

Santander Holdings USA, Inc.



CREDIT RISK REVIEW POLICY

ENTERPRISE POLICY

Santander Holdings USA, Inc. (“SHUSA”) believes that our success is grounded in our values, which are also shared by Banco Santander, S.A. and its subsidiaries (collectively with SHUSA, “Santander”). Santander’s commitment to treat customers, colleagues and stakeholders in a manner that is *Simple, Personal and Fair* means that every action undertaken by a SHUSA Team Member is founded on *INTEGRITY, CUSTOMER COMMITMENT, PEOPLE, TEAMWORK, OWNERSHIP, and INNOVATION*. It is because of this commitment throughout the Santander organization that Santander’s customers, clients, and shareholders trust us to deliver world class products and services and select Santander. Safeguarding this trust – by always conducting business responsibly, with integrity and a disciplined approach to risk management – is a responsibility shared by each SHUSA Team Member.



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1. Introduction

1.1 Purpose of the Document

This Credit Risk Review Policy (“Policy”) addresses the independent analysis and review of the credit risks arising from the business activities and operations of Santander Holdings USA, Inc. (“SHUSA”) and all of its U.S.-located Operating Entities (“OEs”) and those of the New York Branch of Banco Santander, S.A.¹ (“NY Branch”). This Policy sets out the high level principles for the review, analysis, and reporting of credit risk in SHUSA, the OEs, and the NY Branch. SHUSA is an Operating Entity of Banco Santander, S.A. in the U.S. and this Policy is structured to align with the policies of SHUSA and, as applicable, those of the NY Branch.

The Policy discusses how credit risks will be independently assessed across the OEs and NY Branch and how this assessment will contribute to the development of an annual plan for Credit Risk Review (“CRRVW”) activities. The Policy will define the scope of the reviews performed by CRRVW (“Reviews”), the sampling requirements, rating methodology, and contents of a summary Review report, including depth of review, and review of findings and follow-up. In addition, it will also define required continuous monitoring processes, including analysis of new originations and assessment of portfolio review committees held by the OEs and NY Branch. The Policy will also define the annual CRRVW review of the Allowance for Loan and Lease Losses (“ALLL”). Finally, the Policy will define the approval authorities of the Credit Risk Review Committee (“CRRC”).

This Policy has been written in alignment with the SHUSA Enterprise Risk Management Framework (“ERM Framework”).

1.2 Scope

The Policy applies to all of SHUSA and its OEs, along with the NY Branch. It also provides the foundation and principles for the OEs to develop corresponding policies and procedures commensurate with their strategies and business activities.

The principles herein apply to all strategies and activities related to CRRVW. This Policy will be effective and fully implemented upon approval.

1.3 Document Approval and Maintenance

The Policy is authored by the CRRVW Director of Control & Analysis, owned by the Chief Credit Risk Review Officer (“CCRRO”), reviewed and recommended by CRRC, reviewed and recommended by the Risk Committee of the SHUSA Board of Directors (“Risk Committee”) and subsequently presented for approval to the full SHUSA Board of Directors (“Board”).

¹ Unless otherwise stated, all references to Operating Entities or OEs shall also include the NY Branch.

The Policy is reviewed by the CRRC and approved by the Board at least annually, or when changes 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 CRRC. The Board may also initiate updates to the Policy in response to changing conditions. Changes or updates to the Policy must be developed in consultation with the CRRC and approved by the Board.

1.4 Definitions

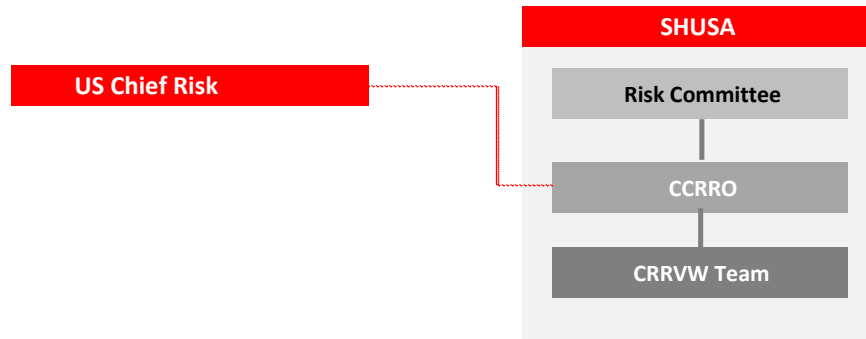
SHUSA defines CRRVW as the independent review, assessment, and continuous monitoring of Credit Risk process, policy, procedure, and management, so as to ensure consistency with approved risk appetite, credit risk rating policy and standards, prudent credit analysis and management practices, established concentration limits, and strategic business plans. CRRVW assesses loans, leases, and investments originated by or maintained in the portfolios of SHUSA, its OEs, and the NY Branch.

The CRRVW function is intended to identify potential or well-defined credit weaknesses that may have been caused by (not limited to) the following: deteriorating economic conditions, deficient or inadequate loan documentation, deficient underwriting support, failure to comply with policy, differences between actual practices and applicable procedures, lack of adequate staffing (size or expertise), lapse in portfolio management, failure to identify early signs of financial weakness, and inadequate systems and controls. The function must also identify systemic weaknesses in credit policy, procedures, new products, and management.

CRRVW is both an information-gathering process and an interpretive process designed to provide SHUSA with an early warning system. The function must gather timely and pertinent information and skillfully interpret the information to detect shifting trends in the level and direction of credit risk. In addition, it performs periodic analyses through quality control, portfolio monitoring, and examination.

2. Governance and Accountability

SHUSA has established the following governance structure to oversee the management of its operations, including effective CRRVW.



The SHUSA CRRVW organization is a function that operates independently of the business lines, credit risk management, and corporate functions to ensure that credit risks are reviewed and measured objectively and without influence from business performance objectives. The CCRRO reports directly to the Risk Committee, with functional reporting to the U.S. Chief Risk Officer.

2.1 Credit Risk Review Policy Governance



The full responsibilities of the Board are detailed in the SHUSA ERM Framework and in appropriate mandates and charters. With respect to CRRVW:

- The CRRC will review and recommend the Policy, oversee implementation of the Policy, and monitor compliance with the Policy;
- Risk Committee will review and recommend the Policy and changes to the Policy and will monitor compliance with the Policy.
- The Board will approve the Policy and changes to the Policy.

2.2 Authority

As the 3rd Line of Defense for Credit Risk, CRRVW has the final authority on the following items:

- Obligor Risk Rating (“ORR”)
- Facility Risk Rating (“FRR”)
- FEVE
- Highly Leveraged Transaction (“HLT”) Designation
- High Volatility Commercial Real Estate (“HVCRE”) Designation
- TDR Designation
- Charge-off
- Specific Reserve

If CRRVW issues a Required Change for any of the above noted items, the OE must enact appropriate changes in the relevant systems of record. In addition, CRRVW has the authority to identify Undetected Policy and/or Underwriting Guideline Exceptions (“Undetected Exceptions”) and to require that such exceptions be noted and tracked in the appropriate system of record.

CRRVW also has the authority to require corrective action on behalf of the OEs through the documentation of Issues Requiring Attention (“IRA”). Non-compliance with IRAs shall be promptly reported to the Risk Committee.

3. Policy

3.1 Risk Assessment and Annual Credit Risk Review Plan

The Annual CRRVW Plan (“Annual Plan”) is aimed at ensuring adequate review coverage of the OEs according to the priorities established by the Risk Assessment process, the date and outcome of the last Review, and any guidance or requirements provided by any regulatory or CRRVW findings. The Annual Plan will outline all Reviews scheduled to be completed in the following calendar year.

Through this process, CRRVW determines:

- The number and extent of the Reviews to be performed on the OEs and the inherent risks to be reviewed.
- The resources assigned to each of the Reviews

3.1.1 Risk Assessment

Prior to completing the Annual Plan, CRRVW must complete a Risk Assessment of each SHUSA OE to ascertain the level of assessed risk for each Business Segment within the OE. Business Segments are defined based on the Solvency Risk reporting hierarchy for the OE. The Risk Assessment must take into account a combination of qualitative and quantitative factors including, but not limited to:

- Credit Performance Metrics
- Portfolio Growth
- Industry and Economic Factors
- Comparison to Peers
- Policy & Underwriting Guidelines and associated Exceptions
- Concentrations
- Risk Self-Assessments
- Strategic Plans
- Organization & Staffing
- Credit Management Practices
- Results of Previous CRRVW Reviews
- Regulatory Findings

The Risk Assessment must conclude a level of assessed risk for each Business Segment, based on a scale of Low Risk, Moderate Risk, Elevated Risk, and High Risk. The methodology for determining the appropriate level of assessed risk is determined by CRRVW.

The Risk Assessment must be formally completed and approved by the CRRC for all Business Segments at least once annually. However, Risk Assessments will also be periodically updated throughout the year, at minimum on a quarterly basis, to inform potential interim changes to the Annual Plan.

3.1.2 Annual Plan Contents

The Annual Plan must document the proposed CRRVW Reviews to be completed in the upcoming calendar year. All Business Segments must be subject to full Review on a periodic cycle, based on their approved Risk Assessment as per the level of risk below:

- High Risk - to be reviewed at least every 12 months
- Elevated Risk - to be reviewed at least every 18 months
- Moderate Risk - to be reviewed at least every 24 months
- Low Risk - to be reviewed at least every 36 months

The Annual Plan must ensure that all Business Segments are scheduled for review so as to comply with these requirements. In addition, the Plan must document proposed additional Reviews, including, but not limited to:

- Targeted Review – Review of a particular concentration of customers within a Business Segment
- Horizontal Review – Review of customers with similar characteristics across Business Segments
- Due Diligence Review – Review of a potential portfolio acquisition by an OE

Rationale and justification for the planning of such Reviews must also be included within the Plan. Finally, the Plan must also document the proposed Continuous Monitoring activities to be completed in the upcoming year, including:

- New Originations Review – quarterly Review of origination activity and metrics by OE
- Governance Review – Review of credit risk policy and procedure for an OE
- Credit MIS Review – Review of credit risk reporting and data quality for an OE
- ALLL Review – Annual Review of ALLL methodology and determination
- Portfolio Review Committee Observation – observation and analysis of a portfolio review committee conducted for an OE inclusive of Watch Meetings and Promontorios
- Approval Committee Observation - observations of approval committees held
- Continuous Segment Monitoring – assignment of a CRRVW officer to monitor credit risk activity and management for a particular Business Segment

The Plan must also provide a tentative schedule and staffing plan for all Reviews, along with an analysis of the sufficiency of overall staffing for the CRRVW division.

3.1.3 Annual Plan Approval

The Annual Plan must be documented by CRRVW and approved by the CRRC and the Risk Committee. The Annual Plan will be reviewed on a quarterly basis in the CRRC for the need for interim modifications based on identified emerging risks. Modifications to the Annual Plan must include supporting rationale and justification. Any interim modifications to the Annual Plan must be approved by the CRRC and ratified by the Risk Committee at the next appropriate meeting. The CRRC shall be delegated the authority to execute on interim modifications to the Annual Plan prior to Risk Committee ratification.

3.2 Credit Risk Reviews

For the purpose of this Policy, Full Reviews, Targeted Reviews, and Horizontal Reviews shall collectively be known as the Reviews. The Review is a formalized assessment that is scheduled by CRRVW management for Business Segments or defined portfolios. During a Review, credit quality, level of risk, direction of risk, and the quality of credit risk management processes are evaluated through a review of portfolio policies, practices, and management and through a sampling of credits and a review of credit files and documentation. Additionally, management information systems are evaluated for data integrity, the effectiveness of loan documentation processes are reviewed, and risk exposures to a particular industry across portfolios are assessed.

3.2.1 Scope of Review

The scope of the Review is determined by CRRVW and defines the portfolio to be reviewed, including the segment background information and identification of issues which could affect the scope of the current Review. CRRVW must document scope of the Review to ensure that the percentage of portfolio selected provides reasonable assurance that results have identified any credit quality deterioration and other unfavorable trends in portfolio, as well as reflect the credit quality overall. In addition, CRRVW must develop a Work Program for each Review, which will guide the Review team through both the high-level Segment portion of the Review and the individual file reviews.

3.2.2 Sampling

Borrowers to be included in the Review sample must be selected so that the sample can be expected to be representative of the population, and thus, the results can be projected to the population. The sample must be risk driven, such that sample criteria are based on the overall risk assessment completed on the portfolio and the individual assessment of the subject portfolio's performance and characteristics. The sampling process must include enough detail about the assessment process supporting the rationale that drove the sampling. The sampling criteria and methodology applied must be clearly stated.

Depending on the portfolio size and characteristics, a statistical sampling method, an expert sample, or a hybrid of the two methods may be appropriate. CRRVW shall document standards for determination of the sampling method for all Reviews. In addition, CRRVW must determine particular borrower characteristics that will be considered in determining a sample. Such characteristics must allow for focus on high-growth, substantive or high risk areas, as well as any new loan products or services offered by the institution.

Regardless of the determined sampling method and focused characteristics, full Review samples must achieve a minimum penetration level of the portfolio, both in terms of exposure and number of borrowers. These limits are as follows:

- Commercial Portfolios – a sample no less than 40% total portfolio Business Segment customers and exposure

- Business Banking Portfolios – a sample no less than 40% total portfolio Business Segment exposure
- Retail Portfolios – a sample of up to 10% of the past 12 months' new originations exposure, with final penetration at the discretion of the CCRRO.

Exceptions to these penetration levels may be approved by the CRRC and must be communicated to the Risk Committee at the next relevant meeting. Sample penetration for targeted or horizontal Reviews can vary based on the nature of the Review. New Originations File Review samples from the previous 12 months can be included in full Review penetration calculations.

3.2.3 Report Content & Review Scoring

When completing a Review, the CRRVW team must maintain detailed Workpapers documenting the approach, documents reviewed, analysis completed, and findings. Workpapers must be maintained for review by Internal Audit and external examiners and regulators. The final product of a Review is the Review report, which shall document all findings and provide scores for particular measures. All Reviews must evaluate and provide an overall score for four primary measures, according to the scores outlined below:

Measure	Score Options
Portfolio Credit Quality	Strong, Satisfactory, Marginal, Unsatisfactory
Credit Risk Management	Effective, Adequate, Challenged, Ineffective
Level of Risk	Low, Moderate, Elevated, High
Direction of Risk	Decreasing, Stable, Increasing, Rapidly Increasing

3.2.3.1 Portfolio Credit Quality

Evaluation of Portfolio Credit Quality must include an assessment of credit quality metric trends including, but not limited to, portfolio composition, concentrations, portfolio growth, delinquency, levels of low pass/criticized/classified assets, non-accruals, and charge-offs. CRRVW shall define procedures to determine the score for this category, based on evaluation of these and other factors.

3.2.3.2 Credit Risk Management

Evaluation of Credit Risk Management must include an assessment of a combination of qualitative and quantitative factors related to the management of credits. Each primary area under Credit Risk Management will be assigned a rating, following the same scale as for the overall category. These areas are defined below:

Area	Items Assessed
Staffing & Management	Organization, Staffing Metrics, Turn-over, Experience, Quality of Management, Staff Training
Underwriting & Credit Analysis	Quality & Depth of Analysis, Approval Process & Policies, Policy/Underwriting Exceptions, Credit Denials, Regulatory Compliance
Legal Documentation & Credit Files	Documentation Consistency, Credit File Organization, Financial Statements, Collateral Valuations
Credit Management / Monitoring	Operating Policies/Procedures, Annual/FEVE Credit Reviews, Covenant Tracking, Collateral Monitoring, Portfolio Data Quality
Risk Rating Accuracy (Commercial only)	Accuracy and Timeliness of assigned Obligor & Facility Risk Ratings
Problem Loan Management	Identification of Problem Loans, Timeliness of Transfer to Workout, Management Strategies, Accuracy and Timeliness of Charge-off and Specific Reserve approvals, Loss Mitigation Process (Collections, Bankruptcy, Foreclosure)
Portfolio Management	Portfolio Strategy / Risk Appetite, Concentration Limits, including Customer Concentrations & One Obligor Relationships

CRRVW shall define procedures to determine the scores for each of these categories based on a summary of the information gathered from the review of each borrower and from segment review results.

3.2.3.3 Level of Risk

Evaluation of the Level of Risk must be based upon quantification and consideration of size of risk, quality of assets, product or services; industry trends; volatility of external factors; the degree of organizational understanding and experience; and the expected results of the product or service. The level of risk must reflect potential impacts on the Business Segment. CRRVW shall define procedures to determine the score for this category, based on evaluation of these and other factors.

3.2.3.4 Direction of Risk

Evaluation of Direction of Risk must be based upon the number and severity of key emerging issues identified during the examination and through observations from continuous monitoring efforts. The Direction of Risk must identify any expected changes in the Level of Risk within the coming 18 months. CRRVW shall define procedures to determine the score for this category, based on evaluation of these and other factors.

3.2.4 Incidents

Throughout its Review process, CRRVW shall document particular items of concern known as Incidents. The severity and quantity of Incidents will contribute to the overall scoring for the various categories identified above. All identified Incidents will be provided to the OE upon completion of the Review report.

3.2.5 Undetected Exceptions

Throughout the course of a Review, CRRVW may identify credits with exceptions to Credit Policy and/or Underwriting Guidelines not identified by the OE. Undetected Exceptions shall be provided as part of the final Review report. The OE must immediately update appropriate systems of record to note such exceptions upon receipt of the Report. As the 3rd Line of Defense for Credit Risk, CRRVW shall have final authority on Exceptions.

3.2.6 Required Changes

Throughout the course of a Review, CRRVW may identify areas of discrepancy and/or disagreement with the OE on particular credit designations. Required Changes to any of the following items (but not limited to) HLT, HVCRE, and TDR designations, FEVE, ORRs, FRRs, Charge-offs, and Specific Reserves shall be provided as part of the final Review report. The OE must immediately enact such changes upon receipt of the report. In the event of an unresolved dispute between the OE and CRRVW, an Appeal may be escalated and presented to the CRRC. The CRRC serves as the final authority on these items. As the 3rd Line of Defense for Credit Risk, CRRVW shall have final authority on Risk Ratings and all other Credit Risk designations.

3.2.7 Issues Requiring Attention

Throughout the course of its Review, CRRVW may identify particular issues of concern regarding Credit Risk Management that require corrective action. CRRVW shall document these items as IRAs in the final Review report. CRRVW shall also identify a date upon which the IRA must be resolved to the satisfaction of CRRVW. CRRVW shall track the status and completion of IRAs and periodically report to the Risk Committee on the progress of remediation activities.

3.2.8 Approval & Distribution

The final Review report must be approved by the appropriate CRRVW Manager/Director and by the CRRC prior to distribution. Following approval, the final Review report shall be distributed to the following, but not limited to:

- Chairman of the Risk Committee (or designee)
- Members of the Risk Committee
- Chief Risk Officer, SHUSA
- Chief Credit Officer, SHUSA
- Chief Executive Officer, OE

- Chief Risk Officer, OE
- Chief Credit Officer, OE
- Business Segment Director/Manager
- Credit Risk Segment Director/Manager

3.2.9 Quality Control

In addition to ongoing review by Examiners-in-Charge, CRRVW must establish an independent Quality Control (“QC”) function to assess its final Review reports. The QC function must evaluate each report for compliance with CRRVW policy and procedure, quality of analysis, and consistency of scope and practice among Reviews. In addition, QC will identify trends, thematic issues, and consistencies among the findings of multiple Reviews. QC must formally document its findings and present them to the CRRC on a periodic basis.

3.3 Continuous Monitoring

In addition to the formal Reviews, CRRVW must also constantly evaluate Credit Risk Management through a structured Continuous Monitoring process. The purpose of Continuous Monitoring is to ensure that CRRVW remains aware of trends in portfolios, trends among peers, early warning indicators, and of management practice between formal Reviews. Continuous Monitoring includes the following processes: reviews of New Originations, Governance, Credit MIS, and the ALLL, observation of Business Segment Portfolio Review Committees, and Business Segment monitoring.

3.3.1 New Originations

In addition to reviewing New Loan Origination as part of the sample of a Review of a Business Segment, CRRVW shall periodically evaluate overall new loan origination activity for all portfolios. These evaluations, at a minimum, must identify and analyze any trends among new originations with regard to credit quality, concentrations and limits, exception levels, strategic initiatives, risk appetite and portfolio growth. These reviews must also contain a review of approval documents for a sample of Commercial originations. CRRVW shall complete such reviews on at minimum a quarterly basis and shall define procedures for the format of such reviews.

3.3.2 Governance

CRRVW shall periodically evaluate Credit Risk Governance, including policy and procedure. This evaluation, at a minimum, must focus on the credit approval process, credit management and review process, and workout process. These topics may be covered under a stand-alone Review, or as part of other Reviews throughout the year. CRRVW shall define procedures to determine frequency and format of such Reviews.

3.3.3 Credit MIS / Data Quality

CRRVW shall periodically evaluate the reports and information used by the OEs to manage Credit Risk. This evaluation, at a minimum, must focus on the quality and accuracy of data contained in reports, the effectiveness of the reports in managing credit risk, and use of reports by the staff responsible for credit

risk management. These topics may be covered under a stand-alone Review, or as part of other Reviews throughout the year. CRRVW shall define procedures to determine frequency and format of such Reviews.

3.3.4 Allowance for Loan and Lease Losses (“ALLL”)

At least once annually, CRRVW shall evaluate each OE’s process for the determination of the ALLL. This evaluation, at a minimum, must focus on the components of the ALLL calculation inclusive of loss rates and, emerging risk indicators, the methodology for deriving the ALLL, the relevance and depth of justification of any manual adjustments, and the rationale for any changes made to the process, procedures or policies in the past year. The results of this Review must be communicated to the same distribution list as for full Review reports.

3.3.5 Business Segment Portfolio Review Committees

Periodically, CRRVW must attend various Business Segment Portfolio Review Committees in order to observe management practices. CRRVW, at a minimum, must assess the quality of review documentation, quality of presentation by credit managers, effectiveness of the committee, and accuracy of credit evaluation, including risk ratings. CRRVW shall define procedures to determine frequency and format of such Reviews.

3.3.6 Credit Approval Committees

Periodically, CRRVW must attend various Credit Approval Committees in order to observe management practices, credit risk appetite, and new origination trends. CRRVW, at a minimum, must assess the quality of the underwriting documentation, quality of the presentations, effectiveness of the committee, adherence to credit approval governance, and accuracy of credit evaluations, including risk ratings. CRRVW shall define procedures to determine frequency and format of such Reviews.

3.3.7 Business Segment Monitoring

Outside of the determined Review cycle, CRRVW must continuously monitor the activities of all Business Segments. This monitoring, at a minimum, must include review of relevant management reporting, attendance at various approval committees, communication with credit and business line managers, and review of strategic plans and risk self-assessments. Conclusions determined through this process must be communicated and reported on a timely basis and will be used in periodic re-assessment of the Annual Plan. CRRVW shall define procedures to determine frequency and format of such Reviews.

3.4 Credit Risk Review Committee (“CRRC”)

CRRVW shall establish a CRRC to oversee the activities of the CRRVW division. This committee shall be the most senior governing body within the CRRVW organization.

3.4.1 Document Approval

The following documents shall require approval by CRRC prior to distribution and/or further approval:

- Full, Horizontal, and Targeted Review Reports
- ALLL Review Report
- New Originations Customer Review Report
- Business Segment Continuous Monitoring Reports
- CRRVW Risk Assessment
- Annual Plan and any interim modifications with justification
- CRRVW Risk Committee/Board Presentations
- Modifications to this Policy
- Modifications to CRRVW Procedures and associated templates
- Modifications to the CRRVW Framework

3.4.2 Document Review

The following documents shall be presented for review and discussion at CRRC upon completion:

- New Originations Analytics Reports
- Governance Review Reports
- Credit MIS / Data Quality Review Reports
- Business Segment Portfolio Review Committee Reports
- Quality Control Reports
- Business Intelligence Findings / Analysis
- Special Analysis Reports

3.4.3 Appeals and Escalation

CRRC shall serve as the final authority for OE appeals of CRRVW Required Changes, inclusive of required risk rating changes and specific reserves, IRAs, and due dates for IRAs. All appeals must be presented to the committee prior to the completion of the associated Review report. After approval of a Review report, the Chairman of the CRRC may at his/her discretion deny any further appeals be presented to the Committee.

4. Roles and Responsibilities

4.1 Three Lines of Defense

As described in the ERM Framework, SHUSA has established a “three lines of defense” model to organize the roles and responsibilities for credit risk management in each of the OEs.

SHUSA and each of the OEs manage credit risk in accordance with a “three lines of defense” model. For the purposes of Credit Risk, the three lines of defense are as follows:

- The first line of defense consists of risk-taking functions (business activities) and corporate functions (e.g., the corporate center, finance, technology).
- The second line of defense consists of Risk Management, which is overseen and administered by the Chief Risk Officer.
- The third line of defense for Credit Risk only consists of CRRVW. Internal Audit will perform periodic reviews of CRRVW and its adherence to its framework, policies and procedures.

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

4.2 Responsibilities of the Lines of Defense

With regard to Credit Risk and CRRVW, the responsibilities of the three lines of defense are as follows:

- The first line of defense is responsible for credit origination, including the credit analysis and admission process, credit approval (as delegated by the second line) and credit management and administration of existing credit relationships. In this role, the first line has primary responsibility for identification and communication of potential credit risk and weakness.
- The second line of defense is responsible for credit approval (beyond authorities delegated to the first line), portfolio management & analysis, credit risk monitoring and rating, collections and workout strategy, credit risk reporting, stress testing, and determination of the ALLL.
- The third line of defense (CRRVW) is responsible for independent review, assessment, and continuous monitoring of credit risk process, policy, procedure, and management.

With respect to CRRVW, the First and Second Lines of Defense, at SHUSA, at the OEs, and at the NY Branch, have the responsibility to fully cooperate with the CRRVW process and to fully disclose all information requested by CRRVW. This cooperation includes, but is not limited to:

- Providing unrestricted access to electronic and/or physical credit files, documentation files, loan systems, approval documents, Strategic Commercial Plans, risk assessments, budgets, organization chart, customer information, and any other relevant documentation needed to complete CRRVW functions
- Providing all MIS data requested by CRRVW in order to allow for CRRVW business analysis
- Allowing CRRVW representatives to attend and observe all credit approval, review, or other relevant committees or strategic meetings
- Maintaining frequent communication with CRRVW both during specific Reviews and for continuous monitoring purposes

4.3 Policy Ownership

This Policy shall be maintained by the Control & Analysis department within CRRVW and owned by the CCRRO.

5. Reporting Structure

5.1 Operating Entity Reporting to Credit Risk Review

CRRVW shall request particular reports, plans, and information from the OEs on a periodic and ad hoc basis in order to allow for the completion of the Risk Assessment, to fully analyze portfolios subject to review, and to aid in Continuous Monitoring activities. The OEs must comply with such requests in a timely manner. In addition, the OEs shall make all efforts to provide CRRVW with all relevant information to aid in the CRRVW process, regardless of whether or not the information has been specifically requested.

5.2 Credit Risk Review Activity Reporting

CRRVW is responsible to provide frequent reporting on its activity to the Risk Committee and to senior management at SHUSA, at the OEs, and at the NY Branch. At minimum on a quarterly basis, CRRVW must report to the Risk Committee the status of its CRRVW activities relative to the CRRVW plan and a summary of its recent findings. More frequent reporting in various formats may be developed by CRRVW at its discretion.

6. Exceptions

6.1 Policy Exceptions and Reporting

In rare cases CRRVW may need to request an exception to policy including, but not limited to, deviations from minimal loan sample populations and deviations from Review cycle requirements. Exceptions to CRRVW policies must be approved by the CRRC and must be promptly communicated to the Risk Committee. All approved exceptions will be documented and tracked in CRRC minutes.

7. Document History and Version Control

7.1 Ownership and Authorship

Version	Date	Author	Owner	Reason for Change
1.0	1/29/15	CCRRO	CCRRO	Initial version of policy.
2.0	12/11/15	Director of Control & Analysis	CCRRO	Minor edits and conversion to enterprise policy format.

7.2 Sign off

Approving Body	Governance Committee Approval	Final Approval Date
SHUSA Board of Directors	Board Enterprise Risk Committee	1/29/15
SHUSA Board of Directors	Risk Committee of the Board	12/11/2015

8. Appendices

8.1 Appendix A – Key Contacts

<i>Title</i>	<i>Role</i>	<i>Name and Contact</i>
Chief Credit Risk Review Officer	Policy Owner	Elizabeth Sousa esousa@santander.us (401) 752-1432
CRRVW Director of Control & Analysis	Policy Author, Primary point of contact on policy related matters	Bryan Fryc bfryc@santander.us (401) 752-1038

8.2 Appendix B – Regulatory Obligations Addressed by this Policy

<i>Regulatory Agency</i>	<i>Citation</i>	<i>Title</i>
Federal Reserve Systems	Supervisory and Regulations 06-17	Interagency Guidance on Allowance for Loan and Lease Losses (Attachment 1)

8.3 Appendix C – Related Policies and Process and Administrative Documents

<i>Document Type</i>	<i>Entity and Department</i>	<i>Owner</i>	<i>Document Title</i>
Procedures	SHUSA Credit Risk Review	CRRVW Director of Control & Analysis	SHUSA Credit Risk Review Procedures