the launch of the Proposal? If yes, please describe the proposed conditions/requirements.	Yes ☐ No ☐
Click here to enter text.		

8.2	Does the business sponsor recommend any conditions/requirements be imposed after the launch of the Proposal? If yes, please describe the proposed conditions/requirements.	Yes ☐ No ☐
Click here to enter text.		

9.	**MONITORING PLANS & POST-IMPLEMENTATION REVIEW**
9.1	Describe the monitoring plans to implement new or enhanced controls, assess control effectiveness, and monitor the performance of the Proposal.
Click here to enter text.	

9.2	Please identify the individuals who have responsibility for the post-implementation review documentation and presentation. The level of review required is determined by the risk rating assigned to each Proposal.
Click here to enter text.	

10. REVIEWERS	
REQUIRED Please ensure that the submitted Proposal includes the review of all function areas listed below. Please list the name of the reviewer and attach an email confirmation of their participation and review. **Proposals missing any of the below required fields will be returned to the Proponent.**	
Risk	
Compliance	
Legal	
Finance	
Treasury	
Corporate Accounting	
Regulatory Legal	
Operations	
HR	
IT	

AS NEEDED	
Business Continuity	
Third Party Approval	
Model Risk Management	

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Transactions with Affiliates	
Tax	
Data Privacy	
Real Estate	
Information Security	
Other:	
Other:	
Other:	

11. Appendices	
REQUIRED: Please attach all of the below required documentation or provide justification why it is not required.	**Page Number**
A. Risk Assessment Template	
B. Business and Financial Plan	
C. Exit strategy	
D. Pricing and Fee structure	
E. Process Flows	
F. Client Disclosure Documents	
G. Marketing Materials	
H. Training Needs Assessment and Plan	
I. Contractual Terms	
J. Other Applicable Legal and Contractual Documentation	

AS NEEDED	Page Number
External Legal Counsel Memo	
Consulting Firm Memo	
ICAAP Analysis	
ERISA Analysis	
disclosures of potential conflicts of interest and compensation agreements related to Fiduciary obligations	
Other:	
Other:	
Other:	

NPBA Risk Assessment Template - Instructions

How to Complete the NPBA Risk Assessment Template*	
Responsible Party	**Steps**
Determination of Inherent Risk	
Proponent	1. Identify risk events for each area of risk.
	2. Assess the impact of each risk event by assigning a rating of "high, elevated, moderate, moderate-to-low, and low." Refer to ***Appendix B. Impact*** for the definition of each rating. **NOTE: "Significant Transactions," as defined in the NPBA Policy, are rated "high" by default.**
	3. Assess the likelihood of each risk event by assigning a rating of "high, elevated, moderate, moderate-to-low, and low." Refer to ***Appendix C. Likelihood*** for the definition of each rating.
The template will automatically generate an inherent risk rating for each risk event that combines "impact" and "likelihood" on the base of the "Inherent Risk Matrix" included in ***Appendix F. Risk Matrices****.*	
Proponent	4. Detail the rationale for each inherent risk rating.
Evaluation of Controls	
Proponent	5. Identify required controls and classify them in terms of "existing, enhanced, and new."
	6. Provide a brief description of each control.
	7. Evaluate the identified controls on a scale of "strong, effective, satisfactory, needs improvement, and weak." Refer to ***Appendix D. Control Environment*** for a definition of each rating. **NOTE: Controls marked as "new" will automatically receive a rating of "weak." Controls marked as "enhanced" will automatically receive a rating of "needs improvement."**
Risk Management	8. Evaluate the Quality of Risk Management ("QRM") with respect to the business line offering the NPBA on a scale of "strong, effective, satisfactory, needs improvement, and weak." Refer to ***Appendix E. QRM*** for a definition of each rating. **NOTE: Controls marked as "new" will automatically receive a rating of "weak." Controls marked as "enhanced" will automatically receive a rating of "needs improvement."**
The template will automatically generate a rating for the "control evaluation" on a scale of "strong, effective, satisfactory, needs improvement, and weak" on the base of the "Control Matrix" included in ***Appendix F. Risk Matrices.***	
Proponent and Risk Management	9. Detail the rationale for each "control evaluation" rating.
Determination of Residual Risk	
The template will automatically generate a residual risk rating for each risk event identified and will automatically combine those ratings to determine an overall residual risk rating by area of risk on the base of the "Inherent Risk Matrix" included ***Appendix F. Risk Matrices.*** ***NOTE: The Proponent may override the results only to increase the level of risk (e.g., from "moderate" to "elevated" or from "elevated" to "high").***	
Proponent	10. Provide a brief description of the rationale behind the residual risk rating for each area of risk.

****NOTE: The Risk Management function is responsible for providing challenge and oversight throughout the completion of the risk assessment template.***

Exhibit 2.G

New Products/Business Activities Risk Assessment Template

<<INSERT NPBA NAME>> **<<INSERT ASSESSMENT DATE>>**

Risk Area[1]	Risk Area Sub-Category to Consider (if applicable)	Risk Event *[Provide description of risk event]*	Inherent Risk Factors				Inherent Risk Rating		Inherent Risk Drivers	Controls						Composite Control Environment Rating		Control Assessment Drivers	**Residual Risk Rating for Each Risk Event**		**Residual Risk Rating for Each Area of Risk**		**Residual Risk Drivers**
			Impact		Likelihood					Type of Control	Control Description *[Provide a description of each required control]*	Control Environment		QRM									
			High	5	Elevated	4	High	5				Effective	2	Strong	1	Effective	2		Elevated	4			
			Elevated	4	Elevated	4	Elevated	4				Needs Improvement	4	Needs Improvement	4	Needs Improvement	4		Elevated	4			
Strategic			Moderate-to-Low	2	Low	1	Moderate-to-Low	2				Effective	2	Effective	2	Effective	2		Moderate-to-Low	2	**Moderate**	3	
			High	5	High	5	High	5				Weak	5	Weak	5	Weak	5		High	5			
			High	5	High	5	High	5				Satisfactory	3	Satisfactory	3	Satisfactory	3		Elevated	4			
			Low	1	Low	1	Low	1				Satisfactory	3	Satisfactory	3	Satisfactory	3		Low	1			
			Elevated	4	Moderate	3	Elevated	4				Weak	5	Weak	5	Weak	5		Elevated	4			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
Reputational				##		##		##					##		##		#			##	**#N/A**	##	
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##									#			##			
				##		##		##									#			##			
				##		##		##									#			##			
Credit				##		##		##									#			##	**#N/A**	##	
				##		##		##									#			##			
				##		##		##									#			##			
				##		##		##									#			##			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
Market				##		##		##					##		##		#			##	**#N/A**	##	
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##									#			##			
				##		##		##									#			##			
				##		##		##									#			##			
Liquidity				##		##		##									#			##	**#N/A**	##	
				##		##		##									#			##			
				##		##		##									#			##			
				##		##		##									#			##			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
Operational				##		##		##					##		##		#			##	**#N/A**	##	
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##					##		##		#			##			
				##		##		##									#			##			
				##		##		##									#			##			

New Products/Business Activities Risk Assessment Template																					
<<INSERT NPBA NAME>>																	<<INSERT ASSESSMENT DATE>>				
			Inherent Risk Factors					Controls													
Risk Area[1]	Risk Area Sub-Category to Consider (if applicable)	Risk Event [*Provide description of risk event*]	Impact	Likelihood	Inherent Risk Rating		Inherent Risk Drivers	Type of Control	Control Description *[Provide a description of each required control]*	Control Environment		QRM		Composite Control Environment Rating		Control Assessment Drivers	**Residual Risk Rating for Each Risk Event**		**Residual Risk Rating for Each Area of Risk**		**Residual Risk Drivers**
Compliance & Regulatory			##	##		##									#			##	**#N/A**	##	
			##	##		##									#			##			
			##	##		##									#			##			
			##	##		##									#			##			
			##	##		##									#			##			
			##	##		##					##		##		#			##			
			##	##		##					##		##		#			##			
			##	##		##					##		##		#			##			
Model			##	##		##					##		##		#			##	**#N/A**	##	
			##	##		##					##		##		#			##			
			##	##		##					##		##		#			##			
			##	##		##					##		##		#			##			
			##	##		##									#			##			
			##	##		##									#			##			
			##	##		##									#			##			
Data			##	##		##									#			##	**#N/A**	##	
			##	##		##									#			##			
			##	##		##									#			##			
			##	##		##									#			##			
			##	##		##					##		##		#			##			
			##	##		##					##		##		#			##			
			##	##		##					##		##		#			##			
Capital Adequacy			##	##		##					##		##		#			##	**#N/A**	##	
			##	##		##					##		##		#			##			
			##	##		##					##		##		#			##			
			##	##		##					##		##		#			##			
Other (Self-identified)			##	##		##									#			##	**#N/A**	##	

NOTES

[1] Risk areas align with the SHUSA Enterprise Risk Management Framework. However, this Assessment Template does not explicitly consider Pension/Severance, Fiduciary, and Insurance, because of the

Appendices	
A	Risk Areas Definitions
B	Rating Definitions for "Impact"
C	Rating Definitions for "Likelihood"
D	Rating Definitions for "Control Environment"
E	Rating Definitions for "QRM"
F	Risk Matrices

Appendix A. Risk Areas Definitions

Area of Risk	Definition
Strategic Risk	Strategic Risk is the current and prospective impact on earnings or capital arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes. This risk is a function of the compatibility of an organization's strategic goals, the business strategies developed to achieve those goals, industry factors such as competition and customer preference, the resources deployed against these goals, and the quality of implementation.
Reputational Risk	Reputational Risk is the potential that a corporate practice, or a new fact or rumor concerning products and services sold by the firm or practices at the firm, change the public's perception, including that of investors, customers, regulatory bodies and rating agencies, of the corporation in a materially negative fashion.
Credit Risk	• Issuer/Borrower – Risk of financial loss arising should either the obligor of a loan, or the issuer of a financial instrument default otherwise not be able or willing to fulfill its obligations (unable to make full repayments) at the established date. Issuer risk is traditionally considered with fixed income instruments or loans, but can also apply to issuers of other investment instruments such as preferred shares or equities. • Counterparty – Risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows, leading to a performance loss. While this can be applied to loan products, it covers a broad range of exposures due to transactions with broker/dealers, derivatives trades, clearing entities, etc. This risk can also occur in a secondary or contingent fashion in the case where counterparty offers a guarantee for a collateralized security or derivative, or where there is recourse in the event of collateral short-fall, such as in a clearing relationship. • Rating Migration – Risk of loss caused by the effect of changes in the credit quality of the issuer/borrower or the valuation of financial assets. • Concentration – Risk concentration refers to an exposure with the potential to produce losses large enough to threaten a financial institution's health or ability to maintain its core operations. Risk concentrations can arise in a financial conglomerate's assets, liabilities or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. The potential for loss reflects the size of the position and the extent of loss given a particular adverse circumstance. Risk concentrations can take many forms, including exposures to: individual counterparties; groups of individual counterparties or related entities; counterparties in specific geographical locations; industry sectors; specific products; service providers; e.g. back office services, and natural disasters or catastrophes. • Country – The risk of loss arising when a sovereign state freezes foreign currency payments (transfer/conversion risk) or when it defaults on its obligations (sovereign risk). • Settlement – Risk that settlement of individual transactions or some group of transactions, up to and including all transactions submitted to the system, does not occur as expected due to one, or more, participant's failure to meet its obligations within the system, therefore resulting into Credit Risk.

Appendix A. Risk Areas Definitions

Area of Risk	Definition
Market Risk	• Price Risk – The risk to current or anticipated earnings or capital arising from adverse movements in: o Interest Rates (e.g. LIBOR, EURIBOR, OIS, etc.) o Foreign exchange rates (e.g. EUR/USD, EUR/GBP, etc.) o Equity or equity indices (e.g. Euro Stoxx 50, etc.) o Commodity prices (e.g. crude oil, copper) o Credit Spreads (includes counterparty Credit Valuation Adjustment - CVA). Price risk includes the potential economic impact (decrease in value of assets) coming from the bank's participation in equity and debt capital markets deals (underwriting) that is not fully sold, therefore keeping part of the position on its balance sheet. • Basis – Basis risk occurs when one subtype of market risk is offset with another subtype or tenor. For example, when 90-day LIBOR is hedged with 180-day LIBOR; or when MBS is hedged with LIBOR. Basis risk also applies when cash instruments are hedged with forwards or futures contracts. • Correlation – Potential economic impact (decrease in value of assets) coming from changes in the linear relationship or co-movement between risk factors or asset classes. • Non-Linear Risk – This includes behavioral risks and volatility: o Behavioral risks like the potential economic impact (decrease in value of assets) coming from early unscheduled return of principal on a fixed-income security or derivative of a security. This is a significant risk in mortgages and securities with underlying mortgage assets. o The volatility risk is the potential economic impact (decrease in value of assets) coming from adverse changes in the volatility of the risk factors.
Liquidity Risk	The risk to current or anticipated earnings or capital arising from an inability to meet its obligations when they come due without incurring unacceptable losses. The firm, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure them only at excessive cost. • Market Liquidity – The risk that the units cannot offset or eliminate a position or portfolio at the market price either due to lack of market depth, a reduction in market breadth, or a market disruption. • Funding Liquidity – The risk that the units will not be able to effectively and efficiently meet the expected and unexpected current and future cash flow and collateral needs without affecting either the daily operations or the financial condition of the units. • Contingent Liquidity – The risk that future events will create a greater need for cash than previously anticipated by management, given that commitments to lend are uncertain both in probability and amount. Contingency risk also describes the risk of finding new liabilities, or replacing liabilities under difficult market conditions.

Appendix A. Risk Areas Definitions

Area of Risk	Definition
Operational Risk	• Internal Fraud – The risk of losses from willful actions designed to defraud, misappropriate goods or evade business regulations, laws or policies (excluding diversity/discrimination events) in which at least one person linked to the company is implicated. Examples; misappropriation of assets, tax evasion, intentional mismarking of positions, bribery. • External Fraud – The risk of losses from willful actions designed to defraud, misappropriate goods or evade business regulations, by a third party separate from the company. Examples; theft of information, hacking damage, third-party theft and forgery. • Employment Practices and Workplace safety – The risk of losses from actions that is incompatible with legislation or agreements on labor, health or safety. Indemnity payments for damage to people, or diversity/discrimination events. Examples; discrimination, workers compensation, employee health and safety. • Clients, Products, and Business Practices – The risk of losses arising from accidental or negligent breaches of professional obligations with specific clients, (including fiduciary or suitability requirements), or from the nature or design of a product. Examples; market manipulation, antitrust, improper trade, product defects, fiduciary breaches, account churning. • Damage to Physical Assets – The risk of losses of non.-budgeted value or costs in material assets, derived from damages produced by natural disasters or other external events. Examples: natural disasters, terrorism, vandalism. • Business Disruptions and System Failures – The risk of losses and compensation caused by disruption of business or systems malfunctions. Examples; utility disruptions, software failures, hardware failures. • Execution, Delivery, and Process Management – The risk of losses arising from failed transaction processing or process management, from relationships with trade counterparties, suppliers and vendors. Examples; data entry errors, accounting errors, failed mandatory reporting, negligent loss of client assets.
Compliance and Regulatory Risk	Compliance Risk is the risk to current or anticipated earnings or capital arising from violations of, or nonconformance with laws, rules, regulations, prescribed practices, internal policies and procedures, or ethical standards. When the violations or nonconformance previously mentioned are related to the prevention and/or detection of money laundering, tax evasion, or other criminal activities, there is a BSA/AML compliance risk. Regulatory risk is the risk that a change in laws and regulations will materially impact a security, business, sector, or market. A change in laws and regulations made by the government or a regulatory body can increase the costs of operating a business, reduce the attractiveness of investment, and/or change the competitive landscape.
Model Risk	Potential for loss arising when a financial model used to measure a firm's risks or value transactions does not perform the tasks or capture the risks it was intended to. Typically this is due to either a conceptual flaw or implementation error; poor quality data or missing data, or due to the model being used inappropriately or in error.
Data Risk	The risk that processes, systems, or controls are insufficient to ensure the completeness, sufficiency, timeliness, and integrity of data used for risk aggregation, reporting, and ultimately decision-making. The materialization of this risk may result in an unplanned impact in achieving the Bank’s strategic objectives and/or financial loss.

Appendix B. Impact

Impact			
Score	Rating	Quantitative Scale	Qualitative Scale
1	Low	Less than $100,000	· Little or no potential for negative media attention/publicity and damage to reputation. · Little or no risk of legal action, regulatory fines, penalties or enforcement actions. · Little or no expected increase in the level of regulatory scrutiny. · Little or no expected financial or business impact associated with implementing corrective actions. · No customer interaction with representatives from the organization. · The NPBA will be offered to the existing customer base, which does not include customers subjected to heightened regulatory scrutiny. · TPPs are not involved in the delivery of the NPBA. · If issues arise, customers would not be impacted or become aware of the problem. · Minor changes to processes and practices may be required to implement the NPBA.
2	Moderate-to-Low	$100,001 - $1M	· Some potential for negative media attention/publicity and damage to reputation. · Some risk of legal action, regulatory fines, penalties, or enforcement actions. · Expected small increase in the level of regulatory scrutiny. · Expected small financial or business impact associated with implementing corrective actions. · Little to no customer interaction with representatives from the organization. · The NPBA will be offered to the existing customer base and/or a new customer segment, none of which include customers subject to heightened regulatory scrutiny. · TPPs play an insignificant role in the delivery of the NPBA. · If issues arise, the potential for customer impact would be low. · Small changes to processes and practices are required to implement the NPBA.

Appendix B. Impact

Impact			
Score	Rating	Quantitative Scale	Qualitative Scale
3	Moderate	$1M - $3M	· Moderate potential for negative media attention/publicity and damage to reputation. · Moderate risk of legal action, regulatory fines, penalties, or enforcement actions. · Expected moderate increase in regulatory scrutiny. · Expected moderate financial or business impact. · Expected moderate financial or business impact associated with implementing corrective actions. · Customers will interact with representatives from the organization on a sporadic basis. · The NPBA will be offered to the existing customer base, which may include customers subject to heightened regulatory scrutiny. · TPPs are responsible for aspects of some importance in the delivery of the NPBA, but there is limited customer interaction. · If issues arise, the potential for customer impact would be moderate. · Moderate changes to processes and practices are required to implement the NPBA.
4	Elevated	$3M - $15M	· Increased potential for negative media attention/publicity and damage to reputation. · Increased risk of legal action, regulatory fines, penalties, or enforcement actions. · Generally complex regulatory environment, increased regulatory scrutiny, and significant impact on business operations. · Expected large financial or business impact associated with implementing corrective actions. · Customers will interact with representatives from the organization on a frequent basis. · The NPBA will be offered to customers subject to heightened regulatory scrutiny. · TPPs are responsible for several important aspects in the delivery of the NPBA. · If issues arise, the potential for customer impact would be elevated. · Changes to processes and practices are required to implement the NPBA.

Appendix B. Impact

Impact			
Score	Rating	Quantitative Scale	Qualitative Scale
5	High	Over $15M	· Significant potential for negative publicity, damage to reputation, and loss of public confidence. · Complex regulatory environment, heightened regulatory scrutiny, and wide-spread impact to business operations. · Potential for significant litigation, regulatory fines, penalties, and enforcement actions. · Expected significant costs associated with implementing corrective actions. · The NPBA will be offered primarily to customers subject to heightened regulatory scrutiny. · TPPs are responsible for significant aspects in the delivery of the NPBA, including customer-facing activities. · If issues arise, the potential for customer impact would be high. · Customers will interact with representatives from the organization on a regular basis. · Significant changes to processes and practices are required to implement the NPBA. · Any "Significant Transactions," as defined in the NPBA Policy.

Appendix C. Likelihood

Likelihood		
Score	Rating	Likelihood of Risk Occurring
1	Low	· Five years after implementation. · Not a current area of regulatory focus. · No litigation and/or enforcement activities in the market in the past 24 months. · Non-complex regulatory requirements and no changes to requirements over the past 24 months. · No changes in the business environment relevant to the NPBA in the past 24 months.
2	Moderate-to-Low	· Within five years of implementation. · Minimal regulatory focus over the past 24 months. · Minimal litigation and enforcement activities in the market in the past 24 months. · Minimal complex regulatory requirements and minor changes to such requirements over the past 24 months. · Minimal changes in the business environment relevant to the NPBA in the past 24 months.
3	Moderate	· Within one year of implementation. · Moderate regulatory focus over the past 24 months. · Moderate litigation and enforcement activities in the market in the past 24 months. · Some complex regulatory requirements and some changes to requirements over the past 24 months. · Some changes in the business environment relevant to the NPBA in the past 24 months.
4	Elevated	· Within six months of implementation. · Heightened regulatory focus over the past 24 months. · Increased litigation and enforcement activities in the market in the past 24 months. · Complex regulatory requirements and changes to requirements over the past 24 months. · Major changes in the business environment relevant to the NPBA in the past 24 months.

Appendix C. Likelihood

Likelihood		
Score	Rating	Likelihood of Risk Occurring
5	High	· Within one month of implementation. · Significant regulatory focus in the past 12 months. · Significant litigation and enforcement activities in the market in the past 12 months. · Complex regulatory requirements and changes to requirements over the past 12 months. · Significant changes in the business environment relevant to the NPBA in the past 12 months.

Appendix D. Control Environment

Control Environment*		
Score	Rating	Description
1	Strong	· Existing control(s) are well-designed and can be used to mitigate the risks associated with the proposed NPBA. They are all preventive controls and mostly automated.
2	Effective	· Existing control(s) are well-designed and can be used to mitigate the risks associated with the proposed NPBA. They are mostly preventive and automated.
3	Satisfactory	· Existing control(s) can be used to mitigate the risks associated with the proposed NPBA but they are primarily detective controls and may be manual.
4	Needs Improvement	· Existing control(s) can be used to mitigate the risks associated with the proposed NPBA but need to be strengthened.
5	Weak	· New control(s)

***The evaluation of the control environment entails assessing the design and operational readiness of existing controls. Existing controls marked as "new" are rated "weak" while existing controls marked as "enhanced" are rated "needs improvement" by default.*

Appendix E. Quality of Risk Management

QRM Ratings*		
Score	Rating	Description
1	Strong	· There is a robust culture of compliance with strong governance and oversight. · Policies and procedures are clear and well-communicated throughout the business line. · Each function is adequately staffed in terms of staffing levels and required expertise. · Roles and responsibilities are well-defined and well-communicated throughout the business line. · Personnel receive appropriate training on a regular basis. · Robust MIS, IT, and data processes are in place.
2	Effective	· There is an effective culture of compliance with widespread governance and oversight. · Policies and procedures are well-documented and communicated. · Most functions are adequately staffed in terms of staffing levels and required expertise. · Roles and responsibilities are defined and communicated throughout the business line. · Personnel receive adequate training. · Adequate MIS, IT, and data processes are in place.
3	Satisfactory	· There is a satisfactory culture of compliance with sufficient governance and oversight. · Policies and procedures are generally well-documented. · Roles and responsibilities are generally understood. · Overall, functions are adequately staffed and personnel possess sufficient expertise. · Personnel receive sufficient training. · Sufficient MIS, IT, and data processes are in place.
4	Needs Improvement	· The compliance culture, governance, and oversight structures are lacking. · Roles and responsibilities are generally not well-defined nor well-communicated. · Policies and procedures are lacking and are not communicated and enforced. · The training offered is limited. · Basic MIS, IT, and data processes are in place.

Appendix E. Quality of Risk Management

QRM Ratings*		
Score	Rating	Description
5	Weak	· There is a weak culture of compliance with deficient governance and oversight structures. · Roles and responsibilities are not well-defined. · Policies and procedures are not clearly documented and communicated. · Personnel receive insufficient training. · MIS, IT, and data processes tend to be inadequate and insufficient.

**The Risk Management function evaluates the QRM for the business line that will offer the proposed NPBA.*

Appendix F. Risk Matrices

Inherent Risk Matrix

Impact						
Impact	High	Moderate	Elevated	Elevated	High	High
	Elevated	Moderate	Moderate	Elevated	Elevated	High
	Moderate	Low-to-Moderate	Moderate	Moderate	Elevated	Elevated
	Low-to-Moderate	Low	Low-to-Moderate	Low-to-Moderate	Moderate	Elevated
	Low	Low	Low	Low	Low-to-Moderate	Moderate
		5+ Years (Low)	5 Years (Moderate-to-Low)	1 Year (Moderate)	6 Months (Elevated)	1 Month (High)
		Likelihood				

Exhibit 2.G

Evaluation of Controls Matrix

Control Environment	Weak	**Weak**	**Weak**	**Weak**	**Weak**	**Weak**
	Needs Improvement	**Needs Improvement**	**Needs Improvement**	**Needs Improvement**	**Weak**	**Weak**
	Satisfactory	**Satisfactory**	**Satisfactory**	**Satisfactory**	**Needs Improvement**	**Weak**
	Effective	**Effective**	**Effective**	**Effective**	**Satisfactory**	**Needs Improvement**
	Strong	**Strong**	**Strong**	**Strong**	**Effective**	**Satisfactory**
		Strong	Effective	Satisfactory	Needs Improvement	Weak
		QRM				

Exhibit 2.G

Residual Risk Matrix

Inherent Risk						
Inherent Risk	High	Moderate	Elevated	High	High	High
	Elevated	Low-to-Moderate	Moderate	Elevated	Elevated	High
	Moderate	Low	Low-to-Moderate	Moderate	Elevated	Elevated
	Low-to-Moderate	Low	Low	Low-to-Moderate	Low-to-Moderate	Low-to-Moderate
	Low	Low	Low	Low	Low	Low
		Strong	Effective	Satisfactory	Needs Improvement	Weak
		Evaluation of Controls				